

29 April 2015

Dear Optionholder,

Non renounceable rights issue – notice to optionholders

South Boulder Mines Ltd (ACN 097 904 302) (**STB** or **Company**) is proposing a non renounceable pro rata entitlement offer of 1 new share for every 12 existing shares held as at 5pm (WST) on 6 May 2015 (Record Date), at an issue price of \$0.25 per share (**Offer**).

The Offer is made under section 708AA of the Corporations Act 2001 (Cth) pursuant to which an offer document will be lodged with ASX on 11 May 2015. The offer document will be available on both the ASX's and the Company's websites from that date. The offer document and personalised entitlement and acceptance form will be dispatched to eligible shareholders on 11 May 2015.

As at the date of this letter you hold options over shares in the Company. The purpose of this letter is to give you notice that if you wish to participate in the Offer with respect to your options, you must exercise your options before the Record Date by delivering an option exercise notice together with the correct monies to the Company by no later than the Record Date. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consult with your professional advisor.

Eligible shareholders need to read the offer document carefully and will need to complete the personalised entitlement and acceptance form that will accompany the offer document to acquire new securities under the Offer.

All correspondence or queries in relation to this letter should be directed to:

Amy Just, Company Secretary
South Boulder Mines Ltd
Ground Floor, 31 Ventnor Avenue
West Perth WA 6005
Phone: (08) 6315 1444
Email: admin@southbouldermines.com.au

Yours faithfully,



Paul Donaldson
Chief Executive Officer & Managing Director