



South Boulder Mines

Colluli Potash Project
Drilling Commencing

April 2010

www.southbouldermines.com.au (ASX: STB)



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1. Executive Summary

SOUTH BOULDER MINES

- ASX Listed October 2003 (ASX: STB), (SO3-Ber), (SO3-Fra);
- Won open tender from Eritrean Government for 906km² Colluli Potash Exploration Licence;
- First mover advantage, licence granted in July 2009.

PROJECT

COLLULI POTASH PROJECT

STRATEGY

- Potentially “**world class**” buried evaporite potash project in Eritrea.
- Conduct resource confirmation and definition drilling ahead of JORC resources and feasibility studies at Colluli. ***Colluli Project initial potential target to define a 1.5Mt p.a operation, with a mine life exceeding 20 years.***



Official signing ceremony for the Colluli Potash Project, Eritrea. From right to left; Alem Kibreab (Director General Department of Mines), Ahmed Haj Ali (Minister of Energy and Mines), Lorry Hughes (STB Managing Director) and Yohannes Samuel (STB witness).

South Boulder Mines has an excellent working relationship with the government of Eritrea.

2. Company Snapshot

COMPANY DETAILS	Market cap @ 76.5c/share)	\$48.0M
	Ordinary Shares	63.0M
	Cash/NTA	\$5.1M
	Unlisted Options	30.7M
	Top 40 Shareholders	58.52%

BOARD Terry Grammer (Chairman) – 35 years experience, discovered Cosmos Nickel Deposit and was a founder of Western Areas NL;

Lorry Hughes (Managing Director) – 18 years experience, Au, U, Pb mining and exploration, Aust., Malaysia, Indon.; Energy Metals Ltd, Magellan Metals Inc., Riotinto, North Limited, Plutonic;

Liam Cornelius (Executive Director) – 18 years experience, Au, Ni, company founder, Aust., SE Asia, Africa;

Dennis Wilkins (Company Secretary) – 20 years experience with resource companies;

ERCOSPLAN (Potash Consultant) - +50 years experience in planning and execution of projects in the potash and mineral salt industry. World renowned experts.



South Boulder Drill Crew preparing access road to drill sites at The Colluli Potash Project, Eritrea.



General Exploration Drilling – diamond drill rig for the Colluli Potash Project, Eritrea.

3. Eritrea a Mining Friendly Country

FORMATION

- The country gained its independence in 1991;
- UN supervised referendum made it official in 1993;
- Population ~ 5.0 million people; 80% dependent on subsistence agriculture;

CURRENTLY

- Stable Government:
 - ***Previous minister for mines was in place for 12 years.***
- Supportive government for foreign investment in mining and exploration.

MINING REGIME

- Mining code based on Northern Territory, Australia, with royalties of:
 - 5% on precious metals; and
 - 3.5% on base metals and salts.

GOV'T INTEREST

- Corporate tax rate ~ 38%;
- Government 10% free carry; and
- After BFS Government has option to purchase an additional 30% equity participation interest at an independently determined price; and
- 17 foreign resource companies now operating in Eritrea.

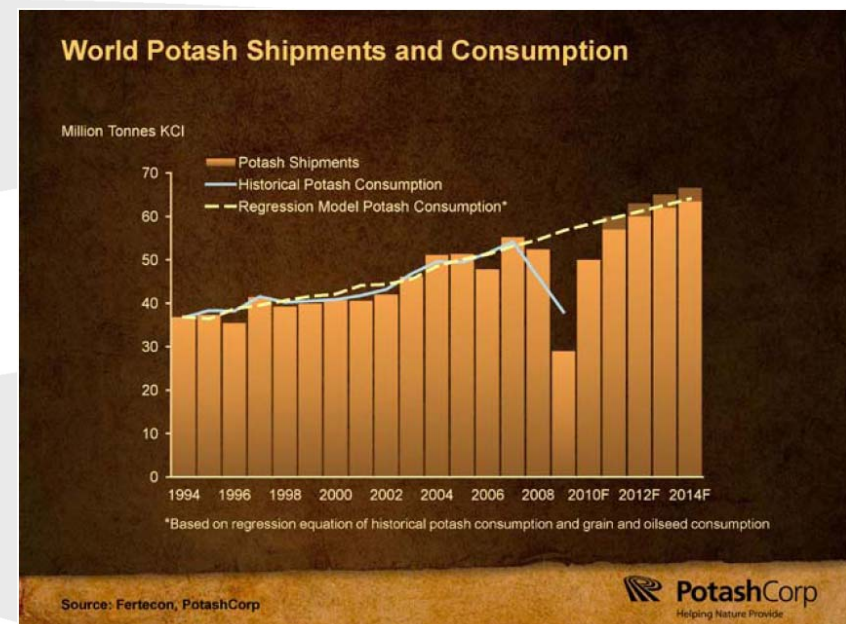
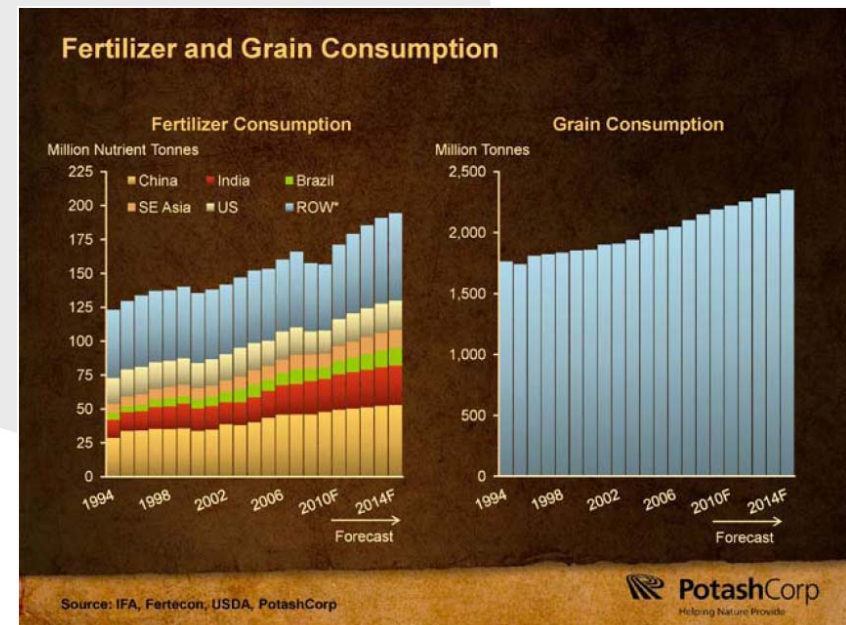


Photos - South Boulder drill convoy arriving at the Colluli campsite.



4. Potash – Why Potash?

- Large scale, long term projects, strategic asset;
- Rising population and improving diets are driving food consumption growth and potash demand;
- Potash is required to produce more food from a declining per-capita land base;
- Price estimates of USD\$350 – 400/t for 2010 and rising, peak price USD\$1,000/t in 2008;
- Short-term decline in fertilizer use is not sustainable – irreplaceable, reduced use cannot continue without potential consequences for the global food supply;
- **Upshot is the potash market has strong fundamentals for demand growth;**
- Recent deals include BHP to acquire Athabasca Potash for US\$320m and Mag Industries (TSX: MAA) option to COMPLANT to purchase 50.1% of the Mengo Potash Project in the ROC for debt financing of US\$1.2b.
- BHP is planning to build the largest potash mine in the world. 8Mt p.a, capital cost USD\$10.5bn;
- **Colluli Project initial potential target to define a 1.5Mt p.a operation, capital cost ~ USD\$0.5-0.75bn and mine life exceeding 20 years.**



5. Colluli Potash Project Ticks a lot of Boxes

✓ Close to port and markets
(70kms to Mersa Fatma)

✓ Size and grade of targets
(massive deposits, huge mine lives)

✓ Shallow potash horizons
(25m to 400m deep)

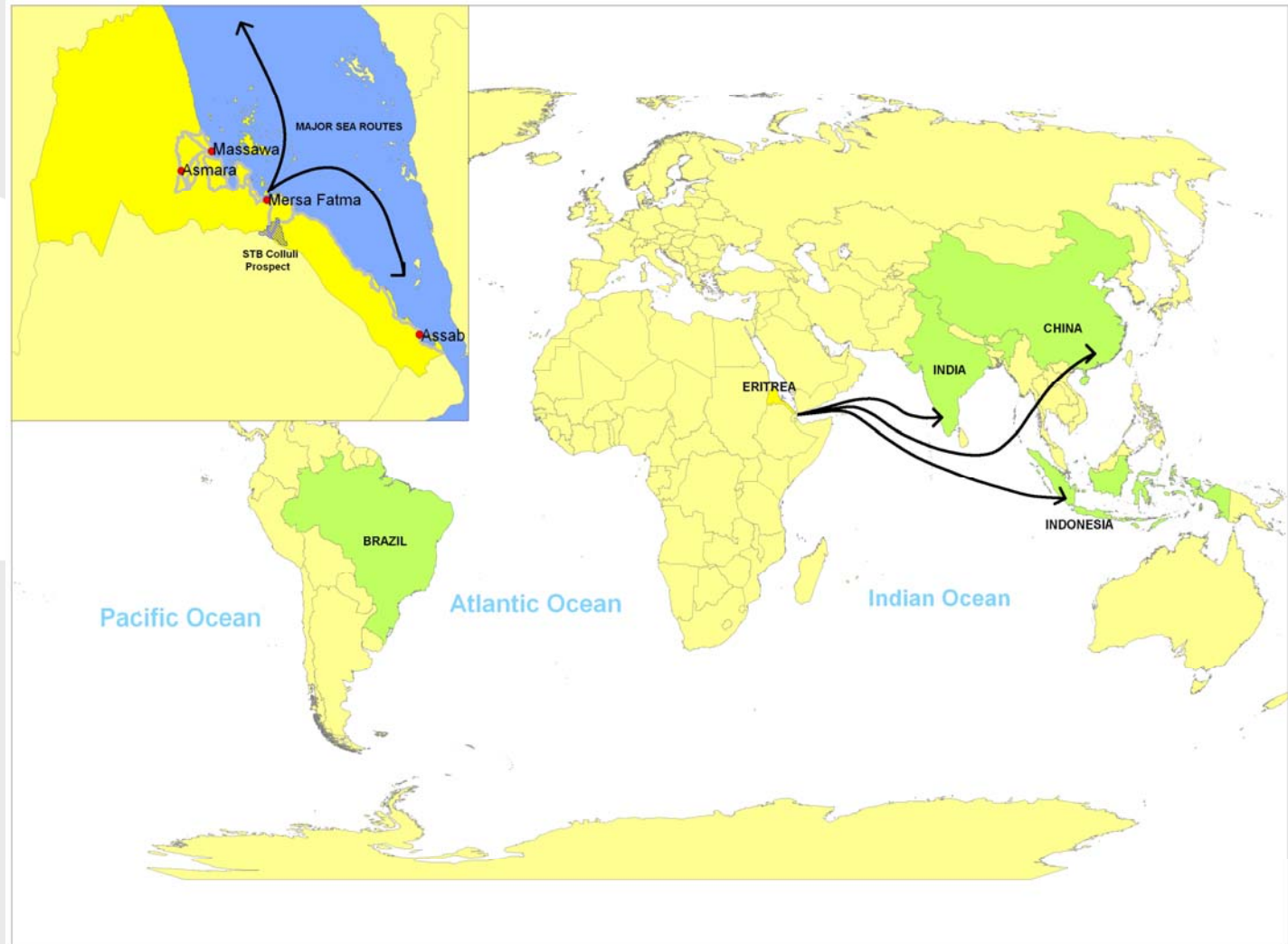
✓ Underlying demand for Potash
(irreplaceable)

✓ Mining methods
(low cost solution mining)

✓ Solar evaporation *(energy use ~ 40% of opex at other sites)*

✓ Geothermal energy
(known hot spots in region)

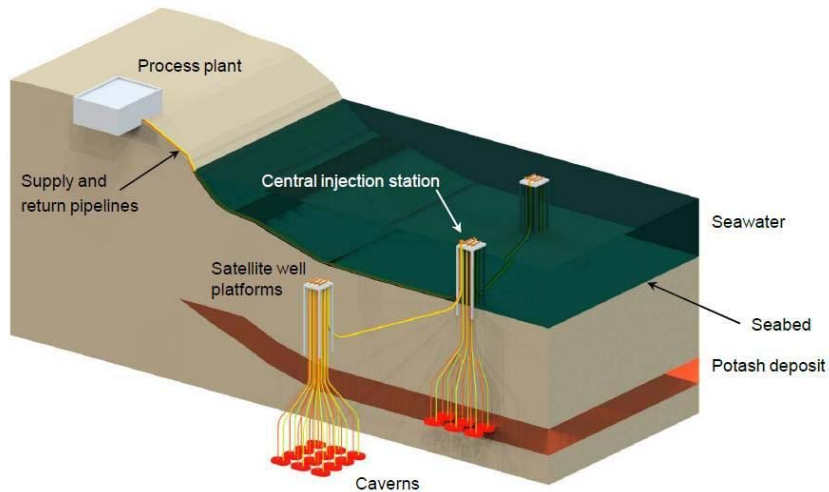
✓ No known significant environmental issues



✓ **Potential Low Cost Production**

5. Colluli Potash Project (CONT'D)

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Solution mine plan above: Source: MBAC Fertilizer Corp. Presentation (TSX: MBC)
Below a typical solution mine well head and distributor.



Photos: STB personnel setting up camp at the Colluli Potash Project.



5. Colluli Potash Project (CONT'D)

- 2 potash rich layers identified to date at the Colluli Project;

- 1st Layer;

1.7m sylvinite @ 12.5% K₂O

TOP 23m –180m depth;

- 2nd Layer:

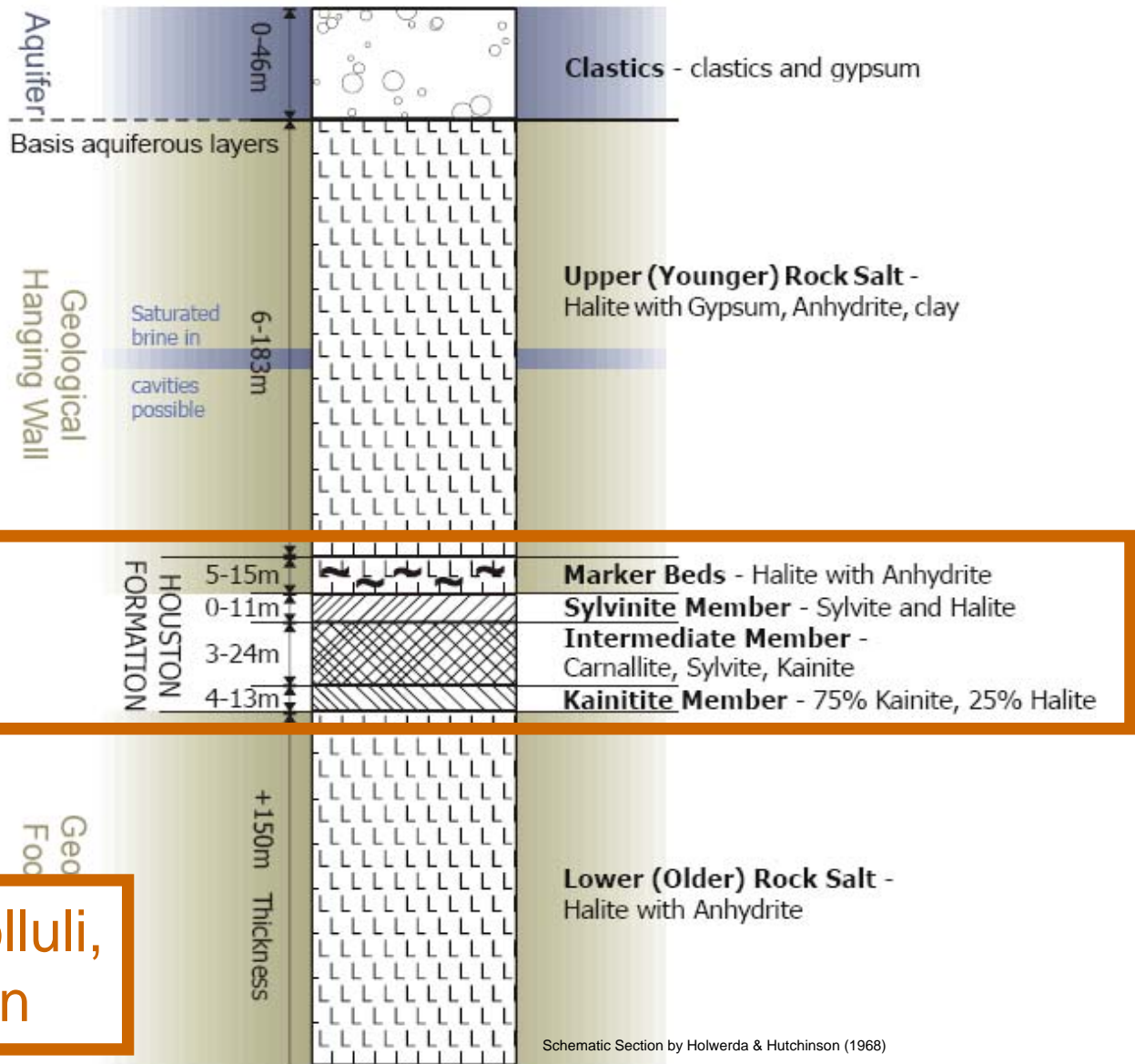
17m carnallite @ 50-70wt%

TOP 390m depth (~17% K₂O);

- Houston Formation potash rich layers** have been intersected up to **“45m thick”** at Musley, only 15km from Colluli;

- Potential for very large tonnages;

- Excellent potential for the discovery of additional potash beds at depth as well as near surface potash rich brines.



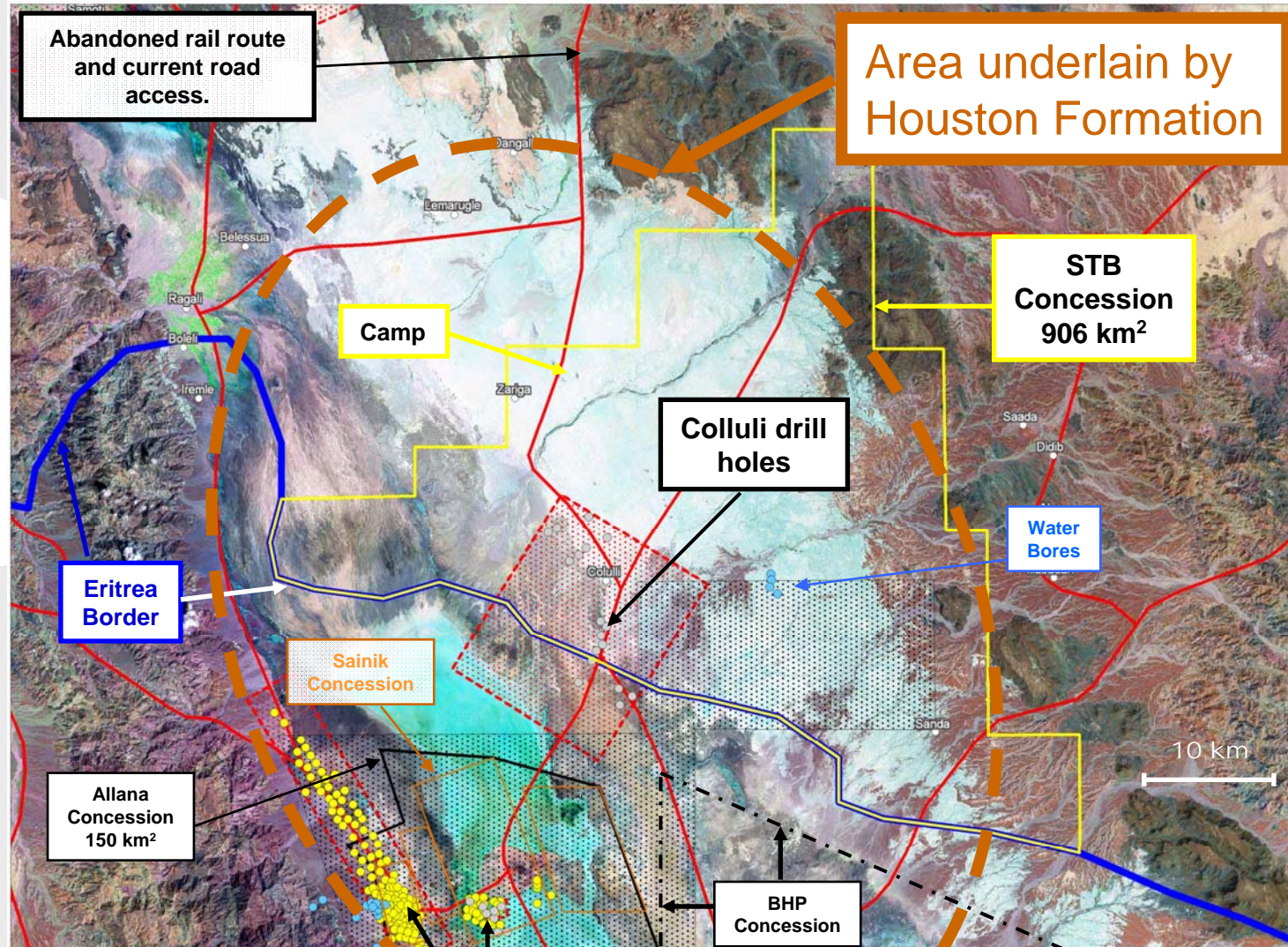
**Target Horizon at Colluli,
Houston Formation**

Schematic Section by Holwerda & Hutchinson (1968)

5. Colluli Potash Project (CONT'D)

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- Danakil Depression deposits formed by the evaporation of water once the basin was cut off from the Red Sea due to volcanic activity; and
- Target Horizon is the **Houston Formation**;
- BHP, Allana Resources Inc., Sainik and other players in the region;
- Sylvite- KCl
Carnallite – $\text{KMg}^3\text{Cl}_3 \cdot 6(\text{H}_2\text{O})$
Kainite – $\text{MgSO}_4\text{KCl} \cdot 3(\text{H}_2\text{O})$
- Mineralogy can support the production of **both SOP and MOP**.

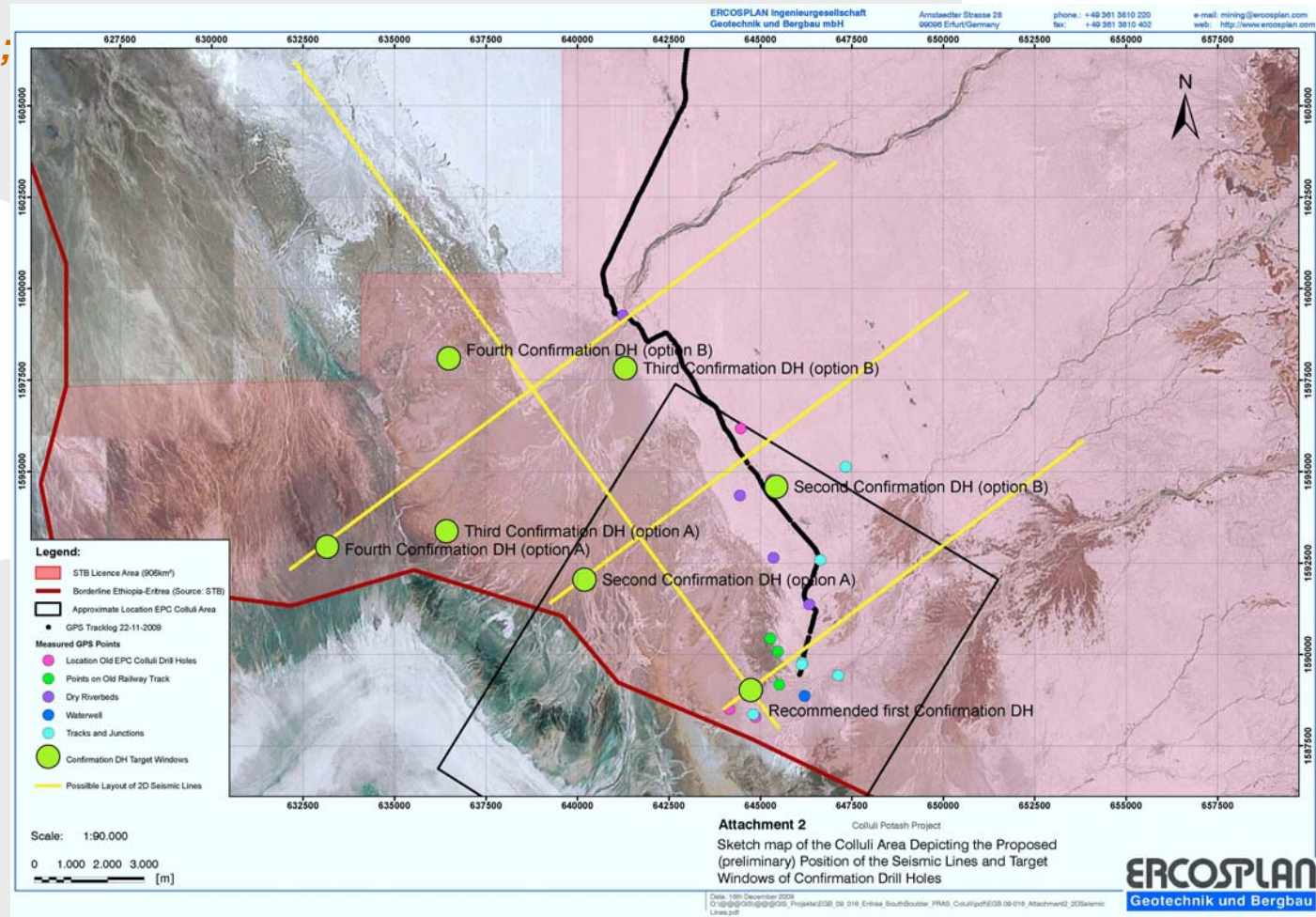


Northern area of the historic Musley and Crescent potash deposits/trial mine, now owned in part by Sainik Coal Mining Pvt. and Allana Resources Inc. (TSX:AAA). Allana has defined a 43-101 compliant resource of 105Mt @ 20.8% KCl.



7. What is Happening Next

- **Drill confirm historic potash;**
- **Conduct DH geophysics;**
- **Receives assays;**
- **Compile 43-101 compliant resource;**
- **Conduct further resource definition drilling;**
- **Commence scoping study;**
- **Commence seismic survey;**
- **Conduct further resource definition drilling;**
- **Commence pre-feasibility studies.**



8. Summary

EXPLORATION STRATEGY

- 4 hole confirmation HQ/NQ diamond drill hole program to be completed through April/May 2010;
- Camp establishment/logistics, water supply/testing for drilling current;
- After confirmatory results are received a JORC/43-101 compliant resource will be compiled and early stage economic studies undertaken;
- Immediate follow-up exploration undertaken upon analysis of initial drilling results;
- Musley Deposit (Ethiopian side) studies suggest amenable to solution mining and estimated capital cost for 1mtpa operation is USD\$0.5bn;

POTENTIAL ADVANTAGES

- Key advantages if economic deposit is defined;
 - Close to port;
 - Solar evaporation;
 - Geothermal energy;
 - Solution mining potential;
 - MOP and SOP products; and
 - ***Cheap capital and operating costs.***



Potash evaporation ponds owned by the Intrepid Potash Co., Dead Horse Point, Utah.

9. Time Line of Activities

	April 2010	May 2010	June 2010	July 2010	August 2010	September 2010	October 2010
- Finalise logistics for drilling	█	█	█				
- Conduct diamond core drilling/analysis		█	█	█	█		
- Geophysical logging				█			
- Results to market			█	█	█		
- Resource compilation (43-101/JORC)					█	█	
- Commence Pre-feasibility studies						█	█
- Additional exploration planning/assessment			█	█	█	█	█
- Assessment of strategic plan/partnerships/capital		█	█	█	█	█	█



This is just the beginning



10. Reasons to Invest

- ✓ South Boulder is a diversified explorer with **“recent”** significant new greenfield discoveries of potash in Eritrea as well as gold and nickel in Western Australia;
- ✓ The Colluli project is situated in the prime location in an emerging new potash province with the potential to discover **“world class”** deposits;
- ✓ The **“potash sector”** has excellent long term growth drivers and very large multinational resource companies participate in the sector;
- ✓ The Colluli project is **“proximal to major markets and infrastructure”**;
- ✓ Tight capital structure with 63M shares on issue, **“highly leveraged”** to success;
- ✓ Well funded with approximately **\$5.0M** in liquid assets;
- ✓ **“On-going news flow”** in coming months with **“drilling programs current”** on potash, gold and nickel.



Left: GED Drilling on route to the Colluli Site 20th March 2010.

Right: GED Drilling crawler and diamond drill rig undergoing final service prior to mobilisation to the Colluli Potash Project.



CONTACT

Lorry Hughes Bsc. MAusIMM
Managing Director

Mobile 0400 038 439

Int. Mobile +61 400 038 439

Telephone +61 8 9227 1144

Facsimile +61 8 9328 8302

lorry@southbouldermines.com.au

www.southbouldermines.com.au

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JORC- Exploration Targets

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JORC- Exploration Targets

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