



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

Share Price: 11.0 cents

Market Cap: \$6.2M

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
(ASX: UNX) - 0.700m shares
(CDNX: CNI.V) - 130,000 shares

NEW STRONG PLATINUM/NICKEL SULPHIDE SIGNATURE DISCOVERED AT DUKETON 'BULGE PROSPECT'

South Boulder Mines Ltd (ASX: STB) is pleased to announce that together with JV partner, Independence Group (ASX: IGO) that a new nickel sulphide Cu and PGE zone of mineralisation has been discovered at the 'Rosie Prospect', 2.5km's south west of the initial 'Bulge C2' Discovery.

Highlights include:

HOLE TBAC126

- 41m @ 0.44% Ni (0.18% Cu, 623ppb Pt + 447ppb Pd) from 40m

HOLE TBAC124

- 28m @ 0.48% Ni (0.24% Cu, 422ppb Pt + 244ppb Pd) from 32m including;
- 8m @ 0.44% Ni (0.62% Cu, 1178ppb Pt + 955ppb Pd) from 32m

HOLE TBAC127

- 60m @ 0.52% Ni (619ppm Cu, 102ppb Pt + 110ppb Pd) from 36m

HOLE TBAC122

- 31m @ 0.53% Ni (0.1% Cu, 164ppb Pt + 262ppb Pd) from 60m

HOLE TBAC102

- 23m @ 0.43% Ni (183ppm Cu, 45ppb Pt + 44ppb Pd) from 104m

- Oxide copper and PGE grades similar to initial Bulge C2 discovery, however widths of mineralisation are significantly larger.

Aircore drilling has outlined a very strong oxide, Nickel, Cu and PGE signature over a 350m strike length. The mineralisation appears to have an associated gold anomaly, and it is interpreted that the anomalous results are indicative of primary magmatic sulphide mineralisation. The 'Rosie' zone is approximately 2.5km's south east of the initial 2006 'Bulge C2' discovery.

The reconnaissance program was designed to test for additional shallow mineralisation along the interpreted eastern ultramafic contact within 'The Bulge' area and comprised a total of 61 holes for 4,581m. The approximate drillhole collar locations are shown in Figure 1. Initial results have been received for the first 30 aircore holes (TBAC102 – TBAC132) with significant results shown in Table 1. Samples were collected as 4m composites. Subsequent 1m samples have been taken within zones of anomalous Ni and Cu, identified using a handheld portable XRF machine.

Previously at 'The Bulge' C2 Prospect, numerous robust drill intercepts have been intersected including 50m @ 0.92% Ni from 275.00m, 20m @ 1.00% Ni from 160m and 4.5m @ 2.04% Ni from 267m. Individual assays up to 3.43% Ni with Pt+Pd grades up to 2.46g/t have also been returned.

It should be noted that the initial discovery hole (TBRC001) at the 'Bulge C2' returned 36m @ 0.66% Ni, 198ppm Cu and 97ppb Pt and 51ppb Pd from the oxide zone. The new Rosie zone which forms the basis for this report shows very similar Platinum/Palladium/Copper levels, however they are in general over wider intervals.

Further nickel results from the remainder of the 4m composite sampling and the 1m interval sampling are outstanding. All assays are expected to be returned by the end of September. Results will be released as soon as they have been compiled.

| Hole No. | Easting (m) | Northing (m) | Azimuth (degr) | Dip (degr) | From (m) | To (m) | Interval (m) | Ni (%) | Cu (ppm) | Pt (ppb) | Pd (ppb) |
|----------|-------------|--------------|----------------|------------|----------|--------|--------------|--------|----------|----------|----------|
| TBAC102 | 401349 | 6945000 | 270 | -60 | 104 | 127 | 23 | 0.43 | 183 | 45 | 44 |
| TBAC106 | 401700 | 6944690 | 270 | -60 | 80 | 90 | 10 | 0.34 | 459 | 43 | 38 |
| TBAC122 | 402450 | 6944125 | 180 | -60 | 60 | 91 | 31 | 0.53 | 984 | 164 | 262 |
| TBAC124 | 402545 | 6944050 | 180 | -60 | 32 | 60 | 28 | 0.48 | 2439 | 422 | 244 |
| Includes | | | 180 | -60 | 32 | 40 | 8 | 0.44 | 6195 | 1178 | 955 |
| TBAC126 | 402645 | 6944025 | 180 | -60 | 32 | 81 | 41 | 0.44 | 1837 | 623 | 447 |
| TBAC127 | 402750 | 6943995 | 180 | -60 | 36 | 96 | 60 | 0.52 | 619 | 102 | 110 |
| TBAC131 | 403055 | 6944046 | 360 | -60 | 48 | 76 | 28 | 0.26 | 459 | 39 | 30 |
| TBAC132 | 403055 | 6944096 | 360 | -60 | 36 | 64 | 28 | 0.24 | 386 | 54 | 9 |

Table 1 – Significant composited assay results from the reconnaissance Nickel drilling.

Note: Samples were collected as 4m composites. Nickel and copper values have been assayed using ICP-AES mixed acid digest. Some very high Platinum and Palladium values have been assayed using the Fire Assay Method (FA40) with ICP-AES Quantification. Results have been rounded where appropriate. Intervals are expressed as down hole intervals in metres. There is insufficient information at present to make an estimation of the true width of the mineralisation encountered.

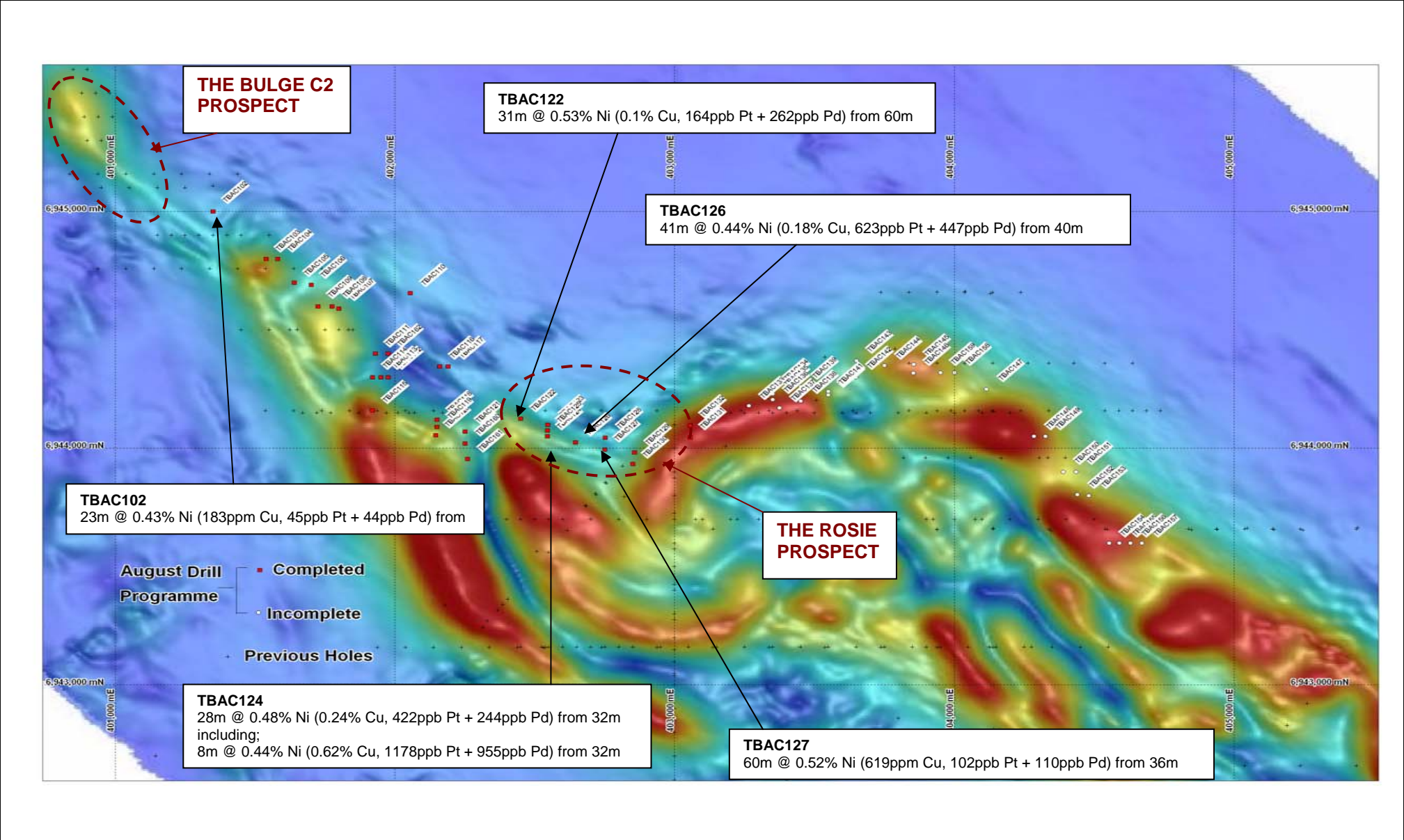


Figure 1 – The “Bulge C2”and the Rosie Nickel Sulphide Prospect with significant drill intercepts.

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 of the grant of the relevant tenement. 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.

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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.