

## RNC Announces Year End 2016 Results

*RNC will host a call/webcast on April 3 at 10:00 a.m. (Eastern Time) to discuss 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, April 3, 2017 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its review of activities and financial results for the year ended December 31, 2016. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the audited financial statements for the year ended December 31, 2016, unless otherwise noted.

Mark Selby, President and CEO, commented, "RNC has been very active seeking to build shareholder value by advancing our long-held strategy of building a high-quality portfolio of precious and base metal assets. To this end, RNC has completed and entered into a series of transactions that will allow RNC to generate cash and unlock value from our portfolio of production, development, and exploration assets as we progress through 2017. As previously announced, production from our Beta Hunt Mine fell short of our guidance during 2016. We implemented a management change at the beginning of Q4 2016 in order to get the mine back on track, and we expect to achieve our initial goals for the operation by mid-year 2017. We are also actively moving to create value from our other assets through: our recent announcements of a first-of-its-kind 50/50 joint venture with Waterton to build a nickel business through the continued advancement of Dumont and the opportunistic acquisition of nickel assets with a focus on unlocking value from roasted nickel concentrate; and the spin out of highly prospective exploration assets into a self-funded company to be listed on the TSX venture exchange in the near future."

### 2016 and Recent Highlights

- As a result of two transactions announced in early 2016, RNC transformed itself from a single nickel project development company to a multi-asset producer of gold, nickel, and copper. To recognize the evolution and better reflect its asset base, RNC began operating under the name RNC Minerals in September 2016.
- Beta Hunt pre-commercial gold production was 27,882 ounces in 2016, including 7,553 ounces in the fourth quarter. Gold sales were 20,958 ounces in 2016, including 4,571 ounces in the fourth quarter. Gold sales in 2016 were impacted by the completion of a toll of material mined in 2016 that was not completed until early 2017. The mine remains in ramp-up phase. Commercial production of gold is expected to commence during the second quarter of 2017. As previously reported, Beta Hunt gold production came in lower than expectations. New management was put in place on October 1, 2016 to make the changes required to achieve targeted run rates of in excess of 60 kilo ounces per annum ("kozpa"). For 2016, gold cash costs net of by-product credits were US\$1,331 per ounce sold and all-in sustaining costs net of by-product credits were US\$1,608 per ounce sold (see note 5 to below Beta Hunt Gold and Nickel Operation table). As previously reported, throughput levels and costs were adversely affected by lower than expected development rates, which delayed access to new stopes, and equipment availability issues, which impacted both development rates and throughput levels.
- Beta Hunt 2016 nickel in concentrate production was 1.8 kt. As previously reported, Management reduced nickel production due to depressed nickel prices and in order to focus on gold production.
- Reed Mine 2016 copper and gold contained in concentrate was 7.5 MM lbs. (3.4 kt) and 935 ounces (30% basis), respectively for the April 27, 2016 to December 31, 2016 period. Cash costs were US\$1.40 per pound sold and all-in sustaining costs were US\$1.49 per pound sold.
- On September 19, 2016, RNC announced the discovery of two new high grade gold mineralized zones at its TNN subsidiary's Qiqavik Project in Northern Quebec. Prospecting in 2016 resulted in the discovery of two new intrusion-related high grade gold occurrences, the Aurora and Esperance zones, yielding multiple surface grab samples ranging from 5 to 189 g/t gold and up to 10% copper. The new discoveries extended the district-scale mineralized trend at Qiqavik to over 40 km, more than doubling the known extent of the trend.
- RNC also successfully restructured the two financing facilities it inherited when it completed the SLM and VMS acquisitions earlier in 2016. RNC replaced the existing Beta Hunt credit facility with a US\$16.5 million senior secured gold loan and a US\$7 million working capital facility entered into with Auramet International LLC ("Auramet"). RNC also replaced the Reed facility with a US\$6.5 million senior secured copper loan and a US\$5 million working capital facility entered into with Auramet.

- Combined operating loss from Beta Hunt and Reed Mine was \$0.1 million for the year ended December 31, 2016. Until commercial production is declared, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment.
- Adjusted EBITDA<sup>1</sup> loss for the year ended December 31, 2016 was \$4.5 million or \$0.02 cents per share. RNC incurred a net loss of \$28.6 million (\$0.13 per share) for the year ended December 31, 2016, compared to a net loss of \$5.6 million (\$0.04 per share) for the same period in 2015, due largely to a number of one-time items and write-downs related to the acquisitions of SLM and VMS (based on market and operating assumptions on the date of acquisition, not current market and operating assumptions) and the recent sale of 50% of Dumont to Waterton (described below). These figures also include the review and amendment of the method of allocation between nickel extraction and gold operations ramp-up during the fourth quarter of 2016.

Subsequent to the end of the quarter, RNC announced the following significant transactions:

- On February 13, 2017, RNC announced it had reached a toll processing rights and asset purchase option with Westgold Resources Limited ("Westgold"). Under the agreement, in exchange for a tolling rights payment of A\$3 million (to be satisfied with RNC shares), Westgold granted RNC access to 50% of its South Kalgoorlie Operations ("SKO") plant capacity for a twelve-month period commencing July 1, 2017. Upon commencement of toll processing, RNC will pay Westgold processing fees on a fixed plus variable arrangement on commercial terms. Westgold also granted RNC a six-month option to purchase SKO, including all existing mining, milling and infrastructure, for A\$80 million. RNC will pay Westgold an option fee of A\$4.0 million (5% of the Purchase Price), also to be satisfied with RNC shares. This fee will be deducted from the purchase price on an exercise of the option. RNC will issue a total of 23.4 million shares to secure these tolling rights and the initial option to acquire SKO. In the event RNC elects to exercise the option, the remaining purchase price would be satisfied with a combination of cash and RNC common shares (with the share portion increasing Westgold's ownership interest up to 19.9% of RNC).
- On March 7, 2017, RNC announced that it had agreed with Focused Capital Corp. to spin out True North Nickel ("TNN") into a public entity via a reverse take-over ("RTO") of Focused. RNC also announced that TNN had entered into an option agreement with Carolina Gold Resources in respect of two U.S. gold properties, which will be included in the spun-out TNN assets. Following completion of the RTO, the resulting issuer will hold all of TNN's assets and conduct the business of TNN.
- On March 21, 2017, RNC entered into a contribution agreement under which Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively "Waterton") will, subject to the satisfaction of certain closing conditions, acquire 50% of RNC's interest in the Dumont Nickel Project for US\$22.5 million (C\$30 million) in cash. RNC and Waterton will each also contribute US\$17.5 million (C\$23.3 million) into a newly established joint venture vehicle that will own Dumont and pursue other nickel opportunities. US\$5 million of this amount will be allocated to Dumont-related carrying costs and other expenses incurred over the next four years (expected to include the cost of an updated feasibility study).

1. EBITDA is a non-IFRS measure. Please refer to "Adjusted EBITDA and Adjusted EBITDA per share" section of RNC's Management Discussion & Analysis for the period ended December 31, 2016.

## 2016 Results and Outlook

For the year ended December 31, 2016 the Beta Hunt Mine was not 100% owned until May 31, 2016. The following is a summary of the 2016 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	YTD	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Gold tonnes mined (000s)	371	104	105	95.4	66.2
Gold mined grade (g/t) <sup>1</sup>	2.3	2.26	2.10 <sup>2</sup>	2.48 <sup>1</sup>	2.41
Gold tonnes milled (000s)	354	89.96	140.0	80.4	43.1
Gold mill grade (g/t) <sup>1</sup>	2.29	2.26	2.24	2.23	2.65
Gold mined (ounces) <sup>1,2</sup>	27,882	7,553	7,094	7,599	5,636
Gold sales (ounces)	20,958	4,571	7,570	5,401	3,416
Nickel tonnes mined (000s)	73.3	11.7	13.1	19.1	29.4

Nickel tonnes milled (000s)	73.9	11.7	13.3	19.2	29.7
Nickel mill grade, nickel (%)	2.72	2.80	2.48	2.34	3.04
Nickel in concentrate tonnes (000s)	1.80	0.29	0.29	0.42	0.8

Beta Hunt Gold and Nickel Operation	YTD
Gold all-in sustaining cost, net of by-product credits (US\$ per ounce sold) <sup>3,4,5</sup>	\$1,608
Gold C1 cash operating cost, net of by-product credits (US\$ per ounce sold) <sup>3,4,5</sup>	\$1,331
Nickel C1 cash operating cost (US\$ per lb. sold) <sup>4</sup>	\$2.20
Nickel C1 cash operating cost (US\$ per tonne sold) <sup>4</sup>	\$4,854
Nickel all-in sustaining cost (AISC) (US\$ per lb. sold) <sup>4</sup>	\$2.23
Nickel all-in sustaining cost (AISC) (US\$ per tonne sold) <sup>4</sup>	\$4,927

1. The difference in gold sales ounces and gold mined ounces is due to a delay in reporting outturns from the Perth Mint in the last two weeks of December 2016. The outstanding gold sales occurred in Q1 2017.
2. As of December 31, 2016, 22 kt of gold mineralization from December 2016 production remained on the ROM pad for tolling in the subsequent quarter, compared to 5 kt of gold mineralization from September 2016 production as of September 30, 2016.
3. Gold operations in 2016 were at the early stage of the ramp up towards commercial production and operating and sustaining costs per ounce are not comparable to other companies.
4. All-in sustaining cost, net of by-product credits, cash operating cost, net of by-product credits, cash operating cost, cash operating cost per tonne, all-in sustaining cost, and all-in sustaining cost per tonne 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. Excluding in each case inventory adjustments of C\$4.3 million as of December 31, 2016.

2016 was a period of transition for the Beta Hunt Mine as it ramped up gold production and prepared for commencement of commercial production expected by mid-2017. Until commercial production is declared, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment.

**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. 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.

#### Beta Hunt Mine Guidance

Full year 2017 gold production is expected to be 65-70,000 ounces at an all-in-sustaining-cost of \$US900-1,000 per ounce. During 2017, it is expected that costs will initially be higher and then decrease as production levels rise. Costs will also be affected by the level of nickel production which continues to be subject to market conditions.

#### 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 2016 Production

For the year ended December 31, 2016, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 5.0 kt of copper and 1,357 oz of gold. Production from the mine continued to be robust with mined tonnes consistent year-over-year, grades 26% higher than 2015, and AISC cash costs per pound of \$1.49. Mined grades for Q4 were lower as expected, than the record grades achieved in the second

quarter of the year, as the mine moved into lower grade production blocks.

#### Reed Mine Q4 2016 Operating Review (100% basis)

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Ore (tonnes hoisted)	104,719	112,929	114,452	111,461	119,183	113,043	112,505	118,645
Ore (tonnes milled)	123,596	119,795	111,002	94,997	114,835	115,741	109,429	122,609
Copper (%)	2.90	3.59	4.87	4.38	3.51	3.18	3.12	2.81
Zinc (%)	0.63	0.59	0.45	0.82	0.88	1.48	0.93	0.68
Gold (g/t)	0.44	0.42	0.60	0.54	0.49	0.50	0.59	0.60
Silver (g/t)	5.76	6.61	7.47	7.21	7.56	6.55	6.21	6.68

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

	2016
Copper contained in concentrate ( kilo tonnes) <sup>1</sup>	5.0
Gold contained in concentrate (ounces) <sup>1</sup>	1,357
Copper cash operating cost per pound sold <sup>2</sup>	\$1.40
Copper all-in sustaining cost per pound sold <sup>2</sup>	\$1.49

1. RNC closed the acquisition of its interest in Reed on April 27, 2016. Production figures are full year 30% share of production attributable to VMS
2. Cash cost and all-in sustaining cost per pound sold, net of by-product credits. Costs above are for the April 27 - December 31, 2016 period.

#### Reed Mine 2017 Guidance

In 2017, RNC expects its 30% share of production from the Reed Mine to be 4-5 kt of copper and 0.8-1.1 koz of gold. Hudbay Minerals (the operator) has not provided guidance for the Reed Mine. The above guidance is RNC management's estimate of our expected 30% share of 2017 production.

#### Dumont Nickel Project

RNC continues to explore all financing and partnership opportunities to allow Dumont to advance to construction when market conditions permit. As described above, RNC recently announced that it had entered into a contribution agreement under which, subject to the satisfaction of certain closing conditions, Waterton will acquire 50% of RNC's interest in Dumont for US\$22.5 million (C\$30 million). RNC and Waterton will each also inject US\$17.5 million (C\$23 million) into a newly established joint venture vehicle owned 50/50 by RNC and Waterton that will own 100% of Dumont and have US\$35 million in cash to continue to advance Dumont and pursue other nickel opportunities. US\$5 million of this amount will be allocated to Dumont-related carrying costs and other expenses to be incurred over the next four years and is expected to include the cost of an updated feasibility study.

#### Financial Results

RNC incurred a net loss of \$28.6 million (\$0.13 per share) for the year ended December 31, 2016 compared to a net loss of \$5.6 million (\$0.04 per share) for the same period in 2015. The net loss increase of \$23.0 million is due primarily to impairment charges (\$17.4 million), higher general and administrative expenses (\$5.7 million) and losses on retired debt (\$6.3 million).

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

	December 31, 2016	December 31, 2015
Cash position <sup>1</sup>	\$4.8	\$9.6
Working capital <sup>2</sup>	\$(26.2)	\$7.8
Total assets	\$159.3	\$82.6
Shareholder's equity	\$87.8	\$68.3

- 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](http://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 April 3, 2017, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 93508509

Local and international callers please dial: 416-849-0833; Pass Code: 93508509

#### **About RNC Minerals**

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 as well as the and the potential of the Dumont development project and Qiqavik, West Raglan, Jones-Keystone Loflin and Landrum-Faulkner exploration properties.*

*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, including the most recent Annual Information Form, available on SEDAR at [www.sedar.com](http://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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