

## RNC Announces Q3 2017 Results

*RNC will host a call/webcast on November 15 at 10:00 a.m. (Eastern Time) to discuss Q3 2017 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. 15, 2017 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its review of activities and financial results for the quarter ended September 30, 2017. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the quarter ended September 30, 2017.

Mark Selby, President and CEO, commented, "Beta Hunt continued its strong quarter-over-quarter performance improvement during the third quarter, as increases in gold grades and mining rates led to a 27% increase in production. The mine exited the quarter with annualized gold production for the month of September exceeding 54,000 ounces and gold grades of 2.53 g/t. With the ramp-up in production and improvement in grades, mining cash costs declined from US\$1,211 in the second quarter to US\$578 per ounce in September 2017. We expect costs to continue to improve as production ramps up through the remainder of 2017 and to exit the year at an annualized production rate of over 70,000 ounces of gold. Given the level of reported production through the first three quarters, guidance for 2017 has been reduced to 37,000 to 42,000 contained ounces of gold and cost guidance has been adjusted accordingly."

### Q3 2017 and Recent Highlights

- Mined gold production at Beta Hunt during the third quarter was 10,489 ounces, up 27% compared to the 8,281 ounces produced in the second quarter of 2017 and gold tonnes mined was 145.5 kt in the third quarter of 2017, up 18% compared to the 123.1 kt mined in the second quarter of 2017. Gold sales were 8,659 ounces, an increase of 47% compared to 5,891 ounces sold in the second quarter of 2017.
- For the third quarter of 2017, gold mining cash cost per ounce decreased by 34% to US\$804 per ounce from US\$1,211 per ounce in the second quarter. On a cost per ounce sold basis, gold cash costs, net of by-product credits, decreased by 15% to US\$1,439 per ounce sold, and all-in sustaining costs net of by-product credits decreased by 12% to US\$1,569 per ounce sold, compared to US\$1,687 and US\$1,786, respectively, in the second quarter of 2017. As production volumes ramp up and grades continue to improve, costs are expected to decline toward target levels. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended September 30, 2017.
- Reed Mine third quarter 2017 copper contained in concentrate production was 2.7 million pounds (1.21 kt) (30% basis) compared to second quarter production of 3.1 million pounds (1.41kt) (30% basis). Cash

costs decreased by 2% to US\$1.55 per pound sold and all-in sustaining costs decreased by 5% to US\$1.57 per pound sold, compared to US\$1.58 and US\$1.66 in the second quarter of 2017. RNC's share of gold in concentrate production for the third quarter of 2017 from the Reed Mine was 300 ounces. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended September 30, 2017.

- Excluding a non-cash impairment charge of \$1.9 million, combined operating loss from Beta Hunt and Reed Mine was \$3.1 million for the three months ended September 30, 2017.
- RNC had a net loss of \$12.3 million (\$0.04 per share) for the three months ended September 30, 2017, compared to a net loss of \$4.9 million (\$0.02 per share) for the same period in 2016.
- Subsequent to the end of the quarter, on October 20, 2017, an amalgamation agreement with Focused Capital Corp. and its wholly-owned subsidiary ("Focused Subco") was approved at a special meeting of Focused shareholders. The Amalgamation was completed on October 23, 2017, as set out in RNC's MD&A for the period ended September 30, 2017 under "Events Subsequent to September 30, 2017", and the resulting 55% owned subsidiary now holds all of TNN's assets and has been renamed Orford Mining Corporation ("Orford"), trading on the TSX Venture Exchange under the symbol "ORM".
- On October 30, 2017, RNC reported that Orford, in which RNC has a 55% equity interest, announced the results of a successful summer 2017 gold exploration program at its high-grade gold Qiqavik Project. Drilling has supported the subsurface extent of the structures and the mineralization associated with the 2016 surface gold discoveries at Esperance, Esperance West, and Aurora. Additionally, five new high-grade gold surface prospecting discoveries were made that remain untested by drilling.

### Q3 2017 Results and Outlook

The following is a summary of Q3 2017 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016
Gold tonnes mined (000s)	145.5	105.0	371.0	266.6
Gold mined grade (g/t) <sup>1</sup>	2.24	2.10	2.04	2.31
Gold tonnes milled (000s)	182.3	140.0	349.6	263.5
Gold mill grade (g/t) <sup>1</sup>	2.23	2.24	2.06	2.30
Gold milled (ounces)	13,047	10,058	23,180	19,554
Gold mined (ounces) <sup>1,2</sup>	10,489	7,094	24,305	20,329

Gold sales (ounces)	8,659	7,570	20,682	16,388
Nickel tonnes mined (000s)	8.3	13.1	25.2	61.6
Nickel tonnes milled (000s)	10.2	13.3	26.6	62.2
Nickel mill grade, nickel (%)	2.84	2.48	2.75	2.70
Nickel in concentrate tonnes (000s)	0.25	0.29	0.64	1.51

	Q3 2017	Q2 2017	Q1 2017
<b>Beta Hunt Gold and Nickel Operation<sup>6</sup></b>			
Gold mining cash cost per ounce (US\$ per ounce mined) <sup>3</sup>	\$804	\$1,211	\$1,669
Gold all-in sustaining cost, net of by-product credits (US\$ per ounce sold) <sup>4,5,6</sup>	\$1,569	\$1,786	\$1,685
Gold C1 cash operating cost, net of by-product credits (US\$ per ounce sold) <sup>4,5</sup>	\$1,439	\$1,687	\$1,647
Nickel C1 cash operating cost (US\$ per lb. sold) <sup>5</sup>	\$3.40	\$3.31	\$2.97
Nickel C1 cash operating cost (US\$ per tonne sold) <sup>5</sup>	\$7,499	\$7,293	\$6,541
Nickel all-in sustaining cost (AISC) (US\$ per lb. sold) <sup>5</sup>	\$3.45	\$4.15	\$3.00
Nickel all-in sustaining cost (AISC) (US\$ per tonne sold) <sup>5</sup>	\$7,596	\$9,150	\$6,618

- 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.
- As of September 30, 2017, 43.5 kt of gold mineralization from Q3 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 80 kt of gold as of June 30, 2017
- Gold mining cash cost per ounce for the month of September 2017 was US\$578 per ounce mined at a recovery of 90%.
- Gold operations declared commercial production in the second quarter of 2017 with effect on July 1, 2017. Prior to Q3, gold operations were in the ramp up stage towards commercial production and operating and sustaining costs per ounce for those periods are not comparable to other companies.
- All-in sustaining cost, net of by-product credits, cash operating cost, net of by-product credits, cash operating cost, cash operating cost per tonne, all-in sustaining cost, and all-in sustaining cost per tonne are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC's performance and are better indications of its expected performance in future periods. This data is intended to provide additional

information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

6. Reference is made to the Non-IFRS Measures section of RNC's MD&A for the period ended September 30, 2017.

The third quarter of 2017 continued to be a period of transition for the Beta Hunt Mine as it continued to ramp up gold production after commencement of commercial production, which was achieved at the end of the second quarter of 2017. Until the end of the second quarter of 2017, Beta Hunt gold cost of sales, net of gold revenue, was capitalized to property, plant and equipment. Beginning July 1, 2017, following declaration of commercial production, gold cost of sales, net of gold revenue was no longer capitalized to property, plant and equipment. Since the end of the first quarter, there has been significant ongoing improvement in development rates, mine output and grade and quarter-over-quarter improvements are expected to continue for the remainder of 2017. Cost per ounce sold decreased slightly in Q3 relative to Q2 as the majority of ounces processed and sold were mined during a period of low production during Q1 and early Q2. The decline in cost per ounce mined reflects the improved throughput and grade achieved as the third quarter progressed.

**Cautionary Statement:** The decision by SLM 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, including 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. It is further cautioned that the PEA is preliminary in nature. No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

#### **Beta Hunt Mine Guidance**

Due to slower than anticipated ramp-up during 2017, gold production guidance is lowered to 37,000-42,000 contained ounces from 50,000-60,000 ounces. Gold production is still expected to exit the year at an annualized production rate of approximately 70,000 contained ounces. With lower production for the year and production ramp up, guidance for AISC cash cost net of by-product credits for the year is increased to US\$1,450-1,550 per ounce.

#### **Reed Mine**

RNC's acquisition of 100% of VMS Ventures, whose main asset is a 30% interest in the Reed Mine, closed on April 27, 2016.

#### **Reed Mine Q3 2017 Production**

For the three months ending September 30, 2017, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 1.21 kt of copper and 300 oz of gold. Guidance for the full year remains unchanged.

## Reed Mine Q3 2017 Operating Review (100% basis)

	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016
Ore (tonnes hoisted)	117,536	112,929	358,184	338,842
Ore (tonnes milled)	107,705	119,795	339,833	325,794
Copper (%)	4.06	3.59	3.72	4.28
Zinc (%)	0.62	0.59	0.57	0.62
Gold (g/t)	0.48	0.42	0.46	0.52
Silver (g/t)	8.23	6.61	6.68	7.10

## Reed Mine Q3 2017 Production and Costs (30% basis)

	Q3 2017	Q2 2017	Q1 2017
Copper contained in concentrate (kilo tonnes)	1.21	1.41	0.85
Gold contained in concentrate (ounces)	300	293	283
Copper cash operating cost per pound sold <sup>1</sup>	\$1.55	\$1.58	\$2.06
Copper all-in sustaining cost per pound sold <sup>1</sup>	\$1.57	\$1.66	\$2.10

Cash operating cost per pound, and all-in sustaining cost per pound, are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

1.

## Reed Mine 2017 Guidance

In 2017, RNC expects its 30% share of production from the Reed Mine to be 4-5 kt of copper and 0.8-1.1 koz of gold. Hudbay Minerals (the operator) has not provided guidance for the Reed Mine. The above guidance is RNC management's estimate of our expected 30% share of 2017 production. Production at the Reed Mine is expected to end in Q3 2018.

## Dumont Nickel Project

RNC continues to explore all financing and partnership opportunities to allow Dumont to advance to

construction when market conditions permit. RNC announced in April 2017 that it had closed a transaction under which Waterton acquired a 50% interest in the Dumont Nickel Project for US\$22.5 million (C\$30.3 million) in cash. RNC and Waterton contributed US\$17.5 million (C\$23.6 million) into Magneto, a newly established joint venture vehicle which owns Dumont and will pursue other nickel opportunities. US\$5 million (C\$6.7 million) of this amount is allocated to Dumont-related carrying costs and other expenses incurred over the next four years (expected to include the cost of an updated feasibility study).

### **Orford Mining Corporation**

RNC's has a majority equity interest in Orford which owns the Qiqavik Project in Northern Quebec. The 2017 Qiqavik field program began on July 19. This program consisted of diamond drilling of 2,723 metres in 23 holes, 721 line-kilometres of airborne (drone) magnetic surveying and 105.6 line-kilometres of Abitibi Geophysics ground OreVision™ IP surveying, prospecting, mapping, surface rock sampling, and till sampling. This work led to better understanding of the occurrences discovered in 2016 and to the identification of many additional mineralized occurrences on the property, including two occurrences with visible gold.

RNC will continue to investigate acquisition opportunities of highly prospective assets, preferably cash-producing, to grow the business in base and platinum group metals. RNC will focus on jurisdictions where it believes the risk is manageable. RNC believes it can successfully implement its corporate strategy because of its unique strengths, depth of management experience and well-developed relationships in the minerals industry.

### **Financial Results**

RNC's net loss totaled \$12.0 million for the three months ended September 30, 2017 (with basic and diluted loss per share of \$0.04). This compares with a net loss of \$4.8 million (with basic and diluted loss per share of \$0.02) for the three months ended September 30, 2016. The net loss increase of \$7.2 million is primarily due to the inclusion of SLM's gold operating activities effective July 1, 2017 upon the commencement of commercial production which had a loss of \$4.9 million during the three months ended September 30, 2017. There was also an expense of \$2.6 million with respect to an option to purchase the South Kalgoorlie Operations ("SKO") from Westgold Resources Limited ("Westgold"). In addition, there was an impairment charge of \$1.9 million in respect of VMS properties during the three months ended September 30, 2017.

Excluding the above noted impairment charge, mining operations had a net loss of \$3.1 million for the three months ended September 30, 2017, compared with net profits of \$1.1 million for the three months ended September 30 2016, a \$4.2 million variance. As noted above, the variance is primarily due to the Beta Hunt Gold operations which incurred a loss of \$4.9 million in this first quarter since commercial production was declared effective July 1, 2017. The Beta Hunt nickel operation profit is in line with the prior year with a \$0.1 million increase. The Reed Mine copper operation operating income of \$1.6 million is \$0.7 million higher than the comparative period in 2016 due to higher production and copper prices.

**Highlights of RNC's financial position are as follows** (in millions of dollars):

	<b>September 30, 2017</b>	<b>December 31, 2016</b>

Cash position <sup>1</sup>	\$21.6	\$4.8
Working capital deficit <sup>2</sup>	\$(13.0)	\$(26.2)
Mineral property interests	\$48.0	\$72.9
Property, plant and equipment	82.0	66.0
Total assets	\$166.8	\$159.3
Shareholder's equity	\$84.9	\$87.9
1	Includes Cash and Cash equivalents.	
2	Working capital deficit is a measure of current assets less current liabilities	

RNC's ability to operate as a going concern is dependent on its ability to raise financing. While management has been successful in securing financing in the past, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to RNC.

### Conference Call / Webcast

RNC will be hosting a conference call and webcast 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 Cision's website at [www.newswire.ca/en/webcast/index.cgi](http://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 November 15, 2017, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 9899014

Local and international callers please dial: 416-849-0833; Pass Code: 9899014

### About RNC Minerals

RNC is a multi-asset mineral resource company with a portfolio of gold and base metal production and exploration properties. RNC's principal assets are the producing Beta Hunt gold and nickel mine in Western Australia, a 50% interest in a nickel joint venture with Waterton that holds the Dumont Nickel Project in the Abitibi region of Quebec, and a 30% stake in the producing Reed Mine in the Flin Flon-Snow Lake region of Manitoba, Canada. Through its majority stake in Orford Mining Corporation (TSX-V: ORM), RNC also has interests in the West Raglan and Qiqavik projects in Northern Quebec and properties in the U.S. Carolina Gold Belt. 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 as well as the and the potential of the Dumont development project and Orford Mining's Qiqavik, West Raglan, Jones-Keystone*

*Loflin and Landrum-Faulkner exploration properties.*

*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, including the most recent Annual Information Form, available on SEDAR at [www.sedar.com](http://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](http://www.rncminerals.com)

---

© 2017 Royal Nickel Corporation. All rights reserved.