

# RNC Minerals Restructures Senior Secured Gold Loan with Auramet International LLC

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## Completes \$8 Million Financing, Funds to support Nickel Ramp-up at Beta Hunt

TORONTO, Dec. 14, 2017 - RNC Minerals (TSX: RNX) ("RNC") is pleased to announce that it has restructured its financing package with Auramet International LLC ("Auramet") to fund the repayment of all obligations under the Senior Secured Gold Loan entered into in October 2016 and provide financial flexibility to support completion of the ramp-up and development of the Beta Hunt Mine, including the planned doubling of nickel production in 2018. RNC has also raised an additional \$4.5 million in capital from Pala Investments Limited ("Pala") and other key stakeholders, further strengthening its balance sheet.

"This support from Auramet and other key stakeholders will provide RNC with the financial flexibility to complete the gold and nickel ramp-up at Beta Hunt, including the planned doubling of nickel production in 2018, by deferring principal payments until March 31, 2018, reducing the principal of the senior debt facility by US\$3 million, and providing an additional \$4.5 million in capital. The Beta Hunt Mine remains on track to achieve strong quarter-over-quarter gold production growth in the current quarter to meet our updated guidance and complete the development to double nickel production in 2018," said RNC President & CEO, Mark Selby.

Stephen Gill, Pala Investments Managing Partner, commented: "We are happy to continue to support RNC in the ramp-up of Beta Hunt, and believe the target of expanding nickel production is well timed, allowing the company to capture the positive outlook for nickel."

Auramet has subscribed for US\$3.7 million of RNC common shares issued at a price of C\$0.16 per share (subject to TSX approval, a total of 29,750,312 common shares of RNC will be issued to Auramet). The existing gold loan (outstanding balance of 11,760 gold ounces was purchased back at a discount) and other current Auramet obligations will be replaced with the newly issued RNC shares and a US\$12.65 million facility (comprised of a US\$9 million cash loan, with a small gold coupon, and a US\$3.65 million nickel prepay loan).

### Auramet - Restructured Debt Facility

The US\$9 million cash loan will be repaid with fifteen monthly payments of US\$0.4 million each starting on March 31, 2018 and a final bullet payment of US\$3 million on June 30, 2019. The non-interest bearing loan is coupled with a gold coupon of 115 ounces per month. The loan may be repaid early at any time subject to a 2% fee. The US\$3.65 million nickel prepay loan will be repaid by the delivery of 372 tonnes of nickel over a five month period commencing in March 2018 and ending in July 2018. This nickel prepay can be repaid at any time without a penalty.

The restructured debt facility is subject to a 3% arrangement fee. As part of the restructured debt facility, RNC also granted Auramet call options on 1,000 ounces of gold per month from September 2018 to August 2019 and 1,125 ounces for September 2019 at a A\$1,750 per ounce strike price.

### Pala Facility

Pala, which provided US\$4 million of capital to RNC under a convertible debenture entered into in September 2017 (see RNC news release dated September 19, 2017), has agreed to amend the terms of this facility to provide an additional US\$2 million of financing to RNC. Key terms of this revised debenture are as follows:

- US\$3 million of the facility is repayable in 15 equal monthly principal installments beginning in January 2018, in either nickel tonnes or cash (at Pala's election); the remaining US\$3 million is due in March 2019, also in either nickel tonnes or cash (at Pala's election);
- The interest rate under the facility has been reduced from 15% to 14%;
- Pala has agreed to cancel its existing 5 million RNC share purchase warrants in return for a 2.25% royalty on future Beta Hunt nickel production commencing April 1, 2019.

Completion of this additional US\$2 million of financing is subject to certain specified conditions.

#### Other Stakeholders

Other RNC stakeholders have agreed to eliminate \$2.1 million of other cash obligations through the issuance of approximately eight million RNC common shares (issued at \$0.16 per share; subject to TSX approval) and the transfer of two million common shares of [Orford Mining Corp.](#) (reducing RNC's stake in Orford to approximately 20.3 million shares, which represents an approximate 49.5% interest in Orford). Completion of this step is subject to certain specified conditions.

#### 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 approximate 49.5% stake in [Orford Mining Corp.](#) (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 completion of the refinancing, the liquidity and capital resources of RNC, production guidance and the potential of the Beta Hunt and Reed mines as well as the potential of the Dumont development project and 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: 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.

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