



SOUTH BOULDER
MINES LTD

ASX Release

11 May 2011

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

Share Price: \$3.54

Market Cap: \$310M

Shares on issue: 86.1M

Cash at Bank: \$11.7M
ASX/TSX listed shares: \$3.9M

Top 40 shareholders – 66%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 5.012m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 1.610m shares
(unlisted options) 0.750m options
(ASX: UNX) - 0.800m shares
(CDNX: CNI.V) - 130,000 shares
Lithex (Pte) - 1.016m shares
Auvex (Pte) - 1.000m options

COLLULI DRILLING RECOMMENCED AND EXPLORATION TARGET INCREASED

South Boulder Mines Ltd (ASX; STB) is very pleased to report that drilling has resumed at the Colluli Potash Project with further immediate success. Diamond drilling has continued to intercept significant shallow potash at the new prospect (currently named Area B). The Area B Prospect is located between 4 - 12kms northwest from the current 43-101/JORC compliant Colluli Potash Mineral Resource Estimate. Shallow potash has been intersected in all diamond holes drilled at Area B to date (refer ASX announcement dated 27th April 2011).

The shallow mineralisation has to date been intersected over approximately 10km², is open in all directions and is highly continuous. Significant sylvinitic (KCl) has been intercepted at Area B which appears similar to high grade intercepts previously identified within the Colluli resource as determined by field diagnostic tests.

The discovery of the extensive potash at Area B has warranted an increase in the Colluli JORC Exploration Target to 1.25 – 1.75 billion tonnes @ 18-20% KCl ## (see disclaimer below).

With further drilling, the area of mineralisation is expected to grow significantly. Diamond drill holes Col-027 and 028 (Figure 1) intersected the following mineralisation;

Hole Col-027

- 1.69m of sylvinitic from 50.28m and;
- 1.98m of carnallite from 51.97 and;
- 3.09m of carnallite from 57.06m and;
- 7.49m of kainite from 60.15m.

Hole Col-028

- 0.33m of carnallite from 48.36m and;
- 8.56m of kainite from 48.69m.

Additional diamond drill holes have been planned (Figure 1) as part of an expanded exploration and development drilling program.

The samples (Table 1) will be dispatched for assaying as soon as possible once all South Boulder standard quality control and quality assurance procedures have been completed. Details on further exploration will be released as they come to hand.

Disclaimer

In order to be compliant with the ASX and the JORC Code the following statement must be read proximal to the JORC Exploration Target above. The potential quantity and grade of the Colluli exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource Estimate (outside the current JORC Mineral Resource Estimate area shown in Figure 1) and it is uncertain if further exploration will result in the determination of a Mineral Resource (outside the current JORC Mineral Resource Estimate area shown in Figure 1).

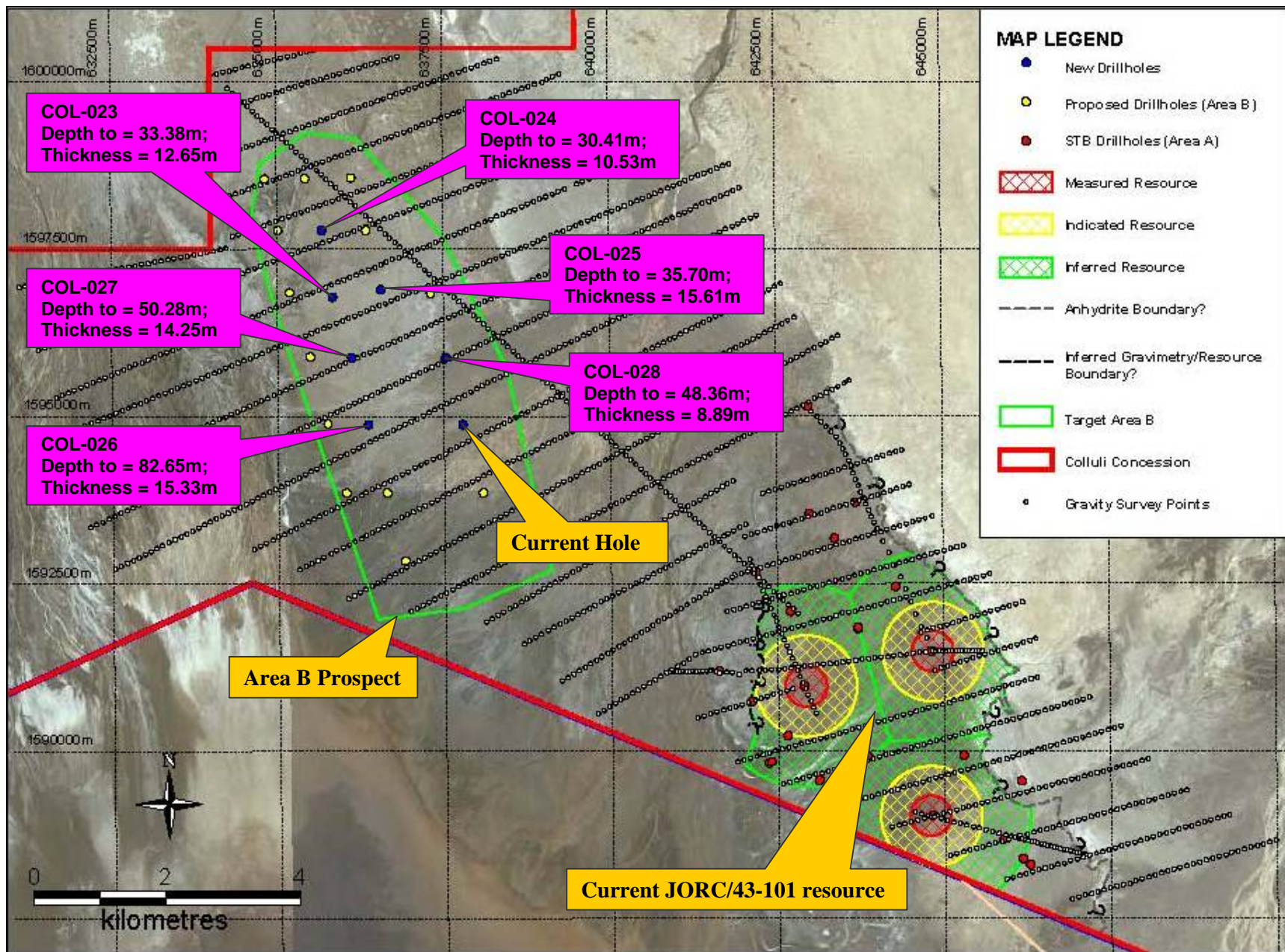


Figure 1: Colluli Project plan showing drilling, current JORC resource area and trial gravimetric survey data points.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	Comment
Col-023	635833	1596782	-122	000	-90	52.60	Assays awaited, approximate thickness 12.65m
Col-024	635677	1597779	-121	000	-90	45.00	Assays awaited, approximate thickness 10.53m
Col-025	636562	1596890	-119	000	-90	54.00	Assays awaited, approximate thickness 15.61m
Col-026	636356	1594877	-122	000	-90	102.00	Assays awaited, approximate thickness 15.33m
Col-027	636116	1595879	-122	000	-90	72.00	Assays awaited, approximate thickness 14.25m
Col-028	637528	1595879	-119	000	-90	63.00	Assays awaited, approximate thickness 8.89m

Table 1 - Area B Prospect table of recent drill hole collar details and results.

Investor Coverage

Recent investor relations, corporate videos and broker/media coverage on The Company's projects can be viewed on the website in the "Media Centre" and "Investor Centre" sections by following the links www.southbouldermines.com.au and www.abid.co.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer focused on potash, nickel and gold. South Boulder has a 100% interest in the Colluli Potash Project in Eritrea and a 100% interest in the Duketon Gold Project in Western Australia.

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 33.39Mt @ 18.56% KCl of Measured Resources, 173.37Mt @ 18.57% KCl of Indicated Resources and 340.86Mt @ 18.58% KCl of Inferred Resources for a total of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt)**; This includes higher grade material of 119.21Mt @ 23.14% KCl. There is an exploration target of **1.25 – 1.75 billion tonnes @ 18-20% KCl ##** (see disclaimer below). An engineering scoping study into open pit mining and processing to produce up to 10Mt p.a of potash is underway.

Within the Duketon Gold Project area, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on JV tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years of the grant of the relevant tenement.

About the Nickel Joint Venture

The Duketon Nickel JV has had recent success at The Rosie and C2 Nickel sulphide prospects where drilling has defined intercepts of **5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGE's at Rosie and 50m @ 0.92% Ni including 37m @ 1.05% Ni at C2**. The deposits are located approximately 120km NNW of Laverton, W.A in the Duketon Greenstone Belt. The deposits are approximately 2km apart and the mineralisation at both prospects is considered open in most directions. A Mining Lease was granted over the Rosie and C2 deposits on the 19th of November. A resource definition and exploration drilling program and scoping study into an open pit mine at C2 and an underground mine at Rosie is underway.

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Disclaimer

This ASX release has been compiled by Lorry Hughes using information on exploration results and Mineral Resource 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 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.

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.