

RNC Minerals Announces Joint Venture With Waterton To Acquire, Develop And Operate Nickel Assets

RNC will host a conference call/webcast on March 22, 2017 at 10:00 a.m. (Eastern Time) to discuss the arrangement. 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 22, 2017 /CNW/ - RNC Minerals (TSX: RNX) ("**RNC**" or the "**Company**") is pleased to announce that it has entered into a joint venture arrangement (the "**JV Arrangement**") with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "**Waterton**"). Pursuant to the terms of the JV Arrangement, Waterton has agreed to acquire 50% of RNC's interest in the Dumont Nickel Project for US\$22.5 million (C\$30 million) in cash, implying a value of C\$60 million for 100% of the asset. RNC and Waterton will also inject US\$17.5 million (for a total of US\$35 million) into a newly established limited partnership (the "**JV Entity**") that will own Dumont, support its advancement to development, and acquire high quality nickel assets globally. The JV Arrangement provides for a unique structure within the resource sector and sets forth a partnership between an innovative mining private equity firm and a leading nickel executive team to create and unlock value within the nickel industry. The JV Entity's objective is to establish a pure play nickel company with multiple projects operating in stable jurisdictions.

Mark Selby, President and CEO of RNC, commented, "This transaction clearly highlights the value of the Dumont Nickel Project and will allow us to continue to advance Dumont. RNC is very pleased to partner with Waterton Global Resource Management, Inc. ("WGRM"), a leading mining private equity firm with exceptional in-house mining and investment expertise. WGRM's unique approach combines proprietary expertise and patient capital over the course of the mining cycle and provides our joint venture with the ability to advance nickel projects on an opportunistic timeframe. Our team has identified a number of targets to pursue through this JV Entity with minimal or no dilution to existing RNC shareholders."

Mr. Selby continued, "In addition to the nickel acquisition strategy with WGRM, RNC Minerals is poised to create value for shareholders through multiple platforms: the ongoing ramp-up of gold production at the Beta Hunt Mine in Australia with the added option potential of our recently announced agreement with Westgold, the contribution of cash flow from the Reed Mine in Canada in 2017, and the recently announced spinout of our Qiqavik and True North Nickel assets into a separate entity. Today's announcement of the JV Entity represents both a significant recognition of value in our Dumont project, and an opportunity to capture further value in the nickel market."

Isser Elishis, Managing Partner and CIO of WGRM, commented, "We are very pleased to have reached a JV Arrangement with RNC on the Dumont project. This arrangement provides the foundation for us to collaborate on future opportunities to acquire and develop high-quality nickel assets. We look forward to working closely

with and combining our expertise with RNC's management team and board of directors."

Benefits to RNC Shareholders

RNC believes this partnership with Waterton will benefit shareholders in the following ways:

- Commitment to advance Dumont and provide ongoing nickel exposure, while minimizing potential dilution to existing RNC shareholders and its precious metals business;
- Immediate value realized for Dumont of C\$60 million (based on RNC's 100% interest), or approximately C\$0.20 share, which is not currently reflected in RNC's market valuation;
- Immediate US\$5.0 million cash payment to RNC and US\$17.5 million cash contributed to the JV Entity on behalf of RNC to pursue the nickel acquisition and Dumont development strategy;
- Further capital commitments from Waterton to the JV Entity of an additional US\$17.5 million to pursue this strategy. A total of US\$30 million of cash will be available immediately to pursue the nickel acquisition and consolidation strategy

Overview of the JV Entity

The JV Entity will implement a strategy to unlock value within the global nickel market by acquiring attractive and undervalued nickel assets. Backed by RNC's team with over 100 years of combined experience in nickel, and WGRM's long-term view of the nickel and base metals business, RNC and WGRM believe that now is the time to acquire high quality, undervalued assets.

The JV entity will contain:

- 100% interest in the Dumont nickel project
- US\$35 million in cash or binding capital commitments
 - US\$5 million to continue to advance Dumont
 - US\$30 million to acquire additional nickel assets. RNC and WGRM have identified a transaction pipeline with a number of short, medium, and longer-term opportunities.

Terms of the JV Arrangement

Under the JV Arrangement, RNC and Waterton have agreed to create and jointly own the JV Entity. RNC will contribute Dumont to the JV Entity. As consideration for contributing Dumont, RNC will receive a 50% interest in the JV Entity, US\$5.0 million at closing and the benefit of US\$17.5 million in capital contributions to the JV Entity made on its behalf, US\$2.5 million of which will be applied to fund RNC's proportion of the JV Entity's operating expenses related to the development of Dumont, and US\$15.0 million of which will be applied to fund RNC's proportion of the JV Entity's costs of acquiring and developing additional nickel projects.

The US\$5.0 million in cash paid to RNC at closing will be used for general corporate and working capital purposes.

On closing, RNC and Waterton will be equally responsible for the costs and expenses of the JV Entity and its business. As noted above, the first US\$17.5 million of RNC's share of Dumont and acquisition-related costs and

expenses will be funded at closing.

RNC and Waterton have agreed to terms under which the JV Entity will be governed and among other matters, the day-to-day management and operations of the JV Entity, project financing, capital distributions, voting and veto rights, dilution, liquidity and such other matters as are consistent with arrangements of this nature.

The JV Entity will be operated by RNC and shall be governed by the terms of a limited partnership agreement (and certain other agreements) and a four person board of directors made up of two appointees from each of RNC and Waterton. Certain matters pertaining to the JV Entity and its assets will require the unanimous approval of both RNC and Waterton.

Closing of the JV Arrangement is anticipated to occur during the second quarter of 2017 and is subject to the satisfaction of certain conditions precedent, including in relation to the permitting status of the Dumont project.

Dumont Nickel Project

RNC's Dumont Nickel Project is one of the world's largest undeveloped, permitted and shovel ready nickel sulphide deposits. Dumont is located near the town of Amos, in the municipalities of Launay and Trécesson, in the established Abitibi mining camp in the mining-friendly Canadian province of Québec. When in production, Dumont is expected to rank as the fifth-largest nickel sulphide operation in the world by annual production and contains the third largest nickel reserve in the world.

Beta Hunt Update - Westgold Purchase Option and Toll Processing Agreement; Extension to Copper Prepayment Arrangements with Auramet

In order to take advantage of the lower cost toll processing agreement with Westgold that RNC recently announced, and to finance the build-up of mined gold inventory from Beta Hunt in advance of the start of tolling at Westgold's Jubilee gold mill beginning July 1, 2017, RNC has entered into new working capital facilities and a US\$2.5 million extension of its copper prepayment agreements with Auramet International LLC. RNC expects to begin making shipments of ore to the Jubilee mill before month-end. The US\$2.5 million copper prepay facility will be repaid through 75,000 pounds of copper production from the Reed mine from June to December 2017 and 300,000 pounds in each of January and February 2018. RNC also granted call options to Auramet on 1.5 million pounds of copper with a strike price of US\$3.30 per pound and expiration dates from January through May, 2018. The US\$4 million in-process gold facility has identical terms to the facility currently in place for the existing tolling arrangement and bears interest at LIBOR+4.5% when drawn (see RNC news release dated October 4, 2016).

The ramp-up at the Beta Hunt mine is continuing but at a slower pace than previously anticipated as initial grades from the first Western Flanks stope was lower than expected and equipment availability issues slowed throughput and development rates during the first quarter. These issues are being addressed and annualized production rates of 60,000 ounces of gold are now expected by mid-year. The ramp-up is expected to continue during the year to achieve previously announced guidance of 65-70,000 ounces per year at an all-in-sustaining-cost of US\$900-1,000 per ounce.

The disclosure of scientific and technical information related to the Beta Hunt Mine operations contained in this

news release has been approved by Kevin Small, Director, Mining Operations of RNC, a Qualified Person under NI 43-101.

Financial Advisor

Haywood Securities Inc. has acted as financial advisor to RNC in connection with the JV Arrangement.

Conference Call

RNC will be hosting a conference call 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 CNW Group's website at:

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 March 22, 2017, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 83329745

Local and international callers please dial: 416-849-0833; Pass Code: 83329745

About Waterton

Waterton is a leading private equity firm dedicated to developing high quality resource assets in stable jurisdictions. Waterton's founding team has a successful track record of originating, structuring, managing and exiting investments through acquisitions, joint ventures and partnerships, across a range of sectors and asset classes. Waterton's core strength is its cross-functional, fully-integrated, in-house team of professionals who possess significant mining, financial and legal expertise. Waterton's team employs a proactive approach to asset management, leveraging significant sector knowledge and extensive industry relationships to support the firm's investment activities. Waterton's two current active private equity funds, Waterton Precious Metals Fund II and Waterton Parallel Fund closed with capital commitments in excess of U.S. \$1.725 billion in 2014 and 2016 respectively.

About RNC

RNC is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation and development of base metal and precious metal properties. RNC's principal assets are the producing Beta Hunt gold and nickel mine in Western Australia, the Dumont Nickel Project located in the established Abitibi mining camp in 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.

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 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.

SOURCE RNC Minerals

For further information: Rob Buchanan, Director, Investor Relations, T: (416) 363-0649,
www.rncminerals.com

© 2017 Royal Nickel Corporation. All rights reserved.