

ASX Release

22 September 2008



ASX Code: STB

Share Price: 14.0 cents

Market Cap: \$8M

Shares on issue: 55.5M

Cash at Bank: \$3.1M

ASX/TSX listed shares: +\$1.0M

Top 20 shareholders: 48%

Contact Details

133-135 Edward St Perth WA 6000

PO Box 8355 Perth BC WA 6849

Telephone +61 8 9227 1144

Facsimile + 61 8 9328 8302

www.southbouldermines.com.au

LAKE DISAPPOINTMENT EAST PROJECT UPDATE

South Boulder Mines Ltd (ASX: STB) is pleased to announce that it has negotiated an option over 100% of the potash rights on two tenements which now form part of the Lake Disappointment East Potash Project in Western Australia.

The tenements consist of one granted exploration licence (E45/2562) and one exploration licence application (ELA45/2688) which are located immediately east and approximately 45kms east of ELA45/3122. The total area of the project is now ~ 973 km².

To purchase the option, South Boulder will issue 200,000 shares to Caldera Resources Incorporated (CAL) and Ronald Winston (RW). Within 5 months, South Boulder can then elect to take up the option by the issue of a further 400,000 shares and CAL and RW retain a 1.25% gross FOB sales revenue per tonne of potash sold royalty.

The project is located in the Gibson Desert in Western Australia, approximately 400km east of Newman as shown in Figure 1. The ~ 100 km² of shallow lacustrine drainage on the tenements are considered prospective for Sulphate of Potash (K₂SO₄). Reward Minerals Ltd has defined a JORC Indicated Resource of between 7,705Mt and 8,635Mt @ 3.17kg/t K₂SO₄ to the west of South Boulder's tenements and proposes to extract the potassium from sub-surface brines via a solar evaporation process.

South Boulder is in the process of organising site heritage surveys with the Western Desert Lands Aboriginal Corporation (WDLAC) as representatives of the Martu Traditional Owners of the area, so that on ground exploration can commence. New plans including this new exploration tenure have been submitted to WDLAC for inclusion in any surveys.

South Boulder plans to conduct first past non-ground disturbing sampling of select parts of the drainage system once permission is given by WDLAC. If results are encouraging and no heritage issues exist, South Boulder proposes to conduct further detailed exploration/evaluation in order to define a JORC compliant resource by the end of the year.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is primarily focused on gold, nickel and base metal exploration within the Duketon Project. The company has shifted its primary focus now to the exploration for potash and phosphate.

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

More information:

Lorry Hughes
Managing Director
South Boulder Mines Ltd
+ 61 (08) 9227 1144

Media enquiries:

Sarah Allchurch
Allchurch Communications
+ 61 (08) 9381 6625
0412 346 412

The information in this report that relates to exploration results is based on information compiled by Lorry Hughes, who is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes 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". Lorry Hughes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.