



South Boulder Mines

Feb 25th 2015

South Boulder Mines Colluli potash resource swells to 1.28Bt

South Boulder Mines (ASX:STB) has delivered a significant increase in 2012 JORC mineral resource at its Colluli Potash Project in Eritrea to 1.289 billion tonnes with an average grade 10.76% K₂O.

The mineral resource estimate was carried out by AMC Consultants and is as a result of previous work conducted by Ercosplan Ingenieurgesellschaft Geotechnik und Bergbau mbH (Ercosplan).

The review was carried out in preparation for the allocation of the maiden Reserve for Colluli, which will also be completed by AMC.

Paul Donaldson, managing director of South Boulder, said: "This is an excellent outcome. As well as 210 million tonnes of uplift in the Mineral Resource estimate, 97% of the Mineral Resource now sits in the Measured and Indicated categories.

"There is no question about the size and potential of the Colluli resource.

"It will form the backbone of what will become a significant project in the future. This work verifies this as one of the largest potassium sulphate resources globally.

"It is also appropriate that we change our resource grade reporting from % KCl to % K₂O at this juncture, due to the combination of salts in the resource which favour the production of potassium sulphate (SOP) and is the focus of our pre-feasibility study."

Highlights

Resource highlights include 97% in the Measured and Indicated categories:

- Mineral resource of 1.289Bt, average grade 10.76% K₂O;
- Contained K₂SO₄ (Potassium Sulphate) equivalent¹ of 260Mt;
- Resource uplift of 210Mt mineralised material; and
- 97% of mineral resource in Measured and Indicated categories.

The Colluli deposit comprises:

- Measured mineral resource: 303Mt at 10.98% K₂O;
- Indicated mineral resource: 951Mt at 10.89% K₂O; and
- Inferred mineral resource: 35Mt at 10.28% K₂O.

Colluli is a very large, long life, at surface deposit, that is highly amenable to open cut mining methods and is in close proximity to the coast.

The project hosts one of the largest potassium sulphate resources globally, with a Pre-Feasibility Study for Potassium Sulphate (SOP) production on track for completion in February 2015.

South Boulder and the Eritrean National Mining Company (ENAMCO) are equal shareholders of the Colluli Mining Share Company (CMSC) which will develop the Colluli Potash project.

Price: A\$0.24

Market Cap: A\$38.851M

1 Year Share Price Graph



Share Information

Code: STB

Listing: ASX

Sector: General Mining

Website: www.southbouldermine.com.au

Company Synopsis:

South Boulders (ASX: STB) flagship project is the world class Colluli Potash Fertilizer Project in Eritrea. .

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Colluli resource composition

The resource comprises three potassium bearing salts; sylvinitite, carnallitite and kainitite.

These salts are suitable for the production of potassium chloride and/or potassium sulphate and potassium magnesium sulphate.

Potassium sulphate and potassium magnesium sulphate are high quality potash fertilisers that carry a price premium over the more common potassium chloride.

Potassium sulphate and potassium magnesium sulphate have limited production centres globally.

Substantial upside for the project exists from the exploitation of other contained products within the resource such as high purity rocksalt, kieserite (magnesium sulphate), gypsum and magnesium chloride.

Colluli located 75 kilometres from port

The Colluli potash project is situated in the Danakil region of Eritrea, 300 kilometres south-east of the capital city, Asmara, and 180 kilometres from the port of Massawa, which is Eritrea's key import/export facility.

The project intends to construct an export facility at Anfile Bay which is located 75 kilometres from the Colluli mine site.

The Colluli resource is located around 70 kilometres from the coast making it one of the most accessible potash deposits globally.

It is favourably positioned relative to key growth markets for potassium-bearing fertilisers, commonly known as potash, and is the shallowest known potassium bearing evaporite deposit in the world with mineralisation starting at 16 metres.

This makes the resource amenable to open cut mining methods.

Recent Activity

Earlier this month, South Boulder completed metallurgical testwork for the project, which eliminated the need for fine grinding from the process plant circuit.

It also identified a number of internal plant configurations and the company kicked off optimisation work to further enhance DFS process design and internal plant configuration.

Potassium recoveries of over 85% have been modelled from optimised PFS flotation tests, and incorporation of solar recovery ponds.

Mini piloting has commenced, with key areas of focus including reducing plant water and infrastructure requirements, minimising reagent consumption, and maximising potassium recovery.

Plant commissioning and ramp-up profiles have been established, and preliminary results of the advanced metallurgical testing indicate potential improvements in plant configuration, equipment requirements and product mix for the DFS.

A technical review team is currently being assembled to conduct a final review of the process plant and solar pond design, underlying assumptions and testwork results before finalising the DFS process flow diagrams.

Cashed up

South Boulder had \$7.5 million in cash as at the end of December 2014 and has raised \$2.05 million in January through the placement of 10 million shares at a 6% premium to market.



Next key catalyst

- The PFS for potassium sulphate production is on track for completion in February 2015.

Milestones ahead

- The Maiden Reserve which will be completed by AMC Consultants.
- Completion of a high quality DFS in Q3.

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