



## Joint Press Release

### European Nickel and Rusina Mining to Merge

#### ***Consolidating Assets in the Philippines and becoming a Significant Nickel Development Company***

2 February 2010 – Perth and London: European Nickel PLC (“European Nickel” or the “Company”) (AIM, PLUS: ENK) and Rusina Mining NL (“Rusina”) (AIM: RMLA, ASX: RML) are pleased to announce that they have signed a Merger Implementation Agreement (“MIA”) whereby European Nickel proposes to acquire the entire issued share capital of Rusina by way of a Scheme of Arrangement (the “Scheme”) under the Australian Corporations Act.

#### **Transaction Summary**

- In consideration for the transaction, Rusina shareholders will be offered four European Nickel new ordinary shares (“New Shares”) for every five Rusina ordinary shares they own (the “Exchange Ratio”). The Scheme is subject to Australian court approval and approval by Rusina’s shareholders.
- The Exchange Ratio represents a 15.5% premium to Rusina’s last 10 day’s ASX Volume Weighted Average Share Price (“VWAP”) of A\$0.0933 per share (£0.05159 per share) and values Rusina at approximately £18.1 million (A\$32.7 million) based on European Nickel’s last 10 days VWAP of £0.0745 per share (the “Initial Offer”). Based on the last 30 days VWAP for each company the premium is 27%.
- The ultimate value of the offer is capped at £27.1 million (the “Value Cap”), a 50% premium to the Initial Offer. If an adjustment is made as a result of the Value Cap, the offer would represent a 73.3% premium to Rusina’s 10 day VWAP prior to the date of the MIA. A description of the Value Cap is shown below.
- Holders of Rusina share options will be offered New Shares in consideration for the cancellation of their Rusina options, based on the calculated value of each series of options. In total 6,425,329 New Shares will be offered to optionholders.
- The Rusina directors unanimously recommend that Rusina shareholders vote in favour of the proposed Scheme, and each director intends to vote all of the Rusina shares they own or control at the date of the Scheme meeting in favour of the Scheme, in the absence of a superior proposal.
- Upon completion of the Scheme and the Placing, and under the terms of the Initial Offer, current Rusina shareholders will own approximately 27.3% of the merged company.
- European Nickel plans to establish an Australian listing of its shares through ASX-listed CHESS Depositary Interests (CDIs) such that Rusina shareholders can trade the New Shares they receive on the ASX.
- On completion of the Scheme certain changes will be made to the composition of the Board, including the appointment of a new Managing Director, which are detailed below.
- In a related transaction, European Nickel has also announced today that it has placed 172.4 million new ordinary shares (the “Placing Shares”) at 7.0 pence each (the

“Placing Price”) to raise gross proceeds of approximately US\$19.4 million (£12.1 million) (the “Placing”) and an estimated additional 1.25 million new ordinary shares (the “Endeavour Shares”) in lieu of interest on the loan provided by Endeavour Financial Corporation.

### Benefits of the Merger

The merger will create a larger, stronger company that will be better able to finance its development projects and grow into a mid-tier nickel producer. The merger is considered by the Boards of Rusina and European Nickel to be a logical outcome of the joint venture between European Nickel and Rusina at the Acoje nickel project in the Philippines and consolidates the ownership structure of the project ahead of critical development and financing decisions.

- Improved access to development capital through enlarged balance sheet, increased share liquidity and ASX listing.
- Strengthened management team – a management team with a track record of success in international project development and the organisational depth to develop two projects in quick succession.
- Creates a significant nickel development company with a substantial JORC resource base of 1.35 million tonnes of contained nickel and a medium term nickel production target of 50,000 tonnes per annum.
- Geographical and project diversification across Turkey, the Philippines and Albania.
- Ability to pursue further growth opportunities.
- Enables savings in corporate overheads and cost savings from the rationalisation of the Acoje joint venture into a simpler corporate and operational structure.

European Nickel currently has a 20% interest in the Acoje project, with a right to earn up to 40%, while Rusina currently has a 72% interest in the project. A Definitive Feasibility Study is due to be completed in 2011. Acoje is European Nickel’s next planned heap leach project for commercialisation, after the Çaldağ project in Turkey.

European Nickel currently owns 8,836,430 Rusina shares, representing 2.9% of the issued capital of Rusina.

### The Combined Group

Upon implementation of the merger, the combined group will have a total attributable resource base of 1.35 million tonnes of contained nickel, forecast production of 45,000 tonnes per annum from its two projects, Çaldağ and Acoje, and a strengthened management team.

<b>Combined Group Projects</b>	<b>Çaldağ</b>	<b>Acoje</b>	<b>Combined</b>
Annual nickel production (tonnes)	20,400	24,500	44,900
Total project capital cost (US\$m)	428	498	926
NPV <sub>10</sub> (US\$m) – US\$6/lb Ni price	207 <sup>1</sup>	375 <sup>2</sup>	582
NPV <sub>10</sub> (US\$m) – US\$7/lb Ni price	379 <sup>1</sup>	586 <sup>2</sup>	965
Free annual cashflow (US\$m) - US\$6/lb Ni price	51	108	159
Project IRR – US\$6/lb Ni price	20.5%	28.3%	
Project IRR – US\$7/lb Ni price	28.4%	37.2%	

Notes: 1. Geared  
2. Ungeared

The combined market capitalisation of the two companies, based on the value of Rusina under the Initial Offer and yesterday's closing price of European Nickel, is £62.5 million.

On completion of the Scheme Rusina's CEO, Robert Gregory, and Rusina's CFO, Mark Hanlon, will join the European Nickel board as Managing Director and Finance Director respectively. Simon Purkiss will become Executive Deputy Chairman, David Whitehead will continue as Chairman and Paul Lush will continue as a Non-Executive Director. A further Non-Executive Director will be nominated on completion of the Scheme and the appointment of all of the new directors will be subject to approval by the Board and the Company's nominated adviser. Provided that all proposed appointments are made, the remainder of the Company's Board will step down with effect from completion.

Commenting on the merger, Simon Purkiss, Managing Director of European Nickel, said:

*"Merging with Rusina is a natural step as we seek to grow into a mid-tier nickel producer. Acoje will be our next development project after Çaldağ and simplifying the corporate structure, along with bolstering our management team ahead of critical development and financing decisions is logical.*

*I am also delighted that Rob Gregory has agreed to join the Board of European Nickel. He has excellent operational experience and will be invaluable in bringing Çaldağ and Acoje into production."*

Robert Gregory, Managing Director of Rusina, said:

*"This transaction delivers considerable value to Rusina shareholders as they can now be part of a larger, geographically diversified nickel company with a project at construction stage in Turkey and a pipeline of development projects in the Philippines and Albania."*

### **Merger Implementation Agreement ("MIA")**

Rusina has entered into a binding MIA with European Nickel under which Rusina has agreed to propose the Scheme to its shareholders pursuant to which all of Rusina's shares will be acquired by European Nickel. A summary of the MIA is attached to this announcement.

The merger is subject to the completion of confirmatory due diligence by European Nickel and Rusina prior to 3 March 2010.

The merger is also subject to satisfaction of a number of customary conditions precedent, including the receipt of required regulatory and Australian court approvals, as well as the approval of Rusina shareholders.

The MIA contains certain customary terms usual for a transaction of this nature, including non-solicitation and no talk provisions and a mutual break fee of US\$250,000 payable in certain circumstances detailed in summary of the MIA attached below.

As noted above, consideration for the transaction will be European Nickel shares, with Rusina shareholders offered four European Nickel shares for every five Rusina shares they own (the "Exchange Ratio"). The Exchange Ratio values Rusina at approximately £18.1 million (A\$32.7 million) based on European Nickel's 10 day VWAP prior to the date of the MIA (the "Initial Offer").

Under the terms of the MIA the ultimate value of the offer is capped at £27.1 million (the "Value Cap"), a 50% premium to the Initial Offer. The determination of whether an adjustment will be made to the Initial Offer will be made 12 business days prior to the Rusina shareholder meeting to approve the Scheme ("Cap Valuation Date"). If at this date, the value of the offer based on European Nickel's 10 day VWAP prior to the Cap Valuation Date, is greater than the Value Cap then the Exchange Ratio will be adjusted to equal the Value Cap. The Value Cap will be reached if, at the Cap Valuation Date the European Nickel 10 day VWAP prior to the Cap Valuation Date is greater than 11.175 pence, assuming no new Rusina ordinary shares are issued before that date.

The Value Cap mechanism has been included on the basis that the European Nickel share price could appreciate strongly, prior to completion of the merger, as a result of a number of initiatives that are currently underway.

In a related transaction, European Nickel has placed 172.4 million new ordinary shares at 7.0 pence each to raise gross proceeds of approximately US\$19.4 million (£12.1 million) and an estimated additional 1.25 million new ordinary shares in lieu of interest on the loan provided by Endeavour Financial Corporation. The Placing Shares have been placed in two tranches. The First Tranche Placing Shares have been placed firm on the basis of not exceeding the Company's current authorised share capital. The remaining Second Tranche Placing Shares, have also been placed firm but are conditional, inter alia, on the passing of a shareholder resolutions to authorise the allotment of the shares and the completion of the Scheme

The funds from the First Tranche Placing Shares will be used to repay the Endeavour bridging loan, to meet expenditure commitments at Çaldağ and Acoje and for general working capital purposes. The proceeds from the Second Tranche Placing Shares will be used to meet ongoing expenditure commitments for Çaldağ, progress the Acoje DFS and for general working capital purposes.

### **Next Steps**

It is expected that a meeting of Rusina shareholders will be held in early May 2010 to vote on the proposed Scheme. Rusina shareholders will receive a Scheme Booklet and notice of meeting in March 2010. The Scheme Booklet will contain full details of the proposed transaction and will include an independent expert's report for the benefit of Rusina shareholders. The transaction is expected to be completed by late May 2010.

**For more information**, please visit [www.enickel.co.uk](http://www.enickel.co.uk) or [www.rusina.com.au](http://www.rusina.com.au) or contact:

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**Notes to Editors:****About European Nickel**

European Nickel (AIM, PLUS: ENK) is an emerging mid-tier nickel laterite producer focused on growth. With 869,000 tonnes of attributable JORC nickel resources and assets in Turkey, the Philippines and Albania, European Nickel is targeting 50,000 tonnes of annual nickel production within five years. The Çaldağ project in Turkey is the Company's flagship asset with near-term production and will be the world's first commercial scale nickel laterite heap leach operation.

**About Rusina Mining**

Rusina Mining (ASX: RML, AIM: RMLA) is a Philippine focused mineral exploration and development company. It has an experienced management team that is highly knowledgeable on the "soft" issues of mining and has significant partnering expertise. The Company is developing the Acoje nickel laterite project with joint venture partner European Nickel PLC, which is expected to complete a Definitive Feasibility Study in 2011. With an attributable JORC resource of 495,000 tonnes of contained nickel and a diversified exploration portfolio across nickel, chromite, platinum and copper/gold the Company is focused on bringing its projects into production as quickly as possible.

## **APPENDIX A            Merger Implementation Agreement Summary**

This appendix is a summary only of the key terms to the Merger Implementation Agreement signed by Rusina and European Nickel. The complete Merger Implementation Agreement will be provided to Rusina Shareholders as part of the Scheme Booklet. It is expected that the Scheme Booklet will be despatched to Rusina Shareholders in April 2010.

### **Key Conditions**

Implementation of the Scheme is subject to a number of conditions precedent, including:

- the Rusina Board does not change or withdraw its recommendation to vote in favour of the Scheme and all resolutions (if any) incidental to the Scheme;
- each of Rusina and European Nickel conducting due diligence investigations on the other that do not reveal any information which, in the reasonable opinion of the respective boards amounts to a material adverse matter or change;
- all Rusina Options are exercised or agreed to be acquired or cancelled and Rusina obtains all necessary waivers from ASX which Rusina and European Nickel agree are necessary or desirable to acquire or cancel the Rusina Options no later than 5 business days prior to the Scheme Meeting;
- Rusina Shareholders approving the Scheme;
- European Nickel shareholder approval (if any) for the purpose of the Scheme and any corporate activity or financing permitted under the Merger Implementation Agreement;
- Court approval of the Scheme;
- the Independent Expert concluding that the Scheme is in the best interests of Rusina Shareholders;
- approvals (if any) from applicable regulatory bodies being granted;
- ASX issues or provides such consents or approval required for the admission of European Nickel to the official list of ASX and the approval for official quotation of CDI's in respect of the European Nickel Shares to be issued as consideration to Scheme Participants;
- the European Nickel Shares to be issued as consideration to Scheme Participants are approved for admission for trading on AIM;
- no takeover proposal is announced or made (other than as contemplated by the Merger Implementation Agreement) involving Rusina or European Nickel or any of its subsidiaries, nor is any proposal which could result in a person who does not already have voting power of 50% in Rusina or European Nickel (as the context requires), having voting power of more than 50% of Rusina or European Nickel (as the context requires);
- no prescribed occurrences (such as insolvency, disposal of assets, reducing share capital etc) occurring in relation to Rusina or European Nickel;
- no material adverse effect occurring in respect of Rusina and European Nickel;
- all third party consents are granted or obtained in respect of implementation of the Scheme;
- the Scheme becoming effective before 2 August 2010 (unless extended in accordance with the terms of the Merger Implementation Agreement).

### **Exclusivity**

Rusina has agreed not to solicit or invite a proposal or competing transaction, enter into discussions regarding a proposal or competing transaction with a third party or provide any information to a third party regarding a competing proposal. These restrictions do not apply to the extent that they restrict Rusina from taking or refusing to take any action with respect to a bona fide proposal in relation to a competing proposal in circumstances would result in Rusina's directors breaching their fiduciary or statutory duties.

### **Right to Match Third Party Proposal**

If Rusina receives a takeover proposal from a third party, Rusina must notify European Nickel and not take any action regarding the competing proposal until European Nickel has

had 5 business day following notification (and 2 business days of its intention to enter into the competing proposal) to make a counterproposal. Rusina must then review any counterproposal from European Nickel and determine whether it provides an equivalent or superior outcome for Rusina shareholders than the competing proposal. If the Rusina Board determines that the counterproposal is equivalent or superior, it must then take steps to implement such counterproposal.

### **Reimbursement of costs**

Rusina must pay European Nickel US\$250,000 as compensation for costs and expenses incurred by European Nickel in relation to the Scheme and the performance of its obligations under the Merger Implementation Agreement in the event that:

- a Rusina prescribed occurrence or takeover proposal occurs as a result of which the Expert is no longer able to conclude that the Scheme is in the best interests of Scheme Participants;
- any of the Rusina directors fail to recommend the Scheme or withdraw, revise, revoke or qualify a recommendation previously made;
- any of the Rusina directors do not exercise any votes attached to any Rusina Share which he or she holds or controls in favour of the Scheme at the Scheme Meeting;
- the Scheme does not proceed because Rusina Shareholders do not approve the Scheme other than in circumstances where the Independent Expert has concluded that the Scheme is not in the best interests of Rusina Shareholders;
- Rusina is in breach of its exclusivity obligations;
- the Court fails to approve the Scheme for which Rusina Shareholder Approval has been obtained as a result of material non-compliance by Rusina of its obligations under the Merger Implementation Agreement; or
- the Scheme has not become effective before 2 August 2010 (or as otherwise extended in accordance with the terms of the Merger Implementation Agreement) because of a material breach by Rusina of its obligations.

European Nickel must pay Rusina US\$250,000 as compensation for costs and expenses incurred by Rusina in relation to the Scheme and the performance of its obligations under the Merger Implementation Agreement if there is a European Nickel prescribed occurrence or takeover proposal and, as a result of such transaction, the Independent Expert concludes that the Scheme is not in the best interests of Rusina shareholders, or, the Scheme has not become effective before 2 August 2010 (or as otherwise extended in accordance with the terms of the Merger Implementation Agreement) because of a material breach by European Nickel of its obligations.

### **Termination**

Either party may terminate the Merger Implementation Agreement if a condition precedent cannot be satisfied or is not satisfied before the relevant date, the Scheme has not become effective by 2 August 2010 (unless otherwise extended in accordance with the terms of the Merger Implementation Agreement) or if a party does not remedy a material breach of the Merger Implementation Agreement after receiving notice from the other party to do so.

Each party has a right to terminate if a material adverse change or prescribed occurrence occurs in respect of the other party. European Nickel may also terminate the Merger Implementation Agreement if the Rusina Board withdraws or adversely modifies its recommendation of the Scheme, or makes a public statement that it no longer supports the Scheme, or in the event that a Rusina takeover proposal occurs.

**APPENDIX B****Example of the Value Cap mechanism**

	Current	10-day VWAP	30-day VWAP	50% EN share premium	75% EN share premium
ENK share price	7.05p	7.45p	8.29p	11.18p	13.04
Premium on ENK current price	0%	6%	18%	50%	75%
Value of offer	£17.1m	£18.1m	£20.1m	£27.1m	£27.1m
ENK:RML exchange ratio	4:5	4:5	4:5	4:5	4:5.83
Premium to current RML share price	10.9%	15.5%	27.0%	73.3%	73.3%