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Operational Update for the Second Quarter Q2 (Ending 30th June, 2010)

Shalina Resources, the independent and private Copper & Cobalt producer with assets in Katanga Province in the Democratic Republic of Congo ('DRC'), is pleased to announce an operational update from the Company's operations which include the Etoile Mine and the Usoke processing plant in the DRC operated by its DRC subsidiary, Chemaf

HIGHLIGHTS:

- Produced 463,600 tonnes of ore from the Etoile Mine at 3.1% Cu ('Copper') and 0.8% Co ('Cobalt').
- 101,364 tonnes of ore fed into the HMS 1 plant producing 14,830 tonnes of concentrate with Cu contained at approximately 3.47% and Co contained at approximately 0.64%.
- SXEW ('Solvent Extraction Electro winning') plant produced 3550 tonnes Cu Cathode and 650 tonnes Co contained in the form of carbonate.
- SXEW feed from Etoile mine, at 80,373 tonnes, represented 73% of overall feed with 21,590 tonnes, 27%, purchased from third parties.
- At Etoile, the construction of HMS 2 is progressing as expected with commissioning scheduled for August 2010.
- Strong exploration progress made with 4542m drilled for the Kolwezi blocks to expand and further define the resource base in the Kolwezi area.

PRODUCTION TABLE FOR THE SECOND QUARTER

	April 2010	May 2010	June 2010
ETOILE MINE			
ORE MINED	183,138t	128,007t	152,455t
AVERAGE CU GRADE	3.39%	2.85%	2.89%
AVERAGE CO GRADE	0.82%	0.77%	0.71%
HMS PLANT			
CONCENTRATE	5,532t	4,442t	4,856t
CU CONCENTRATE GRADE	7.20%	8.99%	8.41%
CO CONCENTRATE GRADE	0.84%	1.12%	1.08%
SXEW PLANT			
CU CATHODE	1,137t	1,257t	1,156t
CO IN THE FORM OF CARBONATE	235	218	197

MINING OPERATIONS

In Mid 2009 CHEMAF outsourced most of the mining at Etoile to contractor MCK who have considerable expertise in this field with an excellent track record and a large fleet of mining equipment. Their performance is monitored by our mining team. The mining operations are performed based on the monthly and yearly mining plan. The Stripping ratio for the first half of 2010 Ore to Waste was 1: 6.51 Stripping ratio for this second quarter of 2010 Ore to waste was 1:7.03. During the quarter a total of 463,600t of ore was mined at an average grade of 3.1% Cu and 0.8% Co.

We have a stockpile of feed for the plant now of approximately 2 million tonnes and are currently concentrating on removing sterile material from Etoile mine to improve the mine economics over the life of the mine.

BENEFICIATION

HMS 1 plant

The HMS 1 processing plant at Etoile mine is comprised of crushers, scrubber, screens and standard DMS modules, providing a standard three phase concentration platform. Feed to the HMS 1 plant comprised of Run of Mine (ROM) material from the Etoile Mine. A total of 101,364 tonnes was fed to the plant at an average grade of 3.47 % Cu and 0.64 % Co. The plant produced 14,830 tonnes of concentrate in this second quarter with average grade of 7.92% Cu and 1% Co.

Leaching/ SXEW Plant

The Company's SXEW plant, located at Usoke in Lubumbashi, approximately 10km from the Etoile mine processed primarily concentrate from the HMS 1 plant and ROM ore from Etoile, amounting to 80,373 tonnes of ore treated. Only 21,590 tonnes equalling 27% of ore treated was purchased from third parties. The plant has an annual capacity of 25,000 tonnes of Cu Cathode and 3,000 tonnes Co Carbonate. During the period the plant produced 3,550 tonnes of Cu Cathode and 650 tonnes of Co Carbonate. The recovery level for Cu is at 85% and for Co is at 69%

Production at the Usoke leaching and SXEW plant has shown growth of 43% in Cu and growth of 3% in Co compared to the corresponding year to June 2009. Recoveries maintained at 86% in Cu and 72% in Co.

Development Projects

During the Quarter, the Company made strong head way with a number of core development projects. Shalina Resources is focussed on increasing capacity at its Usoke plant in Lubumbashi as well as developing capacity to produce Cobalt Cathode going forward. Significant progress has also been made at the Company's HMS 2 plant, which is expected to produce 1000tpd of concentrate containing copper and cobalt with grades of 10% and 1% respectively. This will be used to supply the Company's Usoke plant providing sufficient capacity to produce 30,000tpa of copper cathode and 3,500tpa of cobalt carbonate, annually. The HMS 2 plant is expected to be commissioned in the third quarter of 2010. Additionally The Company is focused on increasing its production of Cu/ Co products by identifying ways to remove various bottlenecks within the Usoke leaching plant.

Exploration

In total, 4542m of drilling was completed during the quarter over the Company's Makala concession, a key exploration project for the Company, located in the Kolwezi area. Of this, 1377.60m was completed on the R4 block, over 12 closed and 4 progressive drill holes. The Company also entered into a contract with AMC, who have been engaged to complete a scoping study on the R4 block, which is expected to be available in mid-August. A step out programme at R4 has been planned and is expected to commence in March 2011. A total of 966 m was drilled at the Company's Masela block on the Makala licence, over 10 Reverse Circulation holes and 3 diamond drill holes. The drill programme at Masela was designed to test the eastern continuity of R4 dolomite, which has been proven. Going forward a resource definition drill programme is expected to be commenced in March 2011. Further to this, the Mupanja block, located on the eastern end of the Makala licence, has undergone topographic surveys, the results of which have been used to guide an initial four hole test drill programme, which is expected to commence on 29th Nov 2010.

ENQUIRIES:

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