



ABN: 97 008 045 083

702 Murray Street, West Perth
Western Australia 6005
Phone: 61 8 9213 9400
Fax: 61 8 9213 9444
Website: www.resmin.com.au

14 October 2014

The Company Announcements Office
Australian Securities Exchange Limited
4 Floor, 20 Bridge Street
SYDNEY NSW 2000

Facility and Note Deed entered into with Major Shareholder

Resource Mining Corporation Limited ("the Company") (ASX:RMI) advises that it has entered into a Facility and Note Deed ("the Deed") with the Company's largest shareholder, Sinom (Hong Kong) Limited ("**Sinom**").

Sinom holds 43.14% of the issued shares in the Company and Mr Zhang Chi (Andy) a non-executive director of the Company, is a director and controlling shareholder of Sinom.

Pursuant to the Deed, Sinom has agreed to provide a loan facility ("**Facility**") to the Company, and agreed (subject to shareholder approval) to subscribe for two Convertible Notes with a total face value (issue price) of A\$1,000,000 each ("**Convertible Notes**").

The key terms of the Facility are as follows:

- (a) the Company may, in its discretion draw down on the Facility up to an aggregate of \$1,000,000;
- (b) no interest is payable on the Facility;
- (c) the Facility is unsecured;
- (d) the Company must seek shareholder approval for the issue of the Convertible Notes at the upcoming Annual General Meeting;
- (e) if shareholder approval is obtained, Sinom must subscribe for one Convertible Note (the **First Convertible Note**). The amount drawn down by the Company under the Facility (if any) will be set off against the subscription price of the First Convertible Note, and Sinom must pay the balance of the subscription price in cash. The Facility will be deemed to have been repaid upon issue of the First Convertible Note;
- (f) if shareholders do not approve the issue of the Convertible Notes, the Company may continue to drawdown on the Facility, and the amount drawn down shall be repayable in full on the maturity date, 2 years from the date of the Deed.

The key terms of the Convertible Notes are as follows:

- (a) the Company must seek Shareholder approval for the issue of the Convertible Notes at the upcoming Annual General Meeting;
- (b) if shareholder approval is obtained, the Company may in its absolute discretion require Sinom to subscribe for a further Convertible Note (**Second Convertible Note**). In providing an issue notice, the Company must ensure the Second Convertible Note is issued within one month from the date of shareholder approval;
- (c) the Convertible Notes will be issued at an issue price of \$1,000,000 each. As noted above, the amount advanced under the Facility will be offset against the subscription price for the First Convertible Note;
- (d) no interest is payable on the Convertible Notes;
- (e) the Convertible Notes are unsecured;
- (f) the Convertible Notes will mature on the date 2 years after the date of the Deed (**Maturity Date**);
- (g) the Company may elect to redeem the Convertible Notes early by written notice to Sinom;
- (h) each Convertible Note is convertible into 50,000,000 fully paid ordinary shares in the capital of the Company ("**Shares**") at a deemed conversion price of \$0.02 per Share. At any time after the issue of the Convertible Notes and prior to 5 business days before the Maturity Date, Sinom may provide a conversion notice to the Company electing to convert one or both Convertible Notes into Shares:
 - (i) if the Company determines at the time that no approvals are required to convert a Convertible Note, it must convert the Convertible Note and issue 50,000,000 Shares to Sinom as soon as practicable after this determination;
 - (ii) if the Company determines that approvals are required for a Convertible Note to convert (including, without limitation, Shareholder approval under item 7 of section 611 of the Corporations Act), the Company must use reasonable endeavours to seek such approvals as soon as practicable. If the approvals are obtained, the Company must convert the Convertible Note and issue 50,000,000 Shares to Sinom as soon as practicable after the approvals have been obtained. If the approvals are not obtained by the date 3 months after Sinom has given the Company a conversion notice, the Convertible Note shall become incapable of being converted into Shares and shall be redeemed by the Company at the Maturity Date (by the Company paying Sinom the face value of the Convertible Note).
- (i) Unless converted early, at the Maturity Date, if the Company determines no approvals are required for conversion, a Convertible Note will automatically convert and the Company must issue 50,000,000 Shares as soon as practicable after that determination. If the Company determines that approvals are required, it must seek must use reasonable endeavours to seek such approvals as soon as practicable. If the approvals are obtained, the Company must convert the Convertible Note and issue 50,000,000 Shares to Sinom as soon as practicable after the approvals have been obtained. If the approvals are not obtained by the date 3 months after the Maturity Date, the Company

shall redeem the Convertible Note (by the Company paying Sinom the face value of the Convertible Note).

The Deed contains customary events of default which, if they occur, enable Sinom to demand early redemption of any Convertible Note and repayment of monies advanced under the Facility.

The Company intends to seek approval from shareholders at its 2014 Annual General Meeting for the issue of the Convertible Notes.

The Directors consider that the securing of the facility under the Deed is in the best interests of the Company as it secures, on acceptable terms, funding that is required for working capital purposes and to enable the Company to continue to develop the Wowo Gap Nickel Laterite Project, as outlined in the Project Update released to the ASX on 5 September 2014.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warwick Davies', written over the typed name below.

Warwick Davies
Managing Director