

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

Share Price: \$1.00

Market Cap: \$68.6M

Shares on issue: 68.6M

Cash at Bank: \$3.4M
ASX/TSX listed shares: \$2.6M

Top 20 shareholders – 48%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 3.957m shares
(ASX: MZMO) - 1.037m options
(ASX: IXR) - 0.495m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.410m shares
(unlisted options) 0.750m options
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 shares
Auvex (Pte) - 1.000m options

FURTHER DRILL RESULTS CONFIRM COLLULI AS WORLD'S SHALLOWEST POTASH DEPOSIT

- Assay results confirm extensive shallow potash over a 4.5km² area with mineralisation open in all directions;
- Initial exploration target is to define 300mt-500mt of potash ores with average grades from 21 – 25% KCl. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.
- Scoping study to evaluate a low cap-ex and op-ex potash from an open pit mine has commenced;
- Hole Col-001 intersected a total thickness of 28.33m of potash including 8.63m of sylvinitite + carnallitite @ 21% KCl from 59.17m which includes higher grade intervals of;
 - 1.96m of sylvinitite @ 26% KCl from 59.17m and;
 - 4.43m of sylvinitite + carnallitite @ 27% KCl from 63.37m and;
 - 1.35m of sylvinitite @ 39% KCl from 63.85m plus;
 - 19.70m of carnallitite + kainitite @ 16% KCl from 83.78m incl;
 - 9.31m of kainitite @ 20% KCl from 94.17m;
- Hole Col-002B intersected a total thickness 24.66m of carnallitite + kainitite @ 16% KCl incl;
 - 4.89m of carnallitite + kainitite @ 20% KCl from 62.71m and;
 - 3.77m of kainitite @ 22% KCl from 76.60m;
- Previously announced hole Col-004 intersected a total thickness of 21.46m of potash including the high grade interval of;
 - 3.44m of sylvinitite @ 44% KCl from 28.68m;
- An initial orientation gravity survey over mineralised extents has been completed with results to be utilised to target further high grade mineralisation;
- Drilling program to resume in approximately 1 week;
- Results to date confirm Colluli as the world's shallowest buried evaporite deposit.

South Boulder Mines Ltd (ASX: STB) is very pleased to announce that further assays returned from Colluli confirm extensive mineralisation at shallow depths. The mineralisation is currently defined over ~4.5km² and is considered open in all directions. The exploration target for the project has now approximately 300mt-500mt at grades in the order of 21-25% KCl. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. Exploration and resource extension drilling is set to resume in one week.

Additional to this, it is thought possible that drill hole Col-001 may contain further potash mineralisation that was missed during the collaring process of the drill hole. No samples were taken above 57m due to excessively deep installation of the hole collar as it was unclear at what depth mineralisation was expected. All the holes drilled at Colluli will be assessed with down hole geophysical logging in the March quarter. Returned assays are shown in the attached table.

In order to better estimate the gross depth to salt rock and possibly potash mineralisation the use of alternative first pass drilling methods such as RAB drilling is being investigated. This has the potential to reduce exploration costs. Shallow drilling with ground based gravity surveys have potential to lead to rapid discovery and expansion of the mineralisation defined to date.

“Certainly we are encouraged by the confirmation of the earlier visual results; this really is looking like an incredibly large project. The project has a number of outstanding features such as its closeness to the coast, the ability to utilise solar evaporation and the fact an abandoned railway line to the coast goes right through part of the deposit. Overwhelmingly though, it is the shallow nature of the mineralisation that sets Colluli apart from other projects. It is virtually impossible to compare the Colluli project to other producing assets.” commented Managing Director Lorry Hughes.

“The understanding of the potash industry is fairly limited in Australia; all the experience is generally located in the northern hemisphere. There is virtually no understanding as to the potential value of an asset like Colluli even though the current prices of KCl are ~\$400/t and thought generally to have bottomed out. Australian investors don't understand the processing, the capital costs and the markets for potash, I think because there is no meaningful production here. The key factors are not lost within larger global corporations as we see companies like BHP Billiton, Vale and Potash Corporation of Saskatchewan all participating in the sector.”

“It is typical of evaporite basins the size of the Danakil Depression to contain vast tonnages of potash in the order of multiple billions of tonnes. Examples of this are demonstrated in the key potash producing regions of Canada, Germany and Belarus. Approximately 90% of the world's production of potash comes from these basins and the mineralisation has been defined from depths of about 400 – 2,000m in multiple layers of salt containing the potash minerals sylvinitite (KCl), carnallite (KMgCl₃.6(H₂O)) and kainite (MgSO₄KCl.3(H₂O)).”

“The Colluli project is unique because it contains such shallow good quality mineralisation that is at an order of magnitude shallower than most known deposits of this type. This factor is expected to significantly assist South Boulder to demonstrate through feasibility studies that a low capital cost and low operating cost operation can be built. We are going to be evaluating a world first; the potential to build an open cut potash mine. No one has done it before because no one has mineralisation so shallow. Preliminary scoping study work is underway to determine order of magnitude costs for the project.”

The immediate work program for the Colluli project is to continue to drill and define resources that will be used as the basis for the scoping study. A JORC/43-101 compliant resource is expected to be completed in early December with an update expected in the March quarter.

Large diameter drilling for geotechnical and metallurgical studies is planned for the January quarter and a remote weather station will be installed to commence collecting environmental data. New results will be released to market as they come to hand.

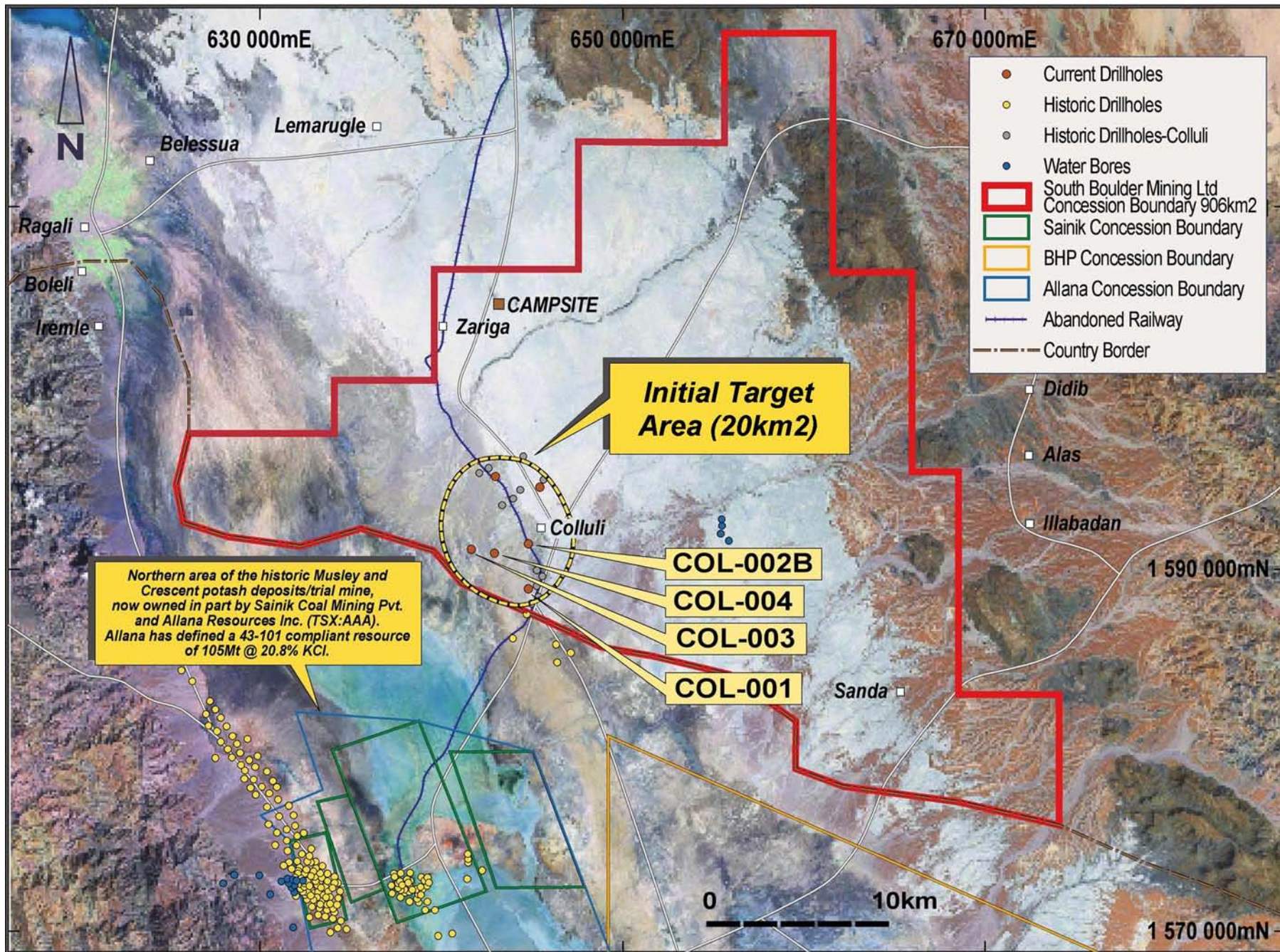
Table of Results

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCl (%)	Comment	
Col-001	644740	1589024	-117	000	-90	141.30	59.17	67.80	8.63	21	Sylvinitite and carnallite – open in all directions	
					INCLUDES							
							59.17	61.13	1.96	26	Sylvinitite	
					INCLUDES							
							63.37	67.80	4.43	27	Sylvinitite and carnallite	
					INCLUDES							
						63.85	65.20	1.35	39	Sylvinitite		
							83.78	103.48	19.70	16	Carnallitite and Kainitite	
							94.17	103.48	9.31	20	Kainitite	
Col-002B	644806	1591484	-116	000	-90	90.10	56.35	81.01	24.66	16	Carnallitite and Kainitite- open in all directions	
					INCLUDES							
							62.71	67.60	4.89	20	Carnallitite	
					INCLUDES							
							76.60	80.37	3.77	22	Kainitite	
Col-004	642800	1591500	-117	000	-90	73.60	28.68	36.40	7.72	25	Sylvinitite – open in all directions	
					INCLUDES							
							32.96	36.40	3.44	44	Sylvinitite	
							48.55	63.34	13.74	17	Kainitite	
					INCLUDES							
							55.60	62.80	7.20	22	Kainitite	
							58.60	62.80	4.20	24	Kainitite	

Quality Control and Quality Assurance

South Boulder Exploration programs follow standard operating and quality assurance procedures to ensure that all sampling techniques and sample results meet international reporting standards. Drill holes are located using GPS coordinates using WGS84 Datum, all mineralisation intervals are downhole and are true width intervals. Assay values are shown above a cut-off of 6% K₂O. The samples are derived from HQ diamond drill core which in the case of carnallite ores are sealed in heat sealed plastic tubing immediately as it is drilled to preserve the sample. Significant sample intervals are dry quarter cut using a diamond saw and then resealed and double bagged for transport to the laboratory. Halite blanks and duplicate samples are submitted with each hole.

Chemical analyses were conducted by Kali-Umwelttechnik GmbH Sondershausen, Germany utilising flame emission spectrometry, atomic absorption spectroscopy and ionchromatography. Kali-Umwelttechnik (KUTEC) Sondershausen1 have extensive experience in analysis of salt rock and brine samples and is certified according by DIN EN ISO/IEC 17025 by the Deutsche Akkreditierungssystem Prüfwesen GmbH (DAR). The laboratory follow standard procedures for the analysis of potash salt rocks • chemical analysis (K+, Na+, Mg2+, Ca2+, Cl-, SO42-, H2O) and • X-ray diffraction (XRD) analysis of the same samples as for chemical analysis to determine a qualitative mineral composition, which combined with the chemical analysis gives a quantitative mineral composition.



Colluli Potash Project plan showing current drill holes. The yellow circle is showing the initial target and gravity survey area.

Investor Coverage

Recent investor relations and broker/media coverage on The Company's projects can be viewed on the website in the "media coverage" section by following the link www.southbouldermine.com.au.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel and potash. South Boulder has a 100% interest in the Colluli Potash Project in Eritrea and a 100% interest in the Duketon Gold Project in Western Australia.

Within the Duketon Gold Project area, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on JV 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.

About the Nickel Joint Venture

The Duketon Nickel JV has had recent success at The Rosie and C2 Nickel sulphide prospects where drilling has defined intercepts of **5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGE's at Rosie and 50m @ 0.92% Ni including 37m @ 1.05% Ni at C2**. The deposits 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. A Mining Lease application has been lodged with the Department of Mines and Energy. The Mining Lease application comprises a total of 19.13km².

More information:

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This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder Mines Ltd under supervision by ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH. 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.