

Danakali Ltd

15:31 08 Aug 2010

Argonaut Securities places Buy Recommendation on South Boulder Mines

Argonaut Securities has placed a Speculative Buy recommendation on South Boulder Mines as a part of a review of the STB:

South Boulder Mines (STB)

Current Price:

Recommendation:

\$0.65

Speculative Buy

EVENT: Attention grabber

"South Boulder Mines (ASX: STB) was one of the few fresh stories to snare Argonaut's attention at the 2010 Diggers and Dealers with the promising early stage Duketon nickel sulphide JV:

- Mineralisation defined over 750m strike (open) and 400m dip (open)
- Drill results up to 3.3m (true width) @ 9.1% Ni / 1.1% Cu / 0.2% Co and 7.1g/t PGEs
- Extensive down hole EM conductors
- 80km north of the Windarra Ni deposit

IMPACT

It is the actions of well funded sophisticated explorer and JV partner IGO (earning 70%) that say the most.

IGO is building a large exploration camp indicative of an intense drilling effort. Once permitting is sorted a 3-4 rig Scoping Study drill out is anticipated to define an initial resource.

IGO also applied for Mining Lease in May 2010. IGO has mining credentials at Long mine in Kambalda.

COMMENT

STB's other projects include:

- Duketon gold (100%) - Same belt as RRL's >1.5Moz Moolart Well, includes the shallow Terminator prospect with best hole 60m @ 1.3g/t from 2m
- Colluli potash, Eritrea (100%) - Targeting a 1.5Mtpa solution mine but ASX investors do not understand potash or Eritrea, could spin out onto TSX. Given the global scarcity of high grade massive nickel sulphides the upcoming drill campaign at Duketon deserves close investor attention.

STB has a ~\$42m market cap, \$4m cash, and \$2m of listed investments. The MD is Geologist Lorry Hughes and Terry Grammar is Non Exec Chairman."

Price: 0.62

Market Cap: \$164.66 m

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

52 week High Low
0.82 0.575

Sector: Rare earths & specialist minerals

Website: www.danakali.com.au

Company Synopsis:

Danakali Ltd (ASX:DNK) is developing the Colluli Potash Project, a world class greenfield SOP development project.

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