



SOUTH BOULDER
MINES LTD

ASX Release

28 March 2011

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

Share Price: \$4.40

Market Cap: \$376M

Shares on issue: 85.5M

Cash at Bank: \$12.2M
ASX/TSX listed shares: \$5.1M

Top 40 shareholders – 66%

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LISTED EQUITY HOLDINGS

(ASX: MZM) - 4.994m shares
(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

NEW POTASH DISCOVERY 10KMS NORTHWEST OF THE COLLULI DEPOSIT

South Boulder Mines Ltd (ASX; STB) is very pleased to report a new highly significant potash discovery located approximately 10kms northwest along strike of the initial Colluli potash resource. Diamond drill hole Col-023 was drilled to a total depth of 52.60m and intersected the following mineralisation;

- 2.20m of sylvinitite from 33.38m and;
- 3.65m of carnallitite from 37.40m and;
- 6.80m of kainitite from 41.05m.

Preliminary geological logging has indicated that the sylvinitite (KCl) mineralisation appears to be of the type very similar to high grade intervals that have been intersected at the Colluli deposit. Grades up to 44% KCl have been intersected within the Colluli Resource.

An immediate follow-up drill program is underway at the new prospect in order to define the extent of additional mineralisation. Initial proposed hole locations are shown in Figure 1.

South Boulder Managing Director Lorry Hughes commenting on the new discovery explained.

“This is a fantastic result, the exploration team has done an outstanding job. This new prospect certainly will add significantly to an already world class project. This new discovery has the potential to be more important than the Colluli deposit in terms of startup operations as it is closer to the ports. The geological setting and potash mineralisation appears very similar to what we have defined at Colluli.

It is typical of evaporite deposits to be laterally extensive and to have similar grades across the deposit, we see that in other parts of the basin. South Boulder will continue to drill aggressively to define more shallow potash and to understand how big the entire project is.”

The samples for Col-023 will be dispatched for laboratory analysis as soon as possible and details on further exploration will be released as they come to hand.

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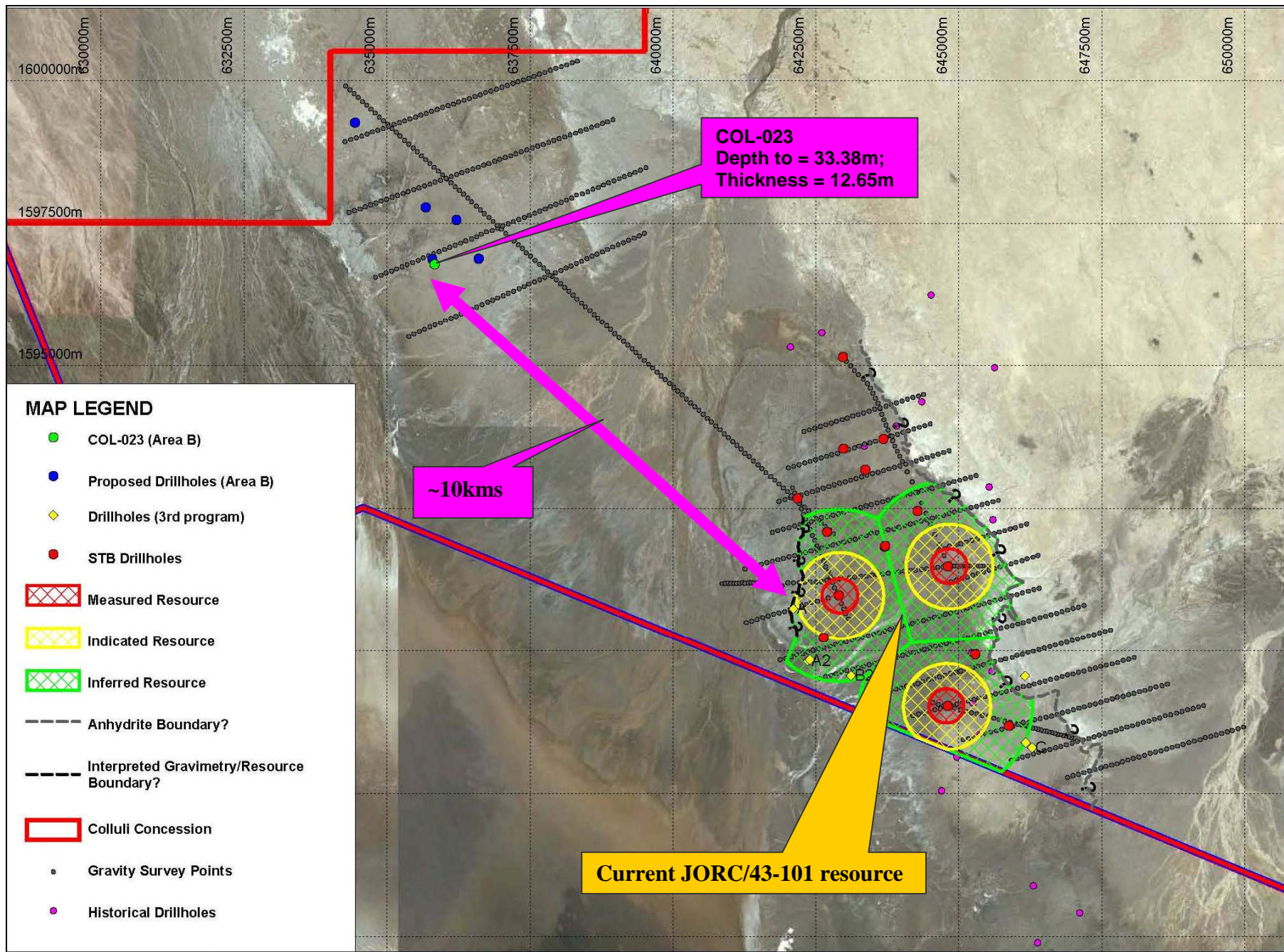


Figure 1: Colluli Project plan showing drilling, current JORC resource area and trial gravimetric survey data points.

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 links www.southbouldermine.com.au and www.abid.co

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer 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**. 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. A resource definition and exploration drilling program and scoping study into an open pit mine at C2 and an underground mine at Rosie is underway.

More information:

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Disclaimer

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).

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% K₂O. 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 to 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.