

Allens > < Linklaters

Date	5 July 2012	ABN 47 702 595 758
Page	1 of 19	101 Collins Street Melbourne VIC 3000 Australia
From	Allens	T +61 3 9614 1011 F +61 3 9614 4661
To	Companies Announcement Platform, ASX Limited, Sydney	Correspondence GPO Box 1776 Melbourne VIC 3001 Australia DX 30999 Melbourne
Fax	1300 135 638	
To	Company Secretary, South Boulder Mines Ltd , Perth	www.allens.com.au
Fax	(08) 9486 7093	

Confidential Fax

Fax enquiries ring +61 3 9613 8970

Dear Sirs

South Boulder Mines Ltd

Notice of initial substantial holder

Attached is a notice of initial substantial holder (Form 603) from Meridian Capital International Fund (and on whose behalf the notice is lodged) in relation to ordinary shares in South Boulder Mines Ltd.

Yours faithfully

Attach

Our Ref SAAM:GYKM:CBPM:120262503

saam A0121753365v1 120262503 5.7.2012

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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme South Boulder Mines Limited

ACN/ARSN 097 904 302

1. Details of substantial holder (1)

Name Meridian Capital International Fund (Meridian) and each other person described in the first column in the table under Part 1 of Annexure A (the Meridian Relevant Entities)

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 29/06/2012

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (5)
Fully paid ordinary shares	6,311,434	6,311,434	5.22%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
See Part 2 of Annexure A	See Part 2 of Annexure A and Annexure B	4,736,842 fully paid ordinary shares
See Part 3 of Annexure A	See Part 3 of Annexure A	1,574,592 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Meridian and the Meridian Relevant Entities	Meridian	Meridian	4,736,842 fully paid ordinary shares
Meridian and the Meridian Relevant Entities	HSBC Custody Nominees (Australia) Limited	Meridian	1,574,592 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Meridian and the Meridian Relevant Entities	29 June 2012	\$0.95 cash per ordinary share		4,736,842 fully paid ordinary shares
Meridian and the Meridian Relevant Entities	See Part 4 of Annexure A	See Part 4 of Annexure A		1,574,592 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See column 1 of Part 1 of Annexure A	See column 3 of Part 1 of Annexure A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
See column 1 of Part 1 of Annexure A	See column 2 of Part 1 of Annexure A

Signature

print name

Asker Alshinbayer

capacity Director

sign here

[Signature]

date 04/07/2012

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

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This is Annexure A of 2 pages referred to in Form 603 Notice of initial substantial shareholder by Meridian Capital International Fund and others.

Name: *Askar Alshinbayev*
 Capacity: Director
 Date: 04/07/2012

Part 1

Person holding a relevant interest	Registered address	Associate of persons holding a relevant interest
Meridian Capital International Fund	M&C Corporate Services Limited, P.O. Box 309GT, Umland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Is an associate of its related bodies corporate by virtue of section 12(2)(a) of the Corporations Act 2001 (Cth) (the Act).
Meridian Capital Limited	Canon's Court 22 Victoria Street PO Box HM 1179 Hamilton HM EX Bermuda	Is an associate of its related bodies corporate by virtue of section 12(2)(a) of the Act.
Askar Mutanovich Alshinbayev	C/o Canon's Court 22 Victoria Street PO Box HM 1179 Hamilton HM EX Bermuda	N/A
Yevgeniy Feld	C/o Canon's Court 22 Victoria Street PO Box HM 1179 Hamilton HM EX Bermuda	N/A
Sauat Mynbayev	C/o Canon's Court 22 Victoria Street PO Box HM 1179 Hamilton HM EX Bermuda	N/A

Part 2

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Meridian	Relevant interest under section 608(1) of the Act	4,736,842 fully paid ordinary shares
Meridian Relevant Entities	Relevant interest under section 608(3) of the Act	4,736,842 fully paid ordinary shares

Part 3

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Meridian	Relevant interest under section 608(1) of the Act as a result of the on-market purchases.	1,574,592 fully paid ordinary shares
Meridian Relevant Entities	Relevant interest under section 608(3) of the Act as a result of the on-market purchases by Meridian	1,574,592 fully paid ordinary shares

Part 4

On-market purchases by Meridian

Date of Acquisition	Consideration	Class and number of securities
23 May 2012	\$A0.62 cash per share	110,000 fully paid ordinary shares
23 May 2012	\$A0.81 cash per share	71,390 fully paid ordinary shares
24 May 2012	\$A0.85 cash per share	95,000 fully paid ordinary shares
25 May 2012	\$A0.89 cash per share	30,601 fully paid ordinary shares
29 May 2012	\$A0.80 cash per share	91,548 fully paid ordinary shares
30 May 2012	\$A0.95 cash per share	80,653 fully paid ordinary shares
05 June 2012	\$A0.90 cash per share	130,381 fully paid ordinary shares
19 June 2012	\$A0.89 cash per share	247,208 fully paid ordinary shares

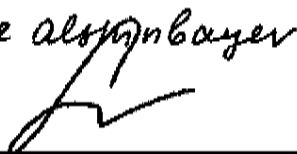
Date of Acquisition	Consideration	Class and number of securities
22 June 2012	\$A1.00 cash per share	35,612 fully paid ordinary shares
27 June 2012	\$A1.00 cash per share	409,240 fully paid ordinary shares
28 June 2012	\$A1.00 cash per share	109,071 fully paid ordinary shares
29 June 2012	\$A1.00 cash per share	163,708 fully paid ordinary shares
TOTAL SHARES		1,574,592 fully paid ordinary shares

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Annexure B

This is Annexure B of 14 pages which contains a true copies of the placement offer and its letter of variation for the acquisition of shares referred to in Form 603 Notice of initial substantial shareholder by Meridian Capital International Fund and others.

Name: *Askar Alshaybany*
Capacity: Director
Date: 04/07/2012





25 June 2012

By email: nodir@meridian-capital.net

and

paul@meridian-capital.net

PRIVATE AND CONFIDENTIAL

Meridian Capital International Fund
c/- M&C Corporate Services Limited
P.O. Box 309GT, Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands

Dear Sirs

PLACEMENT OFFER BY SOUTH BOULDER MINES LTD

South Boulder Mines Ltd ACN 097 904 302 (**Company**) is pleased to offer Meridian Capital International Fund, an exempted company incorporated with limited liability and existing under the laws of the Cayman Islands with registered number 119868 (**you**) 4,736,842 fully paid ordinary shares in the Company (**Placement Shares**) with one free attaching option on the terms and conditions set out in the annexure to this letter (**Placement Option**) for every two Placement Shares issued (the Placement Shares and Options (defined below) are together the **Placement Securities**) at an issue price of A\$0.95 per Placement Share and otherwise subject to and on the terms and conditions outlined in this letter (**Placement**).

The Placement Shares and Option Shares (defined below) will, upon allotment and/or issue, rank equally with all existing fully paid ordinary shares in the Company (**Shares**) and the Company will apply without delay for quotation of the Placement Shares on the Australian Securities Exchange (**ASX**). The Placement Securities and the Option Shares will be granted, allotted and issued, as the case may be, free of any encumbrances and, subject to clause 3.3 below, shall be freely transferable.

1 OVERVIEW

1.1 Use of proceedings

Net funds raised from the Placement will be used to advance the definitive feasibility study for the Company's Colluli Potash Project, pay for the costs of the offer and to provide working capital.

South Boulder Mines Ltd. ABN 56 097 904 302
PO Box 970, West Perth WA 6872
Ground Floor, 31 Ventnor Ave, West Perth WA 6005
Phone: +61 8 6315 1444 Fax: +61 8 9486 7093
Website: www.southbouldermines.com.au
admin@southbouldermines.com.au

The Company will pay a fee in cash to you of 6% on the amount raised under the Placement and will grant you an additional 100,000 Options on and subject to the terms and conditions set out in this letter and the annexure to this letter (**Investor Option** and together with the Placement Option, the **Option**).

1.2 Indicative timetable

The indicative timetable for the Placement is as follows:

Event	Date
Letters of offer sent	25 June 2012
Acceptance form by you due	12pm midnight on 25 June 2012
Application monies due	5pm 29 June 2012
Allotment of Placement Securities	29 June 2012
Trading of Placement Shares on ASX	2 July 2012

The above timetable may change without consultation with you and your commitment will be binding notwithstanding such changes. All dates and times above refer to the date and time in Perth, Western Australia.

2 OFFER

2.1 Offer of firm commitment

The Company is pleased to offer you the following Placement Shares (**Firm Commitment**)

Number of Placement Shares	Issue Price per Placement Share	Total Application Amount
4,736,842	A\$0.95	A\$4,500,000

2.2 Acceptance of Firm Commitment

To accept the Firm Commitment, you must complete the enclosed placement application form and return it to the Company at the following by no later than 12pm midnight (WST) on **25 June 2012** or such other date as is agreed between the Company and you:

Facsimile: +61 8 9486 7093

Email: fgarofalo@southbouldermines.com.au

The Total Application Amount must be deposited into the following bank account by no later than 5pm (WST) on 29 June 2012 or such other date as is agreed between the Company and you:

Account name: South Boulder Mines Ltd

Bank: NAB West Perth

In completing the application form you acknowledge and agree the terms set out in this letter.

In the event that allotment of Placement Securities and trading of Placement Shares on ASX has not occurred on or prior to 2 July 2012 or such other date as is agreed between the Company and you, any Total Application Amount paid by you will be returned to you without deduction or set-off.

The Company agrees that the terms and conditions of the allotment of Placement Securities and Investor Option to you shall be no less favourable than those applicable to Sprott Private Wealth LP and its affiliates (**Sprott**) and/or North American investors to whom Shares are placed by Sprott (**Sprott Investors**) as announced by the Company to ASX on 26 June 2012. If any more favourable terms and conditions are granted to any of the Sprott Investors, the same terms and conditions (including as to price) will be extended to you.

3 TERMS OF OFFER

3.1 Cessation of obligations to subscribe for Placement Shares

Your obligation to subscribe for Placement Shares is irrevocable and final.

3.2 Offer personal

The offer is made to you personally and is not an offer to any other person or the public generally. You may only assign, transfer or deal with your rights and obligations arising from your acceptance of the offer with the Company's prior written consent.

3.3 Trading in Placement Securities

The offer is made to you without disclosure by reason of section 708 of the Corporations Act 2001 (Cth) (**Corporations Act**). Rather, within 5 business days after the issue of the Placement Shares, the Company undertakes that it will issue a "cleansing notice" ("**Cleansing Notice**") that complies with section 708A(6) of the Corporations Act to meet certain requirements in respect of the "secondary trading" provisions contained in sections 707 and 708A of the Corporations Act so that the Placement Shares can be offered for sale without disclosure.

The Company will as soon as practicable:

- (a) comply with section 708A of the Corporations Act so as to allow an offer of Options to be made without disclosure; and
- (b) after the conditions for quotation are satisfied, apply for quotation of the Options on ASX.

3.4 Representations and warranties by you

By accepting the offer, you represent, warrant, acknowledge and agree for the benefit of the Company that:

- (a) you have made and relied upon your own assessment of the Company and have conducted your own investigations with respect to the Placement Securities and the Company including, without limitation, the merits of an investment in the Company and the particular tax consequences of purchasing, owning or disposing of the

Placement Securities in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction;

- (b) you acknowledge that the offer of Placement Securities is made in Australia in circumstances where it is lawful to do so without disclosure, and that no disclosure document is required or has been prepared or lodged with ASIC in connection with the Placement, subject to clause 3.3 above;
- (c) you have read, understood and accepted the terms of the offer made in this letter;
- (d) the offer made in this letter does not constitute a securities recommendation;
- (e) either:
 - (i) you are:
 - (A) a person in relation to whom either or both of sections 708(8)(a) and (b) of the Corporations Act apply in respect of the offer; or
 - (B) a "sophisticated investor" within the meaning of section 708(8)(c) of the Corporations Act and have given to the Company a certificate to that effect in accordance with that section; or
 - (ii) if you are outside of Australia, this offer can lawfully be made under all applicable laws in the jurisdiction in which you are situated, and Placement Securities can lawfully be issued or transferred to you without the need for any registration, lodgment or other formality under Australian law or the applicable laws in the jurisdiction in which you are situated;
- (f) the Company is not issuing the Placement Securities for the purpose of the investors selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over them, and that it is the Company's preference that investors acquire the Placement Securities as an investment to be held for at least the medium term (i.e. longer than 12 months);
- (g) it is your present intention to be an investor in the Placement Securities and to remain so for at least the medium term (i.e. longer than 12 months), which confirmation is understood to be a statement by you of present intention only but not an undertaking not to sell, particularly where your investment objectives or market conditions change;
- (h) an investment in the Placement Securities involves a degree of risk and that the Placement Securities are, therefore, a speculative investment;
- (i) whilst the Company has no reason to believe that the information provided to you to assist in determining whether or not to make an investment in the Company is not accurate, no warranty or assurance of reliability is given by the Company in relation to any information previously provided or contained in this letter, and no responsibility for any loss or damage whatsoever arising from any representation, act or omission, whether express or implied, is accepted the Company, their related bodies corporate, or any of their respective officers, agents or employees;
- (j) except for any liability which cannot by law be excluded and for compliance by the Company with its obligations under this letter, you acknowledge that none of the Company, or any of their respective related bodies corporate, or any directors, officers, employees or advisers of the Company, or any of their respective related bodies corporate, accept any responsibility in relation to the Placement and that the Company will have no liability to you should you not be able to offer for sale the Placement Securities at any time or from time to time; and

- (k) you agree to become a member of the Company for the purposes of section 231(b) of the Corporations Act and to be bound by the constitution of the Company.

3.5 Indemnity

You will indemnify the Company and its related bodies corporate, directors, officers, employees and agents (each an **Indemnified Party**) from all claims or losses that may arise out of any breach by you of your obligations under the Firm Commitment (including breach of representation, warranty or acknowledgement). The Company holds the indemnity on trust for each other Indemnified Party.

4 CONFIDENTIALITY

This letter and the information contained in it is confidential. You must not disclose it to any person until such time as it or such information is available in the public domain (other than through a breach by you of this clause 4) and except as required by law or any regulatory authority or stock exchange to which you or any of your affiliates is subject.

5 NO OFFER OF SECURITIES IN THE UNITED STATES

The offer of Placement Securities the subject of the Firm Commitment is on the basis that:

- (a) you are not a person located in the United States and are not a U.S. Person (as defined in the U.S. Securities Act of 1933, as amended (**Securities Act**)) or acting for the account or for the benefit of a U.S. Person;
- (b) you acknowledge that the Placement Securities have not been and will not be registered under the Securities Act;
- (c) you acknowledge that the Placement Securities may not be offered, sold, taken up or delivered directly or indirectly into or within the United States or to or for the account or benefit of U.S. Persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act;
- (d) you confirm that notwithstanding clause (c) above neither you, your affiliates nor any person acting on your or their behalf has offered or sold, or will offer or sell, any of the Placement Securities the subject of the Firm Commitment to persons located in the United States or to U.S. Persons or persons acting for the account or benefit of U.S. Persons;
- (e) you undertake that neither you, your affiliates, nor any person acting on your or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) or in directed selling efforts (as defined in Regulation S of the Securities Act) in the United States of the Placement Securities or in connection with the offering; and
- (f) you undertake that you will only offer Placement Securities in an offshore transaction meeting the requirements of Regulation S of the Securities Act.

6 OTHER

6.1 Notices

Any notice that is required to be given in relation to this offer may be given by facsimile or email. Notice will be deemed to have been given upon the successful transmission to the facsimile number or email address of the party to whom the notice is sent. It is the responsibility of the party to whom notice is required to be given to provide a current and

operational email address and facsimile number to all parties who may be required to give notice of any kind.

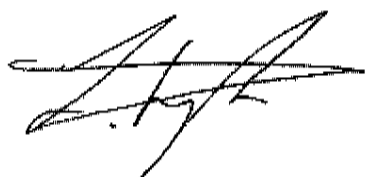
6.2 Entire agreement

The terms set out in this letter, including those contained in the Placement Application Form, constitute the entire agreement between the Company and you, to the exclusion of all prior representations, understandings and agreements between yourself and the Company. The Company owes no fiduciary or other obligations to you in connection with the offer or this agreement other than the obligations expressly set out in this agreement. Any variation of the terms of this agreement must be in writing signed by the Company.

6.3 Governing law

This agreement is governed by the laws of Western Australia. By accepting the offer you submit to the non-exclusive jurisdiction of the courts of Western Australia.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Hughes', with a long horizontal stroke extending to the right.

Lorry Hughes
CEO and Managing Director
South Boulder Mines Ltd

OPTION TERMS

The Options are to be issued on the following terms:

- (a) Each Option shall be issued for no consideration.
- (b) Each Option entitles the holder to subscribe for one Share in the Company upon the payment of A\$1.50 per Share subscribed for.
- (c) The Option will lapse at 5.00 pm, Western Standard Time on the date 2 years from when it was granted (**Expiry Date**).
- (d) Each Option is transferrable.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) The Options shall be exercisable in whole or in part at any time and from time to time until the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of one or more notices in writing (each a "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.
- (j) 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.
- (k) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

Guide to the South Boulder Mines Ltd Application Form

This Application Form relates to the issue of Shares in South Boulder Mines Ltd at A\$0.95 per Share.

Please complete all relevant sections of this Application Form using BLOCK LETTERS. The instructions below are cross-referenced to each section of this Application Form. Further particulars and the correct forms of registrable titles to use on this Application Form are outlined below.

- A** Insert the number of Shares you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of A\$0.95.
- C** Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of a company. Up to three Joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** Please complete cheque details as requested. Make your cheque payable to "South Boulder Mines Ltd" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- H** The Applicant(s) declare(s) that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners' personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:
Flavio Garofalo, South Boulder Mines Ltd

Facsimile: +61 8 9486 7093

Email: fgarofalo@southbouldermines.com.au



1 July 2012

By email: nodir@meridian-capital.net

and

paul@meridian-capital.net

PRIVATE AND CONFIDENTIAL

Meridian Capital International Fund
c/- M&C Corporate Services Limited
P.O. Box 309GT, Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands

Dear Sirs

PLACEMENT OFFER BY SOUTH BOULDER MINES LTD

I refer to the placement offer by South Boulder Mines Ltd ACN 097 904 302 (**Company**) to Meridian Capital International Fund, an exempted company incorporated with limited liability and existing under the laws of the Cayman Islands with registered number 119868 (**you**) dated 25 June 2012 (**Placement Agreement**).

Capitalised terms in this letter have the meaning given in the Placement Agreement.

The Placement Agreement is varied as follows:

1. The following paragraphs are deleted:
 - (a) *The Company agrees that the terms and conditions of the allotment of Placement Securities and Investor Option to you shall be no less favourable than those applicable to Sprott Private Wealth LP and its affiliates (Sprott) and/or North American investors to whom Shares are placed by Sprott (Sprott Investors) as announced by the Company to ASX on 26 June 2012. If any more favourable terms and conditions are granted to any of the Sprott Investors, the same terms and conditions (including as to price) will be extended to you.*

South Boulder Mines Ltd. ABN 56 097 904 302
PO Box 970, West Perth WA 6872
Ground Floor, 31 Ventnor Ave, West Perth WA 6005
Phone: +61 8 6315 1444 Fax: +61 8 9486 7093
Website: www.southbouldermines.com.au
admin@southbouldermines.com.au

(b) *The Company will as soon as practicable:*

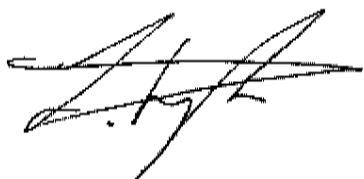
- (i) *comply with section 708A of the Corporations Act so as to allow an offer of Options to be made without disclosure; and*
- (ii) *after the conditions for quotation are satisfied, apply for quotation of the Options on ASX.*

2. The terms of the Options are replaced with the terms attached to this letter.

The parties confirm and ratify the Placement Agreement as amended by this letter and acknowledge that the Placement Agreement will be construed on and from the date of this letter as amended and restated by this letter. The parties acknowledge that, except as specifically amended by this letter, all terms and conditions of the Placement Agreement remain in full force and effect.

This letter may be signed by counterpart and is binding once signed by both parties.

Yours sincerely



Lorry Hughes
CEO and Managing Director
South Boulder Mines Ltd

Accepted for and on behalf of Meridian Capital International Fund

Authorised person

Print name and title of authorised person

Date

OPTION TERMS

The Options are to be issued on the following terms:

- (a) Each Option shall be issued for no consideration.
- (b) Each Option entitles the holder to subscribe for one Share in the Company upon the payment of A\$1.50 per Share subscribed for.
- (c) The Option will lapse at 5.00 pm, Western Standard Time on 17 July 2014 ("**Expiry Date**").
- (d) Each Option is transferrable.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) The Options shall be exercisable in whole or in part at any time and from time to time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of one or more notices in writing (each a "**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.
- (j) The Company shall as soon as practicable, and no later than 10 business days of exercise of the Options:
 - (i) take steps so that any offer of Shares for sale within 12 months of their issue will not require disclosure under section 707(3) of the Corporations Act 2001 (Cth); and
 - (ii) allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number.

- (k) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.