

# RNC Announces Year End 2017 Results

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RNC will host a call/webcast on April 3 at 10:00 a.m. (Eastern Time) to discuss 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 and information below).

TORONTO, April 3, 2018 /CNW/ - RNC Minerals (TSX: RNX) ("RNC") announces its review of activities and financial results for the year ended December 31, 2017. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on audited financial statements for the year ended December 31, 2017.

Mark Selby, President and CEO, commented, "RNC announced an important shift on March 22, that its central strategic going-forward will be the advancement of the Dumont Nickel-Cobalt Project, which is the largest undeveloped nickel reserve in the world and one of the few large-scale shovel-ready projects positioned to deliver large quantities of nickel to market in the next few years. This should allow RNC shareholders to participate in the excellent future for nickel and copper enhanced by the growth of electric vehicles over the next few years."

Mr. Selby also commented: "With the shift in focus, the Beta Hunt Mine is considered to be non-core to RNC. A strategic alternatives process is underway, which may include the sale of all or a portion of Beta Hunt. Several parties have already expressed interest in participating in the process, which we expect to be completed by early Q3 2018. For accounting purposes, RNC has taken a non-cash charge to write down its investment in Beta Hunt based on the depletion of the historical resource estimate released in February 2016. An updated resource including the drilling completed in 2017 is expected to be released shortly."

Mr. Selby continued, "Quarter-over-quarter production improvements at Beta Hunt are expected to continue during 2018. 2018 production rates of approximately 2,200 tonnes per day will drive record monthly production and a fifth consecutive quarter-over-quarter production increase in the first quarter of 2018. A further increase is expected in the second quarter. Payable gold production expected to reach an annualized rate of approximately 63,000 payable ounces. Nickel production is expected to improve during the second quarter to approximately 800,000 pounds as the first nickel from the newly developed area has been produced with grades in excess of 3.5%, contributing to improved cash flows during the second quarter. As part of the strategic alternatives process under way for Beta Hunt, RNC will not be providing full year 2018 production guidance."

## 2017 and Recent Highlights

- Gold sales were 33,578 ounces in 2017, up 60% compared to 20,958 ounces in 2016 including 12,896 ounces in the fourth quarter. Commercial production of gold commenced on 1 July 2017. As previously reported, throughput levels were adversely affected as slower than expected ramp up in development activity and equipment availability issues delayed production stopes. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended December 31, 2017.
- Beta Hunt 2017 nickel in concentrate production was 0.80 kt. As previously reported, Management reduced nickel production during the 1<sup>st</sup> half of 2017 due to depressed nickel prices and in order to focus on gold production.
- Mined gold production at Beta Hunt during the fourth quarter was 12,722 ounces, up 21% compared to 10,489 ounces in the third quarter of 2017. Gold tonnes mined were 160 kt in the fourth quarter of 2017, up 10% compared to 146 kt in the third quarter of 2017. Gold sales were 12,896 ounces, an increase of 49% compared to 8,659 ounces sold in the third quarter of 2017.
- For 2017, gold mining cash cost per ounce decreased to \$763 in December 2017 and \$882 in the fourth quarter compared to \$1,347 in the first quarter of 2017 as throughput and grades improved during the year. All-in sustaining costs including by-product credits were US\$1,617 per ounce sold, compared to US\$1,608 in 2016 as lower average grades for the year largely offset higher production rates. 2017 costs reflect the average grade milled of 2.16 g/t and production rate of 1.7 ktpd which is much lower than the 2.39 g/t grade milled and production rate of 1.7 ktpd in the fourth quarter of 2016. 2017 costs reflect the average grade milled of 2.7 g/t milled and 1.9 ktpd production rate in December 2017. Unit costs are expected to decline with higher production volumes and grades through 2018. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended December 31, 2017.
- Reed Mine 2017 copper contained in concentrate production was 9.9 million pounds (4.5 kt) (30% basis) compared to 2016 period of 7.5 million pounds (3.4kt) (30% basis). Cash costs increased by 25% to US\$1.75 per pound sold and sustaining costs increased by 20% to US\$1.79 per pound sold, compared to US\$1.40 and US\$1.49 in 2016. The Corporation's share of gold in concentrate production for 2017 from the Reed Mine was 1,194 ounces. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended December 31, 2017.

- On October 30, 2017, the Corporation reported that Orford Mining announced the results of a successful summer exploration program at its high-grade gold Qiqavik Project. Drilling has supported the subsurface extent of the structure of the mineralization associated with the 2016 surface gold discoveries at Esperance, Esperance West, and Aurora. In addition, five new high-grade gold surface prospecting discoveries were made that remain untested by drilling.
- Adjusted EBITDA for the year ended December 31, 2017 was a loss of \$12.2 million or \$0.04 per share compared to a loss of \$4.5 million or \$0.02 per share in 2016. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the year ended December 31, 2017
- Non-cash impairment charges of \$59.4 million on Beta Hunt gold and nickel mines, and VMS exploration properties, and one-time financing and restructuring charges of \$9.5 million contributed to the Corporation incurring a net loss of \$78.9 million (\$0.31 per share) for the year ended December 31, 2017, compared to a net loss of \$28.6 million (\$0.13 per share) for the same period in 2016. Included in the 2016 loss were, compared to \$17.4 million non-cash impairment charges related to the acquisitions of SLM and VMS and the sale of 50% of Dumont to Waterton (described below) in 2016.

## 2017 Results

The following is a summary of full year and Q4 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Gold tonnes mined (000s)	160	104	531	371
Gold mined grade (g/t) <sup>1</sup>	2.47	2.26	2.17	2.30
Gold tonnes milled (000s)	158	90	507	354
Gold mill grade (g/t) <sup>1</sup>	2.39	2.26	2.16	2.29
Gold milled (ounces)	12,128	6,526	35,307	23,002
Gold mined (ounces) <sup>1,2</sup>	12,722	7,553	37,027	27,882
Gold sales (ounces)	12,896	4,571	33,578	20,958
Nickel tonnes mined (000s)	8.6	11.7	33.8	73.3
Nickel tonnes milled (000s)	7.0	11.7	33.7	73.9
Nickel mill grade, nickel (%)	2.64	2.80	2.73	2.72
Nickel in concentrate tonnes (000s)	0.16	0.29	0.80	1.80

Beta Hunt Gold and Nickel Operation <sup>5</sup>	YTD 2017	YTD 2016
Gold mining cash cost per ounce (US\$ per ounce mined)	\$1,008	\$1,190
Gold all-in sustaining cost, net of by-product credits (US\$ per ounce sold) <sup>3,4,5</sup>	\$1,617	\$1,608
Gold C1 cash operating cost, net of by-product credits (US\$ per ounce sold) <sup>3,4</sup>	\$1,520	\$1,331
Nickel C1 cash operating cost (US\$ per lb. sold) <sup>4</sup>	\$2.98	\$2.20
Nickel C1 cash operating cost (US\$ per tonne sold) <sup>4</sup>	\$6,573	\$4,854
Nickel all-in sustaining cost (AISC) (US\$ per lb. sold) <sup>4</sup>	\$3.27	\$2.23
Nickel all-in sustaining cost (AISC) (US\$ per tonne sold) <sup>4</sup>	\$7,202	\$4,927

1. 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.
2. As of December 31, 2017, 45.4 kt of gold mineralization from December 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 43.5 kt of gold as of September 30, 2017.
3. 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.
4. 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.
5. Reference is made to the Non-IFRS Measures section in RNC's MD&A for the period ended December 31, 2017.

2017 was a period of transition for the Beta Hunt Mine as it ramped up gold production in the first half of the year before declaring commercial production on 1 July 2017. Until declaration of commercial production, Beta Hunt gold cost of sales, net of gold revenue, were capitalized to property, plant and equipment.

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.

#### 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 2017 Production

For the year ended December 31, 2017, RNC's 30% share of metal contained in concentrate production from the Reed Mine was 4.5 kt of copper and 1,194 oz of gold.

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

	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Ore (tonnes hoisted)	102,229	104,719	460,413	443,561
Ore (tonnes milled)	102,436	123,596	442,269	449,389
Copper (%)	3.52	2.90	3.67	3.96
Zinc (%)	0.69	0.63	0.60	0.62
Gold (g/t)	0.51	0.44	0.47	0.50
Silver (g/t)	8.97	5.76	7.19	6.78

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

	YTD 2017	YTD 2016
Copper contained in concentrate (kilo tonnes)	4.5	5.0
Gold contained in concentrate (ounces)	1,194	1,357
Copper cash operating cost per pound sold <sup>1</sup>	\$1.75	\$1.40
Copper all-in sustaining cost per pound sold <sup>1</sup>	\$1.79	\$1.49

1. 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.

The Reed Mine is scheduled cease mining operations in Q3 2018 with processing of stockpiled material expected to continue through December 2018.

#### Reed Mine 2018 Guidance

Hudbay has not provided production guidance for the Reed Mine.

With limited near-term exploration potential and an interest in maximizing cash flow from the remaining mine production, RNC has elected to allow its interest in the Reed Joint Venture to be diluted by not funding its share of the operating costs resulting in an estimated decline in its interest from 30% to 26%. Over the course of 2018, it results in a minor production loss of 9.4%, or 0.3 kt, if it had retained a 30% interest in the mine. RNC will continue to pay 30% of the closure costs. RNC's share of closure costs is currently estimated to be \$0.9 million less recovery for equipment and facilities.

The following information is RNC's management estimate of production and costs. In 2018, RNC expects its share of production from the Reed Mine to be 2.25-2.5 kt of copper and 0.8-1 koz of gold. Although production at Reed mine is expected to end in Q3 2018, processing of stockpiled ore is expected to continue through December 2018.

#### Extension of Copper Prepay

With the extension in production from stockpiled ore to year-end 2018, the copper prepay facilities with Auramet were extended on March 28<sup>th</sup> by adding back 700,000 pounds of the 900,000 pounds of the copper prepay facility that had been repaid during the first quarter providing \$US1.925 million of additional cash in exchange for the delivery of 50,000 pounds in July 2018, 200,000 pounds in August 2018 and three monthly deliveries of 150,000 pounds in each of September, October and November 2018.

#### Dumont Nickel Project

On April 20, 2017, RNC closed a transaction under which Waterton acquired 50% of RNC's interest in the Dumont Nickel Project for US\$22.5 million (C\$30.3 million) in cash. The Corporation and Waterton contributed US\$17.5 million (C\$23.6 million) into a newly established joint venture vehicle ("Nickel JV") that 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).

During 2017, the Nickel JV continued its activities in support of the Dumont Nickel Project. The following were the major activities during 2017:

- Continuation of environmental baseline samplings of on-site water quality.
- Work continued on the closure plan for Dumont, providing updates to the government comments received back in 2017.
- In May 2017, the Nickel JV entered into an Impact and Benefit Agreement ("IBA") with the Abitibiwinni First Nation. The IBA serves as a framework to govern the relationship with the AFN, provides for meaningful AFN participation through training, employment, business opportunities and other means, and includes a mechanism by which the AFN benefit financially from the success of Dumont on a long term basis.
- The Nickel JV began evaluation of opportunity options related to Dumont to identify and prioritize future study options.
- Continuation of marketing on the alternative roasting process for Dumont concentrate

#### [Orford Mining Corp.](#)

RNC owns a 44% interest in [Orford Mining Corp.](#). Orford's main assets consist of exploration properties in Northern Quebec, comprising the Qiqavik and West Raglan projects and the Carolina Gold Belt in the United States, comprising the Jones-Keystone/Loflin, and Landrum-Faulkner gold properties.

#### Qiqavik Property

On March 2, 2016 the Corporation announced that its TNN subsidiary had discovered a new high grade gold, silver, copper and zinc mineralized trend at its newly consolidated Qiqavik Project in Northern Quebec. High grade gold mineralization was found during the 2015 exploration season with several grab samples ranging from 5 g/tonne up to 198 g/tonne over 15km of strike length, with several outcropping areas also containing high grade silver, copper and zinc, representing a potentially important new discovery in an underexplored volcano-sedimentary belt within the Cape Smith Belt.

On October 30, 2017, Orford announced results from the 2017 exploration programs at its Qiqavik property in northern Québec. At Qiqavik, the 2017 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. Work completed during the 2017 program demonstrates that gold is associated with secondary splay structures located along the district-scale Qiqavik Break Shear Zone which extends the full 40 km length of the Qiqavik Property. Geological data indicate that gold mineralization at Qiqavik is structurally controlled and associated with porphyry intrusions in places. Typically, in structurally controlled gold deposits, the intensity of mineralization varies along the length of the structures with ore shoots focused in zones of dilation. Orford is currently analyzing airborne magnetic and field mapping data collected during the summer 2017 program to identify and locate sites of dilation along structures that were active at the time of gold mineralization in order to target significant gold mineralization accumulations.

### Carolina Gold Belt

RNC, through TNN, acquired options to earn a 70% interest in both the the Jones-Keystone/Loflin, and Landrum-Faulkner gold properties in the Carolina Gold Belt, home to the Haile Mine. These options are now held by [Orford Mining Corp.](#), in which the Corporation owns a majority equity interest. The current development of the +4 million ounce Haile gold mine in South Carolina by OceanaGold has re-focused attention on the Carolinas as a highly prospective, under-explored and development-friendly jurisdiction.

### Financial Results

RNC's net loss totalled \$91.1 million for the year ended December 31, 2017 (with basic and diluted loss per share of \$0.31). This compares with a net loss of \$28.6 million (with basic and diluted earnings per share of \$0.13) for the year ended December 31, 2016. The net loss increase of \$70.5 million is due primarily to: 1) impairment charges of \$59.4 million during the year ended December 31, 2017 which were higher than the prior year's impairment charge of \$17.4 million by \$42.0 million; 2) an operating loss at the Corporation's Beta Hunt gold mine of \$11.4 million excluding impairment charges; and 3) other expenses of \$19.3 million (inclusive of one-time restructuring charges of \$9.5 million) for the year ended December 31, 2017 increased by \$14.4 million compared to the prior year. Partially offsetting was a decrease in general and administrative expenses of \$3.6 million.

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

	December 31, 2017	December 31, 2016
Cash and cash equivalents	\$24.4	\$4.8
Working capital deficit <sup>1</sup>	\$(29.0)	\$(26.2)
Property, plant and equipment	23.5	66.0
Mineral property interests	\$49.0	\$72.9
Total assets	\$109.0	\$159.3
Shareholder's equity	\$10.9	\$87.9

<sup>1</sup> Working capital deficit is a measure of current assets (including cash and cash equivalents) 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 April 3, 2018, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 8849207

Local and international callers please dial: 416-849-0833; Pass Code: 8849207

#### About RNC Minerals

RNC is a multi-asset mineral resource company with a portfolio of nickel, cobalt, and gold production and exploration properties. RNC has a 50% interest in a nickel joint venture with Waterton 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 (the largest undeveloped nickel and cobalt reserves in the world). RNC has a 100% interest in the producing Beta Hunt gold and nickel mine located in Western Australia. 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

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