



# RIMC

Resource Mining Corporation Limited



## SEPTEMBER QUARTERLY REPORT

For the period ended 30 September 2015

- Corporate Update
- Nickel Outlook
- Wowo Gap Project Status Report

### Resource Mining Corporation Limited ("RMC")

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Projects:  
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

RMC management continues to formulate and implement a strategy to maintain and develop an appropriate level of corporate and site activities and operations in an endeavour to secure and preserve both the Company's and the Wowo Gap Project's tangible and intangible assets.

Successful focus on cost and efficiency, including the updating and implementation of Policies and Procedures have seen very positive outcomes in:

- Reduction in staffing levels;
- Better planning of work activities to maximise cost effectiveness; and
- Training of local staff, in semi and skilled tasks, particularly in relation to the exploration camp operation and management.

### Financial

The Company's major shareholder, Sinom (Hong Kong) Limited provided further funding in the sum of \$400,000 and amended and extended the repayment date of the current Funding Agreement to 31 October 2016. Please refer to ASX announcement dated 29 September 2015 for further details.

All statutory requirements regarding audit, annual report and release of Appendix 4G were successfully completed and accounts published. The Annual General Meeting of the Company will be held on 26 November at the Company's offices (refer to ASX Announcement dated 24 October 2015).

### Nickel Market

Prices for ferrous and non-ferrous raw materials and metals remain low.

Nickel prices are near a six year low following the slowdown in China's economic growth and the London Metal Exchange inventories reaching an all-time high of 470,000 metric tons in early June. These have subsequently declined to approximately 455,000 metric tons.

The graph in Figure 1 shows the recent historical nickel price where a low point was reached late August 2015. Since that date, the price has improved.



**Figure 1: 6 Month Nickel Spot**  
(Source: Kitco Metals)

Industry commentators, including HSBC in their most recent *Metals & Mining Quarterly Review* anticipate a "...53,000 metric ton deficit in the nickel market this year and prices would average USD\$15,120 per mt this year."

HSBC is also predicting USD\$21,500 per mt in 2016 and USD\$22,000 per mt in 2017.

Norilsk Nickel PJSC, the world's second largest producer of nickel, in its *2015 Strategic Update*, recently predicted declines in nickel metal production which may result in a global nickel deficit of 60,000 mt in 2016. Norilsk suggested the market will likely be balanced in 2015. In its previous market update in March, the producer forecast a deficit of 20,000 mt this year that would widen to 55,000 mt in 2016.

Nickel prices have declined primarily as a result of the decrease in demand for stainless steel from China as economic activity declines in this country. Macquarie Bank<sup>1</sup> estimated that global nickel production fell by 1.5% year on year 2014/2015 with a 22% fall in Chinese Nickel Pig Iron ("NPI") production.

The fall in NPI resulted from the Indonesian ban on the export of direct shipping ore ("DSO"). Nickel laterite ores were further impacted by a production increase in ferro-nickel (a direct substitute) from New Caledonia.

As highlighted in the June Quarterly Report, the Wowo Gap Project is a potential source of Nickel DSO. From our preliminary geological review of information obtained during the recent Auger and Diamond drilling campaigns, it appears that the Wowo Gap deposit is likely to be able to yield 2 or 3 separate laterite nickel products suitable for use in the various nickel ore processing technologies including:

- High Pressure Acid Leach;
- Reduction Kiln Electric Furnace NPI ; and
- Blast Furnace NPI.

The company is continuing to investigate potential markets for each of these products in order to identify the most likely product mix.

## **PAPUA NEW GUINEA**

### **WOWO GAP PROJECT STATUS REPORT**

PNG is experiencing drought conditions of varying severity across the country. The area of the Wowo Gap Project is experiencing dry conditions with rainfall lower than in previous years. The drought conditions are having a direct impact on the Project in a variety of ways.

#### **SITE ACTIVITIES**

Activities continue to be undertaken to gather environmental and other baseline information necessary for future project development approvals. During the September Quarter, the site work program was focussed on environmental monitoring, particularly surface water testing.

#### **ENVIRONMENTAL ACTIVITY**

1. Environmental monitoring.

Routine water quality measurements are undertaken as part of the environmental monitoring activities on site. In the course of the monitoring, significant reduction in stream flows have been noted. The one common variable is the fact that all streams, creeks and rivers tested have been negatively impacted. Some small creeks have dried completely. The fact of 'no flow' is recorded along with photo graphic evidence of the sampling location.

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<sup>1</sup> Platts 17 August 2015

2. Water quality

With the reduced rainfall, water quality variations have been noted in testing locations. No significant negative results have been detected with limited water flows providing water of potable quality.

3. Stream flow measurements

Whilst accurate measurements of stream flows are dependent upon conditions at the point of measurement, indicative flow information is recorded for future reference. Detailed data regarding the water conditions of the creeks and streams on tenement EL1165 is monitored and recorded on a monthly basis.

4. Drying creeks

As creeks and streams dry up, two aspects of the conditions are monitored:

- (a) Photographic record; and
- (b) Sediment sampling undertaken.



**Figure 2: Buka Creek – not flowing**



**Figure 3: Koyama Creek - water catchment**

Sediment from the dry creek beds is being sampled for future assay as background data as part of the site 'pre-development environmental record'. Sampling of sediment is totally dependent upon the drying of the creeks and streams.

**LOGISTICS**

One effect noted from the current dry conditions is the transit time from the closest village to site. Under normal conditions a return journey takes 2 days with porters staying overnight at the main exploration camp. Under the current dry conditions with creeks and rivers at low levels, the portage journey has been reduced to 1 day, enabling porters to return to their homes after delivery of goods to the exploration camp.

W J Davies  
Managing Director  
Dated 30 October 2015

## SCHEDULE OF TENEMENTS AS AT 30 SEPTEMBER 2015

Tenement	Tenement No.	RMC Interest
Wowo Gap	EL1165	100%
Didiana	EL1980	100%
Wanigela	ELA2337	100%