ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

(in thousands of Canadian dollars)

Royal Nickel Corporation

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements for Royal Nickel Corporation (the "**Corporation**") are the responsibility of its management. The consolidated financial statements have been prepared by Management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were complete at the consolidated statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as at the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as at the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Mark Selby	/s/ Tim Hollaar
Mark Selby President and Chief Executive Officer	Tim Hollaar Chief Financial Officer

Toronto, Canada

March 27, 2019

Independent auditor's report

To the Shareholders of Royal Nickel Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Royal Nickel Corporation and its subsidiaries (together, the Corporation) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Frédéric Lepage.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 27, 2019

[1] CPA Auditor, CA, public accountancy permit No. A123475

Royal Nickel Corporation

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

As at	December 31, 2018 $	December 31, 2017 $
ASSETS		
Current assets		
Cash and cash equivalents	**1,340**	24,400
Amounts receivable (note 4)	**3,110**	5,479
Inventories (note 5)	**6,481**	4,788
Assets held for sale (note 7)	**26**	-
	10,957	34,667
Non-current assets		
Property, plant and equipment (note 7)	**24,530**	23,509
Mineral property interests (note 8)	**-**	48,956
Investment in associates (note 6)	**22,477**	1,642
Other non-current assets	**48**	213
Total assets	**58,012**	108,987
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	**14,159**	33,777
Share incentive plans	**5,205**	1,405
Asset retirement obligations	**92**	866
Current portion of long-term debt (note 9)	**4,166**	8,258
Current portion of convertible debentures (note 10)	**-**	3,011
Contract liabilities (2017: deferred revenue) (note 11)	**4,904**	13,296
Finance leases	**292**	518
Current portion of derivative financial liabilities (note 12)	**1,131**	2,581
	29,949	63,712
Non-current liabilities		
Contract liabilities (2017: deferred revenue) (note 11)	**-**	292
Asset retirement obligations	**845**	1,348
Deferred income tax liability	**-**	7,809
Long-term debt (note 9)	**324**	4,619
Convertible debentures (note 10)	**-**	18,094
Finance leases	**-**	138
Derivative financial liabilities (note 12)	**-**	998
Other non-current liabilities and provisions	**773**	1,063
Total liabilities	**31,891**	98,073
EQUITY		
Share capital	**196,094**	164,158
Contributed surplus	**28,709**	28,868
Accumulated other comprehensive income	**1,863**	227
Deficit	**(200,545)**	(192,271)
Equity attributable to RNC shareholders	**26,121**	982
Non-controlling interests	**-**	9,932
Total equity	**26,121**	10,914
Total liabilities and equity	**58,012**	108,987

The accompanying notes are an integral part of these consolidated financial statements.

Going concern (note 1)
Subsequent events (note 27)

Signed on behalf of the board of directors,

/s/ Scott Hand

Scott Hand, Lead Director

/s/ Wendy Kei

Wendy Kei, Audit Committee Chair

Royal Nickel Corporation

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of Canadian dollars, except share and per share numbers)

For the years ended December 31,	2018 $	2017 $
Revenue	**128,770**	73,076
Cost of operations:		
Production and toll-processing costs	**82,742**	62,412
Royalty expense	**11,059**	4,073
General and administrative: share-based payments (note 16)	**6,911**	672
General and administrative: other (note 16)	**7,346**	6,942
Impairment charge	**-**	59,406
Depreciation and amortization	**7,853**	17,515
Operating earnings (loss)	**12,859**	(77,944)
Other expenses, net (note 24)	**(20,770)**	(19,251)
Loss before income tax	**(7,911)**	(97,195)
Income tax recovery (expense)	**(485)**	6,134
Net loss for the year	**(8,396)**	(91,061)
Attributable to:		
RNC shareholders	**(8,145)**	(89,993)
Non-controlling interests	**(251)**	(1,068)
Other comprehensive loss for the year:		
Currency translation adjustments loss	**(1,636)**	(140)
Comprehensive loss for the year	**(10,032)**	(91,201)
Attributable to:		
RNC shareholders	**(9,781)**	(90,133)
Non-controlling interests	**(251)**	(1,068)
Loss per share - basic and diluted	**(0.02)**	(0.31)

The accompanying notes are an integral part of these consolidated financial statements.

Royal Nickel Corporation

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

For the years ended December 31,	2018 $	2017 $
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net loss for the year	**(8,396)**	(91,061)
Net change in contract liabilities	**(12,956)**	(11,363)
Items not involving cash:		
Depreciation and amortization	**7,977**	17,515
Deferred income tax recovery	**(168)**	(6,134)
Non-cash impairment charges	**535**	59,406
Other expenses (note 25)	**2,987**	17,180
Shares issued for consulting services	**754**	475
Share-based payments	**6,616**	672
Loss on settlement of debt	**335**	-
Foreign exchange loss (gain)	**3,821**	(799)
	1,505	(14,109)
Changes in working capital		
Amounts receivable and prepaid expenses	**1,005**	2,357
Inventories	**(1,693)**	634
Accounts payable and accrued liabilities	**(9,128)**	9,059
	(8,311)	(2,059)
INVESTING ACTIVITIES		
Expenditures on mineral property interests	**(2,549)**	(6,028)
Net proceeds on sale of Dumont	**-**	30,335
Acquisition of property, plant and equipment	**(10,464)**	(31,361)
Cash acquired on acquisition	**-**	384
Cash of deconsolidated subsidiaries	**(5,974)**	-
Proceeds from the sale of an investment	**73**	-
	(18,914)	(6,670)
FINANCING ACTIVITIES		
Issuance of shares, net of costs	**1,600**	1,585
Issuance of convertible debentures	**-**	20,202
Issuance of debt	**3,940**	5,426
Private placement – Orford	**483**	6,359
Repayment of convertible debentures	**(4,008)**	-
Repayment of long-term debt	**(9,129)**	(4,388)
Proceeds from exercise of options and warrants	**11,976**	3
Principal payments on finance leases	**(697)**	(903)
	4,165	28,284
Change in cash and cash equivalents	**(23,060)**	19,555
Cash and cash equivalents, beginning of year	**24,400**	4,845
Cash and cash equivalents, end of year	**1,340**	24,400
Components of cash and cash equivalents:		
Cash	**1,232**	9,070
Cash equivalents	**108**	15,330
	1,340	24,400

The accompanying notes are an integral part of these consolidated financial statements.

Royal Nickel Corporation

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share numbers)

	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interests	Total equity
	Number	$	$	$	$	$	$	$
Balance as at January 1, 2018	**307,906,648**	**164,158**	**28,868**	**227**	**(192,271)**	**982**	**9,932**	**10,914**
Shares issued for consulting services	3,680,276	754	-	-	-	754	-	754
Shares issued in settlement of debt financing	44,300,701	7,395	-	-	-	7,395	-	7,395
Private placement – common shares (note 13)	10,700,000	1,862	-	-	-	1,862	-	1,862
Shares issued in settlement of accounts payable	46,266,704	6,685	-	-	-	6,685	-	6,685
Private placement - Orford	-	-	-	-	-	-	1,195	1,195
Settlement of RSUs and DSUs	2,261,324	645	-	-	-	645	-	645
Warrants issued	-	-	74	-	-	74	-	74
Exercise of w arrants	25,280,887	12,083	(1,778)	-	-	10,305	-	10,305
Exercise of stock options	5,915,552	2,512	(841)	-	-	1,671	-	1,671
Change in minority interest (note 6)	-	-	-	-	(129)	(129)	(10,876)	(11,005)
Share-based payments	-	-	2,386	-	-	2,386	-	2,386
Loss for the year	-	-	-	-	(8,145)	(8,145)	(251)	(8,396)
Other comprehensive income	-	-	-	1,636	-	1,636	-	1,636
Balance as at Dec\ember 31, 2018	**446,312,092**	**196,094**	**28,709**	**1,863**	**(200,545)**	**26,121**	**-**	**26,121**

	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interests	Total equity
	Number	$	$	$	$	$	$	$
Balance as at January 1, 2017	**276,161,507**	**157,919**	**27,525**	**87**	**(101,565)**	**83,966**	**3,903**	**87,869**
Shares issued for consulting services	2,294,123	475	-	-	-	475	-	475
Shares issued to Westgold	23,431,019	4,708	-	-	-	4,708	-	4,708
Private placement – flow -through common shares	5,999,999	1,127	-	-	-	1,127	-	1,127
Flow -through share issuance costs	-	(74)	-	-	-	(74)	-	(74)
Exercise of stock options	20,000	3	-	-	-	3	-	3
Private placement - Orford	-	-	-	-	-	-	6,536	6,536
Change in minority interest	-	-	-	-	(713)	(713)	561	(152)
Warrants issued	-	-	706	-	-	706	-	706
Share-based payments	-	-	637	-	-	637	-	637
Loss for the year	-	-	-	-	(89,993)	(89,993)	(1,068)	(91,061)
Other comprehensive income	-	-	-	140	-	140	-	140
Balance as at December 31, 2017	**307,906,648**	**164,158**	**28,868**	**227**	**(192,271)**	**982**	**9,932**	**10,914**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Royal Nickel Corporation ("**RNC**", "**RNC Minerals**" or the "**Corporation**") is a company domiciled in Canada and was incorporated on December 13, 2006, under the *Canada Business Corporations Act*. The Corporation's shares are publicly traded on the Toronto Stock Exchange (TSX: RNX). The Corporation's registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2018 comprise RNC and its subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**") and VMS Ventures Inc. ("**VMS**"). Collectively, these entities are referred to as the "**Corporation**". The Corporation accounts for its investments in Magneto Investments Limited Partnership ("**Magneto JV**" or "**Dumont JV**"), Orford Mining Corporation ("**Orford**") (formerly True North Nickel Inc. ("**TNN**")) and Sudbury Platinum Corporation ("**SPC**") using the equity method at their respective ownership interests.

RNC is a multi-asset mineral resource company. The main asset is a 100% interest in the Beta Hunt Mine ("**Beta Hunt**"), a gold producing operation located in Western Australia which is held through Salt Lake Mining Pty. Ltd ("**SLM**"). A major, high-grade gold discovery at Beta Hunt (Father's Day Vein discovery) was announced in September 2018. RNC is focused on its exploration activities at Beta Hunt to follow-up on this significant discovery. RNC also has a 28% interest in the Dumont JV which owns the Dumont Nickel-Cobalt Project ("**Dumont**"), strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec. The Dumont project contains undeveloped nickel and cobalt reserves. RNC acts as manager of this project on behalf of the Dumont JV. The Corporation also owns a 100% interest in VMS, which formerly owned 27% of the Reed Mine, located in Manitoba, and a 35% equity interest in Orford which holds the Qiqavik and West Raglan exploration projects in Nunavik.

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

As at December 31, 2018, the Corporation had negative working capital of $18,992, an accumulated deficit of $200,545 and had a net loss of $8,396 for the year then ended. Working capital included cash and cash equivalents of $1,340. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Corporation's ability to continue future operations and fund its operations and successfully operate its Beta Hunt Mine 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 market 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 for the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these audited consolidated financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**").

The accounting policies followed in these consolidated financial statements are consistent with those of the previous year, except as described below:

Subsidiaries
The Corporation's consolidated financial statements consolidate the accounts of Royal Nickel Corporation and its subsidiaries.

Subsidiaries are all entities, including structured entities, over which the Corporation has control. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are de-consolidated from the date control ceases. Accounting policies of subsidiaries are consistent with the policies adopted by the Corporation. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

Non-Controlling Interests
Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net loss and other comprehensive loss is recognized directly in equity even if the results of the non-controlling interests have a deficit balance.

The Corporation treats transactions with non-controlling interests as transactions with equity shareholders. Changes in the Corporation's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Associates
The Corporation accounts for its investments in SPC, Orford and Dumont JV as investments in associate using the equity method. Refer to note 6.

An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Corporation has between 20% and 50% of the voting rights but can also arise where the Corporation has less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity.

Under the equity method, the investment is initially recognized at cost, including transaction costs, and the carrying amount is increased or decreased to recognize the Corporation's share of profits or losses of associates after the date of acquisition. The Corporation's share of profits or losses of associates is recognized in the consolidated statement of comprehensive loss. Adjustments are made to align inconsistencies between the Corporation's accounting policies and its associate's policies, if any, before applying the equity method. The Corporation assesses at each period-end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Corporation's investment in associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the consolidated statement of comprehensive loss.

Joint Arrangements and Interests in Other Entities

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement between two or more parties. This exists only when the decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. These consolidated financial statements include the Corporation's interests in the assets, liabilities, revenues and expenses of the joint operations, from the date that joint control commences until joint control ceases to exist. The Corporation's 50% interest in Dumont JV, the entity that holds Dumont, was accounted for as a joint operation up to June 30, 2018 (note 6). The Corporation has determined that neither joint control nor significant influence exists in the Reed Mine arrangement. The Corporation's undivided interests in Reed Mine's assets, liabilities, revenues, expenses and cash flows are nevertheless accounted for in a manner similar to a joint operation.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency
Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial statements are presented in Canadian dollars, which are the functional currencies of the Corporation, Dumont JV, Orford and VMS. The functional currency of SLM is the Australian dollar ("AUD").

Foreign Currency Translation of Transactions
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are

translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of comprehensive loss within foreign exchange.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team that makes strategic decisions.

(d) Revenue recognition

Revenue from the sale of goods to customers is measured at the fair value which represents the amount of consideration with the Corporation expects to be entitled in exchange for transferring the promised good. 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 at the point in time when significant risk and reward of the product has passed to the customer, the Corporation has a present right to payment and physical possession of the product has been transferred to the buyer.

The Corporation recognizes a contract liability 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 certain revenue arrangements if funds were received in advance of the delivery. As deliveries are made, the Corporation records a portion of the contract liabilities as sales, using the standalone selling price of future deliveries, as determined based on estimated selling prices prevailing at contract inception. The difference between the standalone selling price of future deliveries and the amount of the consideration being provided is treated as a significant financing component accounted for separately from the revenue component. A market-based discount rate would be utilized at the inception of each of the respective revenue agreements to determine a discount rate for computing the interest charges for the significant financing component of the contract liability balance.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial assets in the following measurement categories:

- measured subsequently at amortized cost; or
- measured subsequently at fair value (either through other comprehensive income (loss), or through net income (loss).

i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value

A financial asset shall be measured at fair value through net loss unless it is measured at amortized cost or at fair value through other comprehensive income.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, in which case, gains and losses will never be reclassified to net loss, and no impairment may be recognized in net loss. Dividends earned from such investments are recognized in net loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Derivatives

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 statement of comprehensive loss 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 executory purchases and sales contracts.

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

Financial instruments – Fair value

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).

Impairment of assets

The Corporation assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and through other comprehensive income (loss). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Such assessment exists if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. An external rating of investment grade is considered to indicate that a financial instrument that may be considered as having low credit risk.

Accounts receivable

The Corporation applies the simplified approach permitted by IFRS 9 for trade receivables (including amounts receivable from associates and other receivables), which requires lifetime expected credit losses to be recognized from initial recognition of the receivables.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at the inception date.

Finance leases - Leases which transfer substantially all the risks and rewards incidental to ownership of the leased item to the Corporation, as a lessee, are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the lease liability. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the term of the lease.

Operating leases - Leases that do not transfer substantially all the risks and rewards incidental to ownership to the Corporation as a lessee are classified as operating leases. Operating lease payments are recognized on a straight-line basis over the lease term as an expense in the consolidated statement of comprehensive loss or capitalized within property, plant and equipment if they meet the capitalization criteria.

(g) Mineral property interest

The Corporation is in the exploration and evaluation stage with respect to certain of its investments in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition, exploration, and evaluation of mineral claims and crediting all proceeds received for farm-out arrangements, recovery of costs, and sale of a royalty against the cost of the related claims. Such costs include, but are not limited to, geological studies, geophysical studies, exploratory drilling and sampling.

The Corporation recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, expenditures are reclassified to “Mine development assets” within property, plant and equipment. A mandatory impairment test is required to be performed immediately prior to the reclassification. Property, plant and equipment are carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as:

- Results of studies;
- Status of permits and rights and other agreements to allow access rights;
- Ability to raise project financing; and
- Approval by management and/or Board of Directors to proceed to development.

Upon transfer of “Mining property interests” into “Mine development assets” in property, plant and equipment, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development assets”. After production starts, all assets included in “Mine development assets” are transferred to “Producing mines”. At such time as commercial production commences, these costs will be charged to operations on a unit of production method based on proven and probable reserves.

(h) Commercial production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of property, plant and equipment, and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity targeted by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity targeted by management, including:

- when the mine is substantially complete and ready for its intended use;
- the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of pre-determined percentage of design capacity; and,
- mineral recoveries are at or near the expected production level,

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

As a result of the successful mining and extraction rates achieved during the year ended December 31, 2017, the Beta Hunt gold operation achieved commercial production during the latter part of the second quarter and ceased capitalization of pre-commercial costs effective July 1, 2017.

(i) Property, plant and equipment

Property, plant and equipment ("**PPE**") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the statement of comprehensive loss during the period in which they are incurred. Depreciation is recognized based on the cost of an item of PPE, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Land	nil	none
Mining properties	nil	Units of production
Building	5%	Declining balance
Vehicles	30%	Declining balance
Camp, furniture and equipment	20%	Declining balance
Computer equipment	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of loss and comprehensive loss.

Where an item of PPE consists of major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Exploration costs incurred on a property in production are capitalized in PPE and depreciated over the underlying property's estimated recoverable ore on the basis of the related area of interest.

Buildings and equipment related to mining production are recorded at cost and depreciated net of residual value, using the units of production method, over the expected operating life of the mine based on estimated recoverable ore. However, if the anticipated useful life of the asset is less than the life of the mine, depreciation is based on its anticipated useful life.

Mining equipment is recorded at acquisition cost. Depreciation is provided for using the declining balance method at a rate of 30%, with the exception of depreciation of the mining equipment. The depreciation expense remains capitalized for mining assets not in commercial production and will be recognized in the consolidated statement of comprehensive loss gradually as the mining properties are put into commercial production.

At our underground mines, we incur development costs to build new shafts, drifts and ramps that will enable us to physically access ore underground. The time over which we will continue to incur these costs depends on the mine life. These underground development costs are capitalized as incurred. Capitalized underground development costs are depreciated on a units of production basis, whereby the denominator is the estimated ounces/pounds of gold/nickel/copper in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan that benefit from the development and are considered probable of economic extraction.

(j) Inventories

Nickel and gold is physically measured and valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Production costs include the cost of raw materials, direct labor, other direct costs and related mine-site overhead expenses (based on normal operating capacity), including applicable depreciation on PPE.

Supplies, spare parts and ore in stockpiles are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and applicable selling expenses.

(k) Identifiable intangible assets

The Corporation's intangible assets comprise computer software with finite useful lives. These assets are capitalized and amortized at a 30% declining balance basis in the consolidated statement of comprehensive loss.

(l) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statement of comprehensive loss in the period in which they are incurred.

(m) Impairment of non-financial assets

PPE, intangible assets and mineral property interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation or amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation or amortization charge for the period.

The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of mineral property interests and PPE.

(n) Flow-through shares

The Corporation may finance some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares or the amount recognized in common shares and the amount the investors pay for the shares (the "premium") is recognized as another liability, which is reversed as a deferred tax recovery when eligible expenditures have been made.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and high interest savings accounts with monthly distribution of interest, which can be withdrawn at any time without any penalty.

(p) Provisions

A provision is recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, evaluation, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted each period for the unwinding of the discount rate, and if required, for changes to the current market-based discount rate, amount and timing of the underlying cash flows needed to settle the obligation. The Corporation also records a corresponding asset amount which is amortized over the remaining service life of the asset.

(r) Share-based payment transactions

Share Options

The fair value of share options granted to employees is recognized as an expense, or capitalized to mineral property interests, over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Deferred Share Units, Restricted Share Units and Share Appreciation Rights

A liability for deferred share units, restricted share units, and share appreciation rights, which have a cash settling feature at the choice of the holder, is measured at fair value on the grant date and is subsequently adjusted at each financial position reporting date for changes in fair value. The liability is recognized over the vesting period or using management's best estimate when contractual provisions restrict vesting until formal approval by the Compensation Committee, with a corresponding charge as an expense or capitalized to mineral property interests.

(s) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognized where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not affect either accounting or taxable profit or loss, other than where the initial recognition of such an asset or liability arises in a business combination. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current. Assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities or deferred tax assets against deferred tax liabilities and the respective assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, compensation warrants, options, deferred and restricted share units outstanding that may add to the total number of common shares.

(u) Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period that the transaction occurs.

(v) Refundable tax credits for mining exploration expenses

The Corporation is entitled to a refundable tax credit on eligible mining exploration expenses incurred in the province of Quebec. The tax credit is accounted for against the related exploration and evaluation expenses incurred in mineral property interests.

(w) Critical judgments, estimates, assumptions and risks

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

(i) Establishment of technical feasibility and commercial viability of a mineral property

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors. By its nature, this assessment requires significant judgment.

(ii) Impairment of non-financial assets

The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of mineral property interests and PPE.

PPE and mineral property interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is recognized immediately as an impairment loss. When an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. The previously recognized impairment loss is reversed during the period in profit or loss.

The estimate of recoverable amounts with respect to non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Corporation's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment. In particular, for assets in the exploration and evaluation stage, factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or in the near future, and which is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted nickel prices. Refer to notes 7 and 8 for descriptions of non-financial impairment charges in 2017.

(iii) Income taxes

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Periodically, judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the probability that the Corporation will generate taxable profits in future periods, in order to utilize deferred tax assets. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of deferred tax assets will fail to be realized, the deferred tax asset is derecognized. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit its ability to obtain tax deductions in future periods Management judgment is required in determining whether a deferred tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in asserting management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Corporation and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

(iv) Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital and exploration, evaluation, development and acquisition activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(v) Provision for asset retirement obligations

The Corporation's exploration activities are subject to various laws and regulations governing the protection of the environment. The Corporation recognizes management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, timing of estimated cash flows and discount rates could affect the carrying amount of this provision.

(vi) Determination of significant influence

Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Corporation and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement.

(vii) Derivative financial instruments

Derivatives are measured at fair value through profit and loss and their fair value must be measured at each reporting period, with subsequent changes in fair value recorded in the consolidated statement of comprehensive loss. To estimate the fair value of the derivatives at the inception date and again at statement of financial position date, derivative valuation models were used.

(viii)Embedded derivatives in convertible debentures

Embedded derivatives are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. In 2017, the Corporation issued convertible debentures. The convertible debentures contained a compound embedded derivative which consists of conversion and early redemption options. The derivative was measured at fair value through profit and loss, and its fair value was measured at each reporting period, with subsequent changes in fair value recorded in the consolidated statement of comprehensive loss. To estimate the fair value of the derivative at the inception date and again at subsequent reporting dates, derivative valuation models were used. Several key assumptions affected the results of this calculation, including estimated share price volatility, the probability of a change of control and the estimated credit spread. See note 10 for details on the assumptions used to determine the fair value of the derivatives.

(ix) Joint arrangements

Judgment is required in the proper accounting for joint arrangements per IFRS 11, Joint Arrangements, and IAS 28, Investments in Associates and Joint Ventures, including the determination of joint control and significant influence. Joint control and significant influence are determined by assessment of the relevant agreements and differences in that determination could have a material effect on the consolidated financial statements.

(x) Compound instruments

The convertible debentures issued by the Corporation are considered to be compound financial instruments that can be converted into common shares of the Corporation at the option of the holder, where the number of shares to be issued does not vary but where the fair value of the consideration will change because the Corporation's functional currency is in Canadian dollars while the convertible debentures are denominated in US dollars.

The compound financial instruments are recognized as a liability, with the initial carrying value of the convertible debentures (host) being the residual amount of the proceeds after separating the derivative components, which are recognized at fair value. Any directly attributable transaction costs are allocated to the host and derivative components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the host components of the compound financial instruments are measured at amortized cost using the effective interest method. The derivative components of the compound financial instruments are measured at fair value through profit and loss. Subsequent changes in fair value are recorded in the consolidated statement of comprehensive loss.

(x) New accounting standards adopted in 2018

IFRS 9, Financial Instruments

On January, 1 2018, the Corporation adopted IFRS 9 Financial Instruments which replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or financial liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. Under IFRS 9, equity instruments are classified as financial instruments carried at fair value, with changes in fair value recorded in the consolidated statement of comprehensive loss unless such financial instruments are not held for trading, in which case, the financial instrument may be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income or loss.

The following table summarizes the classification and measurement changes for the Corporation's financial assets and financial liabilities during 2017:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Financial assets	Classification under IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Other Investment - investment in Sphinx	FVTPL	FVTPL
Derivative financial assets	Held for trading	FVTPL

Financial liabilities	Classification under IAS 39	IFRS 9
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Convertible debentures – host	Other financial liabilities	Amortized cost
Convertible debentures – derivative	FVTPL	FVTPL
Other non-current liabilities and provisions	Other financial liabilities	Amortized cost

The Corporation adopted the standard using the retrospective approach without restating comparative figures. The implementation of IFRS 9 did not result in any significant changes to the measurement of the Corporation's financial instruments.

The Corporation was required to revise its impairment methodology for financial assets recorded at amortized cost to reflect IFRS 9's expected loss model instead of IAS 39's incurred loss model. On the date of initial application, there was no impact on the carrying value of these financial assets following the revision of the impairment methodology.

IFRS 15, Revenue from Contracts with Customers

On January 1, 2018, the Corporation adopted IFRS 15, Revenue from Contracts with Customers, using the modified retrospective approach. IFRS 15 replaces all previous revenue recognition standards, including IAS 18, Revenue, and related interpretations, unless those contracts are in the scope of other standards. Under the modified retrospective approach, the Corporation recognizes transition adjustments, if any, in retained earnings on the date of initial application (January 1, 2018), without restating the financial statements on a retrospective basis. Accordingly, the comparative information for prior periods have not been restated and the information presented for 2017 reflects the requirements of IAS 18, IAS 11, and the related interpretations.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgment.

The Corporation's metal sales include gold, nickel and copper (refer to note 26). The Corporation reviewed its contracts with customers using the five-step analysis required under IFRS 15. Transfer of control generally occurs when the metals have been accepted by the customer. Once the customer has accepted the metals, the significant risks and rewards of ownership have been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the metals. On transfer of control, revenue and related costs can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Corporation.

The Corporation determined that there were no material differences to the amount and timing of revenue recognized and contract liabilities under IFRS 15 compared to IAS 18 as the transfer of control under IFRS 15 occurs at the same time the revenue recognition criteria under IAS 18 are satisfied. No adjustment to the Corporation's financial statements was therefore recognized on transition to IFRS 15.

(y) Recent accounting pronouncements not yet adopted

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, Leases. This new standard replaces IAS 17, Leases, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of "low-value" assets; and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. IFRS 16 also requires more extensive disclosures than under IAS 17.

The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Corporation plans to adopt IFRS 16 using the simplified transition approach, which means it will apply the standard from January 1, 2019, the cumulative impact of adoption will be recognized as at January 1, 2019 and comparatives will not be restated. Right-of-use assets for property leases will be measured on transition as if the new standard had been applied since the respective leases' commencement date but using the Corporation's incremental borrowing rate on January 1, 2019. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any related prepaid or accrued amounts).

Management has reviewed all of the Corporation's leasing arrangements in light of the requirements of IFRS 16. The standard will primarily affect the accounting for the Corporation's operating leases. Based on the work completed to date, the Corporation estimates that will record the following cumulative impact to the consolidated financial statements, effective January 1, 2019 (based on management's best estimates):

- Increase to PPE within the range of $400 to $700; and
- Increase to lease liabilities within the range of $400 to $700.

Overall, the Corporation expects that the adoption of IFRS 16 will have the effect of reducing net loss (increasing net earnings) for 2019 based on the leases in place on December 31, 2018. For the same period, operating cash flows will increase and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On March 22, 2018, the Corporation announced that the Beta Hunt operation was no longer a core asset and that it had initiated a strategic process which may include the sale of all or a portion of the operation. Advisors were appointed to seek indicative offers for the acquisition of the Beta Hunt mines. 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 had 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).

On September 9, 2018, the Corporation announced the discovery of approximately 9,250 ounces of high-grade coarse gold at its Beta Hunt operation which was expected to yield $15 million in revenues. Given the significance of the discovery to the exploration potential and value of the Beta Hunt operation, the Corporation decided to consider all alternatives to maximize the value of the Beta Hunt operation, and to cease exclusive discussions with the preferred bidder. Following discoveries of additional high-grade gold, the Corporation suspended the sale process.

As at December 31, 2018, the Beta Hunt operation was no longer classified as held for sale. Its assets and liabilities were reclassified as current and long-term, accordingly, on the statement of financial position and consolidated with RNC's results as a continuing operation on the statement of comprehensive loss for the period then ended.

Reference is made to note 7 for a discussion of assets held for sale in respect of VMS.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

4. AMOUNTS RECEIVABLE AND PAYABLE

Amounts receivable consist of the following:

As at	**December 31, 2018**	December 31, 2017
Trade accounts receivable	**$1,472**	$2,003
Deposits	**77**	62
Prepaid expenses	**1,473**	3,060
Commodity taxes	**88**	218
Tax credits	**-**	136
	$3,110	$5,479

Accounts payable and accrued liabilities consist of the following:

As at	**December 31, 2018**	December 31, 2017
Trade accounts payable	**$4,747**	$17,084
Accrued liabilities	**9,412**	12,051
Amounts owing to Auramet in respect of financing	**-**	4,642
	$14,159	$33,777

5. INVENTORIES

Inventories consist of the following:

As at	**December 31, 2018**	December 31, 2017
Coarse gold, gold ore and gold in process	**$6,315** [1]	$4,487 [2]
Supplies	**127**	271
Fuel	**39**	30
	$6,481	$4,788

[1] As at December 31, 2018, coarse gold, gold ore and gold in process included 4,944 ounces from the Corporation's high-grade coarse gold discovery from September 2018. Total number of ounces held at December 31, 2018 was 11,750 (December 31, 2017 – 3,267).
[2] As at December 31, 2017, $981 of net realizable value adjustments were recorded for coarse gold, gold ore and gold in process.

The Corporation's accounting policy with respect to inventories is to value the ounces held at the lower of cost and net realizable value.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

6. INVESTMENT IN ASSOCIATES

The following tables reflect the continuity of the Corporation's investments in associates:

	SPC	Orford	Dumont JV	Total
Balance as at January 1, 2018	$1,642	$-	$-	$1,642
Deemed acquisition	-	3,656	18,215	21,871
Impairment loss	(535)	-	-	(535)
Loss on dilution of associate	(66)	(4)	-	(70)
Share of loss and comprehensive loss	(46)	(323)	(62)	(431)
Balance as at December 31, 2018	**$995**	**$3,329**	**$18,153**	**$22,477**

	SPC	Orford	Dumont JV	Total
Balance as at January 1, 2017	$1,666	$-	$-	$1,666
Share of loss and comprehensive loss	(24)	-	-	(24)
Balance as at December 31, 2017	$1,642	$-	$-	$1,642

As at December 31, 2018, the Corporation held a direct 12.7% interest in SPC (December 31, 2017 – 15.6%). Management has determined that its investment in the common shares of SPC still gives it significant influence over SPC. As a result, the Corporation continued to apply the equity method of accounting for its investment in SPC. SPC's financial year-end is August 31 to satisfy the reporting requirements of its majority shareholder. The Corporation's share of SPC's loss and comprehensive loss was calculated using SPC's financial results from December 1, 2017 to November 30, 2018, and considering any changes in the subsequent period from December 1 to December 31, 2018, that would materially affect the results. During the year, the Corporation reviewed the carrying value for its investment in SPC for impairment and wrote down $535 as a result of this review.

On July 23, 2018, the Corporation received a conversion notice from Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "**Waterton**") for the full principal amount of its convertible debenture (see note 10), which was settled by the delivery by the Corporation of units of the Dumont JV. The conversion reduced the Corporation's interest in the Dumont JV to approximately 28%, and the Corporation lost its joint control of the Dumont JV. As a result, the Corporation derecognized its shares of the assets and liabilities of the Dumont JV and began accounting for its retained interest using the equity method of accounting because the Corporation determined that its 28% interest in the Dumont JV gives it significant influence. The fair value on the date of loss of joint control for the Corporation's 28% interest in the Dumont JV was estimated at $18,215. The partial disposal resulted in a loss of $589 representing the difference between the carrying amount of the settled Waterton debenture and the share of Dumont JV's net assets derecognized and the fair value of the retained interest in the Dumont JV. On December 31, 2018, the Dumont JV owed the Corporation $23 which was included in amounts receivable. Commencing from the date the Corporation no longer consolidated the Dumont JV, the Corporation charged the Dumont JV $329 in respect of management fees.

In addition, due to a series of equity transactions in Orford, the Corporation's interest in the entity was reduced to 33% during the year ended December 31, 2018. The Corporation continues to hold three of seven seats on Orford's Board of Directors, including the Chairperson, and key members of Orford's executive and operational management teams are also employees of the Corporation. As a result, although the Corporation lost control of Orford, the Corporation determined that its 33% interest in Orford continues to exert significant influence over the entity. As a result of the loss of control of Orford, the Corporation has deconsolidated Orford and began accounting for its retained interest using the equity method of accounting beginning in the third quarter of 2018. The fair value on the date of loss of control for the Corporation's 35% retained interest in Orford was $3,656. The dilution resulted in a loss of $2,448 representing the difference between the fair value of Orford shares on the date of loss of control and the net asset carrying value of Orford on the Corporation's consolidated statement of financial position. On December 31, 2018, Orford owed the Corporation $191 which was included in amounts receivable. Commencing from the date the Corporation no longer consolidated Orford, the Corporation charged Orford $404 in respect of management fees.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

7. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Vehicles	Camp, Furniture & Equipment	Beta Hunt Mine - Gold	Beta Hunt Mine - Nickel	Reed Mine	Under-ground Equipment	Mine Buildings	Total
As at January 1, 2018	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**
Additions	-	582	324	8,286	-	-	911	118	10,221
Disposals	-	(14)	(10)	-	-	-	(40)	-	(64)
Foreign exchange	-	1	(4)	24	(89)	-	(101)	1	(168)
Depreciation for the year	(10)	(112)	(221)	(920)	(217)	(5,519)	(1,013)	(7)	(8,019)
Deemed disposal on deconsolidation	(209)	(4)	(292)	-	-	-	-	-	(505)
Assets held for sale[1]	-	(444)	-	-	-	-	-	-	(444)
As at December 31, 2018	**$10**	**$928**	**$591**	**$12,478**	**$4,682**	**$ -**	**$5,682**	**$159**	**$24,530**
At December 31, 2018									
Cost	$26	$1,185	$1,403	35,456	$6,010	$22,040	$8,269	$183	$74,572
Accumulated depreciation	(16)	(201)	(701)	(22,372)	(1,107)	(22,040)	(2,180)	(17)	(48,634)
Foreign exchange	-	(56)	(111)	(606)	(221)	-	(407)	(7)	(1,408)
Net book value	**$10**	**$928**	**$591**	**$12,478**	**$4,682**	**$ -**	**$5,682**	**$159**	**$24,530**
As at January 1, 2017	**$525**	**$464**	**$909**	**$35,683**	**$7,202**	**$16,112**	**$5,021**	**$53**	**$65,969**
Additions	352	563	152	16,859	3,408	-	1,829	-	23,163
Disposals	(623)	(5)	(16)	-	-	-	(39)	-	(683)
Foreign exchange	-	3	4	(210)	60	-	46	1	(96)
Depreciation for the year	(25)	(106)	(255)	(14,243)	(626)	(10,593)	(932)	(7)	(26,787)
Pre-commercial gold cost of sales, net of gold revenue	-	-	-	20,642	-	-	-	-	20,642
Impairment charge	-	-	-	(53,643)	(5,056)	-	-	-	(58,699)
As at December 31, 2017	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$ 5,519**	**$5,925**	**$47**	**$23,509**
As at December 31, 2017									
Cost	$246	$1,065	$1,841	$27,170	$6,010	$22,040	$7,398	$65	**$65,835**
Accumulated depreciation	(17)	(127)	(997)	(21,453)	(890)	(16,521)	(1,168)	(15)	**(41,188)**
Foreign exchange	-	(19)	(50)	(629)	(132)	-	(305)	(3)	**(1,138)**
Net book value	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**

[1] Given that operations at the Reed Mine ceased in the third quarter of 2018, operating assets of $444 have been removed from PPE and reclassified to a separate line on the consolidated statement of financial position and will be sold in due course. The remaining balance of assets held for sale was $26 at December 31, 2018.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As a result of the mining and extraction rates achieved during the year ended December 31, 2017, the Beta Hunt gold operation achieved commercial production during the latter part of the second quarter and ceased capitalization of pre-commercial costs effective July 1, 2017. Beta Hunt gold mine capitalized pre-commercial gold cost of sales, which net of gold revenue comprises the following:

	Six months ended June 30, 2017
Balance as at January 1, 2017	$17,006
Revenue	19,889
Production and toll-processing costs	(29,819)
Royalty expense	(1,945)
Depreciation and amortization	(8,767)
Movement during the first six months	20,642
Cumulative capitalized costs before reaching commercial production	$37,648

8. MINERAL PROPERTY INTERESTS

Exploration and evaluation expenses

	Magneto JV	West Raglan	Qiqavik	Carolina Properties	Total
Balance as at January 1, 2018	$30,990	$10,600	$6,852	$514	$48,956
Property acquisition and maintenance	11	135	71	245	462
Depreciation	6	26	10	-	42
Engineering and technical support	53	-	-	331	384
Exploration	3	-	1,113	-	1,116
Environmental, community and permitting	157	-	46	-	203
Share-based payments	-	-	76	-	76
Deemed disposition on loss of control of joint operation / subsidiary	(31,220)	(10,761)	(8,168)	(1,090)	(51,239)
Balance as at December 31, 2018	$-	$-	$-	$-	$-

	Dumont	Magneto JV	West Raglan	Qiqavik	Carolina Properties	VMS Properties	Total
Balance as at December 31, 2016	$ 58,000	$ -	$ 10,486	$ 2,477	$ -	$ 1,923	$ 72,886
Acquisition	-	30,275	-	-	-	-	30,275
Property acquisition and maintenance	35	18	2	92	181	-	328
Depreciation	15	7	8	62	-	-	92
Engineering and technical support	398	53	15	-	333	-	799
Exploration	195	8	30	4,265	-	-	4,498
Environmental, community and permitting	24	629	-	104	-	-	757
Share-based payments	10	-	59	-	-	-	69
Tax credits, net	-	-	-	(148)	-	-	(148)
Impairment charge	-	-	-	-	-	(1,923)	(1,923)
Partial recovery of impairment charge	1,216	-	-	-	-	-	1,216
Sale of Dumont property	(59,893)	-	-	-	-	-	(59,893)
Balance as at December 31, 2017	$ -	$ 30,990	$ 10,600	$ 6,852	$ 514	$ -	$ 48,956

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Due to the loss of joint control and control of the Dumont JV and Orford, respectively, during the third quarter of 2018, the Corporation no longer directly reports its interests in the above properties in mineral property interests. Such properties form part of the net assets of the Dumont JV and Orford which are included in investment in associates on the consolidated statement of financial position as at December 31, 2018 (note 6).

9. LONG-TERM DEBT

Long-term debt comprises the following:

Year ended December 31, 2018	**RNC YA II PN Note Agreement (i)**	**RNC IQ Loan (ii)**	**SLM Senior Secured Loan Facility (iii)**	**SLM Secured Facility (iv)**	**Total**
Balance as at January 1, 2018	$ 3,130	$ 544	$ 9,203	$ -	$ 12,877
Additions	-	-	-	3,940	3,940
Repayments in cash	(1,327)	(100)	(7,702)	-	(9,129)
Repayments in gold deliveries	-	-	(4,272)	-	(4,272)
Repayments in shares	(3,046)	-	-	-	(3,046)
Loss on settlement of debt	516	-	162	-	678
Accretion expense	640	-	2,142	33	2,815
Change due to foreign exchange translation	87	-	467	73	627
Balance as at December 31, 2018	**-**	**444**	**-**	**4,046**	**4,490**
Less current portion	-	120	-	4,046	4,166
Non-current portion	$ -	$ 324	$ -	$ -	$ 324

Year Ended December 31, 2017	**RNC YA II PN Note Agreement**	**RNC IQ Loan**	**SLM Senior Secured Loan Facility**	**RNC Other**	**Total**
Balance as at January 1, 2017	$ 2,991	$ -	$ -	$ -	$ 2,991
Additions	3,802	544	9,665	1,368	15,379
Issue costs	(288)	-	(348)	-	(636)
Issue costs - warrants	(374)	-	-	-	(374)
Repayments	(3,888)	-	-	(1,368)	(5,256)
Accretion expense	927	-	116	-	1,043
Change due to foreign exchange translation	(40)	-	(230)	-	(270)
Balance as at December 31, 2017	**3,130**	**544**	**9,203**	**-**	**12,877**
Less current portion	3,130	110	5,018	-	8,258
Non-current portion	$ -	$ 434	$ 4,185	$ -	$ 4,619

(i) YA II PN Note Agreement

On November 14, 2016, the Corporation contracted an unsecured note payable with YA II PN, Ltd. The proceeds of the loan were used for general working capital purposes. The initial agreement represented a commitment up to US$10,000 ($13,427), of which US$2,500 ($3,369) was initially drawn at an interest of 12%. On August 8, 2017, the Corporation restructured the unsecured note payable with YA II PN, Ltd. and it was further amended on December 24, 2017. Under the terms of the restructuring, the lender advanced US$3 million ($3,802) to the Corporation, of which US$1.35 million ($1,803) was used to fully repay the current facility. The facility bore 12% annualized interest. The principal and interest were repayable over a nine-month period from December 2017 to August 2018. As part of the transaction, the

Corporation issued 5.9 million 24 month warrants to the lenders (note 14), exercisable at a strike price of $0.24 per share.

The principal and interest were fully repaid during the year ended December 31, 2018 with US$1,038 ($1,327) and a series of shares issued (note 13).

(ii) IQ Loan

In 2017, the Corporation borrowed $544 from Investissement Quebec ("IQ") with the following terms: (i) the Corporation is required to repay the loan by making 60 monthly principal re-payments in the amount of $10 each starting in February 2018; (ii) the loan expires in 2023; (iii) the rate of interest is based on prime plus 0.25%; (iv) qualifying expenses incurred until June 30, 2017; and (v) the loan is secured by a general security agreement granted by the Corporation over certain personal and intangible property.

(iii) Senior Secured Loan Facility

On December 8, 2017, SLM entered into a Senior Secured Loan Facility with Auramet International LLC ("Auramet") in the amount of US$12,650 ($16,268) which comprised a US$9,000 ($11,574) cash loan with a gold coupon and a US$3,650 ($4,694) nickel prepayment loan. Under the terms of the facility, Auramet subscribed for 29,750,312 common shares of the Corporation at a price of C$0.16 per share which were issued on January 3, 2018. The proceeds of the facility were used to satisfy the remaining obligation under the Senior Secured Gold Loan to deliver 11,760 ounces of gold.

The US$3,650 nickel repayment loan was repaid by the delivery and purchase of a total of 372 tonnes of nickel during the period March 2018 to July 2018.

The balance of the US$9,000 cash loan was fully repaid during the three months ended September 30, 2018. During the year ended December 31, 2018, the Corporation made principal payments of US$2,800 ($3,625) and a final bullet payment of US$2,900 ($3,754) on September 28, 2018. The Corporation also paid an early settlement fee of US$124 ($162). As part of the settlement of the Senior Secured Loan Facility with Auramet and in payment of the final bullet payment, the Corporation entered into a Purchase and Sale Agreement to deliver 2,797 ounces of gold at a price of US$1,180 per ounce. The amount was initially recognized as a contract liability on the consolidated statement of financial position.

(iv) Secured Facility

On December 14, 2018, SLM entered into an arrangement to borrow US$2,942 ($3,940) from Auramet. The facility is repayable on April 15, 2019 and the facility costs totalling US$165 ($225) will be accreted over the four-month term to maturity. The facility is secured by gold specimens produced by the Beta Hunt mine representing 2,630 ounces of gold.

10. CONVERTIBLE DEBENTURES

The Corporation's convertible debentures are compound financial instruments, which were in their entirety a financial liability. The initial carrying amount for the debt host represented the residual amount of the proceeds after separating out the fair value of the derivatives which represented the value of the conversion options. Transaction costs were allocated to the host and were accreted over the respective terms. The tables below show the change in the carrying value of the convertible debentures during the years ended December 31, 2018 and 2017:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Year ended December 31, 2018	**Waterton (i)**	**Pala (ii)**	**Total**
Balance as at January 1, 2018	$12,832	$8,273	$21,105
Repayments in cash	-	(4,008)	(4,008)
Repayments in shares	-	(4,349)	(4,349)
Converted into units of Dumont JV	(13,087)	-	(13,087)
Change in fair value of derivative	(1,735)	320	(1,415)
Loss (gain) on settlement of debt	1,163	(1,506)	(343)
Accretion expense	159	578	737
Change due to foreign exchange translation	668	692	1,360
Balance as at December 31, 2018	$-	$-	$-

Year Ended December 31, 2017	**Waterton (i)**	**Pala September (ii)**	**Pala December (ii)**	**Total**
Balance as at January 1, 2017	$-	$-	$-	$-
Additions	13,492	4,934	7,683	26,109
Issue cost - cash	(317)	(147)	(210)	(674)
Issue cost - warrants	-	(332)	-	(332)
Repayments	-	(5,233)	-	(5,233)
Loss on debt restructuring	-	768	-	768
Change in fair value of derivative	436	(451)	842	827
Accretion expense	260	284	110	654
Change due to foreign exchange translation	(1,039)	177	(152)	(1,014)
Balance as at December 31, 2017	12,832	-	8,273	21,105
Less current portion	**-**	**-**	**3,011**	**3,011**
Non-current portion	**$12,832**	**$-**	**$5,262**	**$18,094**

(i) Waterton

On June 7, 2017, the Corporation issued an unsecured convertible debenture in the amount of US$10,000 ($13,168) to Waterton (the "**Waterton Debenture**"). The Waterton Debenture bore interest at a rate of 10% per annum, payable quarterly, and had a four-year term maturing June 7, 2021.

Waterton had the right to convert the debenture into units (a "Unit Conversion") of the Magneto JV. After receiving any notice of a Unit Conversion in excess of US$4,500, the Corporation would have the right to prepay such excess principal plus applicable pre-payment fees and maintain a 40% interest in the Magneto JV (the "prepayment right").

On June 18, 2018, in conjunction with a US$12,000 withdrawal from the Magneto JV, the Corporation agreed to remove the prepayment right. On July 23, 2018, Waterton triggered the conversion of its US$10 million convertible debenture for the full principal amount of the debenture and thereby diluted RNC's interest in the JV to approximately 28% (See note 6).

The following table summarizes the activity for the debenture as at and for the year ended December 31, 2018:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Waterton Debenture		
	Host	Derivative	Total
Balance as at January 1, 2018	$ 10,793	$ 2,039	$ 12,832
Converted into units of Dumont JV	(13,087)	-	(13,087)
Change in fair value of derivative	-	(1,735)	(1,735)
Loss (gain) on settlement of debt	1,590	(427)	1,163
Accretion expense	159	-	159
Change due to foreign exchange translation	545	123	668
Balance as at December 31, 2018	$ -	$ -	$ -

(ii) Pala

On September 19, 2017, the Corporation issued a convertible debenture in the amount of US$4,000 ($4,934) to Pala Investments Limited ("Pala") (the "**Pala Debenture September**"). The Pala Debenture September bore interest at a rate of 15% per annum, compounded quarterly, and payable at the end of the eighteen-month term. The debentures were convertible at the holder's option into common shares of the Corporation at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date fixed for redemption thereof, at the conversion price of $0.2537 for one common share. As part of the transaction, the Corporation issued five million warrants to Pala which were exercisable for three years at C$0.25 per share (note 12). As part of a debt restructuring on December 14, 2017 (as described below), the Pala Debenture September was settled in full and the warrants issued were terminated (note 10(iii)). A loss of $768 was realized representing the difference between the value of the Pala Debenture and the book value of Pala Debenture September on December 14, 2017.

On December 14, 2017, the Corporation issued a convertible debenture in the amount of US$6,000 ($7,683) to Pala Investments Limited ("Pala") (the "**Pala Debenture December**"). The Pala Debenture December bore interest at a rate of 14% per annum, compounded and payable monthly during the fifteen-month term. The Pala Debenture December was repayable in 15 equal monthly principal installments of US$200 ($256) beginning in January 2018, in either nickel tonnes or cash at Pala's election as well as a lump sum payment for the remaining US$3,000 ($3,842) in March 2019, also payable in either nickel tonnes or cash at Pala's election. The Pala Debenture December was secured by a second priority security interest over all SLM assets (subordinate to the Senior Secured Loan Facility in place with Auramet). If an event of default occurred including non-payment of principal or interest, failure to make any payment when it fell due on other debt exceeding $500, or a change of control, the interest rate increased to 20% and Pala could exercise an option to be paid the outstanding amount in cash or nickel tonnes. Under the terms of the debenture agreement, the five million share purchase warrants issued pursuant to the Pala Debenture September were cancelled in return for a 2.25% royalty on future Beta Hunt nickel production commencing April 1, 2019. Of the US$6,000 proceeds, US$2,000 ($2,561) was received in cash, net of fees, and the remainder was used to settle a previous convertible debenture with Pala in full.

During the year ended December 31, 2018, eight monthly principal instalments were paid totalling US$1,600 ($2,138). On September 24, 2018, Pala converted US$3,358 ($4,349) of the outstanding amount into 17,140,640 common shares of the Corporation (note 13). On September 28, 2018, the Corporation repaid the remaining US$1,400 ($1,870) balance of the convertible debenture. During the year ended December 31, 2018, the Corporation issued 2,500,00 warrants to Pala at an exercise price of $0.25 per share and a three-year term. The fair value of $0.029 per warrant for a total of $74 was determined using the Black-Scholes method and assumed volatility of 78%, fair value share price of $0.10 per share and a risk-free rate of $1.85%.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

11. CONTRACT LIABILITIES (2017: DEFERRED REVENUE)

As at December 31, 2018 and 2017, the following contracts were outstanding. These contracts accounted for as executory contracts because they were entered into and continue to be held for the purpose of delivery in accordance with the Corporation's expected production schedule:

As at December 31, 2018	**Working Capital Facility** (i)	**Purchase and Sale Agreement Facility** (ii)	**Total**
SLM (Beta Hunt)			
3,017 ounces of gold	$4,904	-	$4,904
			-
	4,904	-	4,904
Current portion	4,904	-	4,904
Non-current portion	-	-	-

As at December 31, 2017	**Senior Gold Loan** (i)	**Senior Secured Loan Facility Gold** (ii)	**Senior Secured Loan Facility Nickel** (ii)	**Senior Copper Loan** (iii)	**Total**
SLM (Beta Hunt)					
1,479 ounces of gold	$2,504	-	-	-	$2,504
2,070 ounces of gold	-	$879	-	-	879
372 tonnes of nickel	-	-	$4,620	-	4,620
VMS (Reed)					
2,100,000 pounds of copper	-	-	-	$5,585	5,585
	2,504	879	4,620	5,585	13,588
Current portion	2,504	587	4,620	5,585	13,296
Non-current portion	-	$292	-	-	$292

(i) Working Capital Facility

The Corporation has US$7,000 ($9,062) working capital facilities with Auramet which comprises a US$5,500 ($7,120) in-process gold facility and a US$1,500 ($1,942) in-process nickel facility. The gold facility is classified as a contract liability.

(ii) Purchase and Sale Agreement

As described in note 9(iii), the Senior Secured Loan Facility with Auramet was settled during the year ended December 31, 2018. As part of the settlement, the Corporation entered into a Purchase and Sale Agreement to deliver 2,797 ounces of gold at a price of US$1,180 per ounce. The deliveries were completed in full during October 2018 with no remaining balance as at December 31, 2018. Also, as part of the settlement, the remaining obligation to deliver gold ounces which totalled 2,070 gold ounces at December 31, 2017 was extinguished. The obligation to deliver 372 tonnes of nickel as at December 31, 2017 was settled in full during 2018.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

(iii) Senior Copper Loan

The Senior Secured Copper Loan was repaid in full during the year ended December 31, 2018.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Corporation's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at December 31, 2018, all of the Corporation's derivative financial instruments have been classified as Level 2 financial instruments according to the Corporation's fair value hierarchy. The fair value of these instruments is determined using discounted future cash flows based on forward metals curves and, in the case of options, the Black-Scholes method.

The Corporation did not apply hedge accounting on its outstanding derivatives. Therefore, changes in fair value are recorded in the consolidated statement of comprehensive loss on a mark to market basis and recorded in financial assets and financial liabilities. For the years ended December 31, 2018, the table below summarizes the movements in derivative financial liabilities:

	Year ended December 31, 2018	Year ended December 31, 2017
Opening balance	**$(3,579)**	$1,669
Fair value at inception – copper options (note 11)	**-**	(377)
Fair value at inception – gold options (note 11)	**-**	(995)
Premiums on call options sold	**-**	(539)
Change due to foreign exchange	**(81)**	501
Net change in fair value of derivative instruments	**2,529**	(3,838)
Closing balance	**$(1,131)**	$(3,579)

The following table summarizes the outstanding derivative positions at December 31, 2018:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Maturity			Statement of Financial Position Classification	
SLM (Beta Hunt)	**Current**	**Non-Current**	**Total**	**Current Liabilities**	**Non-Current (Liabilities)**
Gold call option sell contracts					
Ounces	9,025	-	**9,025**		
Average price per ounce (in AUD)	$1,750	-	**$1,750**		
Fair value of liability as at December 31, 2018	($857)	-	**($857)**	($857)	-
Gold forward sell contracts					
Ounces	927	-	**927**		
Average price per ounce (in USD)	$1,194	-	**$1,194**		
Fair value of liability as at December 31, 2018	($106)	-	**($106)**	($106)	-
Gold forward sell contracts					
Ounces	2,127	-	**2,127**		
Average price per ounce (in AUD)	$1,737	-	**$1,737**		
Fair value of liability as at December 31, 2018	($168)	-	**($168)**	($168)	-
Total				**($1,131)**	**-**

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The following table summarizes the outstanding derivative positions at December 31, 2017:

	Maturity			Statement of Financial Position Classification	
SLM	**2018**	**2019**	**Total**	**Current (Liabilities)**	**Non-Current (Liabilities)**
Gold call option sell contracts					
Ounces	13,000	9,025	**22,025**		
Average price per ounce (in AUD)	$1,854	$1,750	**$1,854**		
Fair value of liability as at December 31, 2017	($225)	($776)	**($1,001)**	($225)	($776)
Nickel call option sell contracts					
Metric tonnes	288	-	**288**		
Average price per tonne (in USD)	$11,500	-	**$11,500**		
Fair value of liability as at December 31, 2017	($560)	-	**($560)**	($560)	-
Gold forward sell contracts					
Ounces	16,382	-	**16,382**		
Average price per ounce (in AUD)	$1,654	-	**$1,654**		
Fair value of liability as at December 31, 2017	($418)	-	**($418)**	($418)	-
VMS					
Copper call option sell contracts					
Pounds	3,300,000	400,000	**3,700,000**		
Average price per pound (in USD)	$3.15	$2.95	**$3.13**		
Fair value of liability as at December 31, 2017	($895)	($222)	**($1,117)**	($895)	($222)
Copper forward sell contracts					
Pounds	800,000	-	**800,000**		
Average price per pound (in USD)	$2.80	-	**$2.80**		
Fair value of liability as at December 31, 2017	($483)	-	**($483)**	($483)	-
				($2,581)	**($998)**

13. SHARE CAPITAL

On January 3, 2018, the Corporation issued 29,750,312 common shares to Auramet at a price of $0.16 per share for a value of $4,760 which was in respect of the Senior Secured Loan Facility.

On January 3, 2018, the Corporation issued 5,781,250 common shares to a stakeholder at a price of $0.16 per share for value of $925 to settle amounts payable. On August 7, 2018, the Corporation issued 10,735,142 common shares to a stakeholder at a price of $0.09 per share for value of $1,000 to settle amounts payable.

In January 2018, the Corporation issued an aggregate amount of 10,000,000 common shares at $0.16 per share for gross proceeds of $1,600.

On March 28, 2018, the Corporation issued 700,000 common shares to Abitibiwinni First Nation in respect of an Impact and Benefit Agreement for the Dumont Nickel-Cobalt Project for a value of $262.

During the year ended December 31, 2018, an aggregate amount of 27,160,061 common shares were issued to YA II PN at an average share price of $0.112 for a value of $3,046. The shares were issued in connection with the full settlement of the Corporation's debt obligations with YA II PN (note 9(i)).

On September 24, 2018, Pala converted US$3,358 ($4,349) of its outstanding convertible debenture into 17,140,640 common shares of the Corporation at an average realized share price of $0.254. The shares were issued in connection with the full settlement of the Pala loan (note 10).

During the year ended December 31, 2018, 5,915,552 options were exercised at a weighted average exercise price of $0.28 for aggregate for gross proceeds of $1,671.

During the year ended December 31, 2018, 25,280,887 warrants were exercised at a weighted average exercise price of $0.41 for aggregate gross proceeds of $10,305.

On July 7, 2017, the Corporation closed a non-brokered private placement financing and issued 5,999,999 flow-through shares of the Corporation at a price of $0.20 per flow-through share for gross proceeds of $1,800. In connection with the July financing, the Corporation recorded a $600 flow-through share premium liability calculated as the difference between the share issuance price and the market price at the time of closing. Issue costs totalled $74.

On July 7, 2017, TNN (now Orford) issued 3,272,726 flow-through shares and 2,000,000 flow-through units consisting of one flow-through share and one warrant for a value of $1,627 and $1,544, respectively. The flow-through share financing was provided by the Corporation and the flow-through unit financing was provided by the non-controlling shareholder, decreasing the Corporation's interest by 0.9% to 67.1% and resulting in a net increase in non-controlling interest of $1,677.

On July 13, 2017, the Corporation issued a total of 23,431,019 shares at an issue price of $0.195 in exchange for tolling rights and the option to acquire the South Kalgoorlie Operations ("**SKO**") business from Westgold Resources Limited ("**Westgold**"). The value of the agreements totalling $4,850 was allocated to the tolling rights ($2,239) based on the fair value of the services and to the SKO purchase option ($2,611) based on the share price on the date the shares were issued of $0.195. Issue costs totalled $141. The tolling rights were included in amounts receivable and prepaid expenses (note 4) and are amortized over the twelve-month term of the agreement. The SKO option expired and was expensed during the third quarter (note 24).

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

14. WARRANTS AND COMPENSATION WARRANTS

During the year ended December 31, 2018, 24,469,102 (December 31, 2017 – nil) warrants were exercised at a weighted average exercise price of $0.41, of which 565,891 related to compensation options, and 811,785 broker warrants (December 31, 2017 – nil) were exercised at a weighted average exercise price of $0.34. Total proceeds from warrants and broker warrants exercised during the year ended December 31, 2018 were $10,305.

The following tables reflect the continuity of warrants, and broker warrants for the years ended December 31, 2018 and 2017:

	Number of Warrants	Number of Compensation Warrants/Options	Weighted Average Exercise Price
Balance as at January 1, 2018	22,403,211	1,451,805	$0.43/$0.41
Granted (note 10(ii))	2,500,000	-	$0.25/$0.00
Exercised (note 13)	(24,469,102)	-	$0.41/$0.00
Exercise of compensation options	565,891	(811,785)	$0.44/$0.34
Expired	(1,000,000)	(640,020)	$0.50/$0.50
Balance as at December 31, 2018	**-**	**-**	**$-/$-**

	Number of Warrants	Number of Compensation Warrants/Options	Weighted Average Exercise Price
Balance as at January 1, 2017	17,198,386	1,451,805	$0.49/$0.41
Granted	10,932,461	-	$0.24/$0.00
Expired	(5,727,636)	-	$0.27/$0.00
Balance as at December 31, 2017	22,403,211	1,451,805	$0.43/$0.41

15. SHARE INCENTIVE PLANS

The Corporation’s 2010 share incentive plan (the “**Plan**”), as amended and restated on May 18, 2016, provides for the granting of equity-based compensation securities, including options and awards for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key officers, directors, employees and consultants of the Corporation. The Plan provides for the issuance of share options and other equity-based awards including share appreciation rights, restricted shares, restricted share units, deferred share units, performance shares and performance share units. The Plan provides that the maximum number of common shares issuable upon the exercise of share options and made available as other equity-based awards, in aggregate, shall not exceed 15% of the issued and outstanding common shares from time to time.

Share Purchase Options

At the time of grant or thereafter, the Compensation Committee (the “**Committee**”) of the Board of Directors may determine when a share option will vest and become exercisable and may determine that the share option shall be exercisable in instalments on such terms as to vesting or otherwise as the

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Committee deems advisable subject to the rules of the Toronto Stock Exchange, if any. Unless otherwise determined by the Committee, share options will vest and become exercisable, as to one third of the share options granted, on each of the first, second and third anniversaries of the date of grant, provided that the participant is an eligible employee, eligible director, consultant or other participant at the time of vesting. Under the Plan, the expiry date of share options may not exceed ten years from the date of grant.

During the year ended December 31, 2018, 16,066,000 share options were granted and had a weighted average fair value of $0.27, as estimated at the time of each grant. The fair value of options granted was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

Year ended December 31,	**2018**	2017
Number of options granted	**16,066,000**	Nil
Share price	**$0.27**	n/a
Exercise price	**$0.27**	n/a
Risk free interest rate	**2.1%**	n/a
Expected life	**5 years**	n/a
Expected volatility	**77%**	n/a
Expected dividends	**nil**	n/a

The following tables reflects the continuity of share purchase options for the years ended December 31, 2018 and 2017:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2018	26,710,529	$0.37
Granted	16,066,000	0.27
Exercised	(5,915,552)	0.28
Forfeited	(3,728,999)	0.42
Expired	(25,000)	2.50
Balance as at December 31, 2018	**33,106,978**	**$0.34**

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2017	28,889,519	$0.41
Exercised	(20,000)	0.18
Expired	(2,158,990)	0.81
Balance as at December 31, 2017	26,710,529	$0.37

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2018, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$0.09–$0.24	11,262,665	3.9	$0.22	7,358,669	3.7	$0.21
$0.25–$0.99	21,469,313	2.6	$0.37	20,802,646	2.5	$0.37
$2.00–$2.50	375,000	1.3	$1.84	375,000	1.3	$1.84
	33,106,978	**3.0**	**$0.34**	**28,536,315**	**2.8**	**$0.35**

Deferred Share Units

Under the Plan, a participant is only entitled to payment in respect of a deferred share unit when the participant ceases to be an employee or director of the Corporation or any affiliate thereof for any reason. Upon redemption of a vested unit, the participant has the option to receive (i) one common share of the Corporation or (ii) an amount in cash equal to the fair market value of a common share of the Corporation on the date of redemption. The expense is recorded in the statement of comprehensive loss in general and administrative expenses or capitalized to mineral property interests and credited to liabilities under deferred share units since the payment in cash or common shares is at the option of the participant.

The following table reflects the continuity of deferred share units for the years ended December 31, 2018 and 2017:

	Number of Restricted Share Units
Balance as at January 1, 2017 and January 1, 2018	1,097,343
Exercised	(138,000)
Balance as at December 31, 2018	**959,343**

As at December 31, 2018, all 959,343 deferred share units were vested. The weighted average exercise price of the deferred share units is nil.

Restricted Share Units

Under the Plan, redemption of vested restricted share units shall take place no later than the third anniversary of the date of grant. The Corporation has granted the following two types of restricted share units: (i) cash settled units, and (ii) units settled in cash and/or shares at the option of the participant**.** Upon redemption of vested units, the participant will either receive cash equal to the multiple obtained if the number of vested restricted units is multiplied by the fair market value of a common share of the Corporation on the redemption date, or for restricted share units with an option, the participant may choose to receive (i) the number of underlying common shares of the Corporation or ii) a combination of common shares of the Corporation and cash. The expense for both types of restricted share units is recorded in the statement of comprehensive loss in general and administrative expenses or capitalized to mineral property interests, and credited to liabilities under restricted share units since some units will settle for cash only, while other units will settle for cash or common shares at the option of the participant.

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During the year ended December 31, 2018, 3,683,031 restricted share units were granted, all of which vested immediately.

During the year ended December 31, 2018, 248,303 restricted share units which were redeemed for cash at a weighted average redemption price of $0.63 per unit for a total cash payment of $157, and the remaining 2,123,324 restricted share units were redeemed for 2,123,324 common shares of the Corporation.

The following tables reflect the continuity of restricted share units for the years ended December 31, 2018 and 2017:

	Number of Restricted Share Units
Balance as at January 1, 2018	8,575,015
Granted	3,683,031
Exercised - shares	(2,123,324)
Exercised - cash	(248,303)
Balance as at December 31, 2018	**9,886,419**

	Number of Restricted Share Units
Balance as at January 1, 2017	6,251,750
Granted	2,814,306
Expired	(491,041)
Balance as at December 31, 2017	8,575,015

Included in the 9,886,419 restricted share units outstanding as at December 31, 2018, are 6,017,582 units that can only be settled for cash.

As at December 31, 2018, the weighted average remaining contractual life of the outstanding restricted share units was 1.2 years and all restricted share units were vested.

Share Appreciation Rights

Under the Plan, participants have the potential right to receive a cash payment on the redemption of a share appreciation right provided that such share appreciation right has vested. Such cash payment will be equal to the amount if any, by which the fair market value of a common share of the Corporation on the date of redemption exceeds the fair market value of a common share of the Corporation on the date of grant (the "**Base Price**"). The expense for share appreciation rights is recorded in the statement of comprehensive loss in general and administrative expenses or capitalized to mineral property interests, and credited to liabilities under share appreciation rights since these instruments will settle for cash only.

During 2018, 100,000 share appreciation rights were exercised and 104,000 share appreciation rights expired. There was no activity in share appreciation rights during 2017. As at December 31, 2018 there were 702,000 share appreciation rights outstanding (2017 – 906,000). The vesting requirements for the share appreciation rights outstanding as at December 31, 2018 are described below.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The share appreciation rights (the "Service Condition SARs") vest if the Committee passes a resolution approving the redemption of the Service Condition SARs having regard to the Corporation's financial condition, project status and overall market conditions ("Approval Condition"), provided that the number of Service Condition SARs to vest will be dependent upon the length of service of the participant as follows: one-third will not be dependent on the length of service and shall vest upon the Approval Condition being met, a further one-third will vest upon the Approval Condition being met, provided that the participant is still serving as a director or employee of the Corporation on the first anniversary of the date of grant, and the remaining one-third will vest upon the Approval Condition being met, provided that the participant is still serving as a director or employee of the Corporation on the second anniversary of the date of grant. Vested Service Condition SARs shall be redeemed on the redemption date specified by the Committee. If the Service Condition SARs have not become vested and been redeemed by the expiry date, such Service Condition SARs shall be automatically redeemed on the expiry date notwithstanding that the Approval Condition has not been met. The expiry date for 520,000 Service Condition SARs is the fifth anniversary of the date of grant, while the expiry date for the remaining 182,000 Service Condition SARs is the tenth anniversary of the date of grant.

The share appreciation rights which expire in five years totalling 520,000 were settled on their expiry date of January 22, 2019. On December 31, 2018, these share appreciation rights had a fair value of $0.21 each measured at their intrinsic value, which is the difference between the exercise price of $0.27 and the fair value of $0.48 on December 31, 2018, and they were not included in the assumptions for the Black-Scholes method below.

Excluding the above noted share appreciation units which were measured at intrinsic value, the weighted average fair value of the share appreciation rights outstanding at the end of the period, as estimated as at December 31, 2018, was $0.35 (2017 - $0.05). These calculations used the Black-Scholes option pricing model, using the following assumptions:

	Years ended December 31,	
	2018	2017
Share price	**$0.48**	$0.18
Base price	**$0.40**	$0.33
Risk free interest rate	**1.87%**	1.73%
Expected life	**4.0 years**	2.0 years
Expected volatility	**101%**	70%
Expected dividends	**nil**	nil

As at December 31, 2018, the weighted average remaining contractual life of the outstanding share appreciation rights is 1.0 years and nil share appreciation rights were vested. Excluding the above noted share appreciation rights which were settled on January 22, 2019, the weighted average remaining contractual life of the outstanding share appreciation rights is 4.0 years

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The expense recognized from share-based payment transactions for services received during the years is shown in the following table:

	Years ended December 31,	
	2018	2017
Equity settled share-based payment transactions		
Share purchase options – RNC	**$2,387**	$541
Share purchase options – Orford	**136**	292
Total equity settled share-based payment transactions	**2,523**	833
Cash settled share-based payment transactions		
Restricted share units	**885**	452
Share appreciation rights	**74**	14
Mark-to-market adjustment for deferred and restricted share units and share appreciation rights	**3,354**	(673)
Total cash settled share-based payment transactions	**4,313**	(207)
Accrued share-based payment transactions	**75**	46
Total expense arising from share-based payment transactions	**$6,911**	$672

The carrying amounts of the liabilities relating to deferred and restricted share units and share appreciation rights as at December 31, 2018, are $460, $4,745 and $173 respectively (as at December 31, 2017 - $192, $1,213 and $51, respectively). Share appreciation rights are included in other non-current liabilities and provisions on the statement of financial position.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,	**2018**	2017
General and administrative: share-based payments	**$6,911** [1]	$ 672
Expense by nature:		
Salaries, wages and benefits	**$2,622**	$1,839
Professional fees	**946**	1,871
Consulting fees	**355**	699
Directors' fees	**289**	-
Public company expenses	**239**	320
Office and general	**914**	717
Conference and travel	**276**	213
Investor relations	**1,015**	480
Business development	**566**	234
Depreciation and amortization	**124**	569
General and administrative: other	**$7,346**	$6,942

[1]Primarily mark-to-market adjustments on restricted share units, deferred share units and share appreciation rights, as well as the amortization of options during the year.

17. LOSS PER SHARE

For the years ended December 31,	**2018**	2017
Loss attributable to RNC shareholders	**$(8,145)**	$(89,993)
Weighted average number of common shares	**386,770,034**	291,114,710
Loss per share attributable to RNC shareholders – basic and diluted	**$(0.02)**	$(0.31)

The effect of potential issuances of shares under stock options, warrants, deferred share units, convertible debentures and restricted share units would be anti-dilutive for the years ended December 31, 2018 and 2017, and accordingly, basic and diluted loss per share are the same.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

18. RELATED PARTY TRANSACTIONS

The following table reflects the remuneration of key management, which consists of the Corporation's directors and executive officers, and other related party transactions:

Remuneration of key management	Years ended December 31,	
	2018	2017
Management salaries and benefits	**$2,596**	$1,778
Share-based payments – Management	**1,077**	528
Share-based payments – Directors	**1,446**	391
Mark-to-market adjustment for share-based payments	**3,939**	(783)
	$9,058	$1,914

Termination and Change of Control Provisions

Certain employment agreements between the executive team and the Corporation contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause on December 31, 2018, the total amounts payable to the executive team in respect of severance would have totaled $2,656. If a change of control had occurred on December 31, 2018, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled $3,129. As at December 31, 2018, there were no unvested share-based awards that are redeemable in cash.

19. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations represent the legal and contractual obligations associated with the eventual closure and reclamation of the Corporation's exploration camp at the Beta Hunt Mine and VMS's share of the Reed Mine estimated closure costs. The obligation consists of costs associated with reclamation, environmental monitoring, and the removal of tangible assets. As at December 31, 2018, the carrying value of the asset retirement obligation represents the net present value of the estimated undiscounted cash flows required to settle the environmental obligations, which total $1,545 (2017 - $2,340), using an average discount rate of 1.9% (2017 - 1.5%). The settlements of these obligations commenced in 2018 and is expected to be completed by 2031.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	2018	2017
Balance as at January 1	**$2,214**	$1,223
Payments	**(817)**	-
Change in estimate, net	**-**	509
Change in foreign exchange	**19**	(7)
Removed on deconsolidation	**(497)**	-
Expensed	**18**	489
Balance as at December 31	**$937**	$2,214
Current portion	**92**	866
Non-current portion	**$845**	$1,348

20. INCOME TAX

The major components of income tax expense are as follows:

	2018	2017
Tax expense applicable to:		
Current taxes	**$653**	$-
Deferred taxes		
Income taxes - origination and reversal of temporary differences	**(7,940)**	(19,612)
Mining taxes - origination and reversal of temporary differences	**123**	(6,210)
Relating to change in tax rates/imposition of new tax laws	**-**	148
Relating to differences between tax jurisdictions	**290**	(511)
Relating to unrecognized temporary differences	**7,742**	20,956
Relating to amortization of flow-through share premium	**(383)**	(905)
Total tax expense (recovery)	**$485**	$(6,134)

A reconciliation between tax expense and the product of accounting loss multiplied by the Corporation's domestic tax rate is as follows:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	2018	2017
Statutory tax rate	**25.59%**	25.65%
Tax benefit of statutory rate	**$(2,024)**	$(24,931)
Expenses not deductible/(taxable) for income tax purposes	**4,927**	2,185
Tax rate differential	**290**	(511)
Tax effect of renounced flow-through share expenditures	**314**	1,158
Amortization of flow-through share premiums	**(383)**	(905)
Quebec mining duties, net of tax	**727**	(6,210)
Impact of change in provincial deferred income tax rate	**-**	148
Utilization of previously unrecognized tax assets	**(7,101)**	4,541
Tax effect of unrecognized temporary difference and tax losses	**7,742**	20,956
Relating to deconsolidation of Magneto JV	**(4,951)**	-
Prior year adjustment	**1,283**	(2,866)
Non-deductible item	**(152)**	224
Other	**(187)**	77
Total tax expense (recovery)	**$485**	$(6,134)

The Corporation offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefits of the following temporary differences have been recognized in the consolidated financial statements:

	Balance January 1, 2018	Recognized in Profit and Loss	Recognized on Deconsolidation	Balance December 31, 2018
Deferred tax assets/(liabilities):				
Loss carry-forward	$16,217	$(13,040)	$(1,131)	$2,046
Property, plant and equipment	(1,109)	2,035	-	926
Financing costs	113	583	(57)	639
Mining property interests	(8,960)	5,996	-	(2,964)
Long-term debt	(326)	1,200	-	874
Investment in Magneto JV	(13,888)	8,013	1,243	(4,632)
Other	144	(5,002)	7,969	3,111
Net deferred tax liabilities	**$(7,809)**	**$(215)**	**$8,024**	**$-**

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Balance January 1, 2017	Recognized in Profit and Loss	Balance December 31, 2017
Deferred tax assets/(liabilities):			
Loss carry-forward	$11,336	$4,881	$16,217
RSU and share appreciation rights	65	(65)	-
Property, plant and equipment	(4,100)	2,991	(1,109)
Financing costs	4,798	(4,685)	113
Mining property interests	(24,983)	16,023	(8,960)
Long-term debt	-	(326)	(326)
Investment in Magneto JV	-	(13,888)	(13,888)
Other	15	129	144
Net deferred tax liabilities	$(12,869)	$5,060	$(7,809)

The tax benefits of the following unused tax losses and deductible temporary differences have not been recognized in the consolidated financial statements:

	2018	2017
Tax loss carry-forwards		
Expire 2034–2036	**$86,181**	$131,526
Mineral properties	**$998**	$11,028

The Corporation is subject to federal income taxes, provincial income taxes, and provincial mining taxes. Tax laws are complex and can be subject to different interpretations. Uncertainties exist with respect to the interpretation of tax regulations, including the determination of which mining exploration expenditures are eligible for refundable tax credits, and the amount and timing of collection. The Corporation has prepared its tax provision based on the interpretations of tax laws which it believes represent the probable outcome. The Corporation may be required to change its provision for income taxes if the tax authorities ultimately are not in agreement with the Corporation's interpretation.

21. CAPITAL AND FINANCIAL RISK FACTORS

Capital Management

The capital of the Corporation consists of items included in RNC shareholders' equity of $26,121 as at December 31, 2018 (2017 - $982). Some of the properties in which the Corporation currently has an interest are in the exploration and evaluation stage. Profits from operating mines are not sufficient to finance exploration and evaluation activities. As such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned exploration and evaluation program, complete acquisitions and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions and manages its capital with the following objectives of:

(i) minimizing discretionary disbursements;

(ii) reducing or eliminating exploration and evaluation expenditures which are of limited strategic value; and

(iii) exploring alternate sources of liquidity with an objective to minimize cost of capital.

In light of the above, the Corporation will continue to assess new properties and/or targets and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is appropriate.

The Corporation is not subject to externally imposed capital requirements. Changes in capital are described in the consolidated statement of changes in equity.

Financial Instruments

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure and its financial policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to amounts receivable, cash and cash equivalents and derivatives with a fair value in the Corporation's favour. Amounts receivable mainly consists of trade accounts receivable from Auramet, interest receivable from Canadian chartered banks, goods and services tax due from the federal and Quebec governments, and mining tax credits due from the Quebec government. Management believes that the credit risk concentration with respect to Auramet included in amounts receivable and in the form of favourable derivatives is minimal. The Corporation reduces its credit risk by diversifying its cash and cash equivalents investments with several major Canadian chartered banks rated "A" or higher.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. The Corporation has historically generated cash flow primarily from its financing and investing activities. As at December 31, 2018, the Corporation had cash and cash equivalents of $1,340 to settle current financial liabilities of $29,949. Most of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of the current portion of long-term debt (note 9), the current portion of derivative financial liabilities (note 12), the current portion of asset retirement obligations (note 19) and the lease obligations (note 22). The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As at December 31, 2018, management estimates that funds available will not be sufficient to meet the Corporation's obligations and expenditures through December 31, 2019 (note 1).

As at December 31, 2018, the Corporation was in compliance with all of its debt covenants. In order to comply with these covenants in future periods, the Corporation will need to execute on its cash flow estimates and on management's plans for future actions. Management believes that the assumptions used by the Corporation in preparing its estimates are reasonable and plans for future actions are feasible. Failure to comply with these covenants in the future may result in an event of default. If such event of default is not cured or waived, the Corporation may suffer adverse effects on its operations, business or financial condition, including termination of the debt facilities and acceleration of debts. In such situation, the assets of the Corporation would not be sufficient to repay such indebtedness in full, and such default could result in secured creditors' realization of collateral.

Interest Rate Risk

The Corporation has cash balances and the Corporation's current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of December 31, 2018, the Corporation had $108 invested with various banks bearing interest at variable rates. Based on the balance as at December 31, 2018, a plus or minus 1% change in the rates would affect net income by approximately $13 on an annual basis. The Corporation also has facilities at variable rates based on a spread over LIBOR. As at December 31, 2018, the Corporation had $444 of working capital facilities at variable rates. Sensitivity to a plus or minus 1% change in the rates would affect the reported annual interest expense by approximately $4.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Corporation is exposed to fluctuations in commodity prices from its sale of metals. From time to time, the Corporation may enter into commodity contracts to hedge the effects on revenues. Reference is made to note 12 for a summary of outstanding derivative positions in respect of the future sales. Reference is also made to note 11 for a summary of sales contracts used to lock in the price for a portion of the Corporation's future production of gold, nickel and copper.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Fair Value Risk

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and finance lease obligations approximate their fair values due to their relatively short periods to maturity. Derivative financial instruments are recorded at fair value at the end of each reporting period.

As at	**December 31, 2018**		December 31, 2017	
Financial liabilities at amortized cost	**Carrying value**	**Fair Value**	Carrying value	Fair Value
Note Agreement (level 2)	**$-**	**$-**	$3,130	$3,450
IQ Loan (note 9) (level 2)	**444**	**444**	544	544
SLM Secured Facility (note 9) (level 2)	**4,046**	**4,046**	-	-
Convertible Debentures (level 3)	**-**	**-**	21,105	24,312
Senior Secured Facility (note 9) (level 3)	**-**	**-**	9,203	11,291

22. COMMITMENTS

The Corporation is committed to minimum amounts under operating lease agreements primarily for office and warehouse space. As at December 31, 2018, minimum commitments remaining under these leases were approximately $1,140 over the following years:

2019	**$314**
2020	**300**
2021	**300**
2022	**226**
	$1,140

Royalties

Existing royalty obligations at Beta Hunt are (i) Consolidated Minerals, 3% of payable nickel (at a nickel price under A$17,500/t) or 5% (at a nickel price of A$17,500 or greater) until total royalty payments reach A$16 million; (ii) Western Australian state government, 2.5% of recovered gold and nickel; and (iii) Maverix Metals Inc., 1.5% of payable nickel less allowable deductions, 6% of recovered gold and 1.5% of recovered gold less allowable deductions.

In May 2017, the Corporation (through the Magneto JV) entered into an Impact and Benefit Agreement ("**IBA**") with the Abitibiwinni First Nation ("**AFN**") for the Dumont Nickel-Cobalt Project. The IBA serves as a framework to govern the relationship with the AFN and lays out the commitments of the parties regarding the impacts and benefits of the Dumont Nickel-Cobalt Project. The IBA provides for meaningful AFN participation in the Dumont Nickel-Cobalt Project through training, employment, business opportunities, collaboration in environmental protection and other means. The IBA includes a mechanism by which the AFN will benefit financially from the success of the project on a long-term basis.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

23. CONTINGENT LIABILITY

On April 27, 2012, a statement of claim without specified damages was filed against VMS by W. Bruce Dunlop Limited regarding the Reed deposit. Given the facts and circumstances, while the outcome cannot be predicted with certainty, it is management's opinion that the outcome will not have a material adverse effect on the Corporation's consolidated financial statements. No additional provision has been recognized during the year ended December 31, 2018 for this or other matters.

24. OTHER EXPENSES, NET

For the years ended December 31,	**2018**	2017
RNC		
Share of loss of associates	**$431**	$24
Loss on expired option	**-**	2,611
Accretion expense	**1,377**	1,581
Interest expense	**878**	901
Gain on sale of mineral property interests	**-**	(100)
Loss on deemed disposal upon loss of control of subsidiaries	**3,107**	-
Loss on other investment	**17**	60
Loss on debt settlement	**173**	768
Change in fair value – embedded derivative (realized) (note 10)	**(1,415)**	827
Loss on impairment of an investment in an associate	**535**	-
Realized losses on Pala loan nickel derivative	**615**	-
SLM (Beta Hunt)		
Change in fair value – derivative financial instruments	**1,916**	343
Loss on settlement of derivative financial instruments	**-**	2,072
Early settlement fee on senior secured loan facility	**162**	6,848
Loss of reclassification of deferred revenue	**1,692**	-
Accretion on gold loan	**2,175**	116
Interest expense	**1,022**	318
Change in fair value - nickel loan	**622**	-
Change in fair value - gold coupon	**633**	-
Royalty buyback	**1,618**	-
Other finance costs	**442**	470
VMS (Reed)		
Change in fair value – derivative financial instruments	**(663)**	1,840
Other		
Finance and other expense	**1,751**	211
Foreign exchange loss	**3,682**	361
	$20,770	$19,251

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

25. SUPPLEMENTAL CASH FLOW INFORMATION

Other expense

For the years ended December 31,	**2018**	2017
Share of loss in associates	**$431**	$24
Derivative financial instruments	**(3,863)**	4,703
Settlements of asset retirement obligations	**(817)**	-
Asset retirement obligation	**18**	489
Loss on sale of investment	**17**	40
Loss on loss of control of subsidiaries	**3,037**	-
Loss on dilution of associate	**70**	-
Accretion, long-term debt	**3,552**	1,697
Loss on retired purchase option	**-**	2,611
Loss on debt restructurings	**-**	7,616
Other	**542**	-
	$2,987	$17,180

Other supplemental information

For the years ended December 31,	**2018**	2017
Interest received	**$127**	$844
Interest paid	**2,719**	3,884
Share-based payments in mineral property interests	**76**	69
Depreciation of property, plant and equipment in mineral property interests	**42**	92
Mineral property interests in accounts payable and accrued liabilities	**-**	383
Property, plant and equipment in accounts payable and accrued liabilities	**1,753**	2,556

26. SEGMENTED INFORMATION

The Corporation has interests in exploration and evaluation activities in Canada, and production activities in Canada and Australia.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Year ended December 31, 2018						
	Dumont JV Canada [2]	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Copper Mine Canada	Orford Canada [2]	Corporate and other exploration Canada	Total
Revenues	-	$101,913	$4,665	$22,192	-	-	$128,770
Production & toll-processing	-	74,841 [1]	3,045	4,856	-	-	82,742
Royalty expense	-	10,643	416	-	-	-	11,059
Depreciation and amortization	-	2,304	60	5,489	-	-	7,853
General and administrative: share-based payments	-	-	-	-	136	6,775	6,911
General and administrative: other	62	321	16	197	468	6,282	7,346
Operating (loss) income	($62)	$13,804	$1,128	$11,650	($604)	($13,057)	$12,859

1 Includes $9,096 in respect of capital-related costs incurred in year ended December 31, 2018.
2 Includes operating activity for the first half of 2018, up to the point of loss of control and derecognition of the subsidiary. Refer to note 6.

	Dumont JV Canada	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Copper Mine Canada	Orford Canada	Corporate and other exploration Canada	Total
Property, plant and equipment	-	$19,792	$4,682	-	-	$56	$24,530
Total assets	-	29,410	4,682	78	-	23,842	58,012

	Year ended December 31, 2017						
	Magneto JV Canada	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Mine Canada	Orford Canada	Corporate and other exploration Canada	Total
Revenue	-	34,987	6,016	32,073	-	-	73,076
Production & toll-processing	-	36,525	4,210	21,677	-	-	62,412
Royalty expense	-	3,737	336	-	-	-	4,073
Depreciation and amortization	-	5,825	1,097	10,593	-	-	17,515
General and administration: share-based payments	-	-	-	-	292	380	672
General and administration: other	73	222	447	593	1,048	4,559	6,942
Impairment charge	-	53,643	5,056	1,923	-	(1,216)	59,406
Operating loss	(73)	(64,965)	(5,130)	(2,713)	(1,340)	(3,723)	(77,944)
Property, plant and equipment	224	11,206	4,988	5,986	289	816	23,509
Mineral property interests	30,990	-	-	-	17,966	-	48,956
Total assets	52,448	20,799	4,988	5,995	22,150	2,607	108,987

27. SUBSEQUENT EVENTS

On January 16 and 18, 2019, the Corporation closed a bought deal and concurrent private placement, and overallotment, respectively, for a total of 19,891,165 common shares of the Corporation at a price of $0.46 per common share for aggregate gross proceeds of $9,150.

On March 25, 2019, the Corporation entered into a purchase option agreement with Westgold Resources Limited ("**Westgold**") for its Higginsville Gold Operation ("**HGO**"). Westgold granted the Corporation a 40-day option (the "**Option**") to purchase the HGO operations outright, including all existing mining, milling and infrastructure, for AUD$50,000 ($47,690) (the "Purchase Price"). The Corporation will pay Westgold an option fee of AUD$4,000 ($3,815), equal to 8% of the Purchase Price, to be satisfied by the issuance of common shares of the Corporation. This fee will be deducted from the Purchase Price if the Corporation exercises the Option. Closing would occur 30 days following exercising and the Option payment would be deducted from the Purchase Price. In the event that the Corporation elects to exercise the Option, the remaining Purchase Price would be satisfied with a cash payment of AUD$25,000 ($23,845) and a further issuance of AUD$21,000 ($20,030) common shares of the Corporation.

On March 26, 2019, the Corporation announced it had entered an agreement with a syndicate of underwriters, pursuant to which the underwriters have agreed to purchase, on a “bought deal” basis, 24,490,000 common shares of the Corporation at a price of $0.49 per common share (the “**Issue Price**”) for gross proceeds of $12,000 (the “**Offering**”). The Corporation has granted the underwriters an over-allotment option, exercisable at the Issue Price for a period of 30 days following the closing of the Offering, to purchase up to an additional 3,673,500 common shares.