

RNC Minerals June 2019 Quarterly Production And Operations Update - 25% Reduction In Milling Costs Achieved As A Result Of HGO Acquisition

Summary

- Integration of RNC's recently acquired Higginsville Gold Operations (HGO) on target, with several key benefits that had been highlighted to shareholders now being achieved, including a 25% reduction in Beta Hunt processing costs. Gold recoveries for Beta Hunt material (processed at HGO and third-party facilities) improved to 93% in Q2 2019 compared to 91% in Q2 2018.
- The HGO acquisition will continue to deliver key operational synergies, resulting in on-going costs savings across the HGO and Beta Hunt sites. Affected areas include: supply costs, personnel, mobile and fixed plant equipment and technical expertise.
- As an illustration of the benefits of the HGO acquisition and mill ownership, RNC recently processed 21 kt of previously stockpiled ore through its HGO Mill, eliminating third party-tolling fees of A\$45/DMT and resulting in additional revenue of A\$0.9 million
- As previously reported (see RNC news release dated June 17, 2019), the recent exploration program at Beta Hunt has resulted in a 5-fold increase of the Western Flanks Measured and Indicated resource to 710,000 ounces at a discovery cost of less than \$5/oz.
- Stope production at Beta Hunt continues to ramp up. Management expects that production rates will maintain 40 to 45 kt per month during Q3.
- At HGO's Baloo open pit, overburden waste stripping commenced in May 2019. Mined first ore is expected in early August.
- The company has initiated a systematic review of the entire historical HGO Resource inventory. Work to date has been encouraging, clearly highlighting the potential of the HGO tenements.

TORONTO, July 30, 2019 /CNW/ - RNC Minerals (TSX: RNX) (RNC) is pleased to announce that the integration of the Higginsville Gold Operations (HGO) with its Beta Hunt Mine is progressing as planned with a number of key benefits being realized. Processing costs for Beta Hunt ore are approximately 25% per tonne lower than under prior third-party tolling arrangements. Gold recoveries for Beta Hunt material (processed at HGO and third-party facilities) improved to 93% in Q2 2019 compared to 91% in Q2 2018.

During the week of July 15, 2019, RNC processed 21 kt of previously stockpiled ore through its HGO Mill, eliminating third-party tolling fees of A\$45/DMT and resulting in additional revenue of A\$0.9 million.

Paul Andre Huet, Chairman and CEO, commented, "I am pleased with progress to-date toward a fully integrated Beta Hunt - Higginsville gold operation. The combination of the Higginsville Mill with the production potential of our Beta Hunt mine is expected to provide significant processing flexibility and synergies, including a 25% cost saving per tonne (or in excess of US\$100/oz) compared to prior toll milling arrangements. While gold production during the second quarter of 2019 remained lower as we continue to ramp up production following the temporary shutdown of mining activities at Beta Hunt, we are also on track to maintain a production rate of 40-45 kt per month in the third quarter of 2019 while at the same time increasing capital development to prepare the next generation of stope production areas. This, combined with our new milling cost savings and expanded resource base announced during the second quarter, positions RNC for a stronger second half of 2019."

As previously reported (see RNC news release dated June 17, 2019), RNC announced a 5-fold increase in the Western Flanks Measured and Indicated resource to 710 koz (7,448 kt @ 3.0 g/t) and a 3-fold increase in the Inferred Resource to 250 koz (2,481 kt @ 3.1 g/t) at Beta Hunt. This resource, continuous over 1.2km in strike, lies adjacent to active mine development and provides a short-term and long-term production source opportunity for Beta Hunt. The resource remains open at depth and along strike to north. RNC will file the related technical report prepared in accordance with NI 43-101 no later than August 12, 2019, at which time RNC expects to provide an updated mineral resource estimate for the A Zone.

An experienced gold resource geologist has been appointed to undertake a systematic review of the entire historical HGO resource inventory. The review is showing promising results, with a number of areas close to existing workings having potential to provide short term mill feed with minimal drilling and set up costs. Work will continue over the coming months with the aim to maximize milling capacity using 100% Beta Hunt and HGO ore.

In addition to processing RNC's Beta Hunt ore in the later part of the second quarter, RNC also toll processed 34,594 tonnes of ore at its HGO Mill for a third party during a 10-day period (completed on July 6, 2019).

Baloo Open Pit Mine Start-up at HGO

Development on the Baloo Stage I open pit continued with the completion of the haul road, progress on the overburden stripping and dewatering. First ore from Stage I is expected early August 2019. Grade control drilling is underway with results to-date similar or better than what has been previously modelled as part of the optimization study. Work is also progressing on Baloo Stage 2 with plans being prepared to submit to the local mining authorities shortly.

A reinterpretation of historical drill holes has highlighted the potential to extend the Baloo pit further north beyond a large NE-SW fault previously thought to terminate the mineralization. The Baloo Stage I pit is expected to provide ore supply to the HGO plant of approximately 30,000 tonnes per month from start-up until year end.

Beta Hunt Mine Development

Over the previous two quarters, Beta Hunt production levels have been progressively ramping up, reaching 40 to 45 kt per month. In the coming quarter, a renewed focus on capital development is planned in preparation for the next generation of stope production areas. Work to convert the recently reported Western Flanks Resource (see RNC news release date June 27, 2019) into a mineable Reserve is expected to be completed by mid-September, which should result in an updated production profile.

Second Quarter Production

As detailed in Table 2 below, gold mined during the second quarter of 2019 totaled 11,056 ounces with 9,085 gold ounces milled over the same period. Production levels (Table 1 below) continue to reflect RNC's decision in November 2018 to temporarily ramp down mining in order to focus on drilling off the Western Flanks and A Zone main shear zones and complete an updated resource estimate. On March 28, 2019, RNC announced the restart of mining in areas with mine development already in place. On May 8, 2019, RNC announced that it had reached a 40,000-ounce annualized production rate in April of 2019. The timing for a full ramp-up decision will follow the completion of an updated mine plan for Beta Hunt (expected later this year), which will be in part based on the results of the updated Mineral Resource estimate.

During the second quarter of 2019, 89 kt of material was milled at an average grade of 3.17 g/t to produce 9.1 koz of gold, a 23% decrease from the second quarter of 2018. Milling grades were 2% lower compared to the second quarter of 2019 as lower grade stockpiled material from the HGO operation was processed during the quarter. 8.5 koz of gold was sold during the second quarter of 2019.

A total of 133 kt of ore was mined at Beta Hunt at an average grade of 2.59 g/t to produce 11,056 oz during the second quarter of 2019, a 17% decrease versus the second quarter of 2018. Mined production was lower in the second quarter of 2019 compared to the second quarter of 2018 due the planned temporary ramp down of mining during the 40,000 metre resource drilling program. The average gold mined grade of 2.59 g/t was 18% lower than the grade in the second quarter of 2018 with a higher level of low-grade areas mined during the quarter as a planned increase in capital development was initiated to open up a series of new production areas.

Table 1: Q2 2019 and 2018 Gold Production Results

(Note: Q2 2019 statistics include HGO production for the June 10-30, 2019 period)

Beta Hunt Gold Operation ¹	Q2 2018	Q2 2019	% Change	YTD Q2 2019
Gold tonnes mined (000s)	132	133	1%	167
Gold mined grade (g/t Au) ^{3,4}	3.14	2.59	-18%	2.75
Gold mined (ounces) ^{2,3,4}	13,320	11,056	-17%	14,773
Gold tonnes milled (000s)	112	89	-21%	139
Gold mill grade (g/t Au)	3.24	3.17	-2%	3.17
Gold Recovery (%)	91%	93%	+2%	93%
Gold milled (ounces)	11,844	9,085	-23%	14,250
Gold sales (ounces) ²	11,508	8,482	-26%	14,857
Nickel (Beta Hunt Mine)				
Nickel tonnes mined (000s)	8.3	5.1	-38%	5.1
Nickel tonnes milled (000s)	8.3	5.1	-38%	5.1
Nickel mill grade (%)	2.55	3.29	+29%	3.29
Nickel in concentrate (000s of tonnes)	0.19	0.15	-19%	0.15

1. Note: numbers may not add due to rounding.

2. 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.

3. Final grades are determined once mined material has been processed.
4. As of June 30, 2019, 197 kt of gold mineralization remained on the Beta Hunt and HGO ROM pads for tolling.

Table 2: Beta Hunt Mine and HGO Q2 2019 Production Results

(Note: HGO production for the June 10-30, 2019 period only)

Gold Operation¹	Beta Hunt Q2 2019	HGO Q2 2019	Total
Gold tonnes mined (000s)	133	0	133
Gold mined grade (g/t Au) ³	2.59	0	2.59
Gold mined (ounces) ^{2,3}	11,056	0	11,056
Gold tonnes milled (000s)	82	7	89
Gold mill grade (g/t Au) ⁴	3.32	1.38	3.17
Gold Recovery (%)	93%	79%	93%
Gold milled (ounces)	8,781	304	9,085
Gold sales (ounces) ²	8,187	295	8,482

1. Note: numbers may not add due to rounding. HGO production statistics represent activity from the date of acquisition on June 10, 2019 to June 30, 2019.
2. 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.
3. Final grades are determined once mined material has been processed.
4. HGO mill grade treating low-grade stockpiles

QP Statement

The disclosure of scientific and technical information regarding mineral resources contained in this news release has been approved by Stephen Devlin, FAusIMM, Vice President Exploration and Growth of Salt Lake Mining Pty. Ltd (SLM), a 100% owned subsidiary of RNC Minerals, who is a Qualified Person under NI 43-101.

About RNC

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 made. Beta Hunt gold resource potential is underpinned by multiple gold shears with gold intersections across a 4 km strike length which remain open in multiple directions adjacent to an existing 5 km ramp network. RNC has a 100% interest in the Higginsville Gold Operation in Western Australia, which is comprised of a low cost 1.3 Mtpa gold mill and a substantial portfolio of gold tenements. In addition, RNC owns 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 ninth largest cobalt reserve in the world. RNC also owns a 24% 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 liquidity and capital resources of RNC, production guidance and the potential of the Beta Hunt Mine and Higginsville Gold Operation.

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
