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The Acoje nickel laterite deposit during a bulk sampling programme in June

Rusina Mining Ltd will announce an updated resource for its Acoje nickel laterite project in the Philippines before the end of the year as drilling of the saprolite zone of mineralisation nears completion.

The company reported a maiden resource of 33.15mt @ 0.93% nickel in June but managing director Robert Gregory said the resource would be more robust following the completion of a 310-hole diamond drilling programme in December.

"The average grades we are getting in the drilling are 2% with some as high as 3.5%," he said. "We anticipate both tonnage and grade to increase significantly."

By the time of the resource update Rusina is also expected to have moved to producer status at Acoje, in Zambales province, in the north of Luzon Island. An initial shipment of direct shipping ore (DSO) was due to leave the soon-to-be-completed port at Santa Cruz in November.

The purpose-built port is being constructed by local civil construction company DMCI, Rusina's partner on both the DSO project and a proposed pig iron smelter.

DMCI is providing the capital expenditure required for the operation with the two companies splitting the profits 50/50. Gregory said this allowed a small company like Rusina the opportunity to generate early cashflow.

"This is best achieved through partnerships and local partnerships, particularly in the Philippines where local partners are required. DMCI is not well known in Australia but it is the largest civil construction company in the Philippines. Rusina is essentially DMCI's exploration arm; there are strong mutual benefits.

"The direct ship consignments offer high margins, even at current nickel prices of \$US28,650/t, and will open a trade corridor that is just two days sailing to China."

The DSO operation is only the first tier of a multi-stage production platform Rusina has set at Acoje.

The second stage will see Rusina and DMCI establish a ferro-nickel smelting operation on Semirara Island.

"The Philippines is poised to be the main producer of pig iron for the Chinese blast furnace industry," Gregory explained. "We are 40% free-carried on the plant which will produce a pig iron concentrate of over 20% nickel."

The ferro-nickel smelter is another example of Rusina's willingness to find the swiftest way to cashflow while also minimising its own risk.

"You wouldn't want to base a whole company on a pig iron operation but while prices are high and we have no capex, you can do it to create cashflow."

The third tier of the production plan involves a JV between Rusina and AIM-listed Euro-

pean Nickel plc investigating the potential for Acoje to support a heap-leach operation.

The London-based company is already developing the Caldag nickel laterite project in Turkey and will spend \$US10 million on a feasibility study and trial pad for a similar size operation at Acoje.

"Laterites do have a poor name because of what has happened at places like Murrin Murrin. They are known for very high capital costs, long lead up times and often not getting to nameplate capacity."

Capex for high-pressure acid leach operations can reach \$US3 billion, but Gregory said European Nickel was spending \$US300 million on Caldag while keeping operating costs similar to those in HPAL plants.

Acoje spent the first 50 years of its existence as a chromite mine and also produced PGMs in the 1970s. Rusina is keen to restart exploration for both.

"If we find a partner we will JV it out. The feasibility study is to restart soon and drilling will also be undertaken to test IP targets and confirm the underground chromite resource."

Rusina and DMCI have also recently struck an exploration agreement which will see the two companies combine their exploration portfolios.

The flagship prospect in this JV is the Sodaco project on the island of Mindana. So-



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daco is within the Tampakan copper MPSA, host to a 1.97bt deposit being developed by Xstrata plc.

"We are putting together a work programme to start drilling and ultimately we will talk to Xstrata about it," Gregory said.

Dominic Piper



Robert Gregory