

RNC Announces Strong Third Quarter 2019 Results Including Production Of 24,216 Oz, Adjusted Earnings(2) Of \$8 Million And Reiterates Second Half 2019 Guidance

RNC will host a call/webcast on November 6, 2019 at 10:00 a.m. (Eastern Time) to discuss the third quarter 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, Nov. 6, 2019 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its financial results and review of activities for the three and nine months ended September 30, 2019 and 2018. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited condensed interim consolidated financial statements of RNC as at September 30, 2019. For additional information please refer to RNC's MD&A and Financial Statements for the three and nine months ended September 30, 2019.

Third Quarter of 2019 Highlights

- Third quarter 2019 consolidated gold production of 24,216 oz and AISC² of US\$1,183/oz
- Announced second half 2019 production and cost guidance of 42,000 – 49,000 ozs at AISC of US\$1,150 – US\$1,250 per oz
- Third quarter 2019 was the first full quarter of processing material at RNC's 100% owned Higginsville Mill achieving a 35% reduction in milling costs (now A\$29/t vs. prior \$45/t while toll-milling)
- Generated adjusted earnings² and adjusted EBITDA² of \$8.0 million and \$9.1 million, respectively
- Strong quarter-end cash balance of \$24.8 million and positive working capital of \$12.2 million
- New management appointments to strengthen gold-focused team
- Additional high grade coarse gold discoveries announced at Beta Hunt of 1,750 oz (see RNC news release dated September 24, 2019) and 3,200 oz (see RNC news release dated October 17, 2019)
- Strong exploration results reported outside of Baloo open pit 8.7 g/t Au over 3 meters from 63 meters downhole in drill hole BLOR003 (see RNC news release dated October 15, 2019)
- Reported increased resource at Beta Hunt: 395% increase in the global measured and indicated resource to 944 koz (10,104 kt @ 2.9 g/t Au) and 195% increase in the inferred resource to 406 koz (4,109 kt @ 3.1 g/t Au) at a low discovery cost of A\$7.30 per oz
- Maiden Proven and Probable gold reserve at Beta Hunt on track to be delivered in 4Q19

Paul Huet, Chairman and CEO, commented, "We are extremely pleased to announce the results of a transformational third quarter at RNC. With the completion of the Higginsville mine and mill acquisition, the third quarter of 2019 reflects the first time that RNC has processed gold ounces at its wholly owned milling facility at Higginsville.

In a very short time, RNC has evolved from a single mine producer subject to high-cost toll milling to a company with two producing mines feeding a low-cost centralized mill. The results returned during the first 90 days following the acquisition of our mill are just the beginning of continued productivity and cost improvements underway across all of our operations. Furthermore, we now have over 1,800km² of underexplored land at Higginsville in the Kalgoorlie district and a list of priority targets at Beta Hunt. With our significantly strengthened balance sheet and quarter-end cash balance of \$24.8 million, RNC is now a completely transformed company. I am very excited about our future.

Lastly, I would like to personally thank our staff and employees in Australia, who have worked tirelessly to ensure a smooth integration of our Higginsville Mine and Mill. I look forward to reporting the strong results of their efforts over the coming quarters."

Table 1: Operational results for the periods ended September 30, 2019 and 2018

For the periods ended September 30,	Three months ended,		Nine months ended,	
	2019	2018	2019	2018
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	133	146	300	447
Tonnes milled (000s)	210	199	342	422
Gold milled, grade (g/t Au)	2.93	3.92	3.07	3.34
Gold production (ounces) ¹	18,460	23,872	31,352	42,623
Cash operating costs (USD \$/oz produced) ²	1,032	955	1,150	1,157
All-in sustaining cost (AISC) (USD \$/oz sold) ²	1,252	1,009	1,257	1,193

Gold (HGO Mine)⁴				
Tonnes mined (000s)	73	-	73	-
Tonnes milled (000s)	86	-	93	-
Gold milled grade (g/t Au)	2.34	-	2.27	-
Gold production (ounces)	5,756	-	6,051	-
Cash operating costs (USD \$/oz produced) ²	638	-	990	-
All-in sustaining cost (AISC) (USD \$/oz sold) ²	971	-	1,333	-
Gold (HGO Processing)⁴				
Tonnes milled (000s)	296	-	348	-
Recoveries ³	92%	-	92%	-
Gold Operations (Consolidated)⁴				
Tonnes mined (000s)	206	146	373	447
Tonnes milled (000s)	296	199	435	422
Gold milled, grade (g/t Au)	2.76	3.92	2.90	3.34
Gold milled (ounces)	26,219	25,129	40,469	45,344
Gold production (ounces)	24,216	23,872	37,403	42,623
Gold sold (ounces)	22,010	23,805	36,867	43,291
Average realized price (USD \$/oz sold)	1,339	1,205	1,308	1,252
Cash operating costs (USD \$/oz produced) ²	938	955	1,123	1,157
All-in sustaining cost (AISC) (USD \$/oz sold) ²	1,183	1,009	1,268	1,193
Adjusted EBITDA ^{1,4}	9,134	8,751	4,924	11,382
Adjusted EBITDA per share ^{1,4}	0.02	0.02	0.01	0.03

1. Inclusive of coarse gold of 1,233oz in Q3 2019 (6,206 oz: Q3 2018) and 1,935oz YTD 2019 (8,596oz: YTD 2018)
2. Non-IFRS: the definition and reconciliation of these measures are included in the on-IFRS Measures section of RNC's MD&A dated November 6, 2019. See Table 1: for full Summary of Third Quarter Financial Results.
3. Excludes third party tolling. No third party material was processed in the third quarter of 2019.
4. In respect of HGO, for the period from acquisition being June 10, 2019 to September 30, 2019.

Table 2: Highlights of RNC's financial position(in millions of dollars):

As at	September 30, 2019	December 31, 2018
Cash and cash equivalents	\$24.8	\$1.3
Working capital surplus (deficit) ¹	12.2	(19.0)
Property, plant and equipment	77.8	24.5
Total assets	166.2	58.0
Total liabilities	86.7	31.9
Shareholders' equity	\$79.5	\$26.1

¹ Working capital surplus (deficit) is a measure of current assets (including cash and cash equivalents) less current liabilities.

Consolidated Results of Operations

Consolidated gold production for the third quarter of 2019 totalled 24,216 ounces. Production during the third quarter of 2019 reflects mining of the Beta Hunt deposit coupled with production from the Baloo open pit at Higginsville Gold Operations ("HGO") and a small amount of stockpile material.

Third quarter consolidated all-in-sustaining costs were US\$1,183 per oz, benefitting significantly from the integration of the lower cost Higginsville mill compared to prior toll-milling arrangements. A material reduction of 35% in milling costs from AUD \$45/t to AUD \$29/t was

realized as a result of the transition to owner-operated milling. In addition to these significant cost reductions, the Company has eliminated its exposure to variable toll milling rates and reduced toll mill availability in the Kambalda region given the recent increase in gold mining activity with the rise in gold prices. Over the coming quarters, RNC expects additional operational synergies will be generated by the integration of Beta Hunt and HGO, driving continued milling cost reductions.

Beta Hunt

Gold production at Beta Hunt was 18,460 ounces during the quarter. Milled grades at Beta Hunt in the third quarter of 2019 were 2.93 g/t Au, lower than in the third quarter of 2018 due to production from the high-grade Father's Day Vein during that 2018 period.

Stope production at Beta Hunt continues to perform well and is meeting forecast levels, with the next stage of the production ramp-up program currently at the detailed mine planning stage. Management expects that production rates reached during the third quarter to remain at a consistent 40,000 tonnes to 45,000 tonnes per month for the remainder of the year.

RNC has also restarted mining of remnant but profitable nickel resources on a small scale at Beta Hunt, capitalizing on the underground infrastructure already in place. Going forward, management is evaluating accounting for nickel mined at Beta Hunt as a by-product credit to gold production costs. Processing of remnant mining nickel ore is conducted off-site by a third-party.

The 39,377 meter resource drill program completed in the first half of 2019 at Beta Hunt identified a number of areas showing significant widths of mineralization in Western Flanks compared to prior mining. Once these areas are added into the mine plan, they are expected to provide greater production flexibility resulting in higher productivity and lower cost per tonne mined.

The release of a maiden Proven and Probable Reserve at Beta Hunt is on track for release in the fourth quarter of 2019. This work will look to incorporate many of the identified bulk mining opportunities at Western Flanks.

Higginsville

Gold production at Higginsville was 5,756 ounces during the quarter. The ramp up of mining operations at Higginsville is proceeding well, with initial feed to the plant occurring in August. On October 15, 2019, RNC announced that the Baloo Stage 1 pit is expected to supply the HGO plant with approximately 30,000 tonnes per month into the first quarter of 2020. To date, the Baloo material that has been processed at the HGO mill has delivered strong grades ranging between 1.8 g/t Au to 2.8 g/t Au. Baloo Stage 2 is in the permitting process. A further extension to the Baloo pit is being evaluated as noted in the exploration section below.

In addition to Baloo, a second open pit is fully permitted and available for immediate mining as part of the next phase of the pipeline of open pits at Higginsville.

Additional High-Grade Coarse Gold Recovered at Beta Hunt

As previously announced, an estimated 4,950 ounces of coarse gold was recovered in September and October 2019. The coarse gold was recovered while slashing out the drift walls in preparation for stoping activities and is incremental to planned stope production. Material from these coarse gold discoveries is fed through the mill at a measured rate in order to optimize recoveries.

Strengthened Balance Sheet

During the third quarter of 2019, RNC closed an oversubscribed bought deal financing, issuing 46,156,000 units of the Corporation at a price of \$0.40 per common share for gross proceeds of \$18.5 million. Each unit consisted of one common share of RNC and one-half of one common share purchase warrant. The warrants are listed on the Toronto Stock Exchange under the symbol RNX.WT.

Management Appointments

As part of the next phase of RNC's growth, a number of management changes and additions were made during, and subsequent to, the third quarter with the objective of maximizing the value of each of the assets within the Corporation's portfolio and advancing RNC's corporate strategy.

- Mr. Paul Andre Huet was appointed Chief Executive Officer ("CEO") and remains Chairman
- Mr. Graeme Sloan was appointed Managing Director, Australian Operations
- Ms. Johnna Muinonen was appointed President, Dumont Nickel
- Mr. Alger St-Jean was appointed Executive Vice President, Exploration and Resource Development, Dumont Nickel
- Mr. Oliver Turner joined the Corporation as Senior Vice President of Corporate Development and Investor Relations.

Second Half 2019 Guidance Reiterated and Notice on Guidance Standards Moving Forward

Production and cost guidance for RNC's Australian operations (Beta Hunt and HGO) for the six-month period ending December 31, 2019, remains unchanged at 42,000 to 49,000 ounces of gold at an average all-in-sustaining-cost ("AISC") of US\$1,150 to US\$1,250 per ounce. RNC is well positioned to achieve its six-month production and cost guidance. Reference is made to the Non-IFRS Measure section of the MD&A.

Since acquiring HGO in June, the Corporation has provided additional disclosure with respect to monthly production reports. As of January 1, 2020, in accordance with established industry standards, RNC will be transitioning to quarterly reporting of production and cost metrics. In 2020, in accordance with established industry standards, RNC will also provide annual production and cost guidance.

Exploration - Beta Hunt

Exploration drilling from underground positions within the Beta Hunt mine was completed in September 2019, with all targeted shear zones remaining open along strike and down plunge. A total of six holes were completed totaling 2,190 meters. Drilling targeted three shear zones – Fletcher (one hole), Western Flanks north (four holes) and East Alpha (one hole). Drilling was designed to test conceptual targets, and to investigate the potential for extension of the Western Flanks Mineral Resource to the north.

Drilling to date has been successful in extending Western Flanks mineralization a further 200 meters north of previous drilling as well as confirming the Fletcher Shear as the third major mineralized gold system at Beta Hunt. Going forward, exploration at Beta Hunt will continue to focus on the identification of gold and nickel drill targets based on a review of historic (and current) drill holes, supported by an improved understanding of the mineralization and geological controls generated by the 2019 resource definition drill program.

For further information on the exploration results described above, see RNC news release dated September 16, 2019.

Exploration - Higginsville

At Baloo, drilling north of a major fault (Buldanica Fault) has identified additional gold mineralization that could extend the pit life further. Exploration drilling during the quarter comprised of five Reverse Circulation drill holes north of the Buldanica Fault previously thought to truncate the main Baloo mineralization. Strong mineralization was intersected including 8.7 g/t Au over 3 meters from 63 meters downhole in drill hole BLOR003. Further drilling is planned to determine the full extent of this mineralization.

As has proven successful at Beta Hunt, RNC is undertaking 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.

For further information on the exploration results described above, see RNC news release dated October 15, 2019.

Financial results

Table 3: Summary of Third Quarter Financial Results

(in thousands of dollars except per share amounts)

For the periods ended September 30,	Three months ended,		Nine months ended,	
	2019	2018	2019	2018
Revenue	\$43,092	\$43,397	\$71,204	\$96,694
Production and processing costs	26,670	29,060	51,049	73,305
Loss before income taxes	(434)	(7,364)	(19,796)	(20,673)
Net loss	(255)	(7,510)	(19,721)	(21,190)
Basic and diluted loss per share	(0.00)	(0.02)	(0.04)	(0.06)
Adjusted EBITDA ¹	9,134	8,751	4,924	11,382
Adjusted EBITDA per share ¹	0.02	0.02	0.01	0.03
Adjusted Earnings ¹	8,001	6,902	3,226	5,305
Adjusted Earnings per share ¹	0.01	0.02	0.01	0.01
Cash flow provided by (used in) operating activities	2,071	3,368	(9,777)	(9,592)
Cash investment in property, plant and equipment	(2,409)	(291)	(11,261)	(605)

1. Earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted earnings are non-IFRS measures. A definition and reconciliation of these measures is included in the Non-IFRS Measures section of RNC's MD&A dated November 6, 2019.

Financial Results

RNC reported a strong and much improved financial performance in the third quarter. Further improvements in financial performance are expected during the fourth quarter as the corporation continues to integrate the HGO mill and advance its various cost cutting initiatives, including improved procurement terms along with royalty and G&A reductions.

For the three months ended September 30, 2019, revenues were \$43.1 million, cash flow provided by operating activities was \$2.1 million and adjusted earnings were \$8.0 million (adjusted earnings is a non-IFRS measure and a definition and reconciliation of these measures is included in the Non-IFRS Measures section of RNC's MD&A dated November 6, 2019).

RNC ended the third quarter with a very strong cash balance of \$24.8 million and a working capital surplus of \$12.2 million.

For additional information please refer to RNC's MD&A and Financial Statements for the three and nine months ended September 30, 2019.

Conference Call / Webcast

RNC will be hosting a conference call and webcast today beginning at 10:00 a.m. (Eastern time). A copy of the accompanying presentation can be found on RNC's website at www.rncminerals.com.

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 November 6, 2019, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 7829328

Local and international callers please dial: 416-849-0833; Pass Code: 7829328

About RNC Minerals

RNC is currently focused on the integration of its Beta Hunt Gold Mine with its recently acquired Higginsville Gold Operation ("HGO") in Western Australia. The robust Beta Hunt gold mineral resource is underpinned by multiple gold shears with gold intersections along a 4 km strike length which remains open in multiple directions. The gold mineral resource is adjacent to an existing 5 km ramp network. RNC has a 100% interest in HGO, which is comprised of a low cost 1.4 Mtpa gold mill and a substantial portfolio of gold tenements. In addition, RNC has a 28% interest in a nickel joint venture that owns the Dumont Nickel-Cobalt Project located in the Abitibi region of Quebec. Dumont 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 Board and management team focused on delivering shareholder value. 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 Regarding the Beta Hunt Mine and Higginsville

The decision 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, which include 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. Readers are cautioned that there is increased uncertainty and higher risk of economic and technical failure associated with such production decisions. An updated mineral resource estimate is summarized in the "Technical Report on The Beta Hunt Mine, Kambalda, Western Australia" dated September 17, 2019. It is further cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability. A production decision at the Higginsville gold operations was made by previous operators of the mine, prior to the completion of the acquisition of the Higginsville gold operations by RNC and RNC made a decision to continue production subsequent to the acquisition. This decision by RNC to continue production and, to the knowledge of RNC, the prior production decision were 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, which include 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 the Corporation's cash flow and future profitability. Readers are cautioned that there is increased uncertainty and higher risk of economic and technical

failure associated with such production decisions.

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, Higginsville Gold Operation 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
