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## Rusina Mining Will Begin Trial Leaching At The Acoje Nickel Laterite Project Within A Matter Of Weeks

By Charles Wyatt

**When we last wrote about Rusina Mining in May last year, things did not look too bright for the company. Once-upon-a-time, Rusina was a great favourite in London. But the fall in the nickel price, when the world fell out of bed at the end of 2008, stymied the company's direct shipping operations from its Acoje project on the island of Luzon in the Philippines. This was Rusina's only source of income at the time, though it was not stretched for cash. Still, time marches on, nickel's regained a fair bit of the ground it lost, and Rusina is very much back in business. It might just be time for investors to think again.**

Rob Gregory, the chief executive, has just announced that he has been talking to his local partner, DMCI Mining Corporation, about restarting selective shipments. The terms of the deal are being changed so that there is an agreed minimum profit before a shipment takes place. It's also being stipulated that the ore has to be higher than 2% nickel in grade, and that DMCI is responsible for mining, marketing, transport, and capital costs of up to 200,000 tonnes of such ore at a fixed cost. This ought to ensure that a minimum profit is achieved, to be shared equally between the two on a shipment-by-shipment basis.

The previous arrangement fell away, not only because of the low price of nickel, but because significant amounts of lower grade ore were present in the shipments. This time round the incremental cost of shipping any of this ore has been reduced significantly by ensuring that the costs of mining it are covered by focussing on the high grade. It will be good to see this operation back, and the current plan is to have it up and running by the end of the month. It's been a while, as it closed officially last July.

Having said all that, though, the real focus for investors should be on the nickel heap leach trial facility at Acoje which Rob Gregory has been pushing ahead with during the difficult times. He is a quietly determined fellow, based in the Philippines, who looks as if he had spent a certain amount of time underneath a rugby ruck.

In 2007 Aim-traded European Nickel formed a joint venture with Rusina for the advancement of the Acoje deposit. At that stage, European Nickel invested £1 million in Rusina shares and options. It also agreed to earn up to a 40 per cent interest in the nickel laterite portion of Acoje by spending US\$10 million on the heap leach trial and feasibility. This meant that Rusina was diluted to 40 per cent, as DMCI Holdings hung onto the balance at the time. The Acoje deposit

has a JORC resource estimate in inferred and indicated categories of 50.1 million tonnes grading 1.09% nickel at a cut-off grade of 0.08%, and this is just in the limonite section. The saprolite section, which has yet to be drilled out, could have the same again. Mention of European Nickel will put London investors on the alert London investors, as the company has had hell's own job in getting the US\$20 million equity investment that Chinese company JXTC has promised it for its Caldag project in Turkey. This looks like it'll get sorted out in the current quarter, but in the meantime European Nickel is reliant on a loan from Endeavour Capital and cannot contribute its portion to the development of Acoje.

But that hasn't stopped Rob Gregory getting on with the trial heap leach at Acoje, because he wisely raised just over £3 million through London brokers Mirabaud last September. It was at about that time that the rolls crusher arrived from Caldag. It had to have its motors refurbished and its electrical system replaced, but this only took a few weeks. And once it had been erected in working order, 3,000 tonnes of laterite ore from Acoje was crushed, agglomerated and stacked on the heap leach pad, all adhering to the nickel laterite leaching technology developed by European Nickel.

The important thing to note is that the trial leach was constructed at the same height as the full commercial operation, so there should be a smooth progression, provided everything works as planned. This trial leach is designed to prove the heap percolation and leach rates on a full scale basis, as well as to demonstrate that the HDPE raincoat covering both the pad and the ponds works effectively, as the Philippines is known for its wet season. The latest September quarter last year was one of the wettest.

So, early in December the heap leach pad and pilot plant was officially opened in front of dignitaries from Australia and the Philippines. The 3,000 tonnes of laterite ore that the company is now getting to work on contains both limonite and saprolite and is currently being stacked following crushing and agglomeration. Once stacking is completed the irrigation pipes will be put in place and the HDPE raincoat will then cover the lot. Leaching is expected to start in February. This will be a true test of the technology and a vital part of the definitive feasibility study.

In the meantime, a full scale laboratory has been working at Acoje for some time, looking at a number of new technologies designed to lower the current forecast cash cost of US\$1.60 per pound, before refining charges are taken into account. A re-costing last year of the 2008 prefeasibility study by China Tianchen Engineering Corporation, which provides construction engineering advice to European Nickel, has already claimed that Chinese construction and materials should reduce Acoje's eventual capital costs by about 15 per cent.

It helps, of course, that the price of nickel is now at around US\$8.50 per pound, compared with US\$4.20 per pound this time last year. Rusina has also benefitted from the fact that DMCI decided to withdraw from the project last year, selling its 20 per cent stake to Montemina Resource Corporation which is an associate company of Rusina. Quite clearly Rob Gregory has started 2010 with a good wind behind him, as he is very confident of the outcome of the trial heap leach. It is surely time UK investors took another look as the share price is only a fraction higher than it was when the placement was undertaken four months ago.