

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

Share Price: \$2.15

Market Cap: \$200M

Shares on issue: 92.3M
 Company options: 13.5M (\$5.2)

Cash at Bank: \$11.5M
 ASX/TSX listed shares: \$2.3M

Top 40 shareholders – 64%

Contact Details

31 Ventnor Avenue
 West Perth WA 6000

PO Box 970 West Perth WA 6872

Telephone +61 8 6315 1444

Facsimile + 61 8 9478 7093

www.southbouldermines.com.au

LISTED EQUITY HOLDINGS

(ASX: MZM) - 5.382m shares
 (ASX: AVZ) - 0.400m shares
 (ASX: BUX) - 1.610m shares
 (unlisted options) 0.750m options
 (CDNX: CNI.V) - 130,000 shares
 (ASX: LTX) - 1.016m shares
 Auvex (Pte) - 0.500m shares

SIGNIFICANT INCREASE IN MEASURED AND INDICATED RESOURCE

South Boulder Mines Ltd (ASX; STB) is very pleased to report a 130% increase to the Measured and Indicated resource at the Colluli Potash Project. Within 100m of the surface, the total JORC Compliant Mineral Resource Estimate has increased to 564.40Mt @ 18.60% KCI for 104.96Mt of contained potash. This increase in resource confidence will underpin the definitive feasibility study and potential ore reserve calculations.

	Tonnes (Mt)	Grade (% KCI)	Mt (Potash)
Total Measured	133.70	17.55	23.47
Total Indicated	343.33	17.38	59.68
Total Inferred	87.37	24.96	21.81
Total Resource	564.40	18.60	104.96

Importantly the upper portion of the deposit and shallowest resource unit contains high grade sylvinitic (KCI) of 130.39Mt @ 27.02% KCI for 35.23Mt of contained potash (*Measured, Indicated and Inferred resource at Area A and Inferred resource at Area B*). Approximately 95% of global potash production is extracted from mining sylvinitic. This resource is the basis of the current engineering scoping study into low cost production of 1-2Mt p.a. potash from open pit mining by 2016 or sooner.

Further near term resource expansion is expected upon compilation of outstanding drilling results completed from within the current resource areas (Figure 1). The resource is open in many directions and drilling will continue in adjacent areas to test for additional potash and resource interpretations. The current results continue to support the JORC Exploration Target of #1.25 – 1.75 billion tonnes @ 18-20% KCI.

A number of structures have been interpreted to constrain the shallow resource and these have been derived from gravimetric, surface mapping and drilling results. Further drilling is required on either side of these structures to determine if mineralisation continues beyond the structures. High priority targets include zones to the immediate west of Area B and zones between Area A and B.

Exploration and development activity is currently focused on, metallurgical sampling and testwork, mining engineering design, hydrogeological and environmental assessment and project approvals to support the definitive feasibility study. Further exploration results and details on further feasibility study activity will be released as they come to hand.

JORC Compliance Statement.

The potential quantity and grade of the total current exploration target which includes the current Mineral Resource Estimate is conceptual in nature and there has been insufficient exploration to define a Mineral Resource other than the current Mineral Resource Estimate and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate other than the current Mineral Resource Estimate.

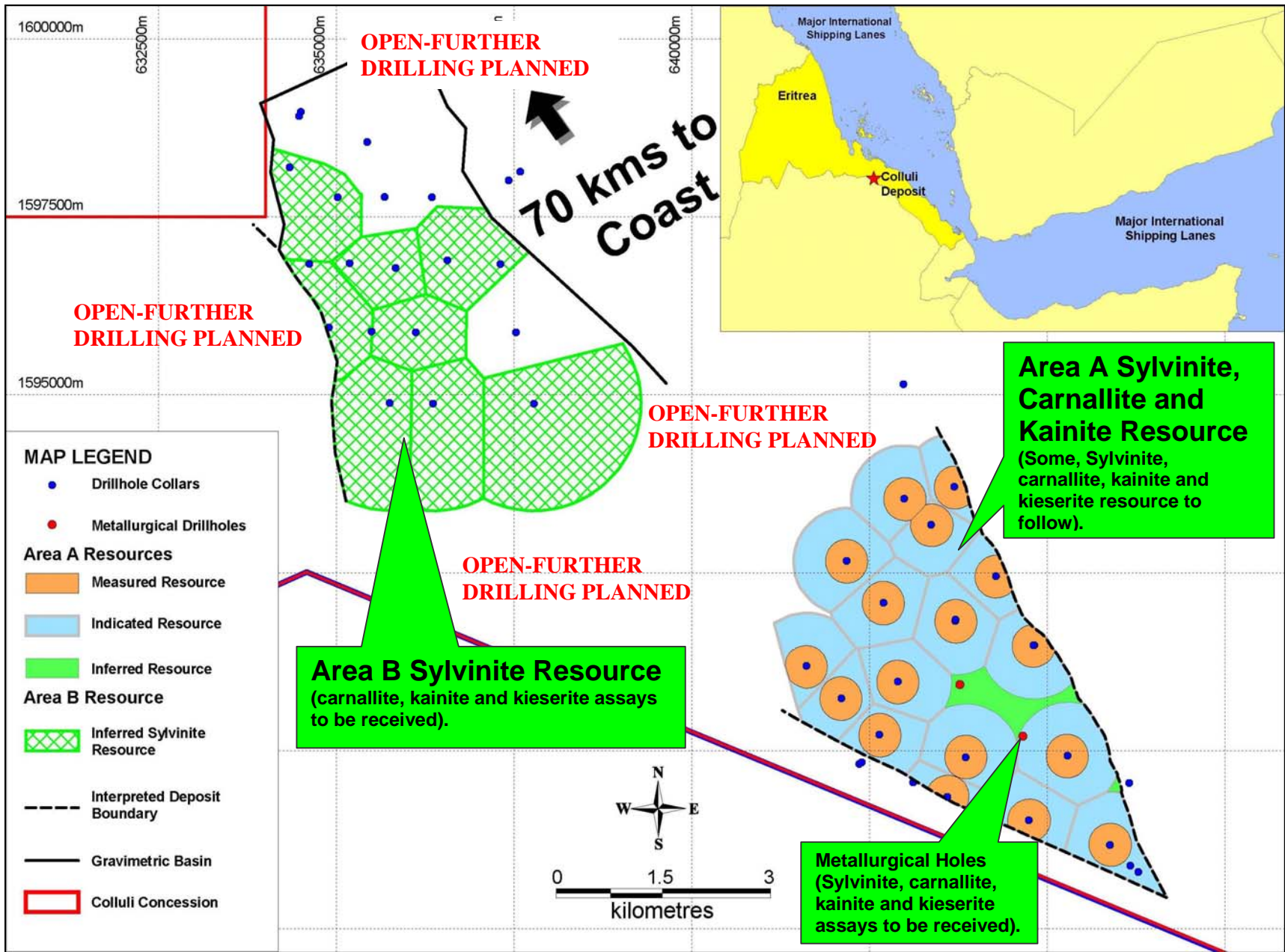


Figure 1: Colluli Project JORC Compliant Mineral Resource Estimate Plan.

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.southbouldermines.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 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 133.70Mt @ 17.55% KCl of Measured Resources, 343.33Mt @ 17.38% KCl of Indicated Resources and 87.37Mt @ 24.96% KCl of Inferred Resources for a total of 564.40Mt @ 18.60% KCl (total contained potash of 104.96Mt); This includes higher grade Sylvinites of 130.39Mt @ 27.02% KCl. There is an exploration target of 1.25 – 1.75 billion tonnes @ 18-20% KCl ## (see disclaimer below). 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:

Lorry Hughes
CEO/Managing Director
+61 (8) 6315 1444

Kerry Rudd
Executive Assistant
+61 (8) 6315 1444

Liam Cornelius
Executive Director
+61 (8) 6315 1444

Terry Grammer
Chairman
+61 (8) 6315 1444

Competent Persons and Responsibility Statement

The Colluli Potash Project has a current JORC/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 564.40Mt @ 18.60% KCl (total contained potash of 104.96Mt); Includes **130.39Mt @ 27.02% KCl**. The resource contains 133.70Mt @ 17.55% KCl in the Measured Category, 343.33Mt @ 17.38% KCl in the Indicated Category and 87.37Mt @ 24.96% KCl in the Inferred Category. The current Mineral Resource Estimate is included in the current exploration target of 1.25 – 1.75 billion tonnes @ 18-20% KCl. The potential quantity and grade of the total current exploration target which includes the current Mineral Resource Estimate is conceptual in nature and there has been insufficient exploration to define a Mineral Resource other than the current Mineral Resource Estimate and it is uncertain if further exploration will result in the determination of a Mineral Resource Estimate other than the current Mineral Resource Estimate.

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 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.