



# RMC

Resource Mining Corporation Limited



## REVISED MARCH QUARTERLY REPORT

For the period ended 31<sup>ST</sup> March 2014

- Positive moves in nickel price following Indonesian policy to ban nickel ore exports
- Increasing international interest in laterite ore supplies
- Actively engaging with East Asian nickel producers that have been directly impacted by enforcement of the Indonesian export ban
- Initial Infrastructure investigation for future Wowo Gap development
- EL1165 Warden's Court Hearing concluded
- Preliminary results from EL1980 scout drilling

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Projects:  
Wowo Gap: Nickel-Cobalt  
St Patricks: Copper-Zinc-Silver-Gold  
Blackstone Range – Nickel-Copper

Resource Mining Corporation Limited ("RMC") is a Perth-based specialist mineral exploration company aiming to create wealth from mineral commodities using innovative technical, marketing and financial skills as it explores for economic metal deposits in Papua New Guinea ("PNG") and Australia.

# QUARTERLY REPORT

## CORPORATE

### Positive Moves in Nickel Price

On 12th January 2014, the Indonesian Government's ban on mineral exports took effect. Nickel laterite ore prices have since risen significantly as has the price of primary nickel metal.

Market commentators are beginning to become more optimistic regarding the medium to longer term future for nickel prices. In presenting its 2013 annual results to shareholders on March 4 this year, Glenore Xstrata, one of the leading global nickel producers, noted that:

*"Indonesia's ore export ban and the likelihood of enforcement have potentially transformed nickel's outlook:*

*• Continued export ban post presidential elections will balance the market in 2014 followed by significant deficit in 2015."*

China, the world's largest importer of nickel laterite ore is beginning to seriously investigate alternative sources of supply.

Reuters reported that China's nickel pig iron producers are likely to cut output as prices for their laterite ore imports have increased 100% since February 2014.

The reason quoted for this price spike was the Indonesian mined export ban. Prices on a delivered basis to China of laterite ore with 1.8% Ni content reached US\$90/tonne late March compared to US\$50/tonne in late February. (The price has continued to rise approaching US\$100/tonne in April).

Apart from Indonesia, the Philippines are the largest supplier and whilst geographically closer to China than Indonesia, the country has had weather events which have delayed deliveries to China.

### Nickel Pig Iron

Nickel laterite ore is used in the Nickel Pig Iron industry with nickel pig iron providing basic raw materials for the production of stainless steel.

Since the Indonesian export ban was mooted, traders and end-users have stockpiled nickel laterite ore in China. According to UMetal.com, China's nickel laterite stocks fell from 17.88 million tonnes in January to 15.74 million tonnes late March. The fall is continuing.

With import costs rising (both nickel laterite ores and primary nickel), China's stainless steel sector is under pressure.

Mr Wang Lixin an analyst at UMetal.com commented that China's stainless steel production capacity, including nickel pig iron based operations, was well in excess of demand. Rationalisation of the industry is seen as a logical outcome.

In the recent report on the Nickel industry, Roskill's senior economic analyst, Thomas Höhne-Sparborth, speculated that the Indonesian minerals export ban had cut the Chinese nickel pig iron's major source of raw material supply. He suggested that China based laterite ore stocks were sufficient for 6 to 8 months production.

However, Roskill's report also indicated that the grade of alternative supply sources (Philippines and possibly New Caledonia) were significantly lower than the Indonesian material. The long term challenge for Chinese Nickel Pig Iron producers is not only alternative supply sources but also supply of high grade ore.

### International Interest in Laterite Nickel Ore Sources

With the cessation of laterite ore supplies from Indonesia, Chinese and Japanese end users have begun to seek alternative supply sources. China's demand is for raw materials for Nickel Pig Iron production whilst Japanese consumers seek high grade saprolite for the production of ferro nickel. In 2013, China imported 70 Mt of laterite ore, 40Mt from Indonesia

and 30Mt from the Philippines. Market reports suggest that Philippine exports to China will reach 40Mt in 2014 but weather and other issues have delayed exports which are running around the same level as 2013.

PNG offers a potential solution to the supply availability issue, a matter that will be further emphasised as laterite nickel prices either continue to rise or remain stable at the current high levels.

RMC is uniquely well positioned to take advantage of this significant recent positive development in the nickel ore market dynamics through its 100% ownership of the Wowo Gap project in PNG and is actively engaging with East Asian nickel producers who have been directly impacted by enforcement of the Indonesian export ban.

## **PAPUA NEW GUINEA**

### **WOWO GAP PROJECT EL1165, EL1979 and EL1980**

#### **Infrastructure Investigation**

A key infrastructure requirement for the future development of Wowo Gap will be a road to the coast. During the March Quarter, preliminary activity was undertaken including the dispatch of an advisory team to meet villagers and landowners along possible road routes.

Providing advance warning to people likely to be affected by any activity is important in maintaining good working relations with these people. In addition having support and local knowledge of ground conditions, creeks, rivers etc. can greatly assist future engineering activity.

The awareness campaign and preliminary scouting has been completed and will be supported in late April by a larger team which will map and survey possible routes including intensive GPS identification, ridge line, river gravel occurrences, creek and river crossings, etc. Identification of the customary landowners and leaders will also be made for early discussions of land boundaries etc.

This work is viewed as important to proceed and future development.

#### **EL 1165 Warden's Court Hearing**

Tenement EL1165's 2 year term expired on 28 February 2014. RMC, through its subsidiary, Niugini Nickel, has applied for renewal of the tenement. The tenement remains in force whilst the renewal process continues.

An essential part of the renewal process is the conduct of a Warden's Court Hearing at the villages adjacent to the tenement, Embessa and Obea.

At these hearings, the village residents and landowner representatives have an opportunity to question the Warden (an employee of the MRA) and RMC representatives as to the exploration and other activity undertaken on the tenement.

The hearings also provide a unique opportunity for RMC's to address large numbers of people to discuss the nature of the nickel market and to outline future potential exploration and development opportunities.

Many local issues are also discussed including: health, education, current and future employment and business opportunities.

At the end of the hearing the landowner representatives provide the Warden with advice as to support or otherwise for RMC's continued holding of EL1165.

Positive and supporting feedback was received from both Embessa and Obea with all local matters raised addressed.

Once the Warden has completed his report, this will be submitted to the MRA for endorsement and passed to the MAC (Mining Advisory Committee) for review and further recommendation to the Mines Minister for approval. The renewal process takes approximately nine months from assessing date.

## EL1980 Scout Drilling Program

An eight hole drilling program was conducted across the main ridge line on EL1980 that was expected to host the extension of the ultramafic unit hosting the laterite mineralisation on EL1165. Four of the eight holes intersected Ni mineralisation associated with ultramafic lithologies. The other four holes intersected mafic geology, which is generally not prospective for laterite Ni mineralisation. Table 1 shows the significant Ni assays above 0.5% Ni.

Table 1: Significant Ni Assays

Hole_id	AMG_East	AMG_North	RL	Depth_from	Width	Ni %	Co %
DRDH001	707912	8946392	1321	2	4.4	0.88	0.16
DRDH002	707366	8946381	1360	10	2	0.75	0.01
DRDH003	706888	8946352	1322	0	2	0.83	0.02
DRDH004	706335	8946666	1251	4	8.3	0.65	0.06
DRDH005	705885	8946723	1193			NSA	
DRDH006	704958	8946924	1093			NSA	
DRDH007	703849	8947222	1103			NSA	
DRDH008	702908	8947120	1155			NSA	

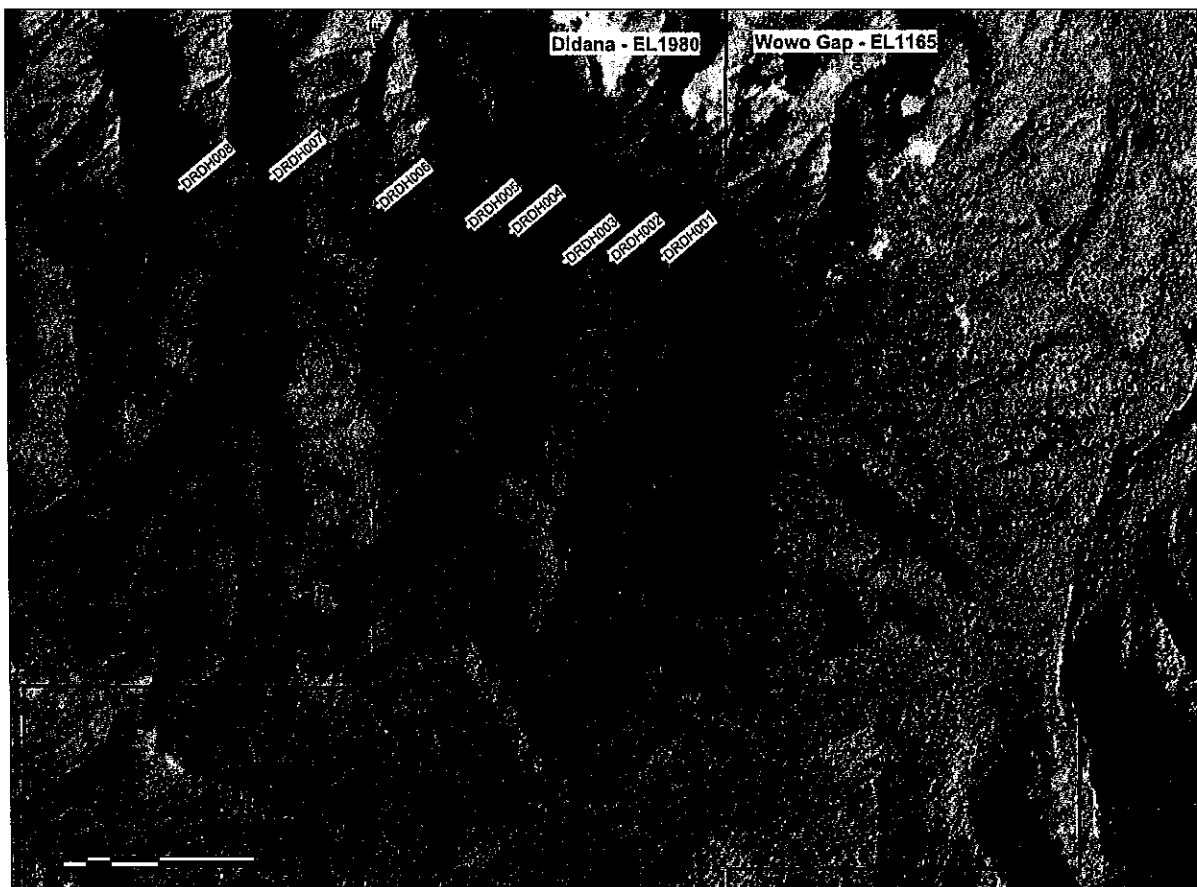


Figure 1: Location of Drill Holes on EL1980.

Follow up drilling has been planned across the small ridge line to the north of DRDH001 to 005.

No exploration activity was undertaken on tenement EL1979 during this quarter.

## WESTERN AUSTRALIAN PROJECTS

### **St Patrick's Project: EL 37/1064, EL 37/1078, EL 37/1091, EL 37/110 and EL 37/1118**

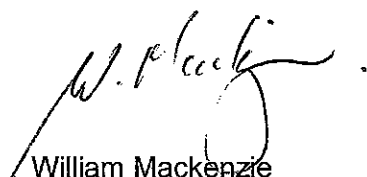
Following the disappointing results from the drilling in 2013, where the holes failed to intersect greenstone rocks that were interpreted to be lying beneath the thin veneer of surficial granites, a thorough review of the magnetic data, drill hole geology and geochemistry has been undertaken to assess whether any further potential remained within the tenements. The results of the review were disappointing and no further potential was identified. As a consequence, RMC has decided to relinquish the tenements.

### **Blackstone Range Project: EL 69/2108 and EL 69/2109.**

JV with Redstone Resources Limited, (ASX-RDS). Redstone Resources earned a 90% interest in this project whilst RMC has a 10%, non-contributory free carried interest.

No exploration activity was undertaken on tenements EL69/2108 and EL69/2109 during this quarter.

On 27<sup>th</sup> March 2014 a letter was received from Redstone Resources Limited advising of the withdrawal from the Farm-in agreement by Westmin Exploration Pty Ltd.



William Mackenzie  
Chairman

Dated this 29<sup>th</sup> day of April 2014

The information in this report that relates to Exploration Results, Mineral Resources is based on information compiled by Mark Hill, who is a member of the Australian Institute of Geologists. Mark Hill has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mark Hill consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**TENEMENTS:** Please see attached for details of all tenements held as at 31<sup>st</sup> March 2014.

**SCHEDULE OF TENEMENTS AS AT 31<sup>ST</sup> MARCH 2014**

<b>Tenement</b>	<b>Tenement No.</b>	<b>RMC Interest</b>	<b>Joint Venture Details</b>
<b>PAPUA NEW GUINEA</b>			
Wowo Gap	EL1165	100%	
Adau River	EL1979	100%	
Didiana	EL1980	100%	
<b>WESTERN AUSTRALIA</b>			
Pickaway Well	E37/1064	100%	
North Pickaway Well	E37/1078	100%	
Tarmoola	E37/1091	100%	
Skeleton Well	E37/1110	100%	
Charlie Chicks	E37/1118	100%	
	E69/2108	10% non-contributing free carried interest	90% interest Redstone Resources Limited (ASX:RDS).
	E69/2109	10% non-contributing free carried interest	90% interest Redstone Resources Limited (ASX:RDS).

## Section 1 Sampling Techniques and Data

Criteria	Explanation
Sampling Techniques	The mineralisation is sampled from NQTT core. Whole core was halved, and 2 metre composite samples being collected in a pre-numbered calico bag. The remaining half core is stored onsite in the core trays. Holes were drilled vertical.
Drilling Techniques	Drilling was conducted using RMC's custom man-portable rotary core rigs which recovers NQTT core.
Drill sample recovery	As the core is recovered from the triple tube (NQTT), core recoveries are typically very good. The recoveries were logged and recorded in the database. Overall recoveries are >90% and there are no significant sample recovery problems.
Logging	Logging of the core records lithology, mineralogy, veining, weathering, colour and other features of the samples. The core from each 0.8 metre core run were placed in a plastic core trays for later reference
Sub-sampling techniques and sample preparation	core samples were collected from half core, where the core was cut in half and 2 metre composites were added to each sample bag, sample size was typically 3 to 5kg. No certified reference materials, or duplicates have been used. Samples were dried and pulverised to produce a sub sample for analysis for Ni, Co, Al <sub>2</sub> O <sub>3</sub> , CaO, Cr <sub>2</sub> O <sub>3</sub> , Fe <sub>2</sub> O <sub>3</sub> , K <sub>2</sub> O, LOI, MgO, MnO, Na <sub>2</sub> O, P <sub>2</sub> O <sub>5</sub> , SiO <sub>2</sub> and LOI by fusion XRF analysis.
Quality of assay data and laboratory tests	The core samples were sent to Intertek in Lae for sample preparation, with the pulps being sent to Intertek Jakarta for fusion XRF analysis for Ni, Co, Al <sub>2</sub> O <sub>3</sub> , CaO, Cr <sub>2</sub> O <sub>3</sub> , Fe <sub>2</sub> O <sub>3</sub> , K <sub>2</sub> O, LOI, MgO, MnO, Na <sub>2</sub> O, P <sub>2</sub> O <sub>5</sub> , SiO <sub>2</sub> and LOI. No geophysical tools were used to determine any element concentrations used in the grade determinations. Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. Certified reference materials were not used in this drilling program, due to the reconnaissance nature of the program.
Verification of sampling and assaying	Logging data was collected using a set of standard paper logging sheets which were entered into an Excel template on the field laptop computer using lookup codes at the end of the day. The information was sent to Mr M Hill in the Perth office for validation and compilation into an Access database.
Location of data points	Hole collars were located by GPS in AMG'84, Zone 55 datum. Expected accuracy is + or - 5 m for easting, northing coordinates. No Downhole surveys were conducted
Data spacing and distribution	The nominal drillhole spacing is between 500 and 1000metres easting along a west trending ridge line. The mineralised domains have not yet demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource and Reserves, and the classifications applied under the 2012 JORC Code
Orientation of data in relation to geological structure	The holes are drilled vertical which is perpendicular to the mineralisation layers within the lateritic deposit.
Sample security	Chain of custody is managed by RMC. Samples were stored on site and delivered to the transport company in Port Moresby which delivered it to the assay laboratory in Lae the following day.
Audits or reviews	No audits or reviews have been conducted at this stage

## Section 2 Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	EL1980 tenement was granted to Niugini Nickel Ltd on 27th September 2012. Niugini Nickel Ltd is a wholly owned subsidiary of Resource Mining Corporation Ltd (RMC), an ASX listed public company. The tenement is in good standing and no known impediments exist.
Exploration done by other parties	Previous exploration activities has largely been restricted to stream sediment geochemical sampling to assess gold and platinoids.
Geology	The tectonite ultramafics crop out at the eastern end of the Didana Range adjacent to and within the western section of the Wowo Gap Project. The Sivai Breccia, co-host of the Wowo Gap mineralisation, flanks the tectonite ultramafic at the eastern end of the Didana Range adjacent the Bereruma Fault. The ultramafic breccia also occurs along the south side of the Didana Range on the Ansuna and Boge Plateaux. The ultramafic breccia and tectonite ultramafic have been interpreted as having formed during the thrusting of the oceanic ultramafic-gabbro-basalt crust onto the Papuan Peninsula. These structurally deformed units dip to the southeast and south parallel to the Bereruma Fault. The laterite has developed over both rock types but appears to be better developed over the more permeable breccia.
Drill hole Information	Refer to the body of text.
Data aggregation methods	All reported assays have been length weighted. No top-cuts have been applied. A nominal 0.5 % Ni lower cutoff is applied. No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	The mineralisation is relatively flat lying, being associated with the lateritic weathering of the underlying of the underlying ultramafic lithologies. The holes are all drilled vertical such that the reported downhole intersections approximate to the true thickness of the lateritic zones.
Diagrams	Refer to Figure 1 in body of text.
Balanced reporting	All results are reported.
Other substantive exploration data	These holes are first pass reconnaissance drill holes following up previous rock chip geochemical results. It is unclear as to the extent of the laterite Ni mineralisation at the early stage of exploration.
Further work	Follow up drilling has been planned across a parallel ridgeline approximately 1km to the north.