

# RNC Announces Strong Fourth Quarter 2018 Results

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RNC will host a call/webcast on March 28 at 10:00 a.m. (Eastern Time) to discuss 2018 results. North American callers dial: 1-888-231-8191, international callers please dial: (+1) 647-427-7450. For the webcast of this event click [\[here\]](#) (refer to the information below).

TORONTO, March 28, 2019 - RNC Minerals (TSX: RNX) ("RNC") announces its financial results and review of activities for the year and quarter ended December 31, 2018. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the audited consolidated financial statements of RNC for the year ended December 31, 2018.

Mark Selby, President and CEO, commented, "RNC generated more than \$27 million Adjusted EBITDA in 2018, with \$10 million of that coming in a record fourth quarter. Beta Hunt AISC costs per ounce in the quarter declined to US\$698 reflecting increased sales of coarse gold from our Father's Day Vein discovery - demonstrating the mine's cash flow potential. Our 40,000 metre exploration program to unlock Beta Hunt's exploration potential began during the quarter, delivering both multiple high grade intersections and thick gold mineralization intersections. Our Dumont feasibility update is progressing well, and I look forward to an upcoming release given the increasing market interest in nickel and its critical role in the electric vehicle revolution."

### Consolidated Fourth Quarter and Full Year 2018 and Recent Highlights

**Record annual gold production:** Gold mined production for the 2018 year totaled 73,801 ounces compared to 37,027 ounces in 2017, which was an annual gold mined production record for Beta Hunt. Fourth quarter 2018 gold production of 15,341 ounces represented a 21% increase versus fourth quarter of 2017. High-grade specimen and coarse gold production led to an increase in mined grade for the quarter to 7.28 g/t, as compared to 2.47 g/t in fourth quarter of 2017. The gold mined grade for 2018 was 4.48 g/t, an increase of 106% over the mined grade of 2.17 g/t for 2017.

**Strong exploration results:** Initial results from the 40,000 metre drill program that was initiated in the fourth quarter of 2018 have been positive. Highlights from assays received to-date include (all drill intervals quoted are true thicknesses):

- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063
- 468 g/t over 0.21 m in hole AZ13-156
- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013

**Stronger balance sheet:** During the three months ended December 31, 2018, RNC's working capital deficit was reduced by \$4.6 million, including a \$4.6 million reduction in accounts payable and accrued liabilities. The cash and cash equivalents balance as of December 31, 2018 was \$5.2 million, including the value of gold specimens held for sale, as of December 31, 2018 was \$5.2 million at contained gold value (without premium). RNC expects to realize).

**Solid Adjusted EBITDA performance improvement:** Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) improved to \$15.9 million in the fourth quarter of 2018, a \$17.5 million increase from the comparable quarter of 2017, reflecting the impact of higher sales and revenue and lower production costs. For the full year Adjusted EBITDA improved to \$15.9 million, compared to \$(0.4) million in 2017. A definition and reconciliation of Adjusted EBITDA is included in the Non-IFRS Measures section of RNC's MD&A dated March 27, 2019.

**Improved production unit costs:** All-in sustaining costs (AISC) were US\$698 per ounce sold for the fourth quarter of 2018, a 69% improvement on the US\$1,579 per ounce sold in the prior year comparative period. 2018 fourth quarter cash operating costs were US\$459 per ounce sold, a 69% improvement over 2017. Mining cash costs were reduced to US\$345 per ounce mined, a 69% improvement over 2017.

### Table 1: Summary of Full Year 2018 Financial Results

(in thousands of dollars except per share amounts)

For the years ended December 31	2018	2017
Revenue	\$128,770	\$73,076
Production and toll-processing costs	82,742	62,412
Loss before income taxes	(7,911)	(97,195)
Net loss	(8,396)	(91,061)
Basic and diluted loss per share	(0.02)	(0.31)
Adjusted EBITDA <sup>1</sup>	27,328	(351)
Adjusted EBITDA per share <sup>1</sup>	0.07	(0.00)
Cash flow used in operating activities	(8,311)	(2,059)
Cash investment in property, plant and equipment	(10,464)	(31,361)

1. Non-IFRS: A definition and reconciliation of these measures are included in the Non-IFRS Measures section of RNC's MD&A dated March 27, 2019.

#### Operations / Projects

Table 2: Summary of Fourth Quarter and Full Year 2018 Operating Results

For the periods ended December 31,	Three months ended, Year ended,			
	2018	2017	2018	2017
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	65	160	512	531
Gold mined, grade (g/t gold)	7.28	2.47	4.48	2.17
Gold mined (ounces)	15,341	12,722	73,801	37,027
Recovery (%)	95%	90%	93%	91%
Gold sold (oz)	19,512	12,896	62,806	33,578
Average realized price (US\$/oz sold) <sup>1</sup>	1,156	1,284	1,222	1,267
Mining cash cost (US\$/oz mined)	345	882	488	1,008
Cash operating costs (US\$/oz sold) <sup>1</sup>	459	1,476	938	1,554
All-in sustaining cost (AISC) (US\$/oz sold) <sup>1</sup>	698	1,579	1,049	1,641
Nickel <sup>3</sup> (Beta Hunt Mine)				
Tonnes mined (000s)	-	8.6	16.1	33.8
Nickel mined, grade (%)	-	2.64	2.31	2.73
Nickel in concentrate (000s of tonnes)	-	0.16	0.32	0.80
Average realized price (US\$ per pound)	-	4.03	7.68	3.97
Cash operating cost (US\$ per pound sold)	-	\$1.90	\$4.29	\$2.98
All-in sustaining cost (AISC) (US\$ per pound sold) <sup>1</sup> -	-	\$1.94	\$4.33	\$3.27
Copper <sup>2</sup> (Reed Mine)				
Copper in concentrate (kilo tonnes)	-	1.21	3.1	3.47
Cash operating cost (US\$ per pound sold)	-	\$1.97	\$0.58	\$1.75
All-in sustaining cost (AISC) (US\$ per pound sold) <sup>1</sup> -	-	\$1.98	\$0.60	\$1.79
Adjusted EBITDA <sup>1</sup>	\$15,946	\$(1,524)	\$27,328	\$(351)
Adjusted EBITDA per share <sup>1</sup>	\$0.04	\$(0.00)	\$0.07	\$(0.00)

1. Non-IFRS: A definition and reconciliation of these measures are included in the Non-IFRS Measures section of RNC's MD&A dated March 27, 2019.

2. RNC's share of production from the Reed Mine, which ceased commercial production in July 2018 and is currently undergoing closure.

3. Nickel was not mined during the second half of 2018.

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

As at	December 31, 2018	December 31, 2017
Cash and cash equivalents	1.3	24.4
Working capital deficit <sup>1</sup>	(19.0)	(29.0)
Property, plant and equipment	24.5	23.5
Mineral property interests	-	49.0
Total assets	58.0	109.0
Total liabilities	31.9	98.1
Shareholder's equity	26.1	10.9

<sup>1</sup> Working capital deficit is a measure of current assets (including cash and cash equivalents) less current liabilities.

## Operations / Projects

### Beta Hunt Mine

On September 9, 2018, the Corporation announced a significant new high-grade gold discovery (Father's Day Vein) at the Beta Hunt Mine.

RNC announced on September 24, 2018 that a new exploration drive on 14 level at Beta Hunt intercepted and recovered large amounts of visible coarse gold, providing further proof of concept that the structures containing the Father's Day Vein discovery extend 200 metres (25 meters up dip and 180 meters along-strike) above the Father's Day Vein discovery. Following this announcement, technical teams at Beta Hunt applied the model for these high-grade coarse gold structures to historical drilling and mapping, and identified a number of targets for follow-up with the potential to continue to extend this discovery.

The gold specimen stones from the discovery area are expected to attract substantial premiums above the value of the gold contained in the stones.

On November 28, 2018, the Company announced that it initiated a 40,000 metre drill program at Beta Hunt. The objective of this program is to upgrade and expand the gold resource at Beta Hunt and delineate the Father's Day Vein style high grade gold mineralization. Three drills are currently operating underground. The first phase of the drilling campaign is expected to be completed by April 2019 with a resource update anticipated at the end of the second quarter of 2019.

Underground development will also be completed to provide access to the newly discovered sediment layers, support current and future exploration programs, and facilitate production of coarse gold using smaller scale mining methods. Beta Hunt's gold resource potential is underpinned by multiple gold shears with gold intersections across a 4 km strike length which remains open in multiple directions adjacent to the existing 5 km ramp network.

In order to deliver the first phase of the exploration plan, RNC temporarily ramped down bulk production mining in November 2018 to allow it to adequately drill off the main shear zone resources and complete an updated resource estimate. The drilling program has sufficiently advanced to allow for commencement of a limited restart of bulk mining in areas with mine development already in place. The timing for a full ramp-up decision has remained the same and will be based on completion of the resource update expected by the

end of the second quarter of 2019.

A review of the drilling completed in 2017 identified a sediment layer intersected in close proximity to the much larger Western Flanks shear. A total of four holes from 2017 drilling have intersected the sediment layer. RNC's current interpretation indicates a strike length of 230 metres that remains open in all directions. Drilling completed as part of the current program has intersected coarse gold in association with sediment beyond the northern extent of the Western Flanks resource (see results from WFN-029 and WFN-063 below).

The first phase of exploration, focused initially on the north side of Beta Hunt's Alpha Island Fault, represents only a portion of the high grade potential of the project.

Exploration drilling planned for later in 2019 will target the southern side of the Alpha Island Fault where the majority of the previous nickel mining was undertaken.

On January 22, 2019 and February 25, 2019, the Company reported drilling updates. Results from drilling completed have provided further confirmation of the potential for the areas of intersection between the mineralized shears and property-wide Lunnon sediment layer for further high grade coarse gold discoveries. High grade intersections from the 40,000 metre drill program reported to date include (all drill intervals quoted are true thicknesses):

- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063,
- 468 g/t over 0.21 m in hole AZ13-156
- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013

Additionally, thick drill intersections in the Western Flanks (including: 3.07g/t over 39.13 metres (including 5.24 g/t over 7.05 metres and 4.49 g/t over 10.09 metres) in hole WFN-065, 3.13 g/t over 16.86 metres (including 11.66 g/t over 2.67 metres) and 3.03 g/t over 18.89 metres (including 4.75 g/t over 4.61 metres) in hole WFN-058, and 4.17 g/t over 19.14 metres (including 8.92 g/t over 3.58 metres) and 4.63 g/t over 7.61 metres in hole WFN-045) illustrate the nature of the Western Flanks as a thick, variably mineralized shear zone. These intersections all lie to the north of and outside of the existing Western Flanks resource and provide strong potential for significant additions to the resource.

#### 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 both the stainless steel market and the electric vehicle market in the coming decade.

RNC is focused on completing an updated feasibility study. RNC announced in September 2018 that Ausenco Engineering Canada Inc. 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 second quarter of 2019.

#### Reed Mine Production

For the year ended December 31, 2018, RNC's share of metal contained in concentrate production from the Reed Mine was 3.1 kt of copper. The all-in sustaining cost improved to US\$0.60 per pound of copper sold, compared to US\$1.79 in the prior year period. Costs improved in 2018 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

RNC holds a 33% equity interest in [Orford Mining Corp.](#). Orford owns all of the assets of RNC's former subsidiary, True North Nickel, including the Qiqavik Gold and West Raglan Nickel projects in Northern Quebec.

The Qiqavik Project hosts several new high-grade gold discoveries along a mineralized trend in excess of 40 km. On October 16, 2018 Orford announced completion 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. Note that drill intervals reported for the Qiqavik Project are down-hole core lengths as true thicknesses cannot be determined with available information.

## Financial Results

For the year ended December 31, 2018, revenue increased by \$55.7 million, or 76%, which was primarily due to increased gold revenues from the Beta Hunt Gold Mine of \$66.9 million. Partially offsetting higher gold revenue was a \$9.9 million decrease in copper revenue from the Reed Mine which ceased operations during the third quarter of 2018. Operating earnings for the year improved by \$90.8 million primarily due to the 2017 impairment charges of \$59.4 million. In addition, excluding its 2017 impairment charge of \$1.9 million, the Reed Mine reported higher operating earnings of \$12.4 million. Excluding the impact of impairments, the Beta Hunt Mine also contributed with higher operating earnings of \$26.3 million during the year. Excluding 2017 impairment charges, the combined increase in operating earnings from Beta Hunt and Reed Mine of \$38.7 million was partially offset by a \$6.2 million increase in share-based payments expense which was largely attributable to marked-to-market adjustments related to a higher market price for RNC's common shares on December 31, 2018 relative to the beginning of the year.

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: <http://cnw.en.mediaroom.com/events>

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 March 28, 2019, and can be accessed as follows:

North American callers please dial: 1-855-859-2056; Pass Code: 7993267

Local and international callers please dial: 416-849-0833; Pass Code: 7993267

## 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. RNC is currently completing a 40,000 metre drill program, the results of which will be incorporated into an updated NI 43-101 compliant Mineral Resource Estimate and mine plan targeted for Q2 2019. 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 33% interest in [Orford Mining Corp.](#), a mineral explorer focused on highly prospective and underexplored areas of Northern Quebec. 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 Mine and Dumont Nickel & Cobalt Project.

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](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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