ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED JUNE 30, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation and its subsidiaries ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three and six months ended June 30, 2018 and 2017. This MD&A should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2018 and 2017 which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34 Interim Financial statements. The unaudited condensed consolidated interim financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the twelve months ended December 31, 2017, together with the notes thereto which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements and references should be made to the cautionary language at the end of this MD&A. Additional information relating to the Corporation, including its Annual Information Form for the most recently completed fiscal year, is available on SEDAR at www.sedar.com. The Corporation is a reporting issuer under applicable securities legislation in each of the Provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "RNX".

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Certain non-IFRS measure are included in this MD&A. The Corporation believes that these measures provide investors an improved ability to evaluate the underlying performance of the Corporation. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at August 14, 2018 unless otherwise indicated.

DESCRIPTION OF BUSINESS

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 (will be reduced to 28% in third quarter) in the Magneto Investments Limited Partnership ("**Magneto**" or "**Dumont JV**"), which owns the Dumont Nickel-Cobalt Project ("Dumont"), strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec; a 100% interest in Salt Lake Mining Pty Ltd ("**Salt Lake Mining**" or "**SLM**"), which owns the Beta Hunt Mine ("**Beta Hunt**"); and a 100% interest in VMS Ventures Inc. ("**VMS Ventures**" or "**VMS**"), which owns 27% of the Reed Mine, located in Manitoba. The Corporation also has a 35% equity interest in Orford Mining Corportion ("**Orford**") which holds the Qiqavik and West Raglan exploration projects. The Corporation's interest in Orford had been reduced from 42% as of June 30, 2018. In addition to these assets the Corporation holds interests in certain other properties, as set out below under "*Mineral Exploration Properties*".

Through out this document, reference is made to results from both continuing and discontinued operations. Current period results for properties that are classified as held for sale as at June 30, 2018 have been reclassified as discontinued operations.

Continuing operations/projects

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 the electric vehicle ("EV") market in the coming decade.

Since acquiring the Dumont Nickel-Cobalt Project in 2007, RNC has undertaken an exploration and evaluation program to evaluate and develop the mineral resources. In its detailed evaluation of the Dumont Nickel-Cobalt Project, RNC has completed the following successive National Instrument 43-101 ("**NI 43-101**") technical reports:

- Preliminary Economic Assessment – September 3, 2010
- Pre-feasibility Study – December 16, 2011
- Revised Pre-feasibility Study – June 22, 2012
- Feasibility Study – July 25, 2013

The NI 43-101 compliant feasibility study technical report on the Dumont Nickel-Cobalt Project dated July 25, 2013 and uploaded October 24, 2013 is available on SEDAR at www.sedar.com.

On April 20, 2017, RNC closed a joint venture transaction with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "Waterton"). Under the terms of the transaction, Waterton acquired a 50% interest in the Dumont Nickel-Cobalt Project. RNC and Waterton formed the Dumont JV, a 50/50 nickel joint venture that owns the Dumont Nickel-Cobalt Project and will advance the project. On July 23, 2018 RNC announced its interest in the Dumont JV will be reduced to approximately 28% as a result of the conversion by Waterton of its US$10 million RNC convertible note into additional units of the Dumont JV.

VMS Ventures Inc.

On April 27, 2016, the Corporation acquired 100% of VMS Ventures which owns 27% of the Reed Mine. VMS is a private company whose main asset is an interest in the Reed Mine, a low-cost copper producer located near Flin Flon, Manitoba. The Reed Mine ceased mining in July 2018. Processing of stockpiled material is scheduled to continue into the fourth quarter of 2018. VMS also holds interests in mineral properties adjacent to Reed Mine.

VMS announced the discovery of the Reed property in 2007, and signed a joint venture agreement with Hudbay Minerals Inc. ("Hudbay") in 2010 under which Hudbay became the 70% owner and operator of the Reed Project and VMS retained a 30% participating interest.

Orford Mining Corporation

Orford owns all the assets of RNC's former TNN subsidiary, including the Qiqavik and West Raglan projects in Northern Quebec and Carolina Gold Belt properties.

During the six months ended June 30, 2018, Orford issued an aggregate of approximately 2.83 million shares through the completion of an equity financing and for consulting services. Subsequent to June 30, 2018, Orford completed two equity financings and financed the acquisition of a private company through the issuance of approximately 7.9 million shares. RNC's resulting ownership stake in Orford Mining was 35% as of the date of this MD&A.

Discontinued operations

Salt Lake Mining

The Corporation owns100% of Salt Lake Mining, a private company whose main asset is a 100% interest in the Beta Hunt Mine, a nickel and gold producer located in the prolific Kambalda mining district of Australia.

On March 22, 2018, the Corporation announced that the Beta Hunt operation, SLM's sole operation, was no longer a core asset and that it had initiated a strategic alternatives process which may include the sale of all or a portion of Beta Hunt Mine. Subsequently, on July 23, 2018, the Corporation announced that it had successfully completed the second phase of the sale process with the selection of a preferred bidder. RNC has granted exclusivity to this bidder to allow for completion of the final phase of the sale process (final due diligence, settlement of definitive documents, and all other steps related to the closing and completion of the transaction), which RNC expects will occur at the end of August 2018. SLM has been classified as held for sale and as a discontinued operation. RNC notes that there can be no assuance that the sale process will result in a completed transaction or that, if a transaction is undertaken, as to final terms and timing.

SECOND QUARTER 2018 AND RECENT HIGHLIGHTS

- The Corporation had net earnings from continuing operations of $5.9 million ($0.02 per share) for the three months ended June 30, 2018, compared to net earnings from continuing operations of $5.9 million ($0.02 per share) for the three months ended June 30, 2017. The Corporation incurred a net loss from discontinued operations of $7.0 million ($0.02 per share) for the three months ended June 30, 2018, compared to a net loss from discontinued operations of $1.0 million ($Nil per share) for the three months ended June 30, 2017.

- Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") from continuing operations for the three months ended June 30, 2018 was $9.3 million or $0.03 per share compared to $3.5 million or $0.01 per share for the three months ended June 30, 2017. Reference is made to the Non-IFRS Measures section of this MD&A.

Continuing operations/projects

- On June 18, 2018, the Corporation announced that in lieu of the previously announced debt extension and equity raise announced on May 31, 2018, RNC would withdraw US$12 million of its capital from the Dumont JV. The cash withdrawal avoided significant equity dilution at current market share prices, while still allowing RNC to significantly reduce its debt and eliminate the majority of its 2018 debt payments.

- In order to obtain the withdrawal of these funds, the Dumont conversion cap under the US$10 million convertible note (entered into by RNC and Waterton in June 2017) was removed. As a result, on a conversion of the full amount of the US$10 million convertible note into units of the Dumont JV, RNC's interest would be diluted to approximately 28% (as compared to 40% under the prior terms of the convertible debenture). On July 23, 2018, RNC announced it had received a conversion notice from Waterton for the full principal amount of the US$10 million convertible note. As a result, RNC's interest in the Dumont JV will be diluted to approximately 28%. After giving effect to the conversion, RNC retains its right to act as manager of the Dumont JV, but will no longer hold veto rights on certain fundamental joint venture matters or the ability to trigger certain exit rights included in the current joint venture arrangements.

- Reed Mine second quarter 2018 copper contained in concentrate production was 2.9 million pounds (1.34 kt) (27% basis) compared to the second quarter of 2017 of 3.1 million pounds (1.41 kt) (30% basis). Cash operating costs decreased by 73% to US$0.42 per pound sold and all-in sustaining costs decreased to US$0.44 per pound sold compared to US$1.58 and US$1.66, respectively, in the second quarter of 2017 due to a combination of higher copper grades, higher gold, silver, and zinc by-product credits and the elected dilutionary effect of not funding its share of mining and general and administration costs. If unfunded mining costs and general and administration costs were included, the second quarter of 2018 cash operating cost and all-in sustaining cost would have been US$1.16 and $1.18 per pound, respectively. The Corporation's share of gold in concentrate production for the second quarter of 2018 from the Reed Mine was 603 ounces. Reference is made to the Non-IFRS Measures section of this MD&A.

- The Corporation's share of operating income from the Reed Mine was $5.9 million for the three months ended June 30, 2018 (compared to operating income of $0.6 million for the three months ended June 30, 2017), and $8.1 million for the six months ended June 30, 2018 (compared to an operating loss of $0.6 million for the six months ended June 30, 2017) .

Discontinued operations

- Mined gold production at Beta Hunt during the second quarter of 2018 was 13,320 ounces, up 60% compared to 8,281 ounces in the second quarter of 2017 and gold tonnes mined was 132 kt in the second quarter of 2018, up 7% from the 123 kt mined in the second quarter of 2017. Gold sales were 11,508 ounces in the second quarter, an increase of 95% compared to 5,891 ounces in the second quarter of 2017. Second quarter 2018 sales were adversely impacted by the timing of tolling schedules and above normal seasonal rains which limited mined material delivery to tolling mill service providers.

- For the second quarter of 2018, gold mining cash cost per ounce decreased by 34% to US$682 per ounce from US$1,032 per ounce in the second quarter of 2017. On a cost per ounce sold basis, gold cash operating costs, net of by-product credits decreased by 30% to US$1,185 per ounce sold, and all-in sustaining costs, net of by-product credits decreased by 31% to US$1,230 per ounce sold, compared to US$1,687 and US$1,786, respectively, in the second quarter of 2017 due to a significant increase in gold grades of more than 50% (in both mined and milled tonnes). Reference is made to the non-IFRS Measures section of this MD&A.

OPERATIONAL REVIEW

Continuing operations/projects

VMS Ventures

Reed Mine Production

For the three months ended June 30, 2018, VMS' 27% share of metal contained in concentrate production from the Reed Mine was 1.335 kt of copper and 603.3 oz of gold. Costs improved during the quarter compared to the prior year primarily due to the effect of the Corporation electing not to fund its share of mining and general and administration costs.

Reed Mine Operating Review (100% basis)

	Q2 2018	Q2 2017
Ore (tonnes hoisted)	142,132	121,115
Ore (tonnes milled)	161,505	123,988
Copper (%)	3.25	4.12
Zinc (%)	0.75	0.41
Gold (g/t)	0.79	0.47
Silver (g/t)	8.34	6.19

Reed Mine Production and Costs (VMS portion only)

	Q2 2018	Q2 2017
Copper contained in concentrate (kilo tonnes)	1.34	1.41
Gold contained in concentrate (ounces)	603	293
Copper cash operating cost per pound sold [1,2]	0.42	1.58
Copper all-in sustaining cost per pound sold [1,2]	0.44	1.66

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.
2. The Corporation has elected effective January 1, 2018 to allow its interest in the Reed Mine to be diluted by not funding its share of mining costs and general and administration costs related to production. Consequently those costs are not included in the cost computation.

As noted in the Outlook section below, Reed Mine ceased mining in July 2018 with processing of stockpiled material scheduled to continue into the fourth quarter of 2018.

Dumont Nickel-Cobalt Project
RNC remains focused on aggressively advancing Dumont towards a construction decision in 2019. During the second quarter of 2018, the Dumont JV continued its activities in support of the Dumont Nickel-Cobalt Project including the following activities:

- Test work on sulphation roasting of Dumont nickel concentrate, which RNC believes has the potential to deliver a simpler, lower cost process to deliver nickel and cobalt to the EV market, began in the second quarter of 2018 and will continue through the third quarter.
- CRU International Ltd. continued with their value-in-use study for roasted Dumont concentrate which RNC believes will deliver a much higher value for Dumont concentrate than traditional smelting and refining. The study is expected to be completed in the third quarter with results to be included in a potential future technical report update.

On July 23, 2018, the Corporation announced it had received a conversion notice from Waterton for the full principal amount of the the US$10 million RNC convertible note held by Waterton. As a result, once the conversion is executed, RNC's interest in the Dumont JV will be diluted to approximately 28%.

Exploration Properties
The Corporation currently owns a 35% interest in Orford. 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. Exploration activities are underway on the Qiqavik project and on both Carolina properties.

The disclosure in this MD&A of all Technical Information has been approved by Alger St-Jean, P.Geo., Vice President, Exploration of the Corporation and Johnna Muinonen, P.Eng., Vice President, Nickel of the Corporation, both Qualified Persons under NI 43-101.

Outlook

The outlook and financial targets only relate to fiscal 2018. This outlook includes forward-looking information about the Corporation's operations and financial expectations, and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. For additional information on forward-looking information, refer to "Forward-Looking Information" in this MD&A. The Corporation may update the outlook depending on changes in metals prices and other factors.

Dumont Nickel-Cobalt Project
RNC remains focused on aggressively advancing Dumont towards a construction decision in 2019.

Reed Mine 2018 Guidance
Hudbay, the operator of the Reed Mine, does not provide any production guidance. The following information is RNC management's estimate of production and costs. In 2018, RNC expects its share of production from the Reed Mine to be 2.7 to 3.0 kt of copper and 0.8 to 1 koz of gold, including processing of the stockpile.

The Corporation elected effective January 1, 2018 to allow its interest in the Reed Mine 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, this dilution results in a minor production loss of 6%, or 0.13 kt (as compared to a 30% interest in the mine). RNC's share of closure costs is currently estimated at $0.9 million less recovery for equipment and facilities.

Orford Mining Corporation

Orford is currently conducting an exploration program at the Qiqavik property guided by 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. To further assist in this targeting, a helicopter-borne magnetic survey covering the entire 248 km^2 extent of the Qiqavik property was completed in April 2018.

Discontinued operations

Beta Hunt Mine

In the second quarter of 2018, the Beta Hunt Mine continued to be focused on ramping up its gold production and mined 132 kt of gold mineralization (2017 – 123 kt) containing 13,320 oz of gold (2017 – 8,281). As previously noted on March 22, 2018, the Corporation initiated a strategic alternatives process which may include the sale of all or a portion of the Beta Hunt Mine. On July 23, 2018, the Corporation announced that it had successfully completed the second phase of the sale process with the selection of a preferred bidder. RNC has granted exclusivity to this bidder to allow for completion of the final phase of the sale process (final due diligence, settlement of definitive documents, and all other steps related to the closing and completion of the transaction, which RNC expects will occur at the end of August 2018). RNC notes that there can be no assurance that the sale process will result in a completed transaction or that, if a transaction is undertaken, as to final terms and timing.

Production

Beta Hunt Gold and Nickel Operation

Beta Hunt Gold and Nickel Operation	Q2 2018	Q2 2017
Gold tonnes mined (000s)	132	123
Gold mined grade (g/t)[1]	3.14	2.09
Gold tonnes milled (000s)	112	98.1
Gold mill grade (g/t)[1]	3.24	2.07
Gold milled (ounces)	11,844	6,535
Gold mined (ounces)[1,2]	13,320	8,281
Gold sales (ounces)	11,508	5,891
Nickel tonnes mined (000s)	8.3	10.1
Nickel tonnes milled (000s)	8.3	9.6
Nickel mill grade, nickel (%)	2.55	2.84
Nickel in concentrate tonnes (000s)	0.19	0.24

Beta Hunt Gold and Nickel Operation[5]	Q2 2018	Q2 2017
Gold mining cash cost per ounce (US$ per ounce mined)	$682	$1,032
Gold all-in sustaining cost, net of by-product credits (US$ per ounce sold) [3,4]	$1,230	$1,786
Gold C1 cash operating cost, net of by-product credits (US$ per ounce sold) [3,4]	$1,185	$1,687
Nickel C1 cash operating cost (US$ per lb. sold)[4]	$3.84	$3.31
Nickel C1 cash operating cost (US$ per tonne sold)[4]	$8,467	$7,293
Nickel all-in sustaining cost (AISC) (US$ per lb. sold)[4]	$3.93	$4.15
Nickel all-in sustaining cost (AISC) (US$ per tonne sold)[4]	$8,661	$9,150

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 June 30, 2018, 126.5 kt of gold mineralization from the first and second quarter 2018 production remained on the ROM pad for tolling in the subsequent quarter, compared to 105.5 kt of gold as of March 31, 2018.
3. Gold operations declared commercial production in the second quarter of 2017 with effect on July 1, 2017. Prior to July 1, 2017, 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 of this MD&A.

Beta Hunt Mine 2018 Guidance

With the announcement of the strategic alternatives process for Beta Hunt which the Corporation anticipates would result in the sale of a majority interest and control of the asset during the third quarter of 2018, the Corporation is not providing full year guidance.

Cautionary Statement: The decision 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 Preliminary Economic Assessment ("PEA") is preliminary in nature and includes inferred mineral 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.

RESULTS OF OPERATIONS

Three months ended June 30, 2018, compared with three months ended June 30, 2017

For the second quarter of 2018, revenues from continuing operations of $10.3 million were in line with the prior year comparative period of $9.6 million. The earnings attributable to RNC shareholders from continuing operations for the second quarter of 2018 of $6.0 million were in line with earnings attributable to RNC shareholders from continuing operations of $6.0 million for the comparable quarter in 2017. Earnings in the current year period are primarily due to the Reed Mine which reported operating income of $5.9 million for the second quarter of 2018 compared with earnings of $0.6 million in the comparable quarter of the prior year period, a $5.3 million variance. VMS reported lower mining costs in 2018 due to the Corporation’s election to allow its interest in the Reed Mine to be diluted by not funding its share of costs related to production. Consequently, those costs are no longer included in the Corporation’s results. Contributing to the higher earnings from continuing operations was a $2.1 million gain on the fair value adjustment of the Corporation’s convertible debentures.

Six months ended June 30, 2018, compared with six months ended June 30, 2017

For the six months ended June 30, 2018, revenues from continuing operations of $16.5 million were in line with the comparable period of the prior year of $15.8 million. For the first half of 2018, earnings attributable to RNC shareholders from continuing operations of $4.3 million was higher than earnings attributable to RNC shareholders from continuing operations of $2.9 million for the same period of 2017 by $1.4 million. The positive variance is primarily due to the Reed Mine which reported operating income of $8.1 million for the six months ended June 30, 2018 compared with a loss of $0.6 million in the same period of the prior year, a $8.7 million variance. VMS reported lower mining costs in 2018 due to the Corporation’s election to allow its interest in the Reed Mine to be diluted by not funding its share of costs related to production. Consequently, those costs are no longer included in the Corporation’s results. A $0.8 million gain on the fair value adjustment of the Corporation’s convertible debentures contributed to the higher earnings from continuing operations, and these were partially offset by increased general and administrative costs and other expenses of $0.7 million.

SUMMARY OF QUARTERLY RESULTS

Summary of Quarterly Results

(expressed in thousands of dollars except per share amounts)

	2018		2017					2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues								
Continuing operations	$10,269	$6,277	$7,231	$9,074	$9,625	$6,143	$8,342	$7,724
Discontinued operations	21,603	15,148	22,280	15,878	1,864	981	1,081	3,016
Total	$31,872	$21,425	$29,511	$24,952	$11,489	$7,124	$9,423	$10,740
Earnings (loss) attributable to RNC shareholders								
Continuing operations	$5,955	($1,675)	($6,603)	($7,760)	$6,000	($3,112)	($4,579)	($1,838)
Discontinued operations	(6,982)	(10,727)	(72,014)	(4,193)	(1,001)	(1,310)	(11,970)	(2,951)
Total	($1,027)	($12,402)	($78,617)	($11,953)	$4,999	($4,422)	($16,549)	($4,789)
Basic and diluted earnings (loss) per share attributable to RNC shareholders								
Continuing operations	$0.02	($0.00)	($0.02)	($0.03)	$0.02	($0.01)	($0.02)	($0.01)
Discontinued operations	($0.02)	($0.03)	($0.23)	($0.01)	($0.00)	($0.00)	($0.05)	($0.01)
Total	($0.00)	($0.05)	($0.26)	($0.04)	$0.02	($0.02)	($0.07)	($0.02)

Quarterly results will vary in accordance with the Corporation's exploration, development, acquisition and financing activities. Historically, exploration and evaluation expenses, share-based compensation expenses, changes in the fair value of derivatives, foreign exchange variations and mineral property interests write-offs had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses. Quarterly results continued to fluctuate during SLM's ramp-up period and during the first year of commercial gold production. Changes in the fair value of the derivatives are recorded in the consolidated statements of loss and can reasonably be expected to affect the Corporation's future quarterly results. Fluctuations in the Canadian dollar, which is the Corporation's functional currency, against the US dollar and Australian dollar will also continue to affect the Corporation's quarterly results as a result of its cash and cash equivalents and liabilities denominated in US dollars as well as its revenues being denominated in US dollars.

The net loss attributable to shareholders of the Corporation, inclusive of discontinued operations, for the second quarter of 2018 of $1.1 million was significantly lower than the net loss in the prior quarter of $12.5 million by $11.4 million. This is mainly the result of significantly lower mining costs at the Reed Mine.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

For the periods ended June 30,	Three months ended,		Six months ended,	
Sources and Uses of Cash[1] (in thousands of dollars)	**2018**	2017	**2018**	2017
Cash provided by (used in) operations prior to changes in working capital	**$16**	$(3,876)	**$(123)**	$(4,348)
Changes in working capital	**(8,927)**	(4,463)	**(12,837)**	5,838
Cash (used in) provided by operating activities	**$(8,911)**	$(8,339)	**$(12,960)**	$1,490
Cash (used in) provided by investing activities	**(1,402)**	18,312	**(2,446)**	7,190
Cash (used in) provided by financing activities	**(2,859)**	10,998	**(2,010)**	11,001
Change in cash and cash equivalents	**$(13,172)**	$20,971	**$(17,416)**	$19,681

[1] The Beta Hunt mine was not in commercial production in the first half of 2017 and is treated as a discontinued operation in the first half of 2018. In the first half of 2017, the operating loss excludes pre-commercial gold cost of sales, net of gold revenue, of $20,642 which includes $8,767 of depreciation and amortization. For the three months ended June 30, 2017, pre-commercial gold cost of sales, net of gold revenue, of $10,990 which includes $4,279 of depreciation and amortization.

Operating Activities

For the three months ended June 30, 2018, cash provided by operating activities, prior to changes in non-cash working capital, of approximately $Nil million compared to cash used in operating activities of $3.9 million in the comparable quarter of the prior year, representing a variance of $3.9 million. The primary reason for the variance was higher Reed Mine operating earnings. Working capital changes used cash of $8.9 million during the three months ended June 30, 2018 compared with cash used of $4.5 million for the three months ended June 2017, a $4.4 million variance. The working capital movement for the three months ended June 30, 2018 is mostly related to higher accounts payable and accrued liabilities which increased by $6.1 million during the three months ended June 30, 2018 compared with an increase of $3.1 million in the same period of the prior year. The current quarter ended June 30, 2018 also had lower cash from an increase in accounts receivable and prepaid expenses of $2.3 million versus $2.0 million for the same quarter in the prior year.

Investing Activities
For the three months ended June 30, 2018, total net cash used in investing activities was $1.4 million compared with cash provided by investing activities of $18.3 million in 2017, a $19.7 million decrease. The variance is primarily due to net proceeds on the sale of Dumont in the second quarter of 2017, which was partially offset by a higher level of expenditures for property, plant and equipment at the SLM operation which was still in pre-commercial development during the second quarter of 2017. During the second quarter of 2018, no mine development costs were capitalized in respect of the SLM operation. Capitalization of those costs ceased once SLM had progressed beyond the pre-commercial development phase and had begun the production phase of the operation.

Financing Activities
For the three months ended June 30, 2018, cash used in financing activities of $2.9 million compares to cash provided by financing activities in the second quarter of 2017 of $11.0 million. The decrease is mostly due to higher repayments of debt of $2.9 million. In the prior year period, the Corporation issued a convertible debenture in the amount of $13.2 million, and this was offset by debt and lease repayments of $2.5 million.

As a result of the foregoing activities, for the three months ended June 30, 2018, the net cash used by operating, investing and financing activities was $13.2 million compared with cash provided of $21.0 million in 2017.

Liquidity and Capital Resources

(in thousands of dollars)	**June 30, 2018**	December 31, 2017
Cash and cash equivalents[1]	**$6,769**	$24,400
Working capital deficit[2]	**(33,569)**	(29,045)
Property, plant and equipment	**1,029**	23,509
Mineral property interests	**51,239**	48,956
Total assets	**92,706**	108,987
Shareholders' equity	**10,511**	10,914

1. $4.8 million is dedicated to the Dumont JV as described below.
2. Working capital deficit is a measure of current assets (Including cash and cash equivalents) less current liabilities.

The Corporation's future financing efforts may be affected by several factors including, but not limited to, general economic conditions and volatility in the capital markets.

As at June 30, 2018, the Corporation had a working capital deficit of $33.6 million compared to a $29.0 million deficit as at December 31, 2017 for an increased deficit of $4.6 million. However, the composition of working capital has significantly changed. As described in note 3 to the Corporation's June 30, 2018 unaudited condensed consolidated interim financial statements, the SLM operation is deemed to be an asset held for sale. Consequently, all of its assets and liabilities are deemed to be current in nature which resulted in a net increase in working capital of $14.7 million.

As at June 30, 2018 the Corporation had cash and cash equivalents of $6.8 million, of which $4.8 million is dedicated to the Dumont JV. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt mine operation and general and administrative expenses for the ensuing twelve months. Until such time that financing becomes available on acceptable terms, the Corporation has taken action to limit the ongoing exploration and evaluation work and reduce its operating costs. Accordingly, these conditions indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. The Corporation's ability to continue future operations and fund its exploration, evaluation, development and acquisition activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available on terms which are acceptable to the Corporation.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Corporation does not have any off balance sheet arrangements.

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Corporation considers potential acquisitions, joint ventures, and other opportunities. The Corporation will make disclosure in respect of any such opportunity if and when required under applicable securities rules.

As noted above, RNC Management is currently negotiating the sale of its SLM operation and is in the final phase of the sale process. The sale of SLM will allow the Corporation to focus on the advancement of its Dumont Nickel Project. RNC expects the transaction will close at the end of August 2018.

OUTSTANDING SHARE DATA

As at August 14, 2018, the Corporation had 384,677,121 common shares issued and outstanding.

As at August 14, 2018, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	35,136,578	$0.33
Warrants	22,403,211	$0.43
Compensation warrants	811,785	$0.34

As at August 14, 2018, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, in cash or common shares:

	Number of Securities
Deferred share units	1,097,343
Restricted share units	5,219,979

Under the agreement dated March 8, 2007, pursuant to which Royal Nickel acquired a 100% interest in the Marbaw Mineral Claims (see Note 8(ii) of the December 31, 2017 audited consolidated financial statements), the Corporation is required to issue 7,000,000 common shares in RNC to Marbaw upon the Dumont property being placed into commercial production or upon transfer (including through a merger, consolidation or asset purchase) of the property to a third party.

On December 14, 2017, the Corporation closed a US$6 million fifteen-month Convertible Term Debt Facility with Pala. Assuming full share conversion of all principal and interest remaining on March 31, 2019, the Corporation would be required to issue 15,141,900 common shares to Pala (based on USD/CAD exchange rate on December 14, 2017).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Corporation's critical accounting policies and accounting estimates in note 2 of the audited consolidated financial statements for the year ended December 31, 2017.

There were no changes to the accounting policies applied by the Corporation to its June 30, 2018 unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the consolidated financial statements for the year ended December 31, 2017, except for the following:

(i) Share based payments – IFRS 2

In June 2016, the IASB issued an amendment to IFRS 2 to clarify the measurement for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The Corporation adopted IFRS 2 on its mandatory effective date of January 1, 2018. The adoption of the standard did not have an impact on its results of operations.

(ii) Financial instruments – IFRS 9

On January, 1 2018, the Corporation adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. The Company adopted the standard using the retrospective approach. IFRS 9 did not impact the Corporation's accounting policies for the classification and measurement of financial assets and liabilities. All of the Corporation's financial instruments are accounted for at fair value through profit and loss and the Corporation does not currently perform hedge accounting. The adoption of the new expected credit loss impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had a negligible impact on the carrying amounts of the Corporation's financial assets and liabilities on the transition date given the Corporation transacts exclusively with a large organization no historical incidence of default. The standard had no impact on the carrying amounts of its financial instruments at the transition date. The following summarizes the significant changes in IFRS 9 compared to the current standard:

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability and own credit. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management.

Reference is made to note 11 of RNC's June 30, 2018 unaudited condensed interim financial statements for the disclosure of the Corporation's derivative financial instruments.

(iii) Revenues from Contracts with Customers – IFRS 15

On January 1, 2018, the Corporation adopted IFRS 15, Revenue from Contracts with Customers, which replaced IAS 11, Construction Contracts and IAS 18, Revenue and related interpretations. The objective of IFRS 15 is to establish a single, principles-based model to be applied to all contracts with customers in determining how and when revenue is recognized. IFRS 15 also requires entities to provide users of financial statements with more informative and relevant disclosures. The Corporation adopted IFRS 15 using the retrospective approach. Below are the impacts of the adoption:

The Corporation's revenue primarily consists of sales of gold, nickel and copper. It also sells by-products, including silver and zinc. The Corporation's performance obligations relate primarily to the delivery of these metals to our customers. Revenue, including revenue from the sale of by-products, is recognized at the point in time when the customer obtains control of the product. Control is achieved when a product is delivered to the customer, the Corporation has a present right to payment for the product, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the product. The Corporation concluded that there is no change in the timing of revenue recognition of its products under the new standard as the point of transfer of risks and rewards of goods and services and transfer of control occur at the same time. Furthermore, as the Corporation's deferred revenue arrangements are all current in nature, it did not record any impact on the financing component of deferred revenue contracts.

Reference is made to note 19 of RNC's June 30, 2018 unaudited condensed interim financial statements for the disclosure of the Corporation's sales by product and region.

As a result of the application of IFRS 9 and IFRS 15, as described above, the Corporation has amended the relevant accounting policies as below:

Financial Instruments

Non-derivative financial instruments are initially recognized at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, directly attributable transaction costs. Measurement in subsequent periods depends on the financial instrument's classification. The Corporation determines the classification of its financial instruments and non-financial derivatives at initial recognition. Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The classification of financial assets will result in the financial asset being classified as either: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

Accounts payable are initially recognised at FVTPL and subsequently accounted for at amortized cost, using the effective interest rate method.

Derivatives are initially recognized at fair value when the Corporation becomes a party to the derivative contract and are subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statements immediately unless the derivative is designated and effective as a hedging instrument. Derivatives with positive fair value are recognized as assets; derivatives with negative fair value are recognized as liabilities. Contracts to buy or sell non-financial items that meet the definition of a derivative but were entered into and are held in accordance with the Corporation's expected purchase, sale or usage requirements are not recognized as derivatives. Such contracts would be recorded as non-derivative purchases and sales.

For financial liabilities, the Corporation considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in financial liabilities are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models. The Corporation applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuation techniques use significant observable inputs, directly or indirectly, or valuations are based on quoted prices for similar instruments; and;
Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

Revenue Recognition
Revenue from the sale of goods to customers is measured at the fair value of the consideration received or receivable. Revenue from the sale of by-products is included within revenue. Sales revenue is recognized when control of the goods sold has been transferred to the buyer. Control is deemed to have passed to the customer when significant risk and reward of the product has passed to the buyer, the Corporation has a present right to payment and physical possession of the product has been transferred to the buyer.

The Corporation recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. There may be a significant financing component associated with the revenue streaming arrangements since funds were received in advance of the delivery. When a significant financing component is recognized, finance expense will be higher and revenues will be higher as the larger deferred revenue balance is amortized to revenues. A market-based discount rate would be utilized at the inception of each of the respective stream agreements to determine a discount rate for computing the interest charges for the significant financing component of the deferred revenue balance. As product is delivered, the deferred revenue amount including accreted interest will be drawn down.

Recent accounting pronouncements not yet adopted

Leases – IFRS 16
In January 2016, the IASB issued IFRS 16, Leases. This new standard replaces IAS 17, Leases and related interpretations. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted. The Corporation is currently evaluating the impact of adopting IFRS 16 in its consolidated financial statements. Management expects to recognize additional leases on its consolidated balance sheet, which will increase its debt and property, plant and equipment balances. As a result of recognizing additional finance leases, management expects an increase in depreciation expense and finance expense.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("DCP") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 for the Corporation. The Corporation's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO")(2013) framework. The Corporation's CEO and the CFO certify that the Corporation's DCP have been designed to provide reasonably assurance that material information relating to the Corporation is made know to them by others, particularly during the period in which interim filings are being prepared; and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Corporation's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the current period there have been no changes in the Corporation's DCP or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

The Corporation's management, including the CEO and CFO, believe that any disclosure controls and procedures and internal control over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

RISK FACTORS

The Corporation is subject to a number of risks and uncertainties. The risk factors are described above, in the Corporation's most recent Annual Information Form (on file with Canadian provincial regulatory authorities, available at www.sedar.com), and in the Corporation's other public disclosure.

NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per tonne, cash operating cost per ounce, gold mining cash cost per ounce, gold cash cost per ounce after by-product credits, all-in sustaining cost, adjusted loss, EBITDA, adjusted EBITDA and adjusted EBITDA per share which 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 the Corporation's performance, assess performance in this way. Management believes that these measures better reflect the Corporation'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 following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

Continuing operations

REED MINE

The Corporation's Reed Mine operation (27% interest as of the date of this MD&A) relates to the extraction of copper metal, for which cash operating costs are disclosed below:

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Copper (in thousands of dollars except per tonne or per lb.)		
Tonnes of copper ore processed	39,524	36,334
Mining costs[1]	$-	$3,138
Transport	1,158	1,100
Milling costs	2,036	2,518
General and administration related to production[1]	35	234
Operating costs, before by-product credits (CDN$)	$3,229	$6,990
By-product credits	(1,619)	(660)
Operating costs, net of by-product credits (CDN$)[2]	$1,610	$6,330

Average exchange rate (CDN$1 – US$)	0.77	0.74
Cash operating cost (US$)	$1,245	$4,702
Cash operating cost (per tonne processed) (US$)	$31	$129
Tonnes of copper sold (payable)	1,336	1,354
Cash operating cost (US$)	$1,245	$4,702
Cash operating cost (per tonne sold) (US$)	$932	$3,474
Cash operating cost (per lb. sold) (US$)[1]	$0.42	$1.58

1. The Corporation has elected effective January 1, 2018 to allow its interest in the Reed Joint Venture to be diluted by not funding its share of mining costs and general and administration costs related to production. Consequently those costs are not included in the cost computation. If the costs were included, the Q2 Cash operating cost (per lb. sold) (US$) would have been $1.16.
2. Production & toll-processing (IFRS)

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus general and administration - corporate plus sustainable capital expenditures.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Copper (in thousands of dollars except per tonne or per lb.)		
Tonnes of copper sold (payable)	1,336	1,354
Cash operating cost (US$)[1]	$1,245	$4,702
General and administration – corporate (US$)	52	24
Sustaining capital expenditures (US$)	-	229
All-in sustaining cost (US$)	$1,297	$4,955
All-in sustaining cost (per tonne sold) (US$)	$971	$3,660
All-in sustaining cost (per lb sold) (US$)[1]	$0.44	$1.66

1. The Corporation has elected effective January 1, 2018 to allow its interest in the Reed Joint Venture to be diluted by not funding its share of mining costs and general and administration costs related to production. Consequently those costs are not included in the cost computation. If the costs were included, the Q2 All-in sustaining cost (per lb sold)(US$) would have been $1.18.

Discontinued operations

BETA HUNT MINE

Cash Operating Cost

The Corporation uses this measure internally to evaluate the underlying operating performance of the Corporation. Management believes that providing cash operating cost allows the ability to better evaluate the results of the underlying Beta Hunt and Reed Mine businesses of the Corporation.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Nickel (in thousands of dollars except per tonne or per lb.)		
Tonnes of nickel mineralization processed	8,327	9,621
Production and toll-processing costs (including general and administrative related to production)	$1,113	$1,522
Royalty expense	238	69
Operating costs (related to tonnes processed) (CDN$)	$1,351	$1,591
Average exchange rate (CDN$1 – US$)	0.77	0.74
Cash operating cost (US$)	$1,046	$1,183
Cash operating cost (per tonne processed) (US$)	$126	$123

Tonnes of nickel sold (payable)	124	162
Cash operating cost (US$)	$1,046	$1,183
Cash operating cost (per tonne sold) (US$)	$8,467	$7,293
Cash operating cost (per lb. sold) (US$)	$3.84	$3.31

Gold (in thousands of dollars except per tonne or per ounce)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Tonnes of gold mineralization processed	112,150	98,140
Production and toll-processing costs (including general and administrative related to production)	$18,012[1]	$13,019[2]
Royalty expense	1,838	622
Operating costs (related to tonnes processed) (CDN$)	$19,850	$13,641
Average exchange rate (CDN$1 – US$)	0.77	0.74
Cash operating cost (US$)	$15,374	$10,144
Cash operating cost (per tonne processed) (US$)	$137	$103
Ounces of gold sold (payable)	11,511	5,891
Cash operating cost (US$)	$15,374	$10,144
Cash operating cost (per ounce sold) (US$)	$1,336	$1,722

1. Production and toll-processing costs for the three months ended June 30, 2018 excludes capital development expensed of $2,874.
2. Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 2017.

Gold mining cash cost per ounce

Gold mining cash cost per ounce represents production costs, excluding toll-processing and royalties, on a per recoverable ounce mined. Management believes that providing gold mining cash cost per ounce allows the ability to measure the efficiency of mining, as it is not impacted by the timing of tolling campaigns or delivery of refined ounces.

Gold (in thousands of dollars except per tonne or per ounce)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Recoverable gold mined (ounces)[1]	11,988	7,544
Production costs (CDN$)	10,614[2]	$10,467[3]
Average exchange rate (CDN$1 – US$)	0.77	0.74
Cash cost mined (US$)	$8,173	$7,783
Gold mining cash cost per ounce (US$ per ounce mined)	$682	$1,032

1. Recoverable gold mined is computed at an average recovery rate of 90% of gold mined ounces.
2. Operating costs less tolling ($5,416), royalty costs ($1,838), capital development ($2,874) and stock adjustment ($144).
3. Operating costs less tolling ($4,941), royalty costs ($622) and stock adjustment ($600) plus typical inventory adjustments ($2,989).

Gold cash cost per ounce after by-product credits

The Corporation computes gold cash costs per ounce after by-product credits by combining cash costs of both gold and nickel production to determine cash cost before by-product credits, then deducting nickel revenue from those costs.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Gold cash cost per ounce after by-product credits (in thousands of dollars except per tonne or per ounce.)		
Tonnes of gold mineralization processed	112,150	98,140
Cash cost, before by-product credits		
Production and toll-processing costs (including general and administrative related to production)	$19,125[1]	$14,541[2]
Royalty expense	2,076	691
Cash cost, before by-product credits (related to tonnes processed) (CDN$)	$21,201	$15,232
Total by-product credits, net of pre-production credits	$3,163	$1,864
Cash cost, after by-product credits (related to tonnes processed) (CDN$)	$18,038	$13,368
Average exchange rate (CDN$1 – US$)	0.77	0.74
Cash cost, after by-product credits (US$)	$13,646	$9,940
Cash cost, after by-product credits (per tonne processed)	$122	$101
Ounces of gold sold (payable)	11,511	5,891
Cash cost, after by-product credits (US$)	$13,646	$9,940
Cash operating cost, after by-product credits (per ounce sold) (US$)	$1,185	$1,687

1. Production and toll-processing costs for the three months ended June 30, 2018 excludes capital development expensed of $2,874.
2. Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 2017.

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus corporate general and administrative costs ("G&A") plus sustainable capital expenditures. For the three months ended June 30, 2018, $2.4 million and $0.0 million of gold and nickel additions to property, plant and equipment, respectively, were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production. For the three months ended June 30, 2017, $3.5 million and $0.5 million of gold and nickel additions to property, plant and equipment, respectively, were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Nickel (in thousands of dollars except per tonne or per lb.)		
Tonnes of nickel sold (payable)	124	162
Cash operating cost (US$)	$1,046	$1,183
General and administration – corporate (US$)	24	301
Sustaining capital expensitures (US$)	-	-
All-in sustaining cost (US$)	$1,070	$1,484
All in sustaining cost (per tonne sold) (US$)	$8,661	$9,150
All-in sustaining cost (per lb sold) (US$)	$3.93	$4.15
Gold (in thousands of dollars except per tonne or per ounce)		
Ounces of gold sold	11,511	5,891
Cash operating cost (US$)	$15,374	$10,144
General and administration – corporate (US$)	118	-
Sustaining capital expenditures (US$)	366	277
All-in sustaining cost (US$)	$15,858	$10,421
All-in sustaining cost (per ounce sold) (US$)	$1,378	$1,769

All-in Sustaining Cost after by-product credits

All-in sustaining cost represents cash operating cost net of by-product credits plus corporate general and administrative costs ("G&A") plus sustainable capital expenditures. For the three months ended June 30, 2018, $2.4 million and $0.0 million of gold and nickel additions to property, plant and equipment, respectively, were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production. For the three months ended June 30, 2017, $3.5 million gold additions to property, plant and equipment were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Gold (in thousands of dollars except per tonne or per ounce)		
Ounces of gold sold	11,511	5,891
Cash operating cost net of by-product credits	$13,646	$9,940
General and administration – corporate (US$)	142	301
Sustaining capital expenditures (US$)	367	277
All-in sustaining cost net of by-product credits (US$)	$14,155	$10,518
All-in sustaining cost net of by-product credits (per ounce sold) (US$)	$1,230	$1,786

Adjusted Loss for the Period

Management believes that Adjusted Loss for the Period is an important indicator of operating results across the Corporation and uses the measure to assess financial performance.

Adjusted Loss for the Period is the sum of loss for the period reported in RNC's audited consolidated financial statements and the gold profit or loss capitalized to Property, Plant and Equipment as well as other items such as acquisition costs and the impacts of foreign exchange translation. This measure reflects the loss for the period as if Beta Hunt had been in commercial gold production since acquisition.

For the periods ended June 30,	Three Months Ended,		Six Months Ended,	
	2018	2017	**2018**	2017
Earnings for the period from continuing operations– as reported	**$5,851**	$5,915	**$4,029**	$2,803
Accretion – long term debt	**680**	-	**1,455**	143
Gain on disposal of Dumont Property	**-**	(1,216)	**-**	(1,216)
Foreign exchange loss	**372**	310	**516**	310
Adjusted Earnings for the Period	**$6,903**	$5,009	**$6,000**	$2,040
Weighted average number of shares	**362,150,334**	276,388,721	**357,548,866**	276,302,402
Adjusted Loss per share	**$0.02**	$0.02	**$0.02**	$0.01

Adjusted EBITDA and Adjusted EBITDA per share

Management believes that EBITDA and Adjusted EBITDA are valuable indicators of the Corporation's ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures.

EBITDA excludes the impact of certain items and therefore is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS.

Other companies may calculate EBITDA differently. Adjusted EBITDA is a non-IFRS measure, which excludes the following from loss and comprehensive loss: deferred income tax expense (recovery); other expense (income), net (see note 17 of the second quarter 2018 unaudited condensed consolidated interim financial statements); depreciation and amortization; one time costs (acquisition costs); and share-based payments and includes depreciation and amortization on gold property plant and equipment and pre-commercial gold cost of sales net of gold revenue.

For the periods ended June 30,	Three Months Ended,		Six Months Ended,	
	2018	2017	**2018**	2017
Earnings for the period from continuing operations	**$5,851**	$5,915	**$4,029**	$2,803
Deferred income tax expense (recovery)	**513**	(5,341)	**404**	(5,277)
Other income (expenses), net (note 17 of the unaudited condensed consolidated interim financial statements)	**1,026**	719	**(468)**	642
Non-cash share-based payments	**(814)**	(392)	**492**	2
Depreciation and amortization	**2,675**	2,584	**5,489**	5,009
Adjusted EBITDA	**$9,251**	$3,485	**$9,946**	$3,179
Weighted average number of common shares	**362,150,334**	276,388,721	**357,548,866**	276,302,402
Adjusted EBITDA per share	**$0.02**	$0.01	**$0.03**	$0.01

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, 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 Dumont, West Raglan and Qiqavik projects, successfully obtaining project financing, successfully obtaining permitting, the future financial or operating performance of the Corporation and its projects, the future price of and supply and demand for metals, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration as well as the potential of exploration properties, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation 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: project delays; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "*Risk Factors*" in the Corporation's most recent Annual Information Form. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Corporation; future metal prices; permitting and development consistent with RNC's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed timeframes; that the current tax credit receivable from the Quebec government is collected in a timely manner; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Corporation 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 MD&A and the Corporation 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. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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

This MD&A uses the terms "measured" and "indicated" mineral resources and "inferred" mineral resources. The Corporation 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.