

## RNC Announces Q2 2017 Results

*RNC will host a call/webcast on August 10 at 10:00 a.m. (Eastern Time) to discuss Q2 2017 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, Aug. 10, 2017 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its review of activities and financial results for the quarter ended June 30, 2017. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the quarter ended June 30, 2017.

Mark Selby, President and CEO, commented, "Performance at Beta Hunt rebounded significantly during the second quarter due to strong improvement in production mining, mine development and an ongoing focus on improving grades as ounces mined increased by 50% to 8,281 and mining rates accelerated to 1,800 tonnes per day by June – a 59% improvement versus the first quarter. Gold grade mined improved by 24% during the quarter to 2.09 g/t compared to the first quarter. Production in June was over 3,900 ounces of gold translating into an annualized rate of 47,000 ounces. With the ramp-up in production and improvement in grades, mining cash costs declined by \$US850 per ounce - from \$US 1,669 in the first quarter to \$819 per ounce in June 2017. We expect costs to continue to improve as production ramps up through the remainder of 2017."

to US\$1,211/oz in the second quarter of 2017 compared to first quarter 2017 costs of US\$1,669/oz."

### Q2 2017 and Recent Highlights

- Gold material mined at Beta Hunt during the second quarter was 1,351 tonnes per day, up 27% compared to the first quarter of 2017 and pre-commercial gold production was 8,281 ounces in the second quarter of 2017, up 50% compared to the first quarter of 2017. Gold sales were 5,891 ounces a decrease of 4% compared to 6,132 ounces sold in the first quarter of 2017.
- For the second quarter of 2017, gold mining cash cost per ounce declined by 27% to US\$1,211 per ounce from US\$1,669 per ounce in the first quarter. On a cost per ounce sold basis, gold cash costs, net of by-product credits were US\$1,739 per ounce sold, and all-in sustaining costs net of by-product credits were US\$1,786 per ounce sold, higher than the first quarter of 2017 by 6%. As production volumes ramp up and grades improve through the year, costs are expected to decline towards target levels. Reference is made to the Non-IFRS Measures section of RNC's MD&A for the period ended June 30, 2017.
- Reed Mine second quarter 2017 copper contained in concentrate production was 3.1 million pounds (1.14 kt) (30% basis). Cash costs were US\$1.58 per pound sold and all-in sustaining costs were US\$1.66 per pound sold. RNC's share of gold in concentrate production for the second quarter of 2017 from the Reed Mine was 293 ounces. Reference is made to the Non-IFRS Measures section of RNC's MD&A for the period ended June 30, 2017.
- Combined operating loss from Beta Hunt and Reed Mine was a breakeven for the three months ended June 30, 2017. Until June 30, 2017 Beta Hunt gold cost of sales, net of gold revenue, were capitalized to property, plant and equipment.
- On June 20, 2017, RNC announced commercial production was achieved at the Beta Hunt Mine by producing at least 3,500 contained ounces of gold over a one month period (equivalent to an annualized production rate of 42,000 ounces). Gold sales and related costs will be reflected in earnings effective July 1, 2017.
- RNC had net earnings of \$4.9 million (\$0.02 per share) for the three months ended June 30, 2017, compared to a net loss of \$5.0 million (\$0.03 per share) for the same period in 2016 primarily as a result of the positive deferred tax impact of \$4.9 million associated with the second quarter disposition of the Dumont Property.
- On July 7, 2017, RNC announced its True North Nickel ("TNN") subsidiary arranged approximately \$6.4 million in financing to fund the 2017 exploration programs at its Qiqavik property in northern Québec and the Jones-Keystone/Loflin and Landrum-Faulkner properties located in the Carolina Gold Belt. RNC also confirmed its intention to transfer its 68% interest in TNN's exploration assets to Focused Capital Corp. ("Focused") through an amalgamation (the "Amalgamation") to be implemented under an amalgamation

agreement to be entered into by Focused and TNN. Following the Amalgamation, which is expected to be completed in September 2017, the resulting issuer will hold all of TNN's assets and will be renamed Orford Mining Corporation ("Orford") and trade under the symbol "ORM".

## Q2 2017 Results and Outlook

The following is a summary of Q2 2017 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	Q2 2017	Q1 2017	Q2 2016	Q1 2016 <sup>7</sup>
Gold tonnes mined (000s)	123	102	95.4	66.2
Gold mined grade (g/t) <sup>1</sup>	2.09	1.69	2.54	2.41
Gold tonnes milled (000s)	98.1	114.3	80.4	43.1
Gold mill grade (g/t) <sup>1</sup>	2.07	1.62	2.23	2.65
Gold mined (ounces) <sup>1,2</sup>	8,281	5,535	7,599	5,636
Gold sales (ounces)	5,891	6,132	5,402	3,416
Nickel tonnes mined (000s)	10.1	6.8	19.1	29.4
Nickel tonnes milled (000s)	9.6	6.8	19.2	29.7
Nickel mill grade, nickel (%)	2.84	2.51	2.34	3.04
Nickel in concentrate tonnes (000s)	0.24	0.15	0.42	0.80

Beta Hunt Gold and Nickel Operation <sup>8</sup>	Q2 2017	Q1 2017
Gold mining cash cost per ounce (US\$ per ounce mined)	\$1,211	\$1,669
Gold all-in sustaining cost, net of by-product credits (US\$ per ounce sold) <sup>4,5,6</sup>	\$1,786	\$1,685
Gold C1 cash operating cost, net of by-product credits (US\$ per ounce sold) <sup>4,5,6</sup>	\$1,739	\$1,647
Nickel C1 cash operating cost (US\$ per lb. sold) <sup>5</sup>	\$4.15	\$2.97
Nickel C1 cash operating cost (US\$ per tonne sold) <sup>5</sup>	\$9,150	\$6,541
Nickel all-in sustaining cost (AISC) (US\$ per lb. sold) <sup>5</sup>	\$4.15	\$3.00
Nickel all-in sustaining cost (AISC) (US\$ per tonne sold) <sup>5</sup>	\$9,150	\$6,618

1. The difference in gold sales ounces and gold mined ounces is due to timing differences in receipt of gold sales depending on completion date of tolling campaigns.
2. As of June 30, 2017, 80 kt of gold mineralization from Q2 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 55 kt of gold as of March 31, 2017
3. Gold cash cost per recoverable ounce mined for the month of June 2017 was US\$819 per ounce mined at a recovery of 91%
4. Gold operations in the second quarter of 2017 were in the ramp up stage towards commercial production and operating and sustaining costs per ounce are not comparable to other companies.
5. 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.
6. Excluding in each case typical inventory adjustments of C\$2,989 million as June 30, 2017.
7. In the quarter ended March 31, 2016 the Beta Hunt Mine was 66% owned during the fifteen day period commencing March 16, 2016. The table is a summary of the Q1 Production from the Beta Hunt Mine reported on a 100% basis.
8. Reference is made to the Non-IFRS Measures section of RNC's MD&A for the period ended June 30, 2017.

The second quarter of 2017 continued to be a period of transition for the Beta Hunt Mine as it ramped up gold production and prepared for commencement of commercial production which was achieved at the end of the second quarter of 2017. Until the end of the second quarter of

2017, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment. Beginning July 1, 2017, following the declaration of commercial production, gold cost of sales, net of gold revenue will no longer be capitalized to property, plant and equipment. As previously disclosed, the Beta Hunt production ramp-up was slower than expected due to temporary equipment availability issues and lower grades than expected from the initial portion of first Western Flanks mining stope resulting in lower than planned grades and lower than planned gold production in the first quarter of 2017. Since the end of the first quarter, there has been significant ongoing improvement in development rates, mine output and grade and quarter-over-quarter improvements are expected to continue for the remainder of 2017. Cost per ounces sold increased slightly in Q2 relative to Q1 as the majority of ounces processed and sold were mined during a period of low production during Q1 and early Q2. The sharp decline in cost per recoverable ounce mined reflect the improved throughput and grade achieved as the second quarter progressed.

**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 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

Guidance for 2017 gold production remains at 50-60,000 ounces expected at an all-in-sustaining-cost of US\$1,100-1,200 per ounce. During 2017, it is expected that costs will continue to decrease as production levels rise.

#### 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 2017 Production

For the three months ending June 30, 2017, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 1.41 kt of copper and 293 oz of gold. Guidance for the full year remains unchanged.

#### Reed Mine Q2 2017 Operating Review (100% basis)

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Ore (tonnes hoisted)	121,115	119,534	104,719	112,929	114,452	111,461
Ore (tonnes milled)	123,988	108,139	123,596	119,795	111,002	94,997
Copper (%)	4.12	2.96	2.90	3.59	4.87	4.38
Zinc (%)	0.41	0.67	0.63	0.59	0.45	0.82
Gold (g/t)	0.47	0.44	0.44	0.42	0.60	0.54
Silver (g/t)	6.19	5.64	5.76	6.61	7.47	7.21

#### Reed Mine Q2 2017 Production and Costs (30% basis)

	Q2 2017	Q1 2017
Copper contained in concentrate (kilo tonnes)	1.41	0.85
Gold contained in concentrate (ounces)	293	283
Copper cash operating cost per pound sold <sup>1</sup>	1.58	\$2.06
Copper all-in sustaining cost per pound sold <sup>1</sup>	1.66	\$2.10

1. Cash operating cost per pound, and all-in sustaining cost per pound, 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.

## 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. RNC announced in April 2017 that it had closed a transaction under which Waterton has acquired 50% of RNC's interest in Dumont for US\$22.5 million (CDN\$30 million). RNC and Waterton each have injected US\$17.5 million (CDN\$23 million) into a newly established joint venture vehicle owned 50/50 by RNC and Waterton that owns 100% of Dumont and has \$US 35 million in cash and cash commitments 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 (expected to include the cost of an updated feasibility study).

## TNN

RNC's 68% owned subsidiary TNN has commenced the 2017 field program at its high grade gold Qiqavik project in northern Quebec. The program will include a minimum of 2,500 metres of a diamond drilling campaign to follow up on two separate high grade surface gold discoveries at the Esperance and Aurora zones. The discoveries were made during the 2016 program in which multiple grab samples returned assay results ranging from 5 g/t up to 189 g/t gold and up to 10% copper over 1.6km and 400m strike lengths, respectively (see RNC news release dated December 13, 2016). As described above, RNC recently announced that it had agreed to spin out TNN, including the two U.S. gold properties that are the subject of a recently-announced option agreement with Carolina Gold Resources, into a separately listed public entity.

RNC will continue to investigate acquisition opportunities of highly prospective assets, preferably cash-producing, to grow the business in base and platinum group metals. RNC will focus on jurisdictions where it believes the risk is manageable. RNC believes it can successfully implement its corporate strategy because of its unique strengths, depth of management experience and well-developed relationships in the minerals industry.

## Financial Results

RNC's net earnings totalled \$5.0 million for the three months ended June 30, 2017 (with basic and diluted loss per share of \$0.02). This compares with a net loss of \$5.8 million (with basic and diluted earnings per share of \$0.03) for the three months ended June 30, 2016. The positive variance of \$10.8 million primarily relates to a non-cash deferred tax recovery of \$4.9 million as a result of the sale of Dumont property to the Magneto Magneto Investments Limited Partnership ("Magneto JV"). Excluding the impact of taxes, the loss for Q2 2017 of \$0.9 million was \$4.0 million lower than the second quarter of 2016. The decrease was primarily due to decreases of general and administrative expense and other expenses of \$3.8 and \$3.0 million, respectively, which was partially offset by a reduction in profits from mining activities of \$2.9 million.

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

	June 30, 2017	December 31, 2016
Cash position <sup>1</sup>	\$24.5	\$4.8
Working capital deficit <sup>2</sup>	\$(10.7)	\$(26.2)
Mineral property interests	\$46.0	\$72.9
Total assets	\$163.3	\$159.3
Shareholder's equity	\$89.1	\$87.9

1 Includes Cash and Cash equivalents.

2 Working capital deficit 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 Cision'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 August 10, 2017, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 68825235

Local and international callers please dial: 416-849-0833; Pass Code: 68825235

#### **About RNC Minerals**

RNC is a multi-asset mineral resource company with a portfolio of gold and base metal production and exploration properties. RNC's principal assets are the producing Beta Hunt gold and nickel mine in Western Australia, a 50% interest in a nickel joint venture with Waterton that holds the Dumont Nickel Project in the Abitibi region of 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 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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