ASX Release

11 October 2010

SOUTH BOULDER MINES LTD

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

Share Price: 90.0 cents

Market Cap: $60.8M

Shares on issue: 67.6M

Cash at Bank: $3.8M
ASX/TSX listed shares: $1.8M

Top 20 shareholders – 48%

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LISTED EQUITY HOLDINGS

(ASX: MZM)	-	3.957m shares
(ASX: MZMO)	-	1.037m options
(ASX: IXR)	-	0.495m shares
(ASX: AVZ)	-	0.400m shares
(ASX: BUX)	-	1.410m shares
(unlisted options)		0.750m options
(ASX: UNX)	-	0.700m shares
(CDNX: CNI.V)	-	130,000 shares
Auvex (Pte)	-	1.000m options

DRILLING RESUMES at the ROSIE NICKEL SULPHIDE DEPOSIT

- **Diamond drilling has re-commenced at the Rosie Ni-Cu-PGE to follow up the outstanding down hole intercept of *5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGE's;***

- **Pre-scoping study work on the economic viability of a combined underground and open pit mine at the Rosie and C2 deposits has commenced;**

South Boulder Mines Ltd (ASX: STB) is pleased to announce that together with JV partner Independence Group NL (ASX: IGO) follow-up drilling has commenced at the highly prospective Rosie Deposit.

Independence has advised that an initial 3 hole diamond drilling program has commenced targeting extensions to Ni-Cu-PGE mineralisation as shown in Figure 1. The targeted zones are shown as Hole A, B and C. The drilling will utilise hole deviation technology to pin point target zones and DHTEM will be conducted.

The mineralisation at Rosie is currently outlined over an approximate strike length of 750m and a dip extent of about 400m and comprises massive, matrix, stringer and disseminated sulphides.

The work, if effective, is a precursor of a larger drilling and scoping study into the economic parameters of a mining project comprising an underground mine at Rosie and an adjacent open pit mine at C2. Mineralisation at C2 is currently defined over an approximate strike length of 700m and a dip extent of up to 300m within 3 zones (Figure 2).

Scoping study activities completed include;

- **Planning a drill program designed to take Rosie and C2 to Inferred Resource status;**
- **Preparation of a Mineralisation Report and lodgement of Mining Lease Application;**
- **Preparation of a POW application for Exploration base camp;**
- **Commencement of baseline Environmental Studies;**
- **Engagement of Aboriginal Heritage consultants;**
- **Preliminary mineralogical studies to aid future metallurgical test work.**

Further information on the scoping study program will be detailed in the September quarterly report and new drilling results will be published as they come to hand.

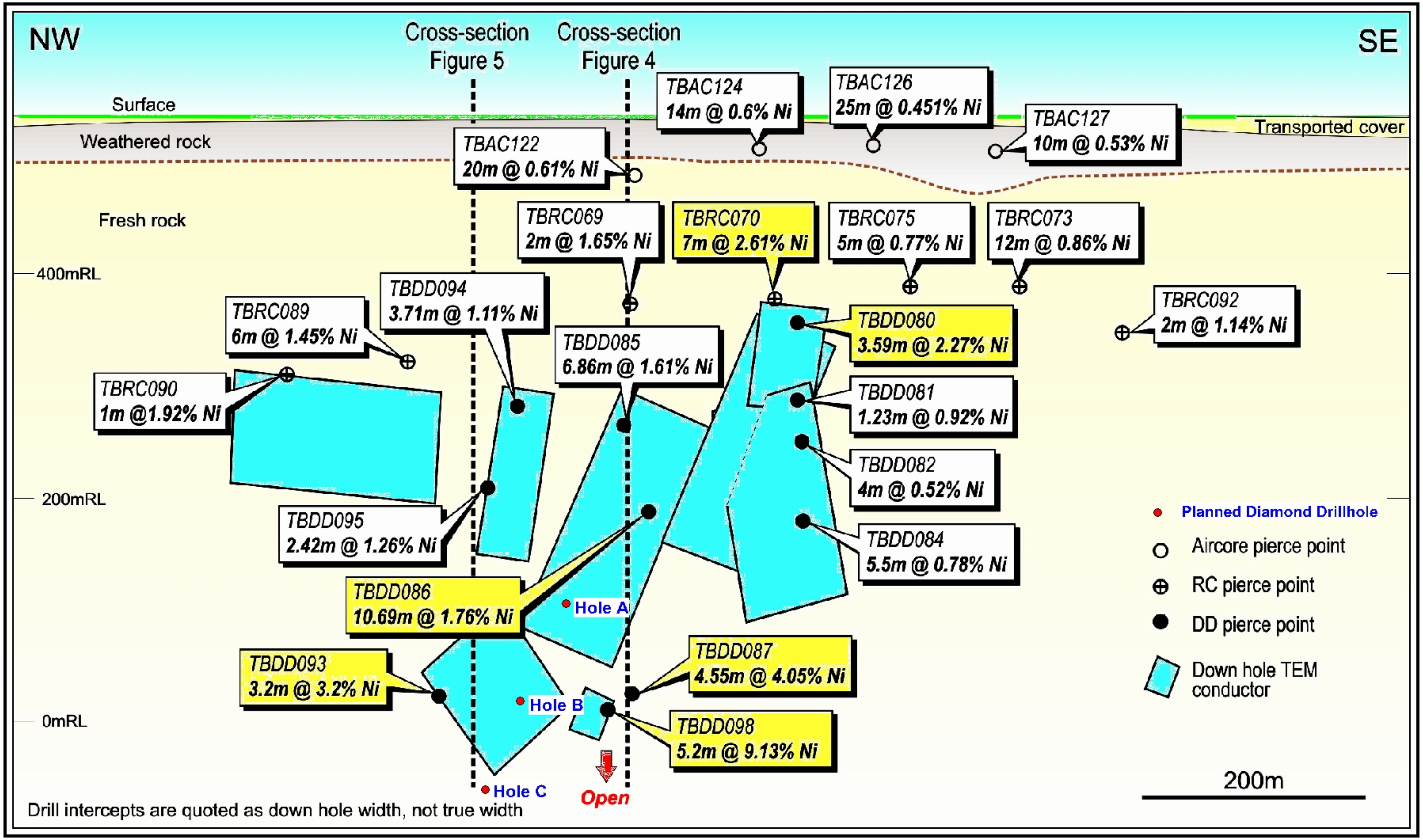

Figure 1: Rosie Deposit long section showing drilling target zones and DHTEM plates with selected downhole intercepts.

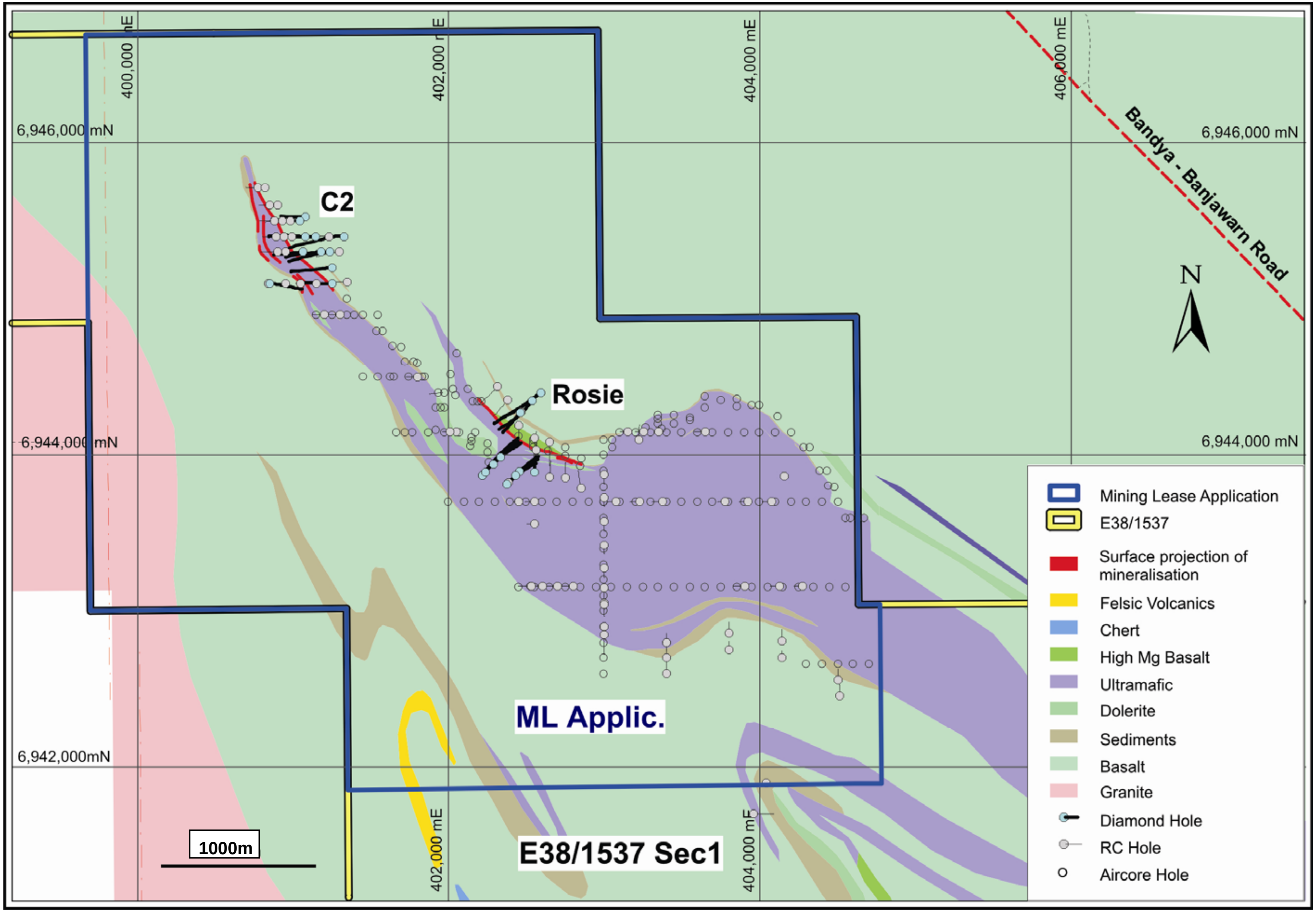

Figure 2: Rosie and C2 Deposit area showing the surface projection of the extent of mineralisation discovered to date. The Mining Lease Application (Blue) is shown over interpreted solid geology and drill plan.

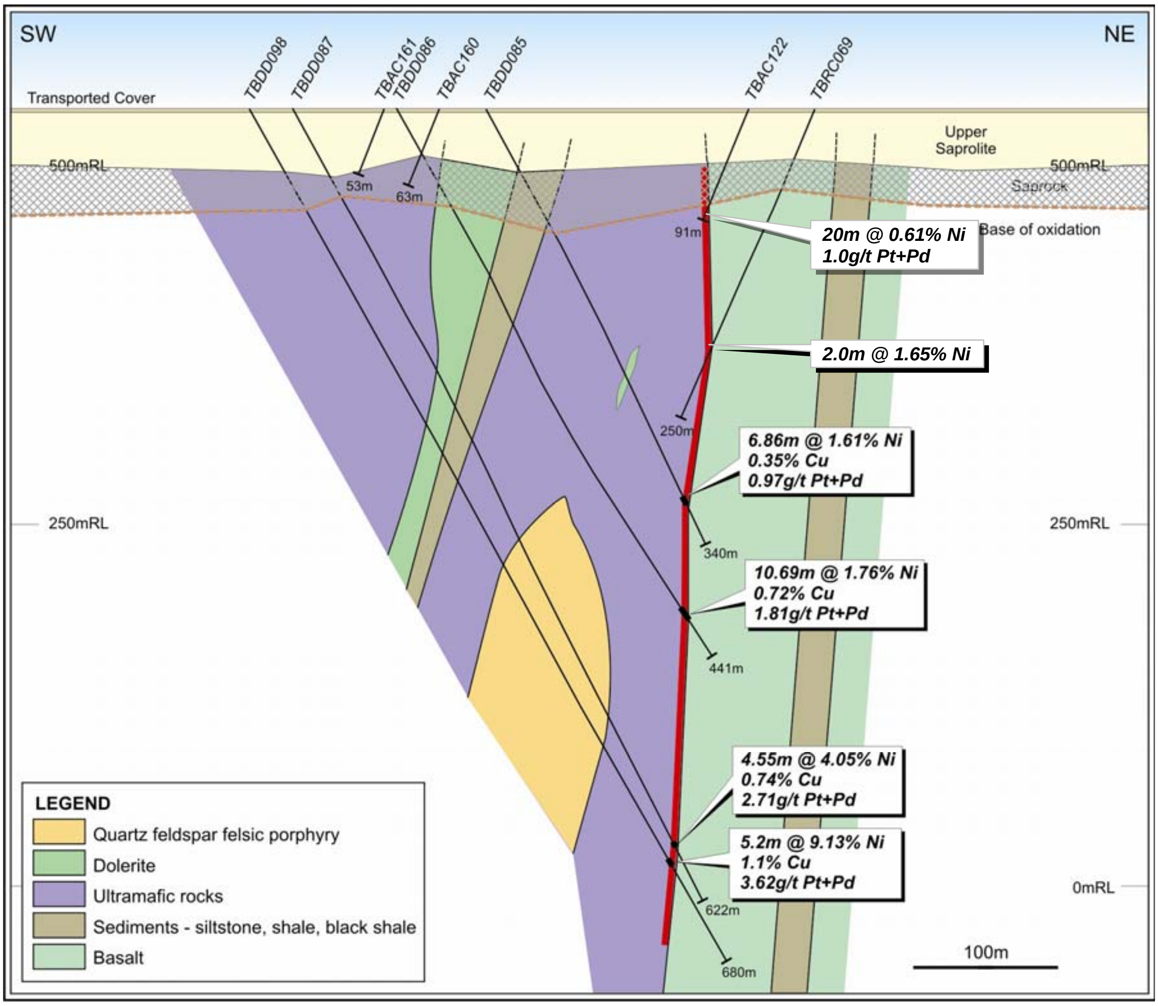

Figure 3: Rosie Deposit schematic cross section with selected downhole intercepts.

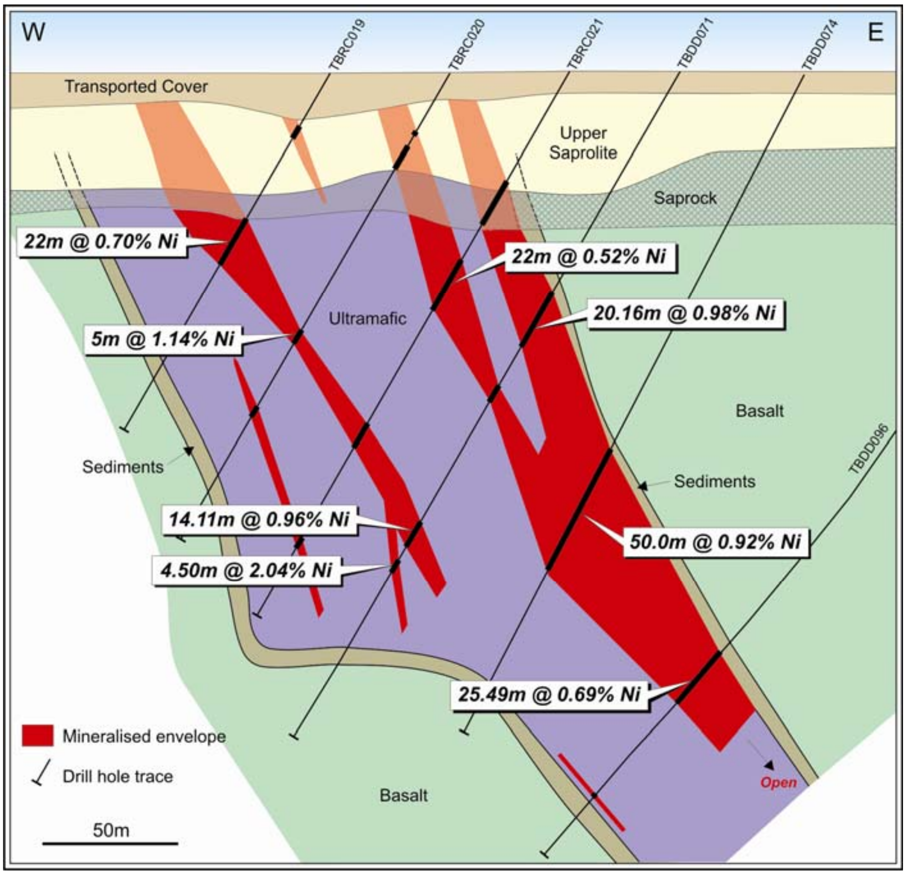

Figure 4: C2 Deposit schematic cross section with selected downhole intercepts.

Investor Coverage

Recent investor relations coverage on The Company's projects can be viewed on the website in the "media coverage" section by following the link www.southbouldermines.com.au

About the Joint Venture

The Rosie and C2 Prospects 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 application has been lodged with the Department of Mines and Energy. The Mining Lease application comprises a total of 19.13km^2.

In early 2004, South Boulder entered a farm-out Joint Venture (JV) Agreement with Independence, whereby Independence can earn a 70% interest in the nickel rights on 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. The data, interpretation and diagrams that form this ASX release have been provided courtesy of Independence.

About South Boulder Mines Ltd

Listed in 2003, South Boulder Mines (ASX: STB) is a diversified explorer primarily focused on gold, nickel, potash and phosphate.

More information:

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This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by 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 consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.