



SOUTH BOULDER
MINES LTD



Colluli: the Untapped Potential of the Danakil

Paul Donaldson – CEO and Managing Director

Helping grow a better future

Important Notice

FORWARD LOOKING STATEMENTS

The information in this presentation is published to inform you about South Boulder Mines (the “Company” or “STB”) and its activities. STB has endeavoured to ensure that the information in this presentation is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the ‘Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company’s filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on “forward looking information.

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COMPETENT PERSONS AND RESPONSIBILITY STATEMENT

The Colluli Potash Project has a current JORC/NI43-101 Compliant Measured, Indicated and Inferred Mineral Resource Estimate of 1,079.00Mt @ 17.97% KCl or 11.35% K₂O (total contained potash of 194.09Mt KCl or 122.61Mt K₂O). The resource contains 261.81Mt @ 17.94% KCl or 11.33% K₂O of Measured Resources, 674.48Mt @ 17.98% KCl or 11.36% K₂O of Indicated Resources and 143.50Mt @ 18.00% KCl or 11.37% K₂O of Inferred Resources.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported by independent consultants ERCOSPLAN and announced by South Boulder on 16 April 2012.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Greg Knox using 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 NI43-101 compliant resource report. Greg Knox 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 organisation 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 Knox, Dr Rauche and Dr 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 Knox, Dr Rauche and Dr Van Der Klauw consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

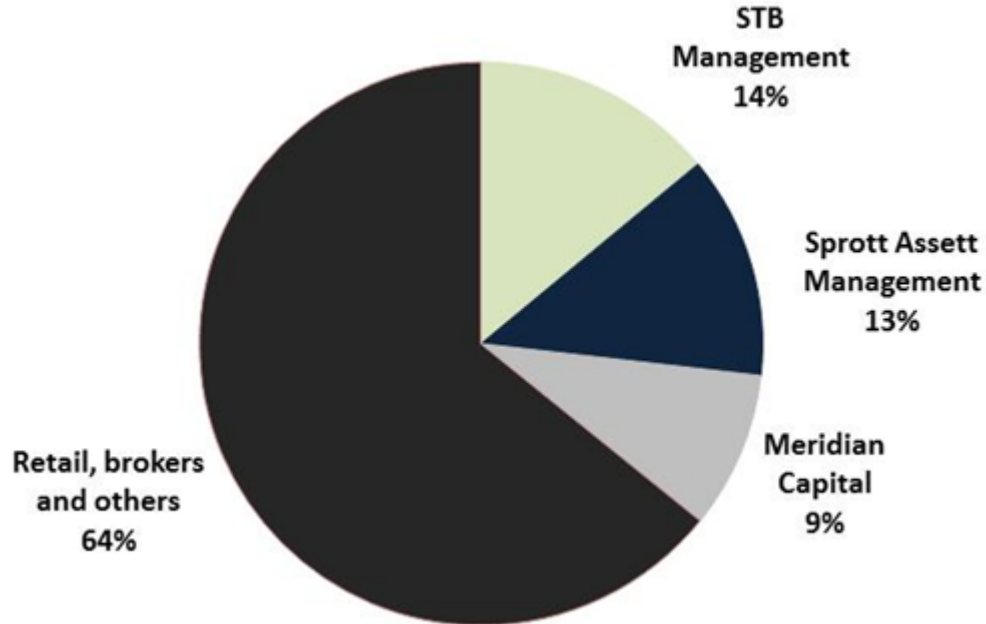


Corporate Overview

Capital Structure

Ordinary Shares	129.0m
Share price (at 01-Jun-14)	\$0.17
Market Capitalisation	\$21.79m
Cash (at 01-Jun-14)	\$9.3m
Options and Performance Rights	22m

Shareholder Breakdown



Share Price



Directors and Management

Paul Donaldson, CEO and Managing Director



Mr Donaldson was appointed to the role of Chief Executive Officer in February 2013. He joins South Boulder Mines from a series of senior management roles with BHP Billiton. Mr Donaldson has experience in large scale open cut mine management, supply chain logistics, mineral processing, business improvement and marketing.

Seamus Cornelius, Non Executive Chairman



Mr Cornelius has 21 years of corporate experience in both legal and commercial negotiations. He has been based in Shanghai and Beijing since 1993, where he has been living and working as a corporate lawyer. From 2000 to 2011 Mr Cornelius was an international partner with one of Australia's leading law firms, specialising in cross border investments in the energy and resource sectors.

Tony, Kiernan, Non Executive Director



Mr Kiernan was previously a commercial lawyer and is currently Chairman of the Australian iron ore producer BC Iron Ltd (ASX:BCI) and a non-executive director of several listed mining companies including Chalice Gold Mines Ltd (ASX: CHN), which has been operating in Eritrea since 2009.

James Durrant, Project Coordinator



Mr. Durrant joined South Boulder Mines after a series of operational roles within BHP Billiton. With tertiary qualifications in both mechanical and mining engineering, Mr. Durrant brings project management, organisational design and operational management of large scale open cut mines skills to the organisation.

Liam Cornelius, Non Executive Director



Mr Cornelius graduated from Curtin University of Technology with a BAppSc in Geology. He has been involved in the exploration industry within Australia and Africa for 18 years. As a founding member of South Boulder Mines, Mr Cornelius has played a key role in outlining areas of interest for the company.

Zeray Leake, Country Manager



Mr Leake is a Geologist with over 12 years experience in the development and exploration of potash, gold, base metals and industrial minerals. Mr Leake previously worked for the Geological Survey of Eritrea.



Colluli Project Summary

- **Large resource with long life**
- **Close proximity to coast**
- **Shallow mineralisation**
- **Low capital intensity**
- **Premium Potash Fertiliser (Sulphate of Potash)**
- **Favourable geography relative to key markets**
- **Strategic National Project in JV with Eritrean National Mining Company**



Potash and Demand Drivers

Potash is a generic term used to describe a variety of potassium bearing minerals and manufactured chemicals used primarily as fertiliser.



Key drivers of growth

1. Increasing global population: +80 million people annually
2. Decreasing arable land
3. Changing dietary preferences



Potash comes in a variety of forms

Muriate of Potash ("MOP")

Potassium chloride

Most common form of potash

Can be harmful to sensitive crops

Potassium Nitrate("NOP")

Provides both potassium and nitrogen

Used for chloride sensitive crops that require additional nitrogen

Sulphate of Potash ("SOP")

Contains both potassium and sulphur

Used principally for specialty crops such as fruits, vegetables, nuts, beans

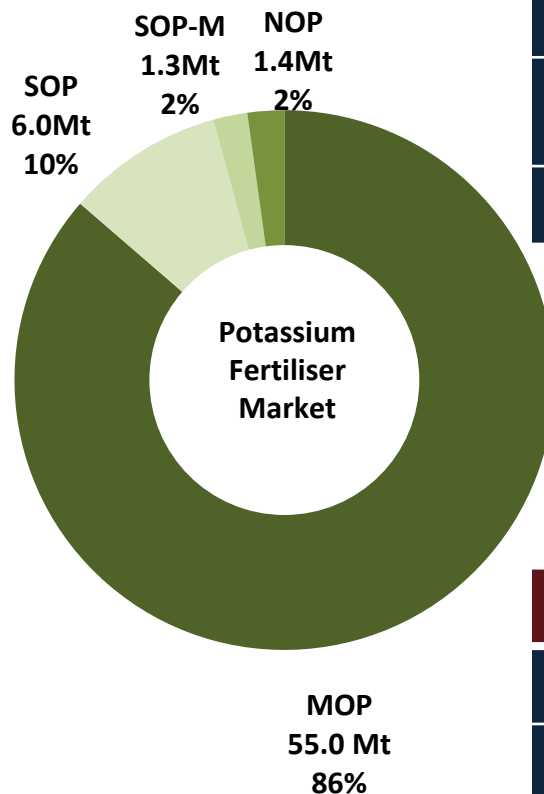
Chloride free

Sulphate of Potash Magnesia ("SOPM")

Specialty Fertiliser

Used as a source of potassium, sulphur and magnesium

Used for high value crops



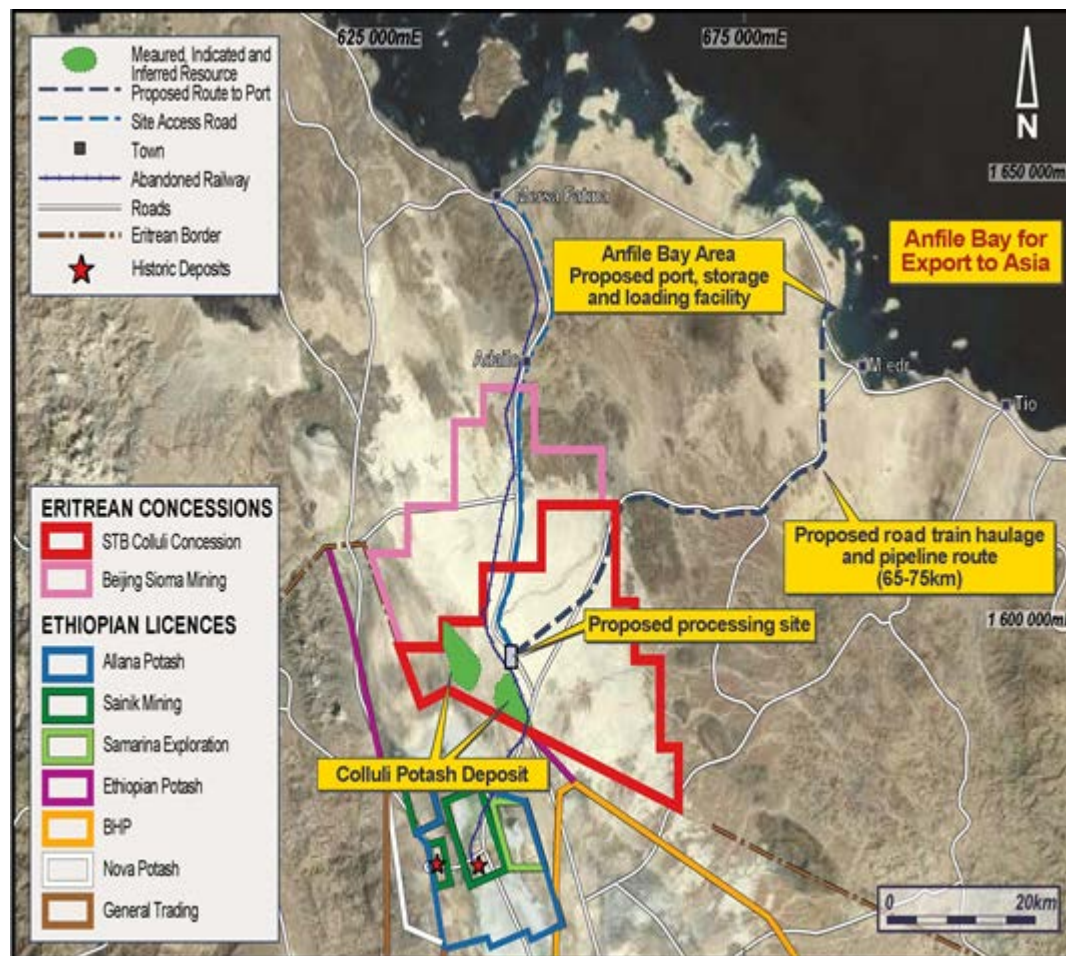
Source: UN FAO, BMO Capital Markets



Colluli Resource Overview

Colluli at a Glance

Location	South Eritrea
Size	Approximately 400km ²
Product	Sulphate of Potash Muriate of Potash
Resource	Measured: 262Mt Indicated: 581Mt Inferred: 173Mt <i>Total: 1016Mt</i>
Potassium Bearing Salts	Sylvinite: 110Mt Carnallite: 309Mt Kainitite: 597Mt
Process	Flotation/Solar Evaporation
Stage	PFS Level Testwork Program Underway



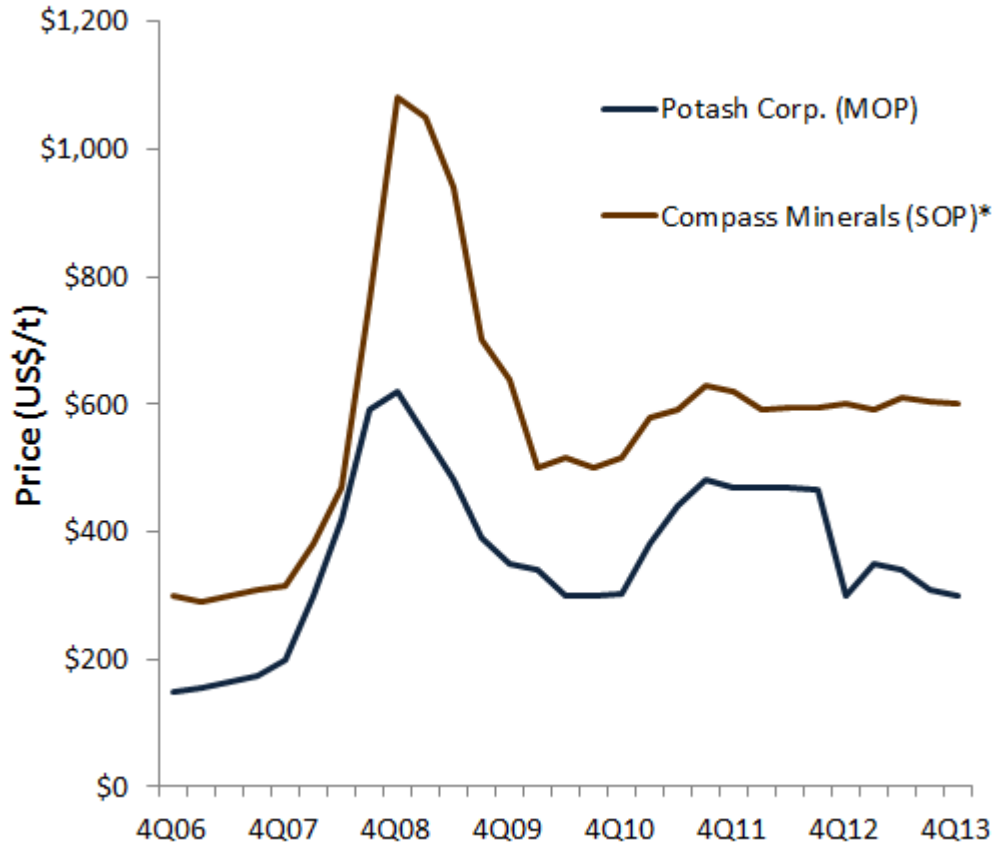
Revised Strategy - All Potassium Salts

	<u>Original Feasibility Case</u>	Staged Development	<u>Current Strategy</u> All Potassium-salts case	
Feed	Sylvinite	Sylvinite/Carnallitite	Sylvinite/Carnallitite/Kainitite	
Strip ratio Waste:Ore	14:1	7:1	2.5:1	
Average Seam Thickness (Area A) m	4.41	15.32	23.28	
Mining Cost US\$ per tonne product	195	122	75	
Product	Potassium Chloride	Potassium Chloride	Potassium sulphate	
Processing Cost per tonne product (US\$)	60	51	TBA	
Potential Life (yrs) of Project @1Mtpa	17	+50	+200	
Revenue Per tonne product			KCl	K ₂ SO ₄
STB Price Forecast (\$US/tonne FOB)	450	450	450	562
Current price (\$US/tonne FOB)	310	310	310	600

Source: STB scoping study reports



Mineralisation Favours SOP Production



SOP carries price premium over MOP

Different industry structure and supply-demand drives have resulted in improved price stability

Colluli has the potential to produce SOP, SOPM and MOP

Source: Compass Minerals, FOB mine gates

Potash Corp. MOP Prices

*Compass Minerals average selling prices were converted from short tons to metric tonnes @ 1.1023 short tons=1metric tonne



Ease of Access to Resource

Accessible Deposit



Road from Massawa to Colluli



Colluli Camp



Excavation Equipment at Colluli



Exploration Drill Rig



Drill Collar at Colluli



The Colluli Deposit

No clearing required, flat topography, no community relocation issues



Well supported

In close proximity to key infrastructure



350km from Asmara



180km from Massawa



35km from nearest community

and operating in an environment with in country mining support



In Eritrea since 1994



In Eritrea since 1996



In Eritrea since 1994



Colluli - A National Strategic Project

The Colluli Project is 100% owned by the Colluli Mining Share Company (CMSC)

Ownership

STB 50%

ENAMCO 50%

Board Composition

STB 3

ENAMCO 2

Funding Prior to First Production

Debt CMSC will seek to borrow up to 70% of development costs from a third party bank or lender

Equity

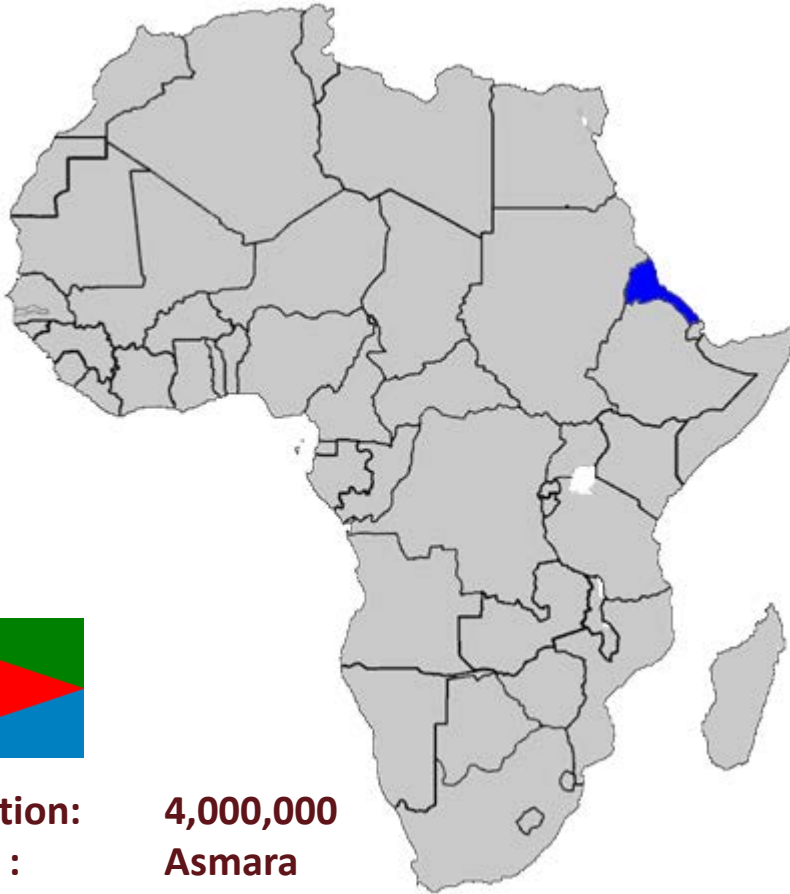
- The required equity funds for development will be contributed by STB.
- 50% of the equity contribution will be preferentially paid back from 50% of the available funds after annual payment obligations to third parties have been satisfied.
- The remaining 50% will be available for profit distribution to CMSC shareholders

After First Commercial Production

Funding Funds where required shall be financed by CMSC either through its own internal cash or from debt funding decided by the board



Eritrea – NE Africa



Population: 4,000,000
Capital : Asmara
Area: 117,600km²
GDP: US\$3b

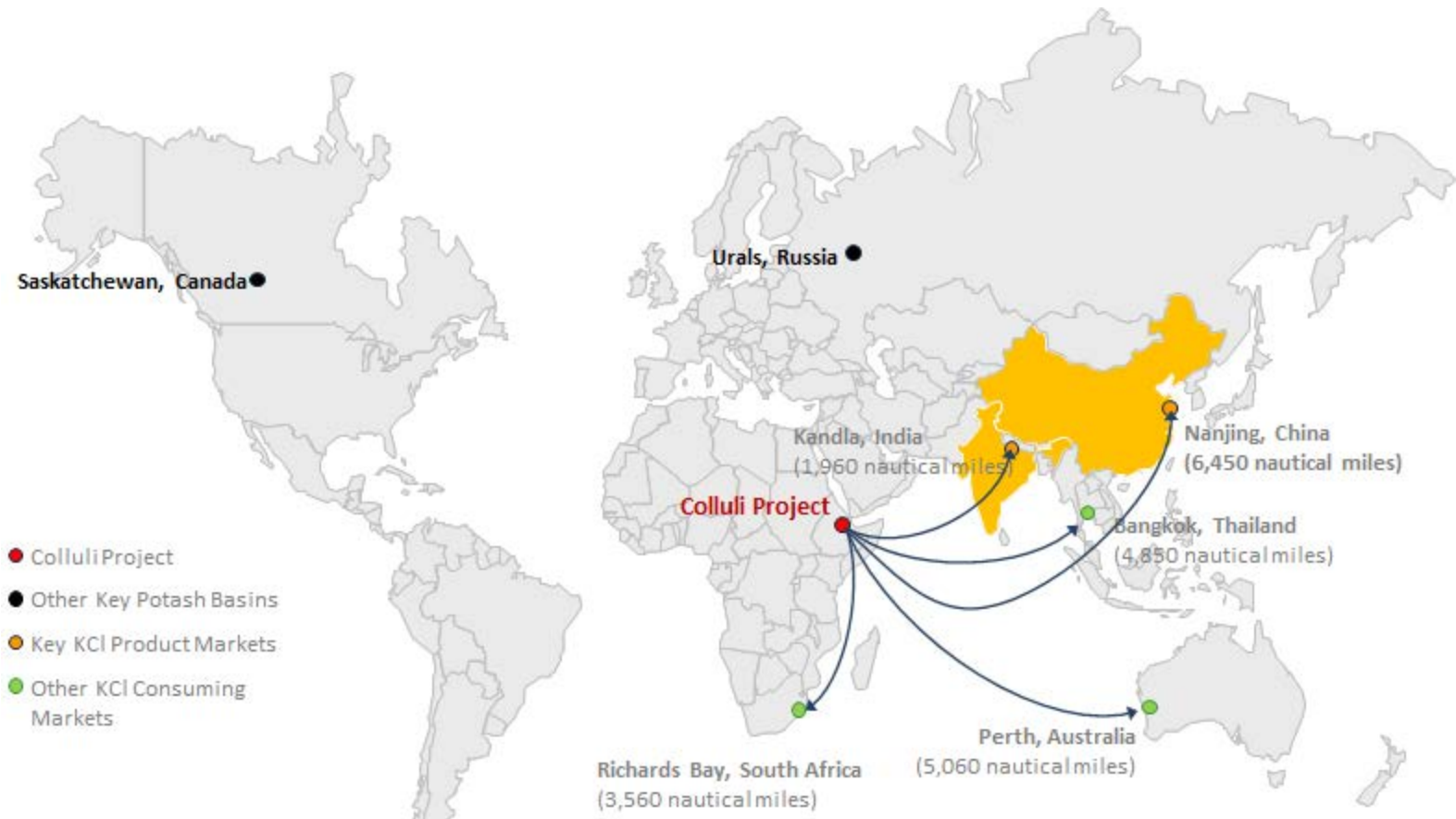


Colluli resource

- Area = 400km²
- 70km from coast
- 110m below sea level



Favourable Proximity to Key Markets



Distance To: (Nautical Miles)	Nanjing, China	Kandla, India
From Colluli	6,450	1,960
From SK, Canada	5,300	9,880
From Urals, Russia	11,960	7,470



An emerging mining industry

1 Mining Project in Production



- First mining operation to come into production with the Bisha Project



Construction of the Bisha Project

3 Projects under Development



Zara Project



Retainer loading at Massawa

11 Exploration Projects

11 Exploration Projects

- Precious and base metals exploration projects continue to be the major source of interest in the country



Equipment storage at Colluli

Source: Company Announcements.



Key Milestones

Milestones	2014E			2015E				2016E			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Metallurgical Testwork	█	█	█								
Preliminary Feasibility Study	█	█	█	█							
Finalise the resource	█	█	█								
Feasibility Study	█	█	█	█	█						
Social Environmental Impact Assessment	█	█	█	█	█	█					
Mining License Application						█	█				
Funding								█	█		
Detailed Engineering									█	█	█
Phase 1 Construction											█



Summary

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- **Shallow mineralisation**
- **Low capital intensity**
- **Premium Potassium Fertiliser Potassium Sulphate**
- **Favourable geography**
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