

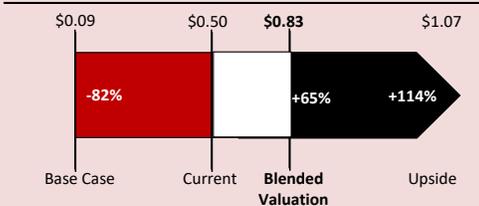
**RNC Minerals (TSX:RNX)**
**One Step Closer to +100koz per year**
**Corporate Update**

(Currency is CAD\$ unless noted otherwise)

Closing Price		\$0.50
Consensus NAVPS		\$0.91
52 Week Low / High	\$0.07 /	\$1.18
Consensus P/NAV		0.55x
CAPITALIZATION		
	Basic	Diluted
Shares Outstanding (M)	560.3	604.9
Market Capitalization (\$MM)		\$280.1
Enterprise Value (\$MM)		\$309.3
Estimated Cash (\$MM)		\$14.1
Last reported debt (\$MM)		\$43.3

**STOCK CHART**

**RELATIVE PERFORMANCE**

**BLENDED VALUATION**


RELATIVE VALUATION	US\$EV/oz AuEq	P/NAV
Peer Group Average*	\$16	0.37x
Royal Nickel Corporation	\$13	0.55x

\*Capital IQ Consensus

**MAJOR SHAREHOLDERS**

 Management (10.67%), Mack & Weise GmbH  
 Vermögensver (0.32%)

**DISCLOSURE CODE:** 1,2,3,4

(Please refer to the disclosures listed on the back page)

Source: RCKS, Company Information, Capital IQ

**Company Description**

RNC Minerals is a multi-asset mineral resource company with a portfolio of nickel, cobalt, and gold production and exploration properties. RNC has a 28% 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. RNC has a 100% interest in the producing Beta Hunt mine where the company has discovered a high-grade coarse gold structure from a new development area.

**Impact: Mildly Positive**

RNC has announced the closing of the Higginsville acquisition, which is to be funded by a senior secured credit facility with favourable terms in addition to the issuance of 56.9M shares to Westgold Resources (ASX:WGX). **The closing of the Higginsville acquisition puts the company one step closer to becoming what we expect to be a +100koz per year gold producer in Australia.**

**Highlights:**

- **One step closer to becoming a +100koz per year producer.** With the newly acquired 1.3Mtpa HGO Mill acting as a processing hub for both the Higginsville and Beta Hunt operations, the company is one step closer to what we believe could be a +100koz per year production profile between the two mines. We expect the integration of Higginsville and Beta Hunt to create significant synergies for the combined operation, with Beta Hunt expected to realize a 35% reduction in milling costs, which equates to C\$15/t in processing cost savings.
- **Credit facility with favourable terms.** RNC has closed on a C\$35M credit facility with an initial term of 12 months, extendible for a further 6 months for no additional fee. The credit facility bears interest at 10% per year paid monthly and has no principal repayments until the expiry of the term. The company has issued a total of 56.9M shares to Westgold and funded the A\$25M cash portion of the transaction with its credit facility, where the additional proceeds are expected to fund RNC's working capital requirements.
- **Updated Beta Hunt resource coming.** The next step towards demonstrating RNC's +100koz/year potential is the pending resource update for Beta Hunt. It is expected to supplement the existing 1.9Moz historical resource at Higginsville (inclusive of 367koz reserve). We expect the bulk mineable resource at Beta Hunt could be augmented by the recent exceptionally high-grade coarse gold zones discovered at the mine.

**Valuation:**

**One step closer to +100koz per year at Beta Hunt/Higginsville.** We have adjusted our valuation for RNC to reflect the acquisition of Higginsville, along with the new debt facility and equity issued (Figure 1). The net impact is that we are maintaining our fair value estimate for RNC at C\$1.00/sh (unchanged). We note that we plan to move to a more formal DCF based valuation in the near-future, as RNC moves back into full-scale production. **Upcoming catalysts** include: 1) Ongoing drill results 2) Resource update (Q2/19), and 3) Full restart of mining at Beta Hunt (H2/19).

### Valuation (cont'd)

**Valuation updated to reflect new assets, debt and shares issued, maintaining our fair value estimate of C\$1.00/sh.** We have adjusted our valuation for RNC to incorporate the impacts of this acquisition on the company's capital structure and asset portfolio. This includes the addition of C\$35M in debt and the issuance of 56.9M shares to Westgold. As well we are adding the Higginsville Mine and Mill to our sum of the parts valuation. We have added C\$77M in value for the Higginsville resource base (1.92Moz based at US\$30/oz Au) and we have added C\$25M for the 1.3Mtpa Higginsville Mill. We note that we plan to move to a more formal DCF based valuation for RNC in the near future, as this should better reflect the value of the company as it moves back into full-scale production.

Figure 1: Sum of Parts Valuation

Assets	Current		Previous	
	(C\$M)	(C\$/sh)	(C\$M)	(C\$/sh)
Beta Hunt Mine	\$462.3	\$0.83	\$462.3	\$0.92
Higginsville Mine	\$77.0	\$0.14	NA	NA
Higginsville Mill	\$20.0	\$0.04	NA	NA
Dumont Ni-Co Project (28% Project Ownership)	\$49.0	\$0.09	\$49.0	\$0.10
Orford Mining (35% Equity Ownership)	\$1.6	\$0.00	\$1.6	\$0.00
Debt	-\$43.3	-\$0.08	-\$8.3	-\$0.02
Other	\$0.0	\$0.00	\$0.0	\$0.00
<b>Total</b>	<b>\$566.6</b>	<b>\$1.01</b>	<b>\$504.6</b>	<b>\$1.01</b>

*Note: Current cash assumed to be spent on exploration and development at Beta Hunt*

Source: RCKS Estimates, Capital IQ, Company Reports

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
RNC Minerals	TSX:RNX	1,2,3,4

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2. In the last 12 months, Red Cloud KS has been retained under a service or advisory agreement by the subject issuer.
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