

RNC Minerals Announces Purchase Option Agreement For Westgold's Higginsville Mill And Mining Operations

RNC will host a call/webcast today 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, March 26, 2019 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") is pleased to announce that it has entered into a purchase option agreement (the "Purchase Option") with Westgold Resources Limited ("Westgold") for its Higginsville Gold Operation ("HGO"). The acquisition of the Higginsville operations and its modern, low cost 1.3 Mtpa gold mill would provide a key piece of RNC's strategy to unlock the significant potential of its Beta Hunt gold mine. The Higginsville mill would provide a significantly lower cost milling alternative for Beta Hunt (RNC expects that processing cost savings would be in excess of C\$15 per tonne, or a 35% reduction), and add an expected 40-45 koz of gold production in 2019. HGO has a 367 thousand ounce reserve within a 1.2 million ounce measured & indicated gold resource, and a further 0.9 million ounce inferred resource, all located on a 386 km² land position in the Kalgoorlie gold region. RNC successfully tolled Beta Hunt material through the HGO mill in 2018, achieving 94% Au recovery.

RNC will make a non-refundable option payment of A\$4 million, payable immediately in RNC shares, for an exclusive 40-day period to complete due diligence. Closing would occur 30 days later if the Purchase Option is exercised. On closing, RNC would pay a further A\$21 million in RNC shares and A\$25 million in cash for total consideration of A\$50 million (including the A\$4 million deposit satisfied in RNC shares).

Mark Selby, President and CEO of RNC, commented "The combination of the Higginsville Mill with the production potential of our Beta Hunt mine provide significant synergies, underpinned by the 35% per tonne cost saving or in excess of US\$100/oz versus our current toll milling arrangements. The transaction would transform RNC's gold operation in Western Australia to a multi-mine operation anchored by the 1.3 Mtpa HGO Mill, the exciting high grade and substantial resource potential at Beta Hunt, and a large land position in the Kalgoorlie gold region. The option structure allows RNC to assess a full range of financing options and ultimately choose the most accretive solution for shareholders."

Selby continued: "The timing of this transaction is helpful as our drilling program has sufficiently advanced to allow for commencement of a limited restart of bulk mining in areas with mine development already in place. The timing for a full ramp-up decision has remained the same and will be based on completion of the resource update expected by the end of the second quarter. We are pleased to partner with Westgold, a very experienced and well-respected operator in Western Australia, who recognizes the potential of RNC's Beta Hunt mine. "

Westgold Managing Director, Peter Cook said, "This is a sensible transaction that gives both RNC and Westgold solutions for their project needs. The addition of the high grade gold discoveries and resource potential at Beta Hunt to the existing operation at Higginsville will provide enhanced gold output at lower costs, as well as security from ownership of substantial plant and infrastructure."

The transaction is subject to, among other conditions, execution of a definitive purchase agreement, satisfactory due diligence by RNC, TSX approval and Australian regulatory approval.

Overview of HGO

- 1.3 Mtpa gold processing plant, including a gravity gold recovery circuit with Knelson concentrator followed by an Acacia high intensity leach reactor.
- The plant was built in 2007, along with associated infrastructure including a tailings storage facility.
- There are several operating and previously operating underground and open pit gold mines on the property. Mining at HGO occurs primarily at the Mt Henry open pit with ore being hauled to the processing plant. Westgold expects to produce 40-45 koz of gold during 2019 at an average AISC of US\$1,000-\$1,050 (A\$1,400-A\$1,450) per ounce. Additional revenue will also be generated from an existing toll milling contract.
- Significant exploration potential, with 200 mining titles comprising over 38,600 hectares in the prolific gold region between Kambalda and Norseman.

On October 2, 2018 Westgold published its JORC compliant Annual Update of Mineral Resources & Ore Reserves as of June 30, 2018. For HGO, tables 1 and 2 below summarize the update.

Table 1: Higginsville Gold Operations Mineral Resource Statement (rounded for reporting)¹

Category	Tonnes (000s)	Grade (g/t)	Ounces (000s)
Measured	3,118	2.20	220
Indicated	15,991	1.99	1,022
Inferred	10,637	1.99	682

1. Mineral Resources reported are inclusive of those mineral Resources modified to produce the Ore reserve estimate

Table 2: Higginsville Gold Operations Ore Reserve Statement (rounded for reporting)

Category	Tonnes (000s)	Grade (g/t)	Ounces (000s)
Proven	29	3.63	3
Probable	5,916	1.91	363
Total	5,945	1.92	367

Conference Call / Webcast

RNC will be hosting a conference call and webcast today (March 26, 2019) 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 <http://cnw.en.mediaroom.com/events>

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 March 26, 2019, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 3873824

Local and international callers please dial: 416-849-0833; Pass Code: 3873824

About RNC Minerals

RNC has a 100% interest in the producing Beta Hunt gold mine located in Western Australia where a significant high grade gold discovery - "Father's Day Vein" - was recently made. RNC is currently completing a 40,000 metre drill program, the results of which will be incorporated into an updated NI 43-101 compliant Mineral Resource Estimate and mine plan targeted for Q2 2019. Beta Hunt gold resource potential is underpinned by multiple gold shears with gold intersections across a 4km strike length which remain open in multiple directions adjacent to an existing 5km ramp network. RNC also has a 28% interest in a nickel joint venture that owns the Dumont Nickel-Cobalt Project located in the Abitibi region of Quebec which contains the second largest nickel reserve and eighth largest cobalt reserve in the world. RNC owns a 33% interest in Orford Mining Corporation, a mineral explorer focused on highly prospective and underexplored areas of Northern Quebec. RNC has a strong management team and Board with over 100 years of mining experience. 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 completion of the Purchase Option, production guidance and the potential of the Beta Hunt Mine and Dumont Nickel – Cobalt Project.

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; results of exploration programs; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash operating 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.

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

Additional assets available online:  [Photos \(1\)](#)