



ASX Release

11 May 2015

Company Details

ASX Code:	STB
Share Price	\$0.32
Market Cap	\$51M
Shares on issue	161M
Company options	27M
Cash at Bank	\$8M

Contact Details

Managing Director

Paul Donaldson

Address

Ground Floor, 31 Ventnor Avenue
West Perth WA 6000

PO Box 970
West Perth WA 6872

Telephone

+61 8 6315 1444

Facsimile

+61 8 9486 7093

Email & Web Page

info@southbouldermines.com.au

www.southbouldermines.com.au

Rights Issue

Confirmation of Dispatch of Offer Documents and Entitlement and Acceptance Forms

South Boulder Mines Limited ("STB" or "the Company") confirms that dispatch of the non-renounceable Rights Issue Offer Document together with personalised Entitlement and Acceptance Forms was completed today, 11 May 2015.

A copy of the Offer Document is attached, along with a sample Entitlement and Acceptance Form.

As announced on 28 April 2015, Eligible Shareholders may subscribe for shares in the Company at \$0.25 each on the basis of one share for every twelve shares held on the Record Date of 6 May 2015.

The Rights Issue, which is underwritten for 10 million New Shares (\$2.5 million), will involve the issue of up to 13,400,167 New Shares to raise approximately \$3,350,052 before costs. Eligible Shareholders who will hold less than a Marketable Parcel if they take up their full Entitlement may, in addition to their Entitlement, apply for Additional New Shares so that upon that application they will hold a Marketable Parcel.

The proceeds of the Rights Issue will be used by the Company to complete the Definitive Feasibility Study for the Colluli Potash Project in Eritrea, East Africa; build in house capability to support the development of the Project; advance funding discussions for the Project; and provide working capital.

The anticipated closing date for the offer is 20 May 2015.

For any queries regarding the Rights Issue please contact the Company Secretary on + 61 8 6315 1444.

Further information:

Email: info@southbouldermines.com.au

Website: www.southbouldermines.com.au

South Boulder Mines Limited: Telephone +61 8 6315 1444

ABN: 56 097 904 302

Paul Donaldson
MANAGING DIRECTOR

Amy Just
COMPANY SECRETARY

About South Boulder Mines Ltd

South Boulder Mines is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. The company is currently developing the Colluli Project in partnership with the Eritrean National Mining Company (ENAMCO).

The project is located in the Danakil Depression region of Eritrea, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest potash deposit. The resource is amendable to open pit mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining and is highly advantageous for modular growth.

The Colluli has a JORC 2012 compliant resource containing over 1 billion tonnes of potassium

bearing salts suitable for the production of potash fertilisers. The resource is positively unique in its size, combination of salts, proximity to coast and shallow mineralisation. The combination of salts within the resource makes it suitable for high yield, low energy input production of potassium sulphate, which is also known as sulphate of potash or SOP. SOP is a specialty fertiliser that carries a substantial price premium relative to the more common potassium chloride, which is the most common potassium salt known as potash.

The company has completed a prefeasibility study for the production of potassium sulphate, otherwise known as SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride. Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) with which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world's fastest growing markets.

The JORC 2012 Compliant Mineral Resource Estimate for the Colluli Potash Project now stands at 1.289 billion tonnes @ 10.76% K₂O for 260Mt of contained SOP. Substantial project upside exists in higher production capacity and market development for other contained products such as potassium magnesium sulphate, potassium chloride, rocksalt and magnesium chloride.

Our vision is to bring the Colluli project into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.



SOUTH BOULDER
MINES LTD



ABN 56 097 904 302

OFFER DOCUMENT

For:

- a non-renounceable pro rata offer to Eligible Shareholders of approximately 13,400,167 New Shares at an issue price of \$0.25 per Share on the basis of 1 New Share for every 12 Existing Shares held to raise approximately \$3,350,052 before issue costs (Offer); and
- an offer of Shortfall Securities to Eligible Shareholders who would hold less than a Marketable Parcel if taking up their entitlement as stated in Section 2.7.

The Offer is underwritten up to \$2,500,000.

The Offer opens on 11 May 2015 and closes at 5:00pm (WST) on 20 May 2015 (unless it is lawfully extended). Valid acceptances must be received before that time.

IMPORTANT NOTICE

IF YOU ARE AN ELIGIBLE SHAREHOLDER, THIS IS AN IMPORTANT DOCUMENT THAT REQUIRES YOUR IMMEDIATE ATTENTION.

THIS OFFER DOCUMENT SHOULD BE READ IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR THE NEW SHARES. IF YOU HAVE ANY QUESTIONS OR DO NOT UNDERSTAND THE OFFER DOCUMENT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

This Offer Document is not a prospectus and it does not contain all of the information that an investor may require in order to make an informed decision regarding the New Shares offered.

The New Shares offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

IMPORTANT INFORMATION

This Offer Document is for the offer of New Shares made to Eligible Shareholders without disclosure by reason of section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35), which enables certain entities to offer shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document was lodged with ASX on 11 May 2015. ASX takes no responsibility for the content of this Offer Document.

1.1 This document is not a prospectus

Neither this Offer Document nor the Application Form are required to be lodged with ASIC and a prospectus will not be prepared.

This Offer Document is not a prospectus and does not contain all of the information that a prospective investor may require in order to make an informed decision regarding the New Shares offered, or all of the information which would otherwise be required under Australian law or any other law.

Investors should read this Offer Document in conjunction with their own knowledge of the Company, publicly available information, disclosures and announcements about the Company which can be obtained from ASIC and ASX (available from its website www.asx.com.au), and advice from their professional advisers. The contents of any website are not incorporated into, nor constitute part of this Offer Document. In particular, important consideration should be given to the risk factors (see section 5 of this Offer Document) that could affect the performance of the Company before making an investment decision.

The information in this Offer Document does not constitute a securities recommendation or financial product advice. Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

1.2 Application

By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer and you agree to all of the terms and conditions as detailed in this Offer Document.

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Western Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

1.3 Offer Restrictions

This Offer Document does not constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer. Refer to section 2.10 for treatment of overseas shareholders.

1.4 Future Performance and Forward Looking Statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Offer.

Forward looking statements in this Offer Document are based on the Company's current expectations about future events. These are subject to risks, uncertainties and assumptions that are often outside the control of the Company and its Directors and could cause actual results, performance or achievements to differ materially from the expectations expressed or implied by such forward looking statements (see Key Risks in section 5 of this Offer Document).

1.5 Disclaimer

This Offer Document has been prepared by the Company. No person is authorised to give information or to make any representation in connection with this Offer Document which is not contained in the Offer Document. Any information or representation not so contained may not be relied upon.

The Underwriter, its related bodies corporate, directors, employees, representatives or agents:

- (a) have not, authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Offer Document;
- (b) do not make, or purport to make, any statement in this Offer Document, and there is no statement in this Offer Document which is based on any statement by the Underwriter; and
- (c) to the maximum extent permitted by law, expressly disclaim all liability in respect of, make no representations regarding, and take no responsibility for, any part of this Offer Document.

1.6 Privacy

As a Shareholder, the Company and its Share Registry currently hold certain personal information. Further information may be provided upon completion of the Application Form. The Company uses such information to assess your application, facilitate distribution payments, for corporate communications and services to you as a Shareholder, and for administrative purposes. Information may also be provided to regulatory bodies, persons inspecting the register, bidders for securities in the context of takeovers, authorised securities brokers, print service providers, mail houses and the Share Registry.

To access, correct and update your personal information please contact the Company or its Share Registry.

1.7 Defined Terms

Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 7.

TABLE OF CONTENTS

1	MANAGING DIRECTOR'S LETTER	4
2	DETAILS OF THE OFFER	5
3	PURPOSE AND EFFECT OF THE OFFER	10
4	HOW TO APPLY	12
5	KEY RISK FACTORS	16
6	ADDITIONAL INFORMATION	22
7	GLOSSARY	24

1 MANAGING DIRECTOR'S LETTER

Dear Shareholder

As announced on 28 April 2015 and in conjunction with a placement to raise \$2.74 million, the Company is undertaking a partially underwritten non-renounceable rights issue on the basis of 1 New Share for every 12 Existing Shares held at the issue price of \$0.25 per New Share to raise approximately \$3.35 million before issue costs. This Offer Document outlines the details of the Offer.

The rights issue is expected to result in the issue of approximately 13,400,167 New Shares in the Company.

The proceeds from the placement and rights issue will be used to complete the Definitive Feasibility Study for the Colluli Potash Project in Eritrea, East Africa, build in house capability to support the development of the project, advance funding discussions for the project and provide working capital.

The Colluli Potash Project studies are well advanced. Colluli is one of only three potassium sulphate (SOP) projects in the world with a completed PFS and the recently released prefeasibility study indicates attractive economics.

The issue price under the Offer is at a discount of approximately 20% to the closing price immediately prior to the Offer being announced.

Any Shortfall Shares will be allocated firstly to Shareholders holding less than a marketable parcel (defined in the Listing Rules, being a parcel of securities of less than \$500), to enable them to have a marketable parcel of Shares that can be traded on ASX.

Further information on the Company and its Colluli Project can be found on www.asx.com.au or the Company's website, www.southbouldermines.com.au.

If you have any queries regarding your entitlement or participation in the upcoming rights issue, please do not hesitate to contact your stockbroker or financial advisor.



Paul Donaldson

Managing Director

2 DETAILS OF THE OFFER

2.1 The Offer

The Company is offering a non-renounceable pro rata rights issue of New Shares on the basis of 1 New Share for every 12 Existing Shares held, at an issue price of \$0.25 per New Share to Eligible Shareholders who are registered on the Company's share register at 5.00pm WST on 6 May 2015 (**Record Date**). The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Application Form.

Eligible Shareholders who would hold less than a Marketable Parcel in Shares after taking up their Entitlement may also apply for additional New Shares as specified in Section 2.7. A Marketable Parcel has the meaning given in the Listing Rules, being a parcel of securities of less than \$500 in value based on the closing price of Shares on the date of Application.

2.2 Underwriting

Pursuant to the Underwriting Agreements, Montezuma Mining Company Limited (ASX:MZM) and RSR Premier Holdings Limited (a privately held investment vehicle) (**Underwriters**) have agreed to subscribe for, or secure subscriptions for, all New Shares not subscribed for under the Offer up to \$1,250,000 each with a combined value of \$2,500,000 (**Underwritten Amount**).

GMP Securities Australia Pty Limited (**GMP Securities**) has agreed to act as selling agent for any Shortfall not taken up by Eligible Shareholders or the Underwriters.

Details of the conditions of the underwriting commitment and fees payable to the Underwriters are set out in section 6.3.

2.3 Timetable for the Offer

Event	Date
Announcement of Offer Appendix 3B	28 April 2015
Ex Date	4 May 2015
Record Date to determine Entitlement to New Shares	6 May 2015
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to shareholders	11 May 2015
Offer Document lodged with ASX	11 May 2015
Offer opens for receipt of Applications	11 May 2015
Rights Issue closes (Closing Date for receipt of Entitlement and Acceptance Form)	20 May 2015*
Issue date (date on which Rights Issue Shares entered into holders' security holdings. Deferred settlement trading ends)	27 May 2015
Anticipated Trading on a deferred delivery basis	28 May 2015

*The Offer closes 5.00pm WST on the Closing Date, or such a date as subject to variation by the Directors and Underwriter pursuant to the Listing Rules.

The above dates are indicative only and may change without notice. The Directors reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and ASX Listing Rules), to extend the Closing Date or to cancel the Rights Issue without notice in its absolute discretion. The commencement of quotation of New Shares is subject to confirmation from the ASX.

2.4 Minimum Subscription

There is no minimum subscription in relation to this Offer.

2.5 Shortfall

A Shortfall will arise if Applications received for New Shares under the Offer are less than the number of New Shares offered (**Shortfall Shares**).

Shortfall will become available as Additional New Shares. Eligible Shareholders who will hold less than a Marketable Parcel of Shares after taking up their Entitlement may, in addition to their Entitlement, apply for Additional New Shares. Please refer to section 2.7 for more details on subscribing for Additional Shares.

The Directors reserve the right, subject to the requirements of the Corporations Act and Listing Rules, to place any Shortfall Shares not taken up as Additional New Shares within 2 months after the Closing Date.

Any Shortfall available as Additional New Shares and will be allocated:

- (a) firstly, to Eligible Shareholders with less than a Marketable Parcel who apply for Shortfall Shares in addition to their Entitlement, to the extent required for them to each have a Marketable Parcel;
- (b) secondly, to the Underwriters up to their Respective Proportion of the Shortfall Shares; and
- (c) then in accordance with the mandate letter with GMP Securities dated on 29 April 2015

GMP Securities has agreed to act as selling agent for any Shortfall not taken up by Eligible Shareholders or the Underwriters.

Shortfall Shares will be issued at a price not less than the issue price of New Shares under the Offer.

2.6 No Rights Trading

The Offer is non-renounceable. This means that your Right to subscribe for New Shares under this Offer Document is not transferable and there will be no trading of Rights on the ASX. If you choose not to take up your Rights, you will receive no benefit and your shareholding in the Company will be diluted as a result.

2.7 Applying for Additional New Shares

Those Eligible Shareholders who will hold less than a Marketable Parcel if they take up their full Entitlement may, in addition to their Entitlement, apply for Additional New Shares so that upon that application they will hold a Marketable Parcel. A Marketable Parcel has the meaning given in the Listing Rules, being a parcel of securities of less than \$500 in value based on the closing price of Shares on the date of Application.

2.8 Allotment and Application Money

Application Money will be held in a subscription account on trust until allotment of the New Shares. If the Application Money is refundable, it will be refunded as soon as reasonably practicable without interest.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5.00pm WST on 27 May 2015. Statements of holding of New Shares will be mailed after allotment occurs.

2.9 ASX Quotation

Application for admission of the New Shares to official quotation on ASX has been made.

Subject to approval being granted by ASX, it is expected that quotation and trading of New Shares will commence on a deferred settlement basis on 28 May 2015.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

2.10 Non-Resident Shareholders

This Offer Document and accompanying Application Form do not, and are not intended to constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to permit an offer of the New Shares in any jurisdiction outside Australia, New Zealand or any other jurisdictions where the Company reasonably believes that it is not prohibited, as the company has decided it is unreasonable to make the Offer to Shareholders in those jurisdictions.

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not in Australia, New Zealand or any other jurisdictions where the Company reasonably believes that it is prohibited or unduly onerous or impractical to make the Offer in accordance with all applicable laws and the Listing Rules because of the small number of such Shareholders, and the cost of complying with applicable regulations in those jurisdictions outside Australia and New Zealand. The Offer Document is sent to those Shareholders for information only.

The Offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (**Overseas Companies**) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Recipients may not send or otherwise distribute this Offer Document or the Application Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares to be issued under the Offer may be offered and sold solely outside the United States to persons that are not US Persons and are not acting for the account or benefit of US Persons in offshore transactions in reliance on Regulation S under the US Securities Act. No party has offered or sold and no party will offer or sell, directly or indirectly, any New Shares in the United States or to, or for the account or benefit of, US Persons, except in transactions exempt from, or not

subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

2.11 Information availability

Eligible Shareholders can obtain a copy of this Offer Document during the period of the Offer directly from the Company or on the Company's website at www.southbouldermines.com.au. The electronic version of this Offer Document will not include an Application Form. To request an Application Form contact the Company Secretary (see section 2.14 for contact details). Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and any related information to which it refers.

2.12 Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

Taxation implications will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders should consider whether to seek specific advice applicable to their own particular circumstances from their own professional advisers.

2.13 Risk

An investment in New Shares should be regarded as speculative. In addition to the general risks associated to all investments in listed securities, there are specific risks associated with an investment in the Company. The key risk factors of which investors should be aware of are set out in Section 5 of this Offer Document.

2.14 Enquiries

Any questions concerning the Offer Document should be directed to The Company Secretary on +61 8 6315 1444 or consult your professional adviser.

3 PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer and use of funds

The Company's cash position as at 24 April 2015 was approximately \$5,185,000. The Company raised a further \$2,743,000 (after costs) through the issue of 10,974,174 Shares at an issue price of \$0.25 (Placement).

The purpose of the Offer is to raise approximately \$3,350,042 (before costs of the Offer).

Completion of the Offer, in addition to the funds from the Placement, will result in cash in hand of approximately \$11.3m (before costs of the Offer). These funds are planned to be used as follows:

Total Funds Available	(A\$)
Complete the Definitive Feasibility Study for the Colluli Potash Project in Eritrea, East Africa, including processing pilot plant work, plant infrastructure design and costing, port and logistics modelling, and completion of social and environmental studies consistent with the equator principles.	7,159,085
Build in house capability to support the development of the project and advance funding discussions for the project, including: <ul style="list-style-type: none">Engagement of a corporate advisor to source and secure debt fundingIncrease organisational depth and capability to advance the project in the areas of marketing, processing and operational readiness	1,071,795
Working Capital	2,813,525
Expenses of the Offer	234,002
Total	\$ 11,278,407

Notes:

- This above table is a statement of the proposed application of the funds raised as at the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to, in the event less than the above funds are raised and exploration results are not satisfactory, vary the way funds are applied.

- 2 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- 3 The expenses of the Offer include Underwriters' fees, legal fees, ASX fees, ASIC fees, Share Registry fees, printing and postage.

In the event that the amount raised through the Offer is less than \$3,350,042, it is intended that working capital will be reduced appropriately and all other amounts will remain the same.

3.2 Effect on capital structure

The effect of the Offer (assuming the Offer is fully subscribed) will be that approximately 13,400,167 New Shares will be issued, which will increase the number of Shares on issue from 160,802,000 to approximately 174,202,167.

The Company currently has 26,800,000 options on issue.

3.3 Potential effect of the Offer on control of the Company

The potential effect of the Offer on control of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlement then the Offer will practically have no effect on control of the Company.
- (b) If no Eligible Shareholders take up their entitlement or apply for Additional New Shares, no person will result in acquiring voting power over 20% as a result of the Offer.

4 HOW TO APPLY

4.1 What you may do

The number of New Shares to which you are entitled is shown on the accompanying Application Form and in the case of those Eligible Shareholders who after taking up their Entitlement will still hold less than a Marketable Parcel, the amount of Additional Shares to which can be applied for are shown.

Fractional Entitlements have been rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

As an Eligible Shareholder, you may:

- (a) take up all of your Entitlement;
- (b) apply for Additional New Shares if after taking up your Entitlement you will hold less than a Marketable Parcel;
- (c) accept part of your Entitlement and allow the balance to lapse; or
- (d) allow all of your Entitlement to lapse.

The Company reserves the right to reject any Application Form that is not correctly completed or that is received after 5.00pm WST on the Closing Date.

The Company will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by the Company in excess of the number of New Shares and Additional New Shares you are ultimately allocated will be returned as soon as practicable. No interest will be paid on returned Application Money.

4.2 To take up all or part of your Entitlement

If you decide to take up all or part of your Entitlement, please follow the instructions on the Application Form and arrange for payment of the Application Money.

4.3 To apply for Additional New Shares

Eligible Shareholders who hold less than a Marketable Parcel may, in addition to their Entitlement, apply for Additional New Shares. Refer to section 2.7 if you wish to apply for Additional New Shares.

If you are an Eligible Shareholder and hold Existing Shares registered on CHES, you should contact your sponsoring broker.

4.4 To allow your Entitlement to lapse

If you do not wish to take up any part of your Entitlement you are not required to take any action. If you allow all or part of your Entitlement to lapse you will receive no benefit to the extent of Entitlements not taken up and your shareholding in the Company will be diluted as a result.

4.5 Payment

Acceptance of New Shares must be accompanied by payment in full of the price of \$0.25 per New Share. A single payment should be made for the Application Money for your Entitlement you wish to take up as stated on the Application Form and any Additional New Shares you wish to apply for.

Cash will not be accepted and no receipts will be issued. Payments will only be accepted in Australian currency and as follows:

- (a) cheque, bank draft or money order drawn on and payable at any Australian financial institution; or
- (b) BPAY® as per the Application Form.
- (c) For payment by cheque, bank draft or money order:

To participate in the Offer, your completed Application Form, together with your Application Money, **must be received no later than 5.00 pm WST on the Closing Date** by either of following methods:

By Hand:	By Post:
Security Transfer Registrars 770 Canning Highway Applecross WA 6153	Security Transfer Registrars PO Box 535 Applecross WA 6953

Please follow the instructions on the Application Form.

Cheques or bank cheques should be made payable to ‘South Boulder Mines Ltd’ and crossed ‘Not Negotiable’. A single cheque should be used for the Application Money for your Entitlement you wish to take up as stated on the Application Form and any Additional New Shares you wish to apply for.

If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque or bank draft for Application Money (or the amount for which the cheque or bank draft clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

(d) For payment by BPAY®

If you are paying by BPAY® payment, ensure you follow the instructions on the Application Form. You do not need to mail the Application Form.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by **no later than [5.00pm WST on the Closing Date]**. You should be aware of, and account for, any earlier cut-off times that may be implemented by your financial institution with regard to electronic payment.

4.6 Application Form is binding

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document, does not prohibit you from being given the Offer Document and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and

- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

4.7 Notice to nominees and custodians

Nominees and custodians should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

5 KEY RISK FACTORS

5.1 Overview

Investment in the New Shares offered under this Offer Document should be regarded as speculative as the Company is a resource exploration company. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Offer Document.

The Directors recommend that Eligible Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and seek the advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this Offer Document.

The following summary, which is not exhaustive, represents some of the material risk factors that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations, which potential investors need to be aware of.

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore resources;
- (ii) successful conclusions to bankable feasibility studies (DFS);
- (iii) access to adequate capital for project development;
- (iv) securing and maintaining title to tenements;
- (v) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- (vii) adverse weather conditions over a prolonged period, which can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(b) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk.

(c) Operational and technical risks

The current and future operations of Colluli, may be affected by a range of factors, including:

- (i) geological, geotechnical and hydrogeological conditions;
- (ii) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (iii) unexpected shortages or increases in the costs of power, water, consumables, diesel fuel, tyres, spare parts and plant and equipment; and
- (iv) prevention or restriction of access by reason of inability to obtain consents or approvals.

(d) Future capital needs and additional funding

The funds raised from the Offer will be deployed towards completing the definitive feasibility work program for the Colluli Potash Project (DFS).

Additional work will be required in order to complete the DFS which will be funded by the proceeds raised under the Offer.

Upon completion of the DFS and any other feasibility studies relating to the Project, significant amounts of additional capital will still be required to develop the Project into production and realise its full potential.

Any failure by the Company and / or Project to raise funds, or enter into suitable financing options, if and when needed could delay or suspend the Company's work programs and could have a material adverse effect on the Company's projects and business operations.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing through CMSC (if available) may include terms which limit the Company's operations and business strategy.

(e) Title, tenure and access

Generally, mining tenements and licences which the Company owns or may acquire either by application, sale and purchase or farm-in are regulated by

the applicable mining legislation. There is no guarantee that renewal applications will be granted as applied for (although the Company has no reason to believe that the tenements or licenses will not be granted in due course). Various conditions may also be imposed as a condition of grant. Renewal of titles or licences is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation. In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

(f) Environmental

As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts. Any development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Social and Environmental Impact Assessment (SEIA) supporting the project is consistent with the Equator Principles and will be used to derive the Colluli Environmental Management Plan (EMP).

(g) Resource and reserve estimates

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environment and legal assumptions which may prove to be inaccurate.

Should the Project encounter mineralisations or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(h) Reliance on key personnel

South Boulder is reliant on its management. The loss of one or more of these individuals could adversely affect the Company.

(i) Joint venture parties, contractors and agents.

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which South Boulder is or may become a party; or insolvency or other managerial failure by any of the contractors or service providers used by South Boulder in any of its activities.

(j) Insurance

South Boulder will seek to obtain insurance cover for operational and other risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, that South Boulder will be able to obtain or maintain such insurance coverage at reasonable rates, or that any coverage it has or obtains will be adequate and available to cover any such claims.

(k) Eritrean Jurisdiction

The Company's Colluli Project is located in Eritrea and is operated in conjunction with the Eritrean Government's national mining company (as are other projects of other entities in country).

Eritrea is a relatively new country which was recognised by the UN in 1993 after an armed independence struggle with Ethiopia. Since achieving independence, Eritrea has been recognised by the UN as having made good progress in a number of areas including public health and education but it remains a poor, developing country located in a region of the World which is relatively unsettled.

Whilst the Company has been operating in Eritrea for some time and there are other successful mining and exploration activities being conducted by foreign entities, investors should be aware that operating in a country with a different political and legal regime to Australia does raise the matter of jurisdictional risk and consequences that can flow.

Developments in the region are impossible to predict and proximity to ongoing armed conflict albeit in other countries brings with it unquantifiable risk. Certain historical matters relating to the independence struggle with Ethiopia have not been finally and conclusively resolved but Eritrea has agreed to the UN mandated border as between it and Ethiopia.

Eritrea is a member of the United Nations, the African Union, and is an observing member of the Arab League. Eritrea holds a seat on the United Nations' Advisory Committee on Administrative and Budgetary Questions (ACABQ). Eritrea also holds memberships in the International Bank for Reconstruction and Development, International Finance Corporation, International Criminal Police Organization (INTERPOL), Non-Aligned Movement, Organization for the Prohibition of Chemical Weapons, Permanent Court of Arbitration, and the World Customs Organization.

5.2 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of South Boulder and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect South Boulder's ability to raise additional equity and/or debt to achieve its objectives.

(b) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies.

(c) Commodity price risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of South Boulder. These factors include world demand for potash, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions.

In the event that Colluli successfully begins production, the revenue it will derive through the sale of commodities exposes the potential income of South Boulder to commodity price risks.

These factors may have an adverse effect on the Projects exploration, development and production activities, as well as on its ability to fund those activities.

(d) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(e) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by South Boulder from future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which South Boulder operates. There is no guarantee that South Boulder will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of South Boulder.

6 ADDITIONAL INFORMATION

6.1 Disclosing entity

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This Offer Document is not a prospectus and does not contain all of the information that is required under a prospectus. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

Copies of the Company's announcements can be obtained from www.asx.com.au or the Company's website www.southbouldermines.com.au.

6.2 Rights Issue Offer Document

This Offer Document is issued pursuant to section 708AA of the Corporations Act. The Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 30 April 2015. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require and expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

6.3 Underwriting Agreement

The Company has entered into Underwriting Agreements with Montezuma Mining Company Limited (ASX:MZM) and RSR Premier Holdings Limited, a privately held investment vehicle (**Underwriters**) dated on or about 27 April 2015 whereby the Underwriters have agreed to underwrite the Offer up to \$1,250,000 each (\$2,500,000 combined) on the terms in the Underwriting Agreements. Their obligation to subscribe for Shortfall Shares is equal and several (eg. A 10,000,000 shortfall would be split 5,000,000 and 5,000,000 and a 6,000,000 shortfall would be split 3,000,000 and 3,000,000 respectively). All valid Applications received by the

Company, from all sources, in excess of the difference between the total number of New Shares offered and the total underwritten Shares (10,000,000) will be deemed to have been accepted in full by the Company and will go in relief of the obligations (if any) of the Underwriters to subscribe for Shortfall Shares.

The Underwriters will each be paid an underwriting fee on the Underwritten Amount of 6% or \$75,000 each.

The underwritings are subject to the usual events of termination in favour of an underwriter, including material adverse changes (having regard to the outcome of the Offer, STB's financial position and prospects), hostilities in the region of STB's project, insolvency, loss of rights to operate, a fall in the ASX All Ordinaries Index or S&P/ASX 200 Index to a level of less than 90% of the issue price for 5 consecutive trading days, or the Company's share price trading at \$0.225 for 5 consecutive trading days during the 3 week period prior to completion.

6.4 GMP Securities

GMP Securities Australia Pty Limited (**GMP Securities**) have agreed to act as selling agent to assist the Company in placing any shortfall not subscribed for by Eligible Shareholders or the Offer's underwriters.

6.5 Financial Report

Please refer to the most recent audited financial statements which can be obtained from www.asx.com.au or the Company's website www.southbouldermines.com.au.

7 GLOSSARY

A\$, \$ and dollars means Australian dollars, unless otherwise stated.

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an Application.

Application means a valid application for New Shares made pursuant to this Offer Document and an Application Form.

Application Form means the application form accompanying this Offer Document.

Application Money means money received from an Eligible Shareholder in respect of their Application.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange, or the market operated by that entity.

Closing Date means 20 May 2015 or such other date as may be determined by the Directors under this Offer Document.

Company or **South Boulder** means South Boulder Mines Ltd (ABN 56 097 904 302).

Corporations Act means the *Corporations Act 2001* (Cth), including as modified by ASIC Class Order 08/35 in relation to the Offer.

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder as at 5.00pm (WST) on the Record Date, other than a Non-Qualifying Foreign Shareholder.

Entitlement or **Right** means an Eligible Shareholder's entitlement to subscribe for New Shares offered under this Offer Document.

Existing Share means a Share issued on or before the Record Date.

GMP Securities has the meaning given to it in section 2.2.

Listing Rules means the listing rules of ASX.

Marketable Parcel has the meaning given in the Listing Rules, being a parcel of securities of less than \$500 in value based on the closing price of STB Shares on the date of Application.

New Share means a new Share to be issued under the Offer.

Non-Qualifying Foreign Shareholder means a Shareholder whose registered address is not situated in Australia or New Zealand or any other jurisdiction that the Directors reasonably believe that making the Offer is not prohibited or unduly onerous or impractical, and can be made in accordance with all applicable laws and the Listing Rules.

Offer means the non-renounceable pro rata offer of 1 New Share for every 12 Existing Shares held on the Record Date by Eligible Shareholders made under this Offer Document.

Offer Document means this document, including any supplements or replacements to this document.

Option means an option to subscribe for a Share.

Placement has the meaning given to it in section 3.1.

Project means the Colluli Project.

Record Date means 6 May 2015.

Respective Proportion means, in relation to the Underwriters, that their obligation to subscribe for Shortfall Shares is equal and several (eg. A 10,000,000 shortfall would be split 5,000,000 and 5,000,000 and a 6,000,000 shortfall would be split 3,000,000 and 3,000,000 respectively).

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Registrars Pty Limited.

Shareholder means a holder of a Share.

Shortfall Shares has the meaning given in section 2.5.

Underwriters means Montezuma Mining Company Limited (ASX:MZM) and RSR Premier Holdings Limited severally.

Underwriting Agreement means the underwriting agreements dated on or about 27 April 2015 between the Underwriters and the Company.

Underwritten Amount has the meaning given to it in section 2.2.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

WST means Western Australian Standard Time.

ENTITLEMENT AND ACCEPTANCE APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
GROUND FLOOR
31 VENTNOR AVENUE
WEST PERTH WA 6005
AUSTRALIA

SOUTH BOULDER MINES LTD

ABN: 56 097 904 302

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd

All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

Code:

Holder Number:

Eligible Holding as at 5.00pm WST
on 6 May 2015:

Entitlement to Securities 1:12:

Entitlement to additional securities:
*(*unmarketable holders only)*

NON-RENOUNCEABLE SHARE OFFER CLOSING AT 5.00PM WST ON 20 MAY 2015

(1) I/We the above named being registered at 5.00pm WST on the 6 May 2015 as holder(s) of Shares in the Company hereby accept as follows:

	NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR	AMOUNT ENCLOSED @ \$0.25 PER SHARE
Entitlement or Part Thereof	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
Additional new Shares *	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
*NOTE: (YOU ARE ONLY ENTITLED TO APPLY FOR THAT NUMBER OF ADDITIONAL SHARES SHOWN IN THE 'ENTITLEMENT TO ADDITIONAL SECURITIES' BOX ABOVE RIGHT).		
TOTAL	<input type="text"/> , <input type="text"/> , <input type="text"/>	TOTAL \$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>

(* refer to sections 2.5 & 2.7 of the Offer Document regarding eligibility to apply for additional shares)

- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (4) I/We authorise the Company to send me/us a substituted form if this form ceases to be current.
- (5) I/We declare that I/we have received a full and unaltered version of the Offer Document either in an electronic or paper format.
- (6) My/Our contact details in case of enquiries are:

NAME **TELEPHONE NUMBER** ()

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.
You do not need to return this form if you have made payment via BPAY.

<p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p> <div style="display: flex; align-items: center;"> <div> <p>Billers code: 159483</p> <p>Ref: EFT_REFERENCE_NUMBER</p> </div> </div> <p>CHEQUE / MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to SOUTH BOULDER MINES LTD and crossed "Not Negotiable".</p> <p>BPAY@ this payment via internet or phone banking. Your BPAY@ reference number is unique to this offer and is not to be used for any other offer.</p>	<p>REGISTRY DATE STAMP</p> <p>E & O.E. <PRINT></p>
---	--

+

+

LODGEMENT INSTRUCTIONS

PAYMENT INFORMATION



Billers code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.

CHEQUE / MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm WST on the closing date.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Securities and the price payable on acceptance of each Security.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. Only those Eligible Shareholders who will hold less than a Marketable Parcel if they take up their full Entitlement may, in addition to their Entitlement, apply for additional New Shares so that upon that application they will hold a Marketable Parcel.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

+

NRRIADDV1

+