RNC Restructures Royalty At Higginsville Gold Operations To Unlock Significant Production Potential And Lower Costs

TORONTO, Dec. 19, 2019 /CNW/ - RNC Minerals (TSX: RNX) ("RNC" or the "Company") is pleased to announce it has restructured the current royalty held by Morgan Stanley Capital Group Inc. ("Morgan Stanley") over a number of tenements at its Higginsville Gold Operations (HGO) located in Western Australia.

Prior to these amendments, the royalty on these tenements was comprised of a 1.75% NSR plus a 50% participation payment on the difference between realized gold price and A$1,340 per ounce (the "legacy rate").

The restructured royalty provides for a flat 2% NSR after payment of an adjusted legacy rate on the first 10,000 gold ounces sold per annum.

The details of the restructured royalty are as follows:

- An adjusted legacy royalty on the first 10,000 ounces sold per annum comprised of a 1.75% NSR plus a reduced 27.5% participation payment (reduced from 50% previously) on the difference between realized gold price and A$1,340 per ounce. This legacy rate will apply for 11 years (or to a cumulative total of 110,000 ounces).

- A flat 2% NSR on ounces sold in excess of 10,000 per annum, which will become payable after the first 37,500 ounces are sold from HGO production.

Paul Andre Huet, Chairman & CEO, commented: "We are pleased to have reached a mutually beneficial agreement with Morgan Stanley to restructure the terms of this royalty. This revised structure addresses in a meaningful way RNC's strategic objective for additional economic incentive to mine the gold resources on these tenements. We are extremely pleased to have developed an arrangement that we expect will allow us to unlock significant value for both parties. The new royalty will allow us to develop these tenements, thereby providing us with additional flexibility to fill our Higginsville mill with material from our extensive pipeline of open pits already identified."

The restructured royalty will come into effect onJanuary 1, 2020 and opens the door for RNC to access gold resources on tenements previously seen as uneconomic. The benefits of the revised arrangements will begin to flow through over the coming quarters with drilling and mining activities to commence in specific areas immediately.

About RNC Minerals

RNC is focused on growing gold production and reducing costs at its integrated Beta Hunt Gold Mine and Higginsville Gold Operations ("HGO") in Western Australia. Part of HGO, the Higginsville mill is a low-cost 1.4 Mtpa processing facility which is fed at capacity from RNC's underground Beta Hunt mine and open pit Higginsville mine. At Beta Hunt, a robust mineral resource is hosted in multiple gold shears, with gold intersections along a 4 km strike length remaining open in multiple directions. HGO has a substantial historical gold resource and highly prospective land package totaling approximately 1,800 square kilometers. 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 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 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 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.

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. 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.

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