South Boulder Mines raises $2M at premium for Colluli Potash

South Boulder Mines (ASX:STB) will raise $2.05 million through a private placement of 10 million shares at $0.205 per share to Hong Kong based Special Purpose Vehicle, Well Efficient Limited.

South Boulder’s shares will resume trading after a trading halt to finalise the raising.

Notably, the shares will be issued at a 6% premium to South Boulder’s 30 day VWAP and the funds will be used to complete the Definitive Feasibility Study (DFS) work for the Colluli Potash Project located in Eritrea in 2015.

Well Efficient Limited is associated with well-known resource and private equity industry executive, James Huang, who is based in Hong Kong. Huang has experience and a network of relationships in Greater China and Eritrea with international resource companies, private equity funds and governments.

The placement will be completed within seven days. South Boulder will have around 150 million shares on issue following completion of the placement.

South Boulder’s managing director, Paul Donaldson said: “This placement to another sophisticated international investor further demonstrates the attractiveness of the Colluli Potash Project, particularly as it was achieved at a premium to the recent share price and did not require the payment of fees or commission.

“This year we are on track to deliver a high quality pre-feasibility study, followed by a definitive study. As the project continues to advance further along the development path towards production, we anticipate that other international groups, particularly those based in Greater China, North America and Europe which have consistently shown great interest in the Colluli project, will become involved with the development of our potash project.

"Alongside our partner in Eritrea, ENAMCO, we are firmly committed to developing the Colluli project as efficiently and safely as possible with the objective of delivering excellent outcomes for all our stakeholders.

"We look forward to keeping the market informed on our progress at Colluli and ongoing discussions once agreements are concluded," Donaldson said.

Project background

In late 2014, the company commenced pilot testing of the Colluli process design at the Saskatchewan Research Council in Saskatoon, Canada.

The Colluli Potash Project in Eritrea now hosts a highly-favourably suite of potassium bearing salts for low cost production of potassium sulphate (SOP or sulphate of potash) using simple mineral processing units (flotation and mixing).

Commercial grade SOP has already been produced from Colluli salts at the Saskatchewan Resource Council.
SOP achieves a substantial price premium over the more common potassium chloride.

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.

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

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