



# RIMC

Resource Mining Corporation Limited



## MARCH 2019 QUARTERLY REPORT

For the period ended  
31 March 2019

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

ABN: 97 008 045 083

Email: [rmc@resmin.com.au](mailto:rmc@resmin.com.au)

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 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 Half Yearly Financial Report was released to the market in March 2019.

### 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 March 2020.

### 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.

### Industry Background – Nickel Outlook

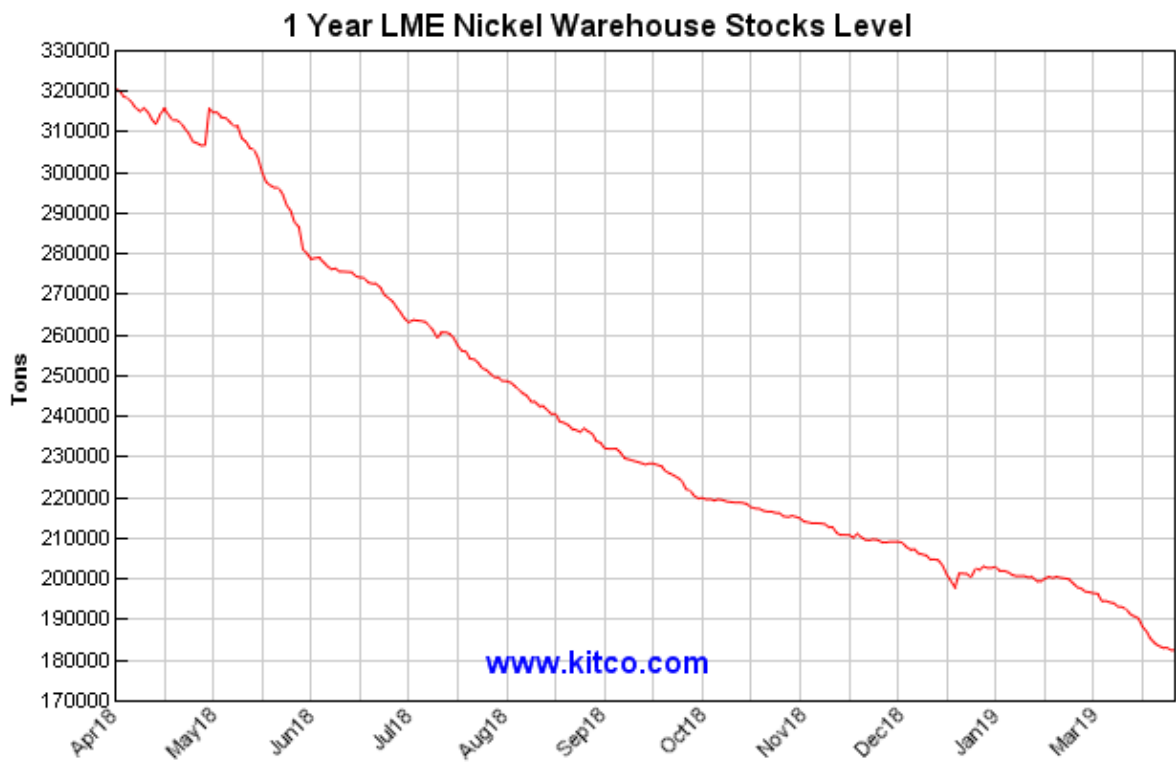
While primary nickel consumption remains in stainless steel production, increasing amounts of nickel are being used to produce more effective powered lithium ion batteries. Investment bank UBS estimated growth in the market for Electric Vehicles (EV's) would create an additional 10 to 40% for nickel over the next 7 years.

The amount of nickel used in batteries for EV's is also increasing where industry experts report the amount of nickel in high density batteries used in passenger vehicles has increased from about 30% of the cathode a few years ago to 70 to 80% of the cathode in the emerging high energy density batteries. The supply deficit of nickel over the past three years is expected to continue leading to higher prices.

In January, Macquarie Group suggested that nickel remains the base metal with the largest deficit between supply and demand with predictions of a larger deficit for high quality nickel for use in EV's. It is estimated that less than 50% of nickel produced is suitable for processing into nickel sulphate for battery use. The Macquarie Group also support the notion that as battery chemistries evolve increasing amounts of nickel will be required to satisfy demand for high energy density with low manufacturing costs for EV batteries.

Cobalt is also used in lithium ion batteries for thermal stability control. Current battery cathode chemistry is NMC 622 with 6 parts nickel to 2 parts each of manganese and cobalt. The battery Industry is currently striving for cost effective cathodes for EV batteries as NMC 811, 8 parts nickel, 1 part manganese and 1 part cobalt. Price and availability of cobalt for the longer term is seen as a contributor to the move to more nickel, especially with 80% of the world's cobalt being produced in the Democratic Republic of Congo.

Table 1 demonstrates the continued destocking of LME warehouse nickel stocks as the supply deficit widens.



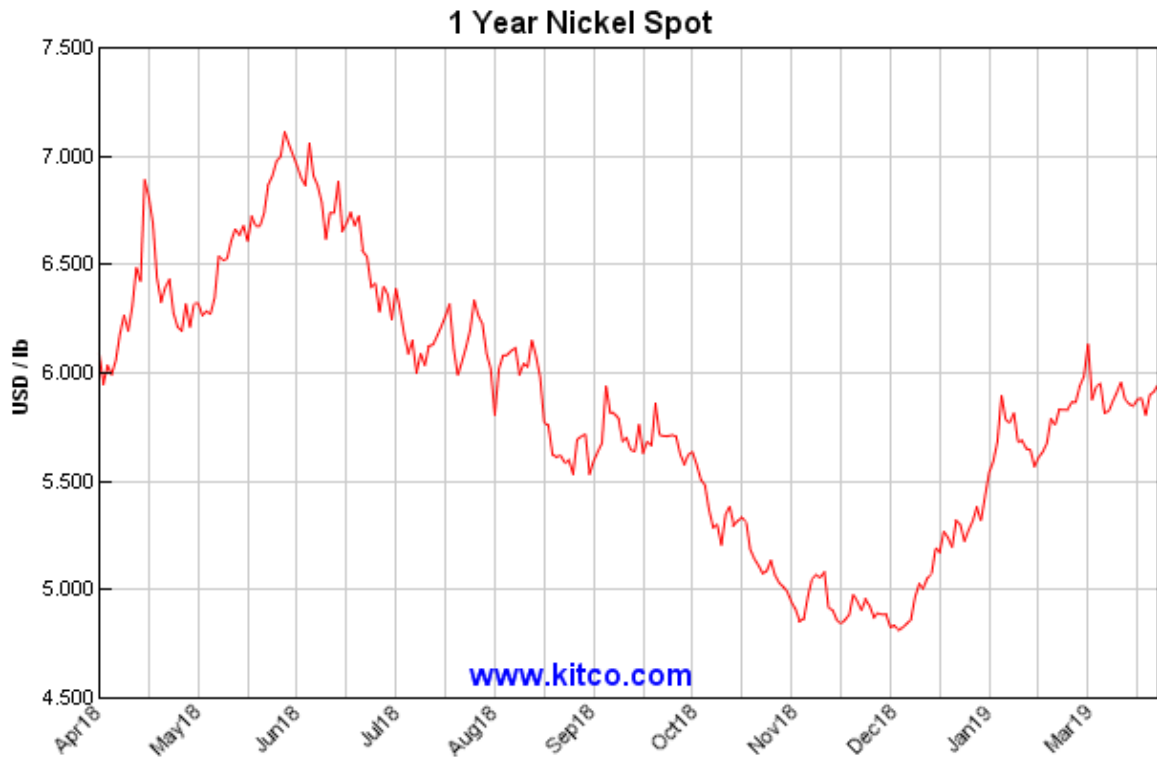
**Table 1: 1 Year LME Nickel Stock Levels**

According to industry reports, Chinese electric vehicle manufacturers used 253% more nickel in passenger EV batteries in January this year compared to 2018.

The average EV registered in China in January 2019 contained nearly double the mass of battery metals/materials as the year prior but NCM batteries with higher nickel content (622 and 523 chemistries) have become standard in China. China is now reported to be the largest market for passenger EV battery nickel, ahead of Japan and the US, which were the two largest markets in January 2018. The EV boom in China is only accelerating.

Nickel stocks at 196,542 in LME-registered warehouses have nearly halved since the start of 2018 and have fallen nearly 40 percent since the middle of November.

The price of nickel is up more than 20% in 2019 as stocks held in warehouses around the world registered with the London Metal Exchange fall to multi-year lows.



**Table 2: 1 Year Nickel Spot Price**

During March 2019, nickel prices climbed to a six-month peak as expectations of a fourth consecutive year of supply deficit were reinforced by signs of robust demand from stainless steel mills in China. The trade dispute between China and the United States has fuelled concern about global growth and demand, undermining sentiment in metals markets. However, data from the International Nickel Study Group shows the nickel market deficit at 46,000 tonnes in 2016, 115,000 tonnes in 2017 and 127,000 tonnes in 2018.

Global nickel demand is estimated at about 2.4 million tonnes this year. Of that, about two thirds is destined for stainless steel mills, mostly in China.

W J Davies  
 Managing Director  
 Dated: 26<sup>th</sup> April 2019

**SCHEDULE OF TENEMENTS AS AT 31 MARCH 2019**

Tenement	Tenement No.	RMC Interest
Wowo Gap	EL1165	100%