South Boulder Mines raises $1.8M for Colluli Potash

South Boulder Mines (ASX:STB) is well positioned to complete the Definitive Feasibility Study for its Colluli potash project in Eritrea with shareholders applying for $1.8 million worth of shares under its rights offer priced at $0.25.

The subscription for 7,336,337 shares represents a strong take-up of 54.7% of the 13,400,167 shares on offer, in challenging capital markets.

All company directors took up their entitlements under the 1 for 12 non-renounceable pro-rata rights issue.

South Boulder will now proceed to place the remaining 6,063,830 shortfall shares to underwriters Montezuma Mining Company (ASX: MZM) and RSR Premier Holdings to raise an additional $1.5 million.

In April, the company raised $2.74 million through a placement of shares to Well Efficient Limited of Hong Kong and Arlington Group Asset Management (AGAM) of London.

Proceeds from the $6 million capital raising will be used 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 Potash Project

Colluli is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO) and South Boulder that is strategically located 75 kilometres from the coast, making it one of the most accessible potash deposits globally.

Earlier this month, the company delivered a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K2O equivalent at the Colluli Potash Project in Eritrea.

This contains about 205 million tonnes sulphate of potash, enough to support a mine life of more than 200 years at modelled production rates.

Adding interest, this Ore Reserve dwarfs many planned and current large scale operations.

It also allows the production of other potash products including potassium magnesium sulphate (SOP-M) and potassium chloride (MOP).

Analysis

The rights issue raising $1.8 million and the move to place the shortfall of $1.5 million worth of shares ensures that South Boulder Mines is well funded 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.
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