



SOUTH BOULDER
MINES LTD

ASX Release

7th September 2011

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

Share Price: \$2.32

Market Cap: \$202M

Shares on issue: 87.1M
Company options: 18.7M (\$6.8)

Cash at Bank: \$10.3M
ASX/TSX listed shares: \$2.3M

Top 40 shareholders – 64%

Contact Details

31 Ventnor Avenue
West Perth WA 6000

PO Box 970 West Perth WA 6872

Telephone +61 8 6315 1444

Facsimile + 61 8 9478 7093

www.southbouldermines.com.au

LISTED EQUITY HOLDINGS

(ASX: MZM) - 5.382m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.610m shares
(unlisted options) 0.750m options
(CDNX: CNI.V) - 130,000 shares
(ASX: LTX) - 1.016m shares
Auvex (Pte) - 0.500m shares

HIGH GRADE POTASH RETURNED FROM COLLULI AREA B

South Boulder Mines Ltd (ASX; STB) is pleased to confirm that high grade potash has been intersected from recent shallow diamond drilling at the Colluli Area B discovery. Highlights include:

Hole Col-023

➤ 2.04m of sylvinite @ 27.63% KCl from 33.63m.

Hole Col-026

➤ 2.96m of sylvinite @ 29.85% KCl from 86.06m.

Hole Col-027

➤ 1.72m of sylvinite @ 39.69% KCl from 50.28.

Hole Col-037

➤ 5.58m of sylvinite @ 31.47% KCl from 65.59m.

The first “partial hole assays” returned from upper mineralised zones in 9 holes have confirmed Area B as a significant addition to the Colluli Potash Project, (Figure 1 and Table 1). The results continue to support the current project Exploration Target of #1.25 – 1.75 billion tonnes @ 18-20% KCl.

Continuous zones containing sylvinite, carnallite/kieserite and kainite mineralisation have been identified in 18 of 22 holes drilled at Area B to date and remain open in all directions. The remainder of the assays from these holes will be returned in the coming months and will form part of ongoing JORC-Compliant Mineral Resource Estimate updates for the project.

Exploration and development activity is currently focused on resource compilation for the September update, downhole geophysical logging, metallurgical testwork, mining engineering and hydrogeological assessment to support definitive feasibility studies. As indicated in the June quarterly report an engineering scoping study into the low cost production of 1-2mt of potash by 2016 or sooner will be complete in the current quarter.

The potash industry continues to demonstrate outstanding long-term fundamentals in terms of demand and prices have recently moved above \$500/t.

Details on further exploration results and feasibility study activity will be released as they come to hand.

JORC Compliance Statement.

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.

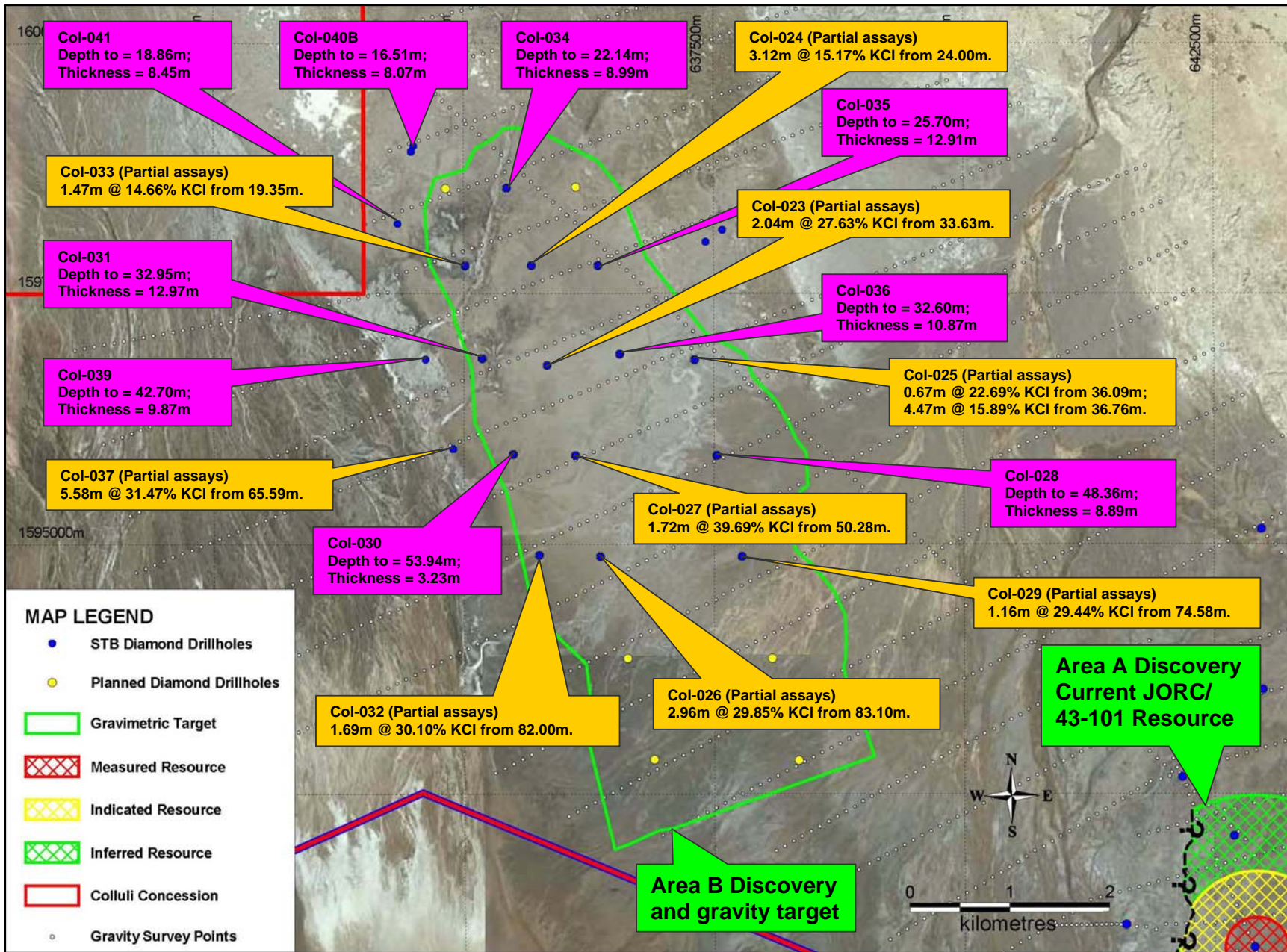


Figure 1: Colluli Project Area B Discovery plan showing partial hole assays, preliminary drilling results and the current gravimetric target area.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCl (%)	Comment
Col-023	635833	1596782	-122	000	-90	52.60	33.63	35.67	2.04	27.63	Sylvinite. Assays awaited carnallite and kainitite zones
Col-024	635677	1597779	-121	000	-90	45.00	24.00	27.12	3.12	15.17	Kainitite. Assays awaited carnallite and kainitite zones
Col-025	636562	1596890	-119	000	-90	54.00	36.09	36.76	0.67	22.69	Sylvinite
							36.76	41.23	4.47	15.89	Kainitite and kieserite. Assays awaited carnallite and kainitite zones
Col-026	636356	1594877	-122	000	-90	102.00	83.10	86.06	2.96	29.85	Sylvinite. Assays awaited carnallite and kainitite zones
Col-027	636116	1595879	-122	000	-90	72.00	50.28	52.00	1.72	39.69	Sylvinite. Assays awaited carnallite and kainitite zones
Col-028	637528	1595879	-119	000	-90	63.00	Assays awaited				Carnallite, kainitite; ~8.89m from ~48.36m
Col-029	637780	1594876	-120	000	-90	93.00	74.58	75.74	1.16	29.44	Sylvinite. Assays awaited carnallite and kainitite zones
Col-030	635493	1595891	-122	000	-90	75.00	Assays awaited				Sylvinite, carnallite; total thickness ~3.23m from ~53.94m
Col-031	635183	1596850	-121	000	-90	51.00	Assays awaited				Sylvinite, carnallite and kainitite; total thickness ~12.97m from ~32.95m
Col-032	635750	1594886	-122	000	-90	102.00	82.00	83.69	1.69	30.10	Sylvinite. Assays awaited carnallite and kainitite zones
Col-033	635016	1597777	-120	000	-90	30.00	19.35	20.82	1.47	14.66	Sylvinite. Assays awaited kainitite zones
Col-034	635432	1598553	-119	000	-90	36.00	Assays awaited				Carnallite, kainitite; total thickness ~8.99m from ~22.14m
Col-035	636343	1597777	-119	000	-90	42.00	Assays awaited				Carnallite, kainitite; total thickness ~12.91m from ~25.70m
Col-036	637309	1596837	-118	000	-90	114.00	Assays awaited				Sylvinite, carnallite and kainitite; total thickness ~10.87m from ~32.60m
Col-037	634893	1595946	-122	000	-90	83.30	65.59	71.17	5.58	31.47	Sylvinite. Assays awaited carnallite/kieserite and kainitite zones
Col-038	637586	1598135	-117	000	-90	43.00	-	-	-	-	No samples taken, hole to be deepened
Col-038B	637422	1598015	-117	000	-90	78.00	-	-	-	-	No samples taken, hole to be deepened
Col-039	634618	1596841	-122	000	-90	57.00	Assays awaited				Sylvinite, kainitite; total thickness ~9.87m from ~42.70m
Col-040	634500	1598976	-119	000	-90	78.00	-	-	-	-	No samples taken, hole to be deepened
Col-040B	634476	1598917	-119	000	-90	27.00	Assays awaited				Kainitite; total thickness ~8.07m from ~16.51m
Col-041	634341	1598197	-120	000	-90	33.00	Assays awaited				Sylvinite, kainitite; total thickness ~8.45m from ~18.86m

Table 1 - Area B Discovery table of partial drilling assays, hole collar details and preliminary field results.

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 100% 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/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 33.39Mt @ 18.56% KCl of Measured Resources, 173.37Mt @ 18.57% KCl of Indicated Resources and 340.86Mt @ 18.58% KCl of Inferred Resources for a total of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt)**; This includes higher grade material of 119.21Mt @ 23.14% KCl. There is an exploration target of **1.25 – 1.75 billion tonnes @ 18-20% KCl ##** (see disclaimer below). An engineering scoping study into open pit mining and processing to produce up to 10Mt p.a of potash is underway.

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

The Duketon Nickel JV has had recent success at The Rosie and C2 Nickel sulphide prospects where drilling has defined intercepts of **5.20m @ 9.13% 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 resource definition and exploration drilling program and scoping study into an open pit mine at C2 and an underground mine at Rosie is underway.

More information:

Lorry Hughes
CEO/Managing Director
+61 (8) 6315 1444

Kerry Rudd
Executive Assistant
+61 (8) 6315 1444

Liam Cornelius
Executive Director
+61 (8) 6315 1444

Terry Grammer
Chairman
+61 (8) 6315 1444

Disclaimer

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt); Includes 119.21Mt @ 23.14% KCl. The resource contains 33.39Mt @ 18.56% KCl in the Measured Category, 173.37Mt @ 18.57% KCl in the Indicated Category and 340.86Mt @ 18.58% 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.

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 43-101 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 organization 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 ion chromatography. Kali-Umwelttechnik (KUTEC) Sondershausen1 have extensive experience in analysis of salt rock and brine samples and is certified according to 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.