



ASX Code : STB
Berlin : SO3-Ber
Frankfurt : SO3-Fra

Share Price: 75.0 cents

Market Cap: \$49.0M

Shares on issue: 65.5M

Cash at Bank: \$3.8M

Listed shares: \$2.2M

Top 20 shareholders – 48%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 3.975m shares
(ASX: MZMO) - 1.037m options
(ASX: IXR) - 0.750m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.000m shares
- 0.750m options
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 shares
Auvex (Pte) - 1.000m options

Colluli Potash Drilling Commences

South Boulder Mines Ltd (ASX: STB) is pleased to announce that diamond drilling has commenced at its potentially “World Class” 100% owned Colluli Potash Project in Eritrea.

This is a significant milestone for South Boulder and represents the first drilling program undertaken on the project in 42 years. The 4-5 hole program is designed to confirm historic shallow potash drilling intercepts and provide data to complete an initial JORC resource calculation. The program is expected to continue for the next 6-8 weeks.

“The Colluli Potash Project exhibits some outstanding potential and we are looking forward to generating some exciting results,” said South Boulder Mines Managing Director, Lorry Hughes.

“The key features of the Project are that we are only 70kms from the coast, there is potential to utilise low cost solution mining and solar evaporation and the historic mineralisation is shallow. It is hard to find a potash project across the globe that has these features.”

“High grade ‘Houston Formation’ potash bearing horizons have been intersected up to 45m thick in drilling only 15kms from Colluli at the historic and world class ‘Musley Potash Project’.”

“Furthermore Allana Potash Corp. (TSX-V: AAA) at their ‘Ethiopia Potash Project’ which contains part of the Musley potash mineralisation, have recently confirmed significant shallow potash mineralisation. In a news release to the TSX-V on the 15th June 2010, Allana Potash Corp, report that chemical analyses confirmed 5.5m @ 25.8% KCl including 2.0m @ 34.8% KCl in hole DK-10-02.”

“This is a great result for Allana and bodes well for South Boulder also, as it further confirms the prospectivity of the basin. Importantly buried potash mineralisation is typically laterally extensive so we are expecting to confirm extensions to this mineralisation within our project area.”

Further details about the drilling program and the Colluli Potash Project are detailed in the ASX announcement dated 27th April 2010.

Results from the program as well as progressive updates will be released as the information come to hand.

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Figure 1 – Commencement of the first diamond drill hole at the Colluli Potash Project.

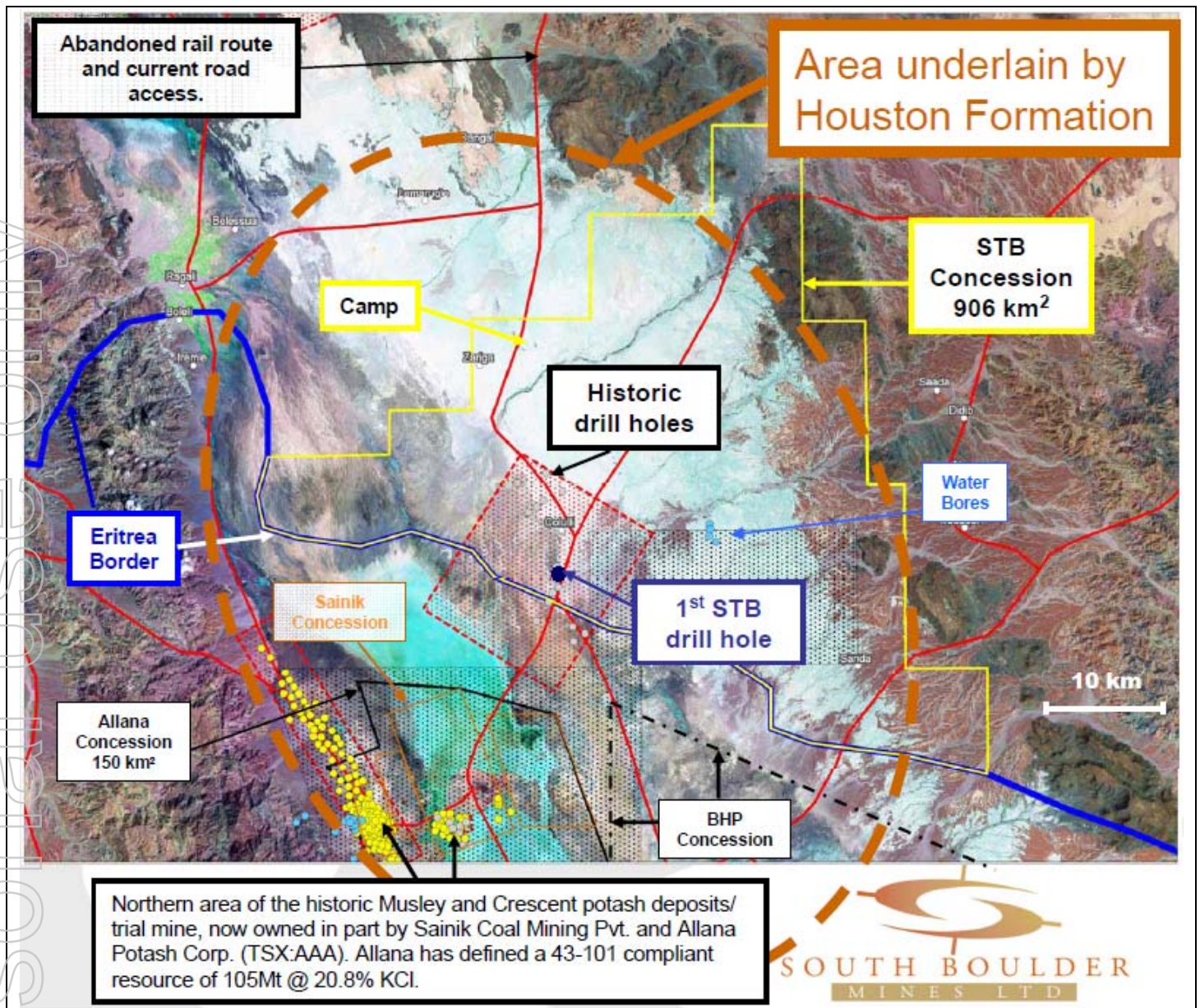


Figure 2 – Plan of Colluli Potash Project showing first drill hole collar location and proximity to recent and historic potash mineralisation to the south.

Investor Coverage

Recent investor relations coverage on The Company’s projects can be viewed on the South Boulder Mines website in the “Media Coverage” section by following the link www.southbouldermine.com.au. The website also contains some more recent photographs from the start of the confirmation drilling program.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines Limited (ASX: STB) is a diversified exploration company primarily focused on gold, nickel, potash and phosphate. The Company is also listed on the Berlin (SO3-Ber) and Frankfurt (SO3-Fra) Stock Exchange.

The Company is currently aggressively exploring at the 100% owned Duketon Gold Project in W.A., the Duketon Nickel JV in W.A. and at the 100% owned Colluli Potash Project in Eritrea. The Company is looking to divest the Cardabia and Georgina Basin Phosphate Projects in W.A and N.T. respectively.

About the Nickel Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence Group NL (ASX: IGO) whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years of grant of the relevant tenements. The Duketon Project covers around 1,800km² and is highly prospective for gold, nickel sulphide and base metal deposits. South Boulder holds 100% of the gold and base metal rights.

More information:

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This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder Mines Limited who is the operator of the Duketon Gold Project. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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". Lorry Hughes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears