QUARTERLY OPERATIONS REPORT
THREE MONTHS ENDING 30 JUNE 2010

HIGHLIGHTS

- **Plans well advanced for a scoping study at the Rosie and C2 Ni-Cu-PGE Prospects within the Duketon Nickel Project;**
- **A substantial 100m X 50m resource RC and diamond drilling program awaiting final approvals at Rosie and C2 to follow up the previously announced outstanding downhole massive sulphide intercept of 5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGE's (2.20g/t Pt, 1.74g/t Pd, 0.82g/t Rh, 1.79g/t Ru);**
- **Mining Lease application made by JV partners over Rosie and C2 mineralisation;**
- **Drilling underway and significant shallow potash mineralisation intersected in confirmatory diamond drilling program at the Colluli Potash Project;**
- **Hole COL-001 intersects a combined thickness of sylvinite, carnallitite and kainitite mineralisation of 26.20m from 59.20m depth;**
- **Hole COL-002B intersects a combined thickness carnallitite and kainitite mineralisation of 23.94m from 56.56m depth;**
- **New regional gold exploration targets defined at the Duketon Gold Project including along strike from the new Garden Well deposit;**
- **$1,462,500 raised by the conversion of 3,840,000 options;**
- **Net tangible assets at end of period ~$5.6m.**

DUKETON PROJECT

The Duketon Project comprises ~1,500 km^2 of the Achaean Duketon Greenstone Belt and is located ~ 80kms north of Laverton in Western Australia. South Boulder owns 100% of the gold and base metal rights and Independence Group NL (Independence; ASX: IGO) is earning 70% of the nickel rights to selected tenure held by South Boulder as part of the Duketon Nickel Joint Venture (Figure 1).

DUKETON NICKEL JOINT VENTURE

In April 2004 South Boulder signed a farm-out Joint Venture Agreement with Independence Group NL (ASX:IGO). Under the terms of the agreement Independence will farm-in to earn 70% of the nickel metal rights on tenements held by South Boulder within the Duketon Project by delivery of a Bankable Feasibility Study within 5 years from the grant of the relevant tenement.

The Duketon Nickel Joint Venture (DNJV) covers ultramafic rich stratigraphy in the Duketon Greenstone Belt which are considered highly prospective for Ni-Cu-PGE (Platinum group element) disseminated and massive sulphide mineralisation. The tenure held within the DNJV is shown in Figure 1 and 2.

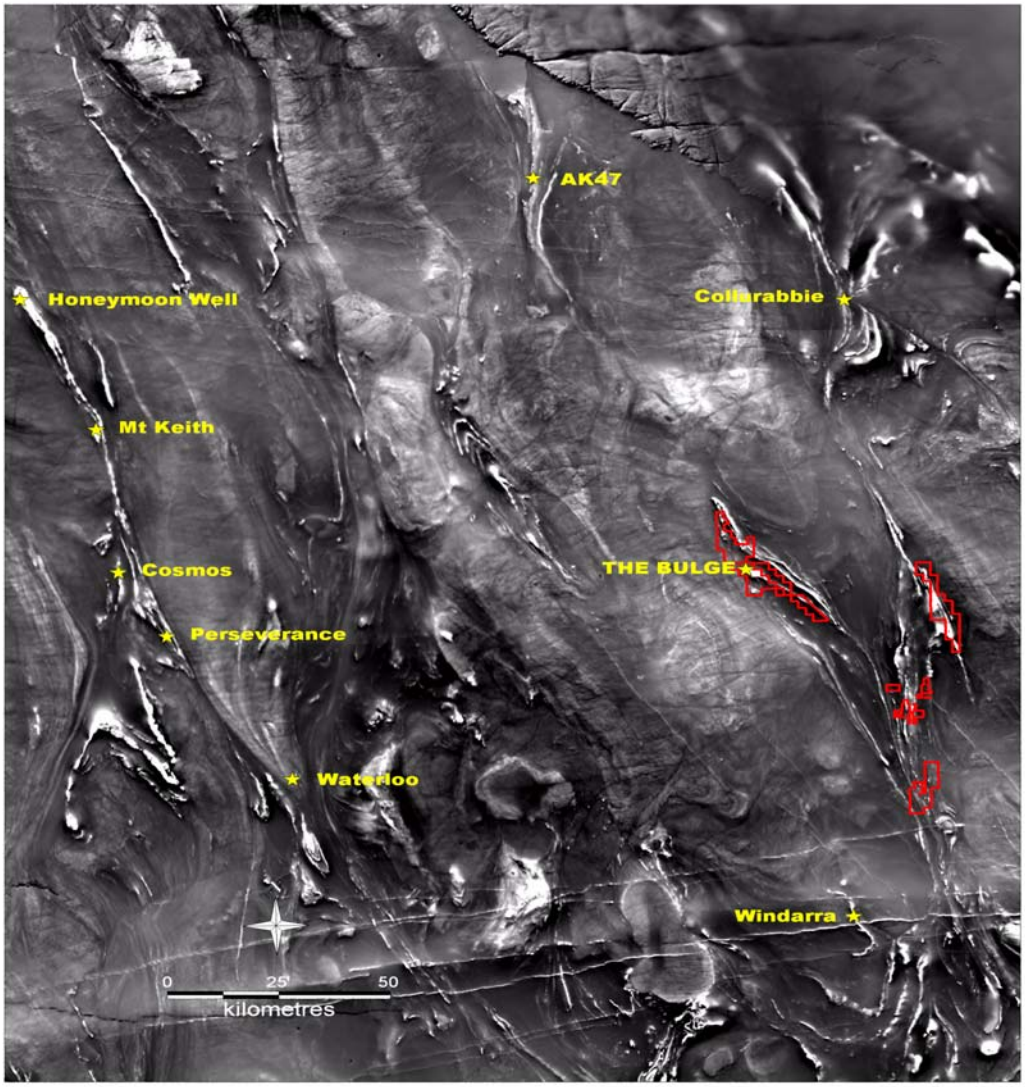

Figure 1 – Duketon Nickel Project showing in proximity to major nickel deposits in the region.

Two key prospects have been defined to date: Rosie and C2. Other than these prospects much of the highly prospective ultramafic units have yet to be effectively tested for nickel-copper-PGE sulphide mineralisation at depth.

The Bulge Rosie and C2 Prospects

During the period substantial planning and preparation for a major drill out of the C2 and Rosie Prospects was carried out. Drilling approvals have been granted by the Department of Mines and Petroleum (DMP) however other Governmental approvals are required before the drilling can commence.

Independence have finalised detailed technical and logistical plans for a significant follow-up drilling program that will involve drilling the Rosie Prospect out on a broad 100m x 50m pattern with some additional infill holes. Further to this the prospective corridor between Rosie and C2 will be drilled to determine the potential to host further mineralisation along strike and at depth from the main mineralised intercepts previously discovered.

The program is likely to involve up to 3-4 diamond and RC drill rigs that will drill to extend and intersect the target mineralisation zones within a broad envelop already defined. The data is expected to provide sufficient information to compile robust resource estimates compliant with JORC standards and to facilitate the completion of a scoping study incorporating both C2 and Rosie. Drilling is planned to begin once all necessary approvals have been received and once commenced will continue over an approximate 4 month period.

Specific activities conducted during the quarter included;

- Planning a drill program designed to take Rosie and C2 to Inferred Resource status;
- Preparation of a Mineralisation Report and lodgement of Mining Lease Application;
- Program of Works (POW) approvals for resource drilling program;
- Preparation of a POW application for Exploration base camp;
- Commencement of baseline Environmental Studies;
- Engagement of Aboriginal Heritage consultants;
- Preliminary mineralogical studies to aid future metallurgical test work.

Additionally Independence has designed exploration programs along strike of the currently identified prospects and in the other regional JV tenements (Figure 2). At the time of writing this report, no specific details of the timing of the resource drilling or the regional exploration work is available to South Boulder as approvals for the drilling program are awaited. Further information will be provided to the market when it comes to hand.

As announced to the ASX on the 3rd of June 2010, South Boulder together with Independence has applied to the DMP for a Mining Lease that covers the C2 and Rosie Prospects. The Ni-Cu-PGE mineralisation currently defined is sufficient to satisfy the DMP mineralisation criteria guidelines for a Mining Lease to be granted. (Figure 3).

This is a significant milestone for the Duketon JV partners and is a result of recent exploration success including the previously announced downhole massive sulphide drill intercept in hole TBDD098 of:

- **5.20m @ 9.1% Ni, 1.1% Cu, 0.2% Co and 7.1g/t PGE's from 599.71m. (Figure 4)**

The Rosie and C2 Prospects are located approximately 120km NNW of Laverton, W.A in the Duketon Greenstone Belt. The deposits are approximately 2km apart and the mineralisation at both prospects is considered open in most directions. The mineralisation at Rosie is currently outlined over an approximate strike length of 750m and a dip extent of about 400m and comprises massive, matrix, stringer and disseminated sulphides (Figure 5 and 6).

The massive nickel sulphide mineralisation intersected in hole TBDD098 has an ultramafic hanging-wall and sediment-free basaltic footwall, and is interpreted to represent a classic Komatiitic lava channel. However, the high copper, cobalt and platinoid assays are atypical of known lava channel nickel sulphides in Western Australia.

The mineralisation discovered thus far at Rosie was not detectable using conventional surface TEM techniques however IGO proprietary DHTEM (downhole) methods have proven to be a highly effective tool in targeting massive sulphide mineralisation. The potential for further mineralisation is supported by DHTEM survey results from holes TBDD093 and TBDD098 which suggest that the strongest mineralisation is situated between these holes and continues steeply down plunge to the north-west. The locations of DHTEM conductive plates, potentially indicative of massive sulphide mineralisation, are illustrated on Figure 7.

The mineralisation at C2 is currently defined over an approximate strike length of 700m and a dip extent of up to 300m within 3 zones (Figure 8). The C2 mineralisation currently comprises disseminated and minor matrix and stringer sulphides and is considered to have some potential to host massive sulphide mineralisation.

The best intercept at the C2 Prospect is 50m @ 0.92% Ni including 37m @ 1.05% Ni) comprised as disseminated, stringer and breccia sulphides with zones of higher grade mineralisation grading up to 3.34% Ni.

There is potential at C2 for more discrete higher grade massive sulphide zones similar to those found so far at Rosie.

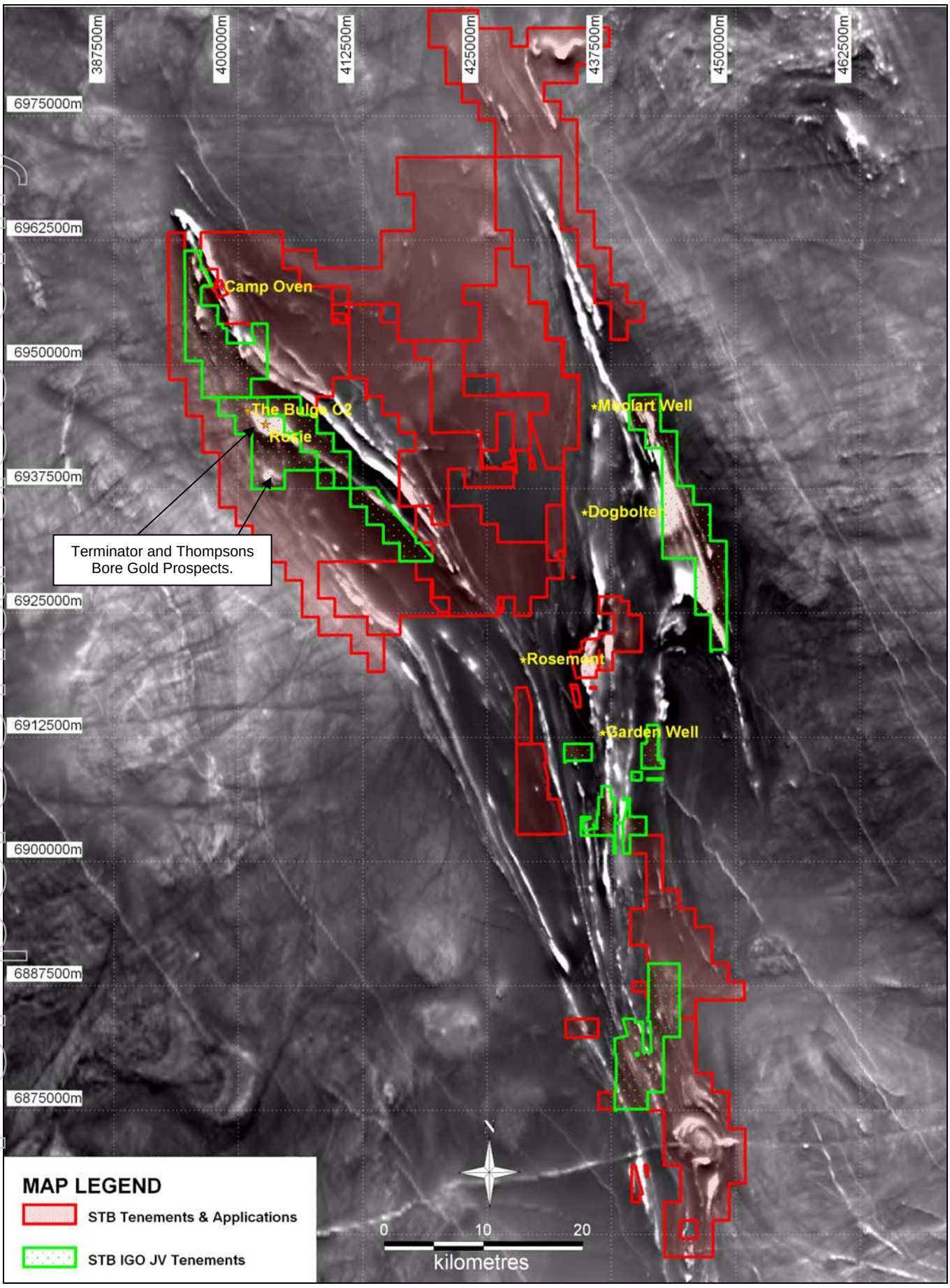

Figure 2 – Duketon Project showing Duketon Nickel JV and Duketon Gold Project tenements.

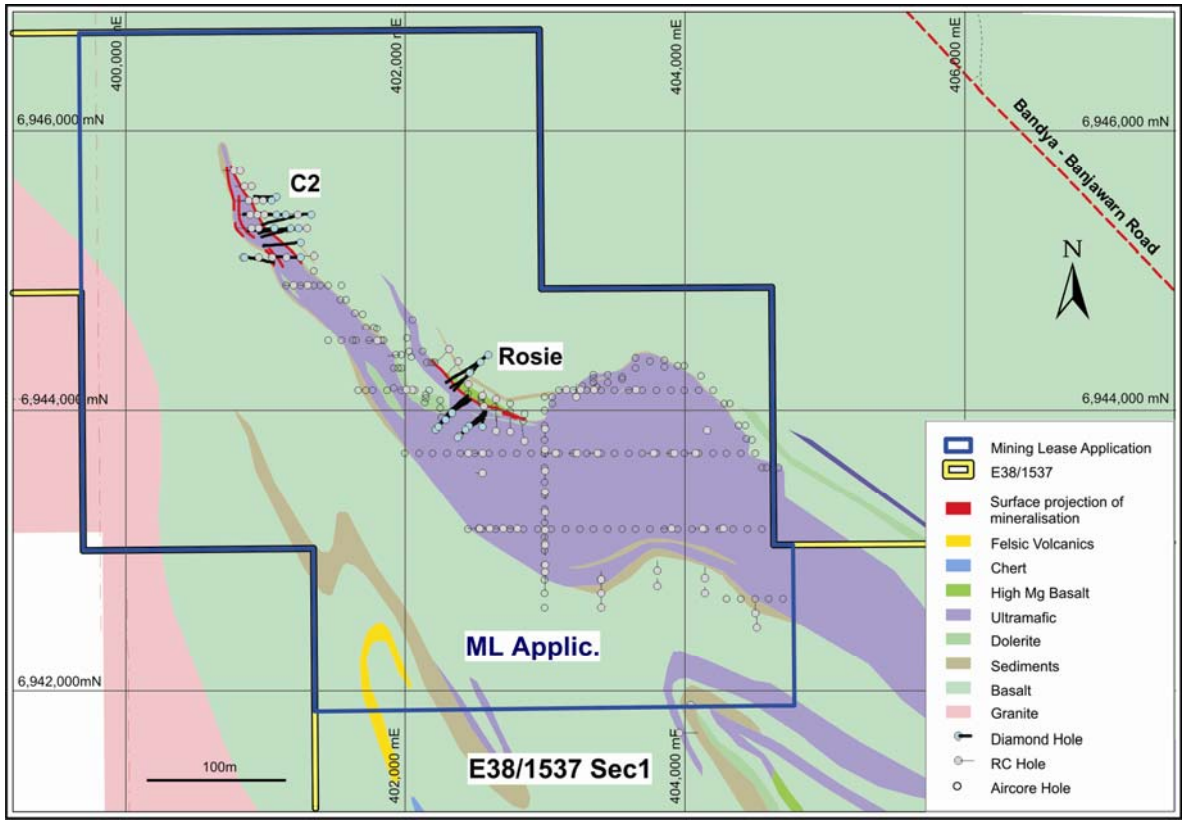

Figure 3: Rosie and C2 Deposit Mining Lease Application (Blue) over interpreted solid geology and drill plan.

Figure 4 – JV Rosie Prospect - TBDD098 Massive Sulphide Intercept - 5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGEs (PGEs include 2.22g/t Pt, 1.74g/t Pd, 0.82g/t Rh, 1.79g/t Ru)

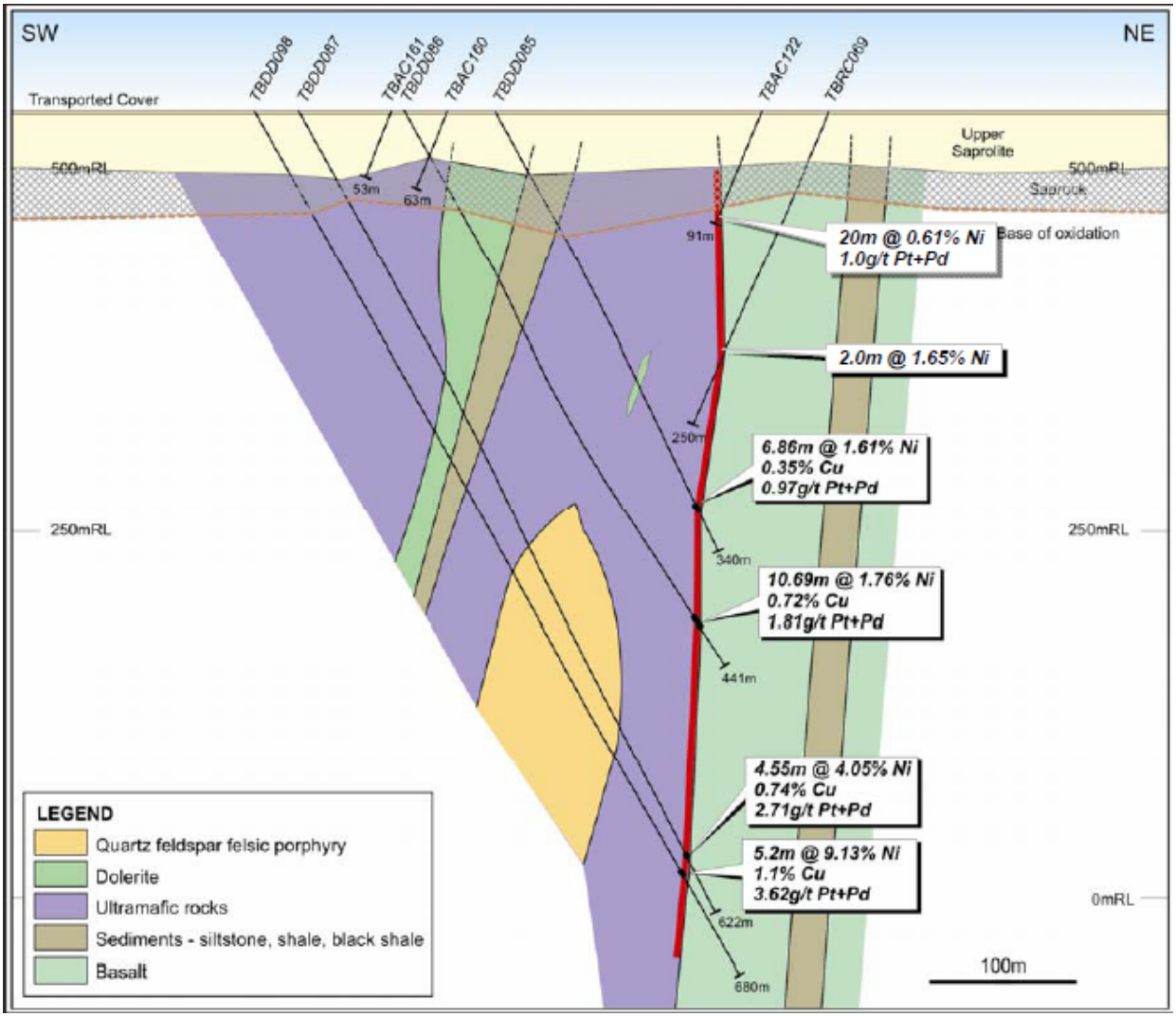

Figure 5: Rosie deposit schematic cross section with some recent downhole intercepts.

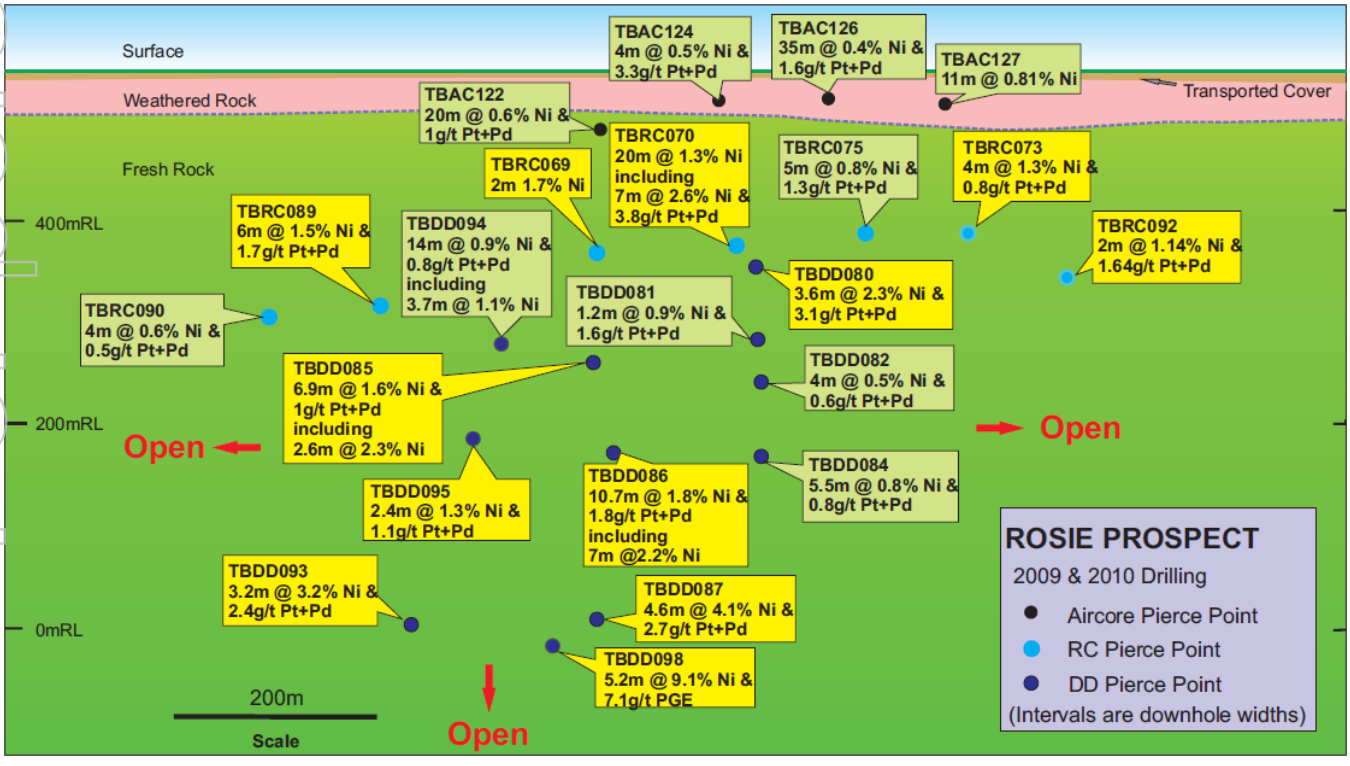

Figure 6 – Rosie Prospect long section showing air-core, RC and diamond drilling intercepts.

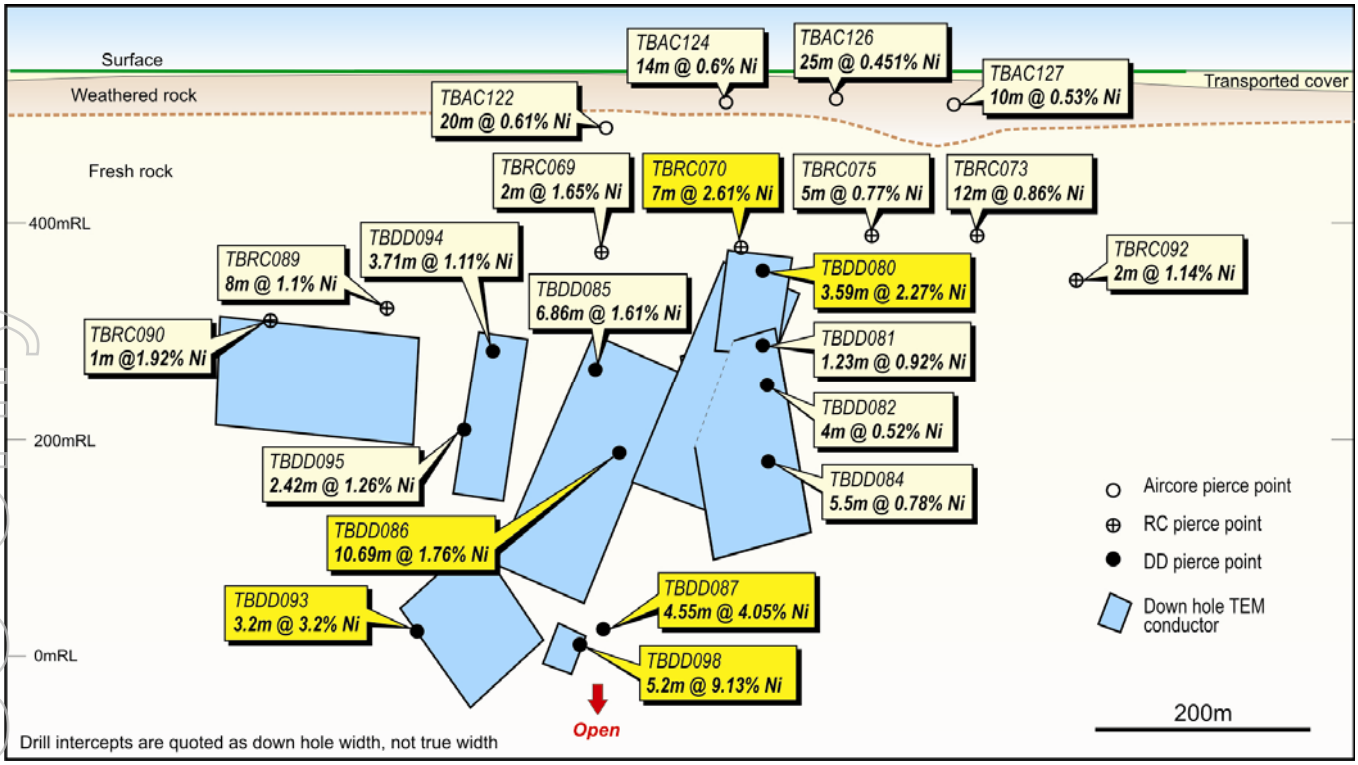

Figure 7: Duketon JV – Rosie Prospect Longitudinal Projection Showing Significant Drill Intercepts and Down-Hole TEM Conductors.

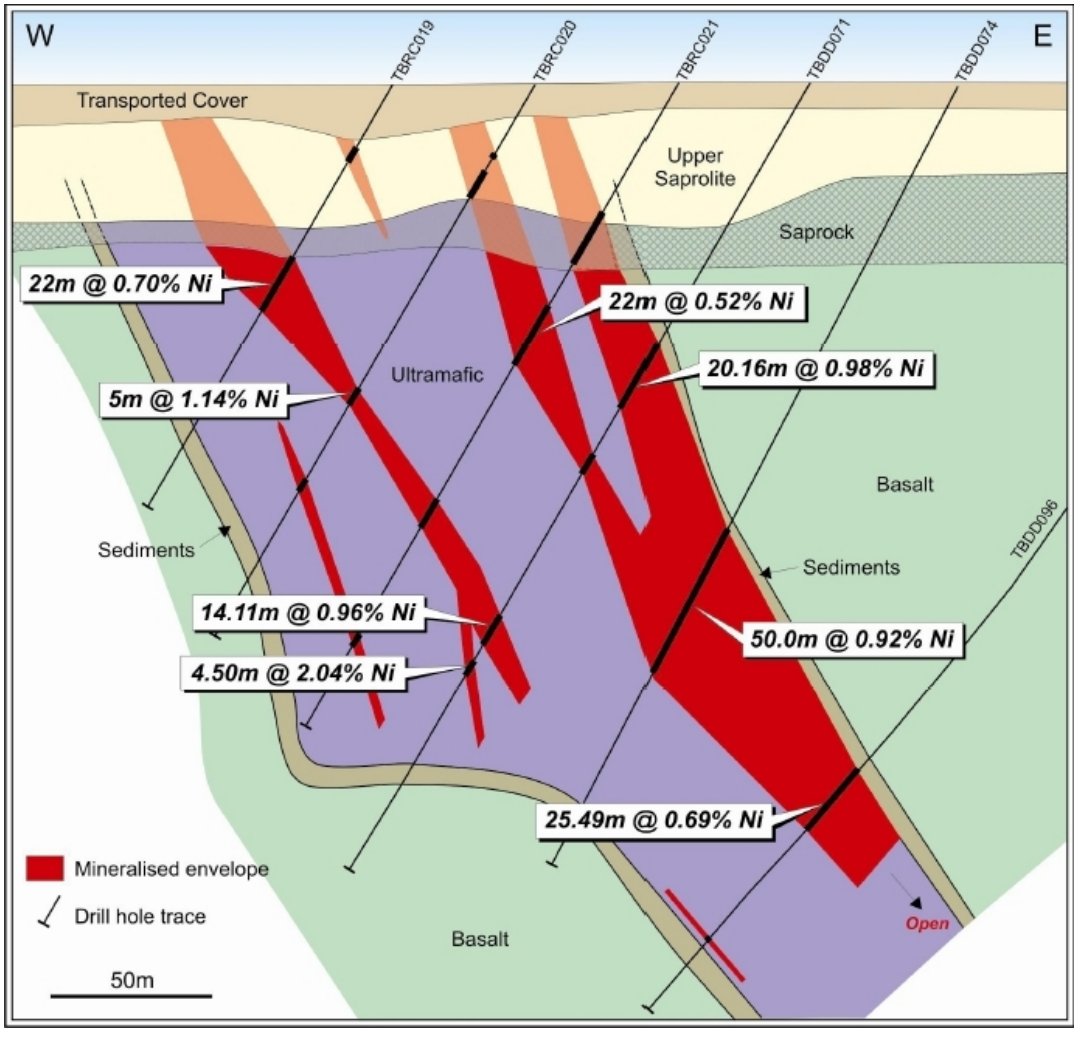

Figure 8: C2 Deposit schematic cross section with some recent downhole intercepts.

The German Well Prospect

The German Well prospect covers an ultramafic unit located on the eastern flank of the project area towards the northern end of E38/1825. Previous work by IGO has identified a TEM anomaly in close proximity to highly anomalous geochemistry in aircore drilling (max 0.43% Ni, 306ppm Cu, 55ppb Pt+Pd). It is intended to RC drill test the conductor as soon as the necessary approvals are in place.

The Robinson Prospect

The Robinson Prospect is located within E38/1511 between the Camp Oven and Bulge Prospects. Ground TEM geophysical surveys were completed over 11 strike km of partially covered ultramafic stratigraphy. A total of 93 line km of data was collected, identifying 6 bedrock conductors.

Five of these bedrock conductors are considered to be indicative of sedimentary horizons. The sixth conductor ("Anomaly B") is closely associated with a magnetic anomaly and is considered to be a priority exploration target.

Note: Most tables, figures and text relating to the DNJV have been provided courtesy of Independence.

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 (Figure 2).

The Duketon Greenstone Belt contains highly prospective geological sequences and mineralised structures. Numerous structures are known to contain significant gold mineralisation and this is demonstrated by the approximately +3M ounces of unmined gold resources currently defined to date within the belt. In addition the +1.5M ounce Moolart Well Gold Project is currently being developed by Regis Resources NL "Regis" (ASX: RRL). Once operational this will be the only mining operation in the Duketon Belt. The recent developments in the belt announced by Regis and A1 Minerals (ASX: AAM) are under consideration and will likely have a very positive impact on the future of the Duketon Belt.

Terminator Prospect

The Terminator Gold Prospect was discovered during a geochemical aircore drilling program on E38/1537 during September 2009. The Prospect is located approximately 1.4km south of the Bulge C2 Nickel Prospect (Figure 2).

Recent RC drilling intersected high grades up to 28.60 g/t Au over 1m as well as broad intercepts of highly anomalous mineralisation. Refer to March 2010 quarterly report for recent drilling intercepts.

During the period, work was focused on targeting extensions to known mineralisation and gaining a better understanding of the structural complexities of the deposit. It is intended to conduct further RC drilling at Terminator in a combined Duketon Regional Gold exploration program. Details and approvals of the program are currently being finalised and it is planned to conduct the drilling within the next 4 months. Plans will be released to market once they are finalised and approved.

Thompson's Bore Prospect

The Thompson's Bore Gold Prospect is located within E38/1537, 5km due south of the Bulge Nickel Sulphide discovery. Previous aircore intercepts include values up to 75.30g/t over 1m from 14m and 8.70g/t over 11m from 35m. The mineralisation at Thompsons is considered open in all directions and indications are that mineralised intersections are significantly depleted down to depths of ~ 80m. At least 2 and possibly 3 steeply dipping, parallel north - northwest striking gold zones exist within the project.

As with the Terminator Prospect a follow up drilling program is in the planning stages combined with the Duketon Regional Gold exploration program. Plans will be released to market once they are finalised and approved.

Regional Prospects

During the period reconnaissance sampling in regional areas of the Duketon Gold Project has identified numerous new targets. These targets are planned to be drill tested within the next 4 months as part of the Duketon Regional Gold exploration program. South Boulder are encouraged by the recent competitor drilling activity by Regis resources NL (ASX: RRL) who have made a recent gold discovery at Garden Well and are developing the +1.5m ounce Moolart Well deposit. South Boulder hold ground in along strike positions to the Garden Well discovery and adjacent to the Moolart well deposit.

The Hacks Bore Prospect is located approximately 10kms north along strike from the Garden Well Prospect. Recent drilling by Regis has returned has returned RC intersections including 73m @ 3.61g/t, 50m @ 2.36g/t and 18m @ 6.28g/t Au. Recent drilling by Regis has been conducted very close to the exploration license boundary along strike.

The Mistake South Prospect is located approximately 10kms south along strike from the Garden Well Prospect and immediately south of the Erlistoun/Mistake deposits.

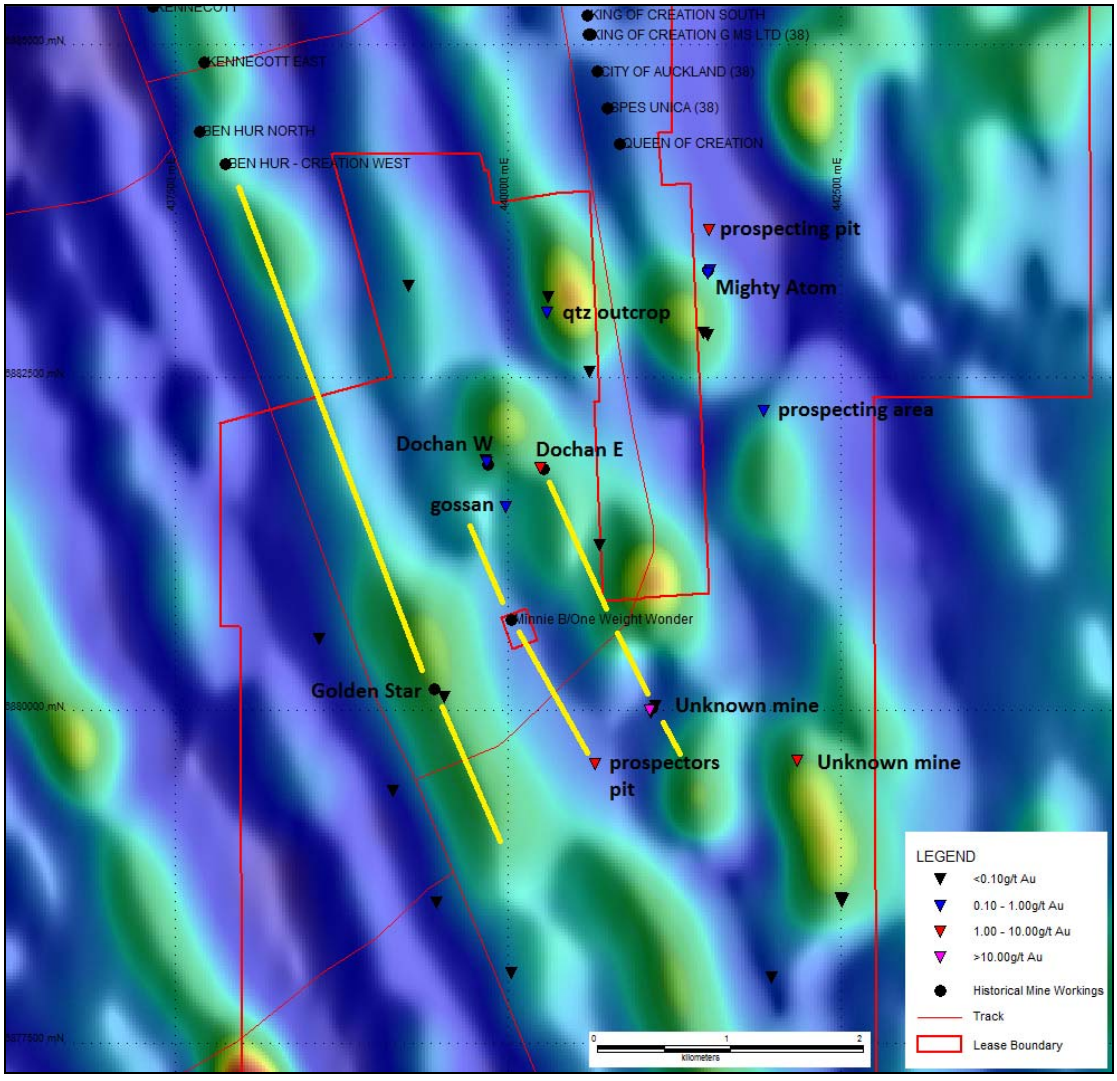

Figure 9: Golden Star Prospect.

The Golden Star Prospect is located a further 25km south along strike of the Mistake Prospect. Reconnaissance work has located the historical workings and drill hole locations of the Golden Star and Dochan deposits in E38/1535. Preliminary three dimensional modeling of these deposits have shown that the deposits are open along strike and at depth. South Boulder is currently planning an aircore drilling program for this exploration license.

Historical RC drill intercepts Golden Star include 20m @ 5.26g/t, 14m @ 2.46g/t and 6m @ 4.32g/t Au. Historical RAB intercepts at Dochan include 8m @ 2.24g/t, 4m @ 2.92g/t and 1m @ 22.88g/t Au. South Boulder is planning a detailed geochemical and aircore sampling program for all these prospects and plans will be released in the coming quarter.

POTASH PROJECTS

The Colluli Potash Project

Diamond drilling at the 100% owned Colluli Potash Project in Eritrea has progressed exceptionally well during the period and at the time of this report two holes have been completed. Significant shallow potash mineralisation has been intersected in both holes situated ~ 2.5km apart and sampling of the drill core is underway. It is expected that preliminary assay results from carnallite ($KMg^3Cl_3.6(H_2O)$), sylvite (KCl) and kainite ($MgSO_4KCl.3(H_2O)$) rich layers intersected will be available near the end of August.

Diamond hole COL-001 intercepted 6.00m of rock salt with sylvite from 59.20m, plus 10.10m of carnallitite from 83.20m plus 10.10m of kainitite from 93.30m; final hole depth was 141.30m (Figures 11, 12 and 13) and (Table 1).

Diamond hole COL-002B situated approximately 2.5Km to the north of COL-001 intercepted 11.34m of carnallitite from 56.56m plus 12.60m of kainitite from 67.90m; final hole depth was 90.10m (Figures 14, and 15) and (Table 2).

These intercepts which are based on field observations and physical diagnostic tests, potentially confirm the presence of a significant shallow potash deposit. The full chemical composition of the mineralised intervals cannot be determined until laboratory chemical analyses can be performed. Drilling is continuing in order to define an initial 43-101 compliant resource.

Figure 10 – Diamond drilling hole 2 at the Colluli Potash Project Eritrea.

On the 6th of July it was announced that potash was first intercepted in hole COL-001 and then significant recovery problems were encountered. After a reassessment of drilling mud requirements and the implementation of a new mud pumping set up, the hole was continued to the final depth of 141m with excellent recovery. A summary log of COL-001 is shown in (Table 1).

Preparatory works for the third hole are underway with the drill crew mobilising to a site ~ 3.2 km to the west of COL-002B (Figure 16). It is expected that by 7th or 8th of August the hole will be nearing the potash horizon.

"The next hole COL-003 will be very interesting as it is 3.2km further to the west of the first two and in an area where no one has drilled before. If this hole intersects some significant potash like the first two have, then in three holes we will have defined potash over an approximate 4.5km^2 area. This could lead to the definition of a significantly large resource." Commented Managing Director Lorry Hughes.

Figure 11 – COL-001 drill core showing rock salt and sylvite mineralisation from 61.98m – 65.20m.

Figure 12 – COL-001 drill core showing base of strong carnallite mineralisation zone from 89.74 – 93.20m. Carnallite cores are heat sealed in plastic to prevent the core from dissolving in air.

Figure 13 – COL-001 drill core showing kainite mineralisation from 93.30m – 97.05m.

Hole ID/ Member	East (m)	North (m)	Dip	Length (m)	From (m)	To (m)	Description
COL-001	644740	1589024	90	52.00	0.00	52.00	Clastics, overburden
Marker beds				9.20	52.00	59.20	Rock salt with anhydrite ($CaSO_4$)
Sylvinite				6.00	59.20	65.20	Rock salt with sylvite (KCl) locally up to 30% sylvite
Intermediate				2.80	65.20	68.00	Rock salt with carnallite ($KMg^3Cl_3.6(H_2O)$)
Intermediate				15.20	68.00	83.20	Bischofitite ($MgCl_2 .6(H_2O)$)
Intermediate				10.10	83.20	93.30	Carnallitite, (60-70%) carnallite ($KMg^3Cl_3.6(H_2O)$)
Kainitite				10.10	93.30	103.40	Kainitite, kainite ($MgSO_4KCl.3(H_2O)$)
				37.90	103.40	141.30	Rock salt with layers of anhydrite ($CaSO_4$) and clay

Table 1 – Summary log of diamond hole COL-001. (Depth intervals are true width).

Figure 14 – COL-002B drill core showing the base of a strong carnallite mineralisation zone from 63.25m – 67.00m.

Figure 15 – COL-002B drill core showing kainite mineralisation zone from 74.63 – 78.20m.

Hole ID/ Member	East (m)	North (m)	Dip	Length (m)	From (m)	To (m)	Description
COL-002B	644806	1591484	90	26.00	0.00	26.00	Clastics, overburden
				4.00	26.00	30.00	Rock salt
Intermediate				26.56	30.00	56.56	Bischofitite ($MgCl_2$ .6(H_2O)) minor carnallite, kieserite ($MgSO_4$) and rock salt
Intermediate				11.34	56.56	67.90	Carnallitite, (60-70%) carnallite ($KMg^3Cl_3.6(H_2O)$)
Kainitite				12.60	67.90	80.50	Kainitite, kainite ($MgSO_4KCl.3(H_2O)$)
				9.60	80.50	90.10	Rock salt with layers of anhydrite ($CaSO_4$) and clay

Table 2 – Summary log of diamond hole COL-002B. (Depth intervals are true width).

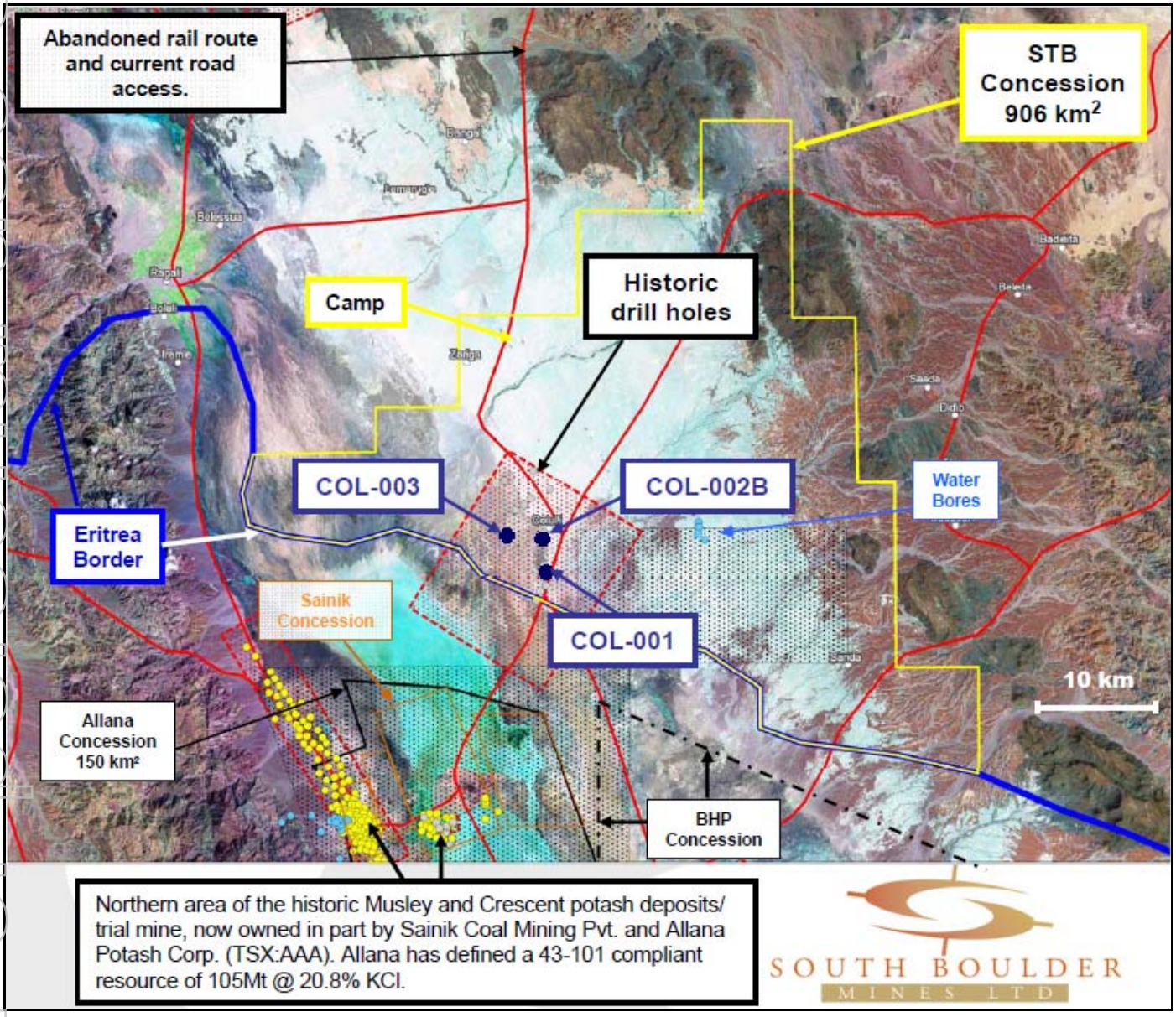

Figure 16 – Plan of Colluli Potash Project showing the first three drill hole sites and proximity to recent and historic potash mineralisation to the south.

Colluli Potash Project Background

The 906km^2 Colluli Potash Project licence was granted on the 23rd of July by the Minister for Mines and Energy Eritrea. South Boulder believes that the project has potential to host world class buried evaporite potash deposits and is extremely pleased to have won the tender for the project. The Project is located in the Danakil Depression region of Eritrea approximately 200kms south east of the capital Asmara (Figure 17).

The Colluli Project consists of buried evaporite deposits in which two shallow potash bearing horizons were identified from historic diamond drilling conducted in 1968 by the former Ethiopian Potash Company (EPC). The first horizon intersected an average thickness of 1.7m sylvinite with average grades of 12.5% K_2O at depths to the top of the horizon ranging from 23m – 180m. The second horizon intersected an average thickness of 17m carnallite with average grades of 50 - 70wt% (~17% K_2O) at depths to the top of the horizon at 390m.

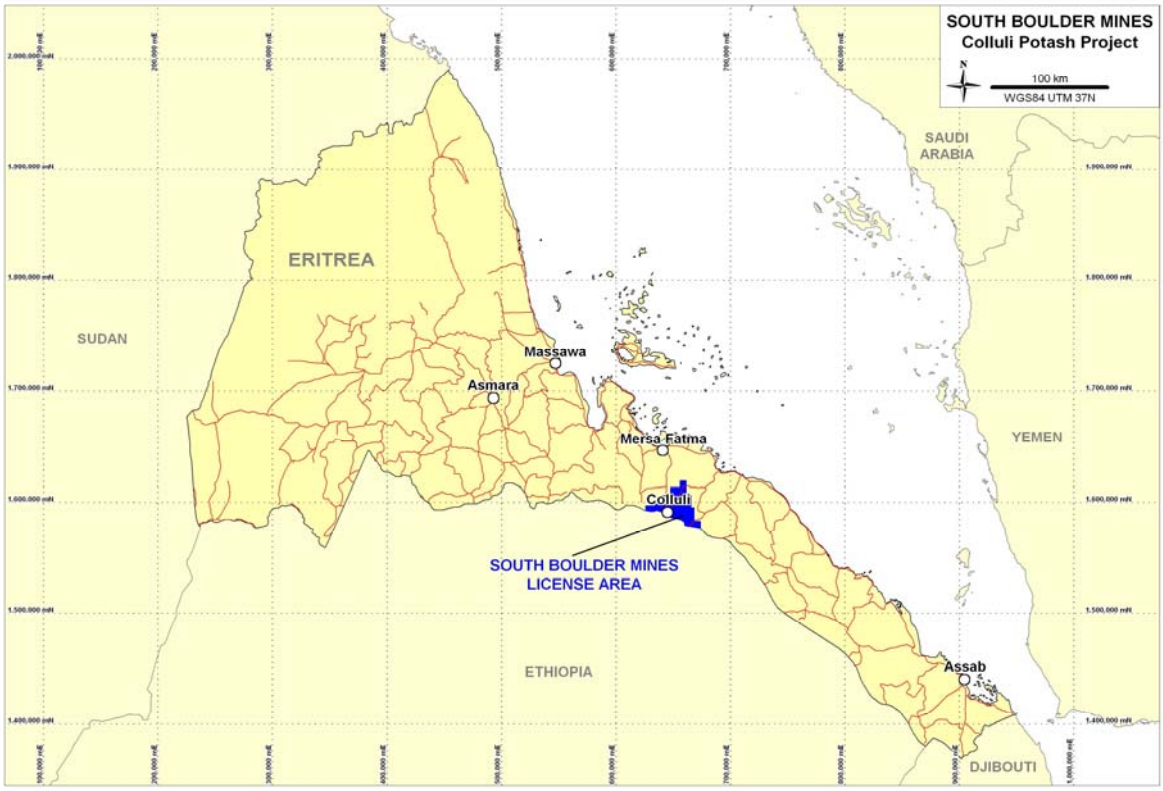

Figure 17 – Location of the Colluli Potash Project Eritrea.

The project is located approximately 70kms south of the shallow water port of Mersa Fatma and less than 200kms south east of the deep water port of Massawa. A derelict abandoned train line built by Italian colonialists in the early 1900's lies traverses the project to the coast at Mersa Fatma. The potential to utilise solar evaporation, solution mining techniques and geothermal energy coupled with a good potential infrastructure location make the project very attractive to South Boulder. These factors coupled with the relatively shallow nature of the mineralisation could lead to relatively cheap capital and operating costs if a deposit is defined.

Since the license has been granted, South Boulder has advanced plans to conduct on ground exploration to confirm the historic mineralisation. The Company has leased an office in Asmara, has hired local administration and technical staff, let drilling and road maintenance contracts and transported camp and drilling support equipment to the site. South Boulder has been highly encouraged by the quality of local staff available for administrative, geological and construction work in Asmara.

South Boulder originally planned to drill 2-4 diamond holes to confirm the historic mineralisation and compile a 43-101 compliant resource. With the early exploration success encountered thus far, future exploration plans are to be re-evaluated. The drilling program will provide enough data to compile an initial geological resource model to facilitate early stage engineering studies. South Boulder anticipates that an initial resource can be compiled in the December quarter and then decisions can be made with respect to early stage engineering studies.

South Boulder originally applied for the license in May 2008 as part of an open tender process and won the right to negotiate terms for an exploration license agreement in June 2009. The minimum expenditure requirements of the license are USD$500,000 in the first year and on application for a mining license, the Eritrean government is entitled to a 10% free-carried interest. The government also after delivery of a Bankable Feasibility Study (BFS)

has the right to purchase an additional 30% equity participation interest in any mining project and up to a 3.5% royalty on salts.

In Figure 18 to the immediate south of the Colluli Potash Project in yellow, the area of extensive work that has been conducted at the Musley and Crescent potash deposits in Ethiopia by the former Ralph M. Parsons Company from 1958 – 1968 is shown. At Musley historic resources were defined which are now in part owned by Sainik Coal Mining Pvt. and Allana Resources Inc. (TSX.V AAA). Allana has defined a 43-101 Compliant Inferred resource of 105 million tonnes @ 20.8% composite grade KCl from their portion of the historic resource area. These resources occur approximately 15 km south of the Colluli Potash Project in Ethiopia. Exploration activity is currently underway on the Ethiopian deposits.

South Boulder believes there is significant potential to discover and define similar and potentially higher grade resources at the Colluli Potash Project. The Musley deposit is the most analogous deposit to the mineralisation identified at Colluli and therefore provides South Boulder with a realistic exploration target within the project area.

The Lake Disappointment East Potash Project

During the period no work was carried out at the Lake Disappointment East project (E45/3122) due to uncertainty over the protracted negotiations between the Western Desert Lands Council (WDLAC) and Reward Minerals Ltd (ASX: RWD) who are the beneficial owner of the Lake Disappointment potash resource located immediately west of South Boulder's Project.

Reward Minerals Ltd "Reward" (ASX: RWD) had their application for a mining lease over potash resources located at Lake Disappointment rejected in May 2009 by the National Native Title Tribunal. Subsequently an application by Reward to the Federal Attorney General to overrule the decision was also rejected in July 2009.

An exploration access agreement has been negotiated between South Boulder and the Traditional Owners of the area, that's sets the framework for exploration and the next stage is to conduct site based heritage surveys prior to non-ground disturbing and ground disturbing exploration. At this stage, South Boulder is unsure when access to the ground will be possible, however the Company remains committed to the Project.

PORTFOLIO DEVELOPMENT

South Boulder has a policy of constantly reviewing its project and equity portfolios with a view to adding or realising value. Due to prevailing global financial conditions over the last 2 years rationalisation of the project portfolio has been important to ensure the company focuses on core projects and is well funded to add value.

The board had previously resolved to divest the non-core phosphate exploration portfolio comprising the Cardabia and the Georgina Basin phosphate projects. Options are being reviewed on how to create value from the projects considering the Georgina Basin Project is funded by Auvex Resources Ltd. Discussions are ongoing. South Boulder will continue to implement a policy of reviewing acquisitions both within Australia and offshore and will inform shareholders if and when an acquisition is tendered.

The equity portfolio of listed exploration companies derived from divestment of non-core exploration assets is valued at ~ AUD$2.1m. The portfolio is under regular periodic review in order to determine opportunities for divestment to add to funds for working capital. Over the last 18 months as equity markets have been depressed it has been difficult to justify divestment. Investor appetite and overall market conditions appear to be improving and there is likely to be further opportunities to realise better value for South Boulder shareholders.

South Boulder holds a number of shares and options in ASX and TSX listed companies currently valued at ~ AUD $2.1m (Table 3).

Company Name	Stock Exchange	No of fully paid Shares	20c/25c Options	Option Expiry Date
IMX Resources NL	ASX	495,000		
Montezuma Mining Company Ltd	ASX	3,975,000	1,037,500	31/08/2011
Buxton Resources Limited	ASX	1,410,000	750,000	30/06/2012
Avonlea Minerals Limited	ASX	400,000		
Uranex NL	ASX	700,000		
Continental Nickel	TSX	121,200		
Auvex Resources Ltd (25c)	Private		1,000,000	

Table 3 – Current equities owned by South Boulder Mines Limited.

Southern Georgina Phosphate Project

The 100% owned Southern Georgina Phosphate Project is located in the central east Northern Territory, approximately 450km east north-east of Alice Springs. The tenements comprise 3 granted exploration licenses (EL26380, EL25983 and EL25982). Auvex Resources Limited (Auvex) purchased of 90% of the manganese and base metal rights and 10% of the phosphate rights on the project.

Under the terms of the agreement South Boulder has a free carried 10% interest in the manganese and base metal rights up until the delivery of a Feasibility Study (FS). At that point South Boulder can elect to contribute or dilute to a $2 per dry metric tonne (DMT) sold royalty for manganese or a 1.5% N.S.R. royalty in the case of base metals. Under the same terms, Auvex has a 10% free carry to a FS and then can either contribute or dilute to a $2 per DMT sold royalty for phosphate sold.

Consideration to South Boulder for the project was $50,000 cash and 1,000,000 options in Auvex Resources Limited with an exercise price of 25 cents (Expiry 31st December 2013). Auvex is pursuing plans to list on the ASX in the future.

Cardabia Phosphate Project

The 100% owned Cardabia Phosphate Project is located in the northern Carnarvon Basin in Western Australia, approximately 200km north northeast from Carnarvon. The project comprises ~1,642km^2 (ELA08/2005, ELA08/2121 and ELA08/2151) and is prospective for nodular phosphate.

Corporate

During the period South Boulder raised $1,462,500m from the issue of new shares upon the conversion of 3,840,000 options with varying exercise prices from $0.20 - $0.50c each. The total number of shares on issue at the end of the reporting period is 65,543,738.

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. South Boulder is also listed on the Frankfurt, Munich and Berlin Stock Exchanges. The relevant codes are SO3.F, SO3.MU and SO3.BE respectively, and can be accessed via Yahoo Finance.

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Note: Samples from both the Terminator and Thompsons Bore Prospects were collected as 1m splits. The assays have been determined by the aqua regia method (AuAR50 – detection limit 0.01ppm Au by Aurum Laboratories) with checks done by the fire assay method (AUFA50 – detection limit 0.01ppm Au by Aurum Laboratories). 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.

This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder and in the case of the Duketon Nickel JV, 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.