

# RNC Announces Q1 2016 Results

17.05.2016 | [CNW](#)

*RNC will host a call/webcast on May 17 at 10:00 a.m. (Eastern Time) to discuss first quarter 2016 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 [\[here\]](#) (reply access information below)*

TORONTO, May 17, 2016 /CNW/ - [Royal Nickel Corporation](#) ("RNC") (TSX: RNX) (OTCQX: RNKLF) is pleased to report its review of activities and financial results for the quarter ended March 31, 2016. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the quarter ended March 31, 2016.

Mark Selby, President and CEO, commented, "The first quarter of 2016 was a transformational quarter for RNC. With the acquisitions of the Beta Hunt gold and nickel mine in Western Australia and a 30% interest in the Reed copper mine in Manitoba, RNC is transitioning from a developer and explorer to a self-sustaining, cash flow generating, multi-asset and multi-metal producer. RNC shareholders now have exposure to cash flow from production ramping up to more than 50,000 ounces of gold annually and 8-10 million pounds each of nickel and copper production. In addition, the Beta Hunt mine's performance continues to exceed expectations; the mining rate for the month of March alone has achieved 58% of our year-end mining rate target."

Mr. Selby continued, "RNC has generated significant momentum in a short period of time. With a highly attractive combination of cash flow generating production assets, a shovel-ready world class nickel development project, high potential exploration assets, and a management team focused on identifying, acquiring, and developing additional gold and base metal opportunities, we are well positioned to generate free cash flow and create value for our shareholders."

## Q1 2016 and Recent Highlights

- Production from the Beta Hunt Mine in Western Australia during Q1 2016 (100% basis) was 5.6 thousand ounces ("koz") of gold mined (3.4 koz of gold sold) and 0.8 kt of nickel in concentrate. The gold mining rate in March 2016 of 935 tonnes per day was ahead of expectations and represents 58% of the ramp-up target for 2016. RNC's 2016 guidance for the mine remains unchanged; however, given the relative strength of gold prices, RNC may take advantage of the mine's operating flexibility to look for opportunities to redeploy resources to increase gold production and reduce nickel production.
- On February 1, 2016, RNC announced two acquisitions that will transform RNC into a cash generating low-cost nickel, copper and gold producer:
  - RNC acquired a 20% interest in SLM, a private company whose main asset is the Beta Hunt nickel-gold mine in Western Australia, for cash consideration of \$2.5 million. RNC increased its ownership position to 66% on March 15, 2016 in exchange for 31.9 million RNC common shares.
  - RNC also announced that it had entered into a definitive agreement dated January 30, 2016 to acquire a 100% interest in VMS by way of a plan of arrangement. The transaction was completed on April 27, 2016.
- On April 4, 2016, RNC announced plans to increase its ownership in SLM from 66% to 100% by exercising its right to acquire the remaining shares of SLM. RNC may exercise this right during the six month period commencing April 1, 2016 and ending September 30, 2016, at an exchange ratio calculated based on the date of exercise. RNC is seeking shareholder approval in respect of the related RNC share issuance at an Annual and Special Meeting of RNC Shareholders expected to be held on May 18, 2016. RNC plans to exercise its right to acquire all the shares of SLM it doesn't already own during the month of May, 2016, at the applicable share exchange ratio of 1.8775 RNC shares for each remaining SLM share, or a total of 24,324,066 RNC shares issuable in exchange for the remaining shares of SLM.
- On May 9, 2016, RNC entered into an agreement with Haywood Securities and Beacon Securities under which these underwriters agreed to purchase, on a bought deal basis, 17,060,000 common shares of RNC at a price of \$0.51 per common share for gross proceeds of approximately \$8.7 million. RNC granted the underwriters an option, exercisable at the same price for a period of thirty days following closing of the offering, to purchase up to an additional 15% of the offering to cover any over-allotments. The Offering is expected to close on or about May 26, 2016 and is subject to receipt of all necessary regulatory approvals.

- RNC incurred a net loss of \$1.6 million (\$0.01 per share) for the period ended March 31, 2016 compared to a net loss of \$0.3 million (\$0.00 per share) for the same period in 2015.

## Q1 2016 Operating Results and 2016 Outlook

In the quarter ended March 31, 2016 the Beta Hunt Mine was 66% owned during the fifteen day period commencing March 16, 2016. The following is a summary of the 2016 Q1 production from the Beta Hunt Mine (reported on a 100% basis):

### Beta Hunt Mine Q1 Overview (100% basis)

Beta Hunt Gold and Nickel Operation	Q1 2016
Nickel tonnes mined (000s)	29.4
Nickel tonnes milled (000s)	29.7
Nickel mill grade (% nickel)	3.04
Nickel in concentrate tonnes (000s)	0.8
Gold tonnes mined (000s)	66.2
Gold tonnes milled (000s)	43.1
Gold mill grade (g/t) <sup>1</sup>	2.64
Gold mined (ounces) <sup>1,2</sup>	5,636
Gold sales (ounces)	3,416
Nickel C1 cash operating cost (US\$ per lb) <sup>3</sup>	\$2.63
Nickel C1 cash operating cost (US\$ per tonne) <sup>3</sup>	\$5,808
Nickel all-in sustaining cost (AISC) (US\$ per lb) <sup>3</sup>	\$2.83
Nickel all-in sustaining cost (AISC) (US\$ per tonne) <sup>3</sup>	\$6,229

1. The March 2016 mineralization mine grade and ounces will be finalized with the final results from the Q2 2016 toll, The numbers provided above include preliminary estimates of the ROM grade.
2. 23,000 tonnes of gold mineralization from March 2016 production remained on the ROM pad for tolling in Q2 2016.
3. Cash operating cost, cash operating cost per tonne, and all-in sustaining cost, which 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.

In 2016 RNC is transitioning from the exploration and evaluation stage into a gold, nickel and copper producer. During the three months ended March 31, 2016, RNC acquired a controlling interest in the Beta Hunt Mine and commenced reporting its nickel production. The Beta Hunt Mine is also transitioning from a nickel producer to a gold and nickel producer. As a result, the 2016 results will not be directly comparable to

the prior or future years.

A preliminary economic assessment ("PEA") for Beta Hunt, prepared as a NI 43-101 compliant technical report, was filed under RNC's profile on SEDAR at [www.sedar.com](http://www.sedar.com) on March 7, 2016. The table below outlines guidance based on the PEA results.

#### Beta Hunt Mine (100% Basis) 2016 Guidance<sup>1,2,3,4</sup>

RNC continues to re-affirm the guidance provided earlier; however, with the strength in gold prices relative to nickel &ndash; the company may take advantage of the operational flexibility of the mine and reduce nickel production in favour of increased gold production. Q1 is a period of transition for the Beta Hunt Mine as it continued to ramp up the gold production.

Beta Hunt Mine (US\$)	Units	2016 Guidance
Nickel in Concentrate	kt	3.5 &ndash; 4.5
	Mlbs	8 &ndash; 10
Gold Production	000 ounces	35 &ndash; 45
Nickel C1 Cash Costs	\$/lb	\$(1.00) &ndash; \$0
(gold by-product basis)	\$/tonne	\$(2,200) &ndash; \$0
Nickel Co-product AISC Cash Costs	\$/lb	\$3.75 &ndash; \$4.25
	\$/tonne	\$8,270 &ndash; \$9,370
Gold Co-product AISC Cash Costs	\$/ounce	\$800 &ndash; \$900
Sustaining Capex	\$M	\$6 &ndash; 8
(includes gold mine development)		

1. Cash operating costs and cash operating cost per tonne sold are non-IFRS measures. In the nickel mining industry, cash operating costs and cash operating costs per tonne are common performance measures but do not have any standardized meaning. Cash operating costs are derived from amounts included in the Consolidated Statements of Comprehensive Income (Loss) and include mine site operating costs such as mining, processing and administration as well as royalty expenses, but exclude depreciation, depletion and share-based payment expenses and reclamation costs. Cash operating costs per tonne are based on tonnes sold and are calculated by dividing cash operating costs by commercial nickel tonnes sold; US\$ cash operating costs per tonne sold. SLM prepares this information as it believes the measures provide valuable assistance to investors and analysts in its operational performance and ability to generate cash flow. The most directly comparable measure prepared in accordance with IFRS is total production costs.
2. All-in sustaining costs and all-in sustaining cost per tonne sold are non-IFRS measures. These measures are intended to assist readers in evaluating the total costs of producing nickel from current operations. SLM defines all-in sustaining costs as the sum of production costs, sustaining capital (capital required to maintain current operations at existing levels), corporate general and administrative expenses, in-mine exploration expenses and reclamation cost accretion related to current operations. All-in sustaining costs exclude growth capital, growth exploration expenses, reclamation cost accretion not related to current operations, interest and other financing costs and taxes. The most directly comparable measure prepared in accordance with IFRS is total production costs.
3. Key 2016 assumptions: nickel price \$4.08/lb, gold price \$1,080/oz and 1.43 \$US = 1\$AUD

4. The technical information in this table has been prepared in accordance with Canadian regulatory requirements by, or under the supervision of David Penswick, P.Eng.

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 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 and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. 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.

#### 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. As such the financial and operating results of the Reed Mine in the first quarter have not been included in RNC's reporting of consolidated first quarter results.

#### Reed Mine Q1 2016 Production

For the 3 months ended March 31, 2016, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 1.1 kt of copper and 0.3 koz of gold.

#### Reed Mine Q1 2016 Operating Review (100% basis)

	Q1 2016	Q1 2015
Ore (tonnes hoisted)	111,461	118,645
Ore (tonnes milled)	94,997	122,609
Copper (%)	4.38	2.81
Zinc (%)	0.82	0.68
Gold (g/t)	0.54	0.60
Silver (g/t)	7.21	6.68
Unit Operating Cost (CDN\$/tonne)	\$45.77	\$63.92

During the first quarter of 2016 there was an inventory build of approximately 16 kt, on a 100% basis, of hoisted ore from the Reed Mine at an average grade of 4.2% copper, which impacted revenue available from ore sales to reduce the contribution loan balance owed to [HudBay Minerals Inc.](#) ("Hudbay"), which owns 70% of the Reed Mine. RNC expects the revenue associated with the ore inventory build-up will be realized in 2016, following unscheduled maintenance in Q1 2016 at Hudbay's Flin Flon concentrator. At March 31, 2016 the contribution loan balance owed to Hudbay was \$16.3 million, representing a drawdown of \$0.7 million from the \$17.0 million owed to Hudbay as at December 31, 2015. During Q1 2016, \$0.5 million was added to the contribution loan balance to reflect actual 2015 milling charges related to 2015 production.

#### Reed Mine 2016 Guidance

Hudbay as the operator has not provided production guidance for the Reed Mine. The following information is RNC's management estimate of production and costs and remains unchanged from our earlier guidance. In 2016, RNC expects its 30% share of production from the Reed Mine to be 4-4.5 kt of copper and 0.5-0.75 koz of gold.

Further information regarding the VMS acquisition and the Reed Mine is available at [www.royalnickel.com](http://www.royalnickel.com)

and filed under RNC's profile on [www.sedar.com](http://www.sedar.com).

#### Dumont Project

During Q1 2016, RNC continued its activities in support of the evaluation of the Dumont Nickel Project in Quebec. The work program focused on the bulk test program including both a mineral processing pilot plant and concentrate roasting, assisting with the EPC proposal preparation, supporting and following up on the ESIA filing. Major activities during Q1 were:

- Roasting Tests: Testing progressed on the roasting of Dumont Concentrate in the 12" roaster at XPS Consulting & Testwork Services. Roasting was completed for the first lot of concentrate for subsequent customer testwork on the nickel calcine.
- EPC Proposal: In August 2015 it was announced that an MOU had been signed with Ausenco/DF to prepare a lump sum turn key (EPC) proposal. Work on the proposal is largely complete with only the final legal drafting of typical performance guarantees and general terms and conditions remaining.

Given the substantial improvement in oil prices, the Canadian dollar, and many other input prices since the feasibility study was completed in 2013, RNC is also evaluating an update of the feasibility study to reflect current market conditions.

RNC has the following targeted key milestones to achieve the development of the Dumont Nickel Project:

- Completion of partnership and financing arrangements;
- Estimated construction schedule of 24 months post securing of financing and completion of detailed engineering;
- Project commissioning is expected to begin in ten to eleven quarters after financing is in place.

#### Financial Results

##### Note to readers regarding financial and operating results

RNC acquired a 20% interest in Salt Lake Mining Pty Ltd ("SLM"), the 100% owner of the Beta Hunt Mine, on February 1, 2016 and increased its ownership position to 66% on March 15, 2016. As such the impact of Beta Hunt's financial and operating performance on RNC's Q1 results is minimal. Further, RNC's acquisition of 100% of [VMS Ventures Inc.](#) ("VMS"), whose main asset is a 30% interest in the Reed Mine, closed on April 27, 2016. As such the financial and operating results of the Reed Mine during the first quarter have no impact on RNC's reporting of first quarter results.

For the three months ended March 31, 2016, RNC incurred a net loss of \$1.6 million (\$0.01 per share), compared to a net loss of \$0.3 million (\$0.00 per share) in the same period last year. The net loss increase of \$1.3 million is due primarily to higher general and administrative expenses (\$1.2 million). The increase in general and administrative expenses (\$1.2 million) is due primarily to acquisition costs (\$0.6 million) on RNC's acquisition of SLM and its acquisition of VMS and business development expenses (\$0.4).

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

March 31, 2016 December 31, 2015

Cash position<sup>1</sup>

Working capital<sup>2</sup>

Total assets

Shareholder's equity

7.2

(5.7)

124.9

77.8

9.6

7.8

82.6

68.3



1 Includes Cash and Cash equivalents.

2 Working capital 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. As noted above, on May 9, 2016, RNC entered into an agreement with Haywood Securities and Beacon Securities under which these underwriters agreed to purchase, on a bought deal basis, 17,060,000 common shares of RNC at a price of \$0.51 per common share for gross proceeds of approximately \$8.7 million. RNC also granted the underwriters an option, exercisable at the same price for a period of thirty days following closing of the offering, to purchase up to an additional 15% of the offering to cover any over-allotments. The Offering is expected to close on or about May 26, 2016 and is subject to receipt of all necessary regulatory approvals.

#### 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 CNW Group'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 May 17, 2016, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 11204617

Local and international callers please dial: 416-849-0833; Pass Code: 11204617

#### 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 its majority stake in the producing Beta Hunt nickel and gold 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 and warrants trade on the TSX under the symbols RNX and RNX.WT. RNC shares also trade on the OTCQX market under the symbol RNKLF.

#### Cautionary Statement Concerning Forward-Looking Statements

This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. Readers are cautioned to review the stated information and footnotes regarding use of non-IFRS measures.

This news release contains "forward-looking information" including without limitation statements relating to the the liquidity and capital resources of RNC, closing the acquisition of the shares of SLM that RNC does not already own, production and cost guidance, the potential of the Beta Hunt and Reed mines, and the potential of the Dumont, West Raglan and Qiqavik projects.

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: failure of the parties to sign definitive agreements and satisfy conditions of closing; 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](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.

## Contact

### [Royal Nickel Corporation](#)

Rob Buchanan, Director, Investor Relations

T: (416) 363-0649

[www.royalnickel.com](http://www.royalnickel.com)

Mélanie Corriveau (French contact), Community Relations Coordinator

T: (819) 727-3777

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/231256--RNC-Announces-Q1-2016-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).