

# ASX Release

26 May 2015

## Company Details

ASX Code:	STB
Share Price	\$0.38
Market Cap	\$64M
Shares on issue	168M
Company options	27M
Cash at Bank	\$9.5M

## Contact Details

### Managing Director

Paul Donaldson

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# Rights Issue Allotment

South Boulder Mines Limited ("STB" or "the Company") is pleased to confirm that it has completed the allotment of 7,336,337 fully paid ordinary shares issued pursuant to the Company's Rights Issue which closed on 20 May 2015.

The Company has successfully raised \$1,834,084.25 (before costs) from existing shareholders under its Rights Issue. Holding statements for these securities will be dispatched to shareholders today.

The Company is now proceeding to place the remaining 6,063,830 shortfall shares to the Underwriters to raise an additional \$1,515,957.50 (before costs) and will complete these placements as soon as practicable.

An Appendix 3B in respect to the securities allotted under the Rights Issue is attached.

### Further information:

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**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% K<sub>2</sub>O 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.

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   | 7,336,337                  |
| 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

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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"> <li>the date from which they do</li> <li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>
5	Issue price or consideration	\$0.25
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>Issue of shares in relation to valid applications received in respect of the Company's Rights issue as per ASX Announcement on 28 April 2015.</p> <p>The funds raised (\$1,834,084.25) will be used for completion of definitive feasibility work for the Colluli Potash Project, development of additional in house capabilities to support the development of the Project, advancement of funding discussions for the Project, corporate overheads, and Offer costs.</p>
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>	<p>Yes</p>
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

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

6f	Number of +securities issued under an exception in rule 7.2	7,336,337 (LR 7.2 Exception 1)	
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 1,100,450 Capacity under LR 7.1A is 14,716,416	
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.	26 May 2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		168,138,337	Ordinary Shares

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		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

## Part 3 - Quotation of securities

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

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☒ <sup>+</sup>Securities described in Part 1

<sup>+</sup> See chapter 19 for defined terms.

- (b) ☐ All other <sup>+</sup>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 <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>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 <sup>+</sup>securities

## Entities that have ticked box 34(b)

- |    |  |     |
|----|--|-----|
| 38 | Number of <sup>+</sup> securities for which <sup>+</sup> quotation is sought   | N/A |
| 39 | <sup>+</sup> Class of <sup>+</sup> securities for which quotation is sought  | N/A |
| 40 | <p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | N/A |

<sup>+</sup> See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another +security, clearly identify that other +security)	N/A	
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in clause 38)	Number	+Class
		N/A	N/A

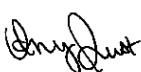
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+ See chapter 19 for defined terms.



**Quotation agreement**

- 1      <sup>+</sup>Quotation of our additional <sup>+</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>+</sup>securities on any conditions it decides.
- 2      We warrant the following to ASX.
  - The issue of the <sup>+</sup>securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those <sup>+</sup>securities should not be granted <sup>+</sup>quotation.
  - An offer of the <sup>+</sup>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 <sup>+</sup>securities to be quoted and that no-one has any right to return any <sup>+</sup>securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the <sup>+</sup>securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the <sup>+</sup>securities to be quoted under section 1019B of the Corporations Act at the time that we request that the <sup>+</sup>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 <sup>+</sup>quotation of the <sup>+</sup>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: ..... Date: 26 May 2015  
(Director/Company secretary) .....

Print name: **Amy Just**  
.....

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<sup>+</sup> 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	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	129,127,826
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	300,000 (shares issued on the exercise of options – May & June 2014)  10,000,000 (KLID placement shares issued 6 August 2014)  400,000 (shares issued on vesting of performance rights 18 March 2015)  7,336,337 (rights issue shares issued 26 May 2015)
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	147,164,163

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	22,074,624
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> 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"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>10,000,000 (WEL placement shares issued 16 January 2015)</p> <p>10,974,174 (placement shares issued 30 April 2015)</p>
<b>“C”</b>	20,974,174
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	22,074,624
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	20,974,174
<b>Total [“A” x 0.15] – “C”</b>	<p>1,100,450</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	147,164,163
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	14,716,416
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <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></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	Nil

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	14,716,416
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> [“A” x 0.10] – “E”	14,716,416 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.