

ASX Release

1 February 2007



Nickel Sulphide Drilling Underway

- **First phase drilling returned 25m @ 0.73% Ni, 298ppm Cu and 310ppb Pd+Pt from 40m**
- **Includes 4m @ 1.07% Ni, 119ppm Cu and 237ppb Pd+Pt**
- **Second phase drilling underway**

South Boulder Mines Ltd (South Boulder) (ASX: STB) is pleased to announce that the second phase of drilling is currently underway at The Bulge (E38/1537) and Camp Oven (M38/330) Prospects within its Duketon Project, near Laverton in Western Australia.

In early 2004, South Boulder signed a farm-out Joint Venture Agreement with Independence Group NL (Independence) (ASX code IGO), whereby Independence can earn a 70% interest in the nickel rights on tenements held by South Boulder in the Duketon Project.

The Duketon Nickel JV covers approximately 60kms of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt.

The Duketon Greenstone Belt, situated between Windarra and BHP Billiton's Collurabbie discovery, is considered highly prospective for Ni-Cu-PGE mineralisation.

The Bulge Prospect

TEM surveying over buried ultramafic stratigraphy highlighted a number of strong bedrock conductors.

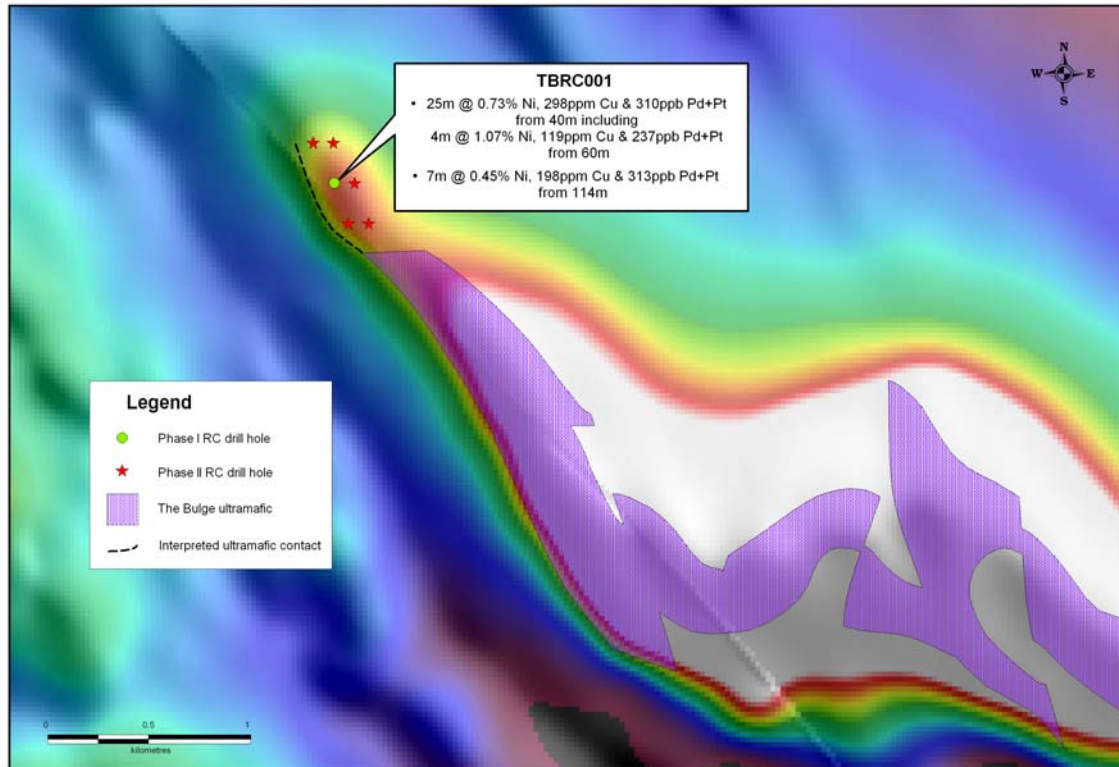
Modelling of these TEM conductors generated a priority conductor at C2.

First phase drilling of C2 returned:

- 25m @ 0.73% Ni, 298ppm Cu and 310ppb Pt+Pd from 40m (including 4m @ 1.07% Ni, 119ppm Cu and 237ppb Pt+Pd from 60m); and,
- 7m @ 0.45% Ni, 198ppm Cu and 313ppb Pt+Pd from 114m.

Visible sulphides were also recorded in this drill hole.

Five RC drill holes are planned to further test the depth and strike extensions of this nickel sulphide mineralisation.



Camp Oven Prospect

Previous rock chip sampling of a small outcrop of weathered olivine cumulate ultramafic returned highly anomalous results including 0.9% Ni, 2.3% Cu, 0.68g/t Pd, 0.70g/t Pt and 404ppb Au.

Petrographic analysis of these rock chip samples by CSIRO Exploration and Mining confirmed the presence of cumulus Ni-Cu sulphides.

Soil and lag geochemical sampling along strike from the outcrop further confirmed anomalism and returned 0.34% Ni, 406ppm Cu, 140ppb Pd and 85ppb Pt.

An RC drill hole is planned to test for the primary source of this anomalism.

About South Boulder Mines Ltd

Listed in 2003, South Boulder is focused on exploration within the Duketon Project.

The Duketon Project covers approximately 2,250 km² of the under-explored Duketon Greenstone Belt located north of Laverton.

In September 2006, South Boulder entered into a Uranium JV with Uranex NL (Uranex) (ASX code UNX), whereby Uranex can earn a 65% interest in the uranium rights on P38/3298.

P38/3298 was recently granted, resulting in the issue of 275,000 fully paid Uranex shares to South Boulder.

P38/3298 abuts E38/1732 which contains the Thatchers Soak uranium deposit.

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The Information in this report that relates to exploration results is based on information compiled by Liam Cornelius, who is a member of the Australian Institute of Geoscientists. Mr Cornelius is a geologist and 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". Liam Cornelius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.