

## QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2008



### HIGHLIGHTS DURING QUARTER

- **First revenue received from DSO sales**
- **\$10.0 m in cash and receivables at year end**
- **Option funds fully received**
- **160,418 tonnes of ore sold during the quarter**
- **DSO mining continuing**
- **Ferro-nickel smelter proposal further advanced**
- **Heap Leach Pre Feasibility study 70% complete**
- **PGM/ Chromite/ Nickel Sulphide drilling program commenced**

### RUSINA CORPORATE

#### Cash Receipts

In April the Company received \$4.0m from the sub-underwriters as a consequence of having underwritten its 31 March 2008 listed options.

During June an amount of US\$1.0m was received from DMCI Mining Inc as payment for Rusina's share of profits from Direct Ship Ore ('DSO') sales for the period up until the end of April.

In addition to the payment of DSO profits, an amount of US\$2.4m was also received from DMCI as part payment for the acquisition of an initial interest in the Acoje and Zambales Chromite tenements.

#### Receivables

As of the end of the quarter an amount of US\$1.0m was receivable from DMCI for ore sales in the month of May. In addition a further US\$0.5m is outstanding from DMCI for the acquisition of the initial interest in Acoje.

An additional US\$2.8m will also become payable by DMCI during the second half of calendar 2008 pursuant to the exercise of a right to acquire from the Company an additional interest in Acoje that was acquired by the Company from the original claim owner during the June quarter.

Including the above, the company had in excess of \$10.0m cash and receivables at 30 June 2008, an increase of \$7.3m from 12 months ago.

### Share Capital

In early April the Company placed 20,370,394 shares to the sub-underwriters of its 31 March listed options. In addition an amount of 620,000 fully paid shares and 8.6 million October 2009 20 cent options were issued in connection with the placement.

### Acquisitions

In April the Company advised the ASX that it had entered into an agreement to acquire the Barlo Exploration Permit plus other operational assets from the Administrator of Fire Resources Limited (Administrator Appointed). A deposit has been paid however the assets have not yet been acquired by Rusina's wholly owned Philippine subsidiary. This is expected to be completed shortly however may take longer due to issues outside of the Company's control.

## NICKEL MINING

### DMCI NICKEL LATERITE MINING AGREEMENT - Rusina 50%, DMCI 50%

#### Background:

DMCI Mining, a subsidiary of Philippine listed construction company DMCI Holdings, and Rusina have an alliancing Direct Ship Ore (DSO) agreement wherein DMCI are responsible for all funding, mining, grade control, rehabilitation, road and port developments as well as the marketing and sales obligations of 5 million tonnes of ore over 5 years.

#### Update:

Three shipments totalling 160,418 wet metric tonnes @ 1.7% Ni were made during the quarter. The DSO market to China has greatly contracted since June due to the shutdown of furnaces ahead of the Olympics coupled with discounting of the large laterite stockpiles at Chinese ports. The traders who imported these ores are writing down the prices to clear the stocks due to ongoing holding costs and current reduced demand. DMCI continue mining operations at Acoje and have two contracts for the sale of 1.7% Ni material, but have advised that shipping dates are being affected by the temporary furnace closures. All the 1.7% Ni material shipped and contracted by DMCI goes to a large single end user in China with multiple arc furnaces. DMCI have revised down shipping forecasts for the July quarter to less than 100,000 wmt however expect it to pick up again in the October quarter. Acoje has the required ore grades to supply the Japanese and Australian markets and negotiations continue on these initiatives.

### DMCI FERRONICKEL PROJECT, SEMIRARA - Rusina 40%, DMCI 60%

#### Background:

Under an arrangement between DMCI and Rusina, DMCI are investigating the feasibility of a ferronickel facility where Rusina has up to 40% free carry in such a project, and will guarantee the ore supply for up to 5 years.

#### Update:

The rapidly rising oil, coking coal and iron ore prices has changed the economics of ferronickel production significantly in the last six months. These rising prices make constructing a ferronickel facility as close to the ore source as possible significantly more attractive than present furnaces in China.

The lowering ore prices, due to a lower LME nickel price, has been offset by rising electricity and coking coal costs for Chinese furnaces. However, rising iron ore prices mean the iron content in ferronickel (pig-iron) is now being credited, where previously it was considered free to the end users.

All of the above factors have assisted the decision to build a ferronickel facility close to Acoje. The historic difference in lower electricity prices in China verses the Philippines are reducing while shipping costs of ore, due to high oil prices, are rising rapidly. The high coking coal costs in China (currently greater than \$USD400/t) mean that the use and conversion of DMCI's Semirara coal for specialised coking use is becoming increasingly more economic. DMCI are currently investigating the feasibility of coal carbonisation technologies on Semirara coal.

DMCI have advised Rusina they are fast tracking the feasibility study of the ferronickel facility, so that implementation of the first phase, which is the construction of the calcining unit, can commence as soon as possible. DMCI are currently identifying a suitable property close to Acoje and are in detailed talks with technology partners. Rusina is a party to these talks. DMCI expects to make a more detailed announcement on this in the coming quarter.

## **EUROPEAN NICKEL PLC, HEAP LEACH STUDY – Rusina 40%, EN 40%, LP 20%<sup>1</sup>**

### **Background:**

European Nickel plc and Rusina have entered into a JV agreement to investigate the feasibility of Heap Leaching of Acoje Ore. Under the agreement European Nickel will spend USD 10 Million on the Feasibility Study to earn up to 40% of the nickel laterite project.

### **Update:**

The Acoje Pre-Feasibility Study is due for completion in early September 2008. The PFS is under the direction and supervision of EN, which has established a high calibre project team of employees and consultants in the Philippines. Under the farm-in arrangements EN will continue to fund the remainder of the PFS and carry this commitment forward into the pending Bankable Feasibility Study, the scope of which is to be set on the findings of the PFS.

The PFS study is analysing the benefits of both dynamic and static heap options along with the corresponding ore and reagents transport synergies.

Agglomeration test work has commenced onsite at Acoje in a purpose built facility with Column test work due to follow shortly. Due to the fine grain characteristics of the tropical laterites much effort is being focussed on agglomeration. Column test work will commence in the current quarter. This will comprise an assortment of 1m, 2m and 4m columns with the objective being to test both percolation and extraction characteristics of differing agglomerated ore combinations.

The Acoje facility will also serve as the technical hub for the trial heap leach pads, scheduled to be constructed at Acoje later this year.

Column test work of ore from Acoje in Turkey continues. Recent work with polymer binders in the agglomeration process is delivering promising results in leach kinetics.

<sup>1</sup> LP - Local Partners, DMCI and others 20%. This figure is at the mining level, the Processing Facility can sustain 100% foreign equity and will be subject to capital subscription.

Column Test ID	Ore Type	Agglomeration	Extraction %			Days
			Ni	Fe	Co	
ZCT 1	Saprolite	Acid	88	72	96	222
ZCT 2	Limonite	Acid	17	18	25	197
ZCT 3	50% mix	Acid	48	34	69	259
ZCT 4	50% mix	Acid	35	15	55	247
ZCT 5	50% mix	Acid	30	11	64	205
ZCT 6	Saprolite	Acid	73	66	60	159
ZCT 7	Saprolite	Acid	63	42	50	155
ZCT 8	50% Mix	Acid + Binder	42	16	na	47
ZCT 9	50% Mix	Acid + Binder	34	15	na	47
ZCT 10	50% Mix	Pregnant Leach Solution	15	3	24	28

Table 1 – Column Test data showing acid use to nickel extraction

## ZAMBALES DISTRICT

### General

In mid May typhoon Cosme passed over the town of Santa Cruz in central Zambales causing significant damage to local communities and loss of life. The Zambales Alliance, comprising Rusina, DMCI, European Nickel and other significant land owners in the area contributed to the relief effort in a significant manner by the purchase and distribution of rice, donation of equipment and the meeting of some direct costs. Distribution efforts were made across some 25 baranguays (local councils) and reached in excess of 13,000 families.

### Zambales Chromite Mining Company Inc (ZCMC) - Rusina 40%, EN 40%, DMCI 20%

#### Background:

Rusina, European Nickel and DMCI have purchased all of the shares in ZCMC which holds mining tenement MPSA-005-91-III, an area of 540 hectares located 3 km north of Acoje. This tenement is highly prospective for nickel laterites and an initial JORC resource estimate of 23.5mt grading 1.18% Ni and 0.05% Co has been defined in December 2007.

In June the acquisition of ZCMC was completed and the company is now held as a subsidiary of Fil-Asian Strategic Investment Holding Corporation.

In our previous quarterly, the company reported some illegal mining activities occurring on this, and adjacent properties in the Zambales District belonging to Benguet Corporation, Eramen Minerals Inc. and Filipinas Mining Corp. Together with Rusina and ZCMC the 5 companies have formed the Zambales Alliance, to co-operate together on issues such as security, community, government relations, common infrastructure etc.

Rusina and its partners have now taken possession of the ZCMC property and commenced community consultations and dialog as part of the ongoing permitting process.

## Acoje Chromite<sup>2</sup> and Platinum Group Metals (PGM's) - Rusina 80%, LP 20%

### Background:

The Acoje Mine operated from 1935 as South East Asia's largest metallurgical grade chromite mine producing over 10 million tonnes of ore. The underground and surface mining closed in 1991 due to insufficient sustaining capital and low commodity prices. The mine reportedly had on its books when it closed between 3.6 – 3.7 Million tonnes of chromite grading between 17-18% Cr<sub>2</sub>O<sub>3</sub> remaining underground. Between 1970 and 1975, the mine produced 15,000 oz of PGMs from a nickel sulphide mineralised schute intercepted as part of the underground operation.

A scoping study in 2006 conducted by the company established that the surface chromite resources were mostly lateritic and presently uneconomic, whilst the primary surface chromite was located in widely disseminated pods across the property not lending itself to an efficient open pit operation capable of sustaining sufficient cash flow to fund a process plant and the underground refurbishment.

### Update:

#### Open Minable Chromite:-

The stockpile to hold "lump" ferrochrome through hand sorting and collecting by a local workforce has been growing slower than anticipated due to the sporadic nature of the ore sources. DMCI has sent some machinery to assist the local miners open up these podiform surface loads. The company, through DMCI, anticipates it will soon be in a position to ship a bulk sample.

DMCI and Rusina are re-investigating the viability of mining the high grade chromite sands (>10% Cr<sub>2</sub>O<sub>3</sub>) that preserved an acceptable Cr:Fe ratio. The majority of the Chromite laterites at Acoje display a low Cr:Fe ratio through weathering, however some areas in close proximity to the primary mineralisation are thought younger and less affected by weathering. A program of close spaced test pits is further refining this resource.

#### Underground Chromite, Nickel Sulphide, and PGM exploration:-

Diamond drilling commenced at Acoje during the quarter. A total of 4 holes for 641m have been drilled to date. This drilling targeted the Induced Polarisation anomalies defined in 2006. The IP highlights the black dunite units (that host the mineralisation) from the green dunites. The drilling has intersected the altered black dunite and also intersected sulphides zones including small amounts of pentlandite (nickel-sulphide ore).

The majority of results for the drilling are still pending due to the slow return of analytical results from the commercial assay laboratories. However from our partial results, there appears to be elevated PGM results, albeit sub-economic, associated with minor sulphides within the altered black dunites. The company is also using this drill program to confirm the underground chromite resources reported historically whilst it awaits PGM assay results enabling efficient use of drilling labor and to allow the next PGM holes to be better designed with maximum data.

The company is pleased with the technical success achieved so far, but reiterates that considerable drilling may be required before economic mineralisation can be defined. For this reason the company continues discussions with interested third parties to partner this exploration.

<sup>2</sup> Note the above chromite target ore figures are based on historic reports are reported under section 18 of the JORC code and are conceptual until further drilling can confirm these figures. There can be no guarantee that a classification as Resource or Reserve will occur in accordance with JORC requirements.

## DMCI – RUSINA EXPLORATION

### **Background:**

Rusina has entered a joint exploration agreement with DMCI Holdings Inc to form an exploration and mining joint venture company [DMCI (60%) and Rusina (40%)] where all Rusina's and DMCI's non Zambales properties would be vended into the yet to be formed subsidiary. These properties include Rusina's Abogado properties EXPA-00068-XII and EXPA-00074-XII and DMCI's Mineral Production Sharing Agreement (MPSA) MPSA-000166-XII in Sultan Kudarat and the Sodaco Agricultural Corporation, a fully owned subsidiary of DMCI, MPSA application APSA-00008-XI located at South Cotabato.

### **Sodaco Prospect - Rusina 40% DMCI 60%**

The Sodaco Project is located on Mindanao Island, 48 km. north-northwest of General Santos City in Southern Philippines. The project boundary lies entirely within the Tampakan FTAA-002-95-X1 and is 900 meters from the world class Tampakan copper-gold deposit with a resource of 2.2 billion tonnes at 0.72% copper equivalent. The Tampakan copper-gold deposit is a major high-sulphidation epithermal deposit superimposed on an underlying porphyry copper system.

DMCI have reported that progress of the Free and Prior Consent has been hampered by issues affecting adjacent properties and are proceeding in a cautionary manner.

### **Abogado Prospect – Rusina 40%, DMCI 60%**

The Abogado Project is located on Mindanao Island in Sultan Kudarat province, 67 km. west of General Santos City in the southern Philippines. The project is held under two Exploration Permit Applications (EXPA) and an MPSA, for a total area of 7,898 hectares (79 km<sup>2</sup>).

Rusina has now signed a Memorandum of Understanding with the stakeholders and the NCIP (National Commission of Indigenous Peoples) and has progressed the application for the EXPA work program to be processed by the Mines and Geosciences Bureau. After completion of the pertinent government approvals and permits exploration can begin again on this project.

Negotiations have commenced to obtain the geological and geophysical database for the Abogado area from the previous claim owners who relinquished the property for corporate reasons. This data includes Induced Polarisation, aerial-magnetics, mapping and drilling, and will greatly assist future exploration activities.

## **PANAY PROJECTS - Rusina 100%**

### **Pan de Azucar Project, Iloilo**

The Pan de Azucar project (PDA) is located on Pan de Azucar Island, 112 km. north-east of Iloilo City, Panay Island, central Philippines. The project is held through the 1,296 hectare EXPA.

Negotiations with a third party to farm into the property have been discontinued by Rusina. The Company is working closely with Mindoro Resources, owner of the neighbouring property.

**Guimaras Project, Iloilo**

The Guimaras project is part of a 2,592 hectare EXPA, located on Guimaras Island, 30 km. south of Iloilo City, Panay Island, central Philippines.

Nothing to report in this quarter.

Yours faithfully,



**Robert G M Gregory**  
*CEO & Managing Director*

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Scott Robson, who is a Member of The Australasian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". The information in this report that relates to other exploration matters is based on information compiled by Robert Gregory, who is a member of the Australasian Institute of Mining and Metallurgy and has the relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". Mr Robson and Mr Gregory consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

For further information please visit our website – [www.rusina.com.au](http://www.rusina.com.au)