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**Market: AIM and ASX**

**Epic: RMLA**

**Sector: General Mining**

**Website: [www.rusina.com.au](http://www.rusina.com.au)**

**Shares in issue: 166 million + 46.7 million ASX- listed 2008 options + 4.6 million unlisted options**

**Market Cap: £17.8 million (£23 million fully diluted)**

### **Summary:**

*It's now just over a year since Rusina listed on AIM, sloughed off its old skin and emerged as an independent exploration and development company with an interest in one of the most prospective nickel/PGM sulphide projects in the Philippines.*

**Rusina's Acoje Project – three for the price of one.**

**29<sup>th</sup> March 2007**

Rob Gregory – an experienced Philippines operator - found a lot on his plate when he was invited to join ASX listed Rusina Mining as CEO.

Within just weeks of taking up his post in November 2005, his new broom was in action, and a radical shakeup saw the company emerge as a self-managed entity, take on a new complement of much needed directors, and fast-track the long-planned listing and fundraising on AIM.

He also subjected the company's flagship Acoje project in the Philippines to a thorough audit which included extensive geophysical surveys and project-wide soil sampling, preparatory to a renewed onslaught of more tightly targeted exploration and development. The IP survey was particularly successful, identifying several large previously unknown anomalies to the east of the existing resource block in the Acoje Central Zone.

Finally, with the existing ownership chain unlikely to satisfy Philippine mining law, Gregory did the deal whereby Rusina "re-acquired" up to 100% of Acoje directly from the holder of the Mineral Production Sharing Agreement, Crau Minerals. The project was to be vended into a new Filipino legal entity with Crau retaining a 0.75% royalty on PGMs and 5% on chromite and nickel laterites. In addition he embarked upon further land consolidation and Rusina entered into letters of intent to acquire an additional MPSA area along strike to the north, under application by the Filipino tenement holder Mr Ramon G Perlas.

The Acoje project is complex, hosting three distinct minerals - chromite, platinum group metals (PGMs) and nickel – in two mineralisation styles: hard rock sulphides and surface laterites.

The existing mine is old, having produced over 3.5 million tonnes of chromite concentrate between 1935 and 1991. According to the vast amount of new data handed over by Crau as a result of the MPSA purchase, remaining unmined ore is estimated at 3.7 million tonnes at 15-17% chromite, augmented by a further 1 million tonnes at or near surface grading 12-15% with substantial additional potential from chromite-rich laterite tonnage.

During 1970-1975, nickel sulphides and PGMs were mined from the black dunite horizons to the east of the chromite zones, and production totalled 1,600 tonnes of nickel sulphide concentrate and 30,000 ounces of PGMs. Rusina have drilled extensively in this area for some time, and a resource of 1.2 million tonnes at 1.53g/t 3E + 0.34% Ni was defined over the Central Block in late 2005. Historical drilling results newly obtained as part of the Crau arrangement include peak intersections of 7.11m @10.24 g/t Pt+Pd & 0.55%Ni.

In addition, nickel laterites have developed over much of the property, with low grade limonite overlaying higher grade saprolite, although these had never been systematically explored.

Gregory's plan was therefore to operate three discrete projects at Acoje. He intended first to conduct a full feasibility study on the chromite mining project, with the aim of achieving early cash flow. Next would come the exploration and exploitation of the nickel laterites. The third priority was the further exploration for nickel sulphides and PGMs, particularly in the newly discovered anomalies, to establish a resource of at least 1 million ounces of PGM equivalent. In the meantime, the company planned to seek a partner to assist with the development of the nickel/PGM project, plus a further Filipino partner to satisfy the ownership requirements of the Philippine mining law.

However, during 2006, a systematic exploration of the laterite zones by test pitting blurred some of the distinctions, and altered a number of priorities.

The initial intention for the chromites was to develop a surface operation for the first two years, based on known near-surface ore pods and tailings re-processing, which would fund the re-opening of the underground mine. Last year's scoping study calculated total capex of US\$24 million and an NPV for the project of US\$48 million, based on a 7 year minelife, production of 1.25 million tonnes of chromite concentrate with PGM/nickel sulphide byproduct, and a possible direct export operation for the more valuable "lumpy" chromite ore. A feasibility study is now around 50% complete.

But last year's test-pitting of laterites over the chromite horizons to the north of the mine showed them to contain in excess of 5% chromite. Gregory now believes these to be a better bet than the almost exhausted near surface ores, and the chromite-rich laterites are therefore now being considered as additional feed for the surface development, and metallurgical testing is under way.

Other priorities have shifted too. The laterite test pitting produced a JORC compliant resource of 33.15 million tonnes grading 0.95% Ni for the upper limonite layer. Limonite at this grade is in high demand as a raw material for the recently developed "nickel pig iron" process adopted by many Chinese smelters, and currently commands prices of around US\$18-20 a tonne.

Rather than proceed directly to on-site processing, Rusina have therefore opted for a direct shipping operation for their iron-rich limonites, and have entered into a partnership contract with DMCI Holdings of Manila, whereby 5 million tonnes of Acoje's surface nickel laterites will be mined and shipped over the next five years. DMCI will be responsible for all funding, mining, grade control, rehabilitation, road and port development work, as well as marketing and sales, in return for which they will receive 50% of the profits, whilst Rusina retain full project equity and reversion of any infrastructure funded by DMCI. A trial shipment is planned as soon as possible, and it's hoped that full time mining operations will begin once the Environmental Compliance Certificate (scheduled for the third quarter 2007) has been granted.

Rob Gregory, commenting on Board Room Radio, explained his rationale: "It's important for any explorer moving into production not to have to go back to shareholders and rattle the tin. So it's significant to have cash flow from our limonites, which, really, we didn't even know were on the property 12 months ago, and a year before that they weren't even a saleable product!"

The cash flow will enable the company to expand its laterite resource by inclusion of the deeper saprolite ores which recent test pit deepening has shown to grade as high as 3.3% Ni. It will also enable further drilling for PGMs in the new anomalies where the same test pitting has revealed grades of up to 4 g/t 3E in laterite developed over the dunites, and will progress the ongoing chromite feasibility study. "It's a significant step for Rusina!" said Gregory.

In a separate development, just before Christmas, Rusina signed a letter of intent with a Filipino partner. On completion of the deal, expected this Spring, Geograce Resources Philippines Inc will become the Filipino shareholder of Fil-Asia Strategic Investments and Holdings Corporation – the company set up to hold Acoje - and will satisfy its equity contribution by vending in a mix of shares, cash and/or properties. Again, Gregory has been quick to spot an opportunity and an agreement whereby Rusina will assist in the technical evaluation of new Geograce acquisitions has been signed.

It's now just over a year since Rusina listed on AIM, sloughed off its old skin and emerged as an independent exploration and development company. During the summer of 2006 an attempt by former director Viktor Nikolaenko to regain control of Rusina was comprehensively routed by Gregory and his major investors. The company is now safe from interference, holds secure title to its interest in one of the most prospective mining areas in the Philippines, has an excellent project development team based in Manila, shows an opportunistic focus on shareholder value, and now expects cash-generative ops to start before the end of the year.

Today's market cap – fully diluted to cover the 46.7 million 2008 options listed on ASX – is £23 million. A single project might command this kind of valuation. It would appear, then, that Rusina's Acoje project could be described as a case of buy one, get two free...