

RNC Announces Strong Third Quarter 2018 Results

RNC will host a call/webcast on November 13 at 10:00 a.m. (Eastern Time) to discuss Q3 2018 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. 13, 2018 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its financial results and review of activities for the quarter ended September 30, 2018. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited interim consolidated financial statements of RNC for the three and nine months ended September 30, 2018.

Mark Selby, President and CEO, commented, "The third quarter was transformative for both RNC and the Beta Hunt Mine. The major high-grade gold Father's Day Vein discovery generated sufficient cash to eliminate over \$30 million in long-term and convertible debt and significantly improve the balance sheet. With cash and cash equivalents of \$18.8 million as of November 12, 2018, RNC has sufficient funds for near term operational and exploration initiatives. The discovery, and a greater understanding of the pyritic sediment structures associated with the discovery, has resulted in extensive new insights into the significant high-grade gold potential of the mine. RNC generated more than \$10 million EBITDA in the third quarter, and with less than half of the low-cost, high-grade gold production sold in the third quarter, we expect to realize significant additional EBITDA in the fourth quarter."

Consolidated Third Quarter of 2018 and Recent Highlights

Record Quarterly Gold Production: Third quarter 2018 gold production of 31,360 mined gold ounces set a new quarterly production record, representing a 199% increase versus third quarter of 2017. Gold production for the first nine months of 2018 totaled 58,460 ounces compared to 24,305 for the comparable prior year period. The large increase in high-grade specimen and coarse gold production led to a 198% improvement in the mined grade for the quarter to 6.67 g/t, as compared to 2.24 g/t in third quarter of 2017.

Stronger balance sheet: All long-term debt and convertible debt with Auramet International LLC ("Auramet"), Pala Investments Limited ("Pala") and YA II PN, Ltd. ("YA II PN") of \$11.4 million was eliminated during the third quarter of 2018. During the nine months ended September 30, 2018, long-term debt and convertible debt totalling \$33.5 million was eliminated. The cash and cash equivalents balance, including value of gold specimens held for sale (at gold content only with no premium), as of November 12, 2018 was \$18.8 million.

Solid EBITDA performance improvement Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) improved to \$10.8 million, \$0.03 per share, in the third quarter of 2018, a \$9.4 million increase from the comparable quarter of 2017, reflecting the impact of higher sales and revenue and lower production costs. These earnings also reflect less than half of the low-cost, high-grade coarse gold production which was sold in

the quarter. The balance of this production is expected to be realized in the coming quarter.

Improved production unit costs: All-in sustaining costs (AISC) were US\$1,013 per ounce sold for the third quarter of 2018, a 37% improvement compared to US\$1,609 in the prior year comparative period. Year-to-date 2018 AISC was US\$1,207, a 28% improvement over the same period in 2017. The mining cash cost was reduced to US\$325 per ounce mined, 66% lower than the third quarter of 2017.

Table 1: Summary of Third Quarter 2018 Financial Results

<i>(in thousands of dollars except per share amounts)</i>				
	Three months ended,		Nine months ended,	
For the periods ended September 30,	2018	2017	2018	2017
Revenue	\$ 43,397	\$ 24,952	\$ 96,694	\$ 43,565
Production and toll-processing costs	29,060	20,775	73,305	34,195
Loss before income taxes	(7,364)	(12,018)	(20,673)	(17,790)
Net loss	(7,510)	(12,347)	(21,190)	(11,855)
Basic and diluted loss per share	(0.02)	(0.04)	(0.06)	(0.04)
Cash flow provided by (used in) operating activities	3,368	(3,624)	(9,592)	(2,134)
Cash investment in property, plant and equipment	(291)	(6,720)	(605)	(27,862)

Operations / Projects

Table 2: Summary of Third Quarter 2018 Operating Results

	Three months ended,		Nine months ended,	
For the periods ended September 30,	2018	2017	2018	2017
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	146	146	447	371
Gold mined, grade (g/t gold)	6.67	2.24	4.07	2.04
Gold mined (ounces)	31,360	10,489	58,460	24,305
Recovery (%)	95	90	94	91

Gold sold (oz)	23,805	8,659	43,291	20,682
Average realized price (US\$/oz sold) ¹	1,205	1,286	1,252	1,257
Mining cash cost (US\$/oz mined)	325	963	526	1,074
Cash operating costs (US\$/oz sold) ¹	962	1,480	1,155	1,602
All-in sustaining cost (AISC) (US\$/oz sold) ¹	1,013	1,609	1,207	1,681
Nickel² (Beta Hunt Mine)				
Tonnes mined (000s)	N/A	8.3	16.1	25.2
Nickel mined, grade (%)	N/A	2.84	2.31	2.75
Nickel in concentrate (000s of tonnes)	N/A	0.25	0.32	0.64
Average realized price (US\$ per pound)	N/A	4.48	7.13	3.95
Cash operating cost (US\$ per pound sold)	N/A	3.40	4.32	3.26
All-in sustaining cost (AISC) (US\$ per pound sold) ¹	N/A	3.45	4.34	3.61
Copper³ (Reed Mine)				
Copper in concentrate (kilo tonnes)	0.78	1.21	3.1	3.47
Cash operating cost (US\$ per pound sold)	0.56	1.55	0.48	1.68
All-in sustaining cost (AISC) (US\$ per pound sold) ¹	0.58	1.57	0.50	1.73
Adjusted EBITDA ¹	\$10,769	\$1,352	\$13,400	\$3,190
Adjusted EBITDA per share ¹	\$0.03	\$0.00	\$0.04	\$0.01

1. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended September 30, 2018.
2. Nickel was not mined during the third quarter of 2018.
3. RNC's share of production from the Reed Mine was 27% in the third quarter of 2018, 28% for the nine months ended 2018, and 30% for 2017 periods.

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

As at	September 30, 2018	December 31, 2017
Cash and cash equivalents ¹	0.7	24.4

Long-term debt	0.5	12.9
Convertible debentures	-	21.1
Working capital deficit ¹	(27.4)	(29.0)
Property, plant and equipment	15.5	23.5
Mineral property interests	-	49.0
Total assets	49.9	109.0
Shareholder's equity	12.6	10.9

1 Working capital deficit is a measure of current assets (including cash and cash equivalents) less current liabilities. At quarter end, 11.4 thousand ounces of specimen and coarse gold valued at \$17.5 million (at US\$1,187.25/oz gold) were in inventory valued at a cost of \$3.0 million which, when sold, would reduce the working capital deficit by \$14.5 million.

Operations / Projects

Beta Hunt Mine

On September 9, 2018, RNC announced a significant new high-grade gold discovery (Father's Day Vein) at the Beta Hunt Mine. RNC expects a minimum 27-30,000 ounces of gold will be recovered from the discovery area.

Highlights of quarterly results:

- Mined gold production at the Beta Hunt Mine during the third quarter of 2018 was 31,360 mined gold ounces, representing a 199% increase compared to 10,489 ounces in the third quarter of 2017. Gold tonnes mined was 146 kt in the third quarter, flat compared to the third quarter of 2017 as operations concentrated on mining high grade coarse gold and specimen stone discovered in September. Gold sales were 23,805 ounces in the third quarter, an increase of 175% compared to 8,659 ounces in the third quarter of 2017.
- For the third quarter of 2018, gold mining cash cost per ounce decreased by 66% to US\$325 per ounce mined from US\$963 per ounce in the third quarter of 2017. On a cost per ounce sold basis, gold cash operating costs decreased by 37% to US\$954 per ounce sold, and all-in sustaining costs decreased by 36% to US\$1,006 per ounce sold, compared to US\$1,609 in the third quarter of 2017 due to a significant increase in gold grades (in both mined and milled tonnes). Reference is made to the non-IFRS Measures section of RNC's MD&A for the period ended September 30, 2018.

Dumont Nickel-Cobalt Project

Dumont remains one of the world's premier battery metals projects containing the world's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt. As one of the only large-scale fully

permitted, shovel-ready nickel-cobalt projects globally, Dumont is ideally positioned to deliver the nickel and cobalt required to meet the massive demand growth expected from the electric vehicle ("EV") market in the coming decade.

RNC remains focused on completing an updated feasibility study. RNC announced in September 2018 that Ausenco Engineering Canada Inc. ("Ausenco") was awarded the contract for a feasibility study update for Dumont.

The results of the updated feasibility study are expected to be announced in the first half of 2019.

Reed Mine Production

For the three months ended September 30, 2018, RNC's 27% share of metal contained in concentrate production from the Reed Mine was 0.78 kt of copper. The all-in sustaining cost improved to US\$0.58 per pound of copper sold, compared to US\$1.57 in the prior year period. Costs improved in the quarter compared to the prior year primarily due to the effect of RNC electing not to fund its share of mining and general and administration costs.

The Reed Mine ceased mining operations and completed processing of stockpiled material in the third quarter of 2018.

Orford Mining Corporation

The Corporation also has a 35% equity interest in Orford Mining Corporation ("Orford") which holds the Qiqavik and West Raglan exploration projects (gold, nickel) in northern Quebec and gold exploration properties in the U.S. Carolina Gold Belt. The Qiqavik Project hosts several new high-grade gold discoveries along a mineralized trend in excess of 40 km. In October, Orford announced completion of the 2018 summer exploration program on the Qiqavik property. The Qiqavik program included 8 drill holes totaling 1,211m. The highlight of the 2018 drilling program results was the discovery at the Interlake Area of a thick sequence of gold mineralized quartz-carbonate veining associated with sulphidic metasediments which was intersected in three diamond drill holes. This is the first time that thicknesses of up to 24.6m of gold-bearing mineralization within a structural complex zone has been intersected on the property. The Interlake area has generated additional potential high-grade gold targets for 2019.

Financial Results

For the third quarter of 2018, revenue increased by \$18.4 million, or 74%, which was primarily due to increased gold deliveries from the Beta Hunt Gold mine of \$23.6 million. Partially offsetting higher gold revenue was a \$3.4 million decrease of copper revenue from the Reed Mine which ceased operations during the third quarter of 2018. Total operating loss for the period improved by \$5.6 million which was also primarily due to the Beta Hunt mine which had operating earnings of \$5.0 million during the period compared with a loss of \$4.7 million for the prior year, a \$9.7 million improvement. Furthermore, the Reed Mine had higher operating earnings of \$4.8 million which was partially due to a \$1.9 million impairment recorded in 2017. The combined increase in operating earnings from Beta Hunt and Reed Mine of \$14.6 million was partially offset by a higher accrual for share-based payments. The share-based payments expense of \$8.9 million in the period was higher than the same period of 2017 by an \$8.6 million increase in as a result of the mark-to-market adjustments relating to a higher market

price for the Corporation's common shares on September 30, 2018 relative to the beginning of the period.

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

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 13, 2018, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 7283426

Local and international callers please dial: 416-849-0833; Pass Code: 7283426

About RNC Minerals

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 recently made. Beta Hunt gold resource potential is underpinned by multiple gold shears with gold intersections across a 4km strike length which remain open in multiple directions adjacent to an existing 5km ramp network. RNC also has 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 eighth largest cobalt reserve in the world. RNC owns a 35% interest in Orford Mining Corporation, a mineral explorer focused on highly prospective and underexplored areas of Northern Quebec and the U.S. Carolina Gold Belt. 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 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; 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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