



South Boulder Mines Ltd

CEO/Managing Director : Lorry Hughes
2nd September 2011



The World's First Open Pit
Potash Producer
in the Making
Africa Down Under Conference - Perth

www.southbouldermines.com.au (ASX: STB, OTC; SBMSY, Ger; SO3-Fra)

1. Executive Summary

SOUTH BOULDER MINES

- Three outstanding projects: potash, nickel and gold.

Colluli Potash Project, Eritrea.

- World class potash project in Eritrea from 16m depth;
- Maiden JORC/43-101 Resource 548Mt @ 18.6% KCl (102Mt potash) includes 119Mt @ 23% KCl (**<100m depth**);
- Exploration Target of 1.250-1.75Bt @ 18-20% KCl (**<100m depth**);
- Area B discovery contains extensive sylvinitite (**open**);
- *Start up production target of 1-2Mt in 2016 or sooner*;
- Early production followed by staged expansion;
- **Capex estimate at < half of industry (USD\$0.5 – 0.75bn)**;
- **Opex estimate to be in lowest 10% of global producers**;
- **Updated JORC-resource and scoping study out this quarter.**

PROJECTS

Duketon Greenstone Belt Projects, Western Australia.

- **Maiden JORC-resource out this quarter**;
- Rosie - 5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGEs (2.20g/t Pt, 1.74g/t Pd, 0.82g/t Rh, 1.79g/t Ru);
- C2- 50m @ 0.92% including 37m @ 1.05% Ni;
- **Scoping study underway**;
- Independence Group (ASX; IGO) earning 70% of nickel upon completion of BFS; STB has 100% of Gold Rights on the DNJV and additional tenure in the Duketon Greenstone Belt.



Existing port of Massawa, Eritrea.



High grade nickel - copper – PGE mineralisation from the Duketon Nickel Project W.A.

2. Company Snapshot

COMPANY DETAILS

Market cap (\$2.24/share)	~\$200M
Ordinary Shares	87.1M
Cash/NTA	\$13.0M
Unlisted Options (\$6.8m)	18.7M
Top 40 Shareholders	65%
Sprott Asset Management	19%

BOARD

Terry Grammer (Chairman - Geologist) +35 years experience, includes African projects, discovered Cosmos Nickel Deposit and was a founder of Western Areas NL

Lorry Hughes (CEO/Managing Director - Geologist) +20 years experience, K, U, Au, Pb mining and exploration, Aust., SE Asia

Liam Cornelius (Executive Director - Geologist) +20 years experience, K, Au, Ni, Aust., SE Asia, Africa

Dennis Wilkins (Company Secretary - Accountant) +20 years experience, Finance Directorships, capital raising, funding and administrative services to the resource sector. Aust, Africa

ERCOSPLAN (Potash Consultant) +50 years experience in planning and execution of projects in the potash and mineral salt industry. World renowned experts

Dr. Chris Gilchrist (Feasibility Manager) +30 years experience, K, mineral sands, diamonds, 20 years on African projects, processing, power, rail, port and market expertise in potash



Lorry Hughes and Country Manager Zeray Leake in Asmara, Eritrea.

POTASH EXPERTISE



COL-025 drill core showing sylvinite mineralisation from Area B. Total potash thickness ~ 15.61m from 35.70m depth.

3. Share Price Performance and Activities



Value Drivers

- Area B assays;
- Resource update;
- Feasibility update;
- DFS timeline to production in 2016 or sooner;
- Complete key project milestones

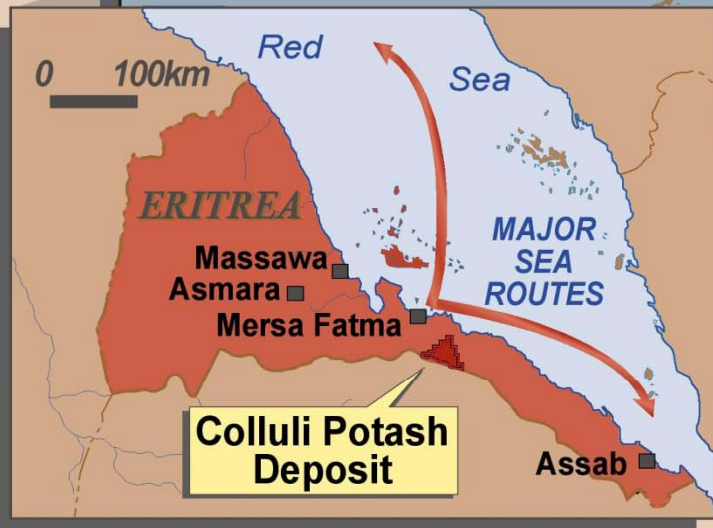
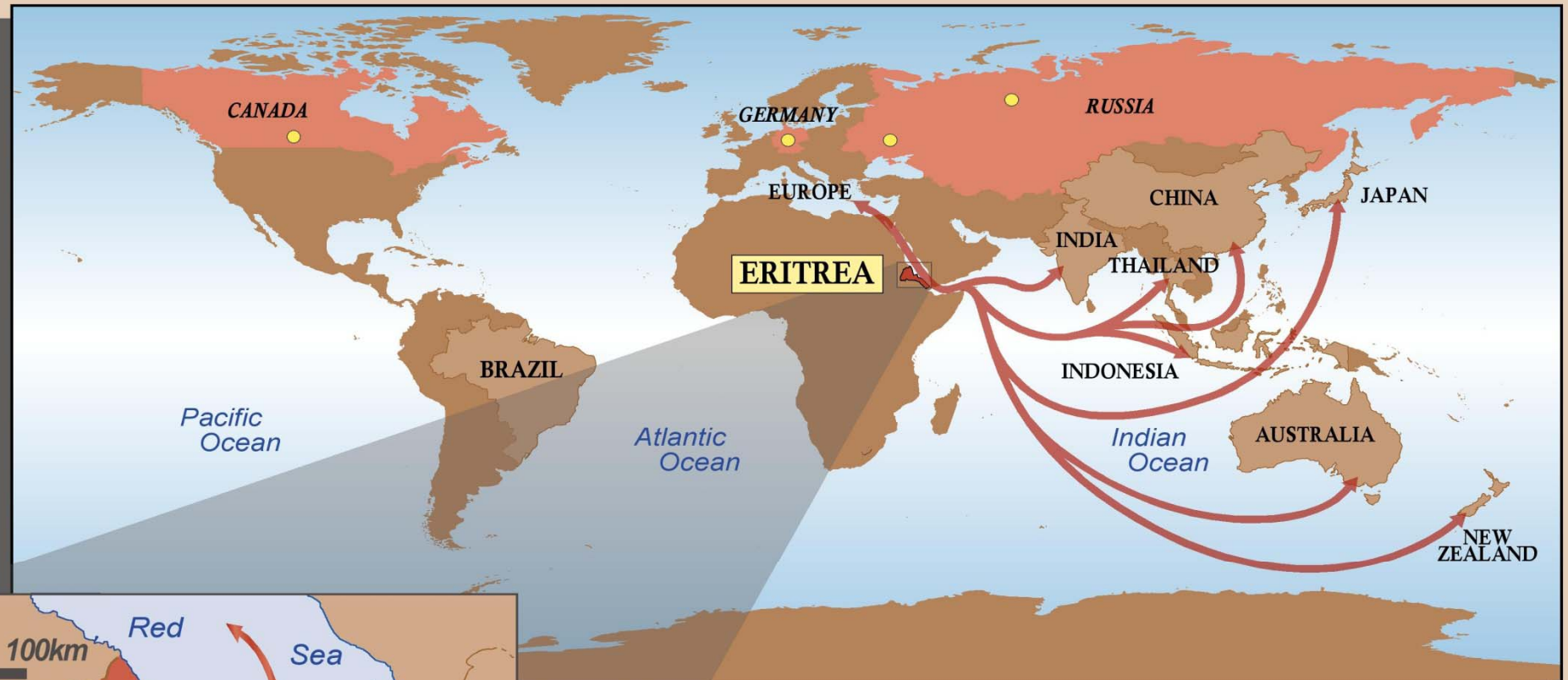
“A significant re-rating is expected as we transition from developer to producer.”

4. Eritrea and Potash

- ✓ Eritrea is a growing mining jurisdiction. First modern day mine production occurred in Dec 2010. (TSX; NSU), (ASX; CHN);
- ✓ The project was awarded to South Boulder via an open tender process. Deal Structure is as follows;
 - After BFS – Gov't gets 10% of the project for free and can purchase up to another 30% of the project at fair value then proceed to production;
 - 3.5% royalty on potash and corporate tax rate of 38%;
 - Ownership structure paves the way for a long term secure and reliable mining partnership;
- ✓ 90% of the world's production comes from deep underground mines with high op-ex. High cap-ex is a major barrier to new mine production;
- ✓ Potash price is ~\$400 - 500/t and rising, industry production costs are from ~\$100 - 250/t;
- ✓ Potash fertilizer is strategic for the food production and security of all countries. Food commodity markets are expected to stay immune to any further deterioration in the macroeconomic environment this year as tight fundamentals continue to support price levels;
- ✓ Asia is chronically underinvested in potash production and is looking to change this dynamic, similar to what has occurred with Fe, Ni, Zn, Cu, U, Coal.



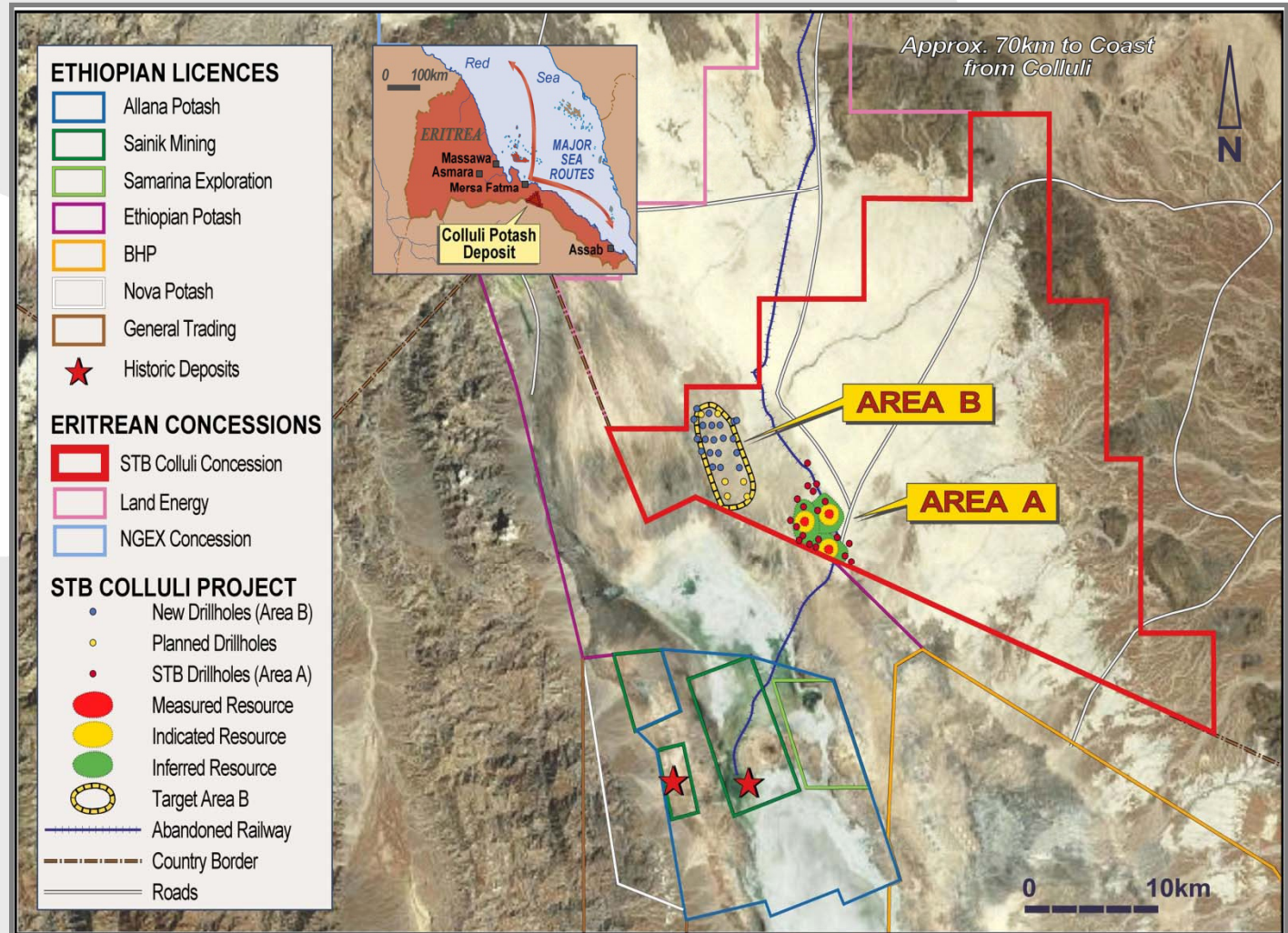
THE NEXT GLOBALLY SIGNIFICANT PRODUCER



- **Close to ports, markets and major shipping routes**
- 70km to coast
- **Low cost open pit potash mine**
- Potash from 16m depth
- **Resource expansion**
- Massive deposits, huge mine lives
- **MOP and SOP production potential**
- All minerals have been mined and processed to produce potash
- **Large energy saving potential**
- Solar and geothermal energy solutions
- **No known significant environmental issues**

5. Colluli Potash Project

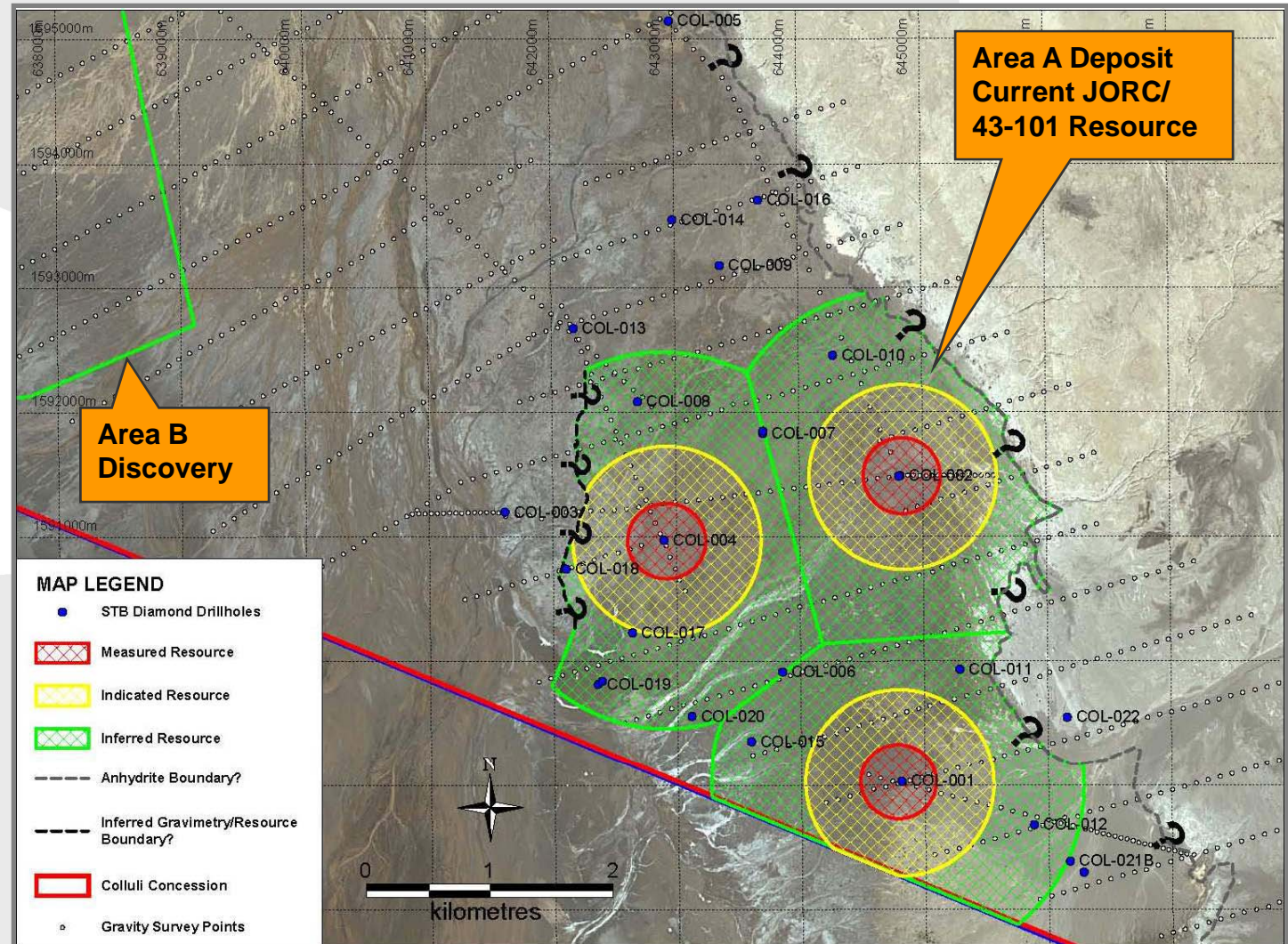
- “Tier 1” asset in an emerging world class potash basin;
 - No other deposits with these potash grades as shallow as 16m;
 - All ore types have been mined and processed together in the past;
 - Open pit mining will allow very cheap cap-ex/op-ex mining;
 - Open pit mining will allow very cheap cap-ex expansions;
 - A number of attractive processing and transport routes are available;
 - Located on edge of major shipping route to Asia;
- Sylvite – KCl
 Carnallite – $\text{KMgCl}_3 \cdot 6(\text{H}_2\text{O})$
 Kainite – $\text{MgSO}_4\text{KCl} \cdot 3(\text{H}_2\text{O})$;



Resource is ~ 70kms from the coast

5. Colluli Potash Project (CONT'D)

- Current Area A JORC resource – 548Mt @ 19% KCl including;
 - 119Mt @ 23% KCl;
- Mineralisation open and located at depths of ~18-90m;
- 22 holes drilled to date;
- Resource update underway;
- Key resource in engineering scoping study for 1-2Mt p.a. initial production;
- Most resources will report to the Measured and Indicated categories;
- Recently completed drilling metallurgical and geotechnical holes for the feasibility study.

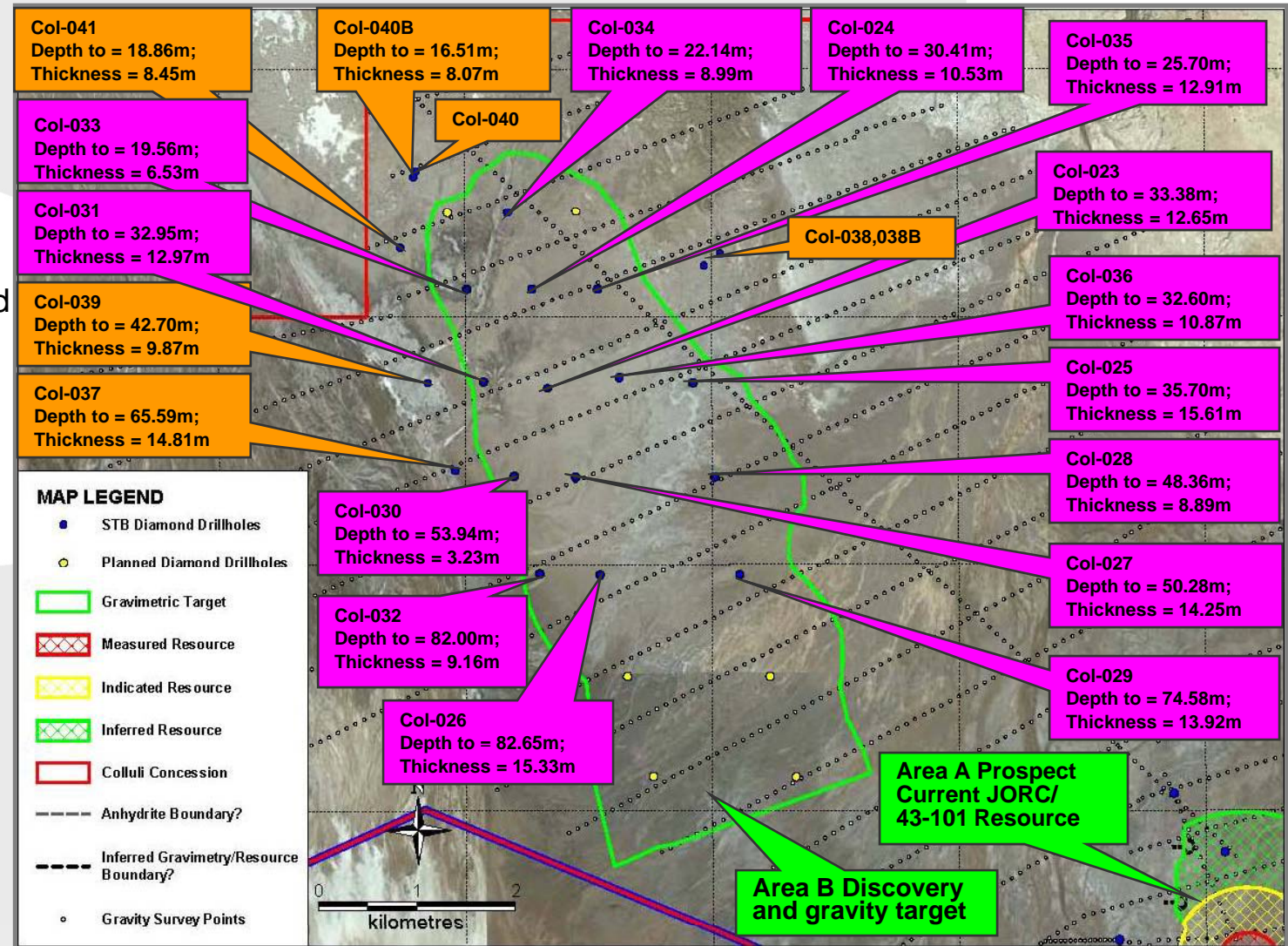


The Worlds Most Strategic "Greenfields" Potash Resource



5. Colluli Potash Project (CONT'D)

- JORC resources for Area B in progress;
- A highly significant addition containing substantial shallow sylvinitic;
- Mineralisation open and located at depths of ~16 – 82m;
- 21 holes drilled to date;
- First assays due September;
- Key addition to feasibility study for 1-2Mt p.a. initial production;
- Current combined Area A + B JORC Exploration Target of 1.25 – 1.75 BT @ 18 – 20% KCl.

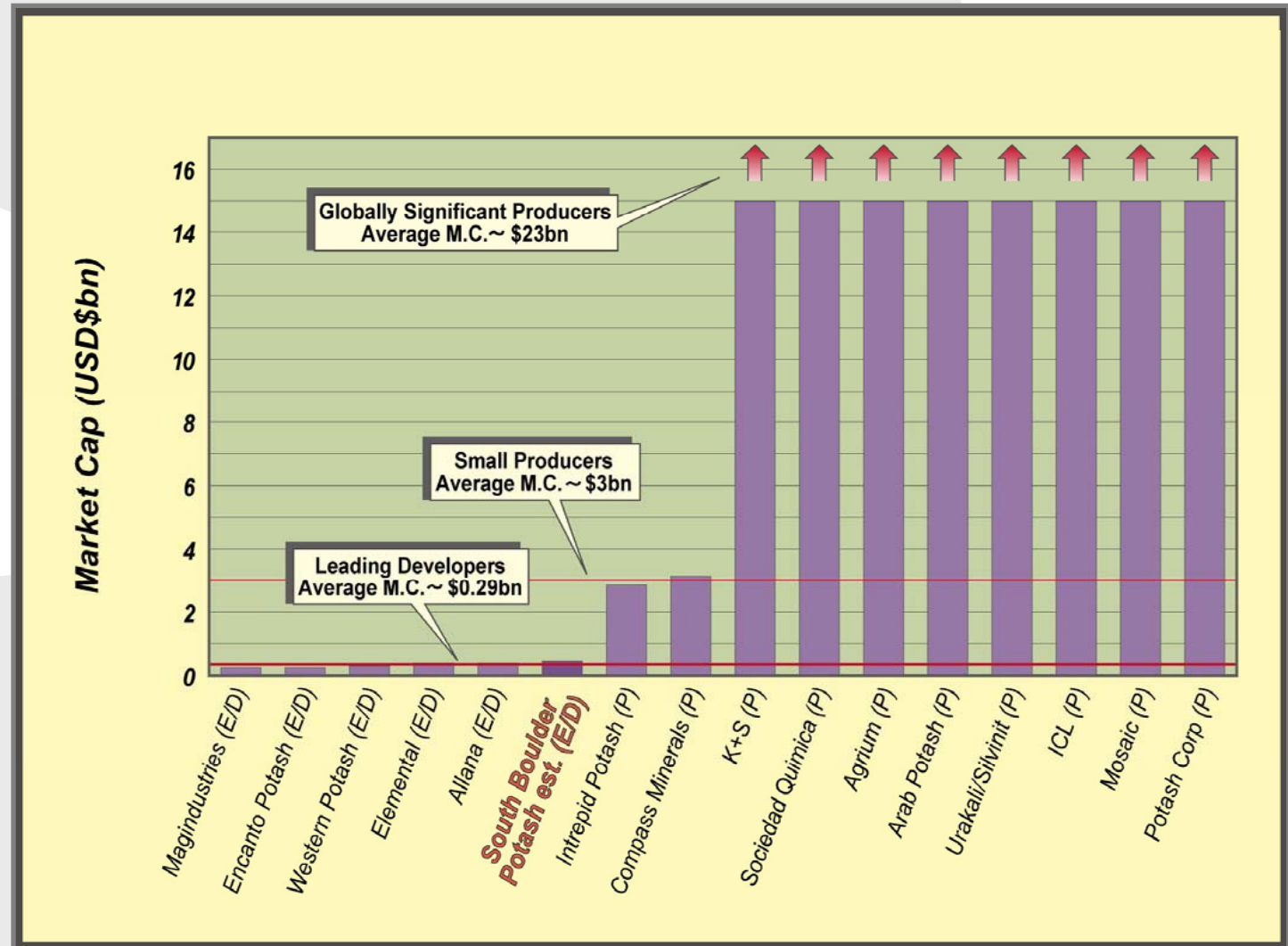


Area B could be the location for start-up mining in 2016

7. Company Comparison

KEY DRIVERS

- Increase JORC/43-101 Compliant resources - Sept;
- Engineering scoping study – current quarter;
- Concurrent DFS – complete in 2013 (*fast track options*);
- Construction – commence in 2013;
- Phase 1 production **2016**;
- Phase 2 production;
- Further expansion.



“A Significant re-rating is expected as we continue to push closer to producer status”

9. Reasons to Invest

- ✓ South Boulder is developing the world's shallowest potash deposit at Colluli - updated JORC Compliant resource and engineering scoping study due this quarter;
- ✓ Definitive feasibility study has commenced for production in 2016 or sooner;
- ✓ Scoping study will demonstrate financials and technicals for one of the lowest cost potash mines in the industry;
- ✓ Start-up capital will be ~ half the industry average to initially produce 1-2Mt p.a of potash;
- ✓ The project is situated in the prime infrastructure location to sell into the largest growth markets for potash in Asia;
- ✓ The potash sector has excellent long term fundamentals. There is huge sector interest. Resource giants participate in the sector, BHP, Vale, Potash Corp, K & S, competitor activity;
- ✓ South Boulder with JV Partner Independence Group is developing the Rosie and C2 Ni-Cu-PGE deposits. Maiden JORC due this quarter, scoping study underway;
- ✓ Tight capital structure with 87.1M shares on issue; highly leveraged to success;
- ✓ Well funded with approximately \$13.0M in liquid assets + option conversions (\$6.8m);
- ✓ On-going news flow from drilling and engineering study results in coming months.

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Disclaimer

Forward-Looking Statements

The following presentation represents South Boulder Mine's best judgement 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 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 Dr.s' 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 organization 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 deposit under consideration and to the activity which they have undertaken 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". 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.

JORC- Exploration Targets

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt); Includes 119.21Mt @ 23.14% KCl**. The resource contains 33.39Mt @ 18.56% KCl in the Measured Category, 173.37Mt @ 18.57% KCl in the Indicated Category and 340.86Mt @ 18.58% 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 GPS 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 carnallite 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 spectroscopy 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 Prüfwesen 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.