



ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2017 and 2016
(unaudited)

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Management's Responsibility for Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements for Royal Nickel Corporation are the responsibility of its Management. The unaudited condensed consolidated interim 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 balance sheet date. In the opinion of Management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of condensed consolidated interim financial statements, including IAS 34.

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 unaudited condensed consolidated interim 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 of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim 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 condensed consolidated interim 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 unaudited condensed consolidated interim 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

Mark Selby
President and Chief Executive Officer

/s/ Tim Hollaar

Tim Hollaar
Chief Financial Officer

Toronto, Canada

November 14, 2017



Royal Nickel Corporation

Consolidated Interim Balance Sheets

(Expressed in thousands of Canadian dollars)

(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 1)	\$21,564	\$4,845
Amounts receivable and prepaid expenses (note 3)	6,363	5,463
Inventories (note 4)	6,810	5,422
Derivative financial assets (note 10)	41	2,195
Tax credits receivable	136	106
	34,914	18,031
Non-current assets		
Deposits and prepaid expenses	24	24
Property, plant and equipment (note 5)	81,974	65,969
Mineral property interests (note 6)	48,031	72,886
Investment in associate	1,624	1,666
Intangible assets	38	50
Tax credits receivable	64	126
Other investment	130	130
Derivative financial assets (note 10)	-	410
Total assets	\$166,799	\$159,292
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$21,798	\$16,878
Share incentive plans	1,387	1,706
Current portion of long-term debt (note 7)	3,294	2,991
Deferred revenue (note 9)	20,137	20,951
Finance leases	46	1,383
Derivative financial liability (note 10)	1,297	365
	47,959	44,274
Non-current liabilities		
Share appreciation rights	56	108
Deferred revenue (note 9)	6,222	11,731
Asset retirement obligation	1,232	1,223
Deferred income tax liability	7,856	12,869
Long-term debt (note 7)	464	-
Convertible debentures (note 8)	17,137	-
Finance leases	170	-
Derivative financial liability (note 10)	218	571
Other non-current liabilities and provisions	600	647
Total liabilities	81,914	71,423
EQUITY		
Share capital	164,219	157,919
Contributed surplus	28,247	27,525
Accumulated other comprehensive income	259	87
Deficit	(112,941)	(101,565)
Equity attributable to RNC shareholders	79,784	83,966
Non-controlling interests	5,101	3,903
Total equity	84,885	87,869
Total liabilities and equity	\$166,799	\$159,292

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

Going concern (note 1)

Commitment (note 20)

Subsequent events (note 21)

Consolidated Interim Statement of Loss and Comprehensive Loss

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

	Three Months ended September 30,		Nine Months ended September 30,	
	2017	2016	2017	2016
Revenue	\$24,952	\$10,740	\$43,565	\$23,258
Cost of operations				
Production and toll-processing costs	20,775	7,183	34,195	13,604
Royalty expense	1,725	281	2,024	852
General and administrative (note 14)	1,439	2,156	4,497	9,502
Impairment charge (note 6)	1,923	-	1,923	-
Depreciation and amortization	5,347	1,671	11,034	3,604
Operating loss	6,257	551	10,108	4,304
Other expenses, net (note 17)	5,761	3,925	7,682	6,463
Loss before income tax	12,018	4,476	17,790	10,767
Deferred income tax expense (recovery)	329	440	(5,935)	722
Loss for the period	\$12,347	\$4,916	\$11,855	\$11,489
<i>Attributable to:</i>				
<i>RNC shareholders</i>	11,953	4,789	11,376	12,312
<i>Non-controlling interests</i>	394	127	479	(823)
Other comprehensive income (loss) for the period				
Currency translation adjustments	(61)	(923)	172	240
Comprehensive loss for the period	12,286	3,993	12,027	11,249
<i>Attributable to:</i>				
<i>RNC shareholders</i>	11,892	3,866	11,548	12,072
<i>Non-controlling interests</i>	394	127	479	(823)
Loss per share attributable to RNC shareholders				
Basic and diluted (note 15)	\$0.04	\$0.02	\$0.04	\$0.06

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



Royal Nickel Corporation

Consolidated Interim Statement of Cash Flows

(Expressed in thousands of Canadian dollars)

(Unaudited)

Three Months ended September 30,

Nine Months ended September 30,

	2017	2016	2017	2016
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Loss for the period	\$(12,347)	\$(4,916)	\$(11,855)	\$(11,489)
Excess of deferred revenues received over amounts earned	(1,039)	-	(5,946)	-
Items not involving cash:				
Depreciation and amortization	5,347	1,682	11,034	3,637
Deferred income tax	329	440	(5,935)	722
Other expenses (note 18)	5,074	2,964	7,328	5,276
Deemed repayments from contribution loan-Reed Mine	-	(3,896)	-	(5,736)
Shares issued for consulting services	251	52	463	393
Share-based payments	309	227	247	1,974
Foreign exchange loss (gain)	705	(316)	(1,055)	58
	(1,371)	(3,763)	(5,719)	(5,165)
Changes in non-cash working capital				
Amounts receivable and prepaid expenses	270	2,188	1,338	1,953
Inventories	(3,383)	87	(1,388)	(1,935)
Accounts payable and accrued liabilities	860	(217)	3,635	3,670
	(3,624)	(1,705)	(2,134)	(1,477)
INVESTING ACTIVITIES				
Net proceeds on sale of Dumont (note 6)	-	-	30,335	-
Expenditures on mineral property interests	(2,194)	(2,850)	(4,197)	(5,590)
Acquisition of property, plant and equipment	(6,720)	(4,701)	(27,862)	(11,126)
Cash acquired on acquisition of SLM	-	-	-	4,232
Cash acquired on acquisition of VMS	-	-	-	1,167
Investment in SLM	-	-	-	(2,500)
Investment in associate	-	-	-	(125)
Proceeds on sale of property, plant and equipment	-	-	-	6
	(8,914)	(7,551)	(1,724)	(13,936)
FINANCING ACTIVITIES				
Issuance of shares, net of costs	1,585	9,931	1,585	18,049
Issuance of convertible debentures (note 8)	4,786	-	17,958	-
Issuance of long-term debt	3,780	-	4,824	-
Repayments of long-term debt	(1,930)	-	(4,100)	-
Exercise of options and warrants	-	1	3	263
Private placement – TNN	1,650	1,000	1,650	1,000
Repayment of senior secured facility	-	(828)	-	(2,527)
Principal payments on finance leases	(295)	(540)	(1,343)	(1,042)
	9,576	9,564	20,577	15,743
Change in cash and cash equivalents	(2,962)	308	16,719	330
Cash and cash equivalents, beginning of period	24,526	9,656	4,845	9,634
Cash and cash equivalents, end of period	\$21,564	\$9,964	\$21,564	\$9,964
Components of cash and cash equivalents:				
Cash	6,776	5,392	6,776	5,392
Cash equivalents	14,788	4,572	14,788	4,572
	\$21,564	\$9,964	\$21,564	\$9,964

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



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Consolidated Interim Statement of Changes in Equity

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

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
	Number	Amount						
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	2,226,151	463	-	-	-	463	-	463
Shares issued to Westgold (note 11)	23,431,019	4,708	-	-	-	4,708	-	4,708
Private placement – flow through common shares (note 11)	5,999,999	1,200	-	-	-	1,200	-	1,200
Exercise of stock options	20,000	3	-	-	-	3	-	3
Private placement – TNN (note 11)	-	-	-	-	-	-	1,544	1,544
Flow through share issue costs	-	(74)	-	-	-	(74)	-	(74)
Change in minority interest (note 11)	-	-	(133)	-	-	(133)	133	-
Warrants issued (note 7)	-	-	374	-	-	374	-	374
Share-based payments	-	-	481	-	-	481	-	481
Loss for the period	-	-	-	-	(11,376)	(11,376)	(479)	(11,855)
Other comprehensive loss	-	-	-	172	-	172	-	172
Balance as at September 30, 2017	307,838,676	\$164,219	\$28,247	\$259	\$(112,941)	\$79,784	\$5,101	\$84,885



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	Share Capital		Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
	Number	Amount						
Balance as at January 1, 2016	131,325,941	\$113,051	\$24,818	-	\$(72,704)	\$65,165	\$3,113	\$68,278
Shares issued for consulting services	1,996,836	393	-	-	-	393	-	393
Acquisition of SLM – common shares initial acquisition	31,937,831	6,387	-	-	-	6,387	4,676	11,063
Acquisition of SLM – non-controlling interest	24,324,067	5,075	-	-	-	5,075	(5,075)	-
Acquisition of VMS	36,000,000	15,480	-	-	-	15,480	-	15,480
Public Offering and Overallotment	18,060,000	9,211	-	-	-	9,211	-	9,211
Public Offering and overallotment issue costs	-	(1,245)	91	-	-	(1,154)	-	(1,154)
Private placement – flow through common shares	3,274,000	1,670	-	-	-	1,670	-	1,670
Flow-through share premium on issuance	-	(311)	-	-	-	(311)	-	(311)
Flow-through issue costs	-	(151)	15	-	-	(136)	-	(136)
Private placement and overallotment	27,059,500	8,184	1,016	-	-	9,200	-	9,200
Private placement and overallotment issue costs	-	(799)	57	-	-	(742)	-	(742)
Private placement – TNN	-	-	-	-	-	-	1,000	1,000
Decrease in minority interest	-	-	55	-	-	55	(55)	-
Exercise of warrants for cash	470,058	209	(32)	-	-	177	-	177
Exercise of stock options for cash	256,667	389	(303)	-	-	86	-	86
Share-based payments	-	-	348	-	-	348	-	348
Loss for the period	-	-	-	-	(12,312)	(12,312)	823	(11,489)
Other comprehensive loss	-	-	-	240	-	240	-	240
Balance as at September 30, 2016	274,704,900	\$157,543	\$26,065	\$240	\$(85,016)	\$98,832	\$4,482	\$103,314

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



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Notes to Condensed Consolidated Interim Financial Statements

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Royal Nickel Corporation (the “**Corporation**”, “**RNC**”, or “**RNC Minerals**”) was incorporated on December 13, 2006, under the Canada Business Corporations Act. The Corporation's registered office is located at 357 Bay Street, Suite 800 Toronto, Ontario, Canada M5H 2T7.

The unaudited condensed consolidated interim financial statements of the Corporation as at and for the three and nine month periods ended September 30, 2017, are comprised of RNC, its subsidiaries True North Nickel Inc. (“**TNN**”), Salt Lake Mining Pty Ltd. (“**SLM**”), and VMS Ventures Inc. (“**VMS**”), its 50% interest in Magneto Investments Limited Partnership (“**Magneto JV**”) (note 6) and the Corporation's interest in its associate Sudbury Platinum Corporation (“**SPC**”) (collectively referred to as the “**Corporation**”).

The Corporation is a mineral resource company primarily focused on the acquisition and responsible development of a high-quality portfolio of base and precious metal assets. The Corporation is transitioning from the exploration and evaluation stage into a precious metal, nickel and copper producer. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current mining operations or planned exploration and development programs will result in profitable mining operations. 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 property, plant and equipment.

The accompanying unaudited condensed consolidated interim financial statements have been prepared using 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 takes into account 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 September 30, 2017, the Corporation had negative working capital of \$13,045, an accumulated deficit of \$112,941 and had a net loss of \$11,855 for the nine-month period then ended. Working capital included cash and cash equivalents of \$21,564, of which \$21,206 is dedicated to the Magneto JV (for a description of the Magneto JV refer to note 6). 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



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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 (SLM) and VMS' interest in the Reed Mine is dependent on management's ability to successfully operate its Beta Hunt gold mine subsequent to reaching commercial production on July 1, 2017 and to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available 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 unaudited condensed consolidated interim financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

The Corporation's financial year ends on December 31. The unaudited condensed consolidated interim financial statements were authorized for publication by the Board of Directors on November 14, 2017.

Basis of Preparation

The accounting policies and methods of computation applied in these unaudited condensed consolidated interim financial statements are consistent with those of the previous financial year with the exception of the following:

(i) 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.



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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 statements of loss and comprehensive loss.

(ii) Embedded Derivatives

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. Subsequent changes in fair value are recorded in the consolidated statements of loss and comprehensive loss.

3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

Amounts receivable consist of the following:

	September 30, 2017	December 31, 2016
Trade accounts receivable	\$3,431	\$3,596
Deposits	83	73
Prepaid expenses (note 11)	1,971	1,169
Commodity taxes	876	519
Other	2	106
	\$6,363	\$5,463

4. INVENTORIES

Inventories consist of the following:

	September 30, 2017	December 31, 2016
Gold ore and gold in process	\$6,474	\$5,014
Supplies	296	365
Fuel	40	43
	\$6,810	\$5,422



5. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Vehicles	Camp, Furniture and equipment	Beta Hunt mine - Gold	Beta Hunt mine - Nickel	Reed mine	Underground Equipment	Mine Buildings	Total
Nine months ended									
September 30, 2017									
Opening net book amount	\$525	\$464	\$909	\$35,683	\$7,202	\$16,112	\$5,021	\$53	\$65,969
Pre-commercial gold cost of sales, net of gold revenue	-	-	-	20,642	-	-	-	-	20,642
Additions	352	445	127	12,725	1,787	-	1,023	-	16,459
Dispositions	(623)	(5)	(8)	-	-	-	(39)	-	(675)
Foreign exchange	-	2	4	(291)	38	-	35	1	(211)
Depreciation for the period	(21)	(71)	(242)	(11,138)	(534)	(7,542)	(657)	(5)	(20,210)
Closing net book amount	\$233	\$835	\$790	\$57,621	\$8,493	\$8,570	\$5,383	\$49	\$81,974
At September 30, 2017									
Cost	\$246	\$948	\$1,826	\$76,679	\$9,445	\$22,040	\$6,593	\$65	\$117,842
Accumulated depreciation	(13)	(108)	(1,028)	(18,348)	(798)	(13,470)	(1,180)	(15)	(34,960)
Foreign exchange	-	(5)	(8)	(710)	(154)	-	(30)	(1)	(908)
Net book amount	\$233	\$835	\$790	\$57,621	\$8,493	\$8,570	\$5,383	\$49	\$81,974
At December 31, 2016									
Cost	\$818	\$621	\$1,778	\$43,312	\$7,657	\$22,040	\$5,608	\$65	\$81,899
Accumulated depreciation	(293)	(150)	(857)	(7,210)	(264)	(5,928)	(522)	(10)	(15,234)
Foreign exchange	-	(7)	(12)	(419)	(191)	-	(65)	(2)	(696)
Net book amount	\$525	\$464	\$909	\$35,683	\$7,202	\$16,112	\$5,021	\$53	\$65,969

Beta Hunt gold mine capitalized pre-commercial gold cost of sales, net of gold revenue is comprised of 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

As a result of the successful mining and extraction rates achieved to date, 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.

**6. MINERAL PROPERTY INTERESTS AND INTEREST IN MAGNETO JV****Exploration and evaluation expenses**

	Dumont	Magneto JV	West Raglan	Qiqavik	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	1	193	17	-	246
Depreciation	15	5	105	-	-	125
Engineering and technical support	398	170	15	-	-	583
Exploration	195	41	28	4,199	-	4,463
Environmental, community and permitting	24	296	-	79	-	399
Share-based payments	10	-	-	-	-	10
Tax credits, net	-	-	-	(356)	-	(356)
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 September 30, 2017	\$-	\$30,788	\$10,827	\$6,416	\$-	\$48,031

On April 20, 2017, RNC closed the joint venture transaction with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "Waterton"). Under the terms of the transaction, RNC transferred its Dumont Nickel Project in the newly formed Magneto JV in return of US\$22.5 million (CAD\$30.3 million) and a 50% ownership in the Magneto JV. US\$5 million (CAD\$6.7 million) was paid directly to RNC and US\$17.5 million (CAD\$23.6 million) was injected into the Magneto JV on RNC's behalf by Waterton which is committed to further inject US\$17.5 million (CAD\$23.6 million). As at September 30, 2017, the Magneto JV had cash of \$21,206 which can only be used for its own business activities. An impairment charge of \$5,042 was taken in 2016 to reduce the carrying value of the Dumont property to \$58,000. Reference is made to note 9 of the 2016 annual consolidated financial statements. Upon finalization, the sale resulted in a partial recovery of the 2016 impairment charge in the amount of \$1,216. The transfer of certain assets to the Magneto JV also resulted in a net tax recovery of \$4,898.

In the third quarter of 2017, the Corporation assessed its mineral property interests for impairment and the Corporation determined that the VMS properties were fully impaired as the Corporation considered that substantive exploration and evaluation expenditures were neither budgeted nor planned. Accordingly, at September 30, 2017, the Corporation recognized in profit or loss an impairment charge of \$1,923 for the VMS properties.

**7. LONG-TERM DEBT**

Long-term debt is comprised of the following:

	RNC YA II PN Note Agreement (i)	RNC IQ Loan (ii)	RNC Dion Mortgage Loan (iii)	Total
Balance as at January 1, 2017	\$ 2,991	\$ -	\$ -	\$ 2,991
Additions	3,802	544	500	4,846
Issue Cost - cash	(22)	-	-	(22)
Issue Cost - warrants	(374)	-	-	(374)
Repayments	(3,600)	-	(500)	(4,100)
Accretion expense	483	-	-	483
Change due to foreign exchange translation	(66)	-	-	(66)
Balance as at September 30, 2017	3,214	544	-	3,758
Less current portion	3,214	80	-	3,294
Non-current portion	\$ -	\$ 464	\$ -	\$ 464

(i) YA II PN Note Agreement

On November 14, 2016, the Corporation contracted an unsecured note payable with YA II PN, Ltd. The note terminates on November 17, 2017. The proceeds of the loan are 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. 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 bears 12% annualized interest. 75% of the principal and interest will be repaid, beginning three months after closing, in nine equal monthly payments (in months 3 to 11 following closing) and the remaining 25% will be a bullet payment (in month 12 following closing). As part of the transaction, the Corporation issued 5.9 million 24 month warrants to the lenders (note 12), exercisable at a strike price of \$0.24 per share. The fair value of the warrants of \$374 was measured using the Black-Scholes option pricing formula with the following assumptions:

Share price	\$0.19
Exercise price	\$0.24
Risk free interest rate	1.5%
Expected life	2 years
Expected volatility	76%
Expected dividends	nil

(ii) IQ Loan

During the first nine months of 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



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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) Dion Mortgage Loan

On February 1, 2017, the Corporation entered into a \$500 mortgage (the “Mortgage”) with 2732-2304 Quebec Inc. with respect to certain properties (the “Mortgaged Properties”) located in and around Launay, Quebec. Mortgage proceeds were advanced to the Corporation on February 1, 2017. Material terms of the Mortgage are as follows: (i) five-year term; (ii) the rate of interest is 12%; (iii) the principal is amortized over 60 months; and (iv) secured by the Mortgaged Properties. The Mortgage was fully repaid and the related security was released on April 20, 2017.

8. CONVERTIBLE DEBENTURES

On June 7, 2017, the Corporation issued a convertible debenture in the amount of US\$10,000 (\$13,482) to Waterton (the “Waterton Debenture”). The Waterton Debentures bear interest at a rate of 10% per annum, payable quarterly, and has a four year term. The debentures are 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 US\$0.1912 for one common share, up to a maximum of 75% of the principal amount.

On September 19, 2017, the Corporation issued a convertible debenture in the amount of US\$4,000 (\$4,911) to Pala Investments Limited (“Pala”) (the “Pala Debenture”). The Pala Debentures bear interest at a rate of 15% per annum, compounded quarterly, and payable at the end of the eighteen-month term. The debentures are 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 are exercisable for three years at C\$0.25 per share (note 12).

Both the Waterton and Pala convertible debentures are compound financial instruments, which are in their entirety a financial liability. The initial carrying amount for the debt host represents the residual amount of the proceeds after separating out the fair value of the derivatives which represents the value of the conversion options. Transaction costs of \$468 were allocated to the host and will be accreted over the respective terms. The table below shows the change in the carrying value of the convertible debentures during the nine month period ending September 30, 2017:

	Nine Months Ended September 30, 2017
Balance as at January 1, 2017	\$ -
Additions	17,958
Change in fair value of derivative	50
Accretion expense	154
Change due to foreign exchange translation	(1,025)
Balance as at September 30, 2017	17,137



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For the Waterton Debenture, the Corporation valued the conversion right utilizing a binomial valuation model that determines future probable levels of its US dollar stock price based notably on the Corporation stock price's future expected volatility. Future expected volatility is estimated utilizing historical data over a time period equal to the residual maturity of the debentures. The valuation also incorporates the yield to maturity of the underlying debt (as if it were neither convertible nor redeemable) determined by calibrating the model's valuation to the debentures issue price. At each time step and stock price level, the valuation technique determines whether conversion by the holder and redemption by the Corporation is optimal. The risk-free rate underlying the valuation is based notably on Canadian overnight index swap rates and CAD/USD exchange rates. The table below summarizes the assumptions underlying the valuations on both the issue date and September 30, 2017:

	As at	
	June 7, 2017	September 30, 2017
Stock Price (in CAD)	\$ 0.20	\$ 0.19
CAD/USD Exchange Rate	\$ 1.3509	\$ 1.2472
Stock Price Volatility	50%	50%
Bond Yield	15.8%	15.8%
Risk Free Rate	2.4%	2.7%

For the Pala Debenture, the Corporation measured the derivatives (conversion right and warrants) utilizing the Black-Scholes option valuation model. The model's volatility parameter is estimated utilizing historical data over a time period equal to the residual maturity of the debenture and warrants. The risk-free rates underlying the conversion right and the warrants valuations are based notably on Canadian overnight index swap rates and CAD/USD exchange rates. The table below summarizes the assumptions underlying the valuations on both the issue date and September 30, 2017:

	As at	
	September 19, 2017	September 30, 2017
Stock Price (in CAD)	\$ 0.20	\$ 0.19
CAD/USD Exchange Rate	\$ 1.2292	\$ 1.2472
Stock Price Volatility	50%	50%
Risk Free Rate	1.5%	1.5%

9. DEFERRED REVENUE

The Corporation entered into sales arrangements with Auramet International LLC ("Auramet") for the sale of a portion of its future production of gold and copper. These arrangements were part of the financing reorganizations described in notes 5 and 10 parts (ii) and (iv) of the Corporation's annual consolidated financial statements for the year ended December 31, 2016.

During the three months ended March 31, 2017, the Corporation received US\$2,500 (\$3,367) for the delivery of 1,125,000 pounds of copper under its Senior Secured Copper Loan. The arrangement is settled by seven monthly 75,000 pound copper deliveries from June 2017 to December 2017 and two 300,000 pound copper deliveries from January 2018 to February 2018. Pursuant to the copper loan



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increase, call options were issued to Auramet to fix the price of copper with a value at inception of \$164 (note 10). The terms and conditions are identical to those described in the annual consolidated financial statements as referenced above.

During the three months ended September 30, 2017, the Corporation received US\$3,310 (\$4,298) for the delivery of 1,125,000 pounds of copper under its Senior Secured Copper Loan. The arrangement is settled by five monthly 300,000 pound copper deliveries from March 2018 to July 2018. Pursuant to the copper loan increase, call options were issued to Auramet to fix the price of copper with a value at inception of \$213 (note 10). The terms and conditions are identical to those described in the annual consolidated financial statements as referenced above.

As at September 30, 2017, the following contracts were outstanding. These contracts are excluded from the scope of IAS 39 and 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:

	Senior Gold Loan	Gold Working Capital Facilities	Senior Copper Loan	Total
SLM				
12,320 ounces of gold	\$13,689	-	-	\$13,689
2,733 ounces of gold	-	\$4,441	-	4,441
VMS				
3,000,000 pounds of copper	-	-	\$8,229	8,229
	13,689	4,441	8,229	26,359
Current portion	7,467	4,441	8,229	20,137
Non-current portion	\$6,222	-	-	\$6,222

10. 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 September 30, 2017, 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 loss and comprehensive loss on a mark to market basis and recorded in financial assets and liabilities. For the nine months ended September 30, 2017, the table below summarizes the movements in derivative assets (liabilities):



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Nine Months ended
September 30,
2017

Opening balance	\$1,669
Fair value at inception – copper options (note 9)	(377)
Premium – copper put option	(539)
Settlement of matured derivatives during the period	(1,305)
Change due to foreign exchange	508
Net change in fair value of derivative instruments	(1,430)
Balance, end of period	\$(1,474)

The following table summarizes the outstanding derivative positions at September 30, 2017:

	Maturity			Balance Sheet Classification		
	2017	2018	Total	Current Assets	Current (Liabilities)	Non-Current (Liabilities)
SLM						
Gold call option sell contracts						
Ounces	12,000	-	12,000			
Average price per ounce (in AUD)	\$1,900	-	\$1,900			
Fair value asset (liability) at September 30, 2017	(\$69)	-	(\$69)	-	(\$69)	-
Nickel call option sell contracts						
Metric tonnes	336	-	336			
Average price per tonne (in USD)	\$11,500	-	\$11,500			
Fair value asset (liability) at September 30, 2017	(\$243)	-	(\$243)	-	(\$243)	-
Gold forward sell contracts						
Ounces	14,445	-	14,445			
Average price per ounce (in AUD)	\$1,635	-	\$1,635			
Fair value asset (liability) at September 30, 2017	(\$159)	-	(\$159)	-	(\$159)	-
Gold forward sell contracts						
Ounces	6,000	-	6,000			
Average price per ounce (in USD)	\$1,298	-	\$1,298			
Fair value asset (liability) at September 30, 2017	\$41	-	\$41	\$41	-	-
Nickel forward sell contracts						
Metric tonnes	78	-	78			
Average price per tonne (in USD)	\$9,058	-	\$9,058			
Fair value asset (liability) at September 30, 2017	(\$136)	-	(\$136)	-	(\$136)	-
VMS						
Copper call option sell contracts						
Pounds	4,500,000	700,000	5,200,000			
Average price per pound (in USD)	\$3.22	\$2.95	\$3.18			
Fair value asset (liability) at September 30, 2017	(\$328)	(\$218)	(\$546)	-	(\$328)	(\$218)
Copper forward sell contracts						
Pounds	2,000,000	-	2,000,000			
Average price per pound (in USD)	\$2.80	-	\$2.80			
Fair value asset (liability) at September 30, 2017	(\$362)	-	(\$362)	-	(\$362)	-
				\$41	(\$1,297)	(\$218)



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The following table summarizes the outstanding derivative positions at December 31, 2016:

SLM	Maturity			Balance Sheet Classification			
				Current	Non-Current	Current	Non-Current
	2017	2018	Total	Assets	Assets	(Liabilities)	(Liabilities)
Gold call option sell contracts							
Ounces	11,000	9,000	20,000	-	-	-	-
Average price per ounce (in AUD)	\$1,900	\$1,900	\$1,900	-	-	-	-
Fair value asset (liability) at December 31, 2016	(\$140)	(\$571)	(\$711)	-	-	(\$140)	(\$571)
Gold forward sell contracts							
Ounces	18,550	5,200	23,750	-	-	-	-
Average price per ounce (in AUD)	\$1,717	\$1,720	\$1,717	-	-	-	-
Fair value asset (liability) at December 31, 2016	\$1,958	\$410	\$2,368	\$1,958	\$410	-	-
Nickel forward sell contracts							
Metric tonnes	168	-	168	-	-	-	-
Average price per tonne (in USD)	\$11,050	-	\$11,050	-	-	-	-
Fair value asset (liability) at December 31, 2016	\$237	-	\$237	\$237	-	-	-
VMS							
Copper call option sell contracts							
Pounds	2,000,000	-	2,000,000	-	-	-	-
Average price per pound (in USD)	\$3.30	-	\$3.30	-	-	-	-
Fair value asset (liability) at December 31, 2016	(\$93)	-	(\$93)	-	-	(\$93)	-
Copper forward sell contracts							
Pounds	2,200,000	-	2,200,000	-	-	-	-
Average price per pound (in USD)	\$2.47	-	\$2.47	-	-	-	-
Fair value asset (liability) at December 31, 2016	(\$132)	-	(\$132)	-	-	(\$132)	-
				\$2,195	\$410	(\$365)	(\$571)

11. SHARE CAPITAL

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.

On July 7, 2017, TNN 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 cents. Issue costs totalled \$141. The tolling rights were included in amounts receivable and prepaid expenses (note



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3) and are amortized over the twelve-month term of the agreement. The SKO option expired and was expensed during the third quarter (note 17).

12. WARRANTS AND COMPENSATION WARRANTS

The following table reflects the continuity of warrants for the nine months ended September 30, 2017:

	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 (notes 7 and 8)	10,932,461	-	\$0.24/\$0.00
Expired	(727,636)	-	\$0.38/\$0.00
Balance as at September 30, 2017	27,403,211	1,451,805	\$0.40/\$0.41

As at September 30, 2017, the remaining average contractual life of the outstanding warrants and compensation warrants was 1.5 years and 0.8 years respectively.

During the nine months ended September 30, 2017, no warrants were exercised.

13. SHARE INCENTIVE PLANS

Share Purchase Options

The following table reflects the continuity of share options for the nine months ended September 30, 2017:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2017	28,889,519	\$0.41
Exercised	(20,000)	0.18
Expired	(1,923,990)	0.78
Balance as at September 30, 2017	26,945,529	\$0.38



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As at September 30, 2017, 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	
\$0.18–\$0.99	26,285,529	3.3	\$0.34	20,028,863	3.1	\$0.36	
\$1.00–\$1.99	150,000	3.7	\$1.14	150,000	3.7	\$1.14	
\$2.00–\$2.50	510,000	1.7	\$2.24	510,000	1.7	\$2.24	
	26,945,529	3.3	\$0.38	20,688,863	3.1	\$0.41	

Restricted Share Units

During the nine months ended September 30, 2017, 2,309,788 (2016: 671,711) restricted share units were granted, all of which vested immediately pursuant to a directors' election to receive restricted share units in lieu of directors fees.

During the nine months ended September 30, 2017, Nil (2016: nil) restricted share units were redeemed.

The following table reflects the continuity of restricted share units for the nine months ended September 30, 2017:

	Number of Restricted Share Units
Balance as at January 1, 2017	6,251,750
Granted	2,309,788
Balance as at September 30, 2017	8,561,538

Included in the 8,561,538 restricted share units outstanding as at September 30, 2017, are 4,184,400 units that can only be settled for cash.

As at September 30, 2017, the weighted average remaining contractual life of the outstanding restricted share units was 1.7 years and all restricted share units were vested.



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14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Expense by nature				
Salaries, wages and benefits	\$342	\$463	\$983	\$990
Share-based payments	245	227	247	1,988
Professional fees	243	132	961	490
Consulting fees	184	308	626	623
Public company expenses	72	13	218	183
Office and general	127	476	754	998
Conference and travel	11	90	33	326
Investor relations	125	148	368	580
Business development	62	211	243	641
Acquisition costs	-	77	-	2,650
Depreciation and amortization	28	11	64	33
	\$1,439	\$2,156	\$4,497	\$9,502

15. LOSS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Loss attributable to RNC shareholders	\$(11,953)	\$(4,789)	\$(11,376)	\$(12,312)
Weighted average number of common shares	303,518,313	248,843,672	285,474,064	197,072,032
Loss per share attributable to RNC shareholders – basic and diluted	\$(0.04)	\$(0.02)	\$(0.04)	\$(0.06)

The effect of potential issuances of shares under stock options, warrants, deferred share units, convertible debenture and restricted share units would be anti-dilutive for the three and nine month periods ended September 30, 2017 and 2016, and accordingly, basic and diluted loss per share are the same.



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16. FINANCIAL INSTRUMENTS – FAIR VALUE

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.

Other Financial Liabilities	As at September 30, 2017		As at December 31, 2016	
	Carrying value	Fair Value	Carrying value	Fair Value
Note Agreement (note 7) (level 2)	\$3,214	\$3,744	\$2,991	\$3,485
IQ Loan (note 7) (level 2)	544	544	-	-
Convertible Debentures (note 8) (level 3)	17,137	17,564	-	-



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17. OTHER EXPENSES (INCOME), NET

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<u>Royal Nickel Corporation</u>				
Share of gain (loss) of associates	\$11	\$5	\$42	\$(135)
Loss on expired option (note 11)	2,611	-	2,611	-
Accretion expense	312	-	637	-
Gain on dilution of associate	-	-	-	(83)
Gain on sale of mineral property interest	-	-	(100)	-
Partial recovery of impairment charge (note 6)	-	-	(1,216)	-
Gain on deemed disposition of associate	-	-	-	(71)
Unrealized (gain) loss on other investment	-	(80)	20	(120)
Change in fair value – embedded derivative (note 8)	(560)	-	50	-
Change in fair value – derivative financial instruments	-	174	-	384
<u>Salt Lake Mining Pty Ltd.</u>				
Finance costs	241	517	831	1,069
Loss on settlement of derivative financial instruments	587	-	2,072	-
Change in fair value – derivative financial instruments	194	-	559	-
Change in fair value – senior secured facility	-	2,195	-	4,082
Accretion – senior secured facility	-	537	-	1,040
<u>VMS Ventures Inc.</u>				
Change in fair value – derivative financial instruments	842	-	871	-
Accretion – contribution loan	-	299	-	556
<u>Other</u>				
Finance and other expense (income)	1,117	88	533	(113)
Foreign exchange loss (gain)	406	190	772	(140)
Gain on sale of property, plant and equipment	-	-	-	(6)
	\$5,761	\$3,925	\$7,682	\$6,463

18. SUPPLEMENTAL CASH FLOW INFORMATION

Other expense (income)

	Three Months ended September 30,		Nine Months ended September 30,	
	2017	2016	2017	2016
Share of gain of associates	\$11	\$5	\$42	\$(135)
Gain on dilution of associate	-	-	-	(83)
Gain on deemed disposition of associate	-	-	-	(71)
Gain on sale of property, plant and equipment	-	-	-	(6)
Unrealized loss on derivative financial instrument	476	-	1,480	-
Accretion of asset retirement obligation	3	7	7	13
Settlement of matured derivative instruments	(242)	-	1,844	-
Unrealized gain on other investment	(20)	(80)	-	(120)
Accretion – long-term debt	312	837	637	1,596
Loss on retired purchase option	2,611	-	2,611	-
Impairment charge	1,923	-	1,923	-
Partial recovery of impairment charge	-	-	(1,216)	-
Change in fair value – senior secured facility	-	2,195	-	4,082
	\$5,074	\$2,964	\$7,328	\$5,276

Other supplemental information

	Three Months ended September 30,		Nine Months ended September 30,	
	2017	2016	2017	2016
Interest received	\$246	\$-	\$424	\$-
Interest paid	1,296	356	1,792	971
Share-based payments in mineral property interests	-	99	10	578
Depreciation of property, plant and equipment in mineral property interests	15	44	25	131
Mineral property interests in accounts payable and accrued liabilities	1,262	542	1,262	542
Property, plant and equipment in accounts payable and accrued liabilities	-	31	-	31



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19. SEGMENTED INFORMATION

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

Three months ended September 30, 2017

	Magneto JV Canada	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue	\$-	\$13,937	\$1,941	\$9,074	\$-	\$-	\$24,952
Production and toll- processing costs	-	14,629	1,181	4,965	-	-	\$20,775
Royalty expense	-	1,427	298	-	-	-	1,725
Depreciation and amortization	-	2,675	171	2,501	-	-	5,347
General and administration	88	139	19	35	138	1,020	1,439
Impairment charge (note 6)	-	-	-	1,923	-	-	1,923
Operating income (loss)	\$(88)	\$(4,933)	\$272	\$(350)	\$(138)	(1,020)	\$(6,257)

Nine months ended September 30, 2017

	Magneto JV Canada	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue	\$-	\$13,937	\$4,786	\$24,842	\$-	\$-	\$43,565
Production and toll- processing costs	-	14,629	3,369	16,197	-	-	\$34,195
Royalty expense	-	1,427	597	-	-	-	2,024
Depreciation and amortization	-	2,675	849	7,510	-	-	11,034
General and administration	112	139	434	139	311	3,362	4,497
Impairment charge (note 6)	-	-	-	1,923	-	-	1,923
Operating loss	\$(112)	\$(4,933)	\$(463)	\$(927)	\$(311)	\$(3,362)	\$(10,108)
Property, plant and equipment	\$227	\$63,739	\$8,493	\$9,080	\$254	\$181	\$81,974
Mineral property interest	30,788	-	-	-	10,827	6,416	48,031
Total assets	52,572	73,567	8,493	11,394	11,727	9,046	166,799



Three months ended September 30, 2016

	Dumont Canada	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue	\$-	\$3,016	\$7,724	\$-	\$-	\$10,740
Production and toll-processing costs	-	2,268	4,915	-	-	7,183
Royalty expense	-	281	-	-	-	281
Depreciation and amortization	-	(85)	1,756	-	-	1,671
General and administration	28	392	161	(77)	1,652	2,156
Operating income (loss)	\$(28)	\$160	\$892	\$77	\$(1,652)	\$(551)

Nine months ended September 30, 2016

	Dumont Canada	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue	\$-	\$8,923	\$14,335	\$-	\$-	\$23,258
Production and toll-processing costs	-	4,941	8,663	-	-	13,604
Royalty expense	-	852	-	-	-	852
Depreciation and amortization	-	666	2,938	-	-	3,604
General and administration	113	986	282	30	8,091	9,502
Operating income (loss)	\$(113)	\$1,478	\$2,452	\$(30)	\$(8,091)	\$(4,304)

Refer to note 5 for the information with respect to the Beta Hunt Gold Mine that commenced commercial production on July 1, 2017.

20. COMMITMENT

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 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 Project. The IBA provides for meaningful AFN participation in the Dumont 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.

On July 25, 2017, TNN entered into an Amalgamation Agreement with Focused Capital Corporation ("Focused") and its wholly-owned subsidiary ("Focused Subco") pursuant to which Focused Subco and



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TNN will amalgamate, and Focused will become a subsidiary of the Corporation through the resulting reverse takeover (“RTO”).

On July 25, 2017, in connection with the Amalgamation Agreement and as a condition for closing, TNN completed a concurrent private placement of subscription receipts for 3,470,000 units at a price of \$0.50 per unit for gross proceeds of \$1,735. Each unit comprised one common TNN share and one warrant exercisable to acquire one TNN share at an exercise price of \$0.75 until July 25, 2020. On the same date, TNN also completed a concurrent private placement of subscription receipts for 2,247,473 flow-through units at a price of \$0.55 per flow through unit for gross proceeds of \$1,236. Each flow through unit comprised one TNN flow-through share and one half warrant. Each whole warrant is exercisable to acquire one TNN share at an exercise price of \$0.75 until July 25, 2020. The gross proceeds less one-half of the 7% broker commission will be held in trust until completion of the transaction.

On September 15, 2017, in connection with the Amalgamation Agreement and as a condition for closing, TNN completed a second private placement of subscription receipts for 93,000 units and 222,800 flow-through share units on same terms as the July 25, 2017. The gross proceeds less one-half of the 7% broker commission will be held in trust until completion of the transaction.

21. SUBSEQUENT EVENTS

On October 20, 2017, Focused shareholders approved the Amalgamation Agreement and RTO.

On October 20, 2017, TNN closed the July 25, 2017 and September 15, 2017 private placements and received net proceeds of \$2,422.

On October 23, 2017, the RTO and amalgamation closed. Through a series of transactions, TNN and Focused Subco amalgamated and was renamed Orford Mining Limited, a wholly-owned subsidiary of Orford Mining Corporation, Focused was renamed Orford Mining Corporation and became a 55%-owned subsidiary of the Corporation.