South Boulder Mines

Dec 22nd 2014

South Boulder Mines finalises open cut mining method for Colluli

South Boulder Mines (ASX:STB) has finalised the open cut mining method to be used for the Colluli Potash Project in Eritrea.

The project hosts a highly-favourably suite of potassium bearing salts for low cost production of potassium sulphate (SOP or sulphate of potash).

The open cut mining method decision follows the completion of a mine method analysis conducted by AMC Consultants for the Pre-Feasibility Study for the production of potassium sulphate.

Tests verify suitability of surface miners for extraction of Colluli salts, while also confirming surface miner capability to perform primary crushing.

The Colluli haul fleet configuration is finalised.

The average pit depths over the first 30 years of mine life are 30 metres to 50 metres, with all inclusive mining costs forecast at $3.29 per tonne of material mined.

The pit sequence optimisation process has commenced, with the Pre-feasibility Study on track to be completed in February 2015.

Paul Donaldson, managing director, commented: "We are pleased to have been able to lock this method into the Pre-Feasibility Study.

"It offers capital and operating cost advantages relative to conventional drill and blast operations, and also provides safety advantages by eliminating explosives from the operational requirements.

"We anticipate the ongoing focus of the project team to reduce capital and operating costs, in particular, energy costs, which will put the operation in good stead when we bring together all of the costings from the pre-feasibility work."

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.

What is Potassium sulphate (SOP)

SOP is a high value potash fertiliser, which provides both potassium and sulphur in soluble forms.

It has a lower alt index than MOP (no chloride), and is suitable for chloride sensitive crops such as fruit, berries, vines, nuts, coffee and tobacco.

SOP is ideal for arid areas where chlorides cannot be washed away, and is used when soil or irrigation water salt levels are high and MOP is undesirable.

Commercial grade SOP has already been produced from Colluli salts at the Saskatchewan Resource Council.

Adopting the principles of modularity

South Boulder has also adopted a modular development philosophy offering expandability rather than a single large
scale development.

This has the impact of reducing capital risks; optimising processes; better capital management; and ease of expandability.

Its infrastructure solution is also based on modularity, simplifying logistics and reducing earthworks.

Analysis

South Boulder has now finalised the open cut mining method to be used for the Colluli Potash Project in Eritrea.

Colluli is strategically located closer to port than potassium sulphate peers with trucking a low cost option to access port, with deepwater access at Anfile Bay suitable for loading vessels up to Panamax size.

Commercial grade SOP has already been produced from Colluli salts at the Saskatchewan Resource Council.

South Boulder is well funded with cash at hand of $10.2 million as at 30 September 2014.

The Pre-Feasibility Study is expected to be complete in February 2015.