

RNC Minerals Repays Hudbay Debt To Provide Early Access To Reed Mine Cash Flow And Provides Beta Hunt Mine Update

TORONTO, Dec. 20, 2016 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") has signed and closed a US\$6.5 million Secured Copper Prepayment Agreement and US\$5.0 million Copper Purchase and Working Capital Facility with Auramet International LLC. The arrangements have been entered into with respect to RNC's 30% share of the copper and other metals produced at the Reed Mine operated by Hudbay and located in Manitoba.

"The copper prepayment agreement and working capital facility will allow RNC to quickly realize cash flow benefits from the current strong copper price environment. The early repayment of the Hudbay loans will allow RNC the benefit of access to Reed Mine cash flow from copper production beginning in January 2017, much sooner than our prior estimate of Q3 2017 made when RNC acquired the 30% interest in Reed," said Mark Selby, President and CEO of RNC Minerals.

Mr. Selby continued, "We expect that these transactions will attract market attention to the significant value of RNC's interest in the Reed Mine at a time when copper prices are showing strong momentum. The transaction also allows RNC to opportunistically lock-in favourable copper prices as we have forward priced an average of 700,000 pounds of production per month for December 2016 and the first six months of 2017 at an average price of US\$2.49 per pound (C\$3.33 per pound)."

The structure of the transactions is similar to the refinancing of the Beta Hunt Mine debt that RNC completed in early October, which was comprised of gold prepay and working capital facilities that replaced the prior nickel-weighted Lascaux prepay facility (see RNC news release dated October 4, 2016). Had the Lascaux debt remained in place, given the run-up in nickel prices during the past 8 weeks, the dollar value of the refinanced Lascaux obligations would have been C\$1 million higher. Also noteworthy is that the dollar value of the gold obligations under the new Beta-Hunt gold prepayment arrangements are C\$4.4 million lower than it was when the transaction closed in early October. Under that transaction, RNC also hedged 1,300 ounces per month of Beta Hunt gold production commencing in February 2017 and expiring in April 2018 at A\$1,728 (US\$1,320) per ounce.

US\$6.5 Million Secured Copper Prepayment Agreement

The US\$6.5 million copper prepay will be repaid by the delivery of 2.8 million pounds of copper over a 12-month period commencing on January 31, 2017 (0.2 million pounds per month). RNC also granted call options to Auramet on two million pounds of copper with a strike price of US\$3.30 per pound (C\$4.42 per pound) and expiration dates from September through December, 2017 (0.5 million pounds of copper per month).

The security granted to Auramet in connection with the prepay includes a pledge by RNC of its shares in VMS Ventures Inc. (RNC subsidiary and owner of our 30% interest in Reed). The loan is repayable at any time without penalty.

US\$5.0 Million Copper Working Capital Facility

Auramet has also agreed to provide a US\$5.0 million working capital facility (as part of a copper purchase agreement) bearing interest at a rate of LIBOR + 4.5% per annum. Each month, Auramet will purchase RNC's share of the accountable metal content in the ore extracted from the Reed Mine in the prior month and will advance to RNC 95% of the purchase amount.

The closing proceeds from these transactions have been applied to repay all outstanding obligations owed to Hudbay under the Construction and Bridge Loans entered into in connection with the financing of VMS's share of the construction and operation of the Reed Mine.

Beta Hunt Gold Tolling Agreement with FMR Investments Pty Ltd

Separately, Salt Lake Mining Pty. Ltd., RNC's wholly-owned subsidiary, has signed a one year tolling agreement with FMR Investments Pty Ltd, with a minimum of 35kt and flexibility to process up to 80kt per month of tolling for RNC's Beta Hunt mine, providing sufficient capacity for the mine to ramp up. The FMR mill has achieved consistent gold recoveries of approximately 93% during the three tolls that have been completed at the mill in 2016.

Beta Hunt Mine Update

Beta Hunt is continuing to meet expectations for Q4 2016 with run-of-mine ore grades in line with expectations and mined gold production expected to be within the previously announced range of 8.5-10,000 ounces for Q4. RNC also continues to expect targeted annualized gold production rates of 60,000 ounces per annum to be achieved early in Q1 2017, and 2017 gold production in excess of 60,000 ounces.

Beta Hunt continues to make good progress developing the first large stopes to be brought online. The first large Western Flanks stopes,

expected to yield in excess of 100kt with grades expected in excess of 3 g/t, will be brought online during the second half of January 2017. The first large A Zone stope on 14 level, expected to yield in excess of 170kt at an expected gold grade of 2.6 g/t, is scheduled to be brought online by March 2017. A number of smaller higher grade stopes also continue to be advanced.

The disclosure of scientific and technical information contained in this news release has been approved by Johnna Muinonen, Vice President Operations of RNC and Kevin Small, Director, Mining Operations of RNC, both Qualified Persons under NI 43-101.

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 gold and nickel 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.

About Auramet

Auramet is a global physical metals merchant that provides a full range of services to participants in the precious and base metals sectors, including prepayment and other financings, advisory services, off-take from mining and recycling companies, revenue enhancement strategies, and price protection programs.

Cautionary Statement Concerning Forward-Looking Statements

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

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: 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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For further information: Rob Buchanan, Director, Investor Relations, T: (416) 363-0649, www.rncminerals.com
