



**SOUTH BOULDER
MINES LTD**

ASX Code: STB

**Eritrea - Colluli Potash
Projects**



**Australia - Greenstone
Belt Gold Projects**



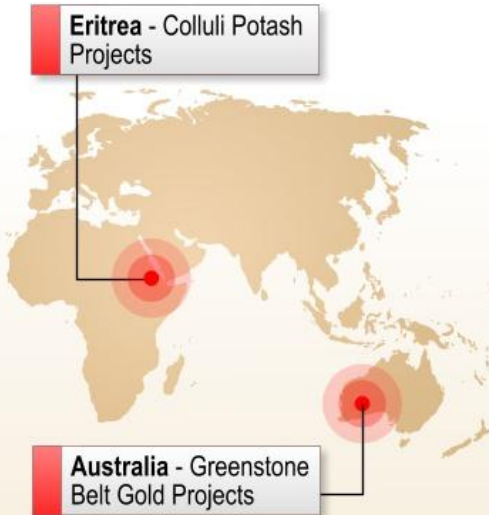
A world class potash mine in development

AFRICA DOWN UNDER 2012 – PERTH AUGUST 2012

For personal use only

Company Snapshot

- Developing the world-class **Colluli Potash Project**, East Africa, Red Sea Coast
- **Current +1 billion tonne JORC/43-101 resource supports +20 year project – significant potential to expand mine life** (*ESS-2 Update in September*)
- **DFS well underway, complete in 2013 targeting an initial 1Mtpa production in 2016 – significant potential to increase production** (*ESS-2 Update in September*)
- **Lowest CAPEX in the world (open pit) = US\$0.74 billion**
- **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 mine approvals (Advisors Azure Capital)
- **Well-funded** – Cash on hand of A\$22.4 million plus listed investments of A\$1.7 million
- Duketon Mining Ltd (DML) incorporated as a wholly-owned subsidiary. **All non-potash assets to be transferred to DML -potential in-specie distribution from spin-off of assets**





COLLULI POTASH PROJECT

Colluli Potash Project Video Animation

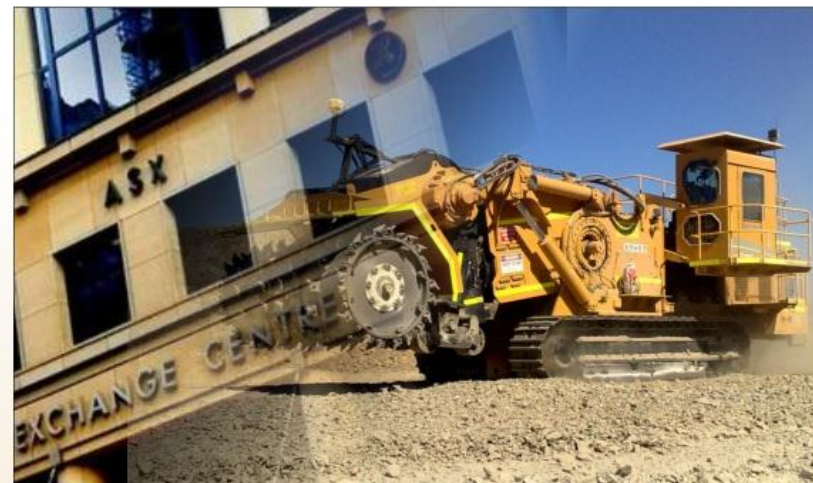
TO VIEW VISIT THE COMPANY WEBSITE www.southbouldermine.com.au

Company Share Information

Ordinary Shares on Issue	126.7M
Unlisted Options (\$0.20 - \$2.00: \$14.7M)	16.7M
Market Cap (\$1.01 / Share)	128M
Cash/NTA	A\$24.2M
Price Range (12 Months)	\$0.74 - \$2.66
Top 40 Shareholders	65%

Major Share Holders

Sprott Asset Management	14.2%
Meridian Capital International Fund	9.2%
South Boulder Management	15.3%



Share price as of 28 August 2012



Colluli Potash Resource

For personal use only

- World's shallowest potash deposit (16m deep), open pit mine
- JORC/43-101 Exploration Target: 1.25 – 1.75Bt @ 18-20% KCl*
- High-grade resource of 114.60Mt @ 28.56% KCl or 18.04% K₂O**
- **Lowest CAPEX per tonne in the industry (US\$ 0.74 billion)**
- Start-up production of 1Mtpa of Muriate of Potash (MOP) in 2016 or sooner – enormous potential to expand
- 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
Total Resource	1,080.41	17.98	194.12	11.35	122.64

**KCl is commonly expressed as K₂O according to the formula (KCl * 0.6317 = K₂O). The recent KCl contract price is estimated at around US\$ 500/t.

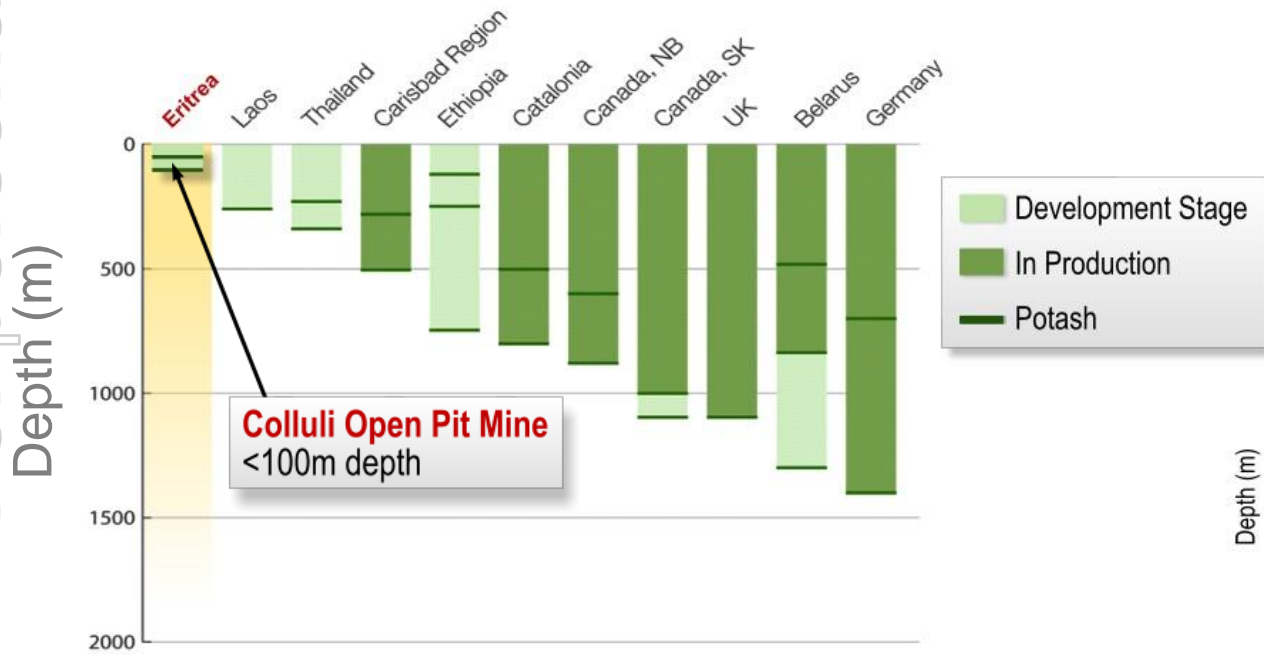
*The potential quantity and grade of the total current exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate.

Colluli Potash Resource

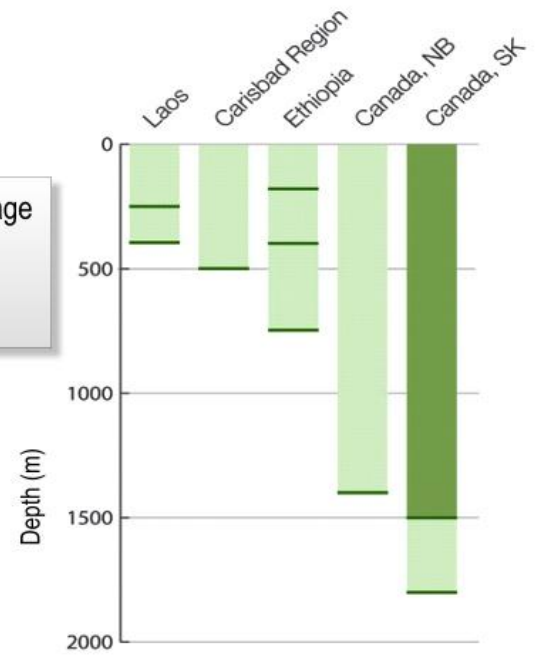
- 90% of the world's potash comes from technically challenging, high CAPEX, deep underground mines
- Colluli is unique, with low CAPEX and ability to ramp production up and down to suit prevailing market conditions



Conventional Potash Mining



Solution Potash Mining



For personal use only

Colluli Potash Economics



For personal use only

Stage 1 ESS Economics (ESS-2 Update in Sept)

Pre-production Capital (including 15% contingency)	US\$ 0.74Bn
Pre-Tax NPV (12% Discount rate)	US\$ 1.33Bn
Internal Rate of return	40.6%
Project Revenue	US\$ 6.03Bn
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

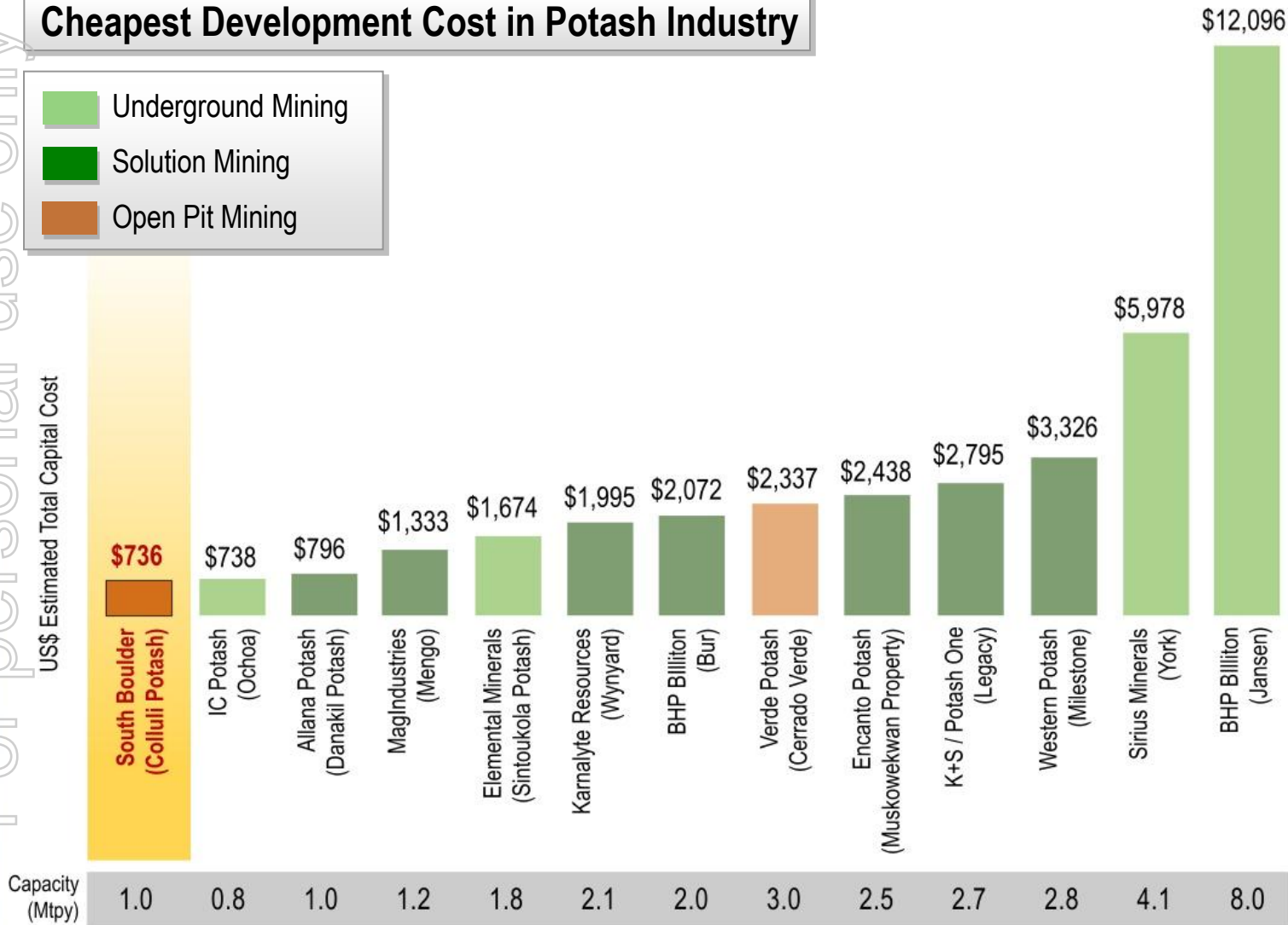
Total

\$736M

Colluli Project Economics

Cheapest Development Cost in Potash Industry

- Underground Mining
- Solution Mining
- Open Pit Mining

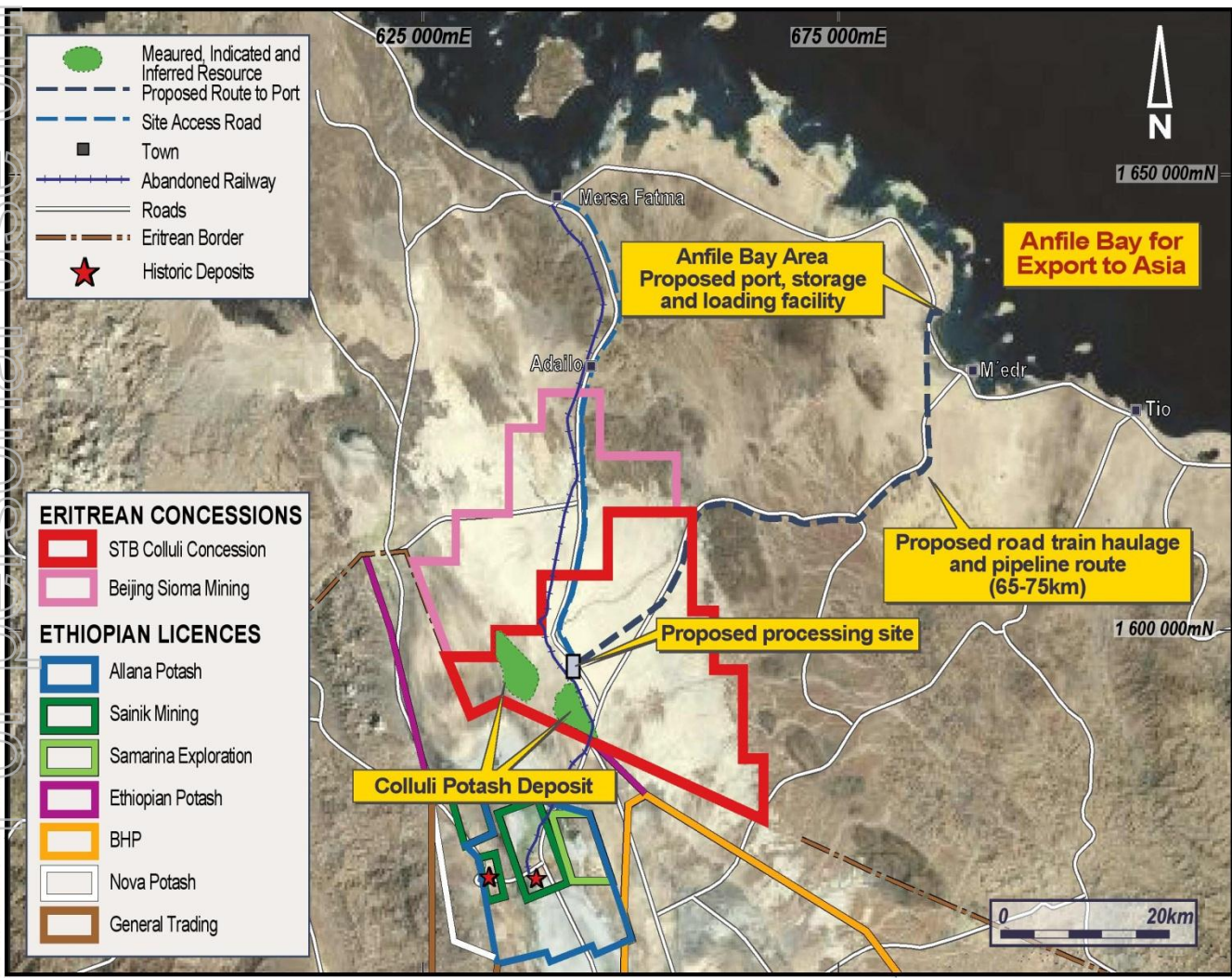


Data correct as at 7 June 2012- Information contained from Company websites and reports

Colluli Potash Engineering



Eritrea - Colluli Potash Projects

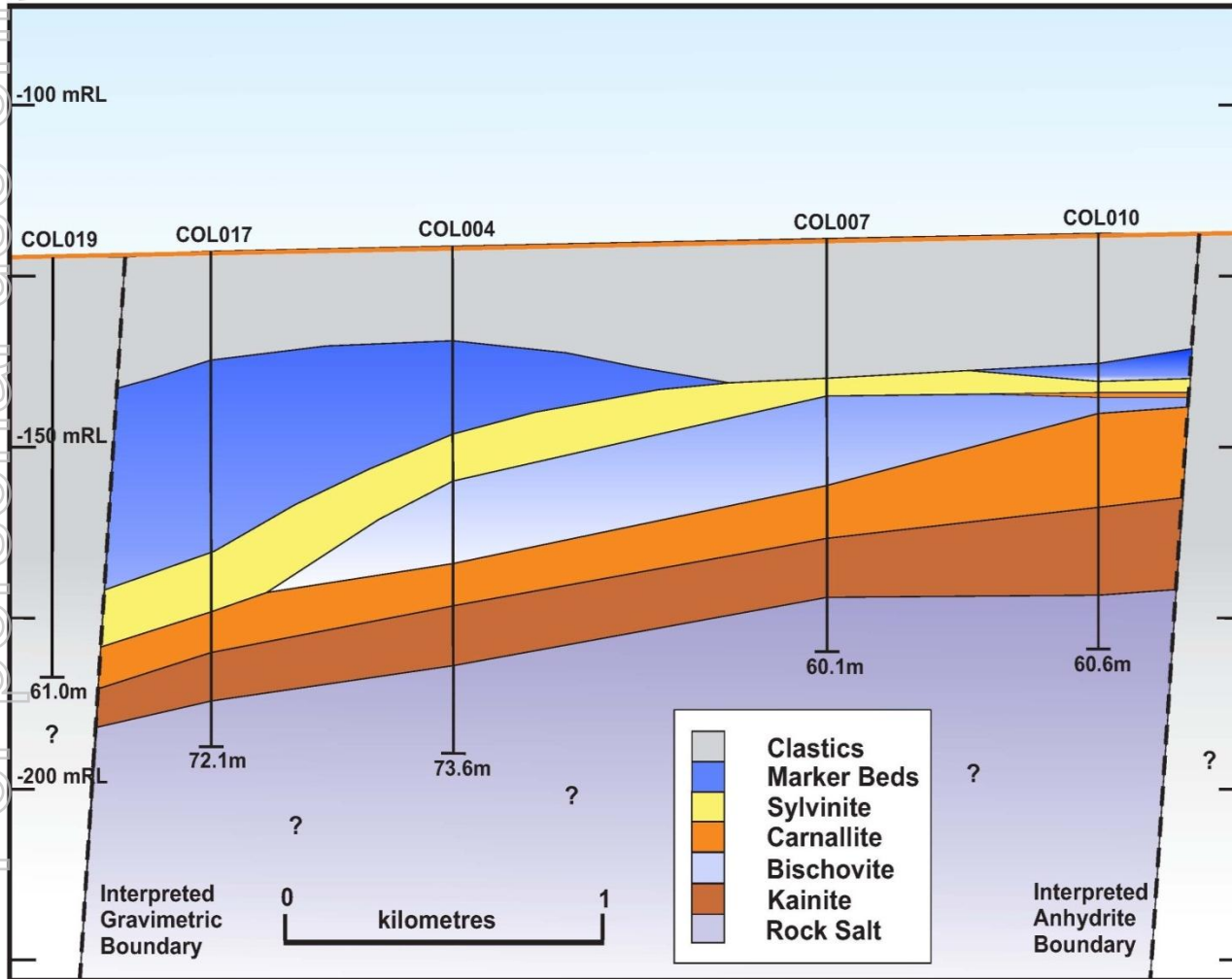


- Prime infrastructure location to service the world's largest growth market for potash – Asia
- Only 65km to proposed port & storage facilities
- Open pit mining and location will underpin low CAPEX & OPEX and facilitate rapid expansion
- Colluli will be one of the few Greenfields potash deposits developed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

For personal use only

Colluli Potash Resource

Cross Section through Area A



High-grade Sylvite resource comprises 114.60Mt @ 28.56% KCl or 18.04% K₂O (32.69Mt KCl or 20.65Mt K₂O)

- Sylvite –KCl
 - Carnallite –KMgCl₃.6(H₂O)
 - Kieserite –KMgSO₄
 - Kainite –MgSO₄KCl.3(H₂O)
- Standard flotation confirmed as preferred processing route for Stage 1 production with >80% recovery
 - **Recovery expected to improve with ESS-2 Update in September**

- Independent country for 21 years – mining for 1.5 years

Recent Commercial Deals

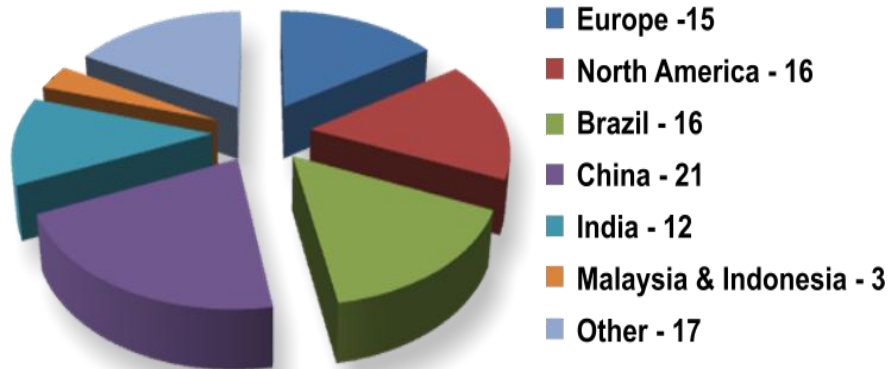
- Government purchased 30% of Bisha VMS Project for US\$256M deferred payment (TSX: NSU)
- Government purchased 30% of the Zara Gold Project from Chalice Gold Mines Ltd (ASX/TSX: CHN/CXN) for US\$34M
- Shanghai Construction Group purchased 60% of the Zara Gold Project from Chalice Gold Mines Ltd for US\$80M

Standard Deal Structure

- Eritrean Government (ENAMCO) can purchase a 30% contributing interest in Colluli in addition to ENAMCO's existing 10% interest (which is carried 6.7% by STB and 3.3% by ENAMCO) – **negotiations began in March 2012**
- 3.5% royalty on potash and corporate tax rate of 38%
- STB responsible for 66.7% of Capex + Opex; ENAMCO responsible for 33.3% of Capex + Opex
- **Eritrea's premier resource project with strong Government support**

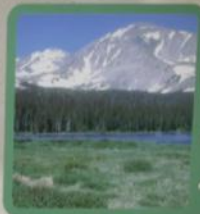


MOP Demand



- 'Potash' most commonly refers to potassium-based fertilizers
- The most common forms of potash are Muriate of Potash, MOP (KCl) and Sulphate of Potash, SOP (K_2SO_4)
- Stage 1 Colluli production to deliver 1Mtpa of MOP into a 50-60Mtpa market
- MOP price is ~US\$500/tonne
- There are typically high barriers to new production
- Ideally located to sell potash into the world's largest growth market – Asia
- Excellent long-term fundamentals

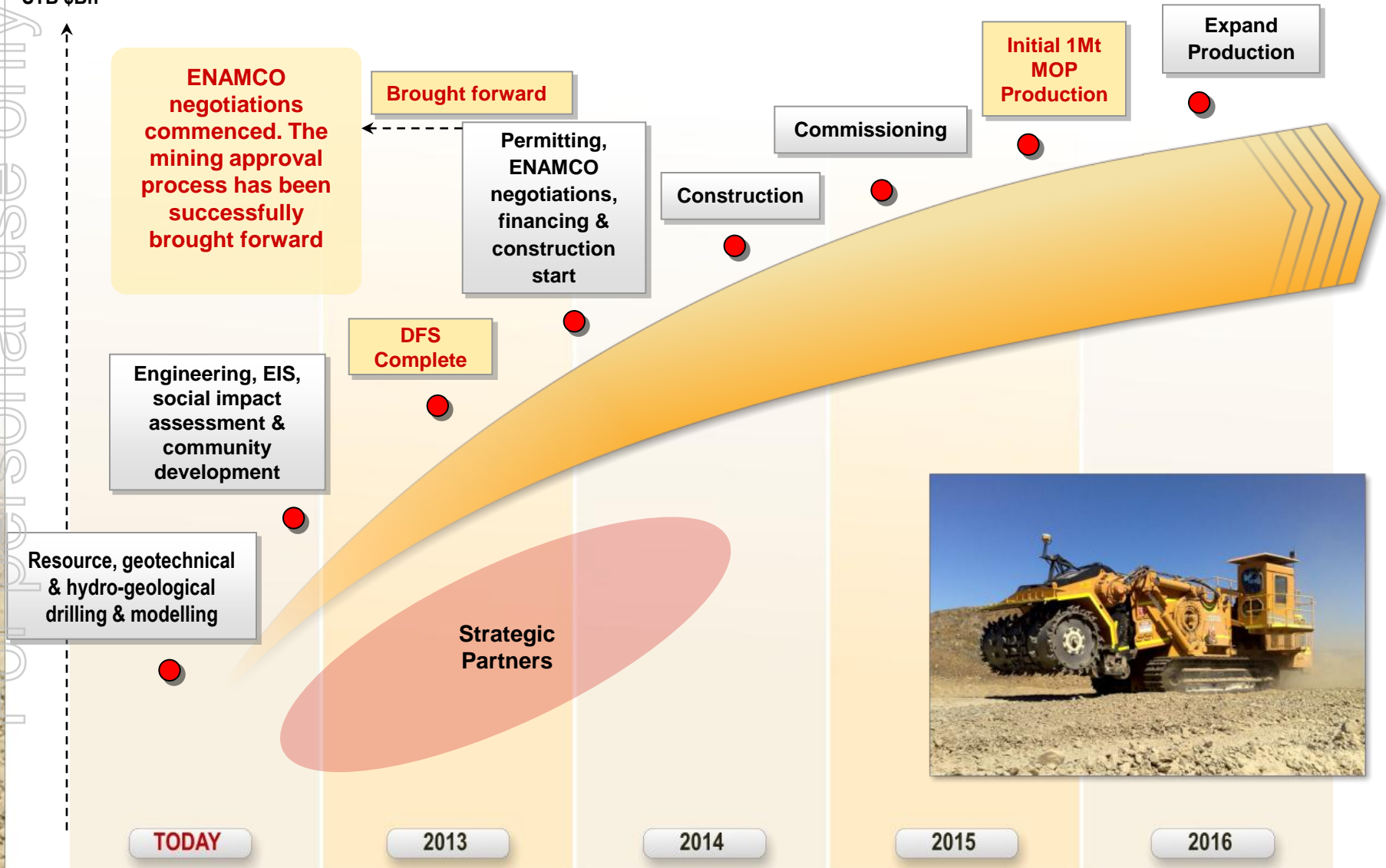
Roots For Growth Video Animation
Highlighting the Role of Fertilizers in Global Agriculture
TO VIEW VISIT www.rootsforgrowth.com



Colluli Potash Timeline

Projected Market Cap of
STB \$Bn

For personal use only



Duketon Greenstone Projects – Asset Separation



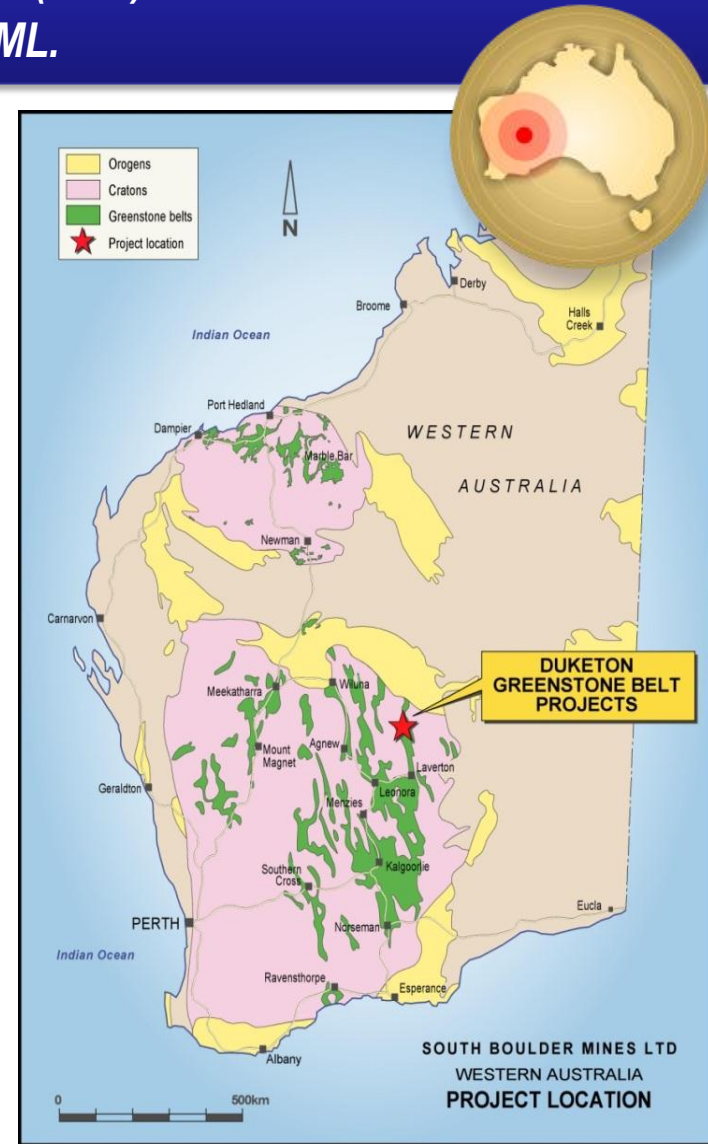
Plan to execute in-specie distribution of Duketon Mining Ltd (DML) shares to South Boulder Shareholders. All non-potash assets to be transferred to DML.

Duketon Nickel Sulphide JV, Western Australia

- Independence Group earning 70% of nickel rights by fully funding a BFS within 5 years from the Grant of the relevant tenement
- New Discovery: The Bulge 'Rosie' and 'C2' Nickel Prospects
- Maiden JORC Resource (January 2012 & update in Sept Qtr)

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

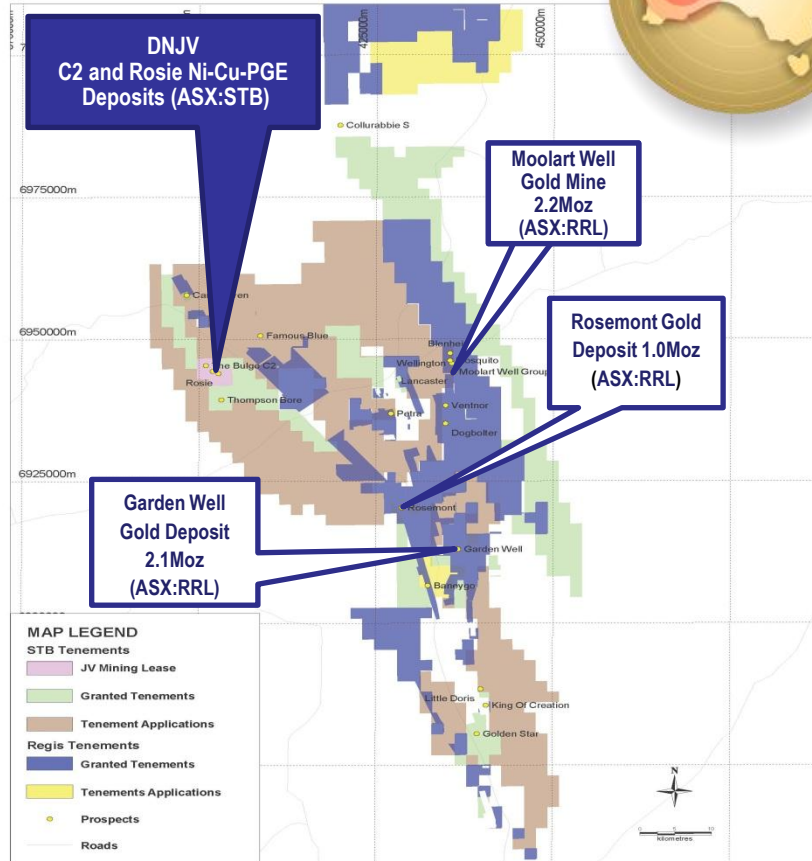
- Rosie: 5.2m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t 6PGE's
- C2: 50.00m @ 0.92% Ni, 0.04% Cu, 0.08g/t Pt+Pd from 275.0m, including 37.00m @ 1.05% Ni
- Scoping Study underway into an open cut mine at C2 and underground mine at Rosie – Mining Lease granted
- Exploration has only just begun and the potential is enormous



For personal use only

Duketon Gold Project

Land holding is highly strategic and prospective proximal to new mines

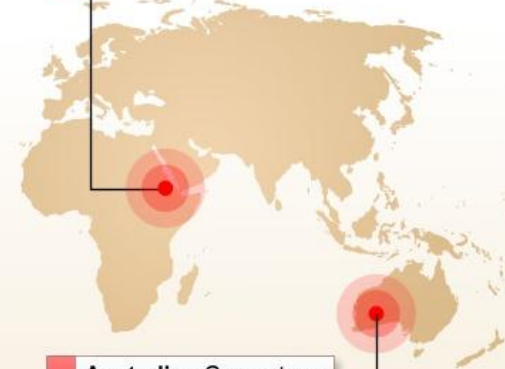


- 100%-owned project in underexplored greenstone belt (1,500km²)
- Brand new high-grade discovery on M38/1252
 - 2.36m @ 59.78g/t Au in TBDD126 plus
 - 1.29m @ 11.57g/t Au in TBDD141 (July 2012)
 - completely open and untested
- New near-surface ‘Terminator’ Prospect
 - AC hole TBAC24, 60m @ 1.3g/t from 2m, incl. 10m @ 4.25g/t from 3m
 - Gold defined over 400m strike and open in all directions
- Highly prospective ground adjacent, proximal and along strike from Moolart Well and Garden Well Gold Mines
- Plans advancing for Duketon Mining Limited

STB: Reasons to Invest

- The commodity potash has strong long term demand fundamentals
- Developing the world's shallowest potash deposit
 - *Tier 1 asset in prime infrastructure location*
 - *The most economic potash mine (Lowest Capex/t US\$ 0.74Bn)*
 - *Enormous potential to improve economics, grow the resource and increase potash production (ESS-2 update in September)*
- Low CAPEX = low financing risk (*Start-up capital cost approximately half the industry average*)
- DFS underway for first production in 2016 or sooner. Initial production of 1Mt p.a. (DFS Complete in 2013)
- ENAMCO negotiations underway for sale of 30% equity stake in Colluli which will facilitate timely mine approvals
- Well funded with approximately A\$ 24.2 million in liquid assets + option conversions (A\$ 14.7M)
- Non-potash asset separation will form dedicated companies and make each company more attractive for strategic investment – *potential value realisation from spin-off (Board Additions)*

Eritrea - Colluli Potash Projects



Australia - Greenstone Belt Gold Projects



Board and Management



Mr Terrence Grammer – Chairman since 2008

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 since 2008

Geologist +20 years; Extensive mining, development, exploration & finance 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 since 2003

Geologist +20 years; extensive 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 since 2010

Mineral Processing Engineer +30 years; extensive 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 since 2012

CPA +20 years; extensive mining, finance 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 since 2003

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



Feasibility Management Team



Dayle Kenny – Mining Specialist / Mining Engineer Manager since 2010

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 since 2009

Geologist +16 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 DFS Consultants / Potash Resource and Mineral Processing since 2009

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 provide 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 and have extensive experience with Self-Dischargers, Trans-Shippers and Floating Storage/Transfer Units.



Forward-Looking Statements

- The 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. Mr Hughes is a full-time employee of the company. Mr Rauche and Mr van der Klauw are employed by the Ercosplan Group of Companies.

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 sylvinite 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 Profwesen 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.



SOUTH BOULDER
MINES LTD
ASX Code: STB



Thank You!

Lorry Hughes Bsc. MAusIMM - CEO & Managing Director

Listing Details

ASX: STB, Berlin: SO3-Ber, Frankfurt: SO3-Fra, ADR: SBMSY

www.southbouldermines.com.au

Media Enquiries: Nicholas Read / Paul Armstrong, Read Corporate +(61 8) 9388 1474