



ASX Code: STB

Share Price: 14 cents

Market Cap: \$6.2M
Shares on issue: 44.12M

Cash at Bank: \$1.1M
ASX/TSX listed shares: +\$2.0M

Top 20 shareholders – 57%

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Update on Potash Project at Lake Disappointment East

South Boulder Mines is pleased to announce that it has commenced a review of the potash potential at its 100% owned Lake Disappointment East Project.

The project comprises a single exploration licence application (E45/3122a) covering approximately 572km² over the same lacustrine system which contains Reward Minerals Ltd's JORC compliant potash resource of 8,635Mt @ 3.17kg/t for 27.37Mt K₂SO₄. The licence is immediately east of and adjacent to Reward's Project area.

The prospectivity of this area has been enhanced by recent significant strengthening in fertiliser commodity prices and South Boulder intends to expedite the grant of this licence with a view to commencing on-ground work as quickly as possible.

The Lake Disappointment East Project (see diagram attached below) is located in the Gibson Desert in Western Australia, approximately 400km from Newman. Low rainfall and high precipitation have resulted in evaporate salt deposits in the area.

The Project area contains two key target lacustrine systems covering in excess of 80km² of prospective drainage.

Potash prices are expected to reach record highs in 2008 driven by increasing populations placing demand on food supplies, as well as new demand from the bio-fuels industry.

In addition infrastructure advancements by Reward in the area would significantly enhance the project economics of any discovery.

Potash is a generic term for potassium salts with its primary use as an ingredient in agricultural fertilisers. There is no known substitute for potassium as a plant nutrient.

World consumption is currently in excess of 50M tonnes per annum and demand is expected to outstrip supply over the next 5-10 years.

Upon grant of the licence South Boulder intends to commence exploration efforts to determine the potential for the project to contain an economic potash resource.

About South Boulder Mines Ltd

Listed in 2003, STB is primarily focused on gold, nickel and base metal exploration within the Duketon Project.

In April 2004 STB signed a farm-out joint venture agreement with IGO who can earn a 70% interest of the nickel rights on tenements held by STB within the Duketon Project by the completion of a Bankable Feasibility Study within five years. New in-house technology developed by IGO and currently in use on the Duketon Nickel JV lends a significant advantage over previous explorers.

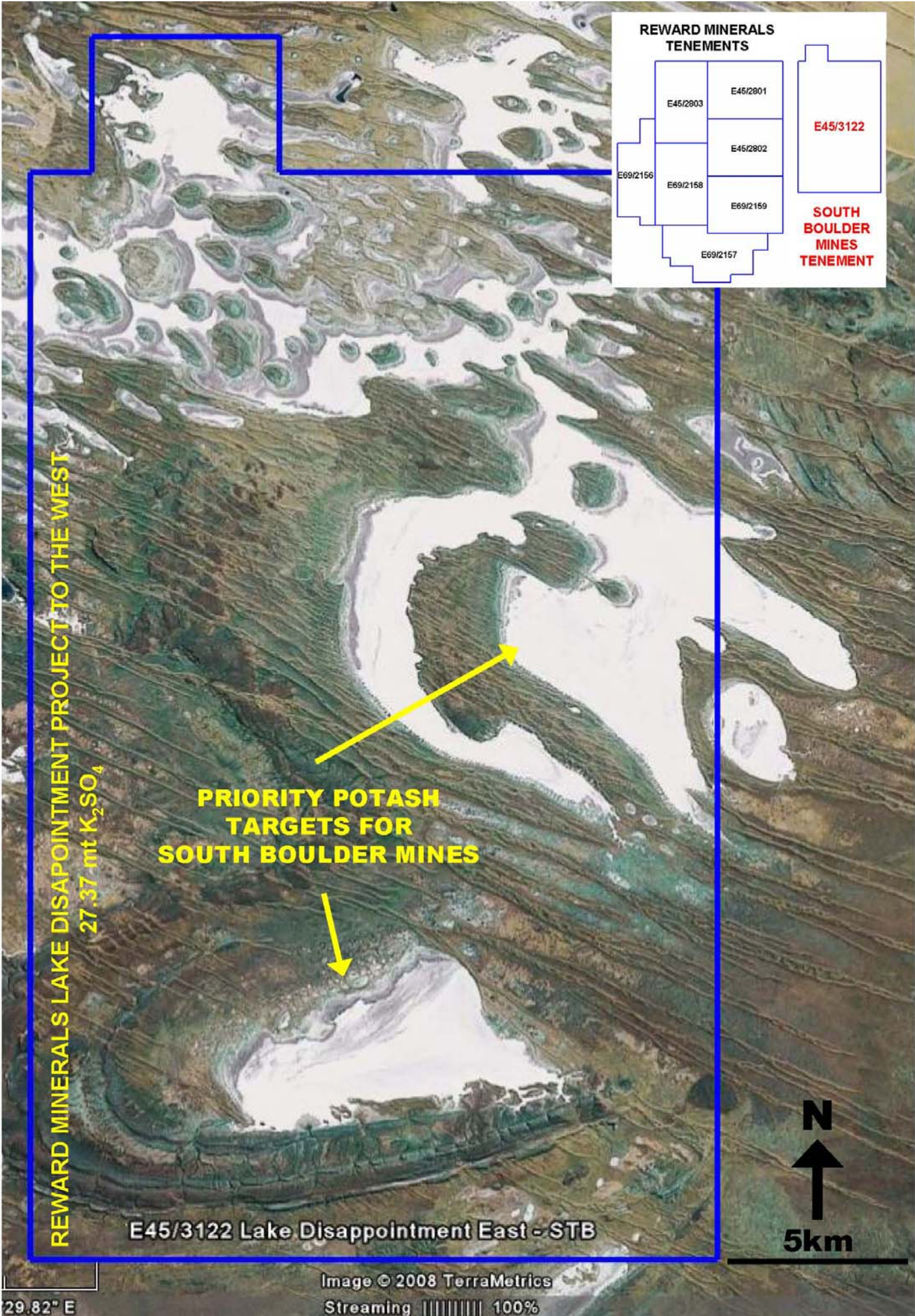
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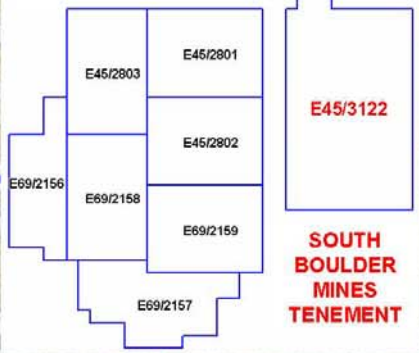
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The information in this report that relates to exploration results is based on information compiled by Liam Cornelius, who is a member of the Australian Institute of Geoscientists. Mr Cornelius is a geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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". Liam Cornelius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**REWARD MINERALS
TENEMENTS**



REWARD MINERALS LAKE DISAPPOINTMENT PROJECT TO THE WEST
27.37 mt K₂SO₄

PRIORITY POTASH TARGETS FOR SOUTH BOULDER MINES

E45/3122 Lake Disappointment East - STB

