

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

Share Price: \$2.80

Market Cap: \$241M

Shares on issue: 86.1M

Cash at Bank: \$11.1M
ASX/TSX listed shares: \$3.4M

Top 40 shareholders – 64%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 5.012m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.610m shares
(unlisted options) 0.750m options
(ASX: UNX) - 0.800m shares
(CDNX: CNI.V) - 130,000 shares
(ASX: LTX) - 1.016m shares
Auvex (Pte) - 1.000m shares

COLLULI POTASH PROJECT UPDATE

South Boulder Mines Ltd (ASX; STB) is pleased to report that exploration drilling and independent feasibility study activities continue to define a world class potash project in Eritrea.

Exploration at the newly defined Area B Prospect (Figure 1), continues to intersect potash from depths as shallow as 20m. Assays have yet to be returned from this new discovery area however, sylvinite (a typically high grade ore) has been visually identified in core from 10 holes (Table 1).

In addition, further potash assays have been returned from drilling at the Area A deposit from within and outside the current 43-101/JORC compliant Mineral Resource Estimate (Col-008, 011, 012, 013 and 016, Table 2). Assays from holes Col-015, 017, 018, 021B are due to be received in June and will be compiled for inclusion in an upgraded Mineral Resource Estimate for the Area A deposit. The revised Mineral Resource Estimate for Area A will be used as the basis for the engineering scoping study. Area B and any new discoveries will be included in the definitive feasibility study to follow.

It is currently expected that the scoping study which commenced in March 2011 will be completed at the end of August. Completion of the feasibility studies are expected by mid-2013 and first potash production is scheduled for mid-2016.

The current independent engineering scoping study is being completed by a multi-disciplinary technical team that is highly experienced in potash, mining and environmental assessment. The study will provide a robust platform from which to determine the areas of detailed focus for the definitive feasibility study.

Definitive feasibility study activities commenced or completed include;

- Collection of environmental and climate data;
- Determination of initial open pit design parameters;
- Design of the hydrogeological assessment program and model parameters for surface and groundwater;
- Port, coastal and transport options evaluation field trip;
- Metallurgical processing route testwork;
- Environmental, social impact and archaeological survey planning;
- Marketing study for MOP and SOP production/sales.

Details on further exploration results and feasibility study activity will be released as they come to hand.

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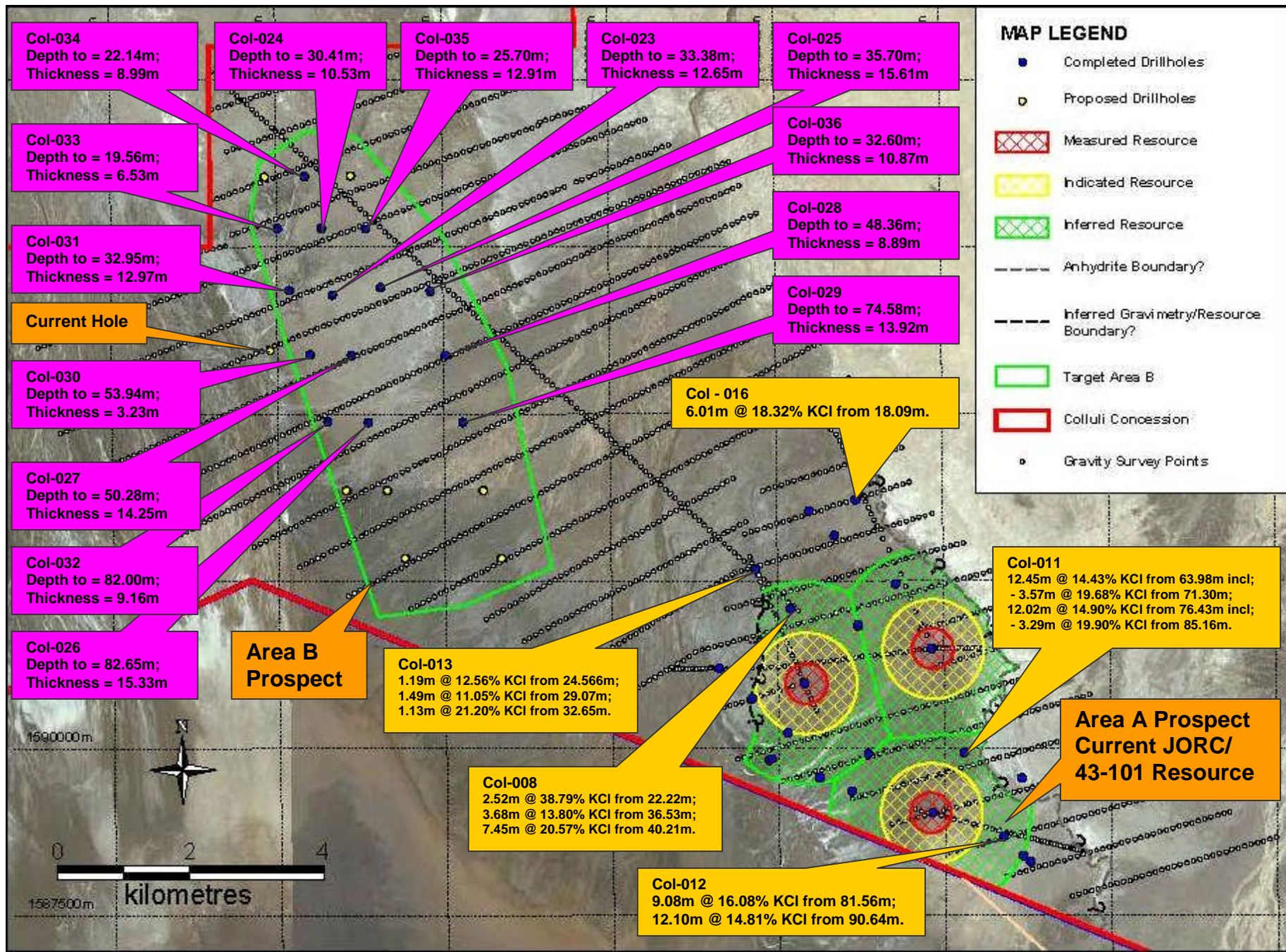


Figure 1: Colluli Project plan showing drilling, current JORC resource area and trial gravimetric survey data points.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	Comment
Col-023	635833	1596782	-122	000	-90	52.60	Sylvinitic, carnallite, kainitite; total thickness 12.65m from ~ 33.38m
Col-024	635677	1597779	-121	000	-90	45.00	Carnallite and kainitite; total thickness 10.53m from ~ 30.41m
Col-025	636562	1596890	-119	000	-90	54.00	Sylvinitic, carnallite and kainitite; total thickness 15.61m from ~ 35.70m
Col-026	636356	1594877	-122	000	-90	102.00	Sylvinitic, carnallite and kainitite; total thickness 15.33m from ~ 82.65m
Col-027	636116	1595879	-122	000	-90	72.00	Sylvinitic, carnallite and kainitite; total thickness 14.25m from ~ 50.28m
Col-028	637528	1595879	-119	000	-90	63.00	Carnallite, kainitite; total thickness 8.89m from ~ 48.36m
Col-029	637780	1594876	-120	000	-90	93.00	Sylvinitic, carnallite and kainitite; total thickness 13.92m from ~ 74.58m
Col-030	635493	1595891	-122	000	-90	75.00	Sylvinitic, carnallite; total thickness 3.23m from ~ 53.94m
Col-031	635183	1596850	-121	000	-90	51.00	Sylvinitic, carnallite and kainitite; total thickness 12.97m from ~ 32.95m
Col-032	635750	1594886	-122	000	-90	102.00	Sylvinitic, carnallite and kainitite; total thickness 9.16m from ~ 82.00m
Col-033	635016	1597777	-120	000	-90	30.00	Sylvinitic, kainitite; total thickness 6.53m from ~ 19.56m
Col-034	635432	1598553	-119	000	-90	36.00	Carnallite, kainitite; total thickness 8.99m from ~ 22.14m
Col-035	636343	1597777	-119	000	-90	42.00	Carnallite, kainitite; total thickness 12.91m from ~ 25.70m
Col-036	637309	1596837	-118	000	-90	114.00	Sylvinitic, carnallite and kainitite; total thickness 10.87m from ~ 32.60m

Table 1 - Area B Prospect table of recent drill hole collar details and results.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCI (%)	Comment
Col-008	642696	1592083	-120	000	-90	52.60	22.22	24.74	2.52	38.79	Sylvinitic (previously released)
							36.53	40.21	3.68	13.80	Lower carnallite
							40.21	48.42	7.45	20.57	Kainitite
Col-011	645288	1589934	-119	000	-90	93.10	63.98	76.43	12.45	14.43	Lower carnallite
					INCLUDES		71.30	74.87	3.57	19.68	Lower carnallite
							76.43	88.45	12.02	14.90	Kainitite
					INCLUDES		85.16	88.45	3.29	19.90	Kainitite
Col-012	645881	1588680	-112	000	-90	106.60	81.56	90.64	9.08	16.08	Lower carnallite
							90.64	102.74	12.10	14.81	Kainitite
Col-013	642179	1592673	-118	000	-90	37.60	24.56	25.75	1.19	12.56	Sylvinitic
							29.07	30.56	1.49	11.05	Lower carnallite
							32.65	33.78	1.13	21.20	Kainitite
Col-015	643596	1589355	-115	000	-90	94.60					Assays awaited, approximate thickness 17.79m
Col-016	643683	1593710	-115	000	-90	28.60	18.09	24.10	6.01	18.32	Kainitite
Col-017	642638	1590227	-118	000	-90	72.10					Assays awaited, approximate thickness 17.62m
Col-018	642104	1590740	-116	000	-90	55.60					Assays awaited, approximate thickness 2.50m
Col-021B	646170	1588388	-82	000	-90	117.10					Assays awaited, approximate thickness 29.19m

Table 2 – Colluli Prospect table of recent true width assay results.

Investor Coverage

Recent investor relations, corporate videos and broker/media coverage on The Company's projects can be viewed on the website in the "Media Centre" and "Investor Centre" sections by following the links www.southbouldermines.com.au and www.abid.co.

About South Boulder Mines Ltd

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

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 33.39Mt @ 18.56% KCl of Measured Resources, 173.37Mt @ 18.57% KCl of Indicated Resources and 340.86Mt @ 18.58% KCl of Inferred Resources for a total of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt)**; This includes higher grade material of 119.21Mt @ 23.14% KCl. There is an exploration target of **1.25 – 1.75 billion tonnes @ 18-20% KCl ##** (see disclaimer below). An engineering scoping study into open pit mining and processing to produce up to 10Mt p.a of potash is underway.

Within the Duketon Gold Project area, 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 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 was granted over the Rosie and C2 deposits on the 19th of November. A resource definition and exploration drilling program and scoping study into an open pit mine at C2 and an underground mine at Rosie is underway.

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Disclaimer

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt); Includes 119.21Mt @ 23.14% KCl. The resource contains 33.39Mt @ 18.56% KCl in the Measured Category, 173.37Mt @ 18.57% KCl in the Indicated Category and 340.86Mt @ 18.58% KCl in the Inferred Category. The current Mineral Resource Estimate is included in the current exploration target of 1.25 – 1.75 billion tonnes @ 18-20% KCl. The potential quantity and grade of the total current exploration target which includes the current Mineral Resource Estimate is conceptual in nature and there has been insufficient exploration to define a Mineral Resource other than the current Mineral Resource Estimate and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate other than the current Mineral Resource Estimate.

This ASX release has been compiled by Lorry Hughes using information on exploration results and Mineral Resource estimates supplied by South Boulder Mines Ltd under supervision by Ercosplan. Dr Henry Rauche and Dr Sebastiaan van der Klauw are co-authors of the JORC and 43-101 compliant resource report. Lorry Hughes is a member in good standing of the Australian Institute of Mining and Metallurgy and Dr.s' Rauche and van der Klauw are members in good standing of the European Federation of Geologists (EurGeol) which is a "Recognised Overseas Professional Organisation" (ROPO). A ROPO is an accredited organization to which Competent Persons must belong for the purpose of preparing reports on Exploration Results, Mineral Resources and Ore Reserves for submission to the ASX.

Mr Hughes, Mr Rauche and Mr van der Klauw are geologists and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken 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". Mr Hughes, Mr Rauche and Mr van der Klauw consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.