

ASX Release

22 May 2015

Company Details

ASX Code:	STB
Share Price	\$0.39
Market Cap	\$63M
Shares on issue	161M
Company options	27M
Cash at Bank	\$7.7M

Contact Details

Managing Director

Paul Donaldson

Address

Ground Floor, 31 Ventnor Avenue
West Perth WA 6000

PO Box 970
West Perth WA 6872

Telephone

+61 8 6315 1444

Facsimile

+61 8 9486 7093

Email & Web Page

info@southbouldermines.com.au

www.southbouldermines.com.au

Rights Issue Closure and Shortfall Notification

South Boulder Mines Limited ("STB" or "the Company") advises that its partially underwritten Rights Issue closed at 5:00pm WST on Wednesday, 20 May 2015.

Applications for 7,336,337 ordinary Shares raising gross proceeds of \$1,834,084.25 were received, representing a 54.75% take-up by shareholders of the Company. The Company confirms each of the Directors have taken up their entitlements in full.

The Rights Issue Shares will be issued by Wednesday, 27 May 2015.

The Directors of the Company are pleased to advise that the shortfall of the Rights Issue of 6,063,830 ordinary Shares has been over-subscribed and anticipates these Shares will be allocated shortly to the Company's underwriters Montezuma Mining Company Ltd (ASX: MZM) and RSR Premier Holdings, a privately held investment vehicle. Given the over-subscription, there are no shortfall Shares available for which GMP Securities is to act as selling agent.

The net proceeds raised 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; and provide working capital.

For any queries regarding the Rights Issue please contact the Company Secretary on + 61 8 6315 1444.

Further information:

Email: info@southbouldermines.com.au

Website: www.southbouldermines.com.au

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 Mines is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. The company 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, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest potash deposit. The resource is amendable 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 Colluli 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 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.

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.

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, rocksalt 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.