SOUTH BOULDER MINES LTD

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Annual Report Mt Guide EL25983
For the Year Ending 05/12/2008.

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SUMMARY

The Mt Guide licence (EL25983) was granted on 6 December 2007 for a period of six years. The tenements were purchased from Bralich Holdings Pty Ltd in September 2008 as part of a tenement package comprising EL25982, EL25983 and EL26380. The 3 exploration tenements comprise a total area of 3,205 km^2 and are located on pastoral lease. A total of $65,000 was spent on EL 25983 during the reporting period. Exploration work consisted of data compilation of historic work, data review and conceptual evaluation. No on ground field work was conducted during the period except for a small field visit. The target commodities explored for were phosphate, base metals and manganese.

CONTENTS

1.0 LOCATION & ACCESS

Mt Guide (EL 25983) is located approximately 450 km east north-east of Alice Springs on the Tobermorey 250K Sheet. The project is accessed from Alice Springs via the Plenty Highway over mostly unsealed road. Central Australia generally has around 9 months of the year which can be used for effective field work as access can be hampered by summer storms. In general field work is limited during Dec to February.

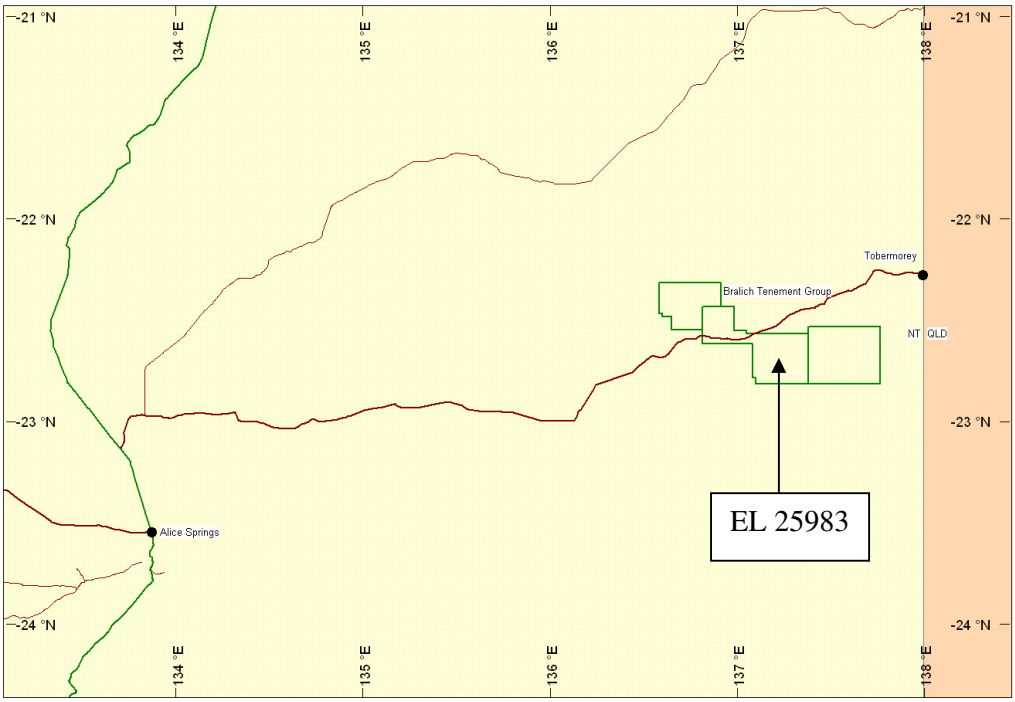

Figure 1: Tenement location map

2.0 PREVIOUS EXPLORATION

The area has been subject to sporadic exploration over the last 30 years. Smith and Vine (1960) reported galena from the Tomahawk Formation at the southern end of the Tarlton Range. In the early 1970's Fimiston established a Mississippi Valley-type "MVT" model for the Georgina Basin and targeted, in particular, the Upper Cambrian Arrinthunga Formation.

CRAE targeted two areas northeast of Tarlton Downs but did not detect any anomalies of significance. Carpentaria Exploration undertook regional exploration for MVT deposits over structural margins of the Georgina Basin from 1976-1977. The stream sediment results presented in this report are based on the Carpentaria work. The highest Zn-Pb values in rock chips were attributed to Fe-Mn scavenging in the weathering profile. Ferruginous lag assayed up to 1.31% Pb and 834 ppm Zn. The best anomaly of 1.15% Zn over 2m from a channel chip of fresh rock has now become the Boat Hill Prospect to the south of this tenement.

From 1981-1984 Agip Australia targeted stratabound MVT base metals in the vicinity of the Boat Hill prospect which immediately adjoins EL 25982 and EL 25983 to the south. The best drilling result was 0.5m @ 1.9% Zn. A geophysical program was planned but abandoned when the ground was relinquished.

In 1991 MIM targeted low angle reverse faults on the margin of the Georgina Basin. Rock chip assays up to 1.8% Pb and 7090 ppm Zn within the Thortonia Limestone near Boat Hill led MIM to conclude that mineralisation at Boat Hill is structurally controlled. MIM completed a SIROTEM survey at 500m spacing. The best follow-up drill result was only 0.46m @ 0.83% Pb, 2.24% Zn and 2 g/t Ag. A petrological analysis and an assessment of paragenesis was consistent with MVT style mineralisation.

3.0 REGIONAL GEOLOGY

The Mt Guide Project is referenced on the 1:250,000 Tobermorey geological sheet and is located on the North Australian Craton, which represents an amalgamated terrain that was consolidated around 1,800 Ma. The project area incorporates several kilometers of Cambro-Ordovician platform sediments of the southern Georgina Basin, which wholly veneer a basement continental block referred to as the Altjawarra Block. The southern Georgina basin and the underlying Altjawarra Block in particular, are associated with a zone of anomalously thick lithosphere extending to at least 200km depth as recognized from recent seismic tomography studies (Kennett, 1997; Van der Hilst *et al.*, 1998; Debayle and Kennett, 2000).

4.0 LOCAL GEOLOGY

The Border Group is located in the southern Georgina Basin on the Tobermory 250K sheet. On the prospect scale, the geology is dominated by the northwest trending Toko Syncline (Figure 2). The area has been exposed to multiple tectonic events. Major northwest trending faults traverse the region. The host rocks are the Cambrian-Ordovician succession of the Tomahawk Beds, Nimaroo formation and Kelly Creek Formation. Predominantly carbonates, sandstones and siltstones make up the sedimentary succession. They are believed to have been deposited in a subtidal marine environment (ref. NTGS Explanatory Notes – Tobermorey)

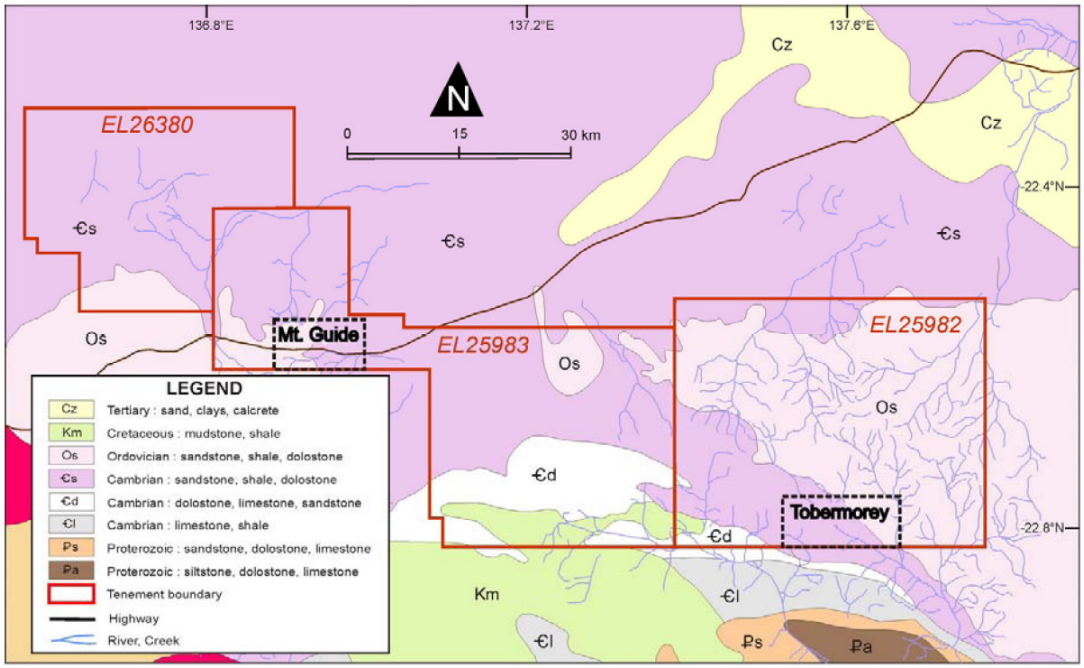

Figure 2: Border Group Geology

5.0 RECENT EXPLORATION

No on-ground exploration was carried out on the EL 25983 apart from a quick field visit. Work conducted during the period consisted of data compilation of historic work, data review and conceptual evaluation. The target commodities explored for were phosphate, base metals and manganese.

The Carpentaria stream reconnaissance work was extensive. The screen size was -10+80 mesh. It identified at least two major Pb-Zn anomalies that have their headwaters within the Border Group. The two locations are named Mt Guide (EL 25983) and Tobermorey (EL 25982).

Mt Guide has a number of encouraging stream samples assaying over 1000 ppm Pb with the highest being 3060 ppm Pb (Figure 3). Zn appears to be a bit more subdued, yet still anomalous. The highest Zn assay was 343 ppm Zn (figure 4).

Both Mt Guide and Tobermorey anomalies appear to be sourced from the Upper Cambrian to Lower Ordovician formations comprising dolomites, sandstones, siltstones and calcarenites (NTGS Tobermorey 1:250k Geology Sheet).

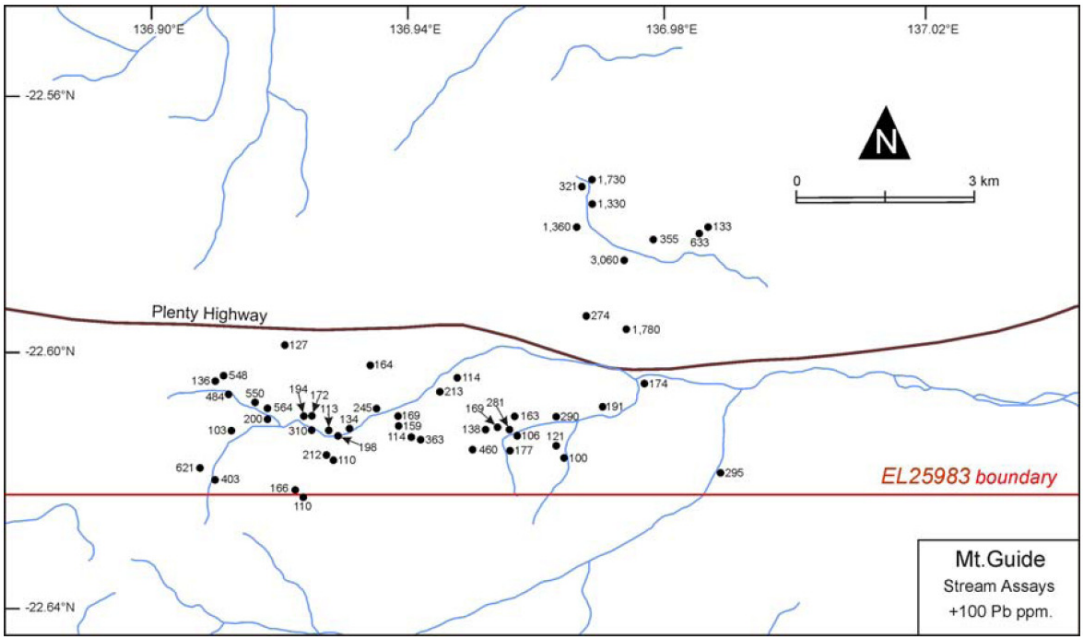

Figure 3: Mt Guide Stream Assays >100 ppm Pb

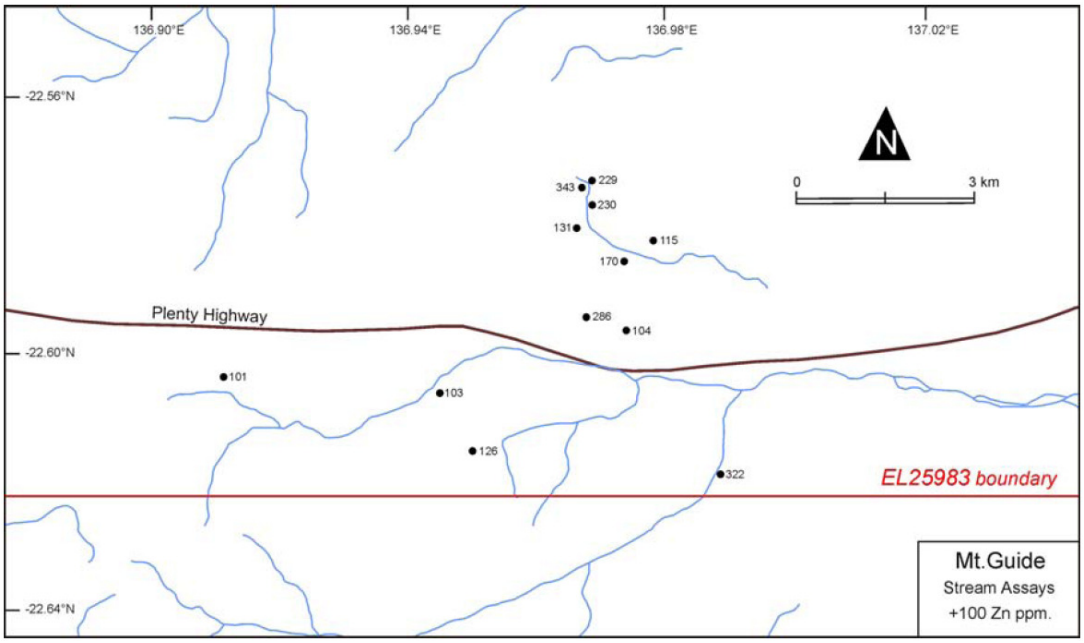

Figure 4: Mt Guide Stream Assays >100 ppm Zn

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