SOUTH BOULDER
MINES LTD

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ASX/MEDIA RELEASE

DUKETON NICKEL JOINT VENTURE
(SBM 100%/IGO earning 70%)

South Boulder Mines Limited (SBM) is pleased to announce that it has entered into an agreement with the Independence Group NL (IGO) whereby IGO will farm-in to earn 70% of the nickel metal rights on tenements held by South Boulder in the Duketon greenstone belt.

IGO is required to spend $0.4 million over the next two years and carry SBM to completion of a bankable feasibility study to earn its 70% interest. Thereafter South Boulder is free to dilute to 5% at which point its interest converts to a 5% net profit share royalty. IGO is free to nominate tenements to be included in the joint venture from all existing and future tenements held by South Boulder in the defined area. The parties have executed a letter agreement that provides for the preparation and execution of a substantive joint venture agreement in due course.

The Duketon belt is considered highly prospective for nickel sulphide deposits and has seen little post-boom nickel exploration. It is believed the extensive transported cover in the belt would have significantly hindered previous explorers, and in-house modern technology held by IGO will give the joint venture an advantage in this terrain.

IGO believes that the extensive landholding of STB in the Duketon Greenstone Belt represents an excellent exploration opportunity. Despite obvious potential for Kambalda–style high grade nickel sulphide deposits, the Duketon Greenstone Belt has received no modern systematic nickel sulphide exploration. This potential is highlighted by recent nickel sulphide exploration success by various explorers to the north in the Gerry Well and Mt Eureka (Gunbarrel prospects) greenstone belts. IGO believes these belts represent the northern extension of the Duketon Greenstone Belt. The potential of the southern portion of the belt is highlighted by the Windarra and Windarra South nickel deposits which produced 93,000t of nickel metal over the period 1975 to 1991. The joint venture tenements cover approximately 50km of strike length of prospective ultramafic sequences.

South Boulder is pleased with the ability the Nickel Joint Venture will provide it to leverage off IGO's developed expertise and in-house capability. South Boulder will remain committed to exploring and further developing the gold potential of its substantial Duketon Belt landholding. The joint venture also serves to accelerate the assessment of nickel potential on the tenements at a time of robust world demand for nickel.

For further information

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