

Making the Transition to Potash Producer

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SOUTH BOULDER
MINES LTD

www.southbouldermines.com.au

Managing Director & CEO, Mr Lorry Hughes | ASX: STB | Germany SO3-Fra | ADR: SBMSY

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Flagship Project

Colluli Potash Project, Eritrea

- Tier 1 asset in an emerging world class potash basin
- 564.40Mt @ 18.60% KCI (total contained potash of 104.96Mt) update in March Qtr
- Worlds cheapest start-up capex/ tonne USD0.74Bn (including 15% contingency)
- Lowest capex/tonne in the industry = low financing risk
- Shallow open pit mining = low technical risk (worlds shallowest deposit)
- Stage 1
 - NPV_{12%} :USD 1.33Bn
 - Internal Rate of Return: 40.6%
 - Project Revenue: USD 6.03Bn over 17 years
- Start-up production of 1Mt of Muriate of Potash (MOP) in 2016 or sooner
- Potential to increase mine life to over 50 years; producing both MOP and Sulphate of Potash (SOP)
- The Colluli Mine will have the quickest development timeline from discovery to production in potash history



Company Snapshot

Company Share Information

Ordinary Shares on Issue	114.3M (116M)
Unlisted Options (20c-75c: \$4.2M)	9.2M
Market Cap (\$1.26/ Share)	~\$143M
Cash/NTA	~\$21.0M
Price Range (12 Months)	\$0.96 - \$6.25
Top 40 Shareholders	65%

Major Share Holders

Sprott Asset Management	15%
Management	17%

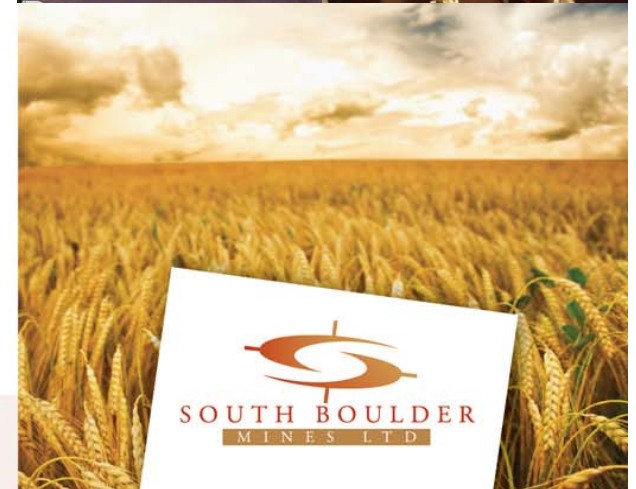
Board and Management

Terry Grammer (+35 years)	Geologist	- Chairman
Lorry Hughes (+20 years)	Geologist	- CEO & Managing Director
Liam Cornelius (+20 years)	Geologist	- Executive Director
Dr. Chris Gilchrist (+30 years)	Metallurgist	- Non Executive Director
Flavio Garafalo (+20 years)	Accountant	- CFO
Dennis Wilkins (+20 years)	Accountant	- Company Secretary
Dayle Kenny (+30 years)	Engineer	- Mining Engineering Manager
ERCOSPLAN (+50 years)	Multi Disc.	- Potash Expertise



Colluli Potash Animation

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Eritrea

A Fast Growing Mining Jurisdiction

- Eritrea celebrated its 20th year of Independence in May 2011
- Eritrea's first modern mine commenced production in Dec 2010 (TSX:NSU)
- Eritrean Government is highly supportive of foreign mining investment
- 20 foreign mining and exploration companies are operating in Eritrea
- Eritrea promotes self-reliance and nation building and has zero tolerance of corruption

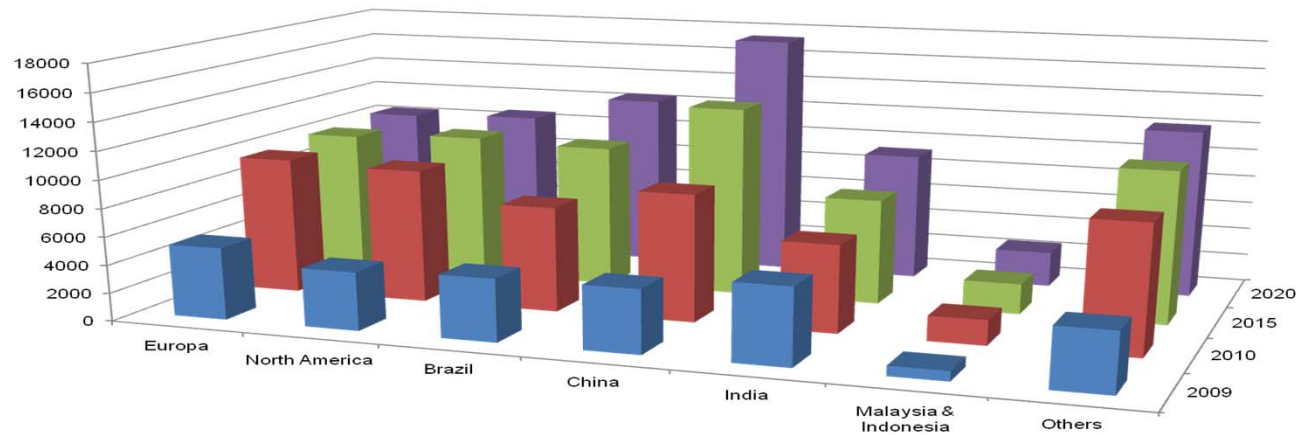
Standard Deal Structure

- **The Eritrean Government (ENAMCO) can purchase a 30% contributing interest in Colluli and has a 10% interest carried 6.7% by STB and 3.3% by ENAMCO**
- 3.5% royalty on potash and corporate tax rate of 38%
- Ownership structure paves the way for a long-term, secure and reliable mining partnership



Potash

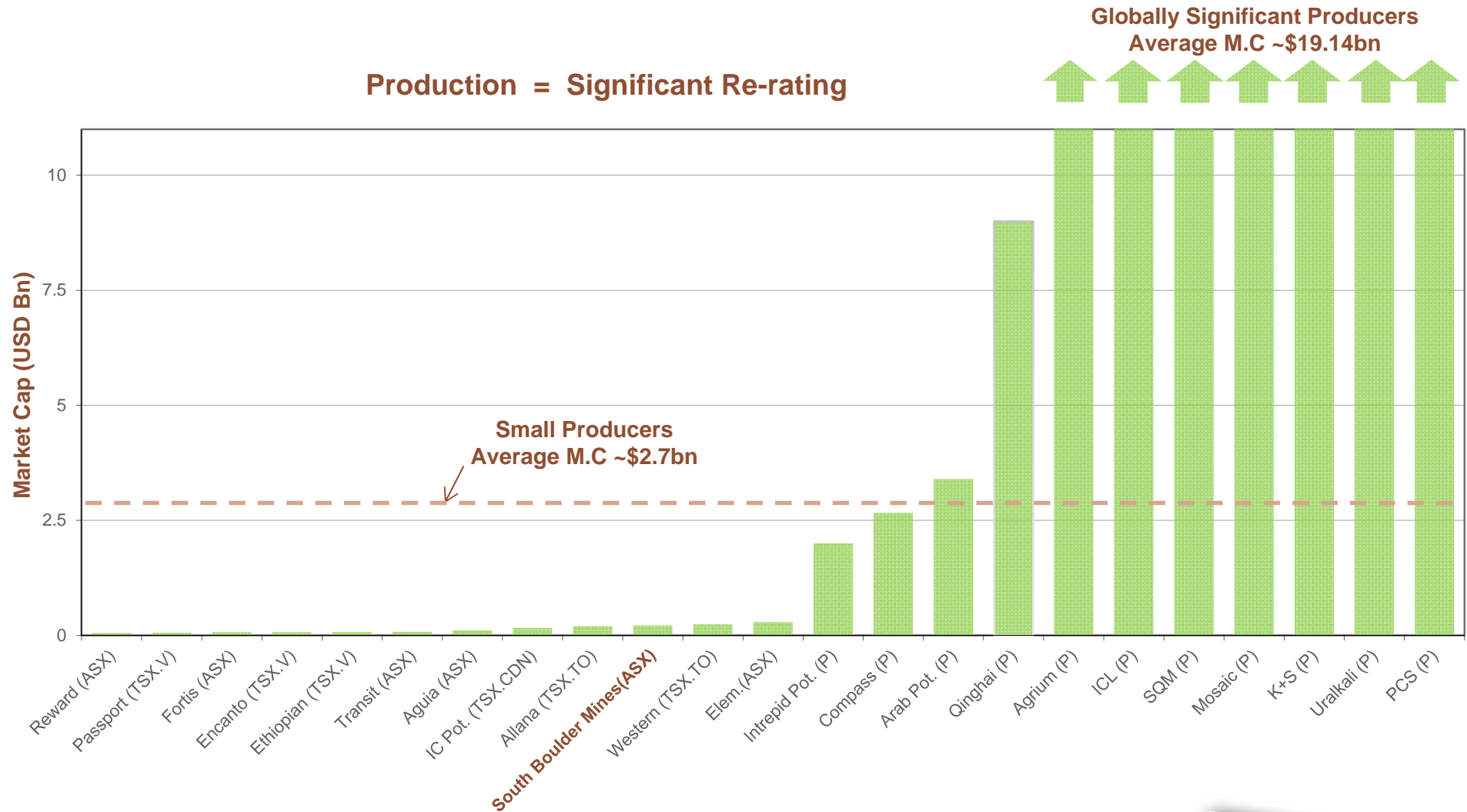
Forecast of MOP (KCl) demand (Mt p.a.)



- The potash sector has excellent long term fundamentals
- Demand for potash is expected to rise due to increased population and standard of living and worldwide decreased arable land
- The biggest growth markets are India, China and Brazil
- MOP price is ~USD500/tonne – very high barriers to new production



Potash Company Comparison

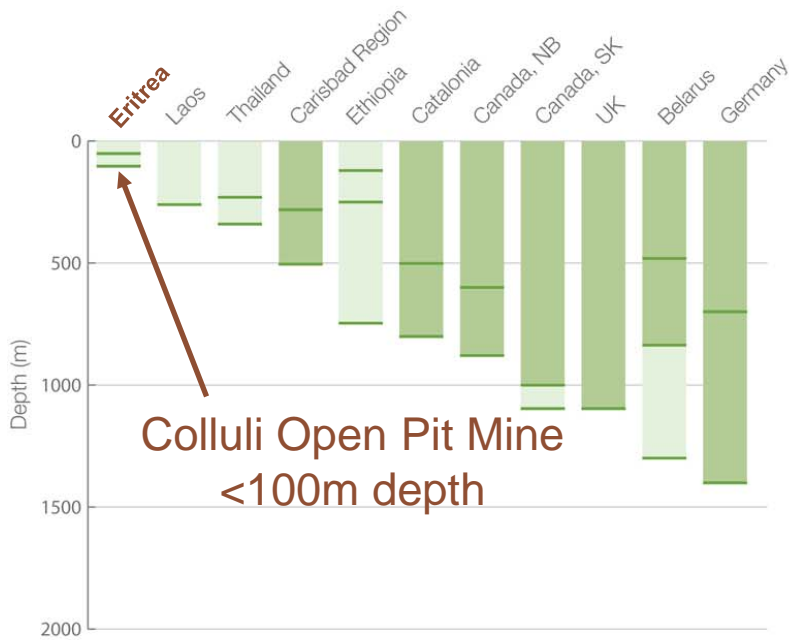


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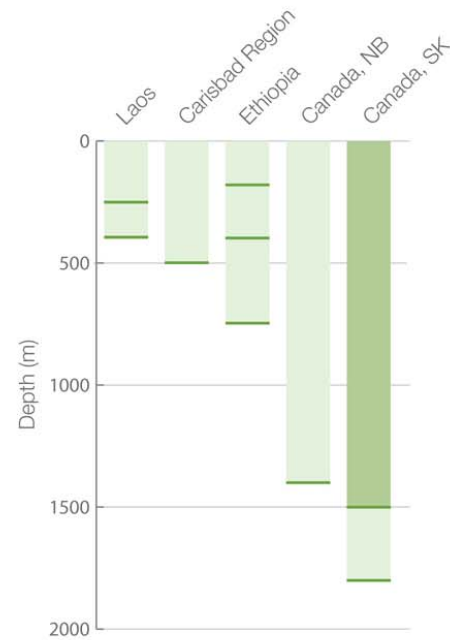


Colluli Potash Resource (Cont'd)

Conventional Potash Mining

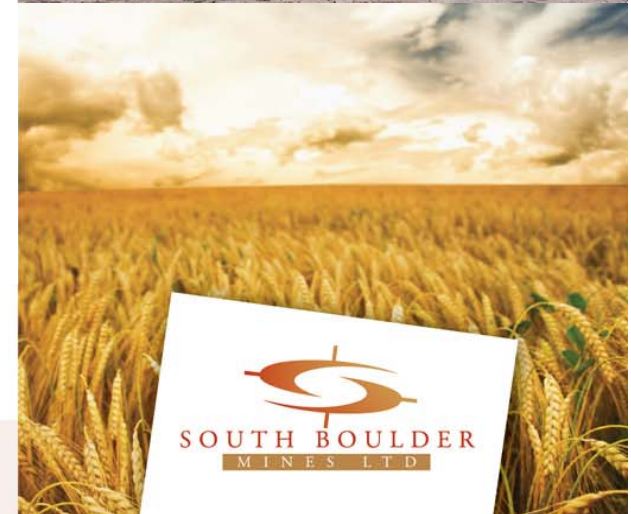


Solution Potash Mining



90% of the world's potash comes from technically challenging, high cap-ex, deep underground mines

Colluli will be unique, with low cap-ex and ability to ramp production up and down to suit prevailing market conditions



Colluli Potash Timeline

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Reasons to Invest

- Developing the world's shallowest potash deposit at Colluli.
 - Open pit mining = low technical risk
- Strong financials and technical's for one of the industries lowest cost potash mines. **Enormous potential to improve economics; resource expansion and SOP production**
 - Low cap-ex = low financing risk
- Start-up capital USD 0.74Bn is approximately half the industry average
- DFS has commenced for first production in 2016 or sooner. Initial production of 1Mt p.a. Regular investor updates planned
- The project is situated in a prime infrastructure location to sell into the largest growth markets for potash; Asia
- Well funded with approximately \$21M in liquid assets + option conversions (\$4.2m) + \$3.5M in equities. Low burn rate
- South Boulder with JV partner Independence Group NL is developing the Rosie and C2 Ni-Cu-PGE deposits. Maiden JORC Resource released in January, Exploration to intensify in 2012
- **Potential spinout and in-specie distribution for a new ASX listed nickel and gold exploration/development company**



Disclaimer

Forward-Looking Statements

The following presentation represents South Boulder Mine's best judgment at the time of presentation. This document is in summary form and does not purport to be all inclusive or complete. The contents include forward looking statements prepared on the basis of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by South Boulder Mines Limited. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

Competent Persons

Information that relates to Exploration Results including exploration data and geological interpretations is based on information compiled by Lorry Hughes who is a full time employee at South Boulder Mines Ltd. Exploration results from the Duketon Nickel JV has been supplied by Independence Group who are operator of the Duketon Nickel JV. Lorry Hughes is a member of the AusIMM and has experience which is relevant to the style of mineralisation and type of deposits under consideration, and to the activities which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian 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. Most data, interpretation and diagrams for the Duketon Nickel JV have been provided courtesy of Independence. Information that relates to the Mineral Resource estimates supplied by South Boulder Mines Ltd are done so 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 Drs 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 organisation 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 deposits under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian 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.

JORC – Exploration Targets

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 higher grade sylvinitite of 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.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade stated or implied is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate other than the current Mineral Resource Estimate.

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 GPO 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 carnalite 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 spectrometry 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 Prufwesen 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.



Thank you

Come and see us at Booth 2102

Lorry Hughes Bsc. MAusIMM
CEO & Managing Director

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