



# WOWO GAP PROJECT UPDATE

Resource Mining Corporation Limited  
("RMI")

26<sup>th</sup> February 2008

## Resource Mining Corporation Limited

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### Contacts:

Warwick Davies – *Exec. Director*

### Projects:

Argyle: *Iron Ore*

Wowo Gap: *Nickel*

Blackstone Range: *Nickel-Copper*

Three Rivers: *Nickel*

## Highlights

- **Scoping Study completed demonstrating robust project and preferred ore treatment option**
- **Key Scoping Study outcomes: NPV US\$296 – 608, IRR 20.3 to 23.7%**
- **Pre-feasibility study work underway**
- **Inferred resource comparable size to other major World class nickel laterite projects**
- **Tenement renewal presentation completed**

## Scoping Study Outcomes

A Scoping Study into the Wowo Gap Project has been completed by Simulus. (Simulus is a specialist Process and Metallurgical Engineering company with particular strengths in nickel laterite).

The Scoping Study concluded that the Wowo Gap Project development options are promising. Nine processing options were studied with typical capital and operating expenses being estimated for each option. Costs were based on an annual raw ore feed rate of 2.7 million tonnes resulting in an annual production of 20,000 tonnes per annum nickel product for a 40+ year mine life.

The review process developed a favoured option as the production of mixed hydroxide precipitate via heap leaching. Capital costs for this option were estimated between US\$626 – 860 million, at an estimated operating cost of US\$4.41/lb to US\$2.74/lb respectively. (The variation in capital cost is based on provision of acid with the lower cost assuming acid being imported whilst the higher capital cost includes the provision of an acid plant on site).

The Mixed Hydroxide heap leach option has additional benefits in regards to:

- Relative simplicity
- No requirement for the production of hydrogen sulphide gas which has environmental concerns
- Proven precipitation technology

## Key Outcomes

The estimated NPV of this development option is estimated to be US\$296 – 608 million at 12% cost of capital, with an IRR of 20.3 – 23.7%.

(The option of mining and exporting lateritic ore was reviewed but was determined to be uneconomic when considered on a long term stand-alone basis).

## Pre-Feasibility Study Work

Metallurgical test-work currently scheduled for completion during March is a key phase of the Pre-feasibility process. High pressure acid leach (HPAL) and column leach tests are currently in progress and will provide important information regarding leaching characteristics and acid consumption. Atmospheric leach tests are scheduled to be soon to improve the metallurgical understanding of the leach characteristics of the ore.

It is anticipated that additional metallurgical test-work will be required to further refine the leaching circuit.

In addition to the above, RMC has commenced the process of establishing a project development schedule and deliverables list along with the metallurgical testing plan.

## Project Comparison

Table 1 provides a comparison of similar projects where process options/capital/operating costs are listed. The competitiveness of the Wowo Gap

Project is apparent as the development of Wowo gap will be based on a high grade, 40 to 50Mt reserve located within global 200Mt resource.

Table 1: Benchmark Nickel Laterite Projects

<b>Project</b>	<b>Wowo Gap</b>	<b>Ramu</b>	<b>Goro</b>	<b>Gladstone Nickel</b>
Capital cost (original estimate), US\$M	625/ 860		1 400	3 400
Capital cost (actual) US\$		800	1 900/ 3 000	
Operating cost, US\$/lb	4.41/ 2.74 <sup>1</sup>		1.77 to 1.85	2.19
Final product	Mixed hydroxide precipitate	Cathode	Nickel oxide	Nickel metal
Resource size, Mt	200	140	240	71
Resource grade, %	0.83	1.0	1.6	0.9

## **Tenement Renewal Process.**

Representatives of **Niugini Nickel Ltd** (100% subsidiary of Resource Mining Corporation), holder of tenement EL 1165, made a presentation to members of the Mining Advisory Council (MAC) in Port Moresby on Thursday 22<sup>nd</sup> February.

A team of six people represented Niugini Nickel at the presentation including:

- Mr Warwick Davies and Mr Zhang Chi (RMC Directors)
- Mr Graham Rolfe (Niugini Nickel Director)
- Mr Mark Hill (RMC Exploration Manager)
- Mr Brett Muller (Nickel Process Consultant with Simulus)
- Mr Peter Pens (Sinom Technical Consultant)

The renewal presentation process consisted of a formal presentation followed by a question and answer session for the 12 representatives attending on behalf of the MAC. The council representatives were supportive of the future development of the Wowo Gap Project.

Consideration of the application for the renewal of the tenement is expected to take at least 10 weeks.

A copy of the presentation is attached and is available on the RMC web-site: [www.resmin.com.au](http://www.resmin.com.au)

Warwick Davies

<sup>1</sup> Higher price is for an imported acid option

## Executive Director

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