

29 April 2015

Dear Shareholder,

**Non renounceable rights issue – notice to eligible shareholders**

On or about 28 April 2015 South Boulder Mines Ltd (ACN 097 904 302) (**STB** or **Company**) announced an unconditionally and partially underwritten rights issue to raise up to approximately \$3,350,052 (**Offer**). The Offer is made without disclosure under section 708AA of the *Corporations Act 2001* (Cth).

Funds raised will be used for completion of definitive feasibility work for the Colluli Potash Project, development of additional in house capabilities to support the development of the Project, advancement of funding discussions for the Project, and corporate overheads.

The Offer will be made on the basis of 1 new share for every 12 existing shares held on the Record Date (see attached timetable) by Eligible Shareholders (Shareholders with a registered address in 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) at an issue price of \$0.25 per new share.

Shareholders holding less than a marketable parcel may also apply for any New Shares not taken up under the Offer so that they will have a marketable parcel.

The Company will mail an offer document (**Offer Document**) and accompanying personalised acceptance form (**Application Form**) to eligible shareholders on 11 May 2015. The Offer Document will also be available on both the ASX's website and the Company's website.

New shares issued under the Offer will rank equally with existing shares. The Company has applied to ASX for the new shares to be listed.

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.

The Company's directors, who together hold approximately 11% of the Company, intend to take up their entitlement in full.

### **Eligible shareholders may take any of the following actions**

As an Eligible Shareholder, you may:

- a) take up all of your Entitlement;
- b) accept part of your Entitlement and allow the balance to lapse; or
- c) allow all of your Entitlement to lapse.

Eligible shareholders with less than a marketable parcel may also apply for any New Shares not taken up under the Offer so that they will have a marketable parcel.

Assuming the Offer is fully subscribed, the capital structure of the Company following the Offer is as follows:

<b>Capital Structure</b>	<b>Number</b>
Existing shares	160,802,000
New shares offered under the Offer Document	13,400,167
<b>Total shares following the Offer</b>	<b>174,202,167</b>

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

Shareholders should consider the Offer Document in deciding whether to acquire new shares under the Offer and will need to complete the Application Form to take up their entitlement.

The indicative timetable for the Offer is as below:

<b>Activity</b>	<b>Date</b>
Appendix 3B for Rights Issue lodged with ASX	28 <sup>th</sup> April
Dispatch notices to Shareholders informing them of Rights Issue	29 <sup>th</sup> April
Issue Placement Shares	29 <sup>th</sup> April
Record Date (for Entitlement to participate in the Rights Issue)	6 <sup>th</sup> May
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to shareholders (and announced to ASX)	11 <sup>th</sup> May
Rights Issue closes (Closing Date for receipt of Entitlement and Acceptance Form)	20 <sup>th</sup> May
Securities quoted on deferred settlement basis	21 <sup>st</sup> May
ASX notified of under subscriptions	25 <sup>th</sup> May
Issue date (date on which Rights Issue Shares entered into holders' security holdings. Deferred settlement trading ends)	27 <sup>th</sup> May
Normal ASX trading for new Rights Shares commences	28 <sup>th</sup> May
<b>Issue Shortfall Shares</b>	<b>1<sup>st</sup> June</b>

The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the closing date. As such the date the new shares are expected to commence trading on ASX may vary.

Yours faithfully,



Paul Donaldson

Chief Executive Officer & Managing Director