




Rusina Mining

Hold RMLA

Nickel shipments underway

Fat Mining 59, 25 Feb, 2008
[Printer Friendly](#)

SYMBOL DEFINITIONS

 BASE METALS	 HIGH RISK	 MARKET CAP £25m
---	---	--

[CLICK FOR ALL SYMBOL DEFINITIONS](#)

In our most recent coverage of Rusina Mining, we reported on the very large resource upgrade at its Acoje project in the Philippines. We are pleased to report that despite initial unfortunate delays associated with initial nickel shipments from the project, the first export shipment was undertaken during February. Meanwhile, metallurgical tests on the ore have so far demonstrated it to be suitable for heap leaching into more valuable nickel metal product.

"First ore has now been shipped from the phase one project and there is encouraging metallurgical results coming through for Rusina Mining on the proposed stage three development."

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 January (Fat Euro Mining 53).



As shown on the daily chart, Rusina Mining has posted an encouraging lift in prices since our last review in January. This follows a three-month decline in prices from the November high of 19.5p and in our opinion, reflects the early stages of an improvement in investor sentiment toward the stock.

In the coming weeks, we anticipate a period of consolidation and base building above the 9.25p support level marked on the chart. This will allow for the formation of a platform with potential to sustain future rally attempts.

There has been a steady stream of very positive news of late with respect to the company's Philippines nickel projects, which belies Rusina's below-par share price performance recently. Let us now examine each of these positive developments in detail.

Firstly, in our most recent coverage of Rusina Mining we highlighted the completion of a positive 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 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.

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 12 months ago during February 2007.

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.



The second major development involves progress report on the joint venture with European Nickel PLC. Recent metallurgical testwork on the Acoje deposit has returned positive results that confirm European Nickel's heap leach technology is able to treat equatorial nickel laterite ores that have a high clay content.

The leachability testwork included both agglomeration and bottle roll tests with a total of 37 tests: 21 are complete, with 16 ongoing. Of the 21 completed tests, 12 were saprolite samples with an average nickel extraction within a short period of 95%. The nine limonite tests gave an average of 60% extraction over the 90 days of the test. The ongoing tests show similar trends.

As an explanation for Members, limonite refers to the upper portion of a nickel laterite deposit that is characterised by its deep red to yellow colour and high iron (Fe) content and low magnesium (Mg) content.

Meanwhile, saprolite comprises the lower-most portion of a nickel laterite deposit and is characterised by its yellowish green to green colour. This part of a laterite deposit is generally lower in iron (Fe) and higher in magnesium (Mg) and can contain significantly higher nickel (Ni) grades.

With respect to future project appraisal work, European Nickel has now established a full team in the Philippines. A pre-feasibility study on Acoje is underway and will take around six months to complete. The land purchase for one of the trial heaps has been completed and one of the environmental applications for the construction of a trial heap leach plant has been submitted to the Philippines government for approval.

Whilst the pre-feasibility study is being conducted, the joint venture is proceeding with direct ore shipments from Acoje to China, the first of which was just recently shipped, containing more than 6,500 tonnes at 1.6% nickel. The photo below shows exactly where the ore is being loaded.



There is some 200,000 tonnes of stockpiled ore that will now be shipped over the next four months and mining will continue at the site whilst nickel prices remain at the current high levels. These shipments have the double benefit of providing the joint venture with short term cashflow, as well as confirming the mine model, grades and mining costs at the Acoje deposit.

Meanwhile, an intensive drilling campaign focusing on the nickel saprolite ore is planned at the Zambales deposit. The joint venture anticipates this will increase the resource further and plans to announce an updated resource by the end of 2008. The resource to date is based on pits sunk in the limonite zone, which bottomed out above the saprolite ore, which is expected to be higher grade.

As a reminder to Members, Rusina has a threefold strategy for the development of its nickel laterite resource base at Acoje.

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. This is now underway.

Once this is established, the 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.

We maintain our positive longer-term outlook on the company and believe it represents an extremely cheap but highly leveraged nickel exposure. The company effectively has three 'irons in the fire', which strengthens its growth options.

Whilst the Philippines may not necessarily be high up the list of destinations for every investor, we believe

the potential upside vastly outweighs the perceived risks.

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

Mint Financial (UK) Ltd, trading as Fat Prophets United Kingdom, has made every effort to ensure the reliability of the views and recommendations expressed in this report. Fat Prophets United Kingdom research is based upon information known to us or which was obtained from sources which we believed to be reliable and accurate at time of publication. However, like the markets, we are not perfect.

This report is prepared for general information only, and as such, the specific needs, investment objectives or financial situation of any particular user have not been taken into consideration. Individuals should therefore discuss, with their financial planner or advisor, the merits of each recommendation for their own specific circumstances and realise that not all investments will be appropriate for all subscribers.

To the extent permitted by law, Fat Prophets United Kingdom and its employees, agents and authorised representatives exclude all liability for any loss or damage (including indirect, special or consequential loss or damage) arising from the use of, or reliance on, any information within the report whether or not caused by any negligent act or omission. If the law prohibits the exclusion of such liability, Fat Prophets United Kingdom hereby limits its liability, to the extent permitted by law, to the resupply of the said information or the cost of the said resupply.

Copyright © 2002 Fat Prophets. All rights reserved.
No portion of this website may be reproduced, copied, or in anyway reused without written permission from Fat Prophets.

DESIGNED BY ENDORPHIN INTERACTIVE POWERED BY EONE - INTEGRATED BUSINESS SOLUTIONS