

RNC Minerals Announces Purchase Option With Westgold For SKO Mine And Mill - Expanding Its Western Australian Gold Footprint - And Enters Toll Processing Agreement

RNC will host a call/webcast on February 13 at 10:00 a.m. (Eastern Time) to discuss the agreement. 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, Feb. 13, 2017 /CNW/ - RNC Minerals (TSX: RNX) (**"RNC"**) is pleased to announce it has reached a toll processing and purchase option agreement (the **"Agreement"**) with Westgold Resources Limited (**"Westgold"**) at Westgold's South Kalgoorlie Operations (**"SKO"**). The Agreement provides RNC with a lower cost toll milling alternative and the option to significantly expand its Kalgoorlie footprint through a potential acquisition of the SKO mining assets and milling infrastructure located approximately 30 km from RNC's Beta Hunt Mine.

Mark Selby, President and CEO of RNC, commented "The option to acquire Westgold's SKO operations, if exercised, provides significant synergies with our Beta Hunt Mine. It would transform RNC's gold operation in Western Australia to a multi-mine operation with a 1.2 Mtpa mill generating significantly in excess of 100koz of gold annually, anchored by a 4 million ounce resource base and nearly 1,000 square kilometer land position in the highly prolific Kalgoorlie gold region. This is a transaction that can generate real operational synergies for our shareholders. The option structure allows RNC to realize the value from the ramp-up of Beta Hunt and look for opportunities to finance the exercise of the option in a way that maximizes value for our shareholders."

Selby continued: "We are pleased to partner with Westgold, a very experienced and well-respected operator in Western Australia, who recognizes the potential for significant long-term, low cost gold production from RNC's Beta Hunt mine. We expect to realize over \$7 million in cost savings during the processing arrangement with Westgold, improving RNC's operating and all-in sustaining costs in 2017 and 2018."

Under the toll Agreement, Westgold has granted RNC access to 50% of its plant capacity at SKO on an approximate three weeks on / three weeks off basis for a 12 month period commencing July 1, 2017. RNC will pay Westgold toll processing fees on a fixed plus variable arrangement on commercial terms. It is anticipated that the total toll processing and transportation costs will be materially lower than RNC is currently budgeting for processing of Beta Hunt ore in 2017 and beyond.

Westgold has also granted RNC a six-month option (the **"Option"**) to purchase the SKO operations outright, including all existing mining, milling and infrastructure, for A\$80 million (the **"Purchase Price"**). The option to purchase SKO excludes Westgold's lithium mining and royalty interests over the Mt Marion Lithium Project. RNC will pay Westgold an option fee of A\$4million, equal to 5% of the Purchase Price, to be satisfied by the issuance of RNC common shares. This fee will be deducted from the Purchase Price on an exercise by RNC of the Option. RNC is entitled to extend the Option for an additional six months by paying an additional 5% fee (the **"Extended Option Payment"**). Should RNC exercise the Option after six months, only the Extended Option Payment shall be deducted from the Purchase Price.

To secure these tolling rights and option to acquire the SKO business, RNC will issue a total of 23.4 million shares worth approximately \$8 million. In the event RNC elects to exercise the Option, the remaining Purchase Price would be satisfied with a combination of cash and common shares of RNC (with the share portion increasing Westgold's ownership interest to up to 19.9% of RNC). In the event that Westgold receives a takeover offer and RNC elects not to exercise the Option, Westgold would be required to refund the option fee(s) to RNC.

The Agreement is subject to customary regulatory and exchange approvals for transactions of this nature. RNC anticipates the closing of the Agreement to occur on or about March 1, 2017.

Overview of SKO

The SKO operation comprises the HBJ underground mine, a number of open pits, and the Jubilee Mill, a 1.2 Mtpa gold processing plant and associated infrastructure. On August 18, 2016 Westgold published JORC compliant Measured, Indicated, and Inferred Resources for SKO as of June 30, 2016 of 50.9 Mt of ore grading 2.27 g/t Au, containing approximately 3.7 Moz of gold, and Proven and Probable Reserve of 2.3 Mt of ore grading 2.60 g/t Au, containing 192,000 ounces of gold¹. Westgold has moved the project through to a steady state operation, via the re-development of the HBJ underground mine. According to Westgold, the SKO assets subject to the Option are expected to produce approximately 60,000 ounces per year for 3+ years at a steady state AISC of approximately \$A1,250 (\$US 950) per ounce². RNC has processed its ore from the Beta Hunt Mine at the Jubilee mill.

1. Westgold Memorandum dated December 2, 2016
2. Westgold Corporate Presentation dated January 27, 2017

Financial Advisor

Haywood Securities Inc. has acted as financial advisor to RNC and Canaccord Genuity (Australia) Limited has acted as financial advisor to Westgold in connection with the Agreement.

Conference Call

RNC will be hosting a conference call 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 February 13, 2017, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 71995793

Local and international callers please dial: 416-849-0833; Pass Code: 71995793

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.

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
