



ASX Details

| | |
|-----------------------|----------------|
| ASX Code | STB |
| Berlin | SO3-Ber |
| Frankfurt | SO3-Fra |
| Share Price | \$1.50 |
| Market Cap | \$138M |
| Shares on issue | 92.3M |
| Company options | 13.5M (\$5.2M) |
| Cash at Bank | \$10.75 |
| ASX/TSX listed shares | \$2.4M |
| Top 40 shareholders | 64% |

Contact Details

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www.southbouldermines.com.au

Listed Equity Holdings

| | |
|--------------------|--------|
| (ASX: MZM) | 5.012M |
| (ASX: AVZ) | 0.400M |
| (ASX: BUX) | 1.610M |
| (unlisted options) | 0.750M |
| (CDNX: CNI.V) | 0.121M |
| (ASX: LTX) | 0.016M |

Non Renounceable Entitlement Offer

Entitlement Offer

South Boulder Mines Ltd (ASX: STB) (**Company**) is pleased to announce a pro-rata non renounceable entitlement offer of up to 9,226,569 fully paid ordinary shares in the capital of the Company (assuming none of the options currently on issue in the Company are exercised) (**New Shares**) at \$1.10 each on the basis of one (1) New Share for every ten (10) shares held on the record date, with 1 attaching unlisted option for every 2 New Shares subscribed for (**New Options**), exercisable at \$1.60 each and expiring 12 months after the date of issue (**Entitlement Offer**).

New Shares issued under the Entitlement Offer will rank equally with existing Shares on issue and the Company will apply for official quotation of the New Shares. An Appendix 3B accompanies this announcement.

The Entitlement Offer is fully underwritten. Full details of the Entitlement Offer including the underwriting terms will be contained in the Entitlement Offer Prospectus to be lodged with ASIC and the ASX and to be dispatched to shareholders in accordance with the timetable set out below (**Offer Document**). The Offer Document will also be available on the Company's website at www.southbouldermines.com.au.

Use of Proceeds from Entitlement Offer

The Entitlement Offer will raise approximately \$10,149,225.

It is intended these funds raised will be used to:

- expedite the rapid completion of the Definitive Feasibility Study on the Colluli Open Cut Potash Project in Eritrea (Potash Production is currently scheduled for 2016 or sooner);
- provide general working capital; and
- meet the costs of the Entitlement Offer.

Indicative Entitlement Offer Timetable

Key dates for the Entitlement Offer are set out below. The dates are indicative only and the Company reserves the right to vary them in consultation with the underwriter and subject to requirements of the ASX Listing Rules.

| | |
|---|-------------------------|
| Announcement Date | 7 December 2011 |
| Lodgement of Offer Document with ASIC and ASX | 13 December 2011 |
| Ex Date | 16 December 2011 |
| Record Date The Company determines eligible shareholders. | 22 December 2011 |
| Opening Date The date upon which the Entitlement Offer opens. | 23 December 2011 |
| Dispatch of Offer Document Offer Document sent to all eligible shareholders. | 30 December 2011 |
| Closing Date The date on which the Entitlement Offer closes. Applications must be received by 5:00pm (WST). | 17 January 2012 |
| Notification of shortfall | 20 January 2012 |
| Allotment Date The date upon which the New Shares and New Options are allotted. | 23 January 2012 |
| Dispatch Date The date on which holding statements are sent to shareholders that have taken up their entitlement of New Shares. | 25 January 2012 |
| Share Trading Date The date upon which New Shares commence trading on the ASX. | 31 January 2012 |

Notice to Option Holders

Existing option holders are not entitled to participate in the Entitlements Offer without first exercising their options. Pursuant to the terms of the options on issue, the Company is required to provide option holders with ten (10) business days' notice before the record date, being 22 December 2011.

-ENDS-

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 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 133.70Mt @ 17.55% KCl of Measured Resources, 343.33Mt @ 17.38% KCl of Indicated Resources and 87.37Mt @ 24.96% KCl of Inferred Resources for a total of 564.40Mt @ 18.60% KCl (total contained potash of 104.96Mt); This includes higher grade Sylvinit of 130.39Mt @ 27.02% KCl. There is an exploration target of 1.25 – 1.75 billion tonnes @ 18-20% KCl ## (see disclaimer below). A definitive feasibility study into open pit mining and processing of an initial 1-2Mt p.a. of potash is underway and due for completion in 2013. Production is targeted in 2016 or sooner.

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 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.

More information:

| | | | | |
|-----------------------|---------------------|--------------------|-------------------|--------------------|
| Lorry Hughes | Kerry Rudd | Liam Cornelius | Terry Grammer | Dr Chris Gilchrist |
| CEO/Managing Director | Executive Assistant | Executive Director | Chairman | Non-Exec Director |
| +61 (8) 6315 1444 | +61 (8) 6315 1444 | +61 (8) 6315 1444 | +61 (8) 6315 1444 | +61 (8) 6315 1444 |

Competent Persons and Responsibility Statement

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 564.40Mt @ 18.60% KCl (total contained potash of 104.96Mt); Includes **130.39Mt @ 27.02% KCl**. The resource contains 133.70Mt @ 17.55% KCl in the Measured Category, 343.33Mt @ 17.38% KCl in the Indicated Category and 87.37Mt @ 24.96% 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.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

South Boulder Mines Limited

ABN

56 097 904 302

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | a) Ordinary fully paid shares b) \$1.60 unlisted options expiry 23/01/2013 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 9,266,569 b) 4,613,285 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a) Ordinary fully paid shares b) \$1.60 unlisted options, expiry 23/01/2013 |

+ See chapter 19 for defined terms.

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Appendix 3B
New issue announcement

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| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>a) Yes b) Shares issued on the exercise of options will rank equally with fully paid ordinary shares.</p> | | | | |
|--|---|--------|--------|-------------|-----------------|
| <p>5 Issue price or consideration</p> | <p>a) \$1.10 b) 1 Option for every 2 new shares under the Entitlement Offer.</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>The funds raised will be used to expedite the rapid completion of the Definitive Feasibility Study on the Colluli Open Cut Potash Project in Eritrea, provide general working capital and meet the cost of the Entitlement offer.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>25 January 2012</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1579 989 1624">Number</th> <th data-bbox="989 1579 1292 1624">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1624 989 1848">101,532,257</td> <td data-bbox="989 1624 1292 1848">Ordinary Shares</td> </tr> </tbody> </table> | Number | +Class | 101,532,257 | Ordinary Shares |
| Number | +Class | | | | |
| 101,532,257 | Ordinary Shares | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|-----------|------------------------------------|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 1,200,000 | 20 cent options, expiry 30/11/2012 |
| | 2,540,000 | 35 cent options, expiry 31/07/2013 |
| | 3,400,000 | 20 cent options, expiry 30/06/2014 |
| | 2,500,000 | 20 cent option, expiry 31/03/2015 |
| | 3,900,000 | 75 cent options, expiry 30/06/2015 |
| | 4,613,285 | \$1.60 options, expiry 23/01/2013 |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Bonus issue or pro rata issue

| | |
|---|--|
| 11 Is security holder approval required? | No |
| 12 Is the issue renounceable or non-renounceable? | Non-renounceable |
| 13 Ratio in which the +securities will be offered | 1 new share for every 10 existing shares held on the record date with an attaching option for every 2 new shares subscribed for under the Entitlement Offer. |
| 14 +Class of +securities to which the offer relates | Ordinary fully paid shares |
| 15 +Record date to determine entitlements | 22 December 2011 |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 Policy for deciding entitlements in relation to fractions | Round up to nearest whole number |

+ See chapter 19 for defined terms.

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Appendix 3B
New issue announcement

| | | |
|----|---|---|
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | All |
| 19 | Closing date for receipt of acceptances or renunciations | 5.00pm (WST) 17 January 2012 |
| 20 | Names of any underwriters | Dongarra Limited |
| 21 | Amount of any underwriting fee or commission | Commission – 1 option (exercisable at \$1.60 and expiring 23/1/2013) for every 5 shares taken up by the underwriter in the shortfall under the Entitlement Offer. |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | N/A |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 30 December 2011 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 7 December 2011 |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |

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| | | |
|----|--|-----------------|
| | | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | +Despatch date | 25 January 2012 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000

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Appendix 3B
New issue announcement

100,001 and over

- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
Company secretary

Date: 7 December 2011

Print name: Dennis Wilkins

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