



**QUARTERLY OPERATIONS REPORT
THREE MONTHS ENDING 30 JUNE 2011**

HIGHLIGHTS

- **Diamond drilling continues to intersect shallow potash at Area B; This discovery within the Colluli Project verifies the project to be a “Tier 1” global asset;**
- **Chemical assays, drilling and engineering scoping study activity has continued to provide encouragement that a shallow open cut mine, standard processing facility and port operation can be built to support a globally significant potash operation for decades;**
- **Definitive feasibility study activities commenced or complete include;**
 - **Initial JORC/43-101 Mineral Resource Estimate (complete);**
 - **Port, coastal and transport options evaluation field trip and report (complete);**
 - **Marketing study for MOP and SOP production/sales (complete).**
 - **Determination of initial pit design parameters (complete);**
 - **Updated Mineral Resource Estimate (underway);**
 - **Determination of mining material movement, stockpiling, fleet selection and mine design (underway);**
 - **Metallurgical processing route testwork and water balance (underway);**
 - **Design of the hydrogeological assessment program and model parameters for surface and ground water (underway);**
 - **Environmental, social impact and archaeological survey planning (underway);**
- **Initial resource diamond and RC drilling was completed at the Duketon Nickel JV with 14 holes completed during the period. Strong mineralisation continued to be intersected confirming the potential for a mine development. A JORC-Code Compliant Inferred Mineral Resource Estimate is due in the September quarter. New previously unreleased drilling highlights from the Rosie Ni-Cu-PGE deposit include;**
 - **TBDD112 - 5.24m @ 3.6% Ni, 0.4% Cu and 49.5g/t 6PGE's from 135.07m including;
- 1.50m @ 7.6% Ni, 0.6% Cu and 15.1g/t 6PGE's from 138.61m.**
- **A 102 hole aircore program for 6,500m was completed along the ultramafic contact northwest along strike from Rosie and along the Bulge western contact. A number of anomalous results were returned. The highlight was hole TBAC201 which could indicate an extension of the Rosie mineralised system;**
 - **TBAC201 – 32m @ 0.9% Ni, 0.1% Cu and 0.48g/t Pt+Pd from 36m (~270m along strike from Rosie).**

POTASH PROJECT

The Colluli Potash Project

During the period exploration work was focused on drilling at the Colluli deposits and conducting key scoping study activities. Drilling continued to intersect significant shallow potash and has substantially grown the resource potential of the project. An updated JORC/43-101-Compliant Mineral Resource Estimate is currently being compiled with results due in the September quarter. The new estimate will include new drilling results from outside and from within the current resource area (Figure 1 and Table 1). A full table of returned assay results for the Area A deposit is shown in Table 3.

Resource Category	Tonnes (Mt)	Grade (% KCl)	Mt (Potash)
Total Inferred	340.86	18.58	63.34
Total Indicated	173.37	18.57	32.20
Total Measured	33.39	18.56	6.20
Total Resources	547.62	18.58	101.73

Table 1 - Total JORC/43-101 compliant resource by resource category using a variable cut-off grade.

In addition to the resource work being undertaken at Area A, The Area B discovery is showing potential to be highly significant to the proposed mining development. As detailed in the ASX released dated 26th July 2011, drilling results from Area B are continuing to substantially grow the resource potential at the Colluli Potash Project.

Potash mineralisation has been intersected at Area B from depths as shallow as 16m further confirming the current exploration target of #1.25 – 1.75 billion tonnes @ 18-20% KCl. Assays have yet to be returned from Area B however, sylvinitite (a typically high grade ore) has been visually identified in core from 13 of 21 holes drilled to date (Figure 2 and Table 2). It is expected that first assays from Area B will be returned in the September quarter.

It is anticipated that if chemical assays from Area B confirm field observations of extensive sylvinitite, carnallite and kainitite mineralisation similar to that demonstrated at Area A, the economics of the entire Colluli Project will be substantially enhanced.

The drilling activity is ongoing at Colluli in order to provide further exploration, metallurgical, geotechnical and hydrogeological data for the current engineering scoping study and subsequent definitive feasibility study. The scoping study is expected to be completed in the September quarter and first potash production is scheduled for 2016. Definitive feasibility study activities commenced or complete include;

- Initial JORC/43-101 Mineral Resource Estimate (complete);
- Port, coastal and transport options evaluation field trip and report (complete);
- Marketing study for MOP and SOP production/sales (complete).
- Determination of initial pit design parameters (complete);
- Updated Mineral Resource Estimate (underway);
- Determination of mining material movement, stockpiling, fleet selection and mine design (underway);
- Metallurgical processing route testwork and water balance (underway);
- Design of the hydrogeological assessment program and model parameters for surface and ground water (underway);
- Environmental, social impact and archaeological survey planning (underway);

The engineering scoping study is being completed by a multi-disciplinary team that is highly experienced in potash mining and processing, open pit mining, shipping, ports, marketing, environmental, hydrogeology and social impact assessment. A number of key tasks for the definitive feasibility are being conducted currently in conjunction with the scoping study in order to expedite development progress.

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.

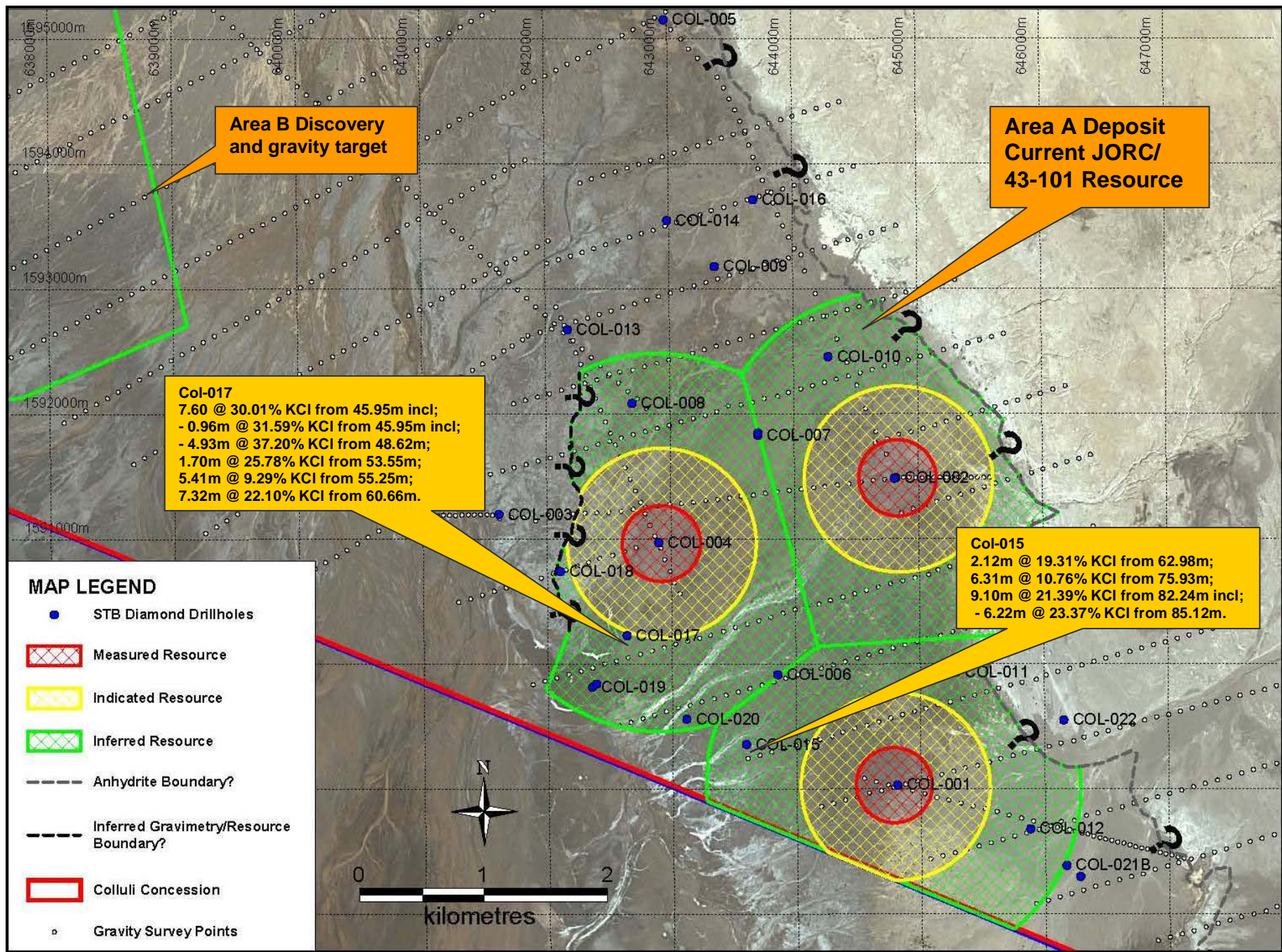


Figure 1: Colluli Project plan showing most recent assay results, the current JORC resource area and the proximity to the Area B Discovery.

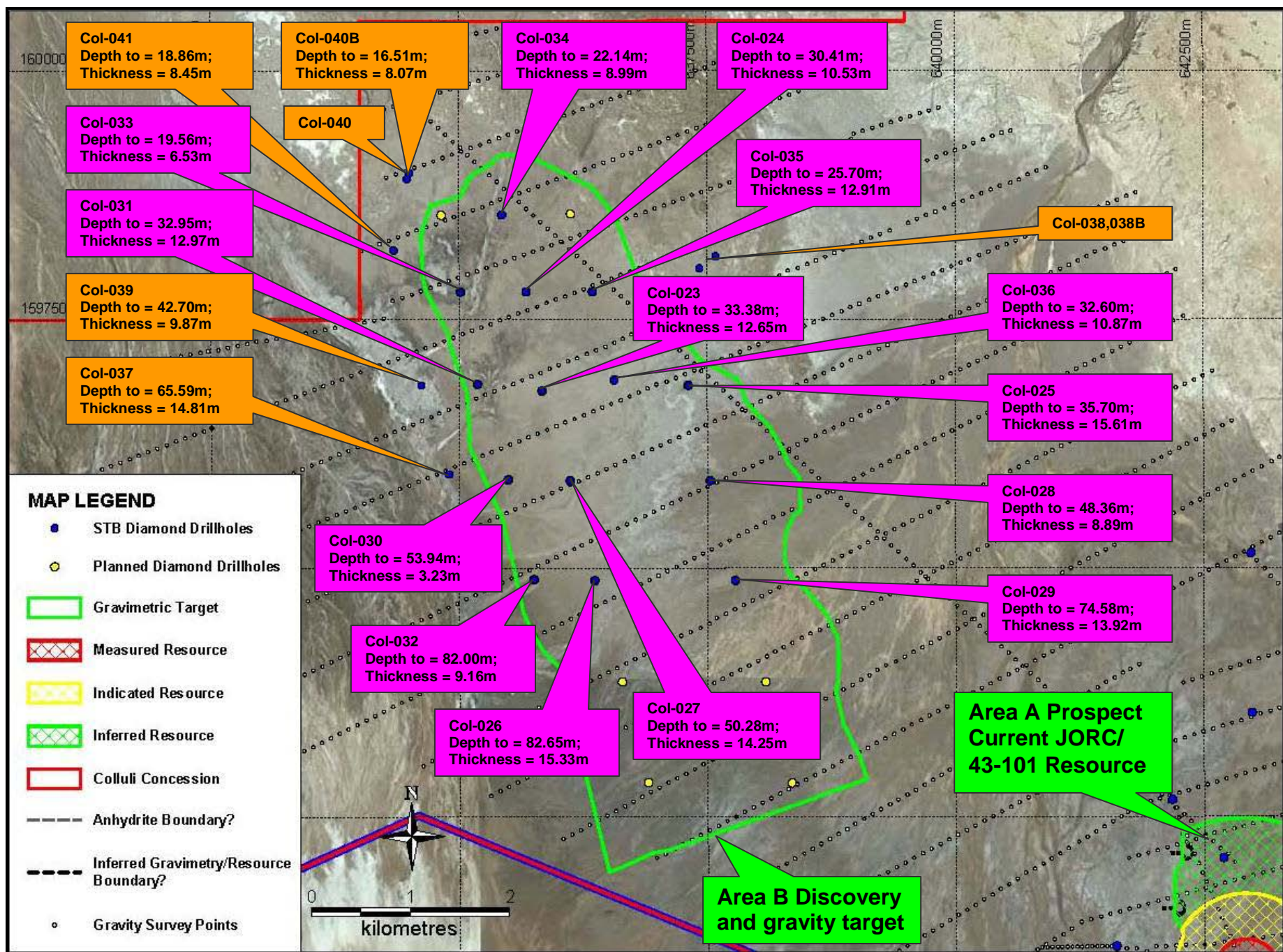


Figure 2: Area B Discovery plan showing drilling with outstanding results, the current JORC resource area and gravimetric survey data points.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	Comment
Col-023	635833	1596782	-122	000	-90	52.60	Sylvinite, carnallite, kainitite; total thickness 12.65m from ~ 33.38m
Col-024	635677	1597779	-121	000	-90	45.00	Carnallite and kainitite; total thickness 10.53m from ~ 30.41m
Col-025	636562	1596890	-119	000	-90	54.00	Sylvinite, carnallite and kainitite; total thickness 15.61m from ~ 35.70m
Col-026	636356	1594877	-122	000	-90	102.00	Sylvinite, carnallite and kainitite; total thickness 15.33m from ~ 82.65m
Col-027	636116	1595879	-122	000	-90	72.00	Sylvinite, carnallite and kainitite; total thickness 14.25m from ~ 50.28m
Col-028	637528	1595879	-119	000	-90	63.00	Carnallite, kainitite; total thickness 8.89m from ~ 48.36m
Col-029	637780	1594876	-120	000	-90	93.00	Sylvinite, carnallite and kainitite; total thickness 13.92m from ~ 74.58m
Col-030	635493	1595891	-122	000	-90	75.00	Sylvinite, carnallite; total thickness 3.23m from ~ 53.94m
Col-031	635183	1596850	-121	000	-90	51.00	Sylvinite, carnallite and kainitite; total thickness 12.97m from ~ 32.95m
Col-032	635750	1594886	-122	000	-90	102.00	Sylvinite, carnallite and kainitite; total thickness 9.16m from ~ 82.00m
Col-033	635016	1597777	-120	000	-90	30.00	Sylvinite, kainitite; total thickness 6.53m from ~ 19.56m
Col-034	635432	1598553	-119	000	-90	36.00	Carnallite, kainitite; total thickness 8.99m from ~ 22.14m
Col-035	636343	1597777	-119	000	-90	42.00	Carnallite, kainitite; total thickness 12.91m from ~ 25.70m
Col-036	637309	1596837	-118	000	-90	114.00	Sylvinite, carnallite and kainitite; total thickness 10.87m from ~ 32.60m
Col-037	634893	1595946	-122	000	-90	83.30	Sylvinite, carnallite/kieserite and kainitite; total thickness 14.81m from ~ 65.59m
Col-038	637586	1598135	-117	000	-90	43.00	Clastic sediments; hole to be deepened
Col-038B	637422	1598015	-117	000	-90	78.00	Lower rock salt with clay; hole to be deepened
Col-039	634618	1596841	-122	000	-90	57.00	Sylvinite, kainitite; total thickness 9.87m from ~ 42.70m
Col-040	634500	1598976	-119	000	-90	78.00	Lower rock salt with clay; hole to be deepened
Col-040B	634476	1598917	-119	000	-90	27.00	Kainitite; total thickness 8.07m from ~ 16.51m
Col-041	634341	1598197	-120	000	-90	33.00	Sylvinite, kainitite; total thickness 8.45m from ~ 18.86m

Table 2 - Area B Prospect table of all drill hole collar details and preliminary field results.

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCl (%)	Comment
Col-001	644810	1589031	-115	000	-90	141.30	59.17	67.80	8.63	21.09	Sylvinite and Carnallite
											INCLUDES
							59.17	61.13	1.96	25.72	Sylvinite
											INCLUDES
							63.37	67.80	4.43	27.25	Sylvinite and Carnallite
											INCLUDES
							63.85	65.20	1.35	39.07	Sylvinite
							83.78	103.48	19.70	16.36	Lower Carnallite and Kainitite
											INCLUDES
							94.17	103.48	9.31	19.73	Kainitite
Col-002	644817	1591488	-113	000	-90	40.60					Abandoned
Col-002B	644806	1591484	-114	000	-90	90.10	56.35	81.01	24.66	16.04	Lower Carnallite and Kainitite
											INCLUDES
							62.71	67.60	4.89	20.38	Lower Carnallite
											INCLUDES
							76.60	80.37	3.77	21.85	Kainitite
Col-003	641614	1591197	-122	000	-90	120.82					No samples taken, results to be reviewed

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCl (%)	Comment						
Col-004	642900	1590970	-116	000	-90	73.60	28.68	36.40	7.72	24.92	Sylvinitic						
Col-005	642975	1595149	-114	000	-90	141.00						No samples taken, hole to be deepened					
Col-006	643853	1589912	-119	000	-90	91.60	48.00	48.77	0.77	23.40	Sylvinitic						
Col-007	643708	1591828	-117	000	-90	60.10	24.98	25.37	0.39	19.35	Sylvinitic						
Col-007B	643710	1591845	-117	000	-90	27.10						Stratigraphic hole, no samples taken					
Col-008	642696	1592083	-120	000	-90	52.60	22.22	24.74	2.52	38.79	Sylvinitic						
Col-009	643367	1593178	-113	000	-90	40.60	23.98	24.63	0.65	42.00	Sylvinitic						
Col-010	644278	1592455	-118	000	-90	60.60	23.65	24.98	1.33	37.35	Sylvinitic						
Col-011	645288	1589934	-119	000	-90	93.10	63.98	76.43	12.45	14.43	Lower Carnallite						
Col-012	645881	1588680	-112	000	-90	106.60	81.56	90.64	9.08	16.08	Lower Carnallite						
Col-013	642179	1592673	-118	000	-90	37.60	24.56	25.75	1.19	12.56	Sylvinitic						

Hole No.	East (m)	North (m)	RL (m)	Azi. (degr.)	Dip (degr.)	E.O.H.	From	To	Interval (m)	KCl (%)	Comment
Col-014	642986	1593545	-117	000	-90	34.60	19.60	29.45	9.85	16.17	Kainitite
Col-015	643596	1589355	-115	000	-90	94.60	62.98	65.10	2.12	19.31	Sylvinitite
							75.93	82.24	6.31	10.76	Lower Carnallite
							82.24	91.34	9.10	21.39	Kainitite
					INCLUDES		85.12	91.34	6.22	23.37	Kainitite
Col-016	643683	1593710	-115	000	-90	28.60	18.09	24.10	6.01	18.32	Kainitite
Col-017	642638	1590227	-118	000	-90	72.10	45.95	53.55	7.60	30.01	Sylvinitite
					INCLUDES		45.95	46.91	0.96	31.59	Sylvinitite
					INCLUDES		48.62	53.55	4.93	37.20	Sylvinitite
							53.55	55.25	1.70	25.78	Kainitite
							55.25	60.66	5.41	9.29	Lower Carnallite
							60.66	67.98	7.32	22.10	Kainitite
Col-018	642104	1590740	-116	000	-90	55.60					Assays awaited, approximate thickness 2.50m
Col-019	642356	1589817	-125	000	-90	61.00	-	-	-	-	No samples taken
Col-019B	642391	1589841	-125	000	-90	80.00	-	-	-	-	No samples taken
Col-020	643114	1589559	-102	000	-90	147.00	-	-	-	-	No samples taken
Col-021A	646281	1588298	-112	000	-90	51.00	-	-	-	-	Collapsed hole, no samples taken
Col-021B	646170	1588388	-112	000	-90	117.10					Assays awaited, approximate thickness 29.19m
Col-22	646155	1589549	-117	000	-90	85.60	-	-	-	-	No samples taken, hole to be deepened

Table 3 - Colluli Project table of recent drill hole collar details and results.

DUKETON PROJECT

The Duketon Project comprises ~1,500km² of the Achaean Duketon Greenstone Belt and is located ~ 80kms to 120kms north of Laverton in Western Australia. South Boulder owns 100% of the gold and base metal rights and Independence Group NL (Independence; ASX: IGO) is earning 70% of the nickel rights to selected tenure held by South Boulder as part of the Duketon Nickel Joint Venture (Figure 3).

DUKETON NICKEL JOINT VENTURE

In April 2004 South Boulder signed a farm-out Joint Venture Agreement with Independence. Under the terms of the agreement Independence will farm-in to earn 70% of the nickel metal rights on tenements held by South Boulder within the Duketon Project by delivery of a Bankable Feasibility Study within 5 years from the grant of the relevant tenement.

The Duketon Nickel Joint Venture (DNJV) covers ultramafic rich stratigraphy in the Duketon Greenstone Belt which are considered highly prospective for Ni-Cu-PGE (Platinum group element) disseminated and massive sulphide mineralisation. The tenure held within the DNJV is shown in Figure 3 and Figure 8.

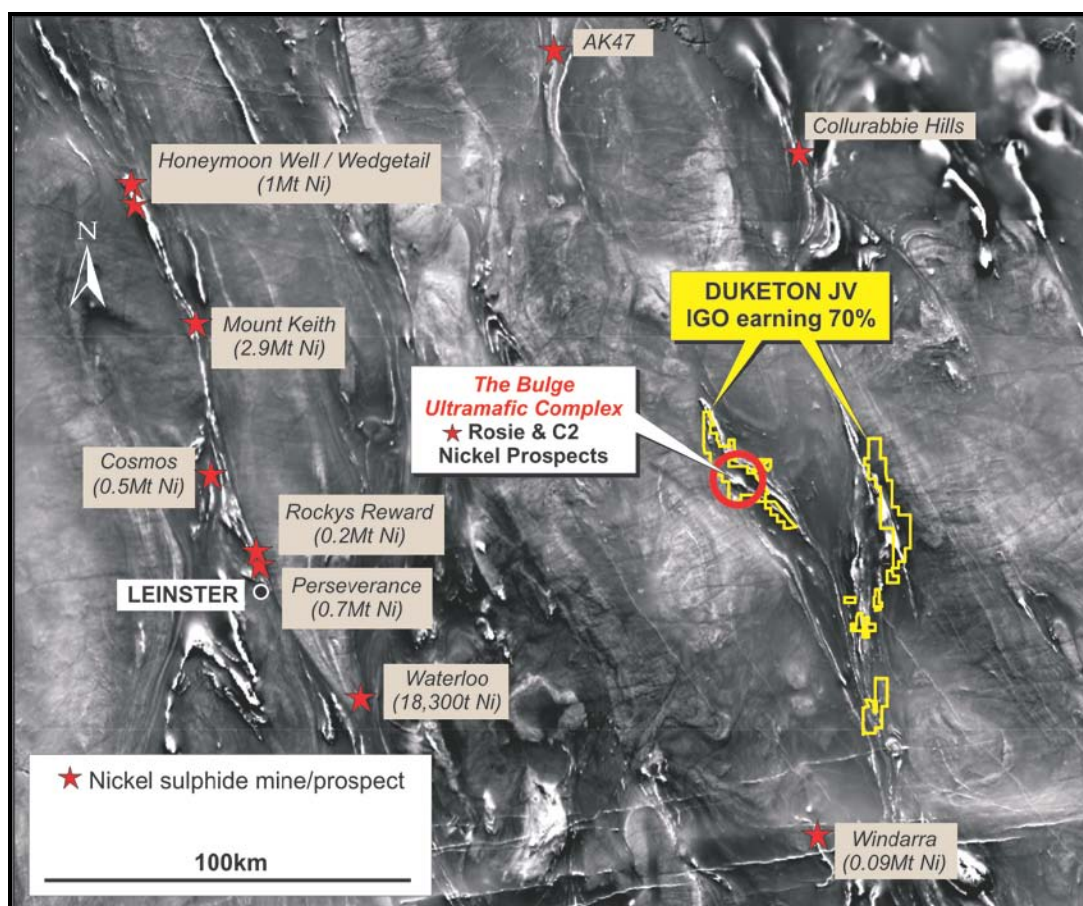


Figure 3 – Duketon Nickel Project over an aeromagnetic image showing proximity to major nickel deposits in the region.

Two key prospects have been defined to date: Rosie and C2. Other than these prospects much of the highly prospective ultramafic units have yet to be effectively tested for nickel-copper-PGE sulphide mineralisation at depth.

The Bulge Rosie and C2 Prospects

During the period exploration/resource drilling and scoping study work continued as planned to evaluate the potential for an open pit mine at the C2 and an underground mine at the Rosie Ni-Cu-PGE Prospects. The drilling has continued to intersect highly encouraging massive sulphides as well as significant zones of brecciated, stringer and disseminated sulphides.

Subsequent to the end of the period South Boulder was informed that a further 14 resource definition RC and diamond holes were drilled at the Rosie deposit on a nominal 80m X 80m grid with selected 40m X 80m infill holes. The targets are typically extensions to known mineralisation such as that identified in Figure 4 below. Results are summarised in Table 4. It was anticipated that a maiden JORC-Compliant Mineral Resource Estimate would be available in the June quarter, however due to extensions on the scope of drilling this is now expected in the September quarter.



Figure 4 – Duketon Nickel JV Rosie Prospect - TBDD098 Massive sulphide intercept - 5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGEs (PGEs include 2.22g/t Pt, 1.74g/t Pd, 0.82g/t Rh, 1.79g/t Ru.

New drilling results include diamond hole TBDD112 which intersected downhole intervals of;

- - 5.24m @ 3.6% Ni, 0.4% Cu and 49.5g/t 6PGE's from 135 .07m including;
- 1.50m @ 7.6% Ni, 0.6% Cu and 15.1g/t 6PGE's.

The results further confirm the overall continuity of significant mineralisation at the high-grade Rosie Prospect which has mineralisation defined over a strike length of 950m (open) and down dip extent of 600m (open). Results have confirmed a laterally extensive zone of predominantly disseminated and breccia style mineralisation with discrete zones of massive mineralisation. This style of mineralisation is suggestive of remobilised sulphides possibly flanking a massive sulphide mineralised “channel” or footwall embayment position Figure 5, 6 and 7.

As part of the exploration and resource definition program six RC holes and one RC hole with diamond tail was completed on 80m centres NW along strike from Rosie, to test for geochemical signatures possibly representing an extension of the Rosie mineralised system. Anomalous geochemistry and visible sulphide mineralisation was intercepted in the first 3 holes along strike, indicating that the Rosie system continues further north for at least 240m beyond the resource drilling area. A table of all results will be available in the next period. Table 5 is a drill hole collar table for these holes. Preliminary intercepts included:

- - 2.00m @ 1.4% Ni, 0.58% Cu and 0.27g/t Pt+Pd from 229m in TBRC101 and;
- - 2.00m @ 1.6% Ni, 0.20% Cu and 1.43g/t Pt+Pd from 156m in TBRC102.

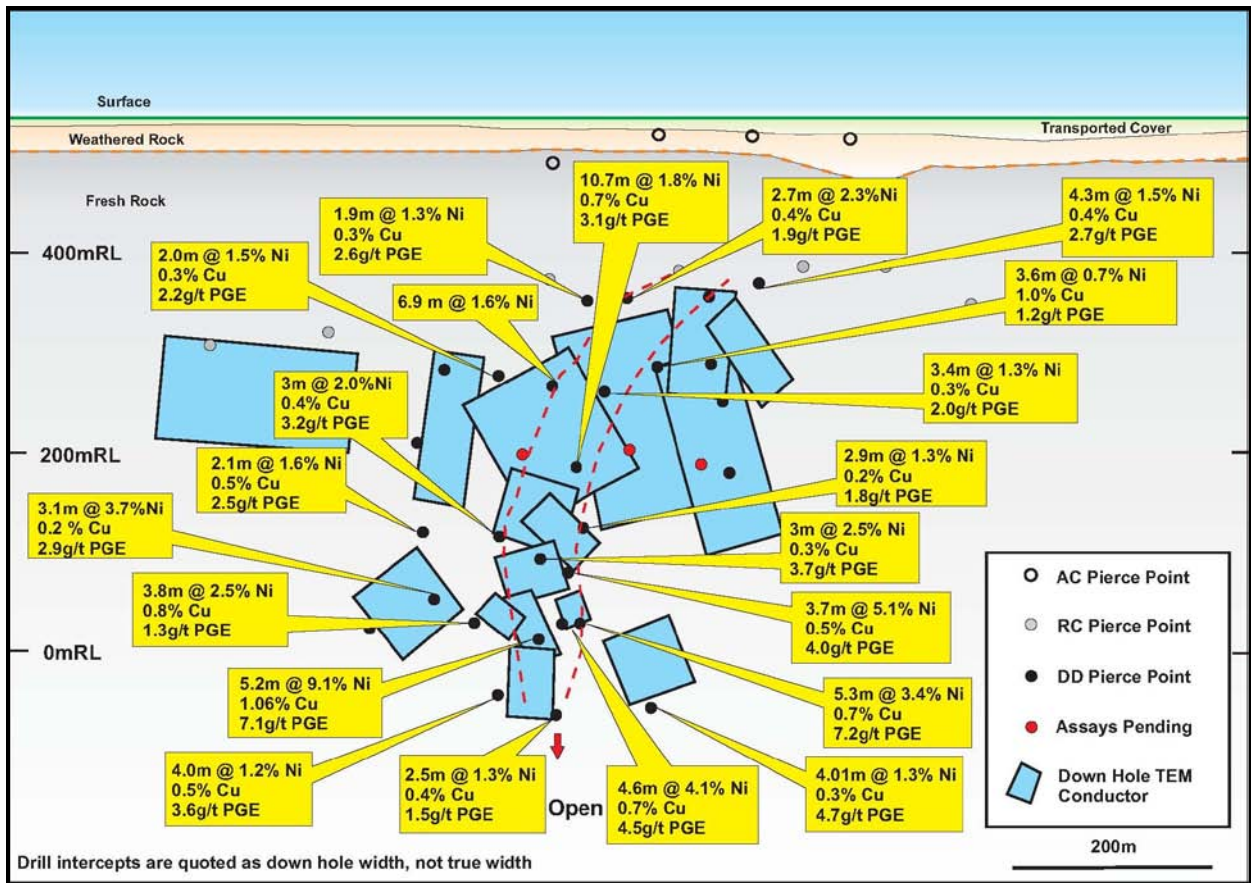


Figure 5 - Duketon JV Rosie Ni-Cu-PGE Prospect Longitudinal Projection showing significant drill intercept long section showing significant drill intercept, down-hole TEM conductors and interpreted lava channel.

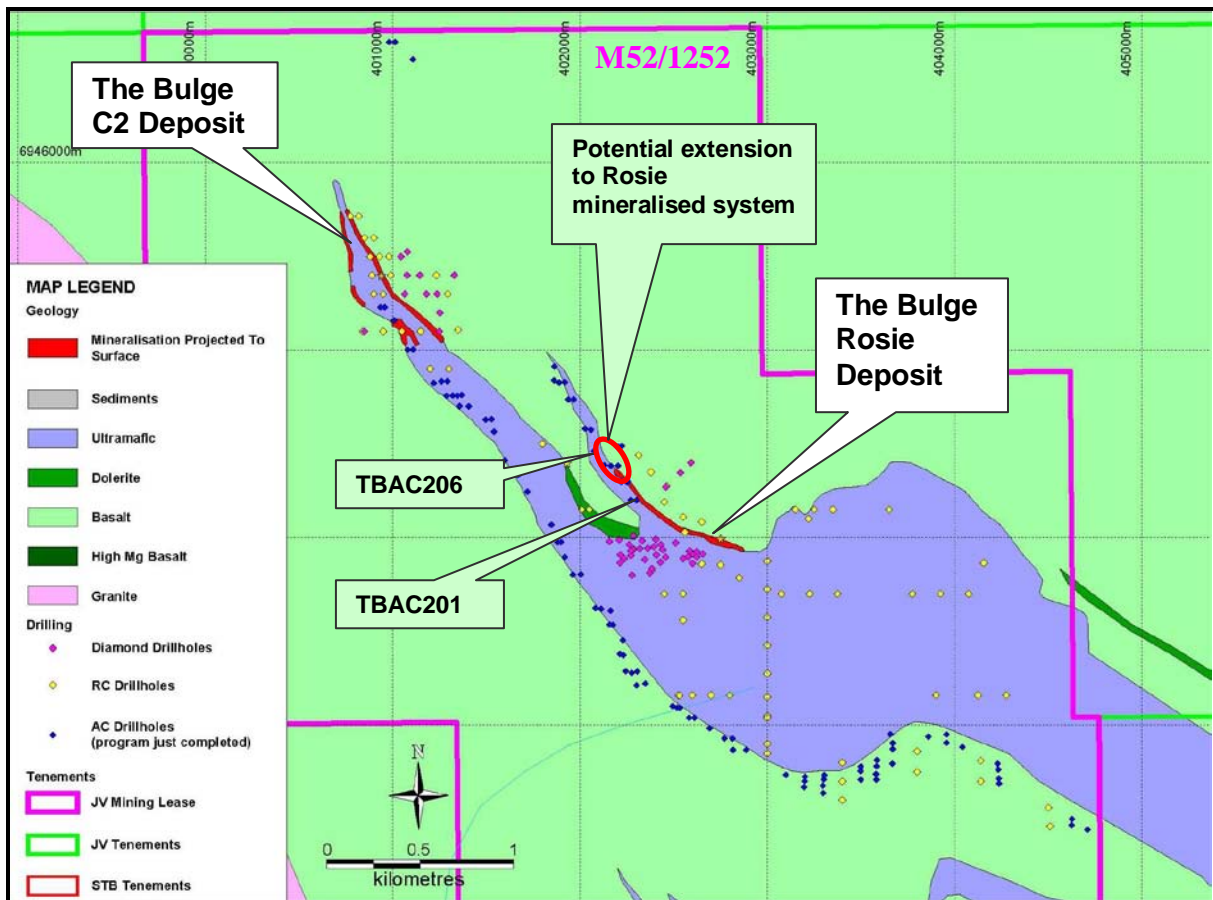


Figure 6 - Rosie and C2 Ni-Cu-PGE Deposits drilling plan, interpreted geology map and Mining Lease (M52/1252).

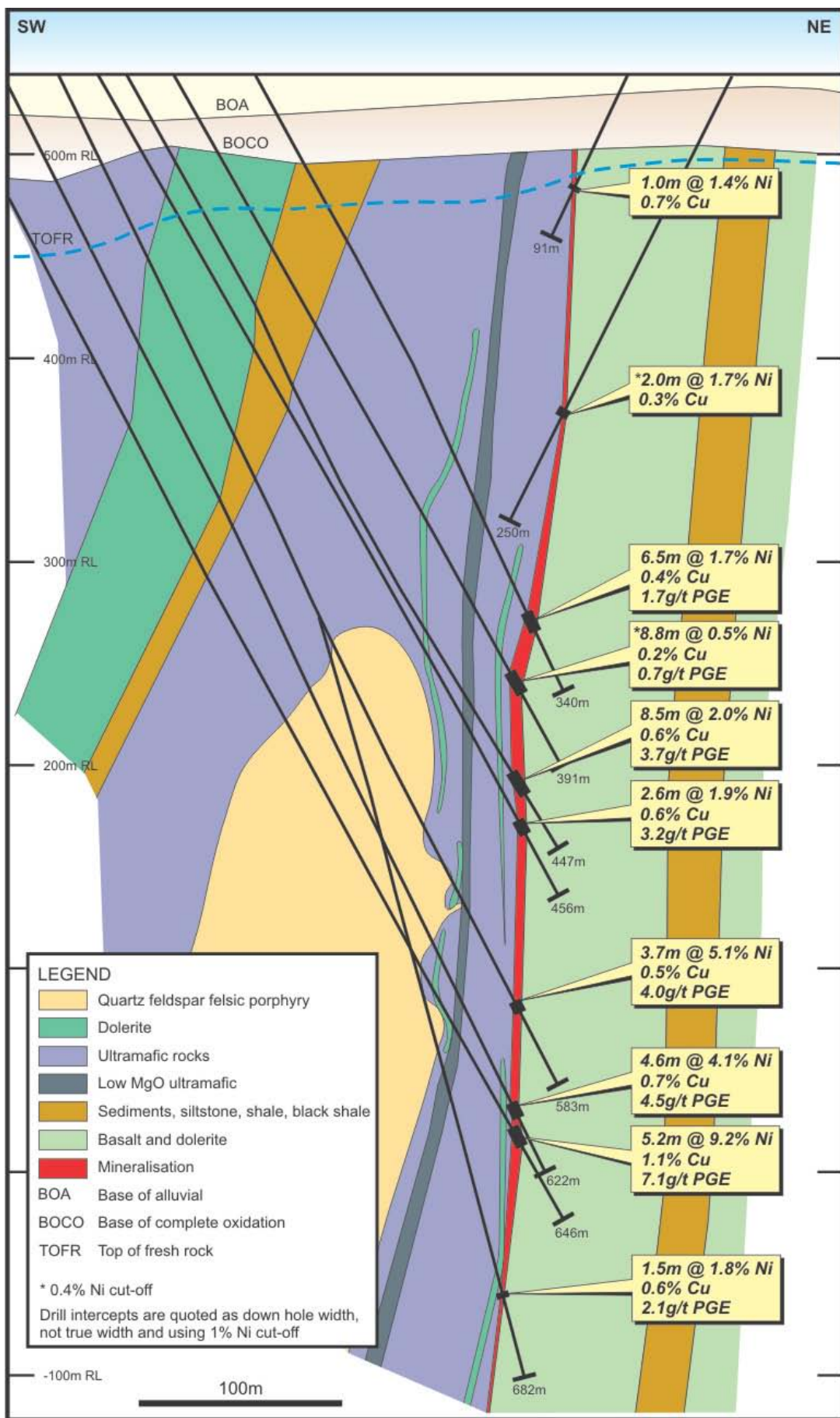


Figure 7 – Duketon Nickel JV Rosie Prospect – cross section showing geology, drillhole traces and Ni-Cu-PGE intercepts.

HOLE No	NORTH (M)	EAST (M)	RL (M)	AZI (DEG.)	DIP (DEG.)	TOTAL DEPTH (M)	DEPTH FROM (M)	DEPTH To (M)	WIDTH (M)	Ni (%)	6PGE (G/T)#	Cu (%)	CUT OFF (1% Ni)	INCLUDING
TBDD107W1	6943906	402273	539	42	-70	681.9	644.86	646.39	1.53	1.8	2.1	0.6	1.0	0.7m @ 2.3% Ni, 3.5g/t 6PGE & 0.5%Cu from 645.09m
TBDD108	6943963	402266	539	42	-60	437.3	397.30	398.00	0.70	1.4	1.0	0.5	1.0	0.3m @ 2.0% Ni, 0.7g,t 6PGE & 0.6%Cu from 397.67m
TBDD109	6943882	402348	539	46	-62	444.0	402.64	405.00	2.36	1.7	3.3	0.3	1.0	1.3m @ 2.2%Ni, 5.2g/t 6PGE & 0.3%Cu from 402.64m
TBDD110	6943837	402384	539	48	-60	435.7	392.94	399.95	7.01	1.1	1.2	0.2	1.0	1.4m @ 2.0%Ni, 2.6g/t 6PGE & 0.4%Cu from 392.94m
TBDD111	6943973	402513	539	45	-60	150.5	110.60	111.50	0.90	1.5	4.9	0.2	1.0	0.8m @ 2.5%Ni, 4.5g/t 6PGE & 0.7%Cu from 110.60m
TBDD112	6943916	402603	539	1	-61	168.6	135.07	140.31	5.24	3.6	49.5	0.4	1.0	1.5m @ 7.6%Ni, 15.1g/t 6PGE & 0.6%Cu from 138.61m
TBDD113	6943915	402656	539	358	-60	156.6	110.56	118.23	7.67	0.9	1.3	0.2	1.0	1.9m @ 1.4%Ni,2.9g/t 6PGE & 0.3%Cu from 114.53m
TBDD114	6943980	402158	539	45	-57	538.1	493.39	494.84	1.45	1.9	2.4	0.4	1.0	1.0m @ 2.1%Ni, 2.5g/t 6PGE & 0.4%Cu from 493.82m
TBDD114							497.62	499.31	1.69	1.1	0.4	0.2	1.0	
TBDD114W1	6943980	402158	539	48	-62	607.3	567.74	570.70	2.96	3.5	2.6	0.5	1.0	1.4m @ 6.6%Ni, 5.0g/t 6PGE & 0.2%Cu from 567.74m
TBDD114W2	6943980	402158	539	48	-64	628.1	587.32	587.74	0.42	5.1	5.6	0.5	1.0	
TBDD114W2							590.65	592.72	2.07	1.6	1.5	1.5	1.0	
TBDD115	6943909	402216	540	48	-59	565.1	521.53	527.82	6.29	1.8	2.2	0.3	1.0	3.0m @ 2.5%Ni, 3.7g/t 6PGE & 0.3%Cu from 522.40m
TBDD116	6943930	402272	540	46	-60	465.5	429.95	432.52	2.57	1.9	3.2	0.6	1.0	1.3m @ 2.9%Ni, 4.8g/t 6PGE & 0.6%Cu from 429.95m
TBDD117	6943943	402319	540	42	-61	390.5	343.55	345.50	1.95	0.7	0.3	0.2	1.0	
TBDD118	6943952	402395	540	43	-61	307.2	266.43	269.00	2.57	1.2	1.1	0.3	1.0	
TBDD119	6943936	402441	540	44	-59	271.0	229.40	237.31	7.91	1.9	2.7	0.3	1.0	
TBDD120	6943898	402578	540	4	-60	204.5	164.80	173.70	8.90	1.7	2.0	0.4	1.0	
TBDD121	6943929	402584	540	2	-60	160.1	126.00	127.13	1.13	0.9	1.3	0.3	1.0	0.7m @ 1.1%Ni, 1.6g/t 6PGE & 0.4%Cu from 126.00m
TBDD122	6943898	402624	540	4	-61	200.0	144.57	145.00	0.43	1.9	1.6	0.2	1.0	
TBDD123	6943927	402624	540	3	-60	147.6	108.56	108.96	0.40	1.6	0.3	0.2	1.0	
TBDD124	6943988	402210	540	49	-58	456.6	420.71	423.46	2.75	1.3	1.3	0.2	1.0	1.5m @ 1.8%Ni, 0.3g/t 6PGE & 0.3%Cu from 421.95m

Table 4 - Duketon JV Rosie Ni-Cu-PGE diamond drilling results (*6PGE = Pt+Pd+Rh+Ru+Os+Ir)

HOLE No	NORTH (M)	EAST (M)	RL (M)	AZI (DEG.)	DIP (DEG.)	TOTAL DEPTH (M)	HOLE TYPE	PROSPECT
TBRC101	6944377	402035	540	45	-55	269	RC	Rosie
TBRC102	6944522	401985	540	90	-55	191	RC	Terminator
TBRC103	6944594	401961	540	90	-60	280	RC	Terminator
TBRC104	6944666	401924	540	90	-60	275	RC	C2
TBRC105	6944739	401887	540	90	-60	310	RC	C2
TBRC106	6944809	401851	540	90	-60	215	RC	C2

Table 5 - Duketon JV New RC Collar coordinates.

In addition a program of aircore drilling comprising 102 holes for 6,500m was completed along the ultramafic contact, northwest along strike from Rosie and along the Bulge western contact. The program was designed to delineate the ultramafic contact with more accuracy in areas where its location was interpreted from aeromagnetic data to identify geochemical “hotspots” possibly representing new nickel sulphide systems. The hole collar locations are shown in Figure 6 and details in Table 6.

A number of anomalous responses were returned from 4m composite sampling including an intercept of **32m @ 0.9% Ni, 0.1% Cu and 0.48g/t Pt+Pd from 36m** in hole TBAC201. Hole TBAC206 returned **8m @ 0.5% Ni, 0.3% Cu and 0.44g/t Pt+Pd from 32m which extends the Rosie mineralisation system along strike for ~240m**. It is expected a full table of 4m and yet to be received 1m sample results will be available in the next period.

The current drilling program is part of continued work programs and studies into the economic parameters of a mining project comprising an underground mine at Rosie and an adjacent open pit mine at C2. Key engineering scoping study activities commenced or completed to date include;

- Grant of Mining Lease (22nd November 2010);
- Flora survey as part of an Environmental Baseline Study (complete);
- Initial resource drilling at Rosie and C2 (complete);
- Compilation of initial JORC-Compliant Mineral Resource Estimate (underway);
- Exploration base camp approvals (complete);
- Water extraction license (complete);
- Engagement of Aboriginal heritage consultants (complete).

The German Well Prospect

The German Well prospect covers an ultramafic unit located on the eastern flank of the project area towards the northern end of E38/1825. Previous work by IGO has identified a TEM anomaly in close proximity to highly anomalous geochemistry in aircore drilling (max 0.43% Ni, 306ppm Cu, 55ppb Pt+Pd). No drilling was conducted at the German Well Prospect during the period.

The Robinson Prospect

The Robinson Prospect is located within E38/1511 between the Camp Oven and Bulge Prospects. Ground TEM geophysical surveys were completed over 11 strike km of partially covered ultramafic stratigraphy. A total of 93 line km of data was collected, identifying 6 bedrock conductors. Five of these bedrock conductors are considered to be indicative of sedimentary horizons. The sixth conductor (“Anomaly B”) is closely associated with a magnetic anomaly and is considered to be a priority exploration target. No drilling was conducted at the Robinson Prospect during the period.

Note: Most tables, figures and text relating to the DNJV have been provided courtesy of Independence.

HOLE NO	NORTH (M)	EAST (M)	RL (M)	AZI (DEG.)	DIP (DEG.)	TOTAL DEPTH (M)	HOLE TYPE	PROSPECT
TBAC200	6944200	402271	540	90	-60	89	AC	Duketon West
TBAC201	6944200	402302	540	90	-60	68	AC	Duketon West
TBAC202	6944299	402250	540	90	-60	41	AC	Duketon West
TBAC203	6944299	402220	540	90	-60	81	AC	Duketon West
TBAC204	6944299	402255	540	90	-60	64	AC	Duketon West
TBAC205	6944382	402165	540	90	-60	59	AC	Duketon West
TBAC206	6944462	402075	540	90	-60	55	AC	Duketon West
TBAC207	6944576	402058	540	90	-60	53	AC	Duketon West
TBAC208	6944737	401966	540	90	-60	57	AC	Duketon West
TBAC209	6944827	401889	540	90	-60	60	AC	Duketon West
TBAC210	6944913	401864	540	90	-60	60	AC	Duketon West
TBAC211	6944384	402204	540	90	-60	58	AC	Duketon West
TBAC212	6944385	402130	540	90	-60	43	AC	Duketon West
TBAC213	6944581	402027	540	90	-60	88	AC	Duketon West
TBAC214	6944738	401938	540	90	-60	99	AC	Duketon West
TBAC215	6944838	401862	540	90	-60	86	AC	Duketon West
TBAC216	6944829	401920	540	90	-60	54	AC	Duketon West

HOLE NO	NORTH (M)	EAST (M)	RL (M)	AZI (DEG.)	DIP (DEG.)	TOTAL DEPTH (M)	HOLE TYPE	PROSPECT
TBAC217	6943803	402005	540	270	-60	89	AC	Duketon West
TBAC218	6943624	402083	540	270	-60	89	AC	Duketon West
TBAC219	6943612	402163	540	270	-60	108	AC	Duketon West
TBAC220	6943621	402112	540	270	-60	104	AC	Duketon West
TBAC221	6943535	402176	540	270	-60	79	AC	Duketon West
TBAC222	6943536	402158	540	270	-60	52	AC	Duketon West
TBAC223	6943453	402228	540	270	-60	85	AC	Duketon West
TBAC224	6943802	401961	540	270	-60	63	AC	Duketon West
TBAC225	6943222	402350	540	270	-60	116	AC	Duketon West
TBAC226	6943213	402302	540	270	-60	76	AC	Duketon West
TBAC227	6943101	402495	540	270	-60	61	AC	Duketon West
TBAC228	6943091	402533	540	270	-60	29	AC	Duketon West
TBAC229	6943092	402520	540	270	-60	56	AC	Duketon West
TBAC230	6943039	402583	540	270	-60	80	AC	Duketon West
TBAC231	6943038	402611	540	270	-60	64	AC	Duketon West
TBAC232	6942984	402691	540	270	-60	61	AC	Duketon West
TBAC233	6942929	402772	540	270	-60	59	AC	Duketon West
TBAC234	6942929	402814	540	270	-60	56	AC	Duketon West
TBAC235	6942867	402887	540	270	-60	76	AC	Duketon West
TBAC236	6942868	402817	540	90	-60	58	AC	Duketon West
TBAC237	6942734	403100	540	180	-60	59	AC	Duketon West
TBAC238	6942700	403200	540	180	-60	48	AC	Duketon West
TBAC239	6942669	403196	540	180	-60	83	AC	Duketon West
TBAC240	6942637	403299	540	180	-60	96	AC	Duketon West
TBAC241	6942678	403296	540	180	-60	66	AC	Duketon West
TBAC242	6942709	403498	540	180	-60	53	AC	Duketon West
TBAC243	6942780	403500	540	360	-60	16	AC	Duketon West
TBAC244	6942754	403498	540	180	-60	73	AC	Duketon West
TBAC245	6942814	403585	540	180	-60	65	AC	Duketon West
TBAC246	6942781	403584	540	180	-60	34	AC	Duketon West
TBAC247	6942740	403581	540	180	-60	84	AC	Duketon West
TBAC248	6942709	403583	540	180	-60	70	AC	Duketon West
TBAC249	6942796	403668	540	180	-60	77	AC	Duketon West
TBAC250	6942873	403669	540	360	-60	75	AC	Duketon West
TBAC251	6942903	403669	540	360	-60	48	AC	Duketon West
TBAC252	6942938	403860	540	360	-60	83	AC	Duketon West
TBAC253	6942906	403956	540	360	-60	67	AC	Duketon West
TBAC254	6942950	403957	540	360	-60	95	AC	Duketon West
TBAC255	6942882	404042	540	360	-60	87	AC	Duketon West
TBAC256	6942794	404229	540	360	-60	35	AC	Duketon West
TBAC257	6942764	404233	540	360	-60	35	AC	Duketon West
TBAC258	6942716	404236	540	360	-60	59	AC	Duketon West
TBAC259	6942500	404626	540	360	-60	18	AC	Duketon West
TBAC260	6942465	404624	540	180	-60	41	AC	Duketon West
TBAC261	6942442	404710	540	360	-60	74	AC	Duketon West
TBAC262	6942951	403656	540	360	-60	71	AC	Duketon West
TBAC263	6943373	402232	540	360	-60	71	AC	Duketon West
TBAC264	6943288	402244	540	270	-60	47	AC	Duketon West
TBAC265	6943279	402276	540	270	-60	29	AC	Duketon West
TBAC266	6943287	402306	540	270	-60	76	AC	Duketon West
TBAC267	6943896	401918	540	270	-60	86	AC	Duketon West
TBAC268	6943976	401881	540	270	-60	53	AC	Duketon West
TBAC269	6943977	401899	540	270	-60	75	AC	Duketon West
TBAC270	6944068	401848	540	270	-60	77	AC	Duketon West
TBAC271	6944244	401720	540	270	-60	62	AC	Duketon West
TBAC272	6944334	401668	540	270	-60	82	AC	Duketon West
TBAC273	6944339	401634	540	270	-60	77	AC	Duketon West
TBAC274	6944413	401600	540	270	-60	69	AC	Duketon West
TBAC275	6944566	401541	540	270	-60	47	AC	Duketon West
TBAC276	6944629	401497	540	270	-60	30	AC	Duketon West

HOLE NO	NORTH (M)	EAST (M)	RL (M)	AZI (DEG.)	DIP (DEG.)	TOTAL DEPTH (M)	HOLE TYPE	PROSPECT
TBAC277	6944633	401528	540	270	-60	74	AC	Duketon West
TBAC278	6945002	401080	540	270	-60	33	AC	Duketon West
TBAC279	6945003	401111	540	270	-60	54	AC	Duketon West
TBAC280	6945160	401009	540	270	-60	65	AC	Duketon West
TBAC281	6945229	400958	540	270	-60	71	AC	Duketon West
TBAC282	6945229	400935	540	270	-60	73	AC	Duketon West
TBAC283	6946645	400981	540	90	-60	71	AC	Duketon West
TBAC284	6946645	401013	540	90	-60	53	AC	Duketon West
TBAC285	6946551	401109	540	90	-60	62	AC	Duketon West
TBAC286	6944835	401292	540	270	-60	83	AC	Duketon West
TBAC287	6944834	401262	540	270	-60	71	AC	Duketon West
TBAC288	6944825	401219	540	270	-60	73	AC	Duketon West
TBAC289	6944757	401287	540	270	-60	56	AC	Duketon West
TBAC290	6944759	401321	540	270	-60	57	AC	Duketon West
TBAC291	6944762	401369	540	270	-60	92	AC	Duketon West
TBAC292	6944758	401345	540	270	-60	71	AC	Duketon West
TBAC293	6944700	401406	540	270	-60	53	AC	Duketon West
TBAC294	6944703	401358	540	90	-60	30	AC	Duketon West
TBAC295	6944483	402203	540	90	-60	35	AC	Duketon West
TBAC296	6944489	402225	540	90	-60	49	AC	Duketon West
TBAC297	6943380	402213	540	270	-60	105	AC	Duketon West
TBAC298	6942725	403200	540	360	-60	38	AC	Duketon West
TBAC299	6942711	403301	540	360	-60	65	AC	Duketon West
TBAC300	6942733	403304	540	360	-60	43	AC	Duketon West
TBAC301	6942688	404238	540	360	-60	32	AC	Duketon West

Table 6 - Duketon JV New aircore drillhole collar details.

DUKETON GOLD PROJECT

From the early 1990's the majority of the Duketon Project was held by Normandy Mining Limited and Newmont Mining Corporation. Although wide spaced reconnaissance exploration was sporadically conducted, the vast majority of the project remains under shallow cover and vastly under explored Figure 8.

The Duketon Greenstone Belt contains highly prospective geological sequences and mineralised structures. Numerous structures are known to contain significant gold mineralisation and this is demonstrated by the approximately +5M ounces of unmined gold resources currently defined to date within the belt. The +1.5M ounce Moolart Well Gold Project was constructed by Regis Resources NL "Regis" (ASX: RRL) in 2010. This mine is currently the only mining operation in the Duketon Belt. Other recent developments in the belt announced by Regis include the +2.1M ounce Garden Well Deposit which is planned to be another stand alone development. These developments will likely have a very positive impact on the future of the Duketon Belt in terms of infrastructure.

The Achaean Duketon Greenstone Belt is located ~ 80kms north of Laverton in Western Australia and is dominated by a broad, complex north-northwest trending fold structure known as the Eristoun Syncline. The core of this syncline is occupied by the Ingi-jingi Felsic Volcanic Complex. The Ingi-jingi Felsic Volcanic Complex consists dominantly of rhyolitic and dacitic tuffs, and represents the youngest rocks in the belt. These felsic volcanics are considered highly prospective and underexplored for base metal mineralisation.

The western limb of the Eristoun Syncline is formed by a sequence of mafic and ultramafic volcanics and intrusives, epiclastic and chemical sediments, and minor felsics known as the Bandy Mafics. To the west the Bandy Mafics are bounded by the Hootanui Fault and the Granite Hills Batholith.

The north-eastern limb of the Eristoun Syncline is formed by a sequence of mafic volcanics informally known as the Riccaboni Mafics. These mafics underlie the Ingi-jingi Felsic Volcanic Complex, and are intruded to the north by the Mount Joanna batholith.

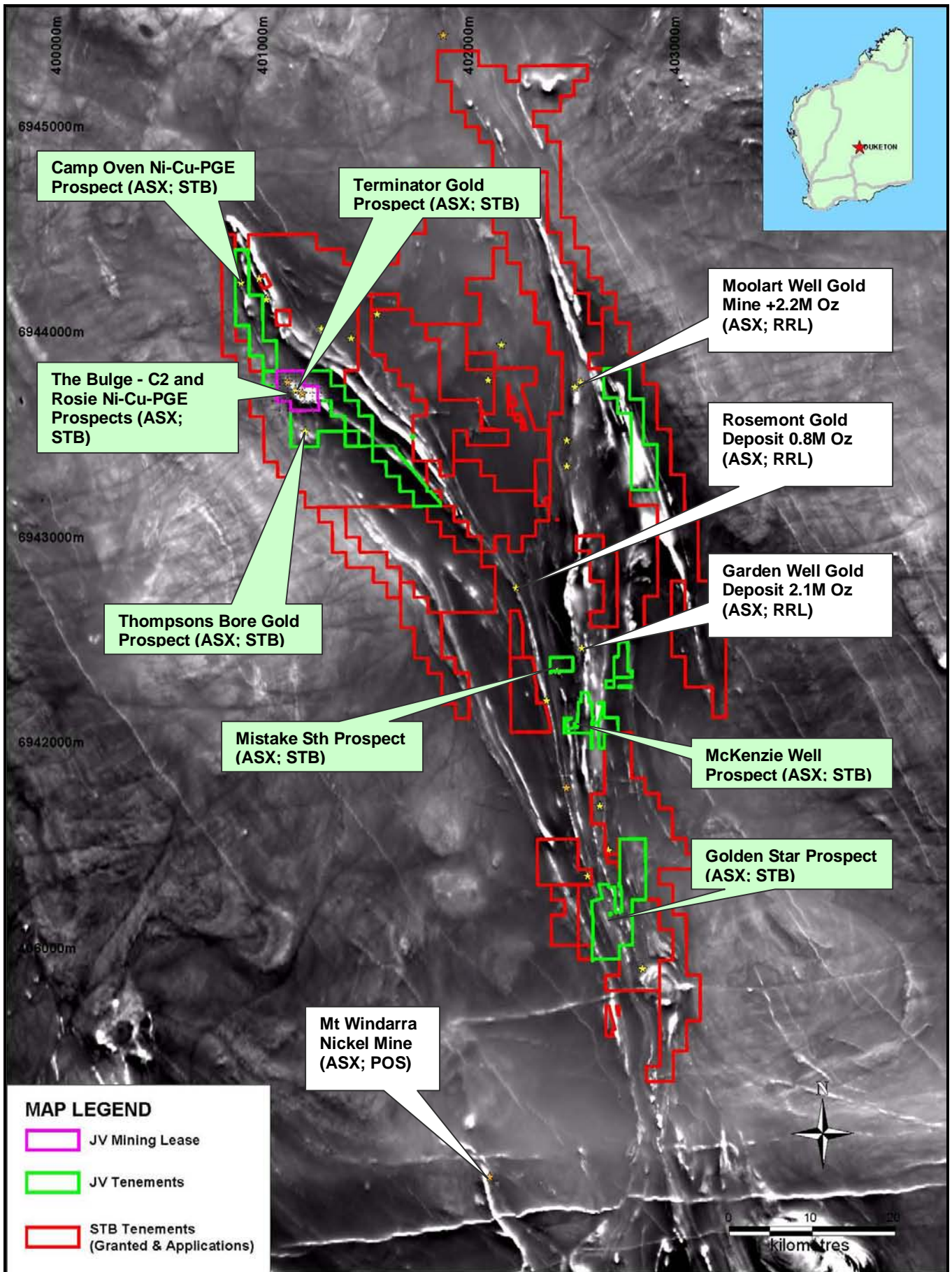


Figure 8 – Duketon Project showing Duketon Nickel JV and Duketon Gold Project tenements and applications (see disclaimer).

Regional Prospects

During the quarter a first pass reconnaissance aircore drill program was completed in E38/1511 comprising 106 holes for ~3,000m. The holes were completed on 7 lines across ultramafic and mafic stratigraphy north of the Bulge nickel and Terminator gold discoveries. The drilling was to follow up the magnetic survey results over the stratigraphy and surface geochemical targets that were identified last quarter.

Due to laboratory delays all results will be reported in the next period.

Terminator Prospect

The Terminator Gold Prospect was discovered during a geochemical aircore drilling program on E38/1537 (now M52/1252) during September 2009. The Prospect is located approximately 1.4km south along strike of the Bulge C2 Nickel Prospect Figure 8.

RC drilling completed in 2010 intersected high grades up to 28.60 g/t Au over 1m as well as broad intercepts of highly anomalous mineralisation. It is intended to conduct further RC drilling at Terminator and regional targets in a combined Duketon Regional Gold exploration program.

During the period, work was focused on targeting extensions to known mineralisation and gaining a better understanding of the structural complexities of the deposit. No drilling was conducted at the Terminator prospect during the period.

Thompson's Bore Prospect

The Thompson's Bore Gold Prospect is located within E38/1537, 5km due south of the Bulge Nickel Sulphide discovery. Previous aircore intercepts include values up to 75.30g/t over 1m from 14m and 8.70g/t over 11m from 35m. The mineralisation at Thompsons is considered open in all directions and indications are that mineralised intersections are significantly depleted down to depths of ~ 80m. At least 2 and possibly 3 steeply dipping, parallel north - northwest striking gold zones exist within the project.

As with the Terminator Prospect a follow up drilling program is in the planning stages combined with the Duketon Regional Gold exploration program. Plans will be released to market once they are finalised and approved. No drilling was conducted at the Thompson's Bore prospect during the period.

PORTFOLIO DEVELOPMENT

The equity portfolio of listed exploration companies derived from divestment of non-core exploration assets is currently valued at ~ AUD\$3.4m (Table 7). The portfolio is under regular periodic review in order to determine opportunities for divestment to add to funds for working capital. South Boulder has a policy of constantly reviewing its project and equity portfolios with a view to adding or realising value.

The board had previously resolved to divest the non-core potash and phosphate exploration portfolio comprising the Lake Disappointment Potash, The Cardabia Phosphate and the Georgina Basin Phosphate projects. Options are being reviewed on how to create value from the projects considering the Georgina Basin Project is funded by Auvex Resources Ltd. Discussions are ongoing. South Boulder will continue to implement a policy of reviewing acquisitions both within Australia and offshore and will inform shareholders if and when an acquisition is tendered.

During the period 1,000,000 Auvex Resources Ltd (Private) 25c options were converted at a cost of \$250,000. Auvex Resources Ltd divested its manganese development assets to Mineral Resources Ltd (ASX; MIN) whereby South Boulder will receive ~ 31,700 MIN shares as part of the transaction. South Boulder still retains an in specie distribution in Auvex Resources Ltd which retains a suite of quality manganese exploration assets.

In addition Lithex Resources Ltd (ASX: LTX) completed an Initial Public Offering (IPO) and was officially listed on the Australian Stock Exchange on 17th May 2011.

Company Name	Stock Exchange	No of fully paid Shares	20c/25c Options	Option Expiry Date
Montezuma Mining Company Ltd	ASX	5,012,500		
Buxton Resources Limited	ASX	1,610,000	750,000	30/06/2012
Avonlea Minerals Limited	ASX	400,000		
Uranex NL	ASX	800,000		
Continental Nickel	TSX	121,200		
Auvex Resources Ltd#	Private	#500,000		
Mineral Resources Ltd#	ASX	#31,700		
Lithex Resources Ltd	ASX	1,016,000		

Table 7 – Current equities owned by South Boulder Mines Limited (# Exact number of MIN and Auvex Resources shares to be allotted to South Boulder will be determined in the next period).

Corporate

During the period the Board continued to develop key business relationships and conducted high level discussions with a number of global financial and fertilizer industry participants. A number of meetings were held with a view to evaluating potential future involvement by South Boulder with fertilizer producers, developers, traders, potential off-take partners and investors.

The Company is highly leveraged to further exploration success and is well funded to continue the rapid advancement of its key projects. Further to this a number of options to realise better value for the key potash assets are being examined. A potential in specie distribution of shares to all shareholders and the listing of a dedicated potash development company on an international exchange is a priority option under review.

Subsequent to the end of the period South Boulder established a Sponsored American Depository Receipt (ADR) Program. The establishment of a sponsored ADR program is to create a broader secondary market for STB particularly in the United States and Canada, thereby providing better access for North American investors to trade in STB securities.

The ADR's will be tradeable via licensed U.S. brokers in the ordinary course of trading in the Over-The-Counter (OTC) Market in the U.S. STB has appointed The Bank of New York Mellon (BNYM) as its authorised U.S. representative, Principal American Liaison (PAL) and Depository Bank to establish the ADR facility.

Particulars for the U.S. sponsored ADR program are as follows;

U.S. Exchange;	OTC
Ticker Symbol;	SBMSY
CUSIP Number;	836709105
DR ISIN Number;	US8367091050
ADR to Ordinary Share Ratio;	1:1

The establishment of the ADR program is the first step in listing STB on the OTCQX Exchange in the U.S. which is expected to follow. Participation in the ADR program is to increase STB's exposure and visibility in key markets that have a strong understanding of the potash industry. Any queries in relation to the ADR facility can be directed to BNYM at www.adrbnymellon.com.

During the period \$0.21 million was raised from the conversion of 1,050,000 South Boulder share options. The total number of shares on issue at the end of the reporting period is 87,115,688. The total number of options on issue with conversion prices of between \$0.20 - \$0.75 is 18,690,000. These options have the potential to raise an additional \$6,814,000 in the near term.

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/43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate comprised of 33.39Mt @ 18.56% KCl of Measured Resources, 173.37Mt @ 18.57% KCl of Indicated Resources and 340.86Mt @ 18.58% KCl of Inferred Resources for a total of **547.62Mt @ 18.58% KCl (total contained potash of 101.73Mt)**; This includes higher grade material of 119.21Mt @ 23.14% KCl. There is an exploration target of **750Mt – 1.25 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:

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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 Estimate (outside the current JORC Mineral Resource Estimate area) and it is uncertain if further exploration will result in the determination of a Mineral Resource (outside the current JORC Mineral Resource Estimate area).

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.

With respect to non-potash results, this ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder and in the case of the Duketon Nickel JV, Independence Group who are the operator of the Duketon Nickel JV. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes is a geologist and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With respect to Western Australian tenement applications, due to the DOIR application process there is no guarantee the South Boulder applications will be granted.

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.