ASX Release

17 February 2011

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

Share Price: $4.40

Market Cap: $350M

Shares on issue: 79.5M

Cash at Bank: $11.2M
ASX/TSX listed shares: $5.4M

Top 20 shareholders – 56%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 3.957m shares
(ASX: MZMO) - 1.037m options
(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

DRILLING RECOMMENCES AT THE COLLULI POTASH PROJECT

South Boulder Mines Ltd is pleased to announce that diamond drilling has resumed at the Colluli Potash Project in Eritrea. The drilling is part of an expanded 5,000m exploration program designed to further define and extend known resources. The results will be incorporated into the current engineering scoping and feasibility studies.

To date approximately 1,407m of diamond core drilling has been completed at Colluli in 17 holes.

The planned locations of the first five diamond drill holes are shown in Figure 1. The location of additional drill holes for the program will be determined based on the new results.

In addition, a trial surface gravimetric survey has been completed with results currently being interpreted. Once outstanding drill results are received and interpreted together with the gravity data, the effectiveness of the gravity survey as a targeting tool will be assessed.

A number of key activities are planned to be completed over the coming months including;

- **Receipt of outstanding potash assays from holes 006 – 017 which are expected in March/April;**
- **At the end of March drilling is planned to commence with a second rig that has the capacity to drill deeper and larger diameter core holes for geotechnical and metallurgical test work;**
- **An update to the initial resource is planned to be completed in May/June and will incorporate additional drilling, downhole geophysical logging and geotechnical/metallurgical data. It is expected there will be an increase to the current JORC/43-101 Mineral Resource Estimate of;**
    - **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt);**
    - **Includes 119.21Mt @ 23.14% KCl;**
- **A mining engineering study into the optimum processing and production capacity from open pit mining is planned to be completed mid-year. The study will investigate a range of production scenarios ranging from 2Mt – 10Mt KCl p.a.**

Outstanding assay results and details on further exploration drilling will be released as they come to hand.

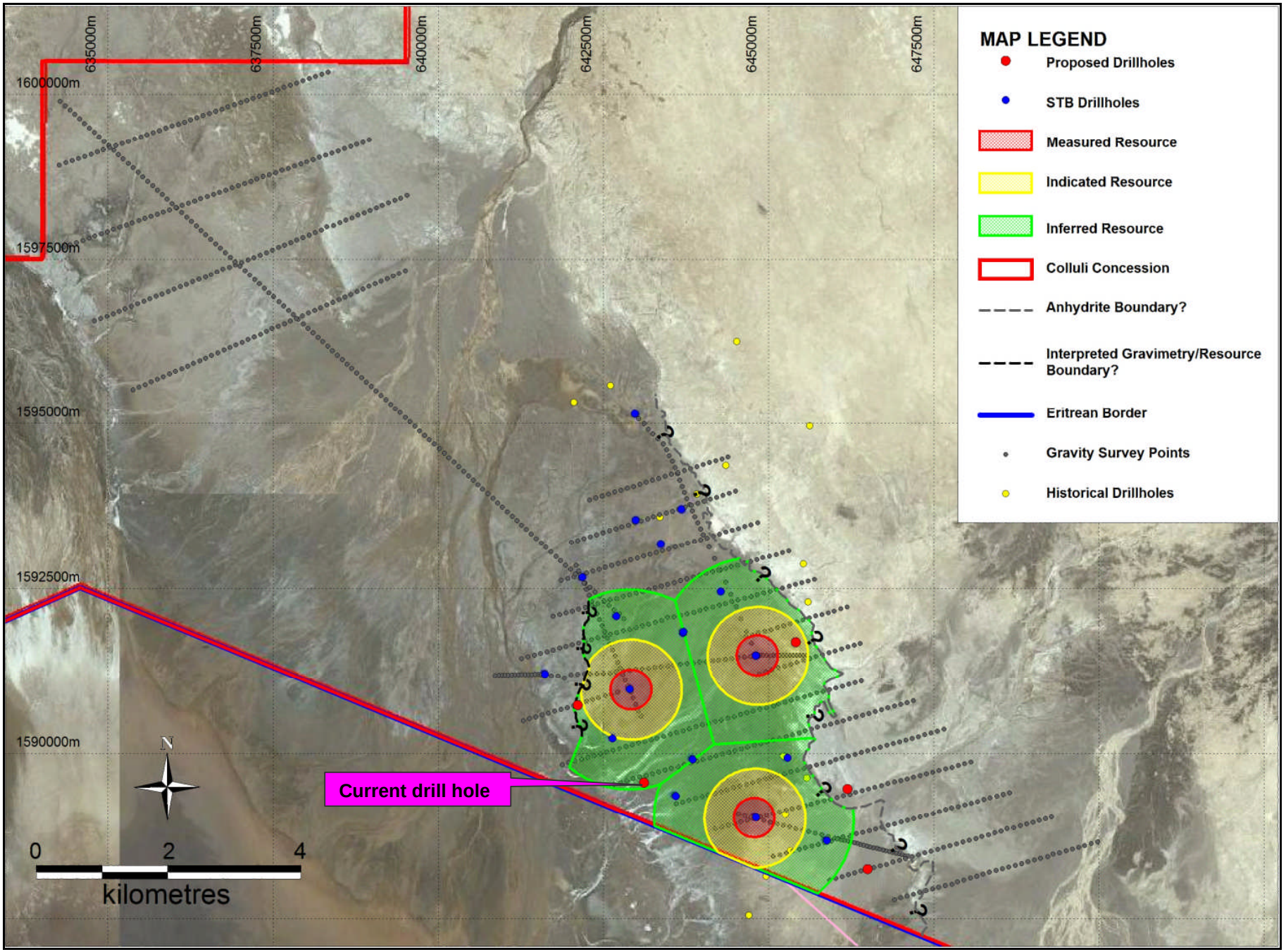

Figure 1: Colluli Project plan showing drilling, resource area and gravimetric survey data points.

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 link www.southbouldermines.com.au.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily 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 of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt); Includes 119.21Mt @ 23.14% KCl;** and an exploration target of **750Mt – 1.25 billion tonnes @ 18-20% KCl.** 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 (outside the area shown in Figure 1) and it is uncertain if further exploration will result in the determination of a Mineral Resource (outside the area shown in Figure 1). 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. The Mining Lease comprises a total of 19.13km^2.

More information:

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Disclaimer

In-ground values have been calculated using a nominal USD $400/t potash price for the purpose of estimating the nominal insitu value of the potash resource to help investors compare relative valuations of companies in the same sector. The figures do not include any estimate of mining, processing and delivery costs and do not constitute an estimate of profit or the like.

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% K_2O. 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.