



# Rusina Mining

Hold RMLA

## Big jump in nickel resource

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**SYMBOL DEFINITIONS**

 BASE METALS	 HIGH RISK	 MARKET CAP	<b>£23 million</b>
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Rusina Mining has announced a large 163% jump in the overall contained nickel content of its two most advanced Philippine projects. The news is welcome and should help offset the unfortunate delays associated with initial nickel exports from its Acoje project. As we have previously highlighted on numerous occasions, if something is going to go wrong with a mining project it will usually happen at the start-up stage.

*"We are encouraged by the significant growth in the contained nickel resource at Acoje and its potential to host three separate nickel developments."*

Fat Prophets initially recommended buying Rusina Mining at 7.13p in February 2007 (Fat Euro Mining 10). Our last review of this stock was in October (Fat Euro Mining 42).



As shown on the daily chart, Rusina Mining staged a sharp rally toward the end of last year. This resulted in the stock achieving a high of 19.5p in November. Although the stock was unable to sustain this move, the subsequent correction has again found support in the region of 11p.

In the near-term, we anticipate a period of consolidation and base building. In our opinion, this will strengthen the prospect of an eventual break above 19.5p and a revival of upward momentum.

Rusina Mining has recently announced the completion of resource estimation on both its Acoje and Zambales Chromite Mining Corporation (ZCMC) projects, situated in close proximity to each other on the west coast of Luzon in The Philippines.



Rusina has announced that the combined Indicated and Inferred JORC-compliant resource estimate for both properties is 72 million tonnes grading 1.15% nickel (Ni) and 0.06% cobalt (Co), which represents 830,000 tonnes of contained nickel metal.

This upgrade follows the completion of an extensive saprolite drilling program at Acoje and the evaluation of the recently acquired ZCMC Project. The increase represents a substantial 163% jump in the overall contained nickel content of both projects as compared to the last resource estimate, which was completed almost 12 months ago in February 2007.

We have tremendous confidence in the integrity of the resource estimate, as it was undertaken independently by renowned industry experts SRK Consultants in Perth.

Property	JORC Category	Million Tonnes	Ni (%)	Co (%)
Acoje Limonite	Indicated	21.5	1.04	0.08
	Inferred	4.2	1.03	0.08
Acoje Saprolite	Indicated	20.9	1.25	0.04
	Inferred	2.2	1.03	0.06
<b>Total Acoje</b>		<b>48.8</b>	<b>1.13</b>	<b>0.06</b>
ZCMC Laterite	Inferred	23.5	1.18	0.05
<b>Total Combined</b>		<b>72.3</b>	<b>1.15</b>	<b>0.06</b>

Cut-off grade Ni = 0.75%

Rounding may introduce minor computational errors

The resource for the Acoje nickel laterite deposit has been re-estimated using all drill holes and test pits available as at 17 December 2007. The estimate is based on 1,349 1 metre x 0.8 metre test pits and 294 HQ diamond drill holes, spaced on a nominal 100 metre x 100 metre grid.

Two weathering zones were interpreted: an upper limonite zone and a lower saprolite zone, on the basis of geological logging and multi-element geochemistry.

Rusina plans to drill the ZCMC property during 2008 to upgrade the resource to Indicated status and test for possible saprolite ore beneath the previous Falconbridge test-pitting.

As a reminder to Members, Rusina has a threefold strategy for the development of its nickel laterite resource base at Acoje, whilst at the same time examining ways of developing its ZCMC chromite resource.

Let us start with nickel.

The initial plan is to develop a first phase operation that will generate early cash flow through direct shipping of nickel ore in joint venture with DMCI.

Once this is established, the same joint venture will look to over the medium term to develop more highly value-added nickel opportunities as part of a second phase. This will be through the proposed development of a ferro-nickel (pig iron) smelter on nearby Semirara Island.

Finally, the third phase will involve a longer-term feasibility study to assess the development of an acid heap leach project in conjunction with European Nickel Plc on the Acoje site.



As a reminder to Members, the Acoje tenement hosts three different styles of mineralization: primary chromite; primary PGM (platinum group metals) and nickel mineralization; and nickel, cobalt, chromite, platinum and palladium in tropical laterite soils.

The Acoje property itself is quite large, measuring 11km x 5km. Significantly, previously reported resources have only focused on a small 1.2 sq km area, so there is enormous potential for the discovery of further mineralization.

The geology of Acoje has many similarities to the world's major platinum (Pt) and palladium (Pd) producing provinces, comprising a sequence of ultramafic-mafic rocks with nickel sulphide and chromite-rich horizons.

In fact, Acoje is one of the few projects that have produced PGM-rich nickel sulphide outside of the major producing areas of South Africa's Bushveld, Zimbabwe, the Stillwater complex in Montana, USA and Siberia.

First shipments began in late 2007, however DMCI have recently advised Rusina that the December shipment for the lower grade 1.2% Ni laterite ore has been cancelled and a replacement cargo is being organised for January 2008.

The January 2008 shipment to the Australian buyer has also been postponed to late February while some additional client specific test work on the ore is being carried out. This test work cannot unfortunately be completed prior to the January shipping date.

DMCI has apparently advised Rusina that they will now ship the higher grade 1.4% ore that has now become available as a result of the deferred January 2008 shipment and leave the lower grade 1.0-1.2% ore stockpiles to blend in with future shipments.

DMCI also plan to ship smaller tonnage (5,000-10,000 tonnes), high-value saprolite cargos now that the concrete vertical fending is complete at the end of the Santa Cruz Port.

In conjunction with the obvious initial disappointment associated with export delays, Rusina has reiterated that the low-grade limonite direct-shipping market is quite volatile, which is the principle reason the company chose to partner the DSO shipping with DMCI.

DMCI, a larger Philippine company, is apparently quite comfortable with the current market risks and remains very confident that their flexible strategy with an efficient port and multiple grade stockpiles remains on target.

**Accordingly, Rusina Mining will remain held within the Fat Prophets European Mining & Resources portfolio.**

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