



ASX Release

28 April 2015

Company Details

ASX Code:	STB
Share Price	\$0.315
Market Cap	\$47.2M
Shares on issue	150M
Company options	27M
Cash at Bank	\$5.1M

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South Boulder Mines to Raise up to \$6M Through Placement and Partially Underwritten Rights Issue

Summary

- Placement to issue 10.974m shares to Hong Kong and London based investors to raise \$2.74m
- 1 for 12 non-renounceable pro-rata rights issue at an offer price of \$0.25 per new share to raise up to a further \$3.35m, underwritten for \$2.5m
- Proceeds from the Fund Raising will be used by the Company to;
 - Complete the Definitive Feasibility Study for the Colluli Potash Project in Eritrea, East Africa
 - Build in house capability to support the development of the project
 - Advance funding discussions for the project
 - Provide working capital
- All South Boulder Directors intend taking up their entitlements to the Rights Issue

Placement

South Boulder Mines Limited (**STB** or **Company**) today announces that it has agreed to issue 10.974 million fully paid ordinary shares (**Placement Shares**) at \$0.25 per share (**Placement**) to raise \$2.74 million. The Placement was made to Well Efficient Limited of Hong Kong and Arlington Group Asset Management (AGAM) of London.

In conjunction with the Placement, STB will undertake a pro-rata non-renounceable rights issue of approximately 13,400,000 new fully paid ordinary shares (**New Shares**) to eligible shareholders, on a 1 for 12 basis and at an issue price of \$0.25 per New Share (**Offer** or **Rights Issue**).

The Offer is intended to raise up to approximately \$3.35 million before costs. The Offer is severally underwritten for 10 million New Shares (\$2.5 million) by Montezuma Mining Company Limited (ASX:MZM) and RSR Premier Holdings, a privately held investment vehicle. GMP Securities Australia Pty Limited (**GMP Securities**) has agreed to act as selling agent for any shortfall not taken up by eligible shareholders or the underwriters.

The issue price under the raisings of \$0.25 represents a discount of approximately 20% to the closing market price of STB shares on ASX on 22 April 2015.

South Boulder Mines Managing Director, Paul Donaldson said *“The key priorities for the Colluli Potash Project are the completion of a quality definitive feasibility study, advancement of funding discussions, and ensuring sufficient in house capability to advance the project. The recently completed prefeasibility study demonstrates a robust project, with attractive economics and a positive future. The Placement not only introduces another sophisticated international investor, but also shows the continued confidence from existing investor, Well Efficient Limited.”*

“The capital raising will provide sufficient funds to not only deliver a high quality definitive feasibility study later this year, but advance the development path towards production in the areas of processing technical, marketing and project funding. This is consistent with our objective of developing the Colluli Project as efficiently and safely as possible alongside our partner in Eritrea, ENAMCO.” he added.

The Placement Shares will rank equally with all other ordinary shares in STB, and are expected to settle on 28th April 2015 and to commence trading on the ASX on 29th April 2015. The Placement is made under the Company’s existing Listing Rule 7.1 capacity and prior shareholder approval will not be sought for the issue. Shareholders will be asked to ratify the issue at the Company’s forthcoming AGM.

Rights Issue Details

Pursuant to the Offer Eligible Shareholders have the right to take up 1 New Share for every 12 shares held as at the Record Date (**Entitlement**). New Shares will rank equally with existing fully paid ordinary shares issued by the Company.

The Rights Issue is non-renounceable and will be made to shareholders on 6 May 2015 (**Record Date**) with a registered address in Australia or New Zealand and any other jurisdictions where South Boulder reasonably believes that it is not prohibited or unduly onerous or impractical to make the Offer in accordance with all applicable laws and the Listing Rules (**Eligible Shareholders**). Eligible Shareholders holding less than a marketable parcel may also apply for any New Shares not taken up under the Offer so that they will have a marketable parcel.

The underwritings are subject to the usual events of termination in favour of an underwriter, including material adverse changes (having regard to the outcome of the Offer, STB’s financial position and prospects), hostilities in the region of STB’s project, insolvency, loss of rights to operate, a fall in the ASX All Ordinaries Index or S&P/ASX 200 Index to a level of less than 90% for 5 consecutive trading days, or the Company’s share price trading at \$0.225 for 5 consecutive trading days during the 3 week period prior to completion. The underwriters will each be paid an underwriting fee of 6% on amounts respectively underwritten.

GMP Securities have agreed to act as selling agent to assist the Company in placing any shortfall not subscribed for by Eligible Shareholders or the Offer’s underwriters.

The Company’s directors, who together hold approximately 11% of the Company, intend to take up their entitlement in full.

The Rights Issue is being made under section 708AA(2)(f) of the Corporations Act (2001) (**Corporations Act**) as notionally modified by ASIC Class Order 08/35 (**CO 08/35**), and without a prospectus. Details of the Offer and a personalised entitlement and acceptance form will be sent to eligible shareholders on or before the 11th May 2015. The Offer Document will also be available for review on ASX’s website (www.asx.com.au) and on the Company’s website (www.southbouldermines.com.au) after it is lodged with ASX.

Use of Proceeds from the Rights Issue

The Company will use the proceeds raised under the Rights Issue to:

- Complete the Definitive Feasibility Study for the Colluli Potash Project including processing pilot plant work, plant infrastructure design and costing, port and logistics modelling, and completion of social and environmental studies consistent with the equator principles.
- Advancement of funding discussions and engagement of corporate advisor to source and secure debt funding
- Increase organisational depth and capability to advance the project in the areas of marketing, processing and operational readiness
- Provide working capital

Timetable

The proposed timetable for the capital raising is set out below.

Activity	Date
Appendix 3B for Rights Issue lodged with ASX	28 th April
Dispatch notices to Shareholders informing them of Rights Issue	29 th April
Issue Placement Shares and lodge notice under section 708AA(2)(f) notice with ASX	29 th April
Record Date (for Entitlement to participate in the Rights Issue)	6 th May
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to shareholders (and announced to ASX)	11 th May
Rights Issue closes (Closing Date for receipt of Entitlement and Acceptance Form)	20 th May
Securities quoted on deferred settlement basis	21 st May
ASX notified of under subscriptions	25 th May
Issue date (date on which Rights Issue Shares entered into holders' security holdings. Deferred settlement trading ends)	27 th May
Normal ASX trading for new Rights Shares commences	28 th May
Issue Shortfall Shares	1 st June

**The above dates are indicative only and may change without notice. The Directors reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and ASX Listing Rules), to extend the Closing Date or to cancel the Rights Issue without notice in its absolute discretion. The commencement of quotation of new securities is subject to confirmation from the ASX.*

**Shareholders should consult their professional advisors in regards to the definition of Record Date to ensure that their entitlement to participate in the Rights Issue is assured. Where fractions arise in the calculation of entitlements, they will be rounded up to the nearest share.*

Further information:

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Paul Donaldson
MANAGING DIRECTOR

Amy Just
COMPANY SECRETARY

About South Boulder Mines Ltd

South Boulder Mines is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. The Colluli Project has a JORC 2012 compliant resource containing over 1 billion tonnes of potassium bearing salts suitable for the production of potash fertilisers. The resource is positively unique in its size, combination of salts, proximity to coast and shallow mineralisation.

The Company has completed a prefeasibility study for the production of potassium sulphate, otherwise known as SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride. Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) with which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.