



30 November 2009

ASX Online
Manager
Company Announcements
ASX Limited

Entity Name: South Boulder Mines Limited
ASX Code: STB

South Boulder Mines Limited – Non-Renounceable Entitlement Offer

Please find attached the Entitlement Offer booklet relating to the South Boulder Mines Limited (**South Boulder**) entitlement offer announced 26 November 2009. The booklet will be mailed to eligible shareholders by 9 December 2009 and contains:

- A letter from South Boulder's chairman;
- Key dates for the entitlement offer;
- ASX announcements;
- Details on how to apply; and
- Important information.

Yours faithfully

A handwritten signature in black ink that reads 'Dennis Wilkins'.

Dennis Wilkins
Company Secretary

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ACN 097 904 302

ENTITLEMENT OFFER

Details of a 1 for 10 non-renounceable pro rata entitlement offer of South Boulder Mines Limited fully paid ordinary shares (**New Shares**) at an offer price of \$0.20 per New Share

**This offer opens Tuesday 8 December 2009
and closes at 5 PM (WST) Wednesday 23 December 2009**

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form for you to subscribe for New Shares in South Boulder Mines Limited. Please read this document carefully and call your professional adviser if you have any queries.

This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities & Investments Commission. It is also not financial product advice and has been prepared without taking into account your specific investment objectives, financial circumstances or particular needs. South Boulder Mines Limited is not licensed to provide financial product advice in respect of the New Shares or Shortfall Shares. The Information does not purport to contain all the information that you may require to evaluate a possible investment in New Shares or Shortfall Shares.

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CORPORATE DIRECTORY

Registered Office

23 Altona Street
WEST PERTH WA 6005

Principal Place of Business

133-135 Edward Street
PERTH WA 6000
Telephone: +61 8 9227 1144
Facsimile: +61 8 9328 8302

Postal Address

PO Box 8355
PERTH BC WA 6849

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

IMPORTANT DATES

26 November 2009	Announcement Date (or earlier)
1 December 2009	Ex Date
7 December 2009	Record Date 5.00pm (Perth Time) The date on which South Boulder determines eligible shareholders
8 December 2009	Opening Date The date on which the Entitlement Offer opens
9 December 2009	Mailing Date Entitlement and Acceptance Form sent to all eligible shareholders
23 December 2009	Closing Date The date on which the Entitlement Offer closes Applications must be received by 5.00pm (WST)
29 December 2009	Shortfall announcement The date on which New Shares are allotted.
5 January 2010	Despatch Date The date on which holding statements are sent to shareholders
6 January 2010	Share Trading Date The date on which New Shares commence trading on the ASX

CHAIRMAN'S LETTER

30 November 2009

Dear Shareholder,

South Boulder Mines Limited Equity Raising -- Entitlement Offer

On behalf of South Boulder Mines Limited (**South Boulder** or **the Company**), I am pleased to invite you to participate in a 1 for 10 non-renounceable pro rata entitlement offer of South Boulder fully paid ordinary shares (**New Shares**) at an offer price of \$0.20 per New Share (**Entitlement Offer**). New Shares issued under the Entitlement Offer will rank equally with existing issued shares of South Boulder.

On 26 November 2009, South Boulder announced to ASX its intention to raise up to \$1,114,159 (before costs) through the Entitlement Offer.

The proceeds of the Entitlement Offer will be used to accelerate exploration of the Company's recent Terminator gold discovery as well as to step up exploration at a pipeline of other gold prospects within the Duketon Gold Project, north of Laverton in Western Australia.

This Entitlement Offer booklet (**booklet**) contains a number of important documents including:

- important dates for the Entitlement Offer; and
- recent ASX announcements relating to the activities of South Boulder;
- instructions on 'How to Apply', setting out how to accept all or part of your Entitlement; and
- other important information.

This booklet is also accompanied by a personalised Entitlement and Acceptance Form which details your Entitlement. If you wish to take up all or part of your Entitlement you should complete the form in accordance with instructions provided in the form and instructions on the 'How to Apply' section of this booklet.

The Entitlement Offer closes at 5 PM (WST) on 23 December 2009. To participate, you need to ensure you have completed your personalised Entitlement and Acceptance Form and the funds payable for the New Shares you take up (**Application Monies**) are received by South Boulder before this time and date OR that you have paid your Application Monies by BPAY® according to the instructions that are set out on the personalised Entitlement and Acceptance Form. Please refer to the instructions in the 'How to Apply' section of this booklet for further information.

The Entitlement Offer is non-renounceable, and is not tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up. The Entitlement Offer will not be underwritten.

Funds raised will be used to accelerate exploration of the Company's recent Terminator gold discovery as well as to step up exploration at a pipeline of other gold prospects within the Duketon Gold Project, north of Laverton in Western Australia.

The directors confirm there is currently no information to be disclosed which is excluded information (as defined in section 708AA(8) of the Corporations Act) which would reasonably be required for the purpose of making an informed assessment by investors and their professional advisers, of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
- the rights and liabilities attaching to the New Shares.

You should consult a stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

The Entitlement Offer has been filed with the ASX on 30 November 2009 and has also been posted to the Company's website. For further information regarding the Entitlement Offer, please call South Boulder on telephone +61 8 9227 1144.

On behalf of the Board of South Boulder, I commend this investment opportunity to you and as always thank you for your ongoing support of our Company.

Yours sincerely



Terrence Grammer
Chairman

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ASX ANNOUNCEMENTS

RC AND DIAMOND DRILLING COMMENCES AT THE ROSIE AND C2 NICKEL SULPHIDE PROSPECTS

South Boulder Mines Ltd (ASX: STB) is pleased to announce that further drilling has commenced at the Duketon Nickel JV as follows:

ROSIE PROSPECT

- 6 x 250metre RC holes
- 1 possible further RC hole to 250m

BULGE C2 SOUTH

- 4 x Diamond Holes ~500 – 550metres depth
- 1 x Diamond Hole to 650metres contingent on visual results of previous holes

These holes will be drilled to follow-up earlier programs which returned the following highlights;

ROSIE PROSPECT

- 35m @ 1.59g/t Pt+Pd (0.40% Ni, 0.27% Cu) from 32m.
- 20m @ 0.99g/t Pt+Pd (0.61% Ni, 0.14% Cu) from 61m including;
 - 7m @ 2.42g/t Pt+Pd (0.64% Ni, 0.31% Cu) from 65m including;
 - 3m @ 4.24g/t Pt+Pd (0.73% Ni, 0.54% Cu) from 66m including;
 - 1m @ 8.23g/t Pt+Pd (1.09% Ni, 0.81% Cu) from 68m.
- 10m @ 2.25g/t Pt+Pd (0.40% Ni, 0.49% Cu) from 32m including;
 - 3m @ 4.00g/t Pt+Pd (0.56% Ni, 0.88% Cu) from 33m.

BULGE C2

- 50m @ 0.92% Ni from 275m including;
 - 37m @ 1.05% Ni from 275m.
- 20m @ 0.98% Ni from 160m.
- 14m @ 0.96 % Ni, (0.75g/t Pt/Pd, 0.07% Cu) from 249m including;
 - 2.26m @ 2.23% Ni (0.20% Cu, 2.10g/t Pt/Pd) from 248.89m and
 - 1.33m @ 2.20% Ni (0.13% Cu, 1.54g/t Pt/Pd) from 254.78m and
 - 0.42m @ 3.28% Ni (0.17% Cu, 1.57g/t Pt/Pd) from 255.69m.
- 4.5m @ 2.04 % Ni, 0.04% Cu, 0.36g/t Pt/Pd) from 267.33m including;
 - 0.67m @ 3.43% Ni (0.07% Cu, 0.93g/t Pt/Pd) from 267.33m and
 - 1.00m @ 2.99% Ni (0.06% Cu, 0.32g/t Pt/Pd) from 268.0m.

ASX Code : STB

Berlin : SO3-Ber

Frankfurt : SO3-Fra

Share Price: 23.5 cents

Market Cap: \$13.2M

Shares on issue: 55.7M

Cash at Bank: \$2.0M

ASX/TSX listed shares: \$2.0M

Top 20 shareholders – 48%

Contact Details

133-135 Edward St Perth WA 6000

PO Box 8355 Perth BC WA 6849

Telephone +61 8 9227 1144

Facsimile + 61 8 9328 8302

www.southbouldermines.com.au

LISTED EQUITY HOLDINGS

(ASX: MZM) - 4.150m shares
(ASX: MZMO) - 1.037m options
(ASX: IXR) - 1.325m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 0.250m shares
(ASX: AGO) - 12,490 shares
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 shares
Auvex (Pte) - 1.0m options

DUKETON NICKEL JOINT VENTURE

Independence Group NL (Independence) has confirmed that follow-up exploration drilling at the Rosie and C2 Nickel Sulphide Prospects commenced during the week starting 9th November 2009.

Previous drilling has intersected a broad, robust first pass platinum/palladium/nickel/copper/gold signature over an approximate 350m strike length at the Rosie Prospect, with individual assays up to 8.23g/t Pt + Pd, 0.99% Cu and 1.4% Ni.

Additionally at The C2 Prospect, numerous robust drill intercepts have been defined over a 700m strike length including individual assays up to 3.43% Ni and up to 2.46g/t Pt+Pd.

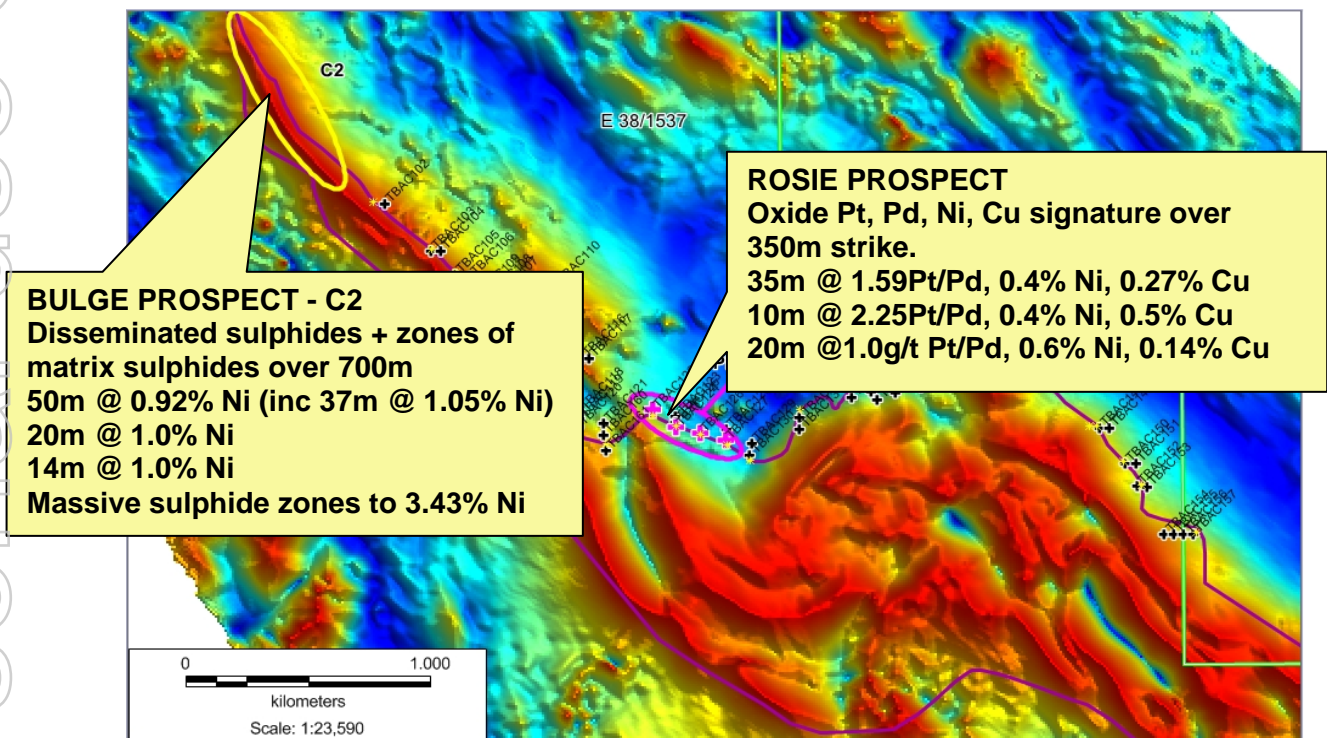


Figure 1 – Total Magnetic Intensity Aeromagnetic Image with Prospects.

ROSIE PROSPECT

Six RC holes have been planned at the Rosie Prospect to a depth of 250m. These RC holes will be drilled to follow up on the highly encouraging results intersected in a first pass aircore drilling program completed in August 2009. (Figure 2)

The RC drilling will test both down contact and further into the core of the ultramafic unit identified at The Rosie Prospect. Four holes have been planned on section, ~50-60m to the north of each of the anomalous aircore holes TBAC122, TBAC124, TBAC126 and TBAC127. The holes are planned to intersect the ultramafic contact ~80m down contact from the aircore intersections, and then drill ~100m into the ultramafic unit. A further hole may be drilled to the north to try to intersect the EM conductor which sits ~130m north of the contact position and is modelled to be dipping to the south. A further two holes will be drilled to the south of TBAC126, into the body of the ultramafic unit.

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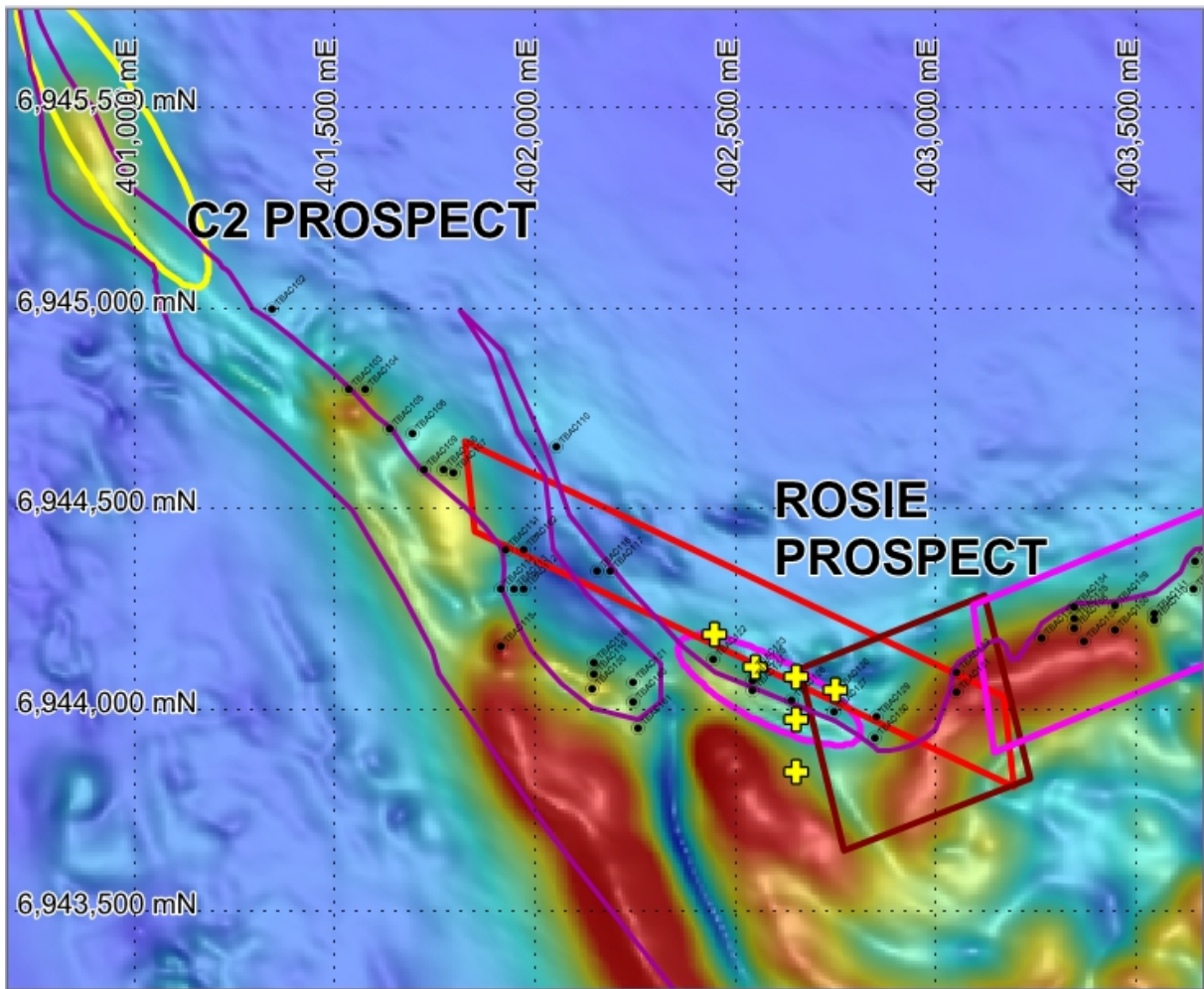


Figure 2: The Bulge Rosie Prospect plan view of proposed RC drilling (yellow crosses), ultramafic surface projection (purple line) with DHEM/MLTEM conductor models, over TMIRTP tilt derivative aeromagnetic image.

BULGE C2 PROSPECT

Previously at 'The Bulge' C2 Prospect, numerous robust drill intercepts have been intersected including 50m @ 0.92% Ni from 275.m, 20m @ 1.00% Ni from 160m and 4.5m @ 2.04% Ni from 267m. Individual assays up to 3.43% Ni with Pt+Pd grades up to 2.46g/t have also been returned.

Four RC holes with Diamond tails have been planned at the The Bulge C2 Prospect. The drilling will test the down plunge southern extension of the mineralisation intersected in drill holes TBDD071 and TBDD074 on section 6945400N, figure 2. Two holes will be drilled 100m south on section 6945300N at similar stratigraphic positions as TBDD071 and 074. These holes will be ~500m and ~550m deep respectively. This will test the hypothesis that there is a south easterly plunge to the mineralisation. One hole will be drilled on section 6945200N again to test the plunge of the system, ~550m deep. If the holes are successful a further hole may be drilled on section 6945300N, ~650m deep, below the two planned holes, figure 4.

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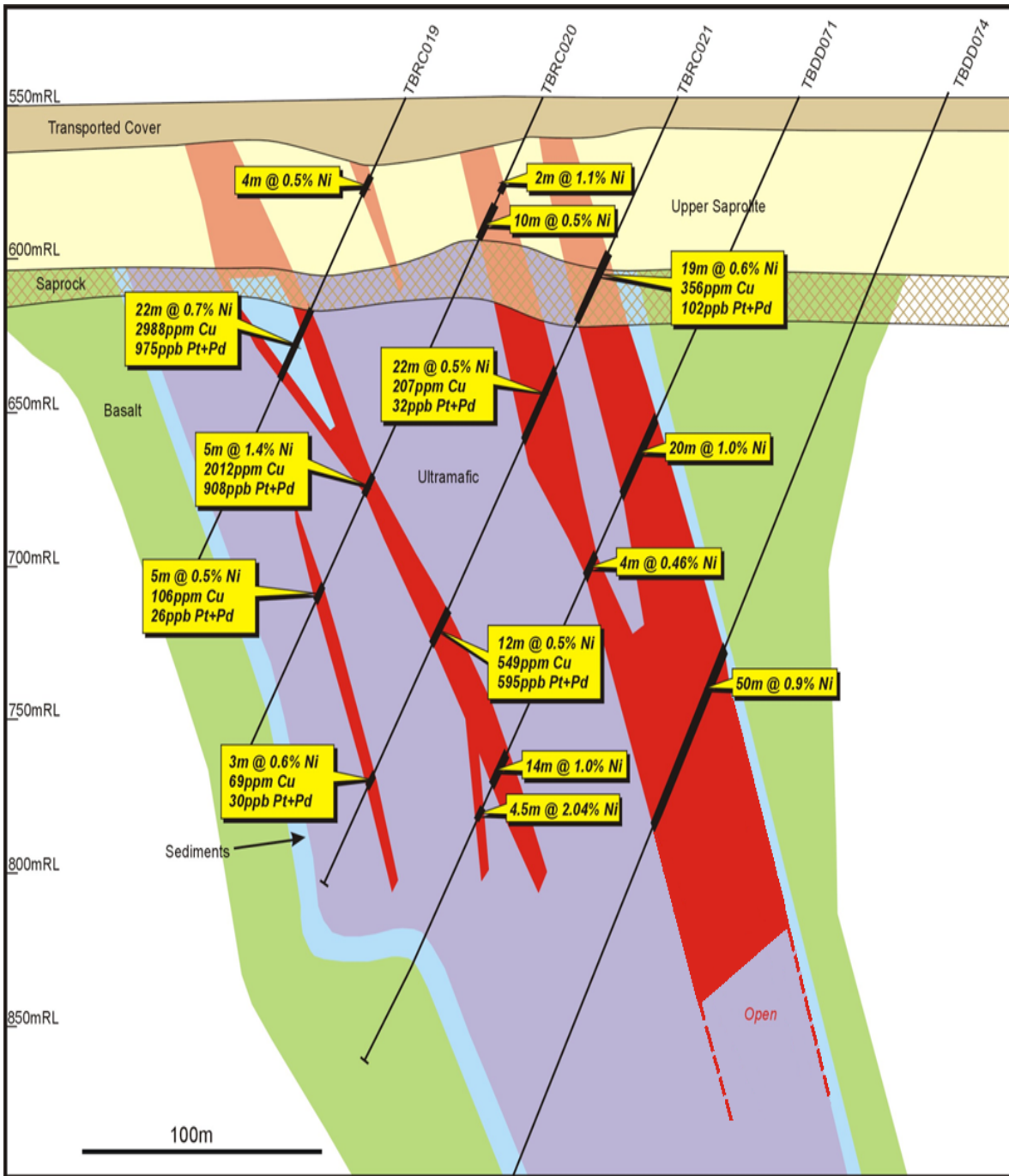


Figure 3: The Bulge C2 section 6945400N with geology and significant intersections >0.4 Ni

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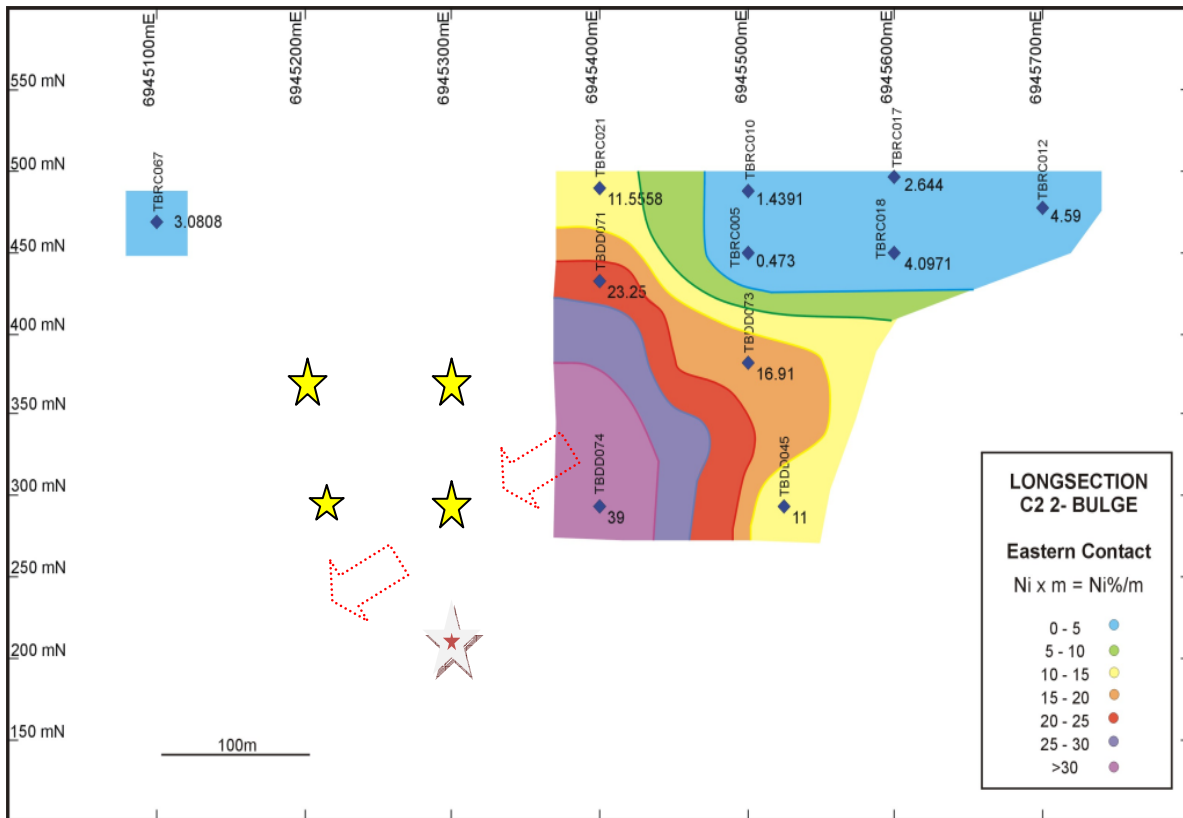


Figure 4: The Bulge C2 Long section with planned RC/DD drilling, confirmed holes (yellow stars), contingent on success in the other holes (red star), interpreted plunge direction (red arrows)

About the Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years of the grant of the relevant tenement. The data, interpretation and diagrams that form this ASX release have been provided courtesy of Independence.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel, potash and phosphate.

More information:

Lorry Hughes
 Managing Director
 South Boulder Mines Ltd
 + 61 (8) 9227 1144

This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by Independence Group who are the operator of the Duketon Nickel JV. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes is a geologist and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lorry Hughes consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ASX Code : STB
Berlin : SO3-Ber
Frankfurt : SO3-Fra

Share Price: 20.0 cents

Market Cap: \$11.0M

Shares on issue: 55.7M

Cash at Bank: \$2.0M
ASX listed shares: \$2.0M

Top 20 shareholders – 48%

Contact Details

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6000

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(ASX: MZM) - 4.150m shares
(ASX: MZMO) - 1.037m options
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(ASX: AGO) - 12,490 shares
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 share
Auvex (Pte) - 1.000m options

Extensive Gold Mineralisation Discovered at Terminator

South Boulder Mines Ltd (ASX: STB) is pleased to announce that recent aircore drilling (4m composite sampling) at the Terminator Prospect has returned high gold grades of up to 22.10 g/t over 2 metres (EOH) as well as broad zones of gold mineralisation including 64m @ 1.24 g/t from surface.

- Mineralisation is currently well defined over ~ 400m strike, is open in all directions and occurs within a broader anomalous zone over 3km. Numerous holes have finished in gold mineralisation;
- Highlights include;

TBAC 024

- 64m @ 1.24 g/t from surface;
including 12m @ 4.13g/t from surface;

TBAC 025

- 28m @ 2.68 g/t from 52m;
including 8m @ 7.40g/t from 72m;

TBAC 031

- 6m @ 7.84 g/t from 48m;
including 2m @ 22.10 g/t from 52m (EOH);

TBAC 019

- 60m @ 0.70 g/t from surface;
including 8m @ 2.00g/t from surface;
and 4m @ 3.17g/t from 56m

- Approximately 60% of results from Terminator Program outstanding.
- Thompsons Bore gold results to follow.
- 1m re-samples to follow.

A recently completed aircore drilling program at the Terminator Gold Prospect within the Duketon Project comprising 50 holes for 4,216m has discovered significant gold mineralisation. Assay results have been received for 22 holes (28 pending) and results have intersected widespread laterite and oxide mineralisation. The program has confirmed the potential for a significant gold system identified from the initial discovery hole, TBAC111 (37m @ 2.18g/t Au from 1m).

The laterite mineralisation occurs immediately below a thin 1m to 4m blanket of transported cover. The surface and extensive oxide gold zones are evident over large widths down hole. The samples have been taken as 4m composites and these will be re-sampled immediately once all assays have been received. It is expected that one metre re-sampling will significantly improve the grades.

The drill program targeted a sheared contact between an ultramafic and mafic sequence, which is currently believed to be the control on the gold mineralisation. The majority of holes were drilled to blade refusal and fenced on a 40m x 40m pattern. In addition a number of closer spaced holes (20m X 20m) were drilled to understand the vectors to mineralisation. Some wider spaced exploratory drill holes were completed as well as a small program at Thompsons Bore with results to follow.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	Au (g/t)	Comment
TBAC018	401900	6944380	500	270	60	82	0	8	8	0.70	Laterite
TBAC019	401920	6944380	500	270	60	122	0	60	60	0.70	Laterite/oxide
Includes							0	8	8	2.00	Laterite
Includes							56	60	4	3.17	Oxide
TBAC020	401940	6944380	500	270	60	152	0	8	8	0.65	Laterite
TBAC020							56	76	20	0.84	Oxide
TBAC023	401900	6944400	500	270	60	88	0	12	12	0.29	Laterite
TBAC024	401920	6944400	500	270	60	121	0	64	64	1.24	Broad Min.
Includes							0	12	12	4.13	Laterite/oxide
Includes							40	48	8	1.45	Oxide
TBAC025	401940	6944400	500	270	60	122	0	8	8	0.61	Laterite
TBAC025							52	80	28	2.68	Oxide
Includes							72	80	8	7.40	Oxide
TBAC026	401960	6944400	500	270	60	101	64	72	8	0.98	Oxide
TBAC028	401900	6944420	500	270	60	64	40	44	4	1.90	Oxide
TBAC028							56	64	8	0.62	Min. @ EOH
TBAC029	401920	6944420	500	270	60	114	0	56	56	0.41	Broad Min.
Includes							0	8	8	1.27	Laterite
TBAC030	401940	6944420	500	270	60	92	0	92	92	0.21	Broad Min.
Includes							0	8	8	0.55	Laterite
TBAC031	401960	6944420	500	270	60	54	48	54	6	7.84	Min. @ EOH
Includes							52	54	2	22.10	Min. @ EOH
TBAC034	401880	6944460	500	270	60	140	0	80	80	0.36	Broad Min.
Includes							0	12	12	0.50	Laterite
Includes							48	80	32	0.64	Broad Min.
TBAC035	401900	6944460	500	270	60	63	0	60	60	0.26	Broad Min.
Includes							0	8	8	0.90	Laterite
TBAC036	401920	6944460	500	270	60	39	36	39	3	0.45	Min. @ EOH

Table 1 – Compositated assay results from first pass aircore drilling at the Terminator Gold Prospect.

Note: Assays have been determined by the Aqua Regia ICP_MS method. Samples were collected as 4m composites. Results have been rounded where appropriate. Intervals are expressed as down hole intervals in metres. There is insufficient information at present to make an estimation of the true width of the mineralisation encountered.

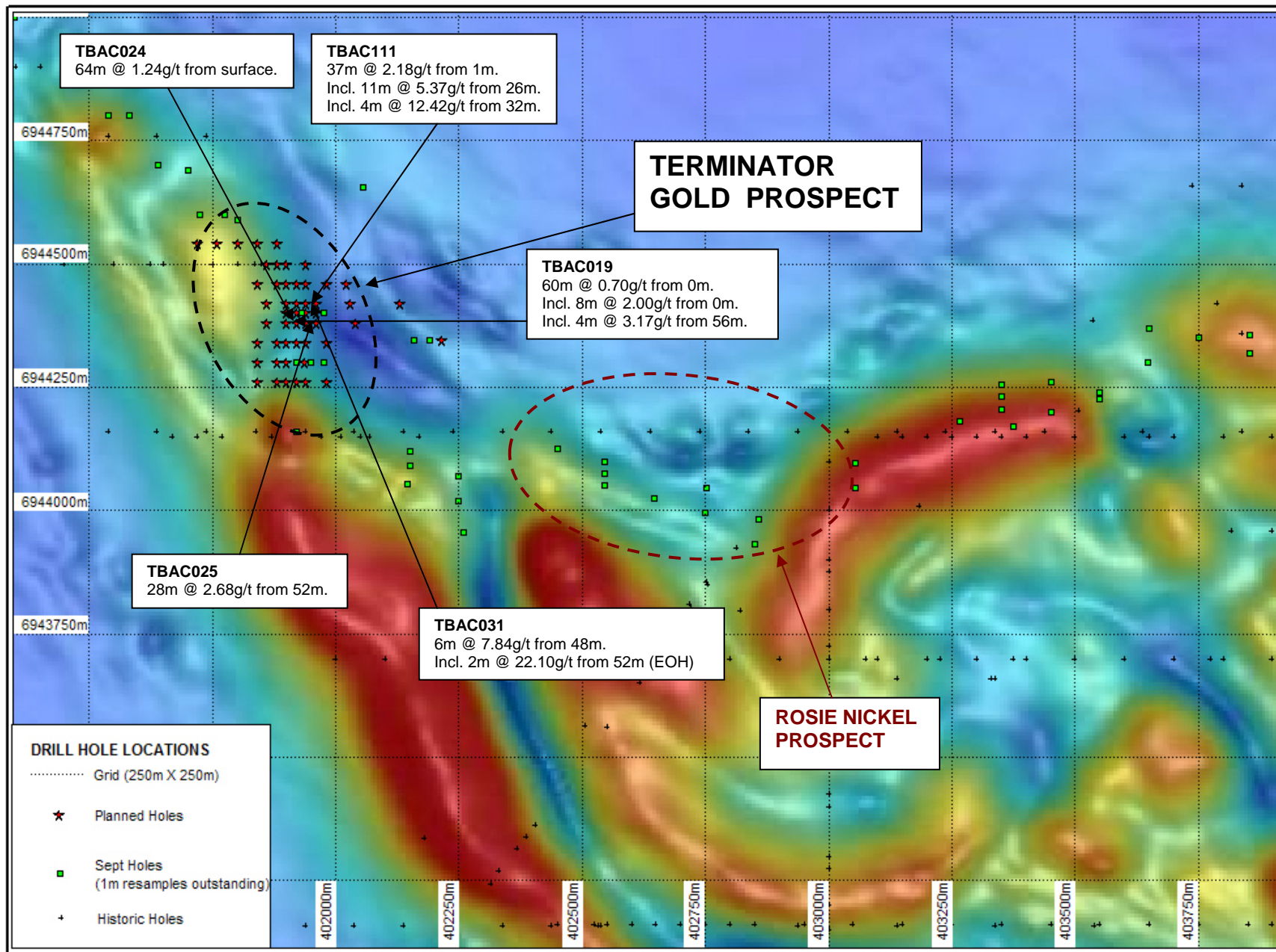


Figure 1 – The Terminator Gold Prospect in relation to the Rosie Nickel Prospect.

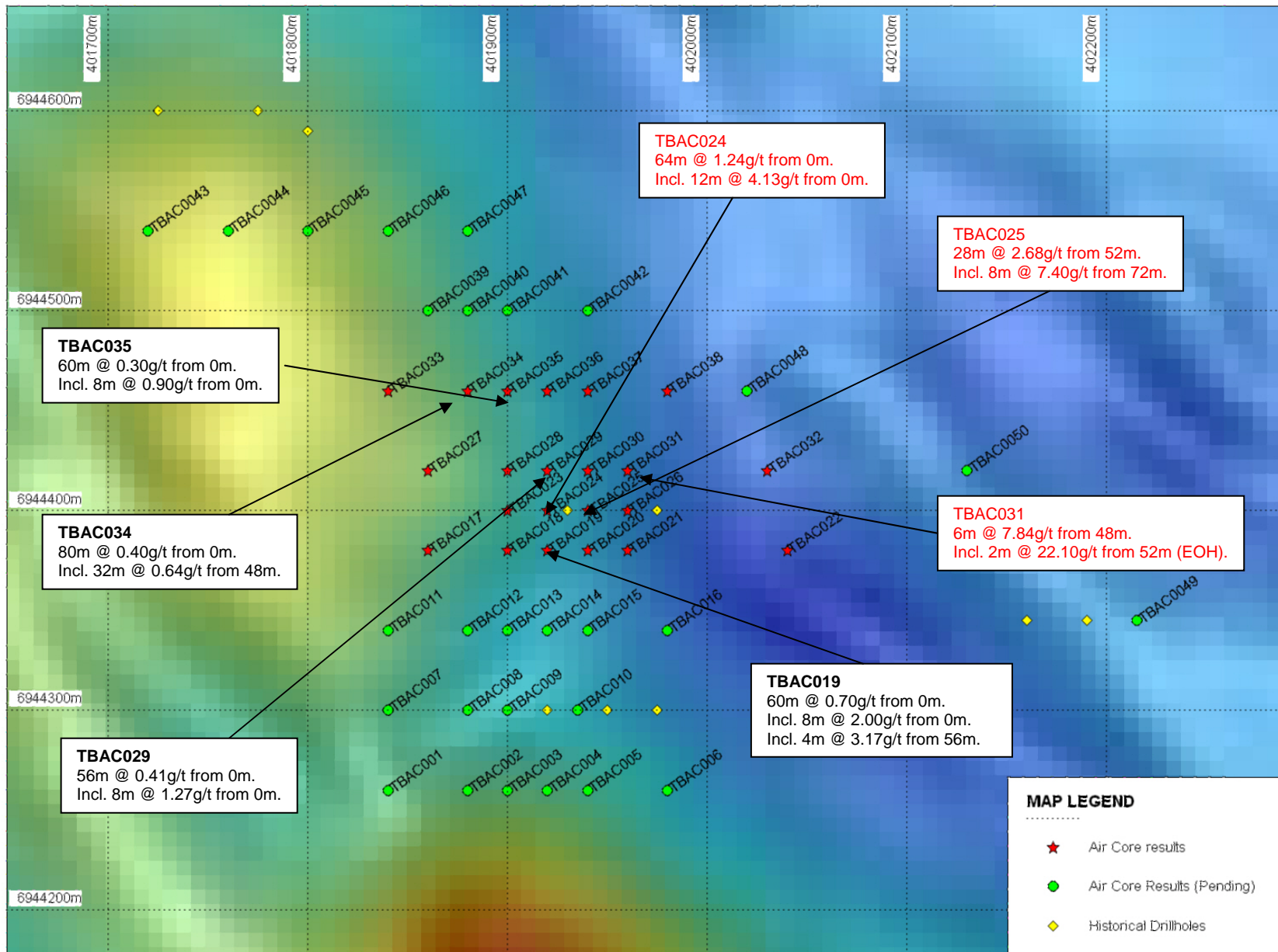


Figure 2 – The Terminator Gold Prospect.

Duketon Belt Gold Potential

The Duketon Belt contains highly prospective geological sequences and mineralised structures. Numerous structures are known to contain significant gold mineralisation. This is evidenced by the approximately 3 million ounces of unmined gold resources currently defined to date within the belt. In addition the plus 1.5 million ounce Moolart Well Gold Project is currently being developed by Regis Resources Ltd (ASX: RRL). Once operational this will be only mining operation in the Duketon Belt.

Very little systematic gold exploration has been completed within The South Boulder Duketon Gold Project. From the early 90's the majority of the Duketon Project was held by Normandy Mining Limited and Newmont Mining Corporation. Although wide spaced reconnaissance exploration was sporadically conducted, the vast majority of the project remains under shallow cover and vastly under explored.

About the Nickel Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years of grant of the relevant tenements. The Duketon Project covers around 1800km² and is highly prospective for gold, nickel sulphide and base metal deposits. South Boulder holds 100% of the gold and base metal rights.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel, potash and phosphate.

More information:

Lorry Hughes
Managing Director
South Boulder Mines Ltd
+ 61 (8) 9227 1144

This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder Mines Ltd and Independence Group who are the operator of the Duketon Nickel JV. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lorry Hughes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

HOW TO APPLY

1. The Entitlement Offer

Eligible Shareholders (as defined in Section 1 of the Important Information section of this booklet) are being offered the opportunity to subscribe for 1 New Share for every 10 South Boulder ordinary shares (**Share**) held at 5.00pm (WST) on 7 December 2009 (**Entitlement**), at the offer price of \$0.20 per New Share (**Offer Price**).

As at the Record Date, the Company has on issue 55,707,943 Shares, 1,000,000 unlisted 25 cent options expiring on 31 August 2010, 3,065,000 unlisted 20 cent options expiring on 24 March 2011, 3,750,000 unlisted 25 cent options expiring on 31 March 2011, 3,840,000 unlisted 30 cent options expiring on 31 March 2011, 3,800,000 unlisted 20 cent options expiring on 30 November 2012, 3,225,000 unlisted 50 cent options expiring on 13 June 2010, 2,950,000 unlisted 35 cent options expiring on 31 July 2013 and 8,550,000 unlisted 20 cent options expiring on 30 June 2014. The Company expects that up to 5,570,794 New Shares will be issued under the Entitlement Offer.

Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if and to the extent that South Boulder determines to do so, in its absolute discretion, having regard to circumstances as at the time of the close of the Entitlement Offer.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act which allows rights issues by listed companies to be offered without a prospectus. As a result, it is important for Eligible Shareholders to read and understand the information regarding South Boulder and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this booklet, South Boulder's interim and annual reports and other announcements made available at www.southbouldermines.com.au (including South Boulder's Annual Report for the financial year ended 30 June 2009 that was released to ASX on 26 October 2009).

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 10 Shares you held as at the Record Date of 5.00pm (WST) on 7 December 2009. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued under the Entitlement Offer will rank equally with existing issued Shares.

Nominees

South Boulder will not necessarily seek to determine whether or not any registered holder is acting as a nominee, or the identity or residence of any beneficial owners of Shares held by such a nominee. Where any holder is acting as a nominee for a foreign person, that nominee, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. South Boulder is not able to advise on foreign laws.

2. Consider the Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Entitlement Offer. You should also refer to the 'Key Risks' section in this booklet at point 13 of Important Information.

3. Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY®

If you decide to take up all or part of your Entitlement please complete and return your personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

South Boulder will treat you as applying for as many New Shares as your payment will pay for in full. . If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer

Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form.

If you take no action you will not be allocated any New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer you will be allotted your New Shares on or around 29 December 2009. In the event that there are Shortfall Shares (as that term is defined in the Important Information section of this booklet), South Boulder will allot and issue those shares, at its absolute discretion, on or around 29 December 2009. South Boulder's decision on the number of New Shares and Shortfall Shares to be allotted to you will be final.

South Boulder also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

4. Acceptance of the Entitlement Offer

The method of acceptance of the Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder (as defined in the Important Information section of this booklet).

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that if you choose to pay by BPAY®:

- you do not need to submit to South Boulder or its share registry the personalised Entitlement and Acceptance Form, but will be taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you will be deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (WST) on 23 December 2009 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of New Shares and Shortfall Shares (only where the amount is \$1.00 or greater) will be refunded on or around 6 January 2010. No interest will be paid on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "**South Boulder Mines Limited**" and crossed "**Not Negotiable**".

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.20 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in your relevant account(s) to cover the Application

Monies as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will also be taken to have specified that lower number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, at South Boulder's absolute discretion, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares and Shortfall Shares will be refunded on or around 6 January 2010. No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

Mail

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, which will occur at 5.00pm (WST) on 23 December 2009. Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this booklet, or mail to:

South Boulder Mines Limited
c/- Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

For personal use only

IMPORTANT INFORMATION

This Entitlement Offer booklet (including the ASX Offer Announcements in relation to the Entitlement Offer) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by South Boulder. This Information is dated 30 November 2009 (other than the ASX Announcement, which is dated 26 November 2009).

No party other than South Boulder has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should read this Information carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in the Key Risks section of this booklet at point 13 of the Important Information section.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

South Boulder has applied for the grant by ASX of official quotation of the New Shares.

1. Eligible Shareholders

This Information contains an offer of New Shares to eligible shareholders being those holders of Shares who:

- are registered as a holder of Shares as at 5.00pm (WST) on 7 December 2009 (the **Record Date**);
- have an address, as recorded in the share register, that is in Australia or in any other jurisdiction within which it is lawful and (in the reasonable opinion of the Company) practical for the Company to offer New Shares ; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer (**Eligible Shareholders**).

2. Shortfall Shares

Shortfall Shares (as defined below) will be allotted at the absolute discretion of the directors of South Boulder.

South Boulder reserves the right to allot any New Shares in excess of the Entitlements taken up by Eligible Shareholders (**Shortfall Shares**) in the manner, and to the extent, that South Boulder so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Entitlement Offer.

Any Shortfall Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares available as a result of Eligible Shareholders not having taken up their full Entitlements.

New Shares and Shortfall Shares issued under the Entitlement Offer will rank equally with existing issued Shares.

3. No cooling off rights

Cooling off rights do not apply to an investment in New Shares or Shortfall Shares. You cannot withdraw your application or payment once it has been accepted.

4. No entitlements trading

Entitlements are non-renounceable and cannot be traded on the ASX or any other exchange, nor can they be privately transferred.

5. Not investment or financial product advice

The Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. South Boulder is not licensed to provide financial product advice in respect of the New Shares or Shortfall Shares. The Information does not purport to contain all the information that you may require to evaluate a possible investment in New Shares or Shortfall Shares.

Before deciding whether to invest in New Shares or Shortfall Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

6. Impact on South Boulder's Capital Structure

The table in this section shows the current structure of the Company and the capital structure on completion of the Entitlement Offer:

	Number of Shares
Existing Shares as at 26 November 2009	55,707,943
New Shares assuming full subscription	5,570,794*
Total Shares assuming full subscription	61,278,737

* subject to the exercise of any options prior to the Record Date

7. Taxation

The directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for New Shares under this Entitlement Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Entitlement Offer.

8. Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

9. Information availability

Eligible Shareholders can obtain a copy of this Information during the period of the Entitlement Offer on the South Boulder website at www.southbouldermines.com.au or by calling South Boulder on +61 8 9227 1144 at any time from 8.30am to 5.30pm (WST) Monday to Friday during the Entitlement Offer period. Persons who access the electronic version of this Information should ensure that they download and read the entire Information. The electronic version of this Information on the South Boulder website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling South Boulder.

10. Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry).

The Company collects, holds and uses that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a shareholder and to carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

11. Future performance and forward looking statements

Neither South Boulder nor any other person warrants or guarantees the future performance of South Boulder, the New Shares, Shortfall Shares or any return on any investment made pursuant to this Information or from participation in the Entitlement Offer. Forward looking statements, opinions and estimates provided in the Information are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of South Boulder and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Information.

12. Past performance

Investors should note that the past share performance of South Boulder and of South Boulder Shares provides no guidance as to future performance.

13. Risk Factors

13.1 Introduction

Subscribing for New Shares involves a number of risks. The risk factors outlined in this section and elsewhere in this booklet should be carefully considered by investors. In addition, investors should appreciate that the value of South Boulder's Shares on ASX may rise or fall depending on a range of factors beyond the control of South Boulder.

Any of the factors set out in this section or any other factors identified in this booklet may materially affect the financial performance of South Boulder and the market price of South Boulder's Shares. To that extent the New Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those New Shares will trade on ASX.

The directors consider that an investment in South Boulder should be considered speculative and shareholders should consult their professional advisers before deciding whether to apply for securities pursuant to this Entitlement Offer.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the Entitlement Offer. The following list is not exhaustive and potential investors should read this booklet in its entirety and, if they require further information on material risks, seek appropriate financial advice.

13.2 General Risk Factors

No Guarantee of Exploration Success or Profitable Development

Mineral exploration involves significant risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that minerals will be discovered or, even if they are, that commercial quantities of minerals can be recovered from the Company's exploration permit. No assurances can be given that if commercial reserves are discovered the Company will be able to realise such reserves as intended.

The Company May Be Unable To Obtain Environmental Approvals

The Company's operations are subject to the environmental risks inherent in the minerals industry. The Company is subject to environmental laws and regulations in connection with all its operations. Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent in its activities that could subject the Company to extensive liability. Further, the Company may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities.

The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. The Company believes that it is in material compliance with all applicable laws relating to the protection of the environment. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Resources Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operation.

Adverse Movements in the Overall Share Market May Negatively Impact on Investment in South Boulder

The market price of the New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the directors warrant the future performance of the Company or any return on an investment in South Boulder.

Failure to Meet Payment Obligations May Result In Dilution or Forfeiture

Under the Company's exploration permits and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. Failure to meet agreed work commitments will render any concessions liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to the other parties, this could result in dilution or forfeiture of interests held by the Company. The Company may not have, or be able to obtain, financing for all such obligations as they arise.

The Company May Not Be Able To Exploit Successful Discoveries

It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Mineral Prices May Go Down

The demand for, and price of, minerals is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, actions taken by governments and international cartels, and global economic and political developments. International mineral prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in minerals prices and, in particular, a material decline in the price of minerals may have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign Governments May Stop Exploration and Production Activities

Any material adverse changes in government policies or legislation of the countries in which the Company operates affecting mineral exploration development and/or production activities may affect the viability and profitability of the Company.

War and Acts of Terrorism May Stop Exploration and Production Activities

The Company has interests in projects in Eritrea. There can be no assurance that the political and economic conditions in this and its neighbouring countries will continue as they are at the present time. Changes in political or economic conditions may have an adverse effect on the Company's business and the results of its operations in these countries.

The economic, legal and political conditions vary in these countries from those existing in Australia. Changes in those conditions could have both a positive and negative impact on the business in the relevant country.

While the Company will undertake all reasonable due diligence in assessing the risks associated with these countries, the economic, legal and political condition can change and are outside the control of the Company.

Joint Venture Parties and Contractors May Go Bankrupt

The directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any joint venture to which the Company may become a party; or
- (b) insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities.

Access to Land May Be Stopped

Immediate access to the exploration permits in which the Company has an interest cannot, in all cases, be guaranteed. The Company may be required to seek the consent of landholders or other persons or groups with an interest in the real property encompassed by the exploration permits. Compensation may be required to be paid by the Company to landholders to allow the Company to carry out exploration and/or production activities. Although the Company has budgeted no compensation payments, there is no guarantee that additional amounts may not be required. Judicial decisions and legislation could also unforeseeably restrict land access.

Key Directors and Consultants May Leave the Company

The success of the Company will depend in part on the continued services of its directors and consultants. The loss of services of one or more of these persons could have a materially adverse effect on the Company's business, operating results and financial condition.

The Company May Not Be Able to Raise Any Further Funds

The Company may need to raise debt and/or equity capital from time to time in relation to the funding of its projects and business activities. The availability of such capital is influenced by numerous factors including, but not limited to, economic, legal and political conditions and investors' and financiers' investment and credit policies. The inability to raise capital on favourable terms, or not at all, may have a negative impact on the Company's project and business development strategies. No assurance can be given that future funding will be made available on acceptable terms (if at all).

Foreign Currency and Exchange Rate Fluctuations

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company may invest in projects and businesses in countries outside of Australia in which case movements in the currency of the relevant country against the Australian dollar may increase or decrease the Australian dollar equivalent value of the investment.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist manage these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

The Company May Not Be Able To Secure Insurance

The Company may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in the legitimate claim by the Company under an insurance policy.

Industrial Disputes May Prevent Exploration and Production

The Company's projects and businesses may be adversely impacted by industrial disputes by employees of the Company, its contractors, its contract counterparties and/or other third parties. The Company will endeavour to provide working conditions, including salaries, which are consistent with best industry practice for the country and/or region in which it conducts its project and businesses. The Company will also endeavour to ensure that its contractors and contract counterparties also adopt such practices. However, the risk of industrial disputes and the potential negative impact on a project or business of the Company cannot be fully mitigated.

13.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Entitlement Offer. Therefore, the securities to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

14. Governing law

This Information, the Entitlement Offer and the contracts formed on acceptance by South Boulder of the Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia.

15. Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares being offered under this Information are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Information is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

16. No Underwriting

The Entitlement Offer is not underwritten.

17. Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be taken as having been authorised by South Boulder, or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of South Boulder, or any other person, warrants or guarantees the future performance of South Boulder or any return on any investment made pursuant to this Information.

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