

ASX Release

18 March 2015

Company Details

ASX Code:	STB
Share Price	\$0.255
Market Cap	\$38M
Shares on issue	150M
Company options	28M
Cash at Bank	\$8.5M

Contact Details

Managing Director

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Vesting of Performance Rights Appendix 3B & S708A Notice

South Boulder Mines (ASX:STB) ("South Boulder") is pleased to announce the vesting of Performance Rights and allotment of Shares to South Boulder Mines Managing Director, Paul Donaldson, following completion of the prefeasibility study report for the Colluli Project.

300,000 Ordinary Shares have been awarded for the delivery of an economically favourable prefeasibility study for the Colluli Potash Project by the end of February 2015 in line with the shareholder approved Performance Rights Plan.

The results of the Colluli prefeasibility study were released on the 4th March and demonstrate favourable economics for a two phase development focusing on 425,000 tonne per annum production modules. The first module demonstrated favourable economics as a standalone project.

South Boulder Mines Chairman, Seamus Cornelius commented "The prefeasibility study that has been delivered by Paul and his team demonstrates an extremely attractive project. The project has achieved the following outcomes:

- Bottom quartile mine gate production costs for potassium sulphate;
- Lowest capital intensity of advanced potassium sulphate projects; and
- The most affordable long term project with unmatched upside.

We are now looking forward to the completion of the optimisation work and definitive feasibility study work, as well as working with our joint venture partner, Enamco, on funding options for the development. "

100,000 Ordinary Shares were also awarded to the STB Colluli Project Manager, James Durrant for meeting the PFS project deliverables.

An Appendix 3B is attached and a Secondary Trading Exemption Notice is detailed below.

Secondary Trading Exemption Notice

The Corporations Act 2001 ("Act") restricts the on-sale of securities without disclosure, unless the sale is exempt under Section 708 or 708A of the Act. By the Company giving this notice, the on-sale of the securities will fall within the exemption offered by Section 708A (5) of the Act.

The Company provides the following information in accordance with Section 708A(5)(e) of the Act:

- the issue was made without a disclosure document under Part 6D.2 of the Act;
- as at the date of this Notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company and section 674 of the Act; and
- as at the date of this Notice, there is no excluded information to be provided in accordance with section 708A(7) and (8) of the Act.

Further information:

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South Boulder Mines Limited: Telephone +61 8 6315 1444

ABN: 56 097 904 302

Paul Donaldson
MANAGING DIRECTOR

Amy Just
COMPANY SECRETARY

About South Boulder Mines Ltd

South Boulder is an ASX-listed (ASX:STB) resources company which is currently developing the Colluli Project in partnership with the Eritrean National Mining Company (ENAMCO). The project is located in the Danakil Depression region of Eritrea, East Africa, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally.

Since exploration commenced in 2009 over 1 billion tonnes of potassium bearing salts have been identified. The combination of salts within the resource makes it suitable for high yield, low energy input production of potassium sulphate, which is also known as sulphate of potash or SOP. SOP is a specialty fertiliser that carries a substantial price premium relative to the more common potassium chloride, which is the most common potassium salt known as potash.

Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest potash deposit. The resource is amenable to open pit mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining and is highly advantageous for modular growth.

The resource is favourably positioned to supply the world's fastest growing markets.

The JORC 2012 Compliant Mineral Resource Estimate for the Colluli Potash Project now stands at 1.289 billion tonnes @ 10.76% K₂O for 260Mt of contained SOP. Substantial project upside exists in higher production capacity and market development for other contained products such as potassium magnesium sulphate, potassium chloride, rock salt and magnesium chloride.

Our vision is to bring the Colluli project into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

SOUTH BOULDER MINES LTD

ABN

56 097 904 302

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 400,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of fully paid ordinary shares on vesting of performance rights.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	17 November 2014
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	400,000

+ See chapter 19 for defined terms.

6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Capacity under LR 7.1 is 10,974,174 Capacity under LR 7.1A is 13,982,783	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	18 March 2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		149,827,826	Ordinary Shares

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	1,250,000	Unlisted Options exercisable at \$1.949 each, expiring 30 March 2015
	3,800,000	Unlisted Options exercisable at \$0.699 each, expiring 30 June 2015
	8,000,000	Unlisted Options exercisable at \$0.35 each, expiring 4 September 2015 (vesting conditions apply)
	500,000	Unlisted Options exercisable at \$1.449 each, expiring 30 November 2015
	500,000	Unlisted Options exercisable at \$1.949 each, expiring 30 November 2015
	700,000	Unlisted Options exercisable at \$0.599 each, expiring 30 January 2016
	1,000,000	Unlisted Options exercisable at \$0.649 each, expiring 30 January 2016
	1,300,000	Unlisted Options exercisable at \$0.949 each, expiring 30 January 2016
	6,000,000	Unlisted Options exercisable at \$0.34 each, expiring 29 November 2016
	5,000,000	Unlisted Options exercisable at \$0.278 each, expiring 17 November 2017
	377,000	Performance Rights – Class 1
	150,000	Performance Rights – Class 2
	450,000	Performance Rights – Class 3
	2,150,000	Performance Rights – Class 4
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 – DELETED – NOT APPLICABLE

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
 (tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which
 ⁺quotation is sought

N/A

39 ⁺Class of ⁺securities for which
 quotation is sought

N/A

⁺ See chapter 19 for defined terms.

Appendix 3B

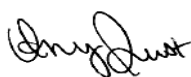
New issue announcement

40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A	
42	<p>Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)</p>	Number	+Class
		N/A	N/A

+ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

.....
(Director/Company secretary)

18 March 2015
Date:

Print name:

Amy Just
.....

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⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	128,677,826
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	750,000 (shares issued on the exercise of options – various dates) 10,000,000 (KLID placement shares issued 6 August 2014) 400,000 (shares issued on vesting of performance rights 18 March 2015)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	139,827,826

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	20,974,174
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	10,000,000 (WEL placement shares issued 16 January 2015)
“C”	10,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	20,974,174
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	10,000,000
Total [“A” x 0.15] – “C”	10,974,174 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	139,827,826
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	13,982,783
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	13,982,783
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	13,982,783 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.