



RIMC

Resource Mining Corporation Limited



DECEMBER 2018 QUARTERLY REPORT

For the period ended
31 December 2018

Resource Mining Corporation Limited ("RMC" or "Company")

ABN: 97 008 045 083

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ASX Code: RMI

Contact:

Warwick Davies – *Managing Director*

Project:

Papua New Guinea
Wowo Gap: Nickel-Cobalt

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").

QUARTERLY REPORT

SUMMARY

Corporate Update

The Company continued to focus activities on cost control and the main asset of the Wowo Gap Nickel/Cobalt Project (“The Project”). The key objective continues to be the preservation and maintenance of its interest in the wholly owned Wowo Gap Nickel/Cobalt Project (“the Project”).

The licence period for EL 1165, the Wowo Gap exploration licence, expired on 28 February 2018. (Exploration licences in Papua and New Guinea have a 2-year life). On 17 December 2018, the Company received advice from the Mining Registrar that the Mines Minister had approved the renewal application extending the licence period for EL 1165 by a further 2 years until 28 February 2020. Subsequently, the official licence instrument has been received confirming that there are no special conditions included in the renewal.

The Company’s Annual General Meeting was successfully concluded Thursday 29th November 2018 at 10:30 am (WST) with the meeting unanimously approving the four resolutions put to shareholders.

Financial

Funding for the Company’s ongoing operations continues to be provided from RMC’s largest shareholder, Sinom (Hong Kong) Limited. Funds are being provided interest free and are not repayable before 31 December 2019.

Operational Activities

General care and maintenance activities continued on site along with specific activities relating to recent storm events. Whilst some damage has been incurred to the camp buildings, this has been repaired. However, there has been a high incidence of fallen trees blocking and restricting access to local villages as well as across the tenement. A program for recording, clearing and removal, especially of mature trees has been implemented. This program will take several weeks and will include geological access tracks.

As previously reported, considerable off-site activity was spent on understanding the battery minerals business and the roles nickel and cobalt play in the various lithium ion battery types. In addition, activity has been spent in seeking to understand the relationships of current and long-term nickel and cobalt pricing in the growing lithium ion and alternate battery business.

At an LME conference in London in October, Wood Mackenzie is reported (Stockhead 18 October 2018) to have forecast that nickel price is anticipated to recover in 2019 with a long-term price goal of USD25,000/ton. Consistent with this prediction is the pattern of nickel price over the past 5 years as shown in **Table 1** below. The general resilience of the price since October 2017 is clearly demonstrated.

The level of the nickel price needs to be viewed in conjunction with the levels of physical metal stocks held in LME warehouses. **Table 2, 5 Year LME Nickel Warehouse Stock Level** outlines the continued decline in physical stock levels, particularly since October 2017 when the nickel metal price demonstrated strength.

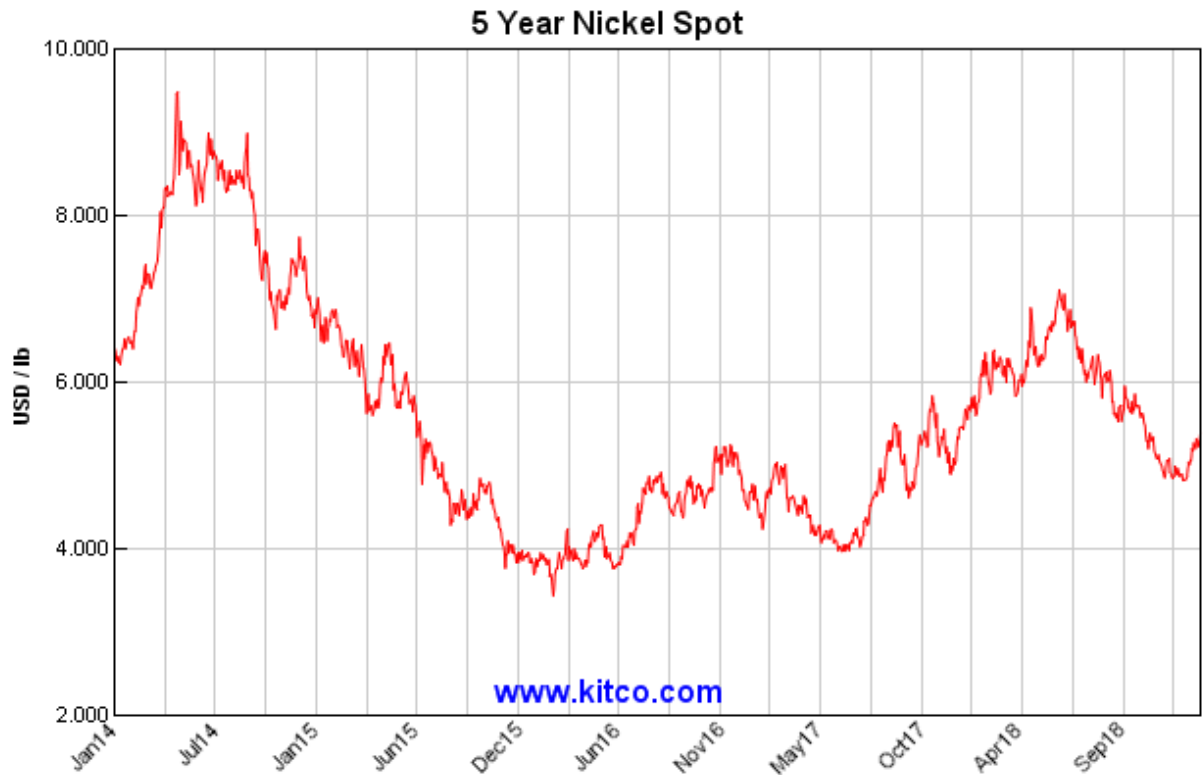


Table 1: 5 Year Nickel Spot Price

As reported in Stockhead's 18 October 2018 report, Wood Mackenzie suggested that demand for nickel in 2019 from both the traditional stainless steel market and the emerging battery market will see a continued decline in stock levels during the year.

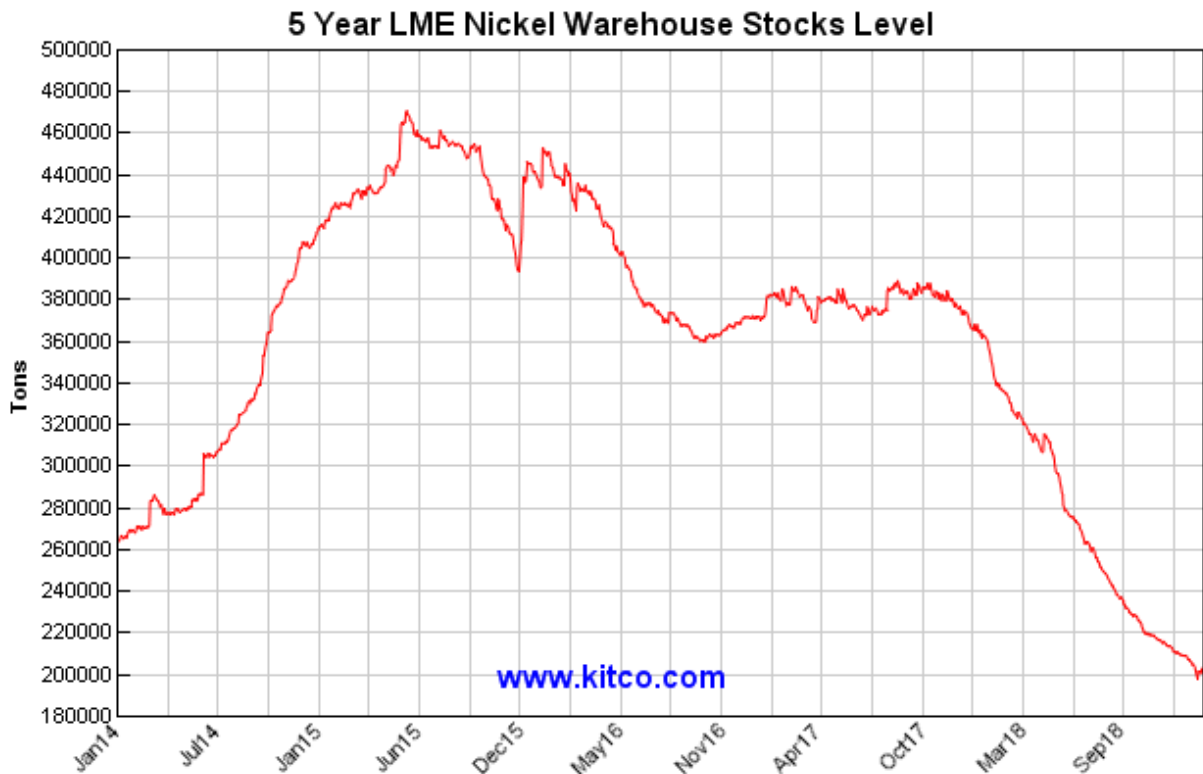


Table 2: 5 Year LME Nickel Warehouse Stocks Level

As outlined in the September Quarterly Report, nickel and cobalt are the principal elements of economic significance in the Wowo Gap resource. They are both traded on the London Metal Exchange, where there is a transparent market price established for high purity nickel and cobalt metal. The major use for nickel metal has been in the stainless steel industry which accounts for over 80% of nickel metal consumption. The Indonesian Government's ban on the export of nickel ores in 2014 with the subsequent massive investment in nickel processing in Indonesia for the production of both nickel pig iron and stainless steel, has resulted in Indonesia becoming the world's 5th largest stainless steel producer exporting product to world markets, particularly China.

More recent demand for nickel for use rechargeable batteries used in electric vehicles (EVs), renewable energy and consumer electronics applications has focussed industry attention on nickel quality acceptable for battery use. The Boston Consulting Group in their study 'Future Mobility Study' predicts that by 2030 up to 14% of all vehicles manufactured will be electrified vehicles. Demand for batteries and nickel is therefore forecast to grow rapidly through the next decade and beyond especially if national government's policies continue to promote and mandate emission reductions in transport and electricity generation globally.

Class 1 nickel metal is required for battery manufacture as this needs to be converted into nickel chemicals for inclusion in the battery construction. As mentioned in the September quarterly report, the necessary nickel chemicals are currently produced by High Pressure Acid Leach (HPAL) processing of laterite ores or by processing primary nickel metal. Both processes are high cost options. The industry is closely watching developments being made particularly by China's Tsingshan. The Boston Consulting Group forecasts nickel prices of USD20,000/ton being necessary to support this development.

Wowo Gap ore has previously been assessed as amenable to Pressure Acid Leach (PAL) processing, but development was hampered by volatile commodity prices and perceived investment risk in PNG for the large capital investment required to develop a PAL process plant at that time. Since then, the Ramu PAL project has been successfully developed in PNG and in 2017, was the fifth largest producer of cobalt globally.

This rapidly growing demand for both nickel and cobalt, the suitability of Wowo Gap to PAL processing and the success of the nearby Ramu project bode well for the future development of Wowo Gap.



W J Davies
 Managing Director
 Dated: 31st January 2019

SCHEDULE OF TENEMENTS AS AT 31 DECEMBER 2018

Tenement	Tenement No.	RMC Interest
Wowo Gap	EL1165	100%