ASX Release

20 January 2010

SOUTH BOULDER MINES LTD

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

Share Price: 30.0 cents

Market Cap: $18.0M

Shares on issue: 61.28M

Cash at Bank: $3.0M
ASX listed shares: $2.0M

Top 20 shareholders – 48%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 3.975m shares
(ASX: MZMO) - 1.037m options
(ASX: IXR) - 1.000m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.000m shares
- 0.750m options
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 share
Auvex (Pte) - 1.000m options

Extensive High Grade Shallow Gold Mineralisation Outlined at Terminator

Highlights include;

TBAC 013
- **10m @ 1.16g/t from 1m;**

TBAC 014
- **31m @ 1.07g/t from 1m including;**
  8m @ 2.68g/t from 1m;

TBAC 019
- **41m @ 0.61g/t from 1m including;**
  6m @ 2.18g/t from 1m;
- **9m @ 1.59g/t from 55m including;**
  2m @ 5.85g/t from 56m;

TBAC 024
- **60m @ 1.3g/t from 2m including;**
  10m @ 4.25g/t from 3m;

TBAC 025
- **6m @ 1.0g/t from 1m;**
- **7m @ 2.01g/t from 52m;**
- **14m @5.13g/t from 70m including;**
  8m @ 8.38g/t from 72m;

TBAC 029
- **20m @ 1.01g/t from 1m including;**
  8m @ 1.98g/t from 1m;

TBAC 031
- **3m @ 12.24g/t from 51m (EOH);**

TBAC 034
- **7m @ 0.98g/t from 2m**
- **17m @ 1.24g/t from 48m including;**
  2m @ 5.66g/t from 48m.

Up to 2,000m RC and 10,000m aircore drill programs to commence in February 2010 upon finalisation of drilling contract for Terminator, Terminator North and Thompsons Bore areas.

South Boulder Mines Ltd (ASX: STB) is pleased to announce that all one metre samples have now been received from the maiden aircore drilling program at the 100% owned Terminator Gold Prospect within the Duketon Gold Project.

This maiden program at the Terminator Gold Prospect was completed in October 2009 and comprised 50 shallow aircore holes for 4,216m. All results have now been received and it is clear the drilling program has discovered a significant new shallow gold mineralised system with the majority of holes either intercepting a high grade laterite and/or oxide mineralisation.

In addition the program has confirmed the potential for a significant gold system at depth as a number of drill holes ended in strong mineralisation i.e. **TBAC031 (3m @ 12.24g/t Au from 51m)**. Managing Director, Lorry Hughes said, "from the drilling sections there is obviously a widespread sporadic gold dispersion and I think it is fairly typical of the deep weathering environment we are dealing with. Some RC drilling to track down the primary gold geometry and to allow us to take larger samples in the laterite, oxide and transition zones is required. These will be addressed in the next drill program".

The sampling was originally completed as 4m composites (aqua regia) with all anomalous zones re-sampled at 1m intervals by the fire assay analytical method. The 1m re-sampling has shown that the high grade laterite starts immediately below the thin transported cover (between 0.5m and 4m vertical depth), with grades returned in the laterite of up to **8m @ 2.68g/t Au from 1m in TBAC014**. The profile then passes into a moderately depleted zone and then back into high grade gold mineralisation within the oxide zone.

The Ore grade gold mineralisation is currently well defined over ~ 400m strike length and is open in all directions. The mineralisation is defined as open in all directions because it has either not been drilled or the drilling is considered to be ineffective. The Terminator Prospect occurs within a broader anomalous zone over 3km's which has to date only been very lightly tested by a handful of reconnaissance drill holes.

Re-sampling has also defined a new area of + 1g/t Au mineralisation approximately 250m north of the Terminator prospect.

Further aircore drilling is planned to test the strike extensions to the Terminator and Terminator North Prospects as well as RC drilling which will be designed to test the fresh rock depth extensions of the high grade gold mineralisation.

The maiden aircore drilling program targeted a sheared contact between an ultramafic and mafic sequence, which is currently believed to be the control on the gold mineralisation. The majority of holes were drilled to blade refusal and fenced on a 40m x 40m pattern. In addition a number of closer spaced holes (20m X 20m) were drilled to understand the vectors to mineralisation. Some wider spaced exploratory drill holes were also completed with wildcat hole **TBAC049 returning 8m @ 0.40g/t from 36m, including 1m @ 1.26g/t from 40m**.

Drill hole TBAC049 was drilled several hundred metres to the east of the Terminator Gold Discovery and may represent a parallel mineralised gold structure. Further testing of this target is also planned.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	Au (g/t)	Comment
TBAC001	401843	6944263	500	270	60	71	2	10	8	0.37	Laterite
Includes							7	9	2	0.72	Laterite
TBAC002	401881	6944256	500	270	60	57	2	9	7	0.31	Laterite
TBAC003	401902	6944256	500	270	60	55	1	10	9	0.34	Laterite
TBAC004	401919	6944260	500	270	60	102	1	11	10	0.52	Laterite

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	Au (g/t)	Comment
Includes							4	8	4	0.90	Laterite
TBAC005	401945	6944256	500	270	60	80	2	8	6	0.53	Laterite
							37	39	2	0.62	Oxide
							55	**57**	**2**	**3.03**	**Oxide**
TBAC006	401980	6944262	500	270	60	40	2	8	6	0.51	Laterite
TBAC008	401874	6944303	500	270	60	62	8	12	4	0.50	Laterite
TBAC009	401899	6944300	500	270	60	84	3	9	6	0.54	Laterite
IGTBAC114	401920	6944300	500	270	60	102	**4**	**11**	**7**	**2.62**	**Laterite**
TBAC010	401937	6944299	500	270	60	95	3	8	5	0.72	Laterite
							42	**50**	**8**	**1.00**	**Oxide**
Includes							**42**	**44**	**2**	**3.21**	**Oxide**
IGTBAC113	419950	6944300	500	270	60	62	4	7	3	0.83	Laterite
							39	40	1	0.64	Oxide
							44	48	4	1.86	Oxide
IGTBAC112	401975	6944300	500	270	60	58	4	7	3	0.97	Laterite
							38	40	2	0.58	Oxide
TBAC012	401882	6944339	500	270	60	61	2	12	10	0.52	Laterite
Includes							7	9	2	1.07	Laterite
TBAC013	401902	6944341	500	270	60	73	**1**	**11**	**10**	**1.16**	Laterite
							63	64	1	0.58	Oxide
TBAC014	401917	6944339	500	270	60	95	**1**	**32**	**31**	**1.07**	Oxide
Includes							**1**	**9**	**8**	**2.68**	**Laterite**
TBAC015	401940	6944341	500	270	60	95	1	10	9	0.91	Laterite
Includes							**3**	**6**	**3**	**1.64**	**Laterite**
							38	**71**	**33**	**0.74**	**Oxide**
Includes							**38**	**41**	**3**	**2.18**	**Oxide**
							79	80	1	0.57	Oxide
TBAC016	401965	6944340	500	270	60	59	2	6	4	0.50	Laterite
TBAC018	401902	6944373	500	270	60	82	2	9	7	0.88	Laterite
Includes							3	5	2	1.43	Laterite
TBAC019	401923	6944376	500	270	60	122	1	42	41	0.61	Laterite/Oxide
Includes							**1**	**7**	**6**	**2.18**	**Laterite**
							55	64	9	1.59	Oxide
Includes							**56**	**58**	**2**	**5.85**	**Oxide**
TBAC020	401941	6944377	500	270	60	152	**0**	**5**	**5**	**1.10**	**Laterite**
							21	23	2	0.53	Oxide
							38	**41**	**3**	**2.34**	**Oxide**
							57	**68**	**11**	**1.14**	**Oxide**
							71	83	12	0.67	Oxide
TBAC021	401964	6944375	500	270	60	72	1	5	4	0.58	Laterite
							47	48	1	0.52	Oxide
TBAC022	402045	6944383	500	270	60	63	2	4	2	0.54	Laterite
TBAC023	401900	6944395	500	270	60	88	3	9	6	0.74	Laterite
Includes							**4**	**7**	**3**	**1.01**	**Laterite**
							39	40	1	1.21	Oxide
TBAC024	401918	6944392	500	270	60	121	**2**	**62**	**60**	**1.30**	**Broad Min.**
Includes							**3**	**13**	**10**	**4.25**	**Laterite**
TBAC025	401940	6944391	500	270	60	122	**1**	**7**	**6**	**1.00**	**Laterite**
							22	23	1	0.61	Oxide
							52	**59**	**7**	**2.01**	**Oxide**
							70	**84**	**14**	**5.13**	**Oxide**
Includes							**72**	**80**	**8**	**8.38**	**Oxide**
							101	107	6	0.54	Oxide

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	Au (g/t)	Comment
TBAC026	401953	6944393	500	270	60	101	2	6	4	0.73	Laterite
							59	60	1	0.96	Oxide
							66	73	7	1.11	Oxide
TBAC027	401865	6944418	500	270	60	72	7	8	1	0.60	Laterite
							41	43	2	0.62	Oxide
TBAC028	401897	6944420	500	270	60	64	**2**	**7**	**5**	**1.00**	**Laterite**
							38	44	6	1.74	Oxide
							58	62	4	1.25	Oxide
TBAC029	401920	6944419	500	270	60	114	**1**	**21**	**20**	**1.01**	**Laterite/Oxide**
Includes							**2**	**10**	**8**	**1.98**	**Laterite**
							39	49	10	0.72	Oxide
TBAC030	401941	6944417	500	270	60	92	2	7	5	0.83	Laterite
							32	**57**	**25**	**0.71**	**Oxide**
Includes							35	39	4	1.51	Oxide
and							55	57	2	2.13	Oxide
							71	92	21	0.25	Oxide/EOH
TBAC031	401964	6944416	500	270	60	54	**51**	**54**	**3**	**12.24**	**Min. @ EOH**
TBAC032	402031	6944422	500	270	60	72	0	1	1	0.58	Laterite
TBAC033	401840	6944461	500	270	60	96	5	9	4	0.50	Laterite
							42	44	2	0.68	Oxide
TBAC034	401880	6944461	500	270	60	140	2	9	7	0.98	Laterite
Includes							2	5	3	1.34	Laterite
							48	**65**	**17**	**1.24**	**Oxide**
Includes							**48**	**50**	**2**	**5.66**	**Oxide**
							69	78	9	0.54	Oxide
TBAC035	401900	6944459	500	270	60	63	**2**	**8**	**6**	**1.16**	**Laterite**
							28	49	21	0.43	Oxide
							62	63	1	0.79	Oxide
TBAC036	401919	6944456	500	270	60	39	2	4	2	0.66	Laterite
							37	39	2	0.50	Oxide
TBAC037	401941	6944460	500	270	60	82	2	4	2	0.54	Laterite
TBAC039	401860	6944503	500	270	60	95	**3**	**10**	**7**	**1.10**	**Laterite**
							37	59	22	0.62	Oxide
Includes							57	59	2	2.94	Oxide
TBAC040	401881	6944505	500	270	60	67	3	6	3	0.61	Laterite
							35	61	26	0.36	Oxide
TBAC041	401898	6944505	500	270	60	68	4	6	2	0.73	Laterite.
TBAC043	401718	6944539	500	270	60	131	34	35	12	0.54	Oxide.
TBAC044	401756	6944538	500	270	60	108	50	53	3	0.84	Oxide.
TBAC045	401799	6944540	500	270	60	104	5	7	2	0.49	Laterite
							24	25	1	1.10	Oxide
							52	53	1	1.15	Oxide
TBAC048	402017	6944519	500	270	60	60	3	5	2	0.67	Laterite
TBAC049	402211	6944342	500	270	60	137	36	44	8	0.40	Oxide
Includes							40	41	1	1.26	Oxide

Table 1 – First pass aircore drilling at the Terminator Gold Prospect, one metre assay results.

Note: Samples were collected as 1m composites and most assays determined by the fire assay method (AUFA50 – detection limit 0.01ppm Au by Aurum Laboratories). The remainder of the assays have been determined by the aqua regia method (AuAR50 – detection limit 0.01ppm Au by Aurum Laboratories). Results have been rounded where appropriate. Intervals are expressed as down hole intervals in metres. There is insufficient information at present to make an estimation of the true width of the mineralisation encountered.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	Au (g/t)	Comment
IGTBAC104	401580	6944800	500	270	60	94	39	42	3	0.92	Oxide
							51	52	1	0.62	Oxide
IGTBAC105	401640	6944700	500	270	60	33	6	9	**3**	**1.10**	**Laterite**
IGTBAC108	401775	6944600	500	270	60	114	27	28	1	1.28	Oxide
WNADR0727	401638	6944759	500	0	90	78	2	10	8	0.29	Laterite
							52	53	1	1.06	Oxide

Table 2 - First pass aircore drilling at the Terminator North Gold Prospect, one metre assay results.

Note: Samples were collected as 1m composites and most assays determined by the fire assay method (AUFA50 – detection limit 0.01ppm Au by Aurum Laboratories). The remainder of the assays have been determined by the aqua regia method (AuAR50 – detection limit 0.01ppm Au by Aurum Laboratories). Results have been rounded where appropriate. Intervals are expressed as down hole intervals in metres. There is insufficient information at present to make an estimation of the true width of the mineralisation encountered.

Duketon Belt Gold Potential

The Duketon Belt contains highly prospective geological sequences and mineralised structures. Numerous structures are known to contain significant gold mineralisation. This is evidenced by the approximately 3 million ounces of unmined gold resources currently defined to date within the belt. In addition the plus 1.5 million ounce Moolart Well Gold Project is currently being developed by Regis Resources Ltd (ASX: RRL) Once operational this will be only mining operation in the Duketon Belt.

Very little systematic gold exploration has been completed within The South Boulder Duketon Gold Project. From the early 90's the majority of the Duketon Project was held by Normandy Mining Limited and Newmont Mining Corporation. Although wide spaced reconnaissance exploration was sporadically conducted, the vast majority of the project remains under shallow cover and vastly under explored.

About the Nickel Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years of grant of the relevant tenements. The Duketon Project covers around 1800km² and is highly prospective for gold, nickel sulphide and base metal deposits. South Boulder holds 100% of the gold and base metal rights.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel, potash and phosphate.

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This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder Mines Ltd who is the operator of the Duketon Gold Project. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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". Lorry Hughes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

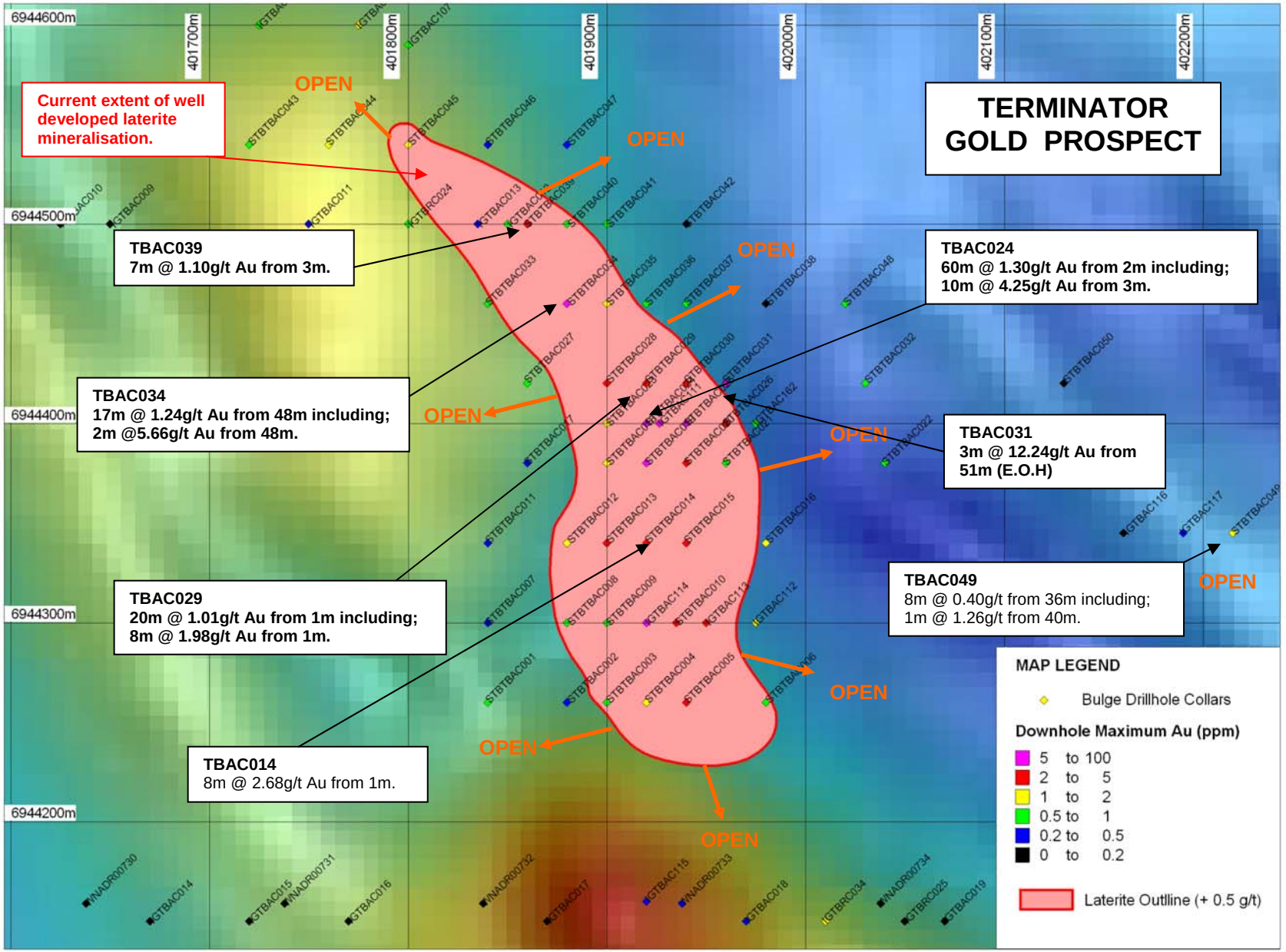

Figure 1 – The Terminator Gold Prospect.

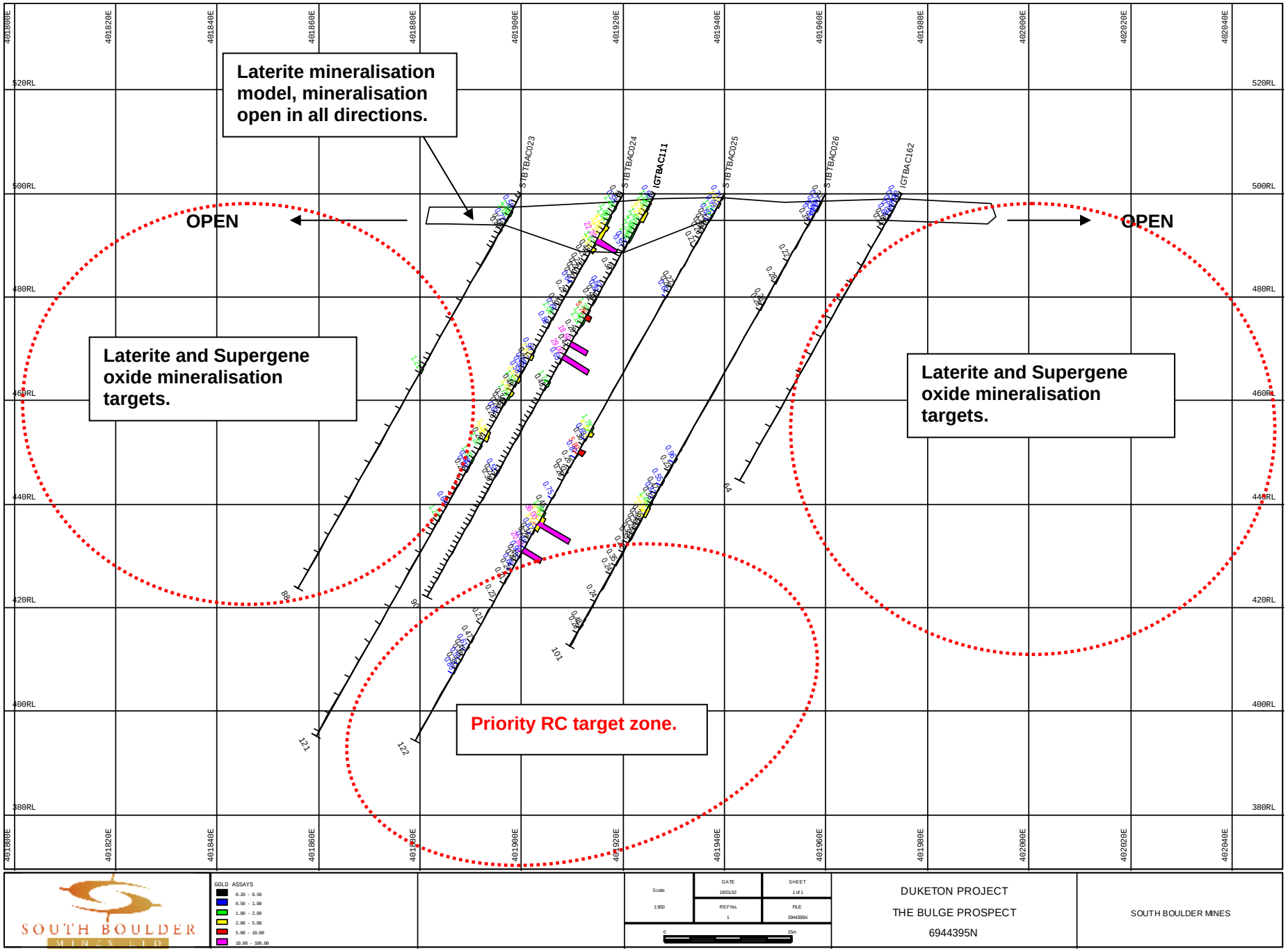

Figure 1 – West-east vertical cross-section 6944395N at The Terminator Gold Prospect showing examples of drill targets.

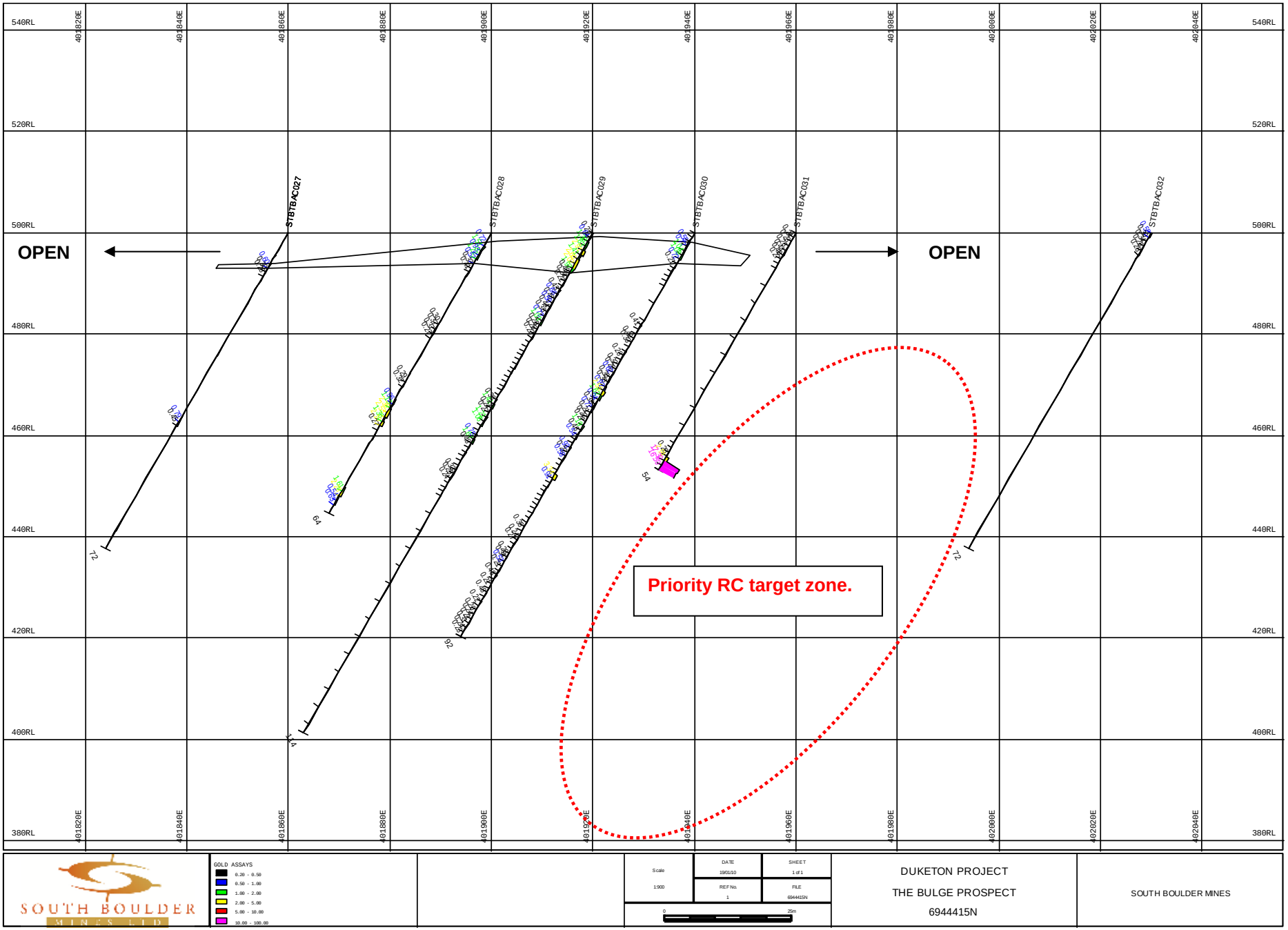

Figure 2 – West-east vertical cross-section 6944415N at The Terminator Gold Prospect showing examples of drill targets.