

Global Nickel Investments NL (ASX:GNI)

Ready to drill...

WA frontier finally set to be tested. Global Nickel Investments (“Global Nickel”) Jutson Rocks project was the scene of Tasminex Ltd’s infamous share price surge from \$3 to \$96 during the nickel boom of 1970. Despite this colourful history, the area is best characterised by a lack of exploration over the last three decades. Native title access issues have hampered prospectors, and the limited drilling actually conducted has been restricted to shallow depths less than 40m.

Aerial and ground surveys confirm historic anomalies. A helicopter electromagnetic (VTEM) survey has highlighted the potential for the area to host well developed bedrock sulphide bodies. As a recent soil sampling program returned elevated levels of Gold (25ppb), Nickel (2260ppm), Copper (327ppm), Platinum (24ppb) and Palladium (31ppb) – Global Nickel is now poised to test the extent to which this mineralisation extends underground. The area’s last drill campaign conducted by Helix Resources (ASX:HLX) in 2005 encountered 2m grading 1.2% nickel from a 4 metre wide zone of mineralisation grading 1.3% copper, at 33 metres depth.

Maiden drill program planned for May. A ground electromagnetic survey over the next three weeks is set to finalise drill targets, which are poised for testing during May. 15 targets have been identified to date for which a minimum 5,000m, 50 hole program is planned. Frequent updates are expected on the type of rocks encountered before assay results are revealed in June.

Partly Paid Shares offer enhanced exploration leverage. Upcoming drilling has the potential to be a major share price catalyst. Risks remain high as the remote location of Jutson Rocks is likely to challenge the economics of modest discoveries, however Global Nickel is still leveraged to high grade success. Shareholders registered on May 10 are also entitled to subscribe to new no-liability Partly Paid Shares on a three for four basis. The partly paid shares have a full issue price of 9c, but can be purchased for 0.75c/share. They will trade on the ASX under the code ‘GNICA’. As there is no call plan in place, Global Nickel retains discretion in determining the timing and amounts of future calls on the partly paid shares. However, if a call is not met by a shareholder, there will be no liability or penalty incurred, and no interest will be payable, the share will simply be forfeited.

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Update

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Management Team

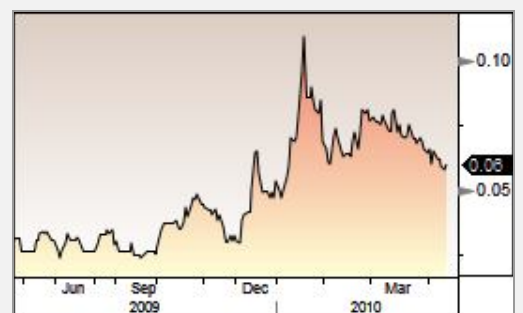
Chairperson	Lia Darby
Managing Director	Benjamin Cooper
Exec Director	Andrew Mortimer

Major Shareholders

Andrew Mortimer	9.53%
Ben Cooper	6.36%
Proto Resources & Investments Ltd	5.45%
SA Capital Funds Mgmt	3.75%

Share Data

Sector	Materials
Share Price	\$0.056
Shares on issue	135.3m
Options on issue (10c, June 2012)	110m
Diluted Mkt Cap	\$13.7m
Partly Paid Shares to be Issued (9c, paid to 0.75c)	113.7m
Diluted Mkt Cap post issue	\$20.1m
Avg. Daily Value Traded	\$76.4k



GNI Daily Chart
 Source: Bloomberg

The Bulls & The Bears



The Bulls Say

- Jutson Rocks is one of the last remaining unexplored greenstone belts in WA, of which Global Nickel now controls around 80%.
- Plans by local nickel companies to build a nickel concentrator 150km away at Windarra could mitigate the region's isolation.
- Old high grade gold workings at Chapman's Reward add credence to the project's exploration potential.
- Latest soil sampling and electromagnetic survey's confirm historic anomalies, where mineralisation encountered by previous operators has been described as being of "great exploration significance" by independent geologists.
- Access issues which plagued previous prospectors have been overcome and the whole area is now open to modern exploration techniques.
- Drilling planned for May is expected to be a major share price driver if high grade mineralisation is encountered.



The Bears Say

- Jutson Rocks is unexplored because of its isolation, and any discovery will need to be big in order to justify potentially high transport costs involved with any future development.
- Exploration is at the mercy of the traditional land owners, and despite current agreements, past access issues could arise once again.
- With only \$700,000 cash, the company is only funded through to mid 2010.

Analysts

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Wise-owl.com recommendation system

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Spec Buy

We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.

Buy

Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.

Hold

A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.

Sell

Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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