

ASX Release

21 July 2009



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

Share Price: 10.0 cents

Market Cap: \$5.5M

Shares on issue: 55.7M

Cash at Bank: \$2.5M
ASX/TSX listed shares: \$1.5M

Top 20 shareholders – 48%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 4.150m shares
(ASX: MZMO) - 1.037m options
(ASX: IXR) - 1.325m shares
(ASX: AVZ) - 0.400m shares
(ASX: BUX) - 0.250m shares
(ASX: AGO) - 12,490 shares
(CDNX: CNI.V) - 130,000 shares

DUKETON NICKEL JV EXPLORATION UPDATE

South Boulder Mines Ltd (ASX: STB) is pleased to announce that managing joint venture partner, Independence Group (ASX: IGO) has designed a follow up drilling program to the encouraging nickel sulphide mineralisation defined over the last 12 months at the Bulge C2 Prospect.

50m @ 0.92% Ni from 275.00m including 37m @ 1.05% Ni from 275.00m, was intersected in diamond hole TBDD074 which was drilled to test down dip extensions to mineralisation in TBDD071.

The next programs for exploration at the Bulge Prospect will involve a low level detailed aeromagnetic survey, up to 7 diamond drill holes and up to 40 air-core holes.

South Boulder Chairman Terry Grammer said; "Due to the success of the last drill program both South Boulder and Independence remain extremely encouraged by the results. When there is this much nickel sulphide intersected, it usually means that there is a lot more. The sheer volume of contained nickel indicated by drilling to date suggests to me that the mechanisms to generate potential economic deposits are in place.

Independence are great explorers and I couldn't be happier with the success they are having. It is possible that the Joint Venture is sitting on a whole new nickel Province. Already I can draw some similarities between the mineralisation identified thus far at the Bulge and the discovery history of other nickel deposits in W.A.

The Cosmos nickel story is one that I know well. Formally known as Mt Goode, the area was first drilled by Anaconda-CRA in 1969-70 and this produced the following deep intercept of 6m @ 1.8% Ni in hole MGD106A (Marsden 1984). Follow up of this intercept in 1997 resulted in the discovery of the blind Cosmos nickel deposit centered about 300m north of this hole. Subsequent exploration by Jubilee Mines NL led to the discovery of the Cosmos, Cosmos Deeps, Alec Mairs Complex, Prospero and Tapinos nickel deposits which have supported 10 years of mining".

It is expected that the aeromagnetic survey will commence in July and the follow up diamond drilling soon after. Air-core drilling to test extensions to The Bulge eastern contact will commence in August.

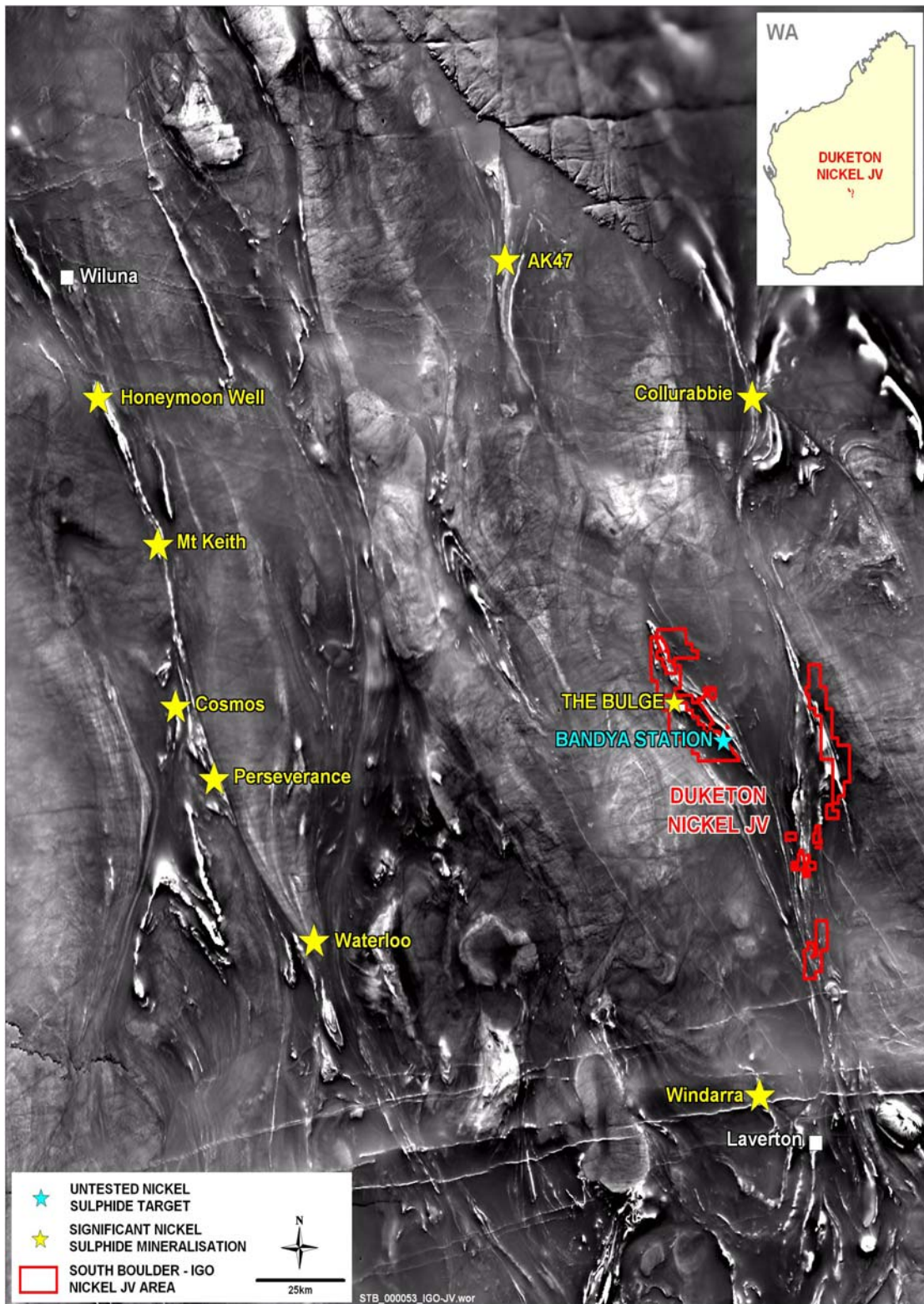


Figure 1 – Duketon Nickel JV location and magnetic image showing key nickel deposits in the region.

The mineralisation intersected at the Bulge C2 Prospect to date is a disseminated semi-continuous sulphide body that occurs over 700m along strike and is up to 35m thick. It includes heavy interstitial disseminated (pyrite, pyrrhotite, pentlandite, chalcopyrite and occasional millerite) sulphides, stringer sulphides and magmatic vesicular “blebby” sulphide textures. In general terms the grade and width of the mineralisation appears to be increasing with depth. This is particularly evident with respect to the eastern contact mineralisation as shown in Figure 2 and 5.

A high priority exploration target is to test the remaining 5km of strike length of the eastern ultramafic contact zone. This will be done initially utilising the aircore drilling method or possible slim line RC to penetrate a silica cap if it is encountered. See Figure 6.

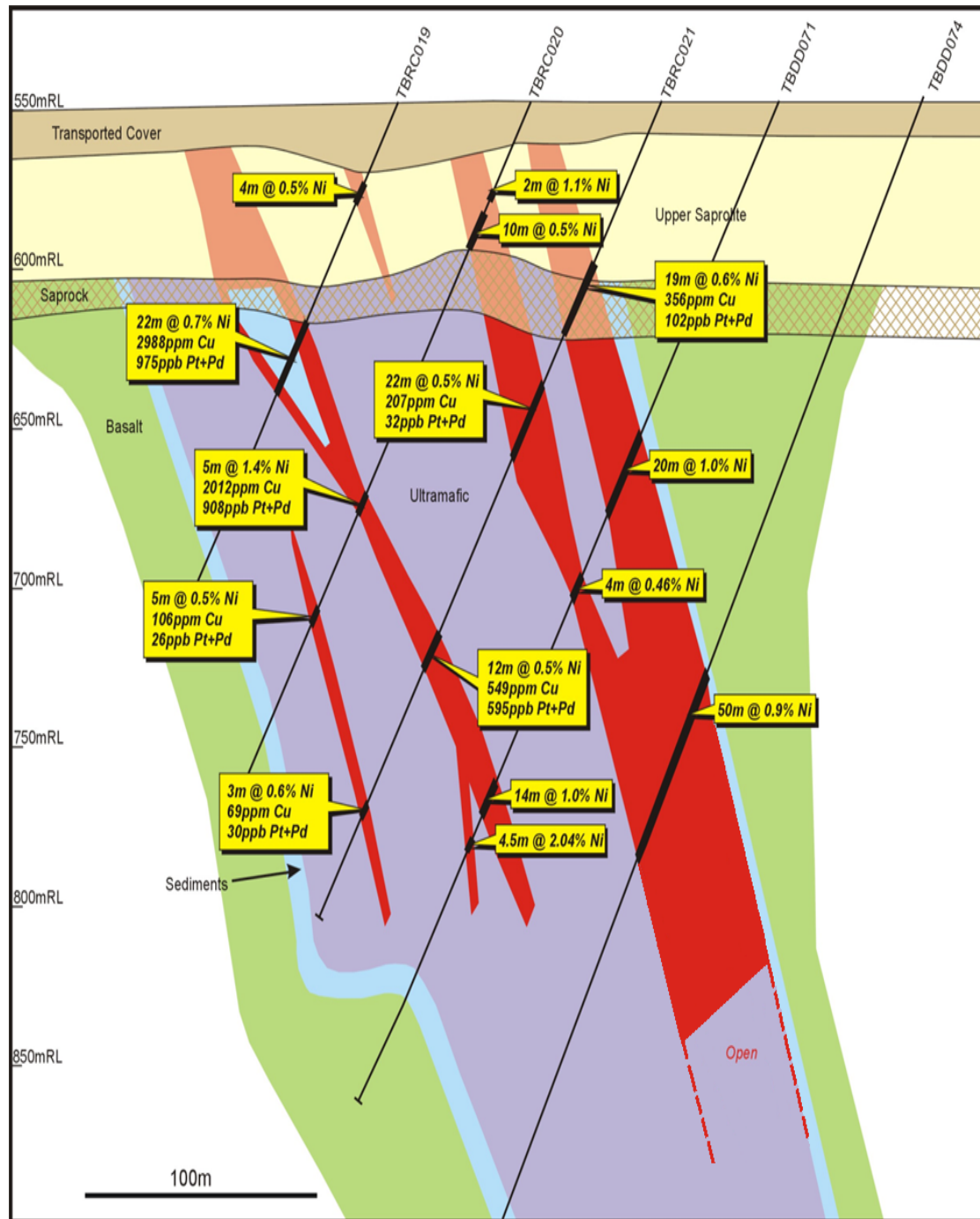


Figure 2 – The Bulge C2 Prospect 6,945,400mN schematic cross-section (west – east) showing significant drilling results to date. The mineralisation outlines in red represent from left to right; The Western, The Central and The Eastern Zones. These zones are shown as schematic long-section (south – north) in Figures 3, 4 and 5.

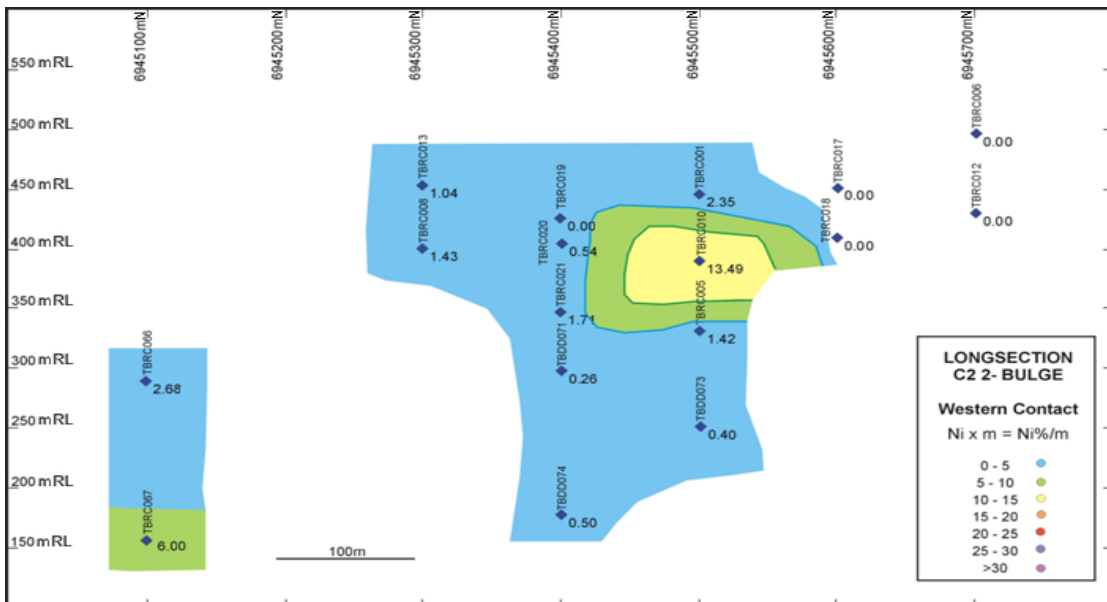


Figure 3 – The Bulge C2 Western Zone schematic long-section.

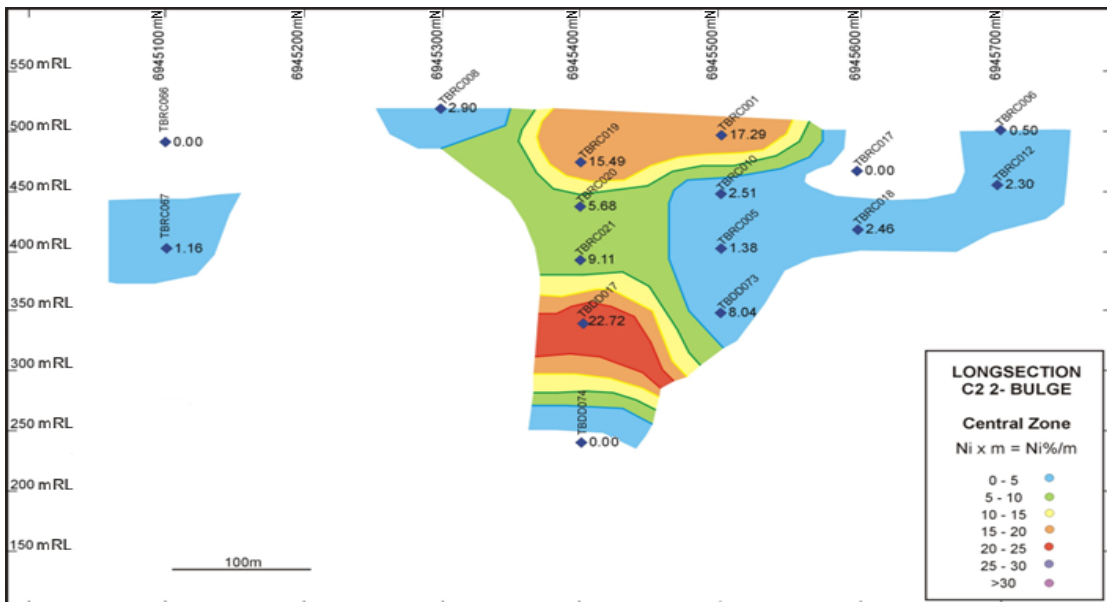


Figure 4 – The Bulge C2 Central Zone schematic long-section.

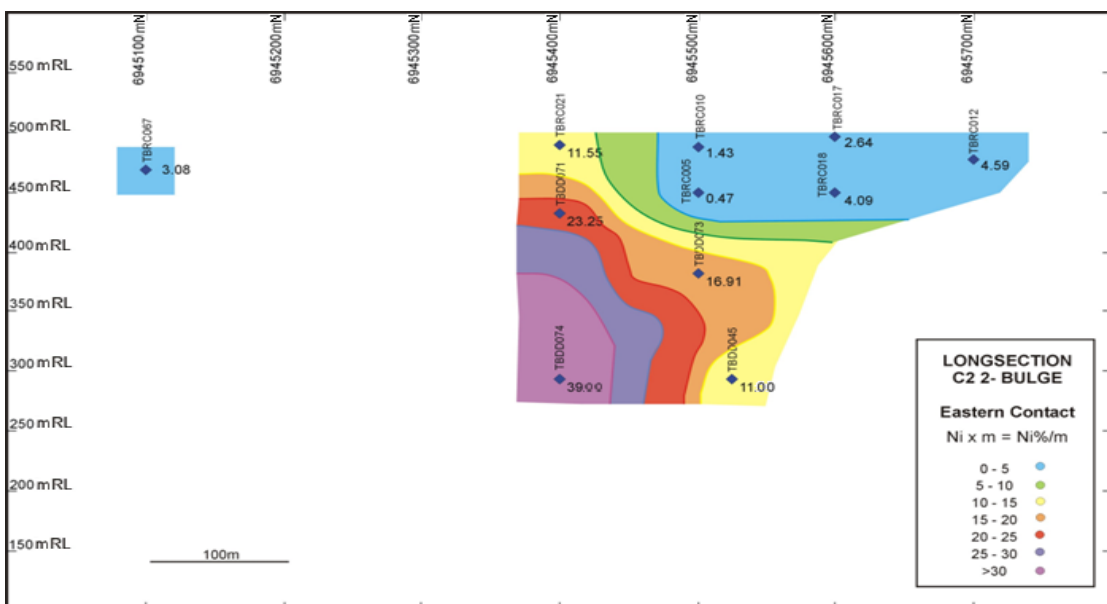


Figure 5 – The Bulge C2 Eastern Zone schematic long-section.

What appears clear from the cross and long section diagrams is that the strongly mineralised intercept of 50m @ 0.92% including 37m @ 1.05% Ni in TBDD074, is open down dip and south down plunge.

Also of note is the occurrence of highly anomalous platinum/palladium, nickel and copper mineralisation in 'regional exploration hole' TBRC034, see figure 6.

This hole intercepted 3m @ 1.75g/t Pt/Pd, 0.5% Ni and 0.2% Cu including **2m @ 2.4g/t Pt/Pd, 0.5% Ni and 0.24% Cu from 78m**. This occurs within a broader halo of copper anomalism grading 7m @ 0.2% Copper.

Also of particular note are the higher platinum values which are on average 1.5 times the palladium values. This 'potential sulphide mineralisation' could represent the strike extension of the same horizon hosting the Bulge nickel sulphide mineralisation.

TBRC034 was drilled 2km south of the Bulge C2 nickel sulphide discovery.

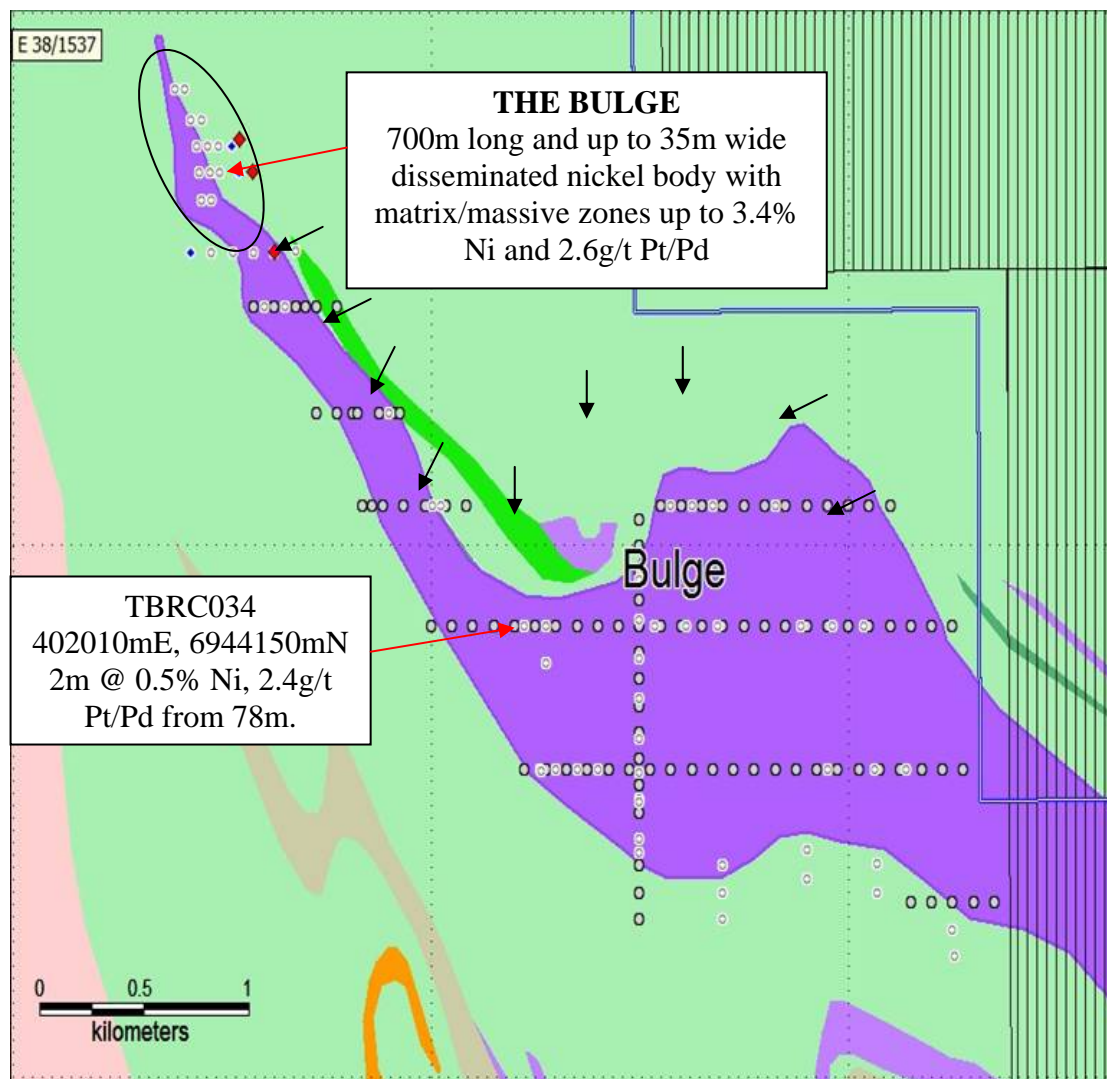


Figure 6 – The Bulge C2 Prospect plan showing drill collars to date. The last 3 diamond hole locations are shown with red diamonds. The prospective eastern contact that is to be tested with the next aircore drill program is shown with black arrows.

Results from follow up diamond drilling at the Bulge and at TBRC034 along with aircore or possibly slimline RC drilling targeting the remaining 5km of strike length of the eastern ultramafic contact zone will be released as they come to hand.

Hole No.	Easting (m)	Northing (m)	RL (m)	Azimuth (degr)	Dip (degr)	E.O.H. (m)	From (m)	To (m)	Interval (m)	True width (m)	Ni (%)	Cu (%)	Pt+Pd (g/t)
TBDD067	401250	6945100	550	270	-60	504	419.00	434.00	15.00	11.5	0.51	0.02	0.03
includes							420.00	431.00	11.00	8.4	0.54	0.02	0.03
TBDD074	401145	6945400	550	270	-58	459.43	275.00	325.00	50.00	38.3	0.92	0.04	0.08
includes							276.00	282.00	6.00	4.6	1.19	0.06	0.08
includes							287.18	305.00	17.82	13.7	1.11	0.05	0.09
							330.00	331.00	1.00	0.8	0.45	0.01	0.04
							399.00	400.00	1.00	0.8	0.43	<0.01	0.02
TBDD075	401179	6945525	550	270	-60	327.05	288.00	292.65	4.65	3.6	1.24	0.06	0.15
includes							288.65	292.65	4.00	3.1	1.37	0.06	0.15
							297.37	302.00	4.63	3.5	1.01	0.05	0.11
includes							298.00	300.00	2.00	1.5	1.27	0.08	0.11

Table 1 – Compositated assay results from the May 2009 diamond drilling including estimated true width intervals; previously released on ASX on the 11th June 2009.

About the Joint Venture

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project, by the completion of a Bankable Feasibility Study within 5 years. The data, interpretation, cross and long section diagrams that form this ASX release have been provided courtesy of Independence.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel, potash and phosphate.

More information:

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This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by Tim Kennedy of Independence Group who are the operator of the Duketon Nickel JV. Lorry Hughes and Tim Kennedy are members of the Australian Institute of Mining and Metallurgy. Mr Hughes and Mr Kennedy 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 are 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 and Tim Kennedy consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.