

RNC Announces Q3 2016 Results

RNC will host a call/webcast on November 14 at 10:00 a.m. (Eastern Time) to discuss second quarter 2016 results. North American callers please dial: 1-888-231-8191, international callers please dial: (+1) 647-427-7450. For the [webcast of this event click \[here\]](#) (replay access information below).

TORONTO, Nov. 14, 2016 /CNW/ - RNC Minerals ("RNC") (TSX: RNX) (OTCQX: RNKLF) today reported its financial results and review of activities for the quarter ended September 30, 2016. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the quarter ended September 30, 2016.

Mark Selby, President and CEO, commented, "RNC achieved a number of milestones during the quarter with another strong quarter from the Reed Mine, exciting high grade gold-copper discoveries at our Qiqavik project, and the replacement of the Lascaux financing facility and its 3% NSR on gold production from Beta Hunt with a comprehensive financing solution from Auramet International LLC ("Auramet"). This financing provides near-term operating flexibility (no repayments until February 28, 2017) and a low cost working capital facility that will support our aggressive ramp-up of mine exploration and production. Unfortunately, mined gold production from Beta Hunt came in lower than expected during the quarter as one-time issues in two stopes emerged late in the quarter and resulted in lower grades and lower volumes than expected."

Mr. Selby continued, "Management at the Beta Hunt Mine was replaced in October and the new leadership has already accelerated development to achieve targeted annualized gold production rates of 60,000 ounces per annum early in Q1 2017 and deliver gold production in 2017 in excess of 60,000 ounces. RNC has also put in place a \$US2.5 million unsecured debt facility to ensure the company has sufficient cash cushion until the Beta Hunt Mine becomes cash positive, expected in early Q1 2017."

"The recent significant improvement in copper and nickel prices has very positive implications for RNC and highlights the benefits of our portfolio diversity. RNC has started to receive interest for equity investment in the Dumont Nickel Project for the first time since the decline in nickel prices in 2014. Once gold production has successfully ramped up, RNC has the flexibility to increase nickel production at Beta Hunt without having any negative impact on gold production. Based on current metal prices and continued strong performance of the Reed Mine, RNC now expects the contribution and bridge loan balances (net of related receivables) owed to Hudbay to be zero during the second quarter of 2017, rather than the third quarter."

Q3 2016 – Summary and Recent Highlights

- Beta Hunt pre-commercial gold sales were 7,570 ounces, a 40% increase from 5,402 ounces in the prior quarter as several tolls were completed. Gold tonnes mined also increased by 10% versus the prior quarter, but came in below expectations and gold mined production declined by 7% to 7,094 ounces as one-time issues in two stopes led to lower grades and lower volumes than expected. Nickel in concentrate production from Beta Hunt declined as expected by 31% versus the prior quarter to 0.29 kt as the mine focused on gold production due to a prolonged period of low nickel prices earlier in the year.
- Kevin Small, who recently joined RNC as Director, Mining Operations, took over leadership of the Beta Hunt mine on October 3rd and will oversee the completion of the initial ramp-up of the mine by the first quarter of 2017. The mine has already taken several positive steps forward under his leadership and gold mined production is expected to reach 8.5-10,000 ounces during Q4 2016 and achieve an annualized gold production rate of 60,000 ounces during Q1 2017. Payable gold production is expected to be in excess of 60,000 ounces during 2017.
- RNC's 30% proportionate share of copper contained in concentrate production from the Reed Mine was 2.8 MM lbs (1.3 kt) and gold in concentrate from the Reed Mine was 320 ounces, in line with expectations. Operating costs remained low as the cash operating cost (net of by-product credits) per pound of copper sold was US\$1.40 and all-in sustaining cost was US\$1.47 per pound.
- Cash flow from the Reed Mine during the quarter significantly reduced the contribution and bridge loan balance owed to HudBay by \$3.6 million to \$13.4 million. The effective loan balance, which reflects the \$5.8 million receivable balance due to the approximate 100 day delay in the finalization of ore concentrate sales, declined to \$7.6 million.
- On October 3, 2016, the senior secured Metal Prepay Agreement ("MPA") facility with LRC-SLM L.P. (100% owned by Lascaux Resource Capital Fund I, L.P.) was fully repaid as RNC closed a US\$16.5 million senior secured gold loan and low cost US\$6.5 million working capital facilities with Auramet International LLC ("Auramet").
- Adjusted EBITDA for the quarter was \$(0.6) million and adjusted loss was \$4.3 million

Q3 2016 Operating Results and Outlook

The following is a summary of the 2016 Q3 production from the Beta Hunt Mine:

Beta Hunt Mine Q3 Overview (100% basis)

Beta Hunt Gold and Nickel Operation	Q3 2016	Q2 2016	Q1 2016
Gold tonnes mined (000s)	105.0	95.4	66.2
Gold mined grade ¹	2.10	2.48 ¹	2.41
Gold mined (ounces) ^{1,2}	7,094	7,599	5,636
Gold tonnes milled (000s)	140.0	80.4	43.1
Gold mill grade (g/t) ¹	2.24	2.23	2.65
Gold sales (ounces)	7,570 ⁵	5,402	3,416
Gold C1 cash operating cost (US\$ per ounce sold) ^{3,4}	\$997	826	n/a
Gold all-in sustaining cost (US\$ per ounce sold) ^{3,4}	\$1,305	1,269	n/a
Nickel tonnes milled (000s)	13.3	19.2	29.7
Nickel mill grade (% nickel)	2.48	2.34	3.04
Nickel in concentrate tonnes (000s)	0.29	0.42	0.8
Nickel C1 cash operating cost (US\$ per lb / tonne sold) ⁴	\$5.90 / \$13,012	\$3.67 / \$8,084	\$2.63 / \$5,808
Nickel all-in sustaining cost (AISC) (US\$ per lb / tonne sold) ⁵	\$6.19 / \$13,637	\$3.88 / \$8,555	\$2.83 / \$6,229

1. The June 2016 mineralization mine grade and ounces were finalized with the final results from the Q3 2016 toll, which resulted in lower gold mine grade (2.48) than previously reported (2.54). The September 2016 mineralization mine grade and ounces will be finalized with the final results from the Q4 2016 toll. The Q3 numbers provided above include preliminary estimates of the ROM grade.
2. As of September 30, 2016, 5 kt of gold mineralization from September 2016 production remained on the ROM pad for tolling in the subsequent quarter, compared to 39 kt of gold mineralization from June 2016 production as of June 30, 2016 and 23 kt of gold mineralization from March 2016 production as of March 31, 2016.
3. Gold operations in Q1 2016 were at the early stage of the ramp up towards commercial production and operating and sustaining costs per ounce are not comparable to Q2 or to other companies.
4. Cash operating cost, cash operating cost per tonne, and all-in sustaining cost, are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.
5. Note that 1,730 ounces of gold remained in in-process inventory from the tonnage milled during the quarter.

Beta Hunt pre-commercial gold sales were 7,570 ounces, a 40% increase from 5,402 ounces in the prior quarter as several tolls were completed. Gold tonnes mined also increased by 10% versus the prior quarter, but came in below expectations and gold mined production declined by 7% to 7,094 ounces as one-time issues that emerged late in the quarter and early October in two stopes led to lower grades and lower volumes than expected. Nickel in concentrate production from Beta Hunt declined by 31% versus the prior quarter to 0.29 kt as the mine focused on gold production due to low nickel prices during 1st half 2016.

Three toll milling campaigns were completed with 139,963 tonnes of gold mineralization being milled during the quarter. Tolling was conducted through the FMR Investments Pty Ltd. Mill ("FMR") for the second and third campaigns resulting in an increase from 89% to 93% recovery due to the finer grind achieved at FMR compared to the previous tolling arrangements.

Gold all-in sustaining cash costs increased by just 3% to \$1,305 per ounce despite lower than expected grades as the increased scale of gold production partially offset gold cash costs that increased by 21% to US\$997 per ounce as lower grades were mined and approximately 20% of

the mill feed in the quarter was lower grade development material at an average grade of 1.46 g/t. This lower grade material diluted the average ROM grade material of 2.45 g/t to 2.24 g/t. The ore grade had been expected to improve during the quarter but the one-time issues in two stopes led to lower grades than expected.

Nickel all-in sustaining cash costs increased by 59% to US\$13,637 per tonne (US\$6.19 per pound) and nickel cash costs increased by 62% to US\$13,012 per tonne (US\$5.90 per pound) as the company had deliberately scaled back nickel production due to lower nickel prices earlier in the year, a focus on gold production, and a decision to preserve the nickel resource for anticipated higher nickel price periods. Both gold and nickel costs were also affected by a stronger Australian dollar.

Beta Hunt Mine Guidance

On a 100% basis, full-year 2016 mined gold production is now expected to be 29 – 30 koz and nickel production is now expected to be 1.5 – 2 kt.

The gold production ramp-up at the Beta Hunt Mine is expected to complete by Q1 2017 and gold mined production is expected to reach 8.5-10,000 ounces during Q4 2016 and achieve an annualized gold production rate of 60,000 ounces during Q1 2017. Payable gold production is expected to be in excess of 60,000 ounces during 2017.

Cautionary Statement: The decision by SLM to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. . No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Reed Mine

RNC's acquisition of 100% of VMS Ventures, whose main asset is a 30% interest in the Reed Mine, closed on April 27, 2016.

Reed Mine Q2 2016 Production

For the three months ended September 30, 2016, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 1.3 kt of copper and 320 oz of gold.

Reed Mine Q3 2016 Operating Review (100% basis)

	Q3 2016	Q2 2016	Q1 2016
Ore (tonnes hoisted)	112,929	114,452	111,461
Ore (tonnes milled)	119,795	111,002	94,997
Copper (%)	3.59	4.87	4.38
Zinc (%)	0.59	0.45	0.82
Gold (g/t)	0.42	0.60	0.54
Silver (g/t)	6.61	7.47	7.21
Mine unit operating cost (CDN\$/tonne)	\$47	\$44	\$46

Reed Mine Q3 2016 Production and Costs (30% basis)

	Q3 2016	Q2 2016
Copper contained in concentrate (tonnes)	1.3	1.5
Gold contained in concentrate (ounces)	320	402
Copper operating cash cost per pound sold ¹	US\$1.40	US\$1.21
Copper all-in sustaining cost per pound sold ¹	US\$1.47	US\$1.35

1. Cash cost and all-in sustaining cost per pound sold, net of by-product credits

Production declined as expected from 1.5kt of copper in concentrate to 1.3 kt of copper in concentrate and cash costs and all-in sustaining costs rose as average grades during the quarter fell to 3.59% from 4.87%

Reed Mine 2016 Guidance

Hudbay has not provided production guidance for the Reed Mine. The following information is RNC's management estimate of production and costs and remains unchanged from our earlier guidance. In 2016, RNC expects its 30% share of production from the Reed Mine to be 4-4.5 kt of copper and 0.5-0.75 koz of gold.

Dumont Project

During Q3 2016, RNC continued its activities in support of the evaluation of the Dumont Nickel Project. The work program focused on the bulk test program including both a mineral processing pilot plant and concentrate roasting, assisting with the EPC proposal preparation, supporting and following up on the ESIA filing. The following were the major activities and accomplishments during the third quarter:

- **Roasting Tests:** Samples of the Dumont calcine were sent to potential customers and testing was ongoing through Q3. Initial feedback on pricing is exceeding expectations – further feedback expected during the fourth quarter.
- **Dumont Project Engineering:** Two proposals were awarded to advance the engineering on the Dumont Project. RNC has begun preliminary trade-off studies in anticipation of completing an updated feasibility study for the project when market conditions are appropriate. These studies continued through the third quarter and will be completed shortly.

The company continues to advance Dumont to position it to be able to move forward when nickel market conditions permit. During the quarter, the first significant investor interest in the project emerged since nickel market conditions had improved from earlier in the year. As well, discussions continued with RNC's financial partners.

Unsecured Debt Facility

In order to provide additional cash cushion until Beta Hunt becomes cash producing (expected early in Q1 2017), the Company has entered into a US\$2.5 million unsecured debt facility arranged by Riverfort Global Capital ("Riverfort"). The facility bears 12% annualized interest. Principal will be repaid, beginning four months after closing, in eight equal monthly payments of US\$234k (in months 4 to 11 following closing) and a bullet payment of US\$625k (in month 12 following closing). As part of the transaction, the Company will issue 2.9 million 24 month warrants to the Lenders, exercisable at a strike price of \$0.50 per share. Funding, which is subject to TSX approval and other closing conditions, is expected to occur on or prior to November 18, 2016.

Financial Results

For the three months ended September 30, 2016, RNC incurred an adjusted loss for the period of \$4.3 million (\$0.02 per share), and an adjusted net EBITDA loss of \$0.6 million (\$0.00 per share), compared to a \$1.6 million adjusted loss (\$0.01 per share), and an adjusted net EBITDA loss of \$1.3 million (\$0.01 per share) in the same period last year. RNC incurred a net loss of \$8.6 million (\$0.03 per share), compared to a net loss of \$1.5 million (\$0.01 per share) in the same period last year. The net loss increase of \$7.1 million is due primarily to higher other expenses (\$3.9 million), higher Beta Hunt mine operating loss (\$3.5 million) and higher general and administrative expenses (\$0.5 million), partially offset by Reed Mine operating income (\$0.9 million).

The increase in other expenses (\$3.9 million) is due primarily to the change in fair value (\$2.2 million) and accretion (\$0.5 million) of SLM's senior secured facility, SLM finance costs (\$0.5 million), and accretion of VMS's contribution loan from Hudbay (\$0.3 million).

The increase in general and administrative expenses (\$0.5 million) is due primarily to higher share-based payments (\$0.3 million), acquisition costs (\$0.2 million) on RNC's acquisitions of SLM and VMS, partially offset by lower business development expenses (\$0.3 million).

Highlights of RNC's financial position are as follows(in millions of dollars):

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Cash position ¹	10.0	9.7	7.2	9.6
Working capital ²	(17.9)	(12.8)	(5.7)	7.8
Total assets	168.9	166.8	124.9	82.6

Shareholder's equity	97.1	94.0	77.8	68.3
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- 1 Includes Cash and Cash equivalents.
- 2 Working capital is a measure of current assets less current liabilities

RNC's ability to operate as a going concern is dependent on its ability to raise financing. While management has been successful in securing financing in the past, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to RNC.

Conference Call / Webcast

RNC will be hosting a conference call and webcast today beginning at 10:00 a.m. (Eastern time).

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-231-8191

Local and international callers please dial: 647-427-7450

A live webcast of the call will be available through CNW Group's website at www.newswire.ca/en/webcast/index.cgi

A recording of the conference call will be available for replay for a one week period beginning at approximately 1:00 p.m. (Eastern Time) on November 14, 2016, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 11079022

Local and international callers please dial: 416-849-0833; Pass Code: 11079022

About RNC

RNC is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation and development of base metal and precious metal properties. RNC's principal assets are the producing Beta Hunt nickel and gold mine in Western Australia, the Dumont Nickel Project located in the established Abitibi mining camp in Quebec and a 30% stake in the producing Reed Mine in the Flin Flon-Snow Lake region of Manitoba, Canada. RNC also owns a majority interest in the West Raglan and Qiqavik projects in Northern Quebec. RNC has a strong management team and Board with over 100 years of mining experience at Inco and Falconbridge. RNC's common shares trade on the TSX under the symbol RNX. RNC shares also trade on the OTCQX market under the symbol RNKLF.

Cautionary Statement Concerning Forward-Looking Statements

This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. Readers are cautioned to review the stated information and footnotes regarding use of non-IFRS measures.

This news release contains "forward-looking information" including without limitation statements relating to the the liquidity and capital resources of RNC, production and cost guidance, the potential of the Beta Hunt and Reed mines, and the potential of the Dumont, West Raglan and Qiqavik projects.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of RNC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: failure of the parties to sign definitive agreements and satisfy conditions of closing; future prices and the supply of metals; the results of drilling; inability to raise the money necessary to incur the expenditures required to retain and advance the properties; environmental liabilities (known and unknown); general business, economic, competitive, political and social uncertainties; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash costs, failure to obtain regulatory or shareholder approvals. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to RNC's filings with Canadian securities regulators available on SEDAR at www.sedar.com.

Although RNC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and RNC disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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