

Corporate News

Mining venture seeking Chinese financing

A JOINT venture between a European and an Australian miner is negotiating with a state-led Chinese mining company to finance a nickel plant in central Luzon, company officials said yesterday.

"What European Nickel PLC did was to get a big Chinese company to finance their project in Turkey to the tune of \$320 million. That same company is involved here," Joselito R. Bacani, vice-president for environment of Fil-Asian Strategic Resources and Properties Corp., told reporters. Fil-Asian is the local unit of Australian Rusina Mining N.L.

On its Web site, European Nickel said Jiangxi Rare Earth & Rare Metals Tungsten Group Corp. funded its 20,000-metric ton per year Caldag nickel mine in Turkey.

Mr. Bacani said the Chinese miner is putting up a nickel refinery, which will get raw materials from the Caldag mine. "It is possible that they will also get metals from us," he added.

The 3,765-hectare Acoje nickel project in Zambales, estimated to cost \$498 million, is a joint venture between Rusina, European Nickel, and locally listed DMCI Holdings, Inc.

The miners aim to extract three million metric tons of nickel ore per year from reserves of 29.1 million metric tons for 10 years. "There is an option to increase mine life if exploration is held further," Mr. Bacani said.

The companies need to invest \$498 million — \$120 million for the acid plant alone — to start commercial operations in 2011. The miners have so far spent \$15 million for exploration and feasibility studies.

Selling at \$6 per pound of nickel, the miners are expecting a payback period of three years, employing 800 workers and paying \$52.2 million in national and local government taxes during the 10-year operation.

Nickel prices for cash buyers closed at \$5.5 per pound yesterday, up from the \$4 per pound late last year. But this was lower than the record \$24 per pound reached in early 2008, data from the London Metal Exchange show.

The miners will start commissioning their \$1.3-million nickel test processing center next month.

"The demonstration facility is to show the residents the technology of heap leaching," Mr. Bacani said, referring to a mining process where nickel is extracted from crushed and mined ores.

Meanwhile, the direct ore shipping operations of Fil-Asia, which began late in 2007, have been hit by dampened demand for nickel.

"There is not so much shipping," Nicholas S. Holthouse, project manager of European Nickel, said.

Shipment of nickel ore to China has dropped to 50,000 metric tons every four to five months, from 250,000 metric tons per year before the economic slowdown, he said. — **Neil Jerome C. Morales**