

Rusina Mining

Hold RMLA

Second nickel shipment and new drilling programme

[Fat Mining 62](#), 25 Mar, 2008
[Printer Friendly](#)

SYMBOL DEFINITIONS

 BASE METALS	 HIGH RISK	 MARKET CAP £21m
---	---	--

[CLICK FOR ALL SYMBOL DEFINITIONS](#)

We are pleased to report that despite initial unfortunate delays, Rusina Mining has now shipped two cargoes of nickel ore from its brand new loading port located in The Philippines. Meanwhile, metallurgical tests on the ore have so far demonstrated it to be suitable for heap leaching into a more valuable nickel metal product. The company has also announced a fresh drilling programme that will assess the Acoje project's potential to host commercial nickel and PGM mineralisation. Rusina could have at least three different earnings streams within a few years.

"First ore has now been shipped from the phase one project and Rusina Mining is now undertaking a drilling programme to explore the potential for chromite and PGMs."

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 February (Fat Euro Mining 59).

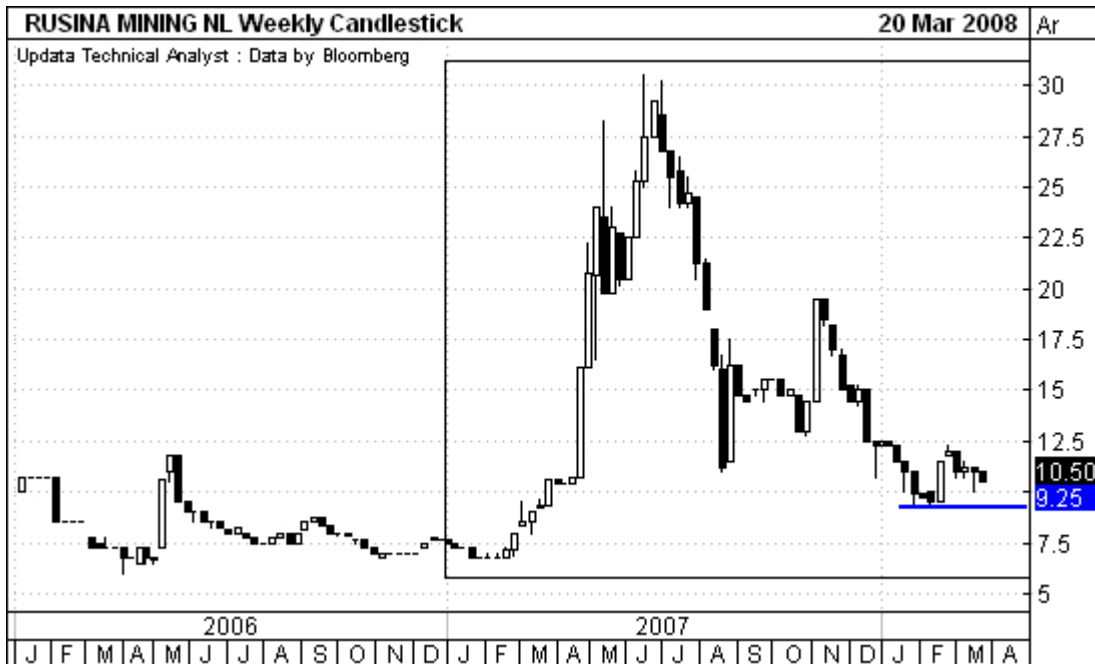


Consolidation has been the key feature for Rusina Mining since our last review in February. As shown on the daily chart, prices have spent the past two months trading in a range between support at 9.25p and the February high of 12.25p. In our opinion, this activity reflects the formation of a base with potential to support future rally attempts.

In the near-term, we anticipate further consolidation above 9.25p as the downward momentum of the past eight months continues to dissipate. While we cannot yet rule out an extension below 9.25p, the potential for a break above 12.25p is improving. A sustained move above here would signal improving investor

sentiment, triggering further gains.

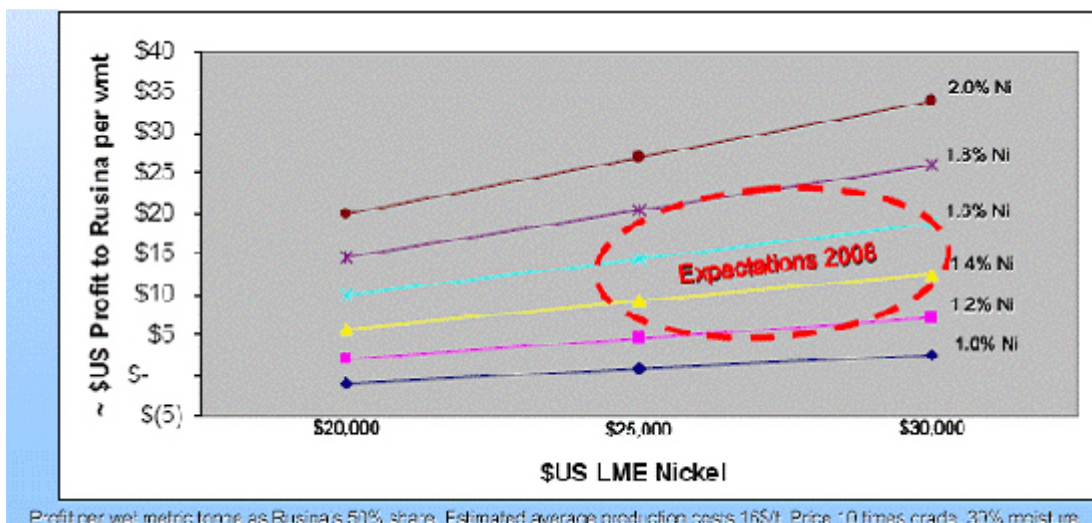
The company has announced that a second cargo comprising 54,170 wet metric tonnes (wmt) of 1.2% nickel laterite ore has been loaded in The Philippines and is on its way to China, as part of the company's recently commissioned laterite ore shipment project.



The shipment follows that announced recently of the first export shipment, which comprised 53,880 wmt of 1.4% nickel laterite ore.

Project joint venture partner, DMCI have advised Rusina that a further contract for 50,000 wmt (+/-10%) of 1.7% nickel ore has been signed and a loading window of March 24-28 has been nominated. Regular shipments will continue.

The benefit of the joint venture having sheltered port facilities that allow loading year round is apparent, with high seas and trade winds affecting the ability to ship from other ports within The Philippines on a seasonal basis.



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 current high levels. These shipments have the double benefit of providing the joint venture with short term cash flow, as well as confirming the mine

model, grades and mining costs at the Acoje deposit.

The company has also announced a second major important development, with a new drilling programme set to get underway on its Acoje project area for platinum group metals (PGMs), chromite and nickel sulphides.

The news comes on the heels of a recently announced positive resource re-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 recently 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 a little over 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 initial programme will comprise around ten diamond drill holes for 2,000 metres that will target six high-signature anomalies that were identified during the 2005 Induced Polarity (IP) survey. Furthermore, there are several other targets that have been identified from the digitisation of the old underground drill data.

The PGM, chromite and nickel sulphide mineralisation are all each geographically separate from the surface nickel laterites, and are excluded from the arrangements with nickel heap leach joint venture partner, European Nickel plc.

The PGMs are hosted within the nickel sulphide mineralisation that occurs within the same dunite host rock as does the chromite mineralisation. Exploration success for mineable PGMs would augment the economics of an underground chromite mine and conversely, the chromite mineralisation could help reduce the economic hurdle of a stand-alone PGM mine.

The current outlook for these commodities is particularly strong, given the power crisis affecting output from South Africa, one of the world's major suppliers of platinum and chromite.

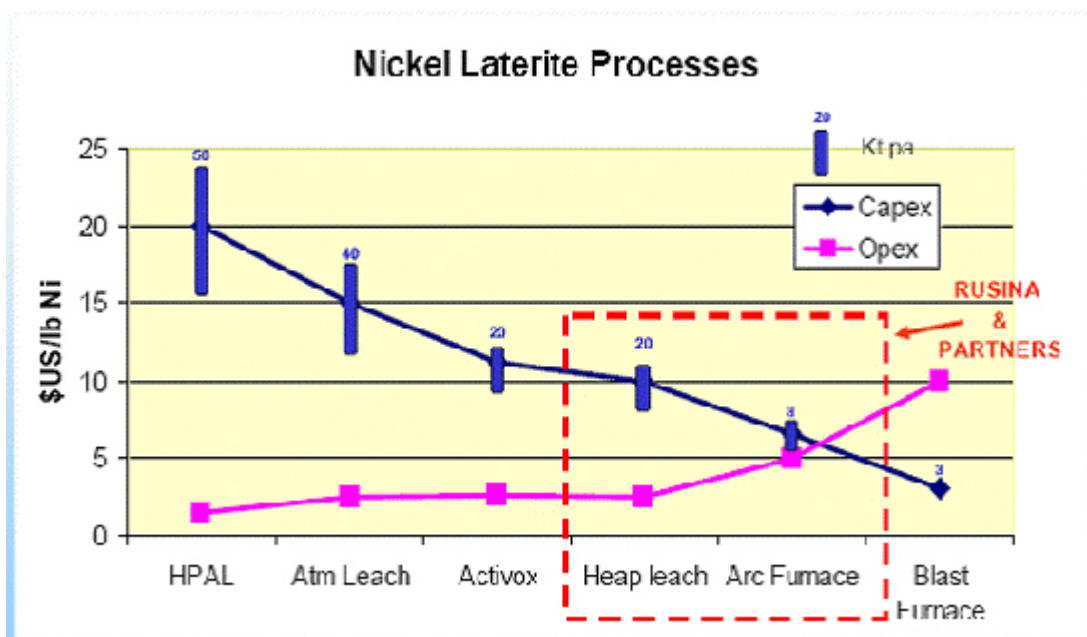


The geology of Acoje has many similarities to the world's major platinum (Pt) and palladium (Pd) producing provinces, comprising a sequence of ultramafic-mafic rocks with nickel sulphide and chromite rich horizons.

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.

Acoje was South East Asia's largest metallurgical chromite mine for more than 50 years, before closing in 1991 due to low chromite prices and a lack of capital to resolve flooding issues. At the time of the closure, the company reported a resource of between 3.6 and 3.7 million tonnes of chromite grading between 17% and 18% Cr₂O₃ remaining underground.

As we recently reported, Rusina has also announced progress 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.



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.

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.

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