

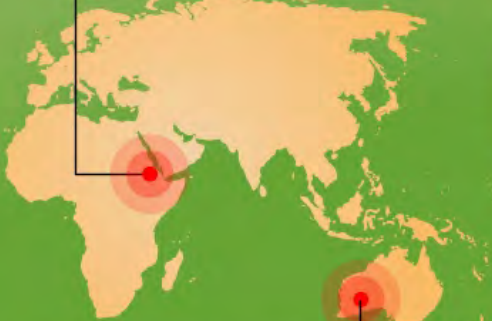
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SOUTH BOULDER
MINES LTD

ASX Code: STB

**Eritrea - Colluli Potash
Projects**



**Australia - Greenstone
Belt Gold Projects**



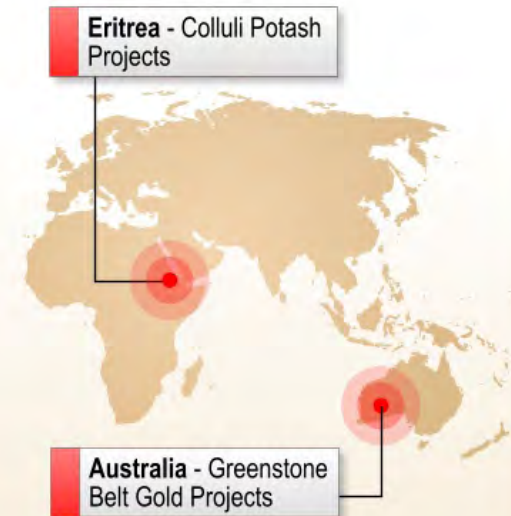
On track to become the world's first open pit potash producer

Investor Update – May 2012

Company Snapshot



- Developing the world-class **Colluli Potash Project**, East Africa
- **+1 billion tonne** JORC/43-101 resource with near term **1.25-1.75 billion tonne** Exploration Target
- **Feasibility Study** underway targeting **1Mtpa** production by 2016
- Set to become **world's first modern open pit potash producer**
- **Low forecast CAPEX = US\$0.74B** with enormous potential to improve economics
- **Ideally located** to sell potash into the **world's largest growth market** – Asia
- Negotiations underway with **Eritrean Government** to sell 30% equity stake and complete approvals
- **Well-funded** – \$20M in liquid assets + option conversions (\$6.7M)
- Additional upside from development of **WA nickel & gold assets**
 - *potential in-specie distribution from spin-off of assets*



Corporate Overview

Company Share Information

Ordinary Shares on Issue	116.2M
Unlisted Options (\$0.20 - \$2.00: \$6.7M)	10.4M
Market Cap (A\$ 1.05 / Share)	\$122M
Cash/NTA (A\$)	\$20.3M
Price Range -12 Months (A\$)	\$0.74 - \$3.60
Top 40 Shareholders	65%

Major Share Holders

Sprott Asset Management	16%
South Boulder Management	17%



Share Price as of 4th May 2012



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Board and Management



Mr Terrence Grammer – Chairman

Geologist +35 years; extensive multi-commodity mining, development, exploration and financing experience in Australia, Africa, Asia and New Zealand. Discovered Cosmos Nickel Deposit and founder of Western Area NL.



Mr Lorry Hughes – CEO & Managing Director

Geologist +20 years; mining, development and exploration experience with potash, gold, uranium and base metals in Australia, Malaysia, Indonesia and Africa. Ex- Rio Tinto, Homestake, Inco and Energy Metals Ltd.



Mr Liam Cornelius – Executive Director

Geologist +20 years; exploration and financing experience with potash, gold, nickel, uranium and base metals in Australia, Africa and Asia. Founder of South Boulder Mines Ltd.



Dr Chris Gilchrist – Definitive Feasibility Manager & Non-Executive Director

Mineral Processing Engineer +30 years; mechanical & mineral engineering, feasibility, financing and project management experience with potash, phosphate, gold, iron ore, tin, coal and diamonds in Australia, Africa, United Kingdom and Europe. Ex-Cleveland Potash, Anglo American and Kenmare Resources.



Mr Flavio Garofalo – Chief Financial Officer

CPA +20 years; mining and development experience with nickel, copper and zinc including transition from developer to producer. Extensive corporate finance experience including project financing, investor relations and marketing. Ex- Normandy Mining, Titan Resources NL & Kagara Ltd.



Mr Dennis Wilkins – Company Secretary

B.Bus, ACIS, AICD +25 years; extensive public company management within the resources sector. Extensive capital raising, funding and administrative management capability. Principal of DW Corporate.



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Feasibility Management Team

- DFS Managed by Dr Chris Gilchrist, Director



Dayle Kenny – Mining Specialist / Mining Engineer Manager

Mining Engineer +30 years; extensive open cut mining experience including bankable feasibility studies, pit optimisation, geotechnical and hydrogeological assessment in Australia and Africa. Ex-Rio Tinto, Hamersley Iron Pty Ltd, WMC, Normandy Resources and Toro Energy Ltd.



Zeray Leake – Eritrean Country Manager

Geologist +15 years; extensive experience with mineral exploration and development in Eritrea including potash, gold, base metals and industrial minerals. Ex-Department of Minerals & Energy Eritrea.



Ercosplan – Lead Consultants / Potash Resource and Mineral Processing

Ercosplan are world renowned potash consultants with multi-disciplinary science experience spanning more than 50 years; they are potash mining and processing consultants on mining and development projects throughout the global industry.



Senet – Infrastructure Consultants

Senet provides extensive project and construction expertise to the resource sector in remote areas throughout Africa, Central and South America, and Asia. Senet built Eritrea's only operating mine, which was commissioned in 2010.



Knight Piesold – ESIA & Hydrogeology Consultants

Knight Piesold is an international consulting company providing engineering and environmental services. Knight Piesold's consulting engineers, scientists and technicians focus on solutions that respect social, environmental and economic responsibilities. They have extensive Eritrean experience.



Ashmead Maritime – Marine Project Consultants

Ashmead Maritime are specialists for integrated industrial shipping services with Self-Dischargers, Trans-Shippers and Floating Storage/Transfer Units.



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Colluli Potash Resource

- World's shallowest potash deposit
- Set to become the only modern open pit potash mine
- JORC/43-101 Exploration Target: **1.25 – 1.75Bt @ 18-20% KCl**

The potential quantity and grade of the total current exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate.
- Lowest CAPEX per tonne in the industry
- Start-up production of 1Mtpa 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)



	Tonnes (Mt)	Grade (% KCl)	Total KCl (Mt)	Grade (% K ₂ O)	Total K ₂ O (Mt)
Measured	261.91	17.94	46.98	11.33	29.68
Indicated	675.00	17.98	121.36	11.36	76.67
Inferred	143.50	18.00	25.78	11.37	16.29
Current April-12 Total Resource	1,080.41	17.98	194.12	11.35	122.64
Previous Oct-11 Total Resource	564.40	18.60	104.96	11.75	66.31
Variance	91.43%	-3.35%	+ 84.95	-3.35%	84.95%

**KCl is commonly expressed as K₂O according to the formula (KCl * 0.6317 = K₂O). The recent KCl contract price is estimated at around US\$ 470/t.*

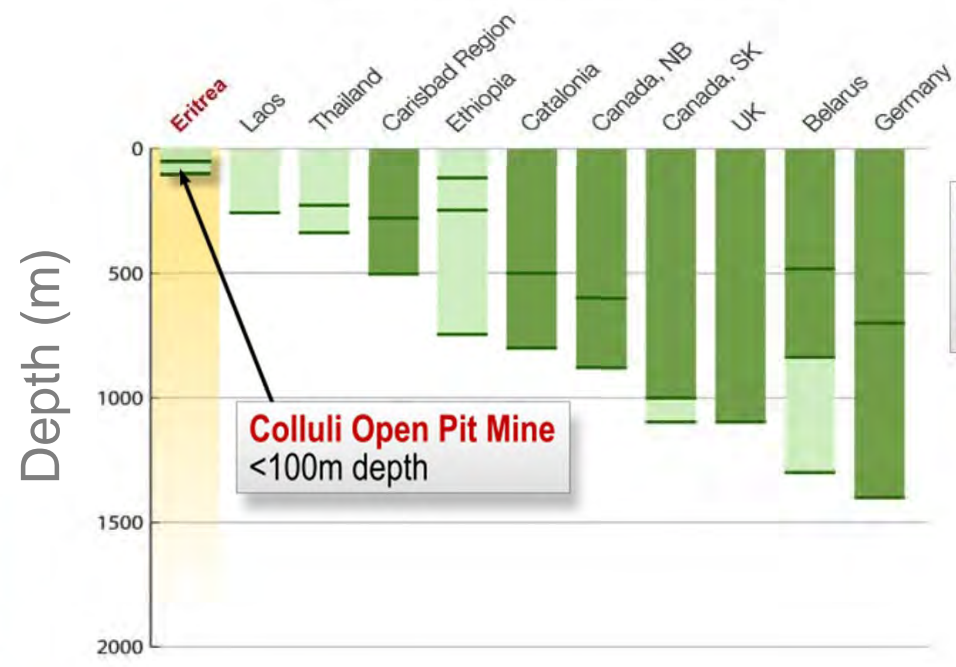
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Colluli Potash Resource

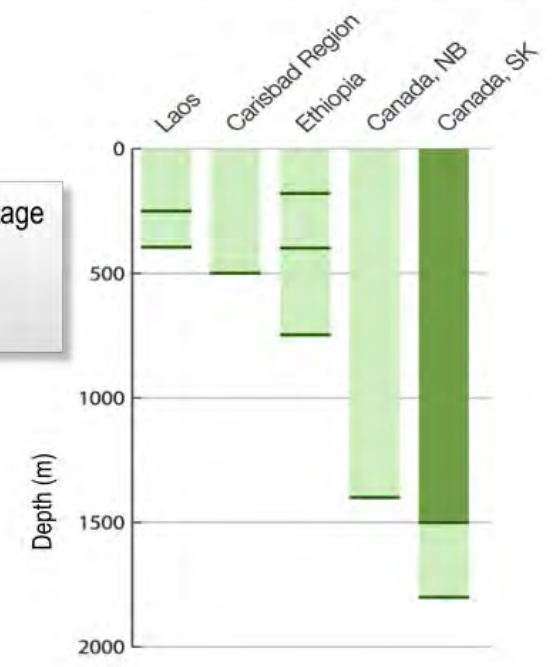
- 90% of the world's potash comes from technically challenging, high CAPEX, deep underground mines
- Colluli will be unique, with low CAPEX and ability to ramp production up and down to suit prevailing market conditions



Conventional Potash Mining

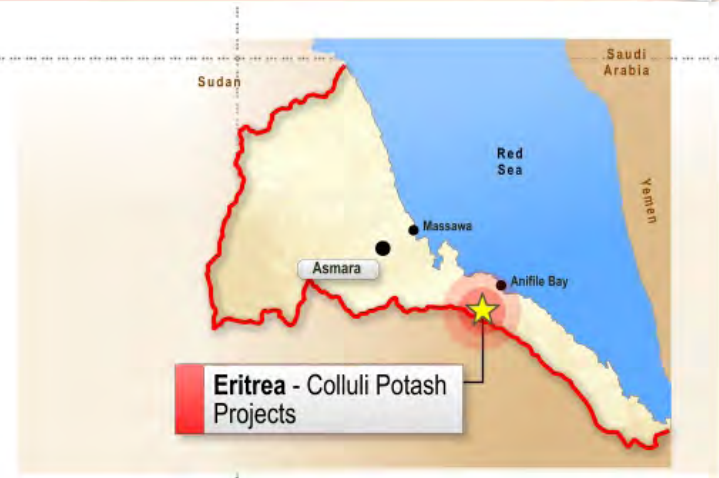


Solution Potash Mining



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Colluli Potash Economics



Stage 1 Economics	
Pre-production Capital (including 15% contingency)	US\$ 0.74 bn
Pre-Tax NPV (12% Discount rate)	US\$ 1.33 bn
Internal Rate of return	40.6%
Project Revenue	US\$ 6.03 bn
MOP Production Rate	1Mt p.a.
Mining Method	Open pit
Study Mine Life	17 years

Capital Item	US\$
Direct Capex	
- mine & plant	\$352M
- transport & port	\$102M
Indirect Capex	
- mine & plant	\$161M
- transport & port	\$25M
Contingency (15%)	\$96M
Total	\$736M

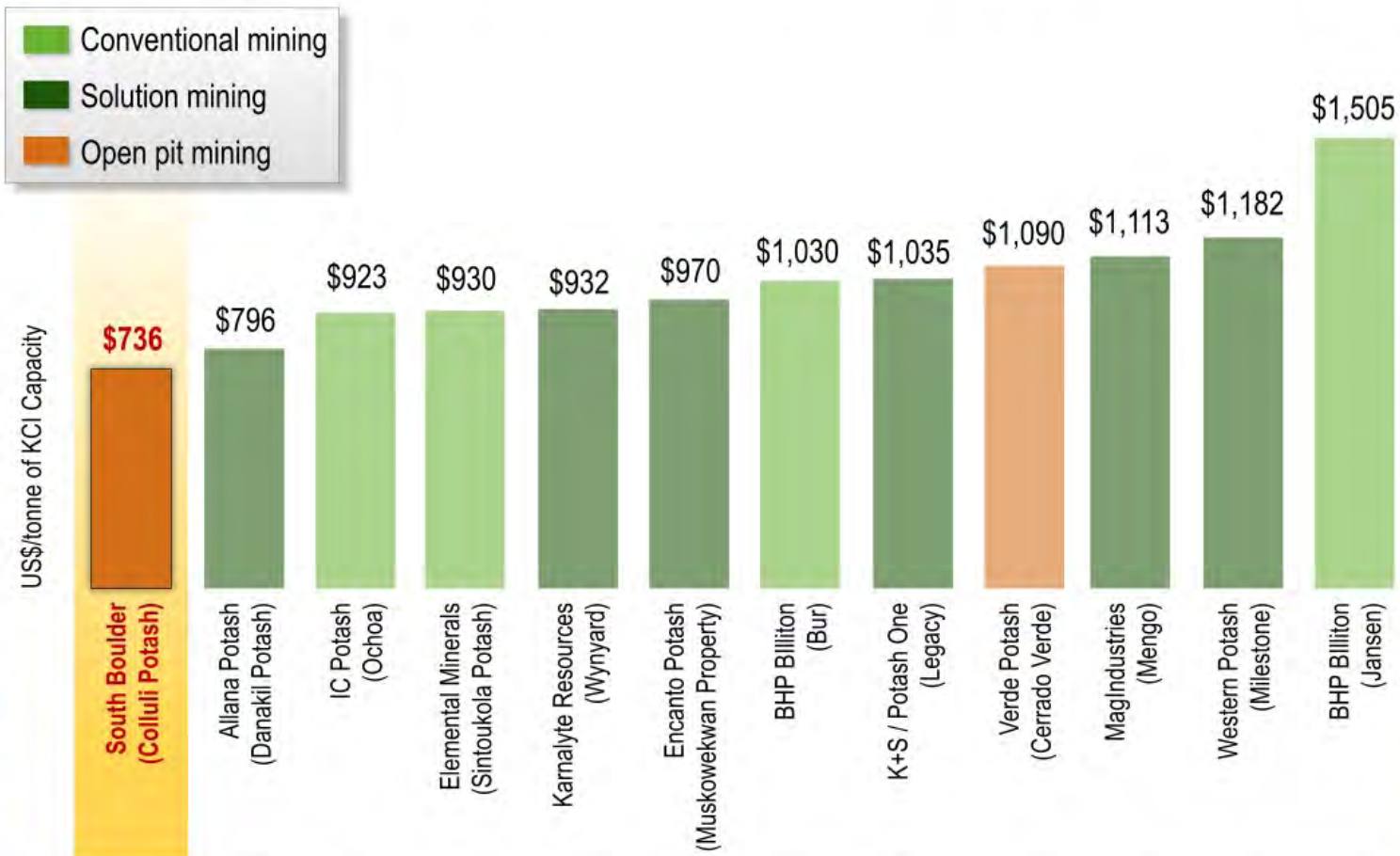
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Colluli Project Economics

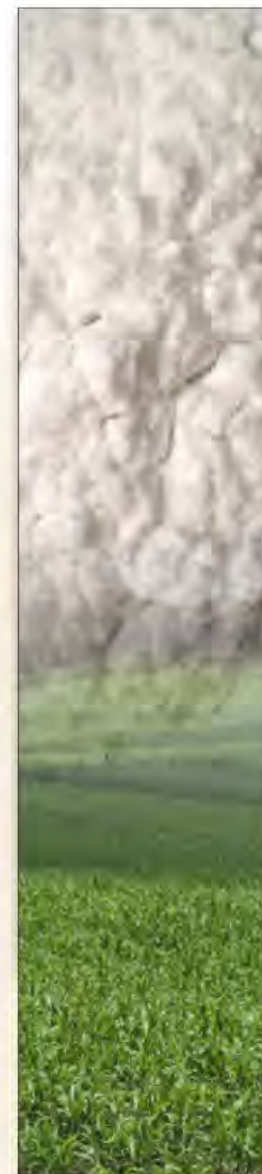


Cheapest Development Cost in the Potash Industry

US\$/tonne of KCl Capacity



Source: Company Reports, NI 43-101 Technical Report, Sintoukola Potash Project, June 2011; available at www.sedar.com



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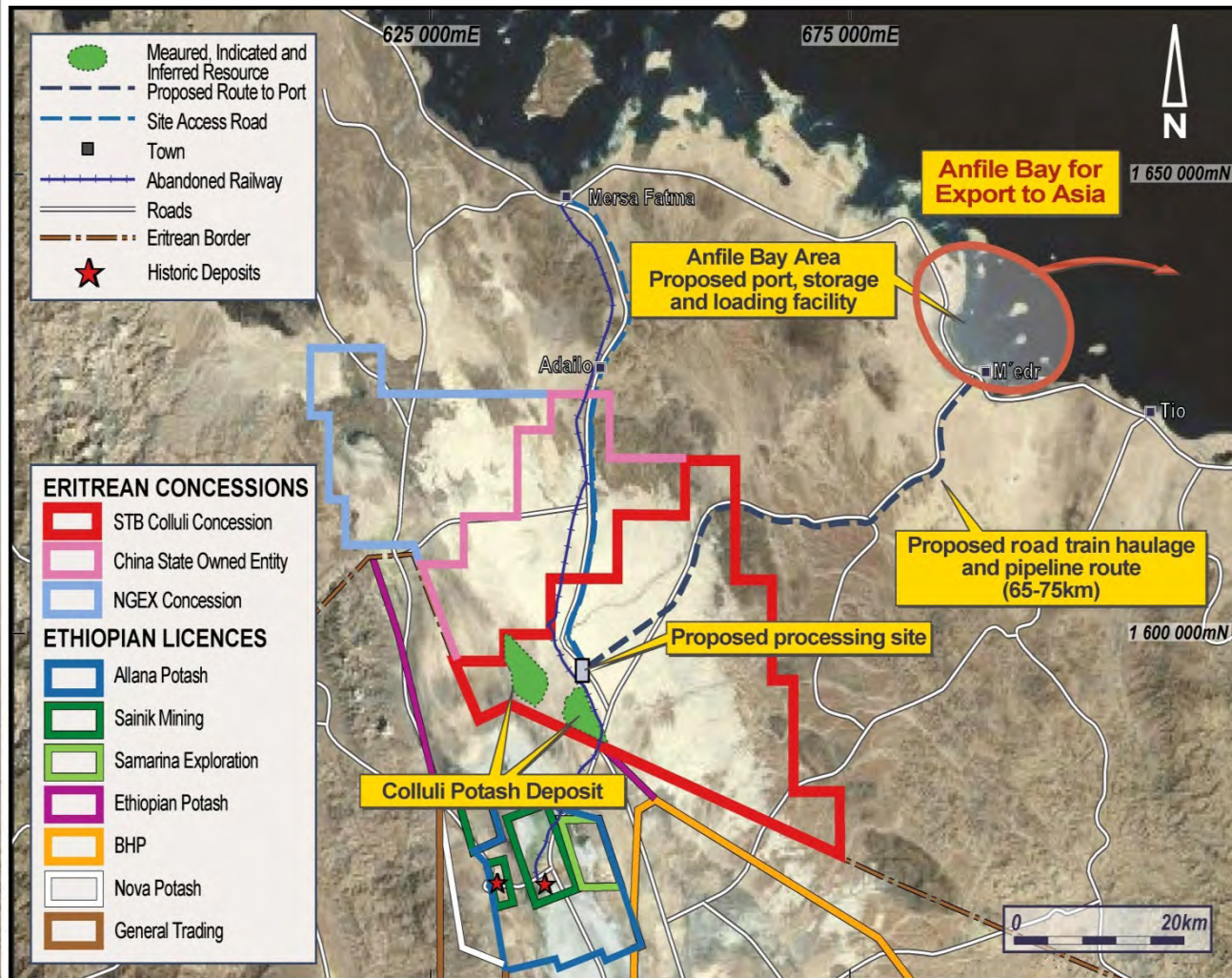


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Colluli Potash Engineering



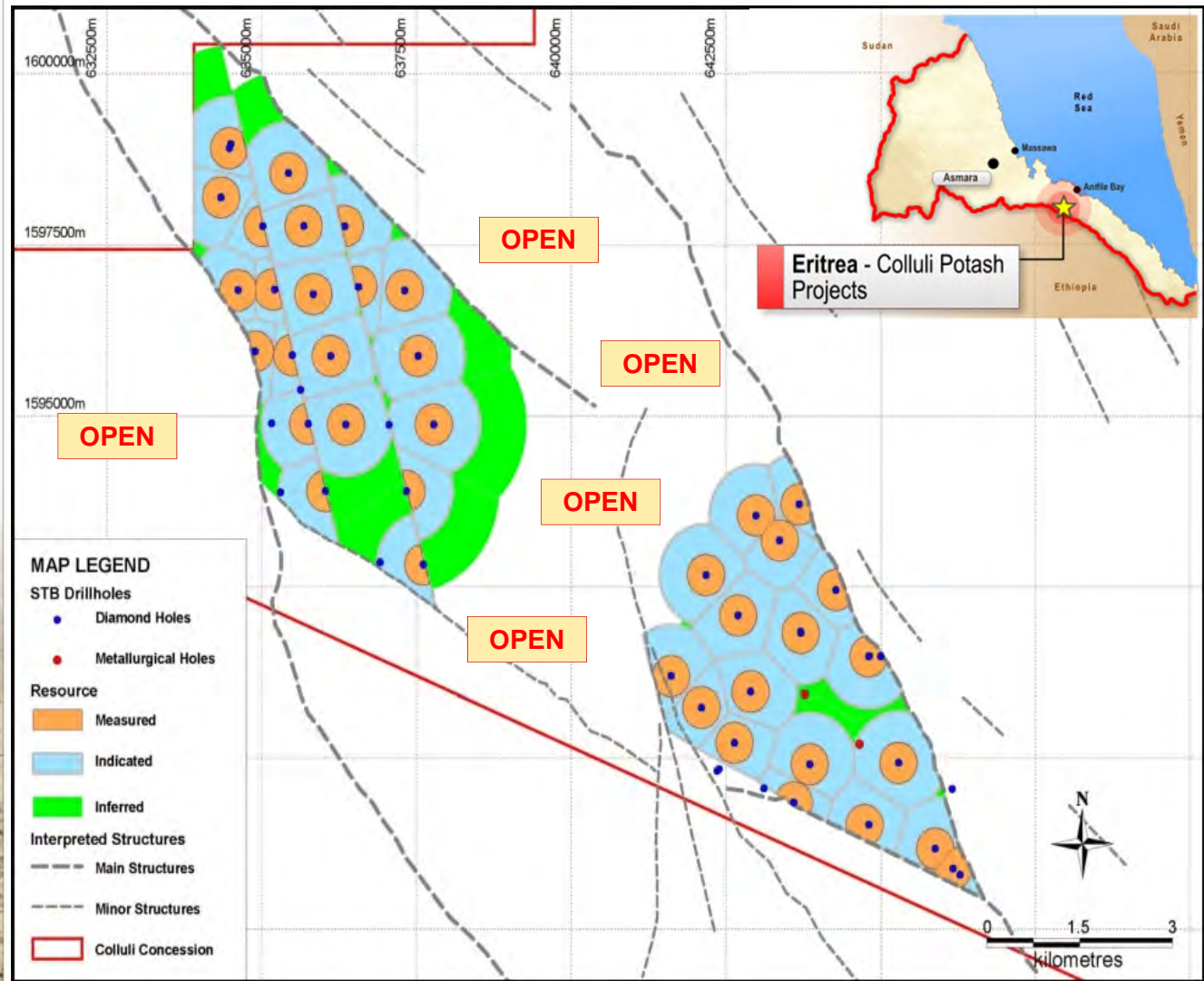
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- Prime infrastructure location to service the world's largest growth market for potash – Asia
- Only 65km to proposed port & storage facilities
- Open pit mining and location will underpin low CAPEX & OPEX and facilitate rapid expansion
- Colluli will be one of the few Greenfields potash deposits developed in the next 10 years

Colluli Potash Resource

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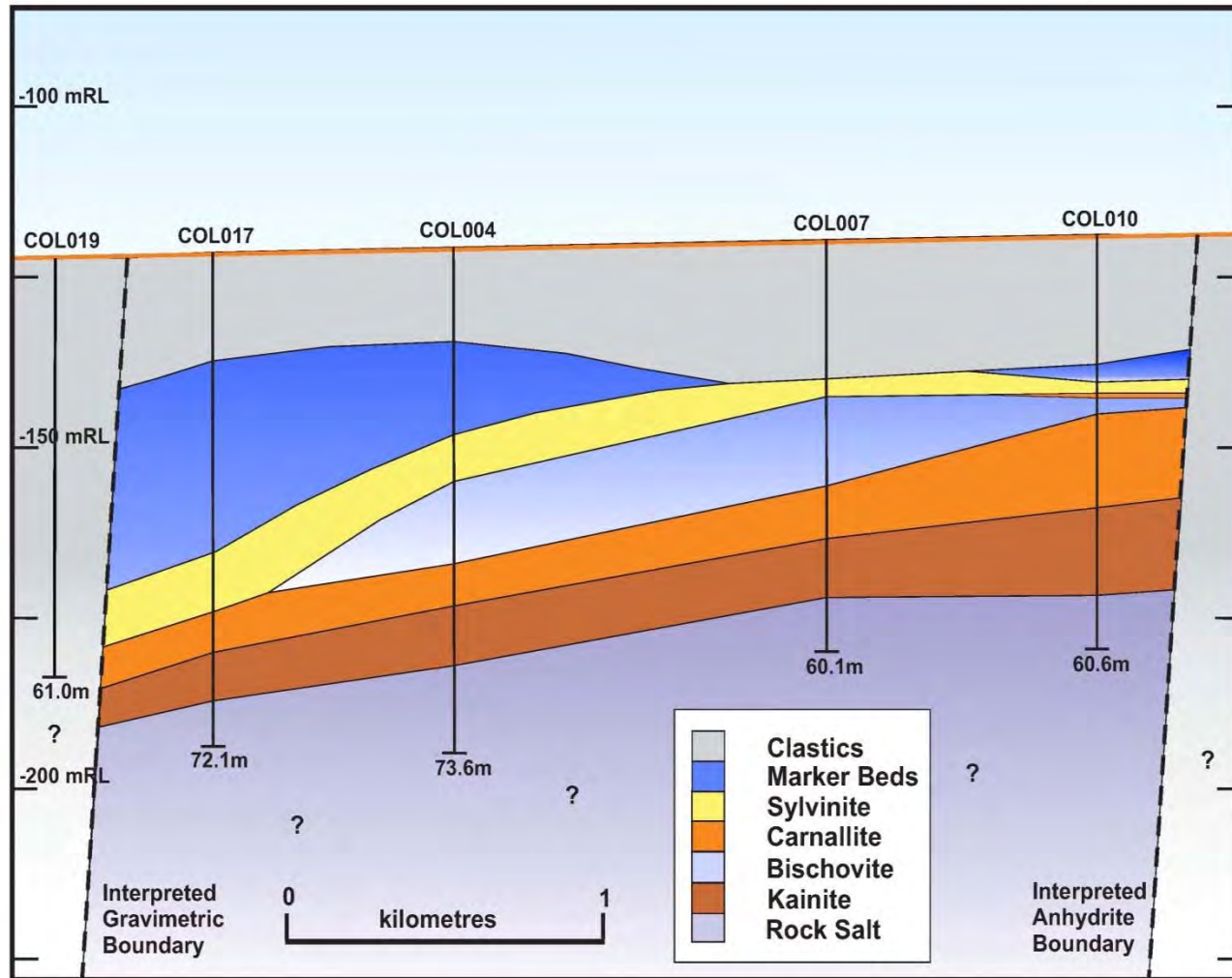


- JORC/N143-101 Compliant Mineral Resource Estimate expanded in April to 1.08Bt @ 18% KCl*
- Expanded resource expected to substantially improve the already robust economics
- High-grade sylvite resource comprises 114.60Mt @ 28.56% KCl or 18.04% K₂O (32.69Mt KCl or 20.65Mt K₂O)
- Resource open in many directions
- Drill testing underway on central and northern areas between Area A & Area B

Colluli Potash Resource



Cross Section through Area A



- All minerals at Colluli have been mined and processed to produce potash (MOP, SOP & K-Mg Sulphates):
 - Sylvite –KCl
 - Carnallite – $KMgCl_3 \cdot 6(H_2O)$
 - Kieserite – $KMgSO_4$
 - Kainite – $MgSO_4KCl \cdot 3(H_2O)$
- Standard flotation confirmed as preferred processing route for Stage 1 production with >80% recovery
- Recovery expected to improve with further optimisation test work

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- Independent country for 21 years – mining for 1.5 years

Recent Commercial Deals

- Government purchased 30% of Bisha VMS Project for US\$256M (TSX: NSU)
- Namibian Copper (ASX: NCO) purchased 100% of Sanu Resources Inc. from NGEx Resources Inc. (TSX: NGQ) for 50M shares in NCO and US\$7.5M on start of production
- Government purchased 30% of the Zara Gold Project from Chalice Gold Mines Ltd (ASX/TSX: CHN/CXN) for US\$34M
- Shanghai Construction Group purchased 60% of the Zara Gold Project from Chalice Gold Mines Ltd for US\$80M

Standard Deal Structure

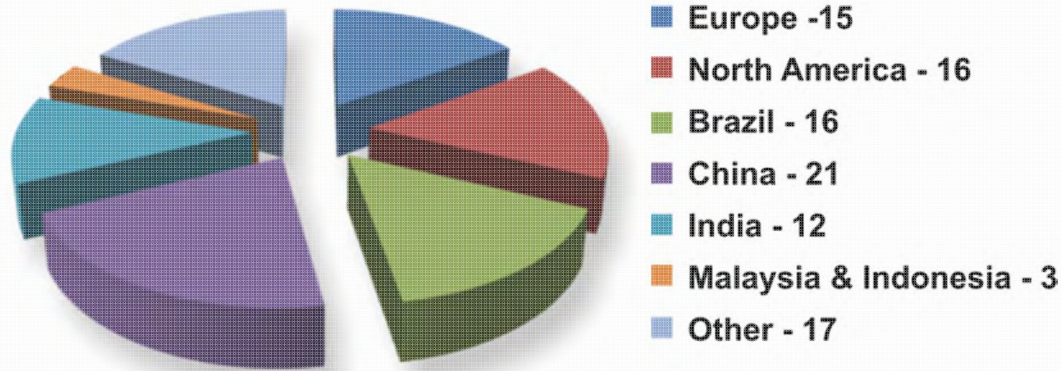
- Eritrean Government (ENAMCO) can purchase 30% contributing interest in Colluli with 10% interest carried 6.7% by STB and 3.3% by ENAMCO – negotiations began in March
- 3.5% royalty on potash and corporate tax rate of 38%
- Ownership structure paves the way for a long-term, secure and reliable mining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



Potash Market

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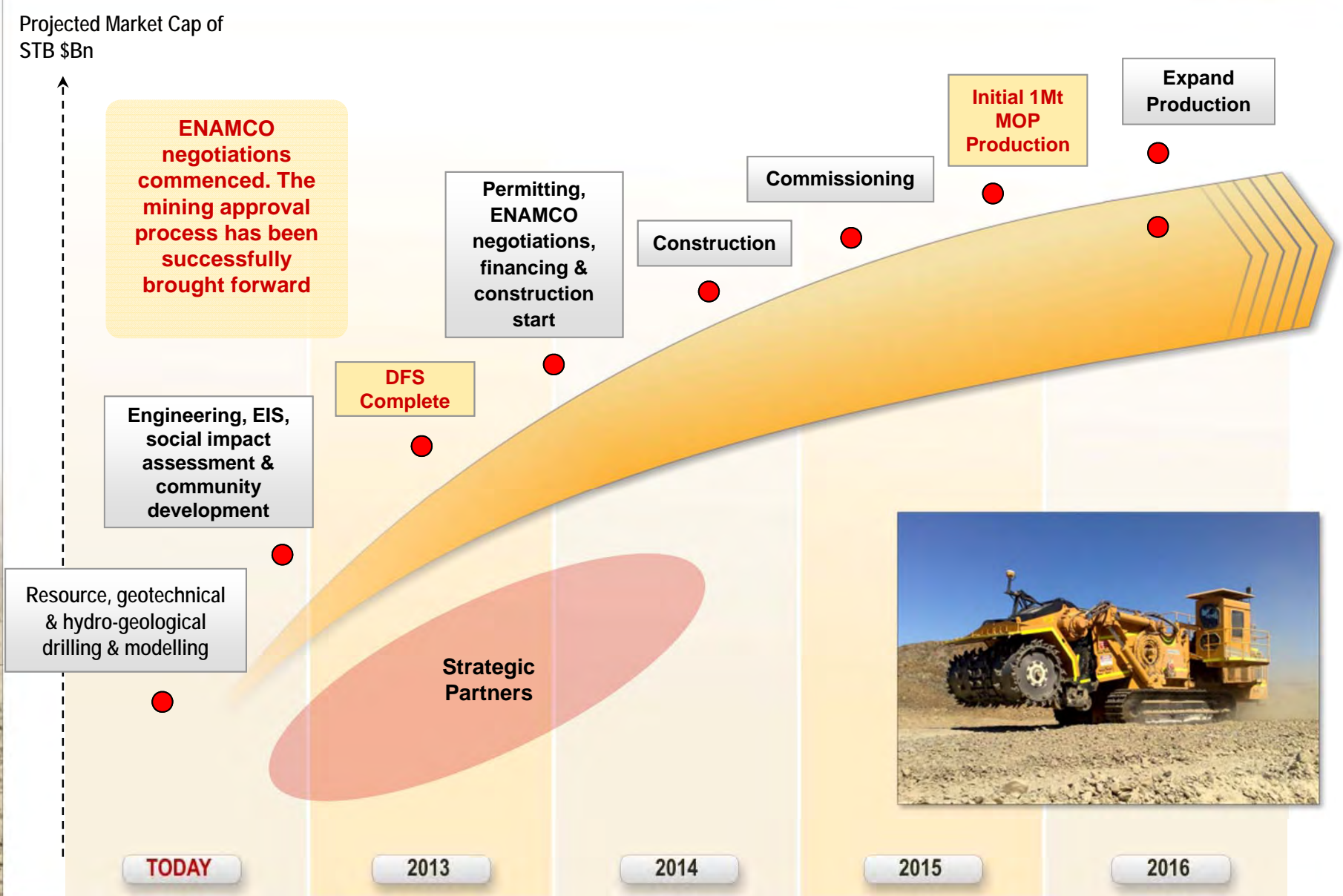
MOP Demand



- Excellent long-term fundamentals
- Demand expected to continue rising with increased population, improved standards of living and worldwide decreasing arable land
- MOP price is ~US\$500/tonne – typically high barriers to new production
- Stage 1 Colluli production to deliver 1Mtpa of MOP into a 50-60Mtpa market

- *'Potash' most commonly refers to potassium-based fertilisers*
- *The majority of the world's potash is used in fertilisers with the remaining amounts used for industrial and medical purposes*
- *The most common forms of potash are Muriate of Potash, MOP (KCl) and Sulphate of Potash, SOP (K₂SO₄)*
- *Potash fertilisers promote root growth, higher yields, improve the quality and taste of fruits and vegetables, enhance water retention, and increase disease resistance*

Colluli Potash Timeline



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Duketon Greenstone Belt Projects

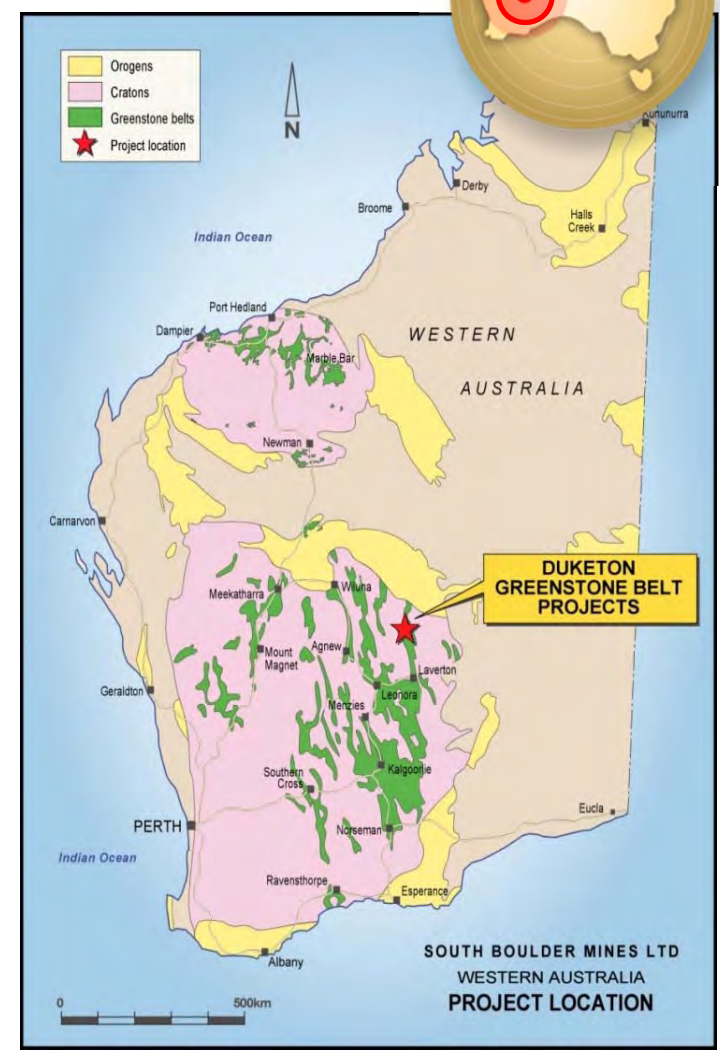
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Duketon Nickel Sulphide JV, Western Australia

- Independence Group earning 70% of nickel rights by delivering a BFS within 5 years from the Grant of the relevant tenement
- New Discovery: The Bulge 'Rosie' and 'C2' Nickel Prospects, 120km NNW of Laverton WA
- Maiden JORC Resource: 1.74Mt @ 1.7% Ni (~30kt), 0.4% Cu, 1.9g/t Pt+Pd (January 2012)

Classification	Tonnes	Ni(%)	Cu(%)	Pt+Pd (g/t)
Indicated	715,000	1.9	0.4	1.9
Inferred	1,029,000	1.6	0.4	2.0
Total	1,744,000	1.7	0.4	1.9

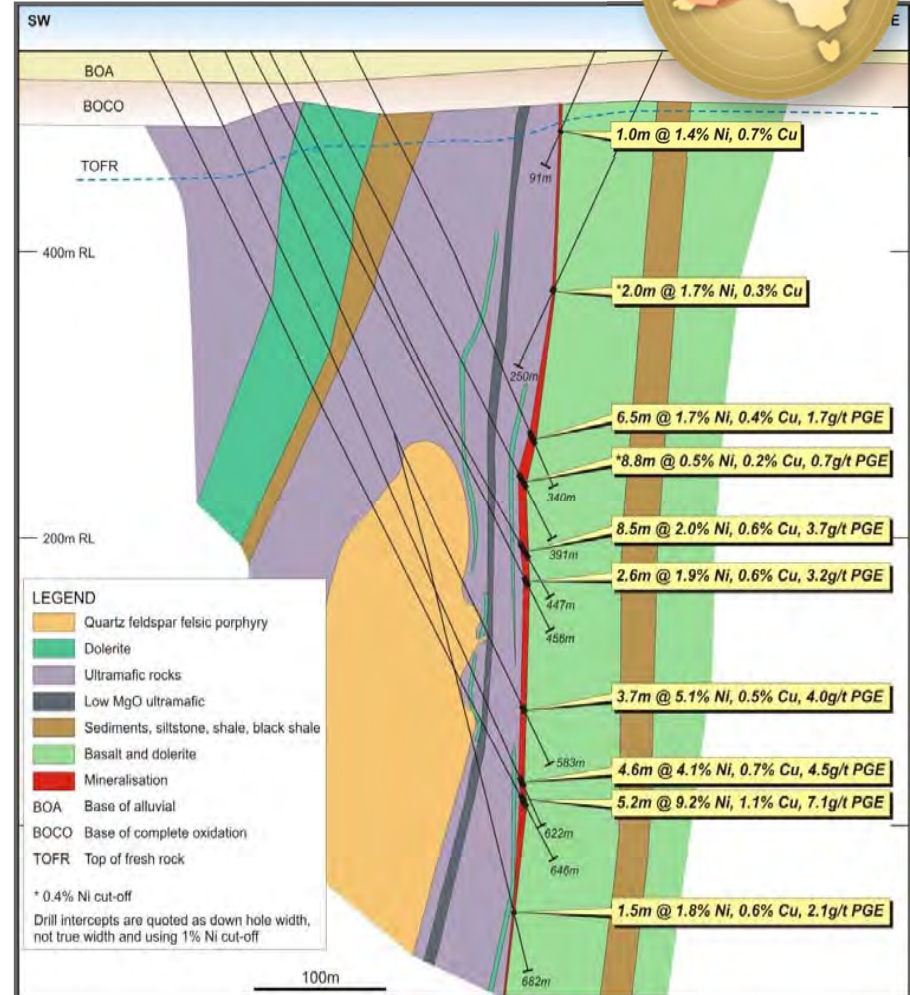
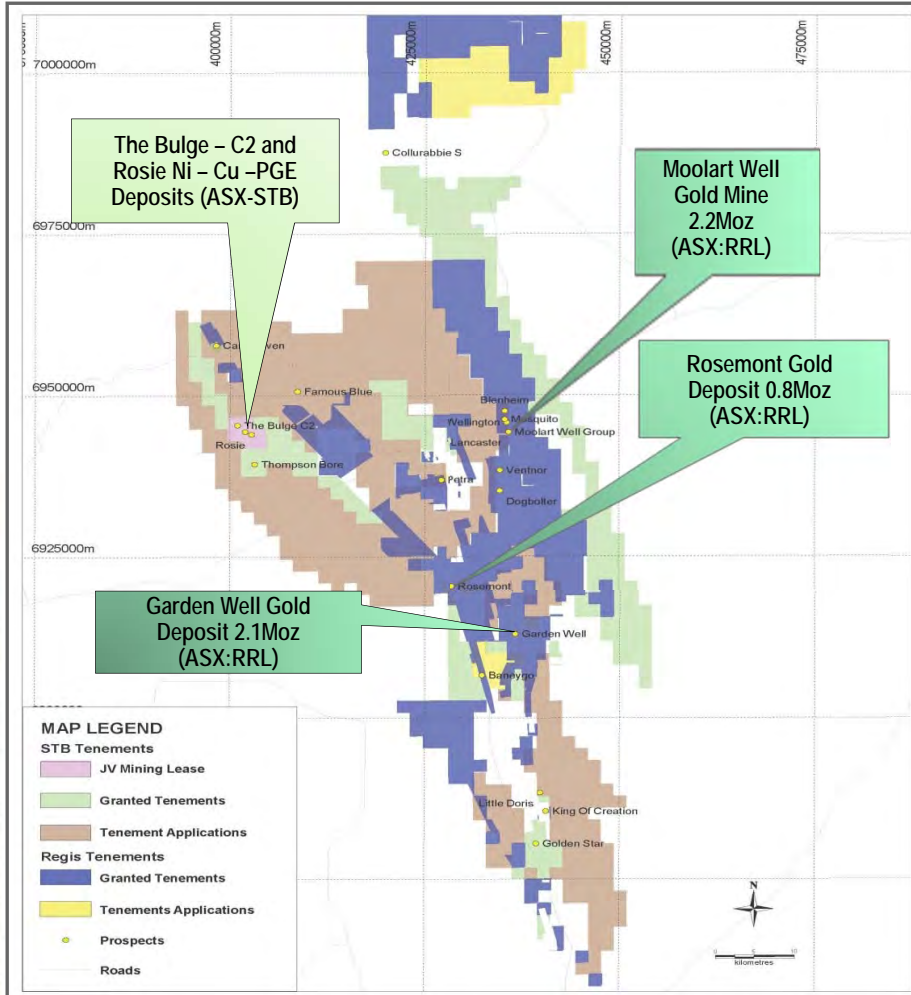
- Rosie: 5.2m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t 6PGE's
- C2: 50.00m @ 0.92% Ni, 0.04% Cu, 0.08g/t Pt+Pd from 275.0m, including 37.00m @ 1.05% Ni
- Mineralisation open and the largest drilling program to date has commenced to increase resources
- Scoping Study underway into an open cut mine at C2 and underground mine at Rosie – Mining Lease granted



Duketon Nickel Joint Venture (cont...)

Project Location in Relation to Selected Gold Mines and Prospects

Rosie Cross-Section with Mineralisation

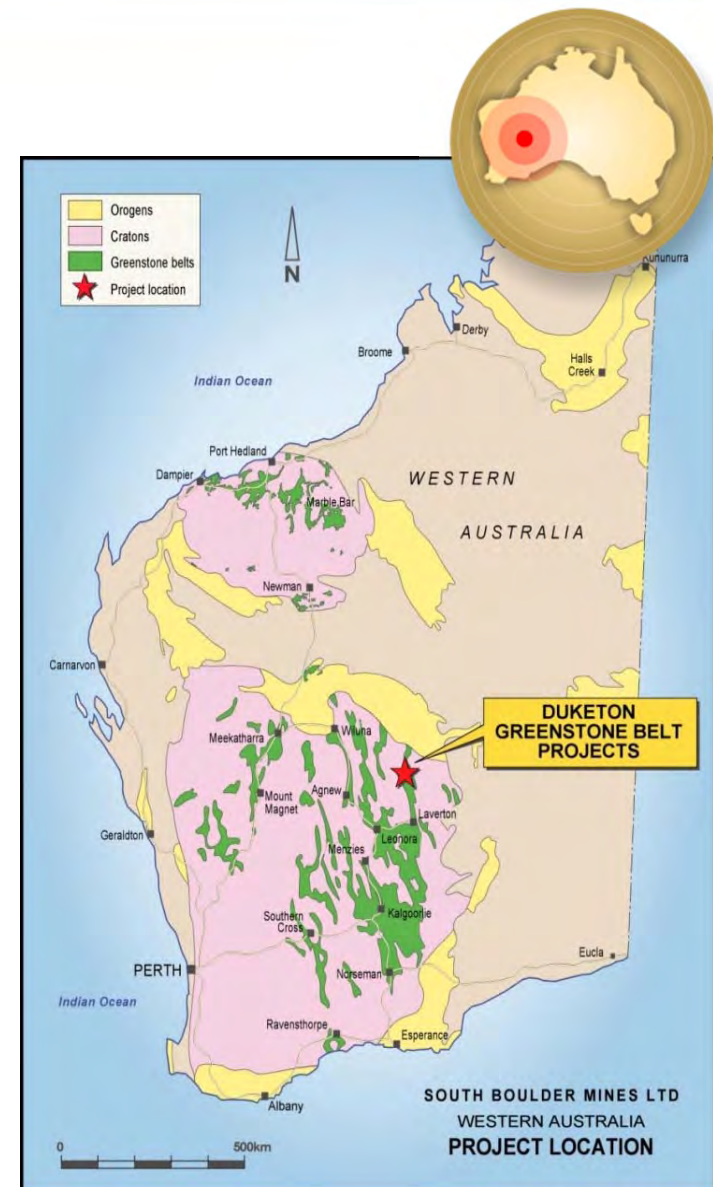


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Duketon Greenstone Belt Projects (cont...)

Duketon Gold Project, WA

- 100%-owned project in underexplored greenstone belt (1,500km²)
- New near-surface 'Terminator' Prospect: AC hole TBAC24 – 60m @ 1.3g/t from 2m, incl. 10m @ 4.25g/t from 3m
- Mineralisation defined over 400m of strike and open in all directions
- STB has highly prospective ground adjacent, proximal and along strike to, Moolart Well Mine (+2.2M ounces) and the Garden Well Development (+2.1M ounces)
- Scheduled combined total production for the 'Duketon Gold Belt' is 350,000oz by 2012/2013
- Follow-up exploration underway

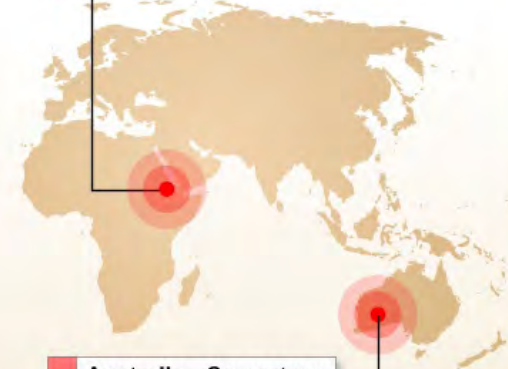


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STB: Reasons to Invest

- Developing the world's shallowest potash deposit:
 - *Tier 1 Asset in prime infrastructure location*
 - *One of the industry's lowest cost potash mines*
 - *Outstanding financial and technical parameters*
 - *Enormous potential to improve economics, grow the resource and increase SOP production*
- Low CAPEX = low financing risk – *start-up capital US\$ 0.74B approximately half the industry average*
- DFS underway for first production in 2016 or sooner. Initial production of 1Mt p.a.
- ENAMCO negotiations underway for sale of 30% equity stake in Colluli which will facilitate timely mine approvals
- Well funded with approximately A\$ 20M in liquid assets + option conversions (A\$ 6.7M)
- High quality nickel sulphide and gold assets in WA – *potential value realisation from spin-off*

Eritrea - Colluli Potash Projects



Australia - Greenstone Belt Gold Projects



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 1.079Bt @ 17.97% KCl (total contained potash of 194Mt); Includes higher grade sylvinitite of 114.60Mt @ 28.56% KCl or 18.04% K₂O. The resource contains 261.81Mt @ 17.94% KCl in the Measured Category. 674.48Mt @ 17.98% KCl in the Indicated Category and 143.50Mt @ 18.00% 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 Profiwesen 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!

Lorry Hughes Bsc. MAusIMM - CEO & Managing Director

Listing Details

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