

TSX : RNX

RNC MINERALS



Q4 2018  
Results  
Conference  
Call

March 28, 2019

RNC  
|  
|  
|

## **Cautionary Statements Concerning Forward-Looking Statements**

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

This presentation contains "forward-looking information" including without limitation statements relating to the liquidity and capital resources of RNC, production and cost guidance, the potential of the Beta Hunt and Reed mines, and the potential of the Dumont development project and Orford Mining's Qiqavik, West Raglan, Jones-Keystone Loflin and Landrum-Faulkner exploration 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: 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 presentation 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.

## **Cautionary Statement Regarding the Beta Hunt Mine**

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 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.

## **Cautionary Note to U.S. Readers Regarding Estimates of Resources**

This presentation uses the terms "measured" and "indicated" mineral resources and "inferred" mineral resources. The Company advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the SEC. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "inferred" or "indicated" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of a "measured", "indicated" or "inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

## Record annual gold production

- 2018 gold production of 73,801 mined gold ounces set a new annual production record, representing a 99% increase versus 2017

## Solid operating earnings performance<sup>1</sup>

- Adjusted EBITDA improved to \$15.9 million in the fourth quarter of 2018 and was \$27.3 million for the full year 2018

## Improved production unit costs in Q4 and 2018<sup>1</sup>

- Q4: AISC - US\$698/oz (+56%), Cash operating costs - US\$459/oz (+69%)
- 2018: AISC - US\$1,049/oz (+36%), Cash operating costs - US\$938/oz (+40%)

## Strong exploration results

- Our 40,000 metre exploration program to unlock Beta Hunt's exploration potential began during the quarter, delivering both multiple high grade gold intersections and thick gold mineralization intersections.

## Stronger Balance Sheet

- \$33 million of long-term debt and convertible debt eliminated during 2018
- Cash and cash equivalents balance of \$5.2 million as of December 31, 2018, including value of gold specimens held for sale (without premium which RNC expects to realize)

1. Reference is made to the non-IFRS section in RNC's MD&A for the period ended December 31, 2018.

# Beta Hunt Mine – Q4 and Full Year 2018 Overview

- 2018 mined gold ounces were 73,801, up 90% over 2017 and fourth quarter mined gold ounces were 15,341 up 21% over the same period in 2017
- AISC improved to US\$698 per ounce sold in the fourth quarter, 66% lower than the fourth quarter of 2017 and US\$1,049 for 2018, 36% lower than 2017
- Cash operating costs were US\$459 per ounce sold in the fourth quarter, 69% lower than the fourth quarter of 2017 and US\$938 for 2018, 40% lower than 2017
- Gold sales were 19,512 ounces in Q4 and 62,806 ounces for 2018
- 11.7 koz ounces of gold in inventory at year end, including 4.9 koz of specimen gold inventory
- Limited restart of bulk mining began at end Q1 in areas where mine development already in place

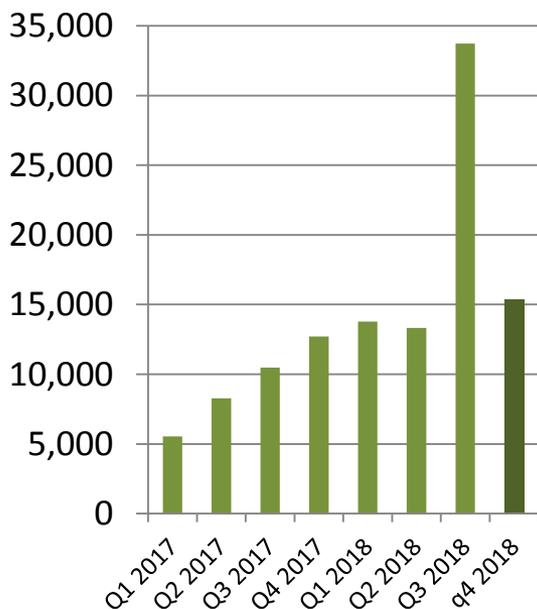
<b>Beta Hunt Gold Operation<sup>1</sup></b>	Q4 2017	Q4 2018	2017	2018
Gold tonnes mined (000s)	160	65	531	512
Gold mined grade (g/t Au) <sup>3,4</sup>	2.47	7.28	2.17	4.48
Total gold mined (ounces) <sup>2,3,4</sup>	12,722	15,341	37,027	73,801
Gold tonnes milled (000s)	158	72	507	493
Gold mill grade (g/t Au)	2.39	9.42	2.16	4.22
Gold Recovery (%)	90%	95%	91%	93%
Gold milled (ounces)	12,128	21,574	35,307	66,918
Gold sales (ounces) <sup>1</sup>	12,896	19,512	33,578	62,806
Mining cash cost (US\$/oz mined) <sup>5</sup>	\$882	\$345	\$1,008	\$488
Cash operating costs (US\$/oz sold) <sup>5</sup>	\$1,476	\$459	\$1,554	\$938
All-in sustaining cost (AISC) (US\$/oz sold) <sup>5</sup>	\$1,579	\$698	\$1,641	\$1,049

Note that October 2018 sales and production numbers are preliminary estimates. Final grades and ounces can only be determined once mined material has been processed.

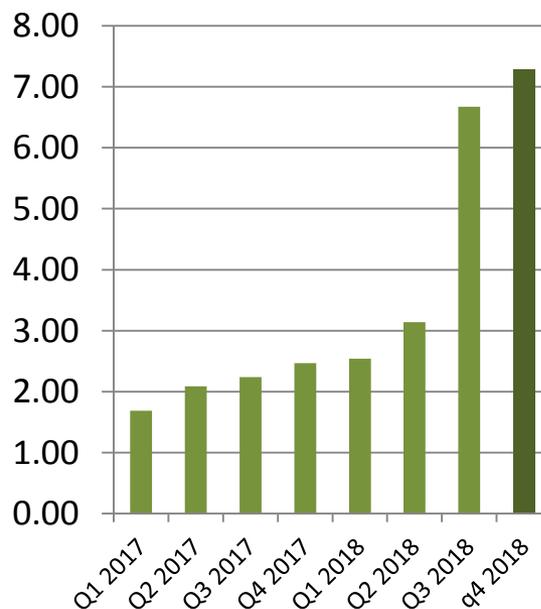
- Note: numbers may not add due to rounding
- The difference in gold sales ounces and gold mined ounces is due to timing differences in receipt of gold sales depending on completion date of tolling campaigns.
- Final grades are determined once mined material has been processed.
- As of October 31, 2018, 84.1 kt of gold mineralization remained on the ROM pad for tolling, as compared to 70.5 kt of gold mineralization as of September 30, 2018.
- Reference is made to the non-IFRS section in RNC's MD&A for the period ended December 31, 2018.

**Adjusted EBITDA<sup>1</sup> improved to \$15.9 million (\$0.04 per share) in the fourth quarter as relatively more of the low-cost, high grade coarse gold production was sold during the fourth quarter**

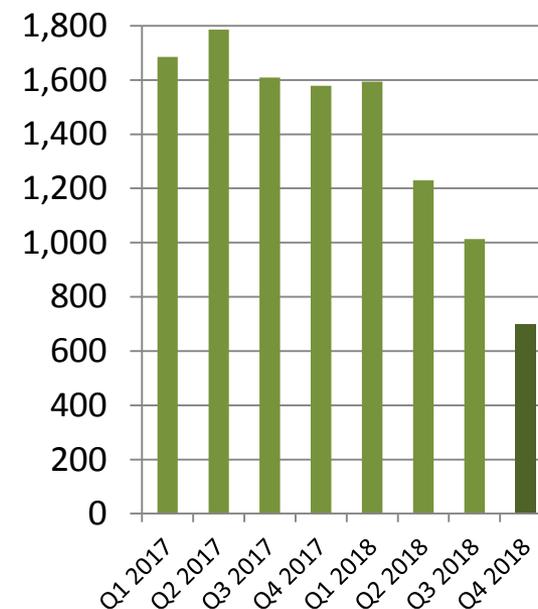
**Contained Ounces**  
(Ounces/Quarter)



**Gold Mined Grade**  
(grams per tonne)



**AISC Cost<sup>1</sup>**  
(US\$ per ounce)



1. Reference is made to the non-IFRS section in RNC's MD&A for the period ended December 31, 2018.

## Dumont Nickel-Cobalt Project (28%)

- Dumont remains one of the world's premier battery metals projects
- World's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt.
- RNC is focused on completing an updated feasibility study which is expected to be announced by mid-year 2019.
- Remains one of the only large-scale fully permitted, shovel-ready nickel-cobalt projects globally
- 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.

## Western Australia



### **Beta Hunt Mine (100%) Gold Producer**

- Prolific Kalgoorlie/Kambalda region of Western Australia, over 85 million ounces of historic production
- Producing gold mine with recent high grade Father's Day Vein discovery - potential for high grade coarse gold across all shear zones
- Massive gold exploration potential – gold intersections over 4 km strike, remains open in all directions
- 5km ramp infrastructure in place adjacent to gold structures (and just 150 metres above high grade coarse gold potential)
- 40,000 metre drill program underway, end Q2 resource update

## Quebec, Canada



### **Dumont Nickel-Cobalt Project (28%)**

- 2nd largest nickel reserve in the world, 5<sup>th</sup> largest nickel sulphide discovery ever
- 9th largest cobalt reserve (2<sup>nd</sup> largest undeveloped cobalt reserve)
- Shovel ready, all permitting complete – feasibility update Q2/19
- RNC - Waterton (RNC 28%) JV to advance Dumont, grow nickel business