



Press Release
13 February 2017

12 Month Toll Processing Agreement and \$80M Option to Sell SKO signed with RNC Minerals

Westgold Resources Limited (**Westgold**) is pleased to announce it has reached a toll processing and purchase option agreement with RNC Minerals (**RNC**) at Westgold's South Kalgoorlie Operations (**SKO**).

The agreement brokered by Canaccord Genuity underwrites and strengthens both companies' assets in the Kalgoorlie region. The toll treatment arrangement underwrites SKO for the next twelve months and the purchase option provides the potential for an expanded asset portfolio in the region.

Westgold owns and operates SKO which includes the HBJ underground mine, various open pits and the 1.2 million tonne per annum Jubilee Processing Plant.

RNC owns and operates the Beta Hunt mine approximately 30 km to south of SKO where it produces nickel and has a rapidly expanding gold production base. RNC has been toll processing ore at the Jubilee Processing Plant.

Under the agreement Westgold has granted RNC access to 50% of its plant capacity at SKO on an approximate three weeks on three weeks off basis for a 12 month period from 1 July 2017. RNC will pay Westgold toll processing fees on a fixed plus variable arrangement on commercial terms. To secure access to the processing facility RNC will issue Westgold approximately \$4M AUD in RNC shares.

Westgold has also granted RNC a six month option to outright purchase SKO for A\$80M. RNC will pay Westgold a 5% option fee in RNC shares to secure the option. RNC can extend the option for a further six months by paying an additional 5% option fee in RNC shares.

The option to purchase SKO excludes Westgold's lithium mining and royalty interests over the Mt Marion Lithium Project.

On an exercise of the option by RNC to purchase SKO, Westgold would intend to receive consideration in a mixture of shares and cash. Westgold would seek to become a significant 19.9% shareholder in RNC and retain its upside exposure to an enlarged SKO.

Key additional other terms of the agreement are:

1. The option agreement is conditional on RNC obtaining FIRB approval (if required) and Toronto Stock Exchange approval for the issuance of RNC shares.
2. Should RNC exercise the option within six months, the 5% option fee would be deducted from the purchase price of A\$80M. Should RNC exercise the options after six months, the second option fee would not be deducted from the purchase price.
3. In the event of a takeover offer for Westgold being received, RNC will have 30 days to exercise the option. Should the option not be exercised and the takeover proceed, Westgold would refund the option fee to RNC.

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Westgold's Managing Director, Peter Cook said:

"If completed, this is a great 1 + 1 = 3 transaction for our shareholders. It aggregates key assets in the Kalgoorlie region into one common owner providing for lower overall costs and opportunities for both companies. Westgold retains its ability to finalise and complete its current mining agreement on Cannon and retain its valuable lithium royalty interests.

Should the option be exercised, the aggregate asset portfolio significantly expands SKO with the potential for significant long-term low cost gold production from RNC's Beta Hunt mine. Our shareholders get both cash back and a retained interest in the project through its planned shareholding in RNC.

Regardless of the option, the SKO operations will continue on a business as usual basis until formal notice of exercise is received"

Haywood Securities Inc. has acted as financial advisor to RNC and Canaccord Genuity (Australia) Limited has acted as financial advisor to Westgold in connection with the agreement.

Enquiries

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