South Boulder Mines attracts Hong Kong, London investors

South Boulder Mines (ASX:STB) will raise up to $6 million through a placement and rights issue priced at $0.25 for the Colluli potash project in Eritrea, East Africa.

The placement will issue 10.974 million shares to Well Efficient Limited of Hong Kong and Arlington Group Asset Management (AGAM) of London.

The 1 for 12 non-renounceable pro-rata rights issue will raise up to $3.35 million, and is underwritten for $2.5 million by Montezuma Mining Company (ASX:MZM) and RSR Premier Holdings, a privately held investment vehicle.

Funds will be allocated to:
- Complete the Definitive Feasibility Study for the Colluli Potash Project;
- Build in house capability to support the development of the project;
- Advance funding discussions for the project; and
- Provide working capital.

Colluli is a 50/50 joint venture with the Eritrean National Mining Company (ENAMCO) and is held 100% by the Colluli Mining Share Company with South Boulder and ENAMCO each holding a 50% interest.

ENAMCO is the mining Investment arm of the Eritrean Government.

Paul Donaldson, managing director for South Boulder, commented:

"The key priorities for the Colluli Potash Project are the completion of a quality definitive feasibility study, advancement of funding discussions, and ensuring sufficient in house capability to advance the project.

"The recently completed prefeasibility study demonstrates a robust project, with attractive economics and a positive future.

"The Placement not only introduces another sophisticated international investor, but also shows the continued confidence from existing investor, Well Efficient Limited."

All South Boulder Directors intend taking up their entitlements to the Rights Issue.

Colluli hosts a JORC Resource of 1,289 million tonnes of open pittable ore containing 260 million tonnes of recoverable Potassium Sulphate or Potash that is also known as (SOP).

Analysis

The capital raising will provide sufficient funds to deliver a high quality definitive feasibility study for Colluli later in 2015.

Funds will also be used to advance the development path towards production in the areas of processing technical, marketing and project funding.

South Boulder's recent pilot tests at Colluli produced an ultra-high purity potassium sulphate grades, and have provided samples that can be introduced to potential commercial partners.
The prefeasibility study completed in February 2015 indicates that the Colluli SOP Project will be in the bottom quartile of production costs.

Colluli also has the lowest capital intensity of all advanced SOP projects globally.

The resource has unrivalled proximity to the coast, robust project economics, is underpinned by a large resource, and will produce a premium fertiliser with superior product quality.

Proactive Investors has a 12 month price target range of $0.40 to $0.45 on South Boulder.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

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