

ASX Release

1 December 2014

Company Details

ASX Code:	STB
Share Price	\$0.19
Market Cap	\$26M
Shares on issue	139M
Company options	23M
Cash at Bank	\$9M

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Investor Presentation

South Boulder Mines (ASX: STB) ("South Boulder" or "the Company") is pleased to lodge a copy of the presentation that Mr. Paul Donaldson will be giving today in London.

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ABN: 56 097 904 302

Paul Donaldson
MANAGING DIRECTOR

Amy Just
COMPANY SECRETARY

About South Boulder Mines Ltd

South Boulder is an ASX-listed (ASX: STB) resources company currently developing the emerging, world-class Colluli Potash Project located in Eritrea, Africa. The Colluli Potash Project is located in the Danakil Depression region of Eritrea ~65km from the coast comprising approximately 500km². South Boulder Mines Limited has been actively exploring for potash at the Colluli Potash Project in Eritrea since 2009. Colluli is the world's shallowest potash deposit (starting at 16m), facilitating the low capex open pit mining and favourably positioned to supply the world's fastest growing markets.

The JORC/NI43-101 Compliant Mineral Resource Estimate for the flagship Colluli Potash Project now stands at 1.08 billion tonnes @ 18% KCl for 194Mt of contained potash. Substantial project upside exists in higher production capacity and market development for other contained products. Engineering Scoping Study (ESS) results were favourable, proving that an economic 2Mt p.a. potash mine can be built at a materially lower cost than typical potash development. The start-up capital cost for Colluli is one of the lowest in the industry; couple this with cheap expansion capability via open pit mining methods, excellent infrastructure and location, and it becomes even more attractive, ensuring South Boulder gains a high level of investment interest for the long term. South Boulder Mines Ltd is working steadily towards developing the world's first, modern, open pit potash mine.

Competent Persons and Responsibility Statement

The Colluli Potash Project has a current JORC/NI43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 1,079.00Mt @ 17.97% KCl or 11.35% K₂O (total contained potash of 194.09Mt KCl or 122.61Mt K₂O). The resource contains 261.81Mt @ 17.94% KCl or 11.33% K₂O of Measured Resources, 674.48Mt @ 17.98% KCl or 11.36% K₂O of Indicated Resources and 143.50Mt @ 18.00% KCl or 11.37% K₂O of Inferred Resources.

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Greg Knox using estimates supplied by South Boulder Mines Ltd under supervision by Ercosplan. Dr Henry Rauche and Dr Sebastiaan Van

Der Klauw are co-authors of the JORC and NI43-101 compliant resource report. Greg Knox 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 organisation 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.

MrKnox, DrRauche and Dr 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 Knox, Dr Rauche and Dr Van Der Klauw consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

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-UmwelttechnikGmbH 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 AkkreditierungssystemPrüfwesen 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.



SOUTH BOULDER
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Colluli: A unique and unrivalled potash opportunity

Potash and Phosphate Developers Seminar

December 2014

Paul Donaldson – CEO and Managing Director

Helping grow a better future

Forward Looking Statements and Disclaimer

The information in this presentation is published to inform you about South Boulder Mines (the “Company” or “STB”) and its activities. STB has endeavoured to ensure that the information in this presentation is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the ‘Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company’s filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources have been estimated using the Australian JORC (2004) Code (‘JORC 2004’), which is a permitted code under Canadian National Instrument 43-101 (‘NI 43-101’). In addition to the CIM Definition Standards on Mineral Resources and Mineral Reserves. Mineral Resource classifications under the two reporting codes are recognised as equivalent in categories with no material differences. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation. Recipients should make their own enquiries in relation to any investment decisions.



A unique and unrivalled opportunity – Colluli, Eritrea

1. Large, high grade potassium bearing resource close to surface in an emerging potash province.
2. Close proximity to coast and geographically favourable relative to key markets.
3. Highly favourably suite of potassium bearing salts for low cost production of potassium sulphate (SOP or sulphate of potash) using a commercially proven process and simple mineral processing units (flotation and mixing).
4. Joint Venture with Eritrean National Mining Company (ENAMCO) is a key enabler to project success.



Large, high grade potassium bearing resource

Over 1 billion tonnes of potassium bearing salts – all potassium salts in the Colluli resource are suitable for the production of potash fertilisers.

Shallow mineralisation supports Colluli as open pit – a proven, safer mining method, easier to expand and better overall resource recovery than underground.

One of only three major deposits containing kainite salt (key salt for SOP production) in solid form globally.

Colluli at a Glance	
Location	South Eritrea
Size	Approximately 400km ²
Product	Sulphate of Potash
Resource ¹	Measured: 262Mt Indicated: 581Mt Inferred: 173Mt <u>Total: 1016Mt</u>
Potassium Bearing Salts	Sylvinite: 110Mt Carnallite: 309Mt Kainite: 597Mt
Process	Flotation/Solar Evaporation
Stage	PFS level testwork program underway

¹ Refer to Resource Statement on Page 22


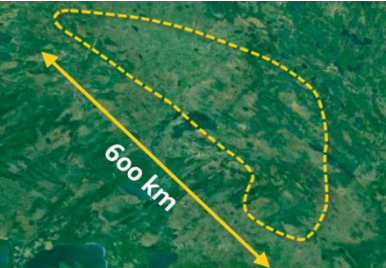
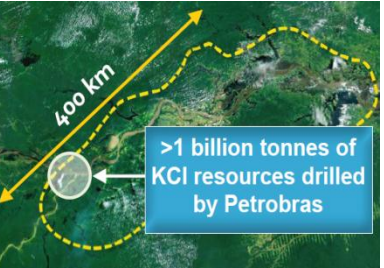



The Danakil Depression - an emerging potash province

The Danakil Potash belt compares favourably in terms of size, resource depth and environmental issues against other potash belts globally.

> 4.2 billion tonnes of measured and indicated potassium salts across the Danakil to date¹

Key Global Potash Belts²

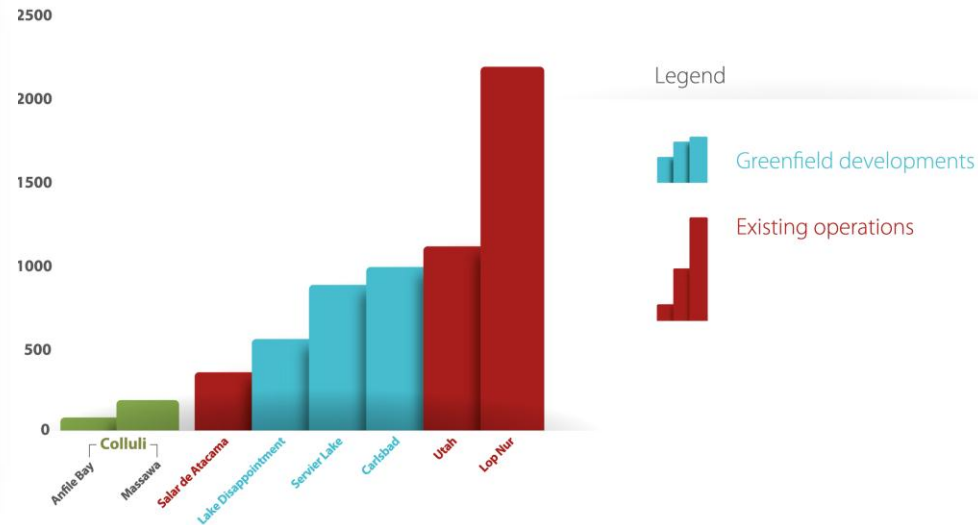
Attributes	Danakil, East Africa – Eritrea, Ethiopia	Saskatchewan, Canada	Manaus – Santarem Basin, Amazonas, Brazil	Urals, Russia
Size				
Operator(s) Profile	<ul style="list-style-type: none"> 350km across Emerging junior mining companies South Boulder, Allana, Circum Mineralised zones occur much closer to the surface 	<ul style="list-style-type: none"> 600km across Established, large cap companies i.e. Canpotex 	<ul style="list-style-type: none"> 400km across Emerging mining companies i.e. Brazil Potash, 	<ul style="list-style-type: none"> 150km across Established, large cap companies K&S Group, Uralkali (Bela-Russian)
Resource Depth	<ul style="list-style-type: none"> Typically only 20-100m in Eritrea 150 – 950m in Ethiopia³ 	<ul style="list-style-type: none"> Canadian deposits typically range from 1,500–2,000m 	<ul style="list-style-type: none"> Similar depth as Saskatchewan Typically ~500-2,000m¹ 	<ul style="list-style-type: none"> Russian depths are typically 1,800 to 2,000m
Climate	<ul style="list-style-type: none"> Conducive to the use of Evaporation and geothermal power 	<ul style="list-style-type: none"> Cold climate Evaporative solar ponds less effective 	<ul style="list-style-type: none"> Wet climate, heavy rainfall Evaporative solar ponds less effective 	<ul style="list-style-type: none"> Cold climate Evaporative solar ponds less effective
Environment / Social	<ul style="list-style-type: none"> Flat, arid desert with sparse population Minimal community/social concerns 	<ul style="list-style-type: none"> Heavily populated area Significant community/social concerns 	<ul style="list-style-type: none"> Tropical climate, dense vegetation Considerable environmental issues 	<ul style="list-style-type: none"> Mountainous terrain Low environmental concerns

Notes:

1. Measured and Indicated tonnages for Danakil based on combined tonnages from South Boulder Mines, Allana Potash and Ethiopian Potash (Agriminco) South Boulder Mines tonnages from stated N43-101/JORC resource, Allana tonnages from Allana Feasibility N43-101 compliant project summary, Ethiopian Potash (subsequently Agriminco) tonnages obtained from SEDAC, N43-101 resource report
2. Based on Brazil Potash presentation (February 2013).
3. Ethiopia drill depths obtained from Allana reports



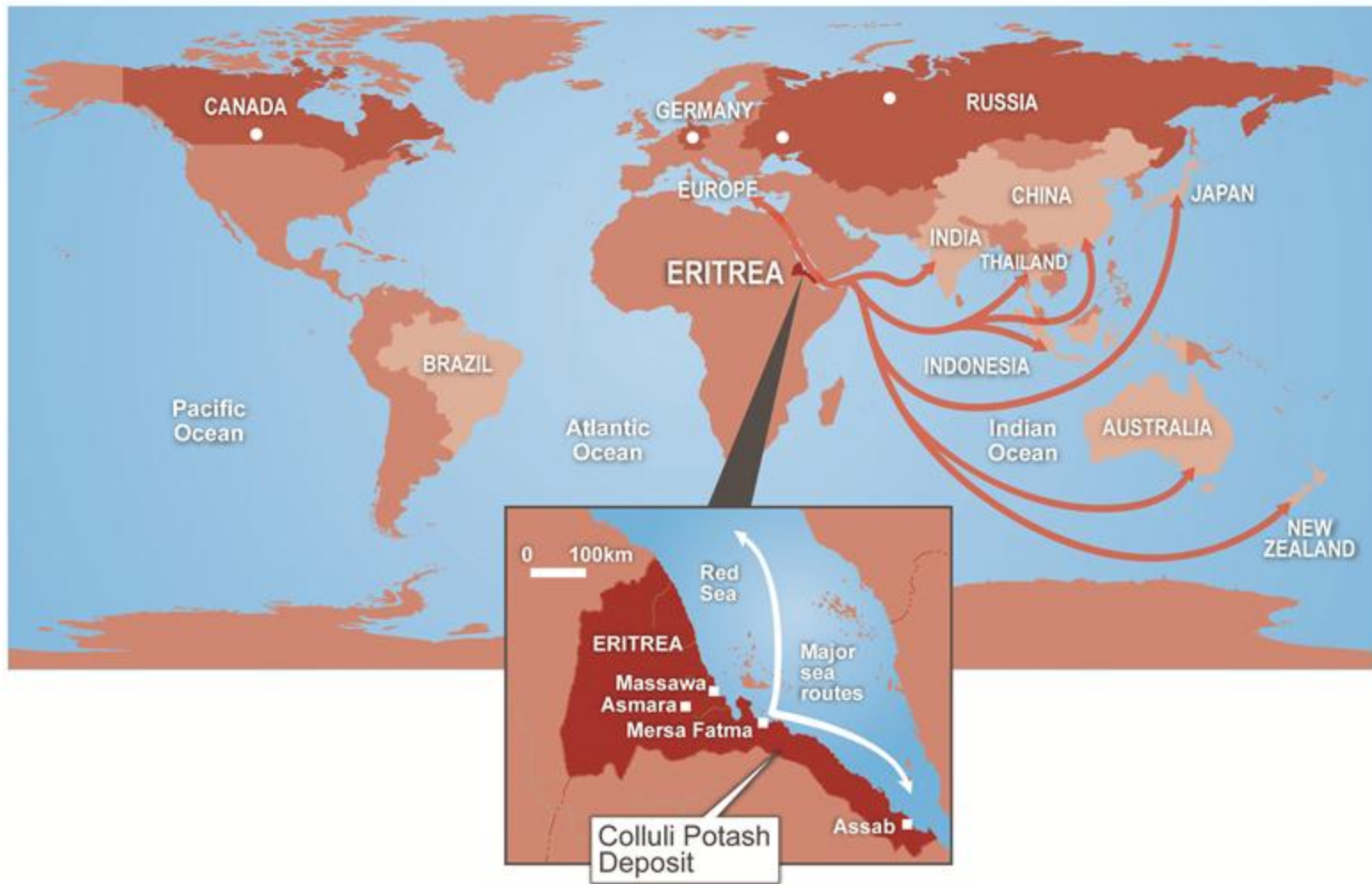
Colluli has unrivalled proximity to the coast



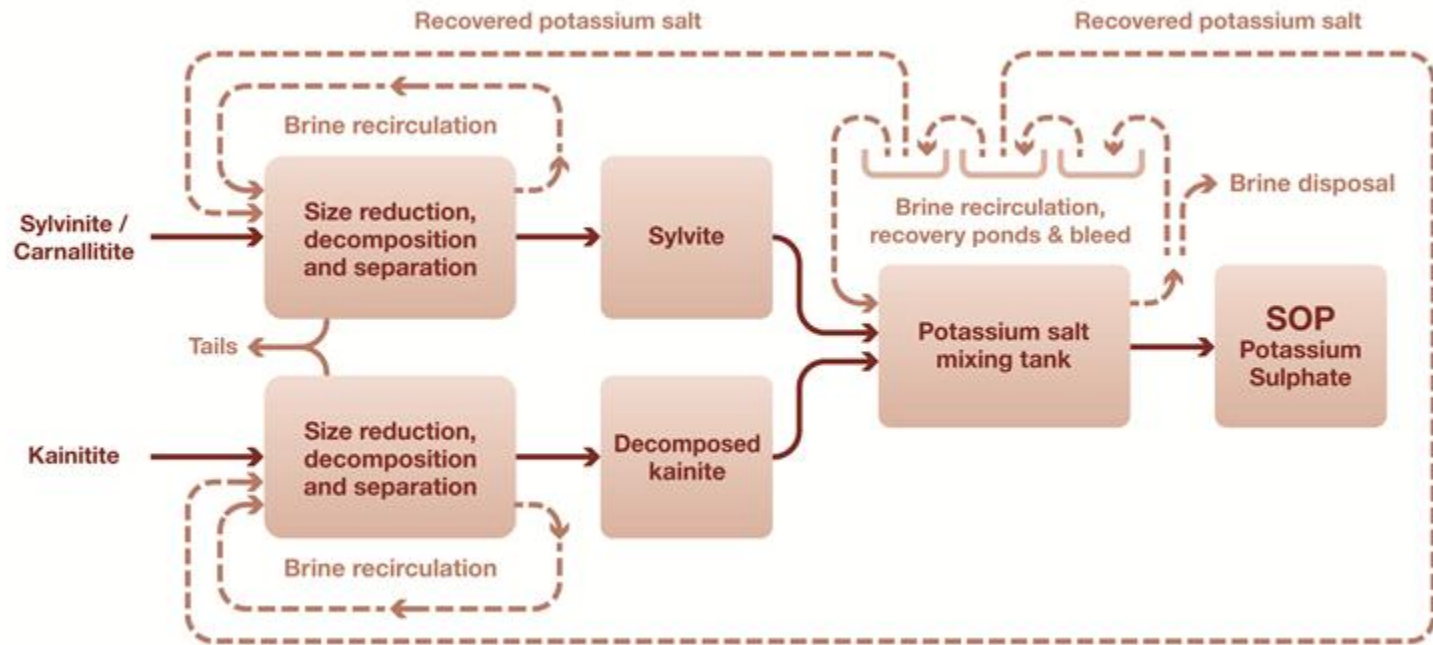
- 75km separates Colluli and the Red Sea coast.
- Location is significantly closer to port than potassium sulphate peers.
- Trucking is a low cost option to access port.
- Deepwater access at Anfile Bay suitable for loading vessels up to Panamax size.



Geographically favourable position for key markets



Simple, proven, low energy, high yield process



Metallurgical Results to date are highly favourable

1. Commercial grade potassium sulphate produced from Colluli salt mix using simulated process.
2. Flotation test results > 80% potassium recovery.
3. Elimination of grinding.
4. Overall circuit recovery expected to be ~ 85% potassium recovery.



Other advantages include

1. No communities within the exploration tenements.
2. Process insensitive to water quality.
3. Close to established roads.
4. Simple logistics for consumables (only 180km from Massawa port).
5. No clearing required.
6. Ease of access for construction equipment and mining fleet.

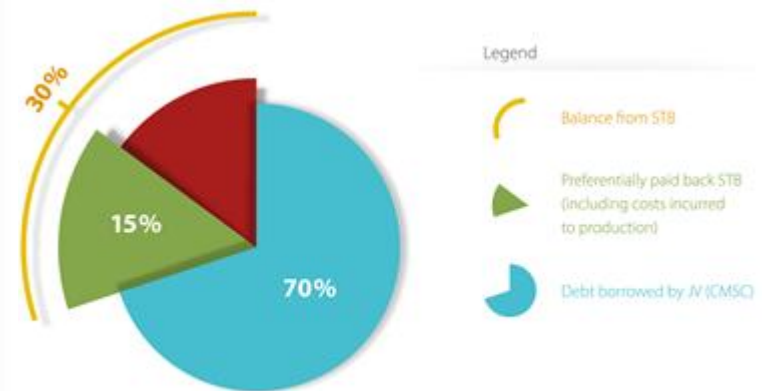


Joint Venture with Enamco is a key enabler

- Eritrea is a stable jurisdiction; mining is an important component of the country's economic development and government supports new entrants to the industry.
- Reputation clear government policy.
- STB and the Eritrean National Mining Company (ENAMCO) are working collaboratively on developing the project.
- Simple 'one stop shop' licensing process.



Colluli Mining Share Company (CMSC)



- The Colluli potash project is 100% owned by the Colluli Mining Share Company (CMSC).
- CMSC is a formally incorporated and established entity .
- STB holds 50% stake in CMSC, while Eritrean National Mining Company (ENAMCO) holds the balance.
- Both parties are highly focussed on a successful development.



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.



Adopting the principles of modularity

Colluli has changed the development philosophy from large scale development to one where modularity and expandability are key themes.

Why Modularity?

1. Risk Mitigation: Safety, Capital/Commercial
2. Process Optimisation
3. Capital Management
4. Ease of Expandability

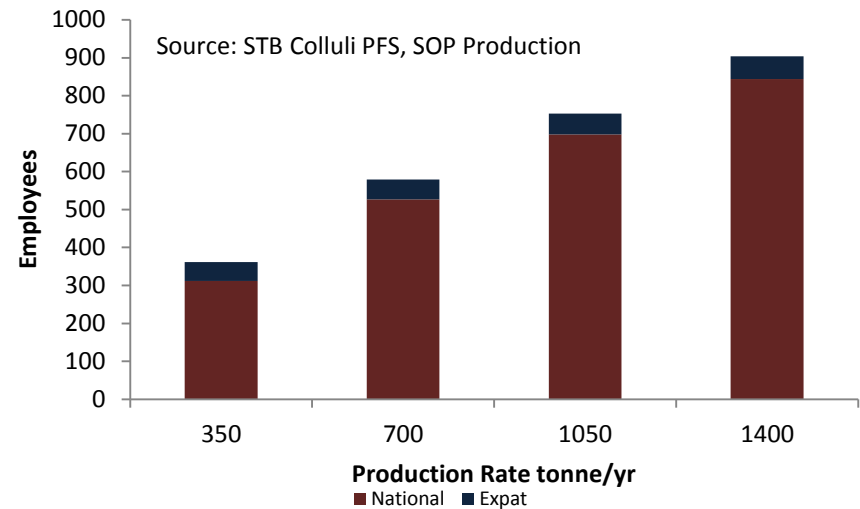
Pre-feasibility study running iterations on module size versus capex to balance project fundability, risk mitigation and economic returns for final DFS design. SOP's higher margins allows the project scale to be reduced.



Risk mitigation

Safety:

- Managing workforce size, skills and training
- Avoiding competition for limited skills within developing mining industry
- Developing capability at a manageable rate



Capital/Commercial:

- Analysis of Australian mining projects shows larger % cost increases with increasing project size
- Highest level of confidence in the bracket with the largest number of projects (\$100m - \$500m)

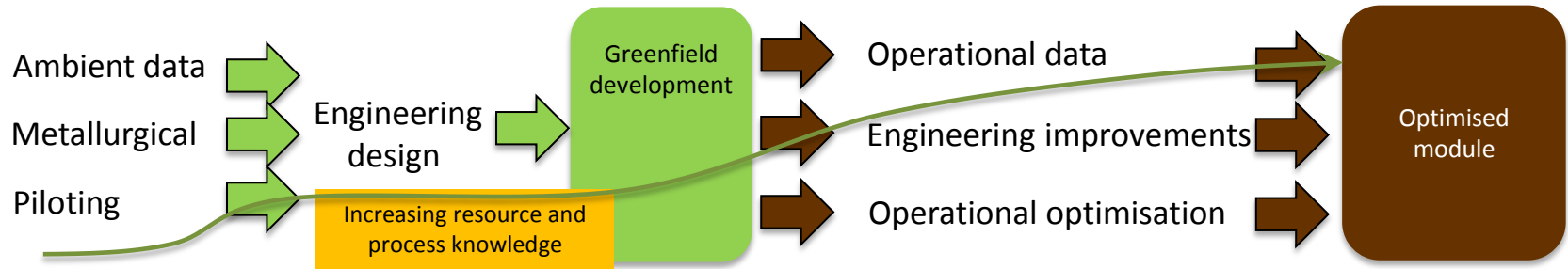
Value of Mining Projects Completed (\$m)	20 – 100	101 - 500	501 - 1000	+1000
Number completed	43	54	17	27
Average cost change	2.4%	-3.8%	4.0%	14.6%

Source: Deloitte Access Economics, March 2014



Process and resource optimisation

Process Optimisation



- Greenfield developments rely on data acquisition and metallurgical test programs for process design. While this proves and derisks the process, operational data and process understanding are core elements of process optimisation.
- Module designs can be optimised with the combination of data, plant performance, improved understanding of raw material and processing behaviour.



Colluli's infrastructure solution based on modularity



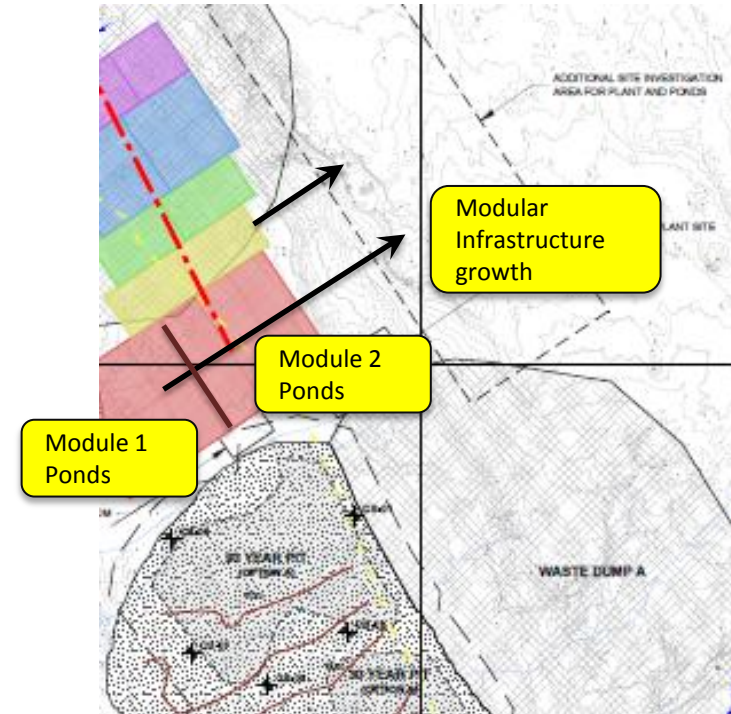
Modular Servicing Bays (example)



Modular Fuel Pods (example)



Modular Offices and Camp (example)



- Simpler logistics
- Reduced Earthworks
- Ease of expandability
- Improved capital management
- Improved process ramp up



2014 Accomplishments

Options review to process all salts completed	Feb
CMSC incorporated	Mar
Initiated transfer of resource model to AMC consultants	Mar
Commencement of metallurgical testwork for SOP production	Apr
Appointed study manager	May
Established all project workstreams for feasibility studies	May
Anfile Bay allocated to the project as export location	Jun
Oceanography studies initiated	Jul
First tranche of environmental baselines submitted	Aug
Resource hole 'twinning' and geotech drilling initiated	Sep
Exploration license renewal completed	Sep
Prefeasibility process design completed	Oct
Prefeasibility drilling completed ahead of schedule	Oct
Commercial grade SOP produced from Colluli salts	Oct



PFS well progressed and on track for Feb. 2015 completion

Milestones	2014E			2015E				2016E			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Metallurgical Testwork											
Preliminary Feasibility Study											
Finalise the resource											
Feasibility Study											
Social Environmental Impact Assessment											
Mining License Application											
Funding											
Detailed Engineering											
Phase 1 Construction											



Colluli Project Summary

1. Large, high grade potassium bearing resource close to surface.
2. Close proximity to coast and geographically favourable relative to key markets.
3. Unique combination of salts suitable for low cost production of potassium sulphate (SOP or sulphate of potash).
4. Strong and effective working relationship with the government.





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Thank you

Appendix



Resource statement

The Current Colluli JORC-Compliant Mineral Resource Estimate by potash mineral is as follows:

Occurrence	Tonnes (Mt)	Equivalent KCl	Contained KCl (Mt)	% of Total Resource
Sylvinite (KCl.NaCl)	110	28.4%	31	16%
Polysulphate ($K_2SO_4.NaCl.MgSO_4.H_2O$)	65	10.8%	7	4%
Carnallite (KCl.MgCl ₂ .H ₂ O)	309	12.3%	38	19%
Kainite (KCl.MgSO ₄ .3H ₂ O)	596	19.8%	118	61%
Total	1,080	18.0%	194	100%

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Experienced board and management



Paul Donaldson, CEO and Managing Director

Mr Donaldson was appointed to the role of Chief Executive Officer in February 2013. He joins South Boulder Mines from a series of senior management roles with BHP Billiton. Mr Donaldson has experience in large scale open cut mine management, supply chain logistics, mineral processing, business improvement and marketing.



Liam Cornelius, Non Executive Director

Mr Cornelius graduated from Curtin University of Technology with a BAppSc in Geology. He has been involved in the exploration industry within Australia and Africa for 18 years. As a founding member of South Boulder Mines, Mr Cornelius has played a key role in outlining areas of interest for the company.



Seamus Cornelius, Non Executive Chairman

Mr Cornelius has 21 years of corporate experience in both legal and commercial negotiations. He has been based in Shanghai and Beijing since 1993, where he has been living and working as a corporate lawyer. From 2000 to 2011 Mr Cornelius was an international partner with one of Australia's leading law firms, specialising in cross border investments in the energy and resource sectors.



James Durrant, Project Coordinator

Mr. Durrant joined South Boulder Mines after a series of operational roles within BHP Billiton. With tertiary qualifications in both mechanical and mining engineering, Mr. Durrant brings project management, organisational design and operational management of large scale open cut mines skills to the organisation.



Tony, Kiernan, Non Executive Director

Mr Kiernan was previously a commercial lawyer and is currently Chairman of the Australian iron ore producer BC Iron Ltd (ASX:BCI) and a non-executive director of several listed mining companies including Chalice Gold Mines Ltd (ASX: CHN), which has been operating in Eritrea since 2009.



Zeray Leake, Country Manager

Mr Leake is a Geologist with over 12 years experience in the development and exploration of potash, gold, base metals and industrial minerals. Mr Leake previously worked for the Geological Survey of Eritrea.



Potential project upside

Markets for these products are well established.

Potential Markets for Various Resource Mineralisation

Mineral Present at Colluli	Colluli Resource ¹	Global Market Context
rock salt (NaCl)	+ 650Mt	300Mtpa global salt market
halite (NaCl)		
bischofite (MgCl ₂)	+200Mt	6 – 7Mtpa global market
anhydrite	Avg 4% (~40Mt)	187Mtpa Gypsum market
kieserite (MgSO ₄)	40Mt	Established fertiliser segment

¹ Refer to Resource Statement on Page 22

