

Corporate Details

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|----------------------|-----------------|
| ASX Code: | STB |
| Germany: | SO3-Fra |
| OTC/ADR: | SBMSY |
| Share Price: | \$0.86 |
| Market Cap: | \$109M |
| Shares on issue: | 126.7M |
| STB Options: | 16.7M (\$14.7M) |
| Cash/NTA: | \$25.8M |
| Top 40 shareholders: | 65% |

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Listed Equity Holdings

| | |
|----------------|--------|
| (ASX: MZM) | 5.382M |
| (ASX: AVZ) | 0.400M |
| (ASX: LTX) | 1.016M |
| (ASX: BUX) | 1.610M |
| (BUX options) | 0.750M |
| (CDNX: CNI.V) | 0.121M |
| (CDNX: SMP.V): | 2.500M |
| Auvex (Pte): | 0.500M |

Strong in-fill drilling results boost Colluli Potash Project

South Boulder Mines Ltd (ASX:STB) is pleased to advise that recent metallurgical in-fill drilling at its Colluli Potash Project in Eritrea has returned positive results, highlighting the potential to boost the project's economics.

The recent 16-hole large-diameter PQ-diamond drilling program has intersected significant widths of visually high-grade Sylvinite mineralisation within parts of the Area A resource including holes Col-069 & 076 where it had not been modelled.

High-grade Sylvinite mineralisation, which averages ~4.7m thickness and 28.56% KCl comprises the upper layer of the current JORC/NI 43-101 Mineral Resource at Colluli and underpins the current Definitive Feasibility Study (DFS). In addition the program consistently intersected the entire Carnallite and Kainite potash sequence as anticipated (Table 1).

The large-diameter drilling program was designed to provide sufficient potash samples in order to complete the processing testwork component of the DFS (Figure 1). The information will also be used to update resource categories from Inferred to Indicated and Indicated to Measured (see *ASX Announcement – 14th May*) and to provide orebody geometry and geotechnical data which will be used to optimise open pit mining plans.

The best holes from the program (Figure 2), which will be assayed for both resource and metallurgical data, are:

- Col-063B - 2.90m of high-grade Sylvinite from 55.92m depth;
- Col-066 - 1.98m of high-grade Sylvinite from 42.99m depth;
- Col-069 - 2.00m of high-grade Sylvinite from 53.45m depth;
- Col-074 - 2.71m of high-grade Sylvinite from 29.70m depth;
- Col-076 - 5.05m of high-grade Sylvinite from 56.18m depth.

South Boulder's Managing Director Lorry Hughes said the results have the potential to boost the economics of the Colluli Project, particularly in its early phases of operation.

"The start-up mining zone for Area A has now been drilled on ~600m centres with the results showing very good continuity of shallow high-grade mineralisation and suitably conservative resource estimation.

"The results continue to confirm the robust nature of the entire resource and the potential for further expansion," Mr Hughes added. Resource definition and extension drilling, as well as metallurgical, hydro-geological and geotechnical programs, are ongoing with assay results to be released as they come to hand."

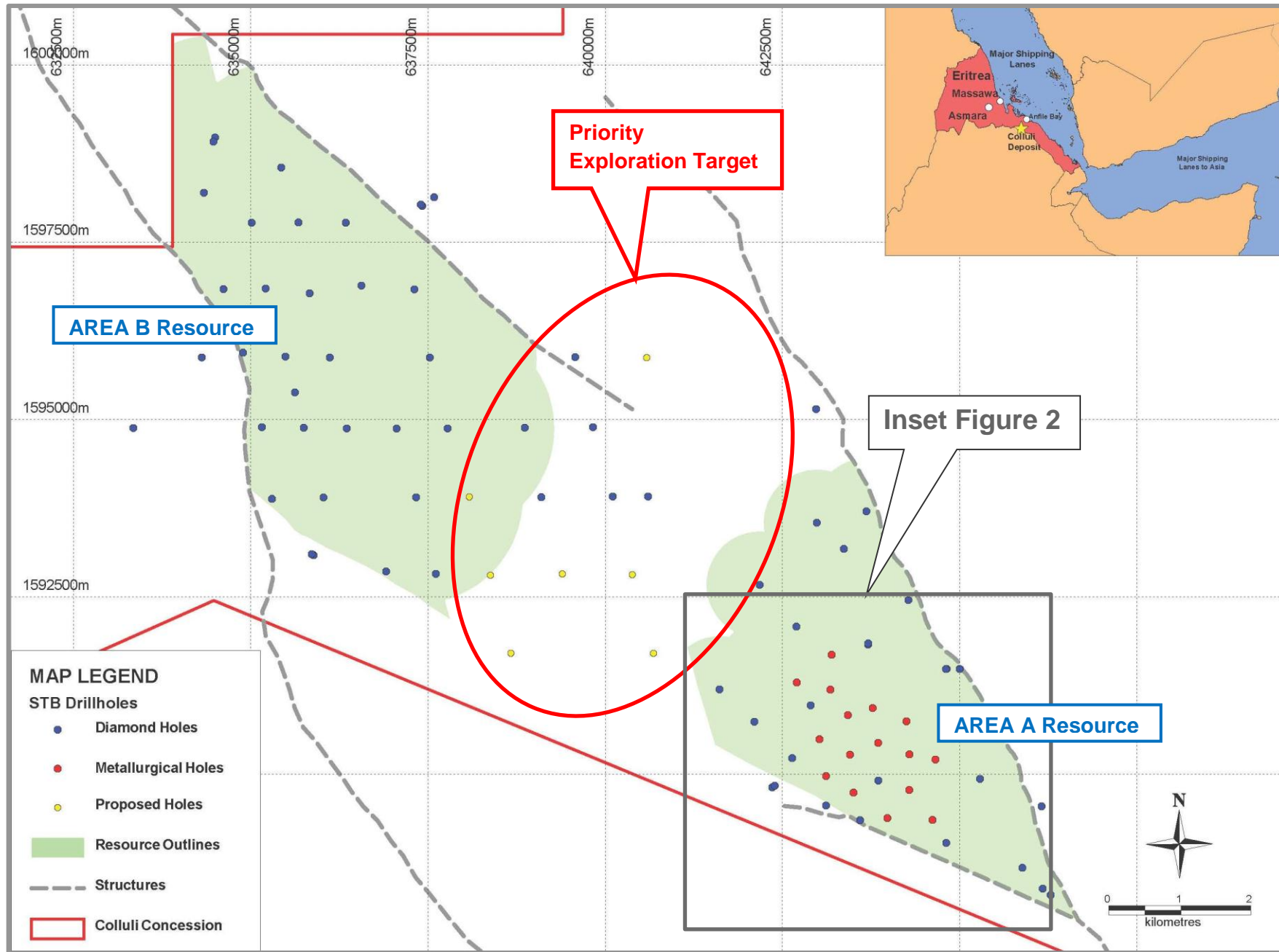


Figure 1: Colluli Project JORC/NI43-101 Compliant Mineral Resource Estimate and Resource Drilling Plan.

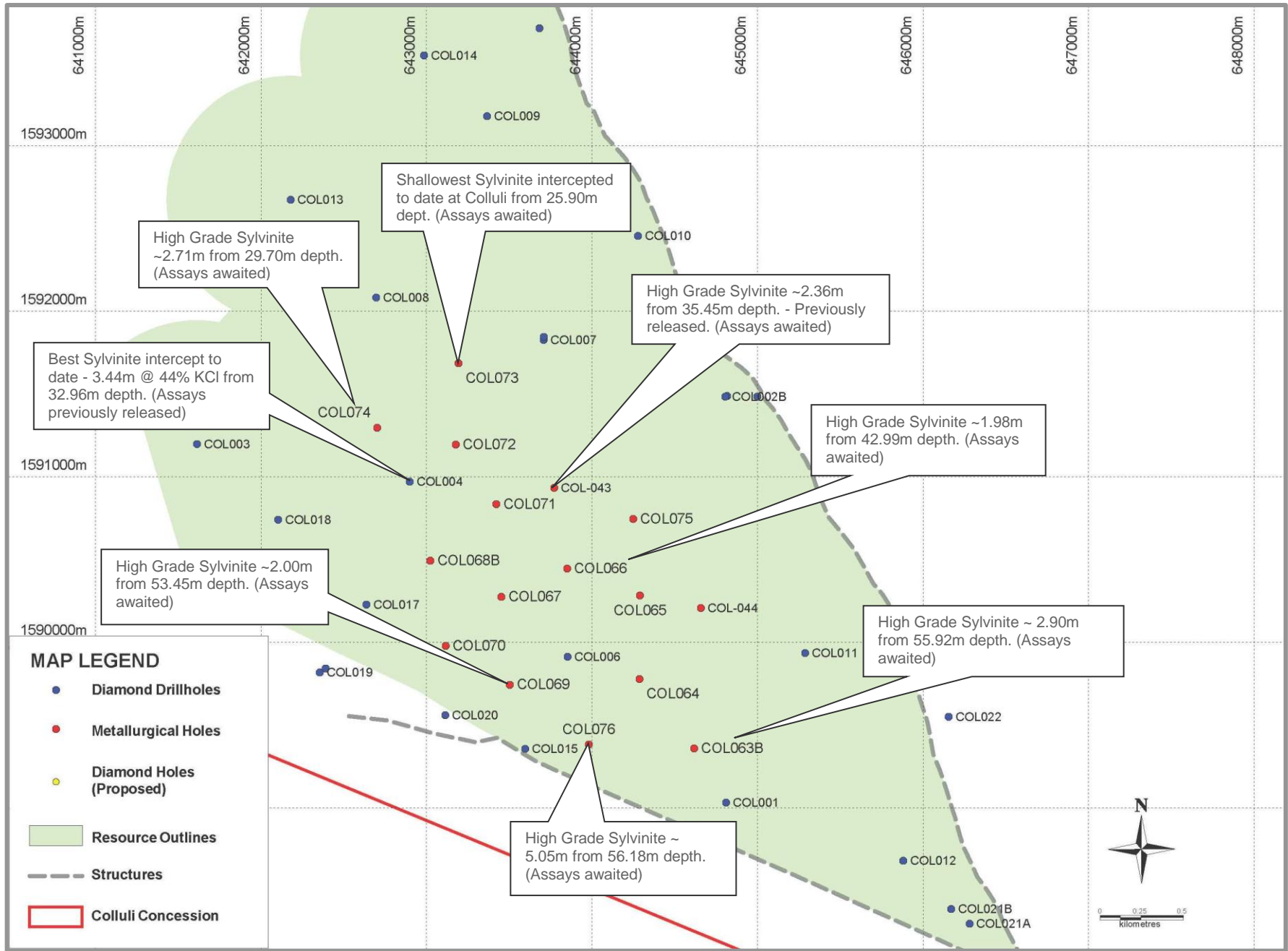


Figure 2: Detailed view Colluli Project JORC/NI43-101 Compliant Mineral Resource Estimate and Resource Drilling Plan.

| Hole No. | East (m) | North (m) | RL (m) | Azi. (degr.) | Dip (degr.) | E.O.H. | Assays | Comment |
|----------|----------|-----------|--------|--------------|-------------|--------|--|--|
| Col-043 | 643772 | 1590934 | -118 | 000 | -90 | 85.60 | Previously released, samples dispatched - assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~20.67m from ~35.45m. High Grade Sylvinitic ~ 2.36m from 35.45m depth. (Resource category upgrade hole) |
| Col-044 | 644658 | 1590208 | -119 | 000 | -90 | 147.00 | Previously released, samples dispatched - assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~20.67m from ~31.57m. Sylvinitic ~ 0.86m from 31.57m depth. (Resource category upgrade hole) |
| Col-063B | 644617 | 1589357 | -119 | 000 | -90 | 60.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 6.98m. High grade Sylvinitic ~ 2.90m from 55.92m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-064 | 644287 | 1589778 | -120 | 000 | -90 | 54.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 7.95m. Sylvinitic ~ 7.79m from 45.23m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-065 | 644290 | 1590282 | -119 | 000 | -90 | 42.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 8.36m. Sylvinitic ~ 8.22m from 32.23m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-066 | 643850 | 1590445 | -119 | 000 | -90 | 46.50 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 8.82m. High grade Sylvinitic ~ 1.98m from 42.99m depth within ~ 7.69m interval from 37.28m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-067 | 643453 | 1590274 | -120 | 000 | -90 | 48.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 6.66m. Sylvinitic ~ 6.56m from 41.07m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-068B | 643024 | 1590493 | -120 | 000 | -90 | 72.00 | Samples dispatched – assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~ 19.96m from 39.11m depth. High grade Sylvinitic ~ 4.26m from 40.74m depth, (Resource category upgrade hole) |
| Col-069 | 643504 | 1589743 | -121 | 000 | -90 | 57.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 5.31m. High grade Sylvinitic ~ 2.00m from 53.45m depth (hole to be extended into Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-070 | 643116 | 1589977 | -121 | 000 | -90 | 52.50 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 5.90m. Sylvinitic ~ 4.99m from 46.42m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |

| Hole No. | East (m) | North (m) | RL (m) | Azi. (degr.) | Dip (degr.) | E.O.H. | Assays | Comment |
|----------|----------|-----------|--------|--------------|-------------|--------|-------------------------------------|---|
| Col-071 | 643422 | 1590834 | -119 | 000 | -90 | 70.50 | Samples dispatched – assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~ 23.60m from 31.28m depth. Sylvinitic ~ 7.91m from 31.28m depth, (Resource category upgrade hole) |
| Col-072 | 643178 | 1591195 | -119 | 000 | -90 | 36.00 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 8.93m. Sylvinitic ~ 8.64m from 26.46m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-073 | 643194 | 1591686 | -119 | 000 | -90 | 55.50 | Samples dispatched – assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~ 15.36m from 25.90m depth. Sylvinitic ~ 1.25m from 25.90m depth, (Resource category upgrade hole) |
| Col-074 | 642702 | 1591295 | -120 | 000 | -90 | 34.50 | Samples dispatched – assays awaited | Area A – Sylvinitic and Upper Carnallite total thickness ~ 3.30m. High grade Sylvinitic ~ 2.71m from 29.70m depth (hole to be extended into modelled Lower Carnallite and Kainitite Zones, Resource category upgrade hole) |
| Col-075 | 644249 | 1590745 | -118 | 000 | -90 | 72.00 | Samples dispatched – assays awaited | Area A – Sylvinitic, Upper Carnallite, Lower Carnallite and Kainitite total thickness ~ 26.18m from 29.63m depth. High grade Sylvinitic ~ 1.84m from 35.71m depth within a ~ 7.92m interval from 29.63m depth, (Resource category upgrade hole) |
| Col-076 | 643981 | 1589382 | -119 | 000 | -90 | 93.00 | Samples dispatched – assays awaited | Area A – Sylvinitic, Lower Carnallite and Kainitite total thickness ~22.48m from 56.18m depth. High grade Sylvinitic ~ 5.05m from 57.34m depth (Resource category upgrade hole) |

Table 1: Table of PQ-metallurgical drill hole logs and collar details for Area A. All intervals are true-width intervals.

NB – The core samples have been geologically logged by an experienced geologist that is familiar with the mineralisation described in this report. Estimates of the potash minerals identified in drill core have been determined by a combination of field diagnostic properties, a Niton-XRF portable analyser, previous assay and geological results from the current JORC-Compliant Mineral Resource Estimate for the Colluli deposit (Field Identification). Over a period in excess of 3 years, Field Identification from core samples from the Colluli Potash Deposit have compared highly favourably with chemical analyses.

The Colluli Potash Project has a current JORC Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 261.81Mt @ 17.94% KCl or 11.33% K₂O of Measured Resources, 674.48Mt @ 17.98% KCl or 11.36% K₂O of Indicated Resources and 143.50Mt @ 18.00% KCl or 11.37% K₂O of Inferred Resources for a total of 1,079.00Mt @ 17.97% KCl or 11.35% K₂O (total contained potash of 194.09Mt KCl or 122.61Mt K₂O)¹. **This includes higher grade Sylvinitic of 114.60Mt @ 28.56% KCl or 18.04% K₂O.** The current resource is included in an exploration target of 1.25 – 1.75 billion tonnes @ 18-20% KCl ## (see disclaimer below).

¹KCl is commonly expressed as K₂O according to the formula (KCl * 0.6317 = K₂O). The recent KCl contract FOB price is estimated at around US\$ 470/t.

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 90% 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 261.81Mt @ 17.94% KCl or 11.33% K₂O of Measured Resources, 674.48Mt @ 17.98% KCl or 11.36% K₂O of Indicated Resources and 143.50Mt @ 18.00% KCl or 11.37% K₂O of Inferred Resources for a total of 1,079.00Mt @ 17.97% KCl or 11.35% K₂O (total contained potash of 194.09Mt KCl or 122.61Mt K₂O). **This includes higher grade Sylvinite of 114.60Mt @ 28.56% KCl or 18.04% K₂O.** The current resource is included in an Exploration Target of 1.25 – 1.75 billion tonnes @ 18-20% KCl ## (see disclaimer below).

An engineering scoping study for the production of 1Mt p.a. of potash demonstrated an estimated capital cost of US\$0.74bn generating a Pre-tax NPV₁₂ of US\$1.33bn. A Definitive Feasibility Study into open pit mining and processing of the resource is underway with initial production scheduled for 2016 or sooner. South Boulder has strong support from the Eritrean Government to build a long term, economically and environmentally sustainable resource project.

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

The Duketon Nickel Joint Venture (DNJV) has had recent success at The Rosie and C2 Nickel sulphide prospects where drilling has defined intercepts of **5.20m @ 9.2% 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 Maiden JORC Compliant Mineral Resource Estimate has been compiled for the Rosie deposit; please refer to the Company's 25th January 2012 ASX Announcement for details.

More information:

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|-----------------------|---------------------|--------------------|-----------------|---------------------|
| Lorry Hughes | Kerry Rudd | Liam Cornelius | Flavio Garofalo | Dr. Chris Gilchrist |
| CEO/Managing Director | Executive Assistant | Executive Director | CFO | Non-Exec Director |

Competent Persons and Responsibility Statement

The Colluli Potash Project has a current JORC/Ni43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 1,079.00Mt @ 17.97% KCl or 11.35% K₂O (total contained potash of 194.09Mt KCl or 122.61Mt K₂O). The resource contains 261.81Mt @ 17.94% KCl or 11.33% K₂O of Measured Resources, 674.48Mt @ 17.98% KCl or 11.36% K₂O of Indicated Resources and 143.50Mt @ 18.00% KCl or 11.37% K₂O of Inferred Resources. 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 Ni43-101 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 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 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.