

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

Share Price: 63.5 cents

Market Cap: \$43.0M

Shares on issue: 65.5M

Cash at Bank: \$3.8M

Listed shares: \$2.2M

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) - 3.975m shares

(ASX: MZMO) - 1.037m options

(ASX: IXR) - 0.750m shares

(ASX: AVZ) - 0.400m shares

(ASX: BUX) - 1.000m shares

- 0.750m options

(ASX: UNX) - 0.700m shares

(CDNX: CNI.V) - 130,000 shares

Auvex (Pte) - 1.000m options

Shallow Potash Intercepted

South Boulder Mines Ltd (ASX: STB) is very pleased to announce that diamond drilling has confirmed the presence of potash at the Colluli Potash Project in Eritrea.

The first hole of a 4-5 hole program has intercepted the upper portion of a potash layer starting at ~65.00m vertical depth. White carnallite potash mineralisation has been identified from visual and physical field tests.

The full chemical composition of the mineralised intervals cannot be determined until laboratory chemical analyses can be performed.

Significant core recovery issues were encountered at a depth of approximately 70.80m and drilling was temporarily halted in the potash zone, in order to identify and rectify the problems.

The recovery issues have now been assessed and an updated drilling mud plan has been implemented in order to maximise core recovery. Drilling recommenced on the 4th of July.

As at the time of this report a 6.5m interval of potash rich mineralisation was intercepted from 65.00m which included ~1.50m of core loss at the base of the interval.

“We are having a few teething problems with our drilling muds as this is the first hole of the program. It wasn’t unexpected as potash drilling is technically involved. I am incredibly pleased with the early success of this first hole though”, commented South Boulder Mines Managing Director, Lorry Hughes from the Colluli site.

“We were expecting potash, however, it was a very nice surprise to get it in our first hole and so shallow. We will continue to drill until we get conclusive results and confirm the visual identification of the minerals by chemical analyses.”

Further details about the drilling program and the Colluli Potash Project are detailed in the recent ASX announcements dated 24th June and 27th April 2010.

Results from the program as well as progressive updates will be released as the information come to hand.



Figure 1 – Potash HQ core from COL-001 65.60m – 71.50m; note the dissolution of the core containing potash (core diameter is reduced), due to disruption to the equilibrium of the drilling mud composition.



Figure 2 – Potash HQ core from COL-001 showing the start of the potash rich zone at ~65.00 m. Note the core recovery in the rock salt directly above the potash zone is very good and once into the zone it is reduced due to dissolution.

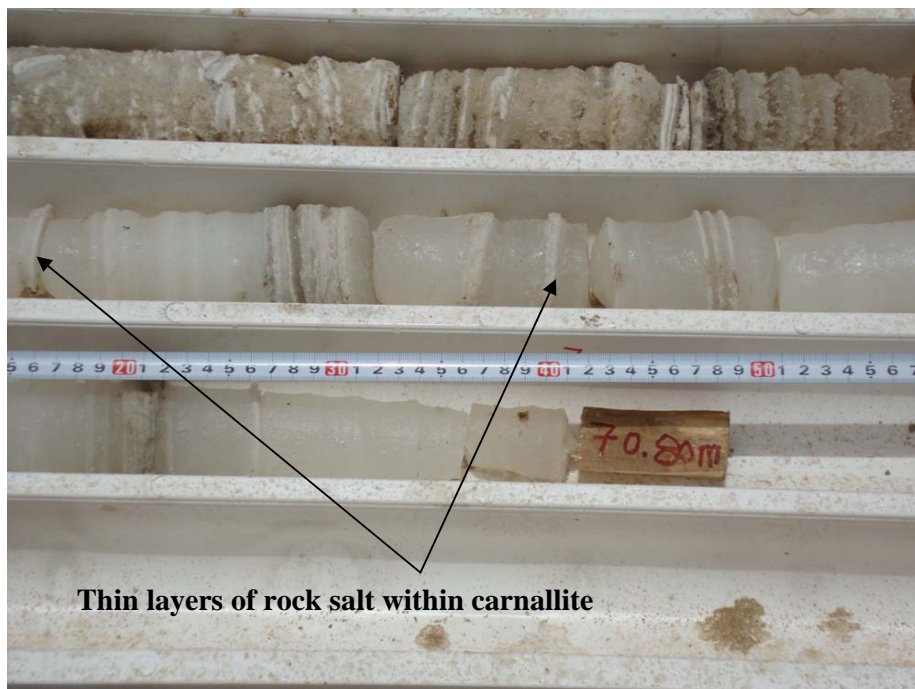


Figure 3 – Potash HQ core from COL-001 showing the main carnallite zone. Note the alternating layers of carnallite (translucent) and rock salt (white bands that show less dissolution).

Investor Coverage

Recent investor relations coverage on the Company's projects can be viewed on the South Boulder Mines website in the "Media Coverage" section by following the link www.southbouldermine.com.au. The website also contains some more recent photographs from the start of the confirmation drilling program.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines Limited (ASX: STB) is a diversified exploration company primarily focused on gold, nickel, potash and phosphate. The Company is also listed on the Berlin (SO3-Ber) and Frankfurt (SO3-Fra) Stock Exchange.

The Company is currently aggressively exploring at the 100% owned Duketon Gold Project in W.A., the Duketon Nickel JV in W.A. and at the 100% owned Colluli Potash Project in Eritrea. The Company is looking to divest the Cardabia and Georgina Basin Phosphate Projects in W.A and N.T. respectively.

About the Nickel Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence Group NL (ASX: IGO) 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 1,800km² and is highly prospective for gold, nickel sulphide and base metal deposits. South Boulder holds 100% of the gold and base metal rights.

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 Limited who is the operator of the Colluli Potash Project. 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.