ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation and its subsidiaries ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the year ended December 31, 2017. This MD&A dated March 30, 2018, is intended to supplement and complement the Corporation's audited consolidated financial statements – prepared in accordance with International Financial Reporting Standards ("**IFRS**") – and related notes for the year ended December 31, 2017 and should be read in conjunction with both the audited consolidated financial statements and the Corporation's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities and available at www.sedar.com. Unless otherwise noted, all amounts presented are in thousand Canadian dollars.

DESCRIPTION OF BUSINESS

RNC is a mineral resource company primarily focused on the acquisition, responsible development and operation of a high-quality portfolio of base and precious metals assets. The Corporation is a gold, nickel and copper producer and its principal assets are: a 50% interest in the Magneto Investments Limited Partnership ("**Magneto**" or "**Magneto JV**"), which owns the Dumont Nickel-Cobalt Project, strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec; a 100% interest in Salt Lake Mining Pty Ltd ("**Salt Lake Mining**" or "**SLM**"), which owns the Beta Hunt Mine ("**Beta Hunt**"); and a 100% interest in VMS Ventures Inc. ("**VMS Ventures**" or "**VMS**"), which owns 30% of the Reed Mine, located in Manitoba. The Corporation also has a 44% holding in the Qiqavik and West Raglan exploration projects, represented by a 44% equity interest in Orford Mining Corportion ("**Orford**"). In addition to these assets the Corporation holds interests in certain other properties, as set out below under "*Mineral Exploration Properties*". The Corporation's common shares are traded on the Toronto Stock Exchange ("**TSX**") (TSX symbol RNX).

Dumont Nickel-Cobalt Project

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

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

These technical reports were supported by detailed exploration and evaluation work including over 171,000 metres of diamond drilling at regularly spaced sections in order to delineate the mineral resource, assess geotechnical properties of the rock and evaluate regional exploration targets on the Dumont property. In addition to the resource definition, several programs intended to characterize the deposit and its environment have been undertaken to support development studies. These include geological interpretation studies, deposit and geotechnical modeling, and sampling for metallurgical testing. Detailed laboratory scale metallurgical testing on representative samples from the Dumont Nickel-Cobalt Project has been undertaken leading to a standard flowsheet design and estimate of nickel recovery and concentrate quality.

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

On April 20, 2017, RNC closed a joint venture transaction with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "Waterton"). Under the terms of the transaction, Waterton acquired a 50% interest in the Dumont Nickel-Cobalt Project. RNC and Waterton formed a 50/50 nickel joint venture that owns Dumont and will advance the project.

Salt Lake Mining

As a result of a series of transactions completed between February and May 2016, the Corporation acquired 100% of Salt Lake Mining, a private company whose main asset is a 100% interest in the Beta Hunt Mine, a nickel and gold producer located in the prolific Kambalda mining district of Australia. The Beta Hunt Mine is located 600 km east of Perth in Kambalda, Western Australia. SLM acquired the property in 2013 and succeeded in re-combining the nickel and gold rights. Nickel operations were re-started in 2014 and have operated continuously since then. Initial gold production occurred in June and July, 2014 and recommenced at the end of 2015. With the decline in nickel prices, Beta Hunt shifted its focus from a nickel to gold producer. Beta Hunt ramped up its gold operation and declared commercial production June 20, 2017 with effect from July 1, 2017.

VMS Ventures Inc.

On April 27, 2016, the Corporation acquired 100% of VMS Ventures. VMS is a private company whose main asset is a 30% interest in the Reed Mine, a low-cost copper producer located near Flin Flon, Manitoba. VMS also holds mineral properties including a 30% interest in ones adjacent to Reed Mine.

VMS announced the discovery of the Reed property in 2007, and signed a joint venture agreement with Hudbay Minerals Inc. in 2010 under which Hudbay became the 70% owner and operator of the Reed project and VMS retained a 30% participating interest. In December 2011, Hudbay approved the construction of the Reed Mine. The capital construction budget for Reed was CDN$72 million. Production at Reed commenced in September 2013 and the mine commenced commercial production on April 1, 2014.

Orford Mining Corporation

On June 17, 2014, the Corporation acquired a 56% interest (which was subsequently increased to 67%) in True North Nickel Inc. (“TNN”), a private company whose main asset was a 100% interest in the West Raglan nickel sulphide project located in Northern Quebec.

On March 2, 2016 the Corporation announced that TNN had discovered a new high grade gold, silver, copper and zinc mineralized trend at its newly consolidated Qiqavik Project near the West Raglan project.

On July 25, 2017, TNN entered into an amalgamation agreement with Focused Capital Corp.(“Focused”) and its wholly-owned subsidiary (“Focused Subco”) pursuant to which Focused Subco and TNN will amalgamate.

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

On October 23, 2017, a reverse takeover (“RTO”) and amalgamation closed. Through a series of transactions, TNN and Focused Subco amalgamated and the resulting entity was renamed Orford Mining Limited (“OML”), a wholly-owned subsidiary of Focused. Focused was renamed Orford.

On October 27, 2017, Orford, in which the Corporation now has a 44% equity stake (as of the date of this MD&A), commenced trading on the TSX Venture Exchange (the "TSXV") under the ticker symbol "ORM".

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

On December 27, 2017, Orford and OML amalgamated and the amalgamated company continued as Orford.

2017 AND RECENT HIGHLIGHTS

- On March 22, 2018, the Corporation announced it is sharpening its focus to advance the Dumont Nickel-Cobalt development project, the largest undeveloped nickel and cobalt reserve in the world, by initiating a strategic alternatives process for its 100%-owned Beta Hunt gold and nickel mine located in Western Australia. PCF Capital Group, based in Perth, Western Australia, and Haywood Securities Inc. have been retained as financial advisors for the Beta Hunt process. Strategic alternatives may include, but are not limited to, the sale of all or a portion of the Corporation's interest in Beta Hunt. There are no assurances that the process will result in a transaction or, if a transaction is undertaken, as to the commercial terms or timing of such a transaction.

- On January 15, 2018, the Corporation announced it expects to undertake a series of initiatives during 2018 to position the Corporation to make a decision to begin construction of the Dumont Nickel-Cobalt Project in 2019. Many market participants are expecting explosive growth in nickel and cobalt demand from the electric vehicle market over the coming decade.

- Gold sales were 33,578 ounces in 2017, up 60% compared to 20,958 ounces in 2016 including 12,896 ounces in the fourth quarter. Commercial production of gold commenced on 1 July 2017.. As previously reported, throughput levels and costs were adversely affected by lower than expected development rates which delayed access to new stopes and equipment availability issues which impacted both development rates and throughput levels. Reference is made to the Non-IFRS Measures section of this MD&A.

- Beta Hunt 2017 nickel in concentrate production was 0.80 kt. As previously reported, Management reduced nickel production due to depressed nickel prices and in order to focus on gold production.

- Mined gold production at Beta Hunt during the fourth quarter was 12,722 ounces, up 21% compared to 10,489 ounces in the third quarter of 2017 and gold tonnes mined was 160 kt in the fourth quarter of 2017, up 10% compared to 146 kt in the third quarter of 2017. Gold sales were 12,896 ounces, an increase of 49% compared to 8,659 ounces sold in the third quarter of 2017.

- For 2017, gold mining cash cost per ounce decreased by 15% to US$1,008 per ounce from US$1,190 per ounce in 2016. On a cost per ounce sold basis, gold cash costs, net of by-product credits increased by 14% to US$1,520 per ounce sold, and all-in sustaining costs net of by-product credits increased by 0.5% to US$1,617 per ounce sold, compared to US$1,331 and US$1,608, respectively, in 2016. As production volumes ramp up and grades improve, costs are expected to decline toward target levels. Reference is made to the Non-IFRS Measures section of this MD&A.

- Reed Mine 2017 copper contained in concentrate production was 9.9 million pounds (4.5 kt) (30% basis) compared to the 2016 period of 7.5 million pounds (3.4kt) (30% basis). Cash costs increased by 25% to US$1.75 per pound sold and all-in sustaining costs increased by 20% to US$1.79 per pound sold, compared to US$1.40 and US$1.49 in 2016. The Corporation's share of gold in concentrate production for 2017 from the Reed Mine was 1,075 ounces. Reference is made to the Non-IFRS Measures section of this MD&A.

- On October 30, 2017, the Corporation reported that Orford announced the results of a successful summer 2017 gold exploration program at its high grade gold Qiqavik Project. Drilling has supported the subsurface extent of the structures and the mineralization associated with the 2016 surface gold discoveries at Esperance, Esperance West, and Aurora. Additionally, five new high-grade gold surface prospecting discoveries were made that remain untested by drilling.

- Adjusted EBITDA for the year ended December 31, 2017 was a loss of $12.2 million or $0.04 per share compared to a loss of $4.5 million or $0.02 per share in 2016. Reference is made to the Non-IFRS Measures section of this MD&A.

- Non-cash impairment charges of $59.4 million on Beta Hunt gold and nickel mines, and VMS exploration properties, and one-time financing and restructuring charges of $9.5 million contributed to the Corporation incurring a net loss of $91.1 million ($0.31 per share) for the year ended December 31, 2017, compared to a net loss of $28.6 million ($0.13 per share) for the same period in 2016. Included in the 2016 loss were, compared to $17.4 million non-cash impairment charges related to the acquisitions of SLM and VMS and the sale of 50% of Dumont to Waterton (described below) in 2016.

OPERATIONAL REVIEW

Beta Hunt Mine

In 2017, the Beta Hunt Mine continued to be focused on ramping up its gold production and mined 531 kt of gold mineralization containing 37,027 oz of gold. Mine development has improved during 2017 and led to continued quarter-over-quarter improvements during 2017. Gold C1 and all-in sustaining costs ("AISC") net of by-product credits of US$1,520 and AISC US$1,617, were also higher than expectations for the year due to the combination of slower than expected pace of mine development which delayed access to higher grade ore and lower throughput levels. During the fourth quarter of 2017, run-of-mine ore grades were 2.47 g/t and the average grade milled was 2.39 g/t, 10% and 7% higher than the third quarter of 2017. Reference is made to the Non-IFRS Measures section of this MD&A. Cash costs are expected to improve going forward as the mine achieves improved grades and throughput levels.

Four toll milling campaigns were completed with 158 kt of gold mineralization containing 12,128 oz of gold being milled during the fourth quarter of 2017.

A total of 7.0 kt of nickel mineralization were milled at the BHP Billiton Kambalda Mill during the fourth quarter of 2017, producing 0.16 ktonnes of nickel in concentrate.

Production

Beta Hunt Gold and Nickel Operation

For the year ended December 31, 2016 the Beta Hunt Mine was not 100% owned until May 31, 2016. The following is a summary of the yearly and Q4 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	Q4 2017	Q4 2016	2017	2016
Gold tonnes mined (000s)	160	104	531	371
Gold mined grade (g/t)[1]	2.47	2.26	2.17	2.30
Gold tonnes milled (000s)	158	90	507	354
Gold mill grade (g/t)[1]	2.39	2.26	2.16	2.29
Gold milled (ounces)	12,128	6,526	35.307	23,002
Gold mined (ounces)[1,2]	12,722	7,553	37,027	27,882
Gold sales (ounces)	12,896	4,571	33,578	20,958
Nickel tonnes mined (000s)	8.6	11.7	33.8	73.3
Nickel tonnes milled (000s)	7.0	11.7	33.7	73.9
Nickel mill grade, nickel (%)	2.64	2.80	2.73	2.72
Nickel in concentrate tonnes (000s)	0.16	0.29	0.80	1.80

Beta Hunt Gold and Nickel Operation[6]	2017	2016
Gold mining cash cost per ounce (US$ per ounce mined)[5]	$1,008	$1,190
Gold all-in sustaining cost, net of by-product credits (US$ per ounce sold)[3,4]	$1,617	$1,608
Gold C1 cash operating cost, net of by-product credits (US$ per ounce sold)[3,4]	$1,520	$1,331
Nickel C1 cash operating cost (US$ per lb. sold)[4]	$2.98	$2.20
Nickel C1 cash operating cost (US$ per tonne sold)[4]	$6,573	$4,854
Nickel all-in sustaining cost (AISC) (US$ per lb. sold)[4]	$3.27	$2.23
Nickel all-in sustaining cost (AISC) (US$ per tonne sold)[4]	$7,202	$4,927

1. The difference in gold sales ounces and gold mined ounces is due to timing differences in receipt of gold sales depending on completion date of tolling campaigns.
2. As of December 31, 2017, 45.4 kt of gold mineralization from December 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 43.5 kt of gold as of September 30, 2017.
3. Gold operations declared commercial production in the second quarter of 2017 with effect on July 1, 2017. Prior to July 1, 2017, gold operations were in the ramp up stage towards commercial production and operating and sustaining costs per ounce for those periods are not comparable to other companies.
4. All-in sustaining cost, net of by-product credits, cash operating cost, net of by-product credits, cash operating cost, cash operating cost per tonne, all-in sustaining cost, and all-in sustaining cost per tonne are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.
5. Gold mining cash cost per ounce for the month of December 2017 was US$763 per ounce mined at a recovery of 90%.

6. Reference is made to the Non-IFRS Measures section of this MD&A.

2017 was a period of transition for the Beta Hunt Mine as it ramped up gold production in the first half of the year before declaring commercial production on 1 July 2017. Until declaration of commercial production, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment.

VMS Ventures - Reed Copper Operation

Reed Mine Production

For the year ended December 31, 2017, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 4.5 kt of copper and 1,194 oz of gold. Production from the mine continued to be robust with mined tonnes consistent year-over-year, grades 7% lower than last year, and AISC cash costs per pound of $1.75. As expected, copper mined grades for Q4 were lower than the record grades achieved in the second quarter of the year of 4.12% becasue the mine moved into lower grade production blocks.

Reed Mine Operating Review (100% basis)

	Q4 2017	Q4 2016	2017	2016
Ore (tonnes hoisted)	102,229	104,719	460,413	443,561
Ore (tonnes milled)	102,436	123,596	442,269	449,389
Copper (%)	3.52	2.90	3.67	3.96
Zinc (%)	0.69	0.63	0.60	0.62
Gold (g/t)	0.51	0.44	0.47	0.50
Silver (g/t)	8.97	5.76	7.19	6.78

Reed Mine Production and Costs (30% basis)

	2017	2016
Copper contained in concentrate (kilo tonnes)	4.5	5.0
Gold contained in concentrate (ounces)	1,194	1,357
Copper cash operating cost per pound sold [1]	$1.75	$1.40
Copper all-in sustaining cost per pound sold [1]	$1.79	$1.49

1. Cash operating cost per pound, and all-in sustaining cost per pound, are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

As noted in the Outlook section below, Reed Mine is scheduled cease mining operations in Q3 2018 with processing of stockpiled material scheduled to finish in Q1 2019.

Dumont Nickel-Cobalt Project

On April 20, 2017, the Corporation closed a series of transactions under which Waterton acquired 50% of the Corporation's interest in the Dumont Nickel-Cobalt Project for US$22.5 million (C$30.3 million) in cash. The Corporation and Waterton contributed US$17.5 million (C$23.6 million) into the Magneto JV. US$5 million

(C$6.7 million) of this amount is allocated to Dumont-related carrying costs and other expenses incurred over the next four years (expected to include the cost of an updated feasibility study).

During 2017, the Magneto JV continued its activities in support of the Dumont Nickel-Cobalt Project. The following were the major activities during 2017:

- Continuation of environmental baseline samplings of on-site water quality.
- Work continued on the closure plan for Dumont, providing updates to the government comments received back in March 2017.
- In May 2017, the Magneto JV entered into an Impact and Benefit Agreement ("IBA") with the Abitibiwinni First Nation ("AFN"). The IBA serves as a framework to to govern the relationship with the AFN, provides for meaningful AFN participation in Dumont through training, employment, business opportunities and other means, and includes a mechanism by which the AFN will benefit financially from the success of Dumont on a long term basis.
- The Magneto JV began evaluation of opportunity options related to Dumont to identify and prioritize future study options.
- Continuation of marketing on the alternative roasting process for Dumont concentrate

Exploration Properties

The Corporation owns a 44% interest in Orford. Orford's main assets consist of exploration properties in Northern Quebec, comprising the Qiqavik and West Raglan projects and the Carolina Gold Belt in the United States, comprising the Jones-Keystone/Loflin and Landrum-Faulkner gold properties.

Qiqavik Property

On March 2, 2016 the Corporation announced that its TNN subsidiary had discovered a new high grade gold, silver, copper and zinc mineralized trend at its newly consolidated Qiqavik Project in Northern Quebec. High grade gold mineralization was found during the 2015 exploration season with several grab samples ranging from 5 g/tonne up to 198 g/tonne over 15km of strike length, with several outcropping areas also containing high grade silver, copper and zinc, representing a potentially important new discovery in an underexplored volcano-sedimentary belt within the Cape Smith Belt.

On October 30, 2017, Orford announced results from the 2017 exploration programs at its Qiqavik property in northern Québec. At Qiqavik, the 2017 field program began on July 19. This program consisted of diamond drilling of 2,723 metres in 23 holes, 721 line-kilometres of airborne (drone) magnetic surveying and 105.6 line-kilometres of Abitibi Geophysics ground OreVisionTM IP surveying, prospecting, mapping, surface rock sampling, and till sampling. This work led to better understanding of the occurrences discovered in 2016) and to the identification of many additional mineralized occurrences on the property, including two occurrences with visible gold. Work completed during the 2017 program demonstrates that gold is associated with secondary splay structures located along the district-scale Qiqavik Break Shear Zone which extends the full 40 km length of the Qiqavik Property. Geological data indicate that gold mineralization at Qiqavik is structurally controlled and associated with porphyry intrusions in places. Typically, in structurally controlled gold deposits, the intensity of mineralization varies along the length of the structures with ore shoots focused in zones of dilation. Orford is currently analyzing airborne magnetic and field mapping data collected during the summer 2017 program to identify and locate sites of dilation along structures that were active at the time of gold mineralization in order to target significant gold mineralization accumulations.

Carolina Gold Belt

RNC, through TNN, acquired options to earn a 70% interest in both the the Jones-Keystone/Loflin, and Landrum-Faulkner gold properties in the Carolina Gold Belt, home to the Haile Mine. These options are now held by Orford, in which the Corporation owns a 44% equity interest. The current development of the +4 million ounce Haile gold mine in South Carolina by OceanaGold has re-focused attention on the Carolinas as a highly prospective, under-explored and development-friendly jurisdiction.

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

Outlook

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

Beta Hunt Mine 2018 Guidance
With the announcement of the strategic alternatives process for Beta Hunt which the Corporation anticipates would result in the sale of a majority interest and control of the asset by the third quarter of 2018, the Corporation is not providing full year guidance. The Corporation expects continued quarter-over-quarter improvement in tonnes, grade, and ounces produced in both the first and second quarter. .

Cautionary Statement: The decision to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Reed Mine 2018 Guidance
Hudbay has not provided production guidance for the Reed Mine.

With limited near-term exploration potential and an interest in maximizing cash flow from the remaining mine production, the Corporation has elected to allow its interest in the Reed Joint Venture to be diluted by not funding its share of the operating costs resulting in a estimated decline in its interest from 30% to 26%. Over the course of 2018, it results in a minor production loss of 9.4%, or 0.3 kt, if it had retained a 30% interest in the mine. RNC will continue to pay 30% of the closure costs currently estimated to be $0.9 million less recovery for equipment and facilities.

The following information is RNC management's estimate of production and costs. In 2018, RNC expects its share of production from the Reed Mine to be 2.25-2.5 kt of copper and 0.8-1 koz of gold. Although production at Reed mine is expected to end in Q3 2018, processing of stockpiled ore is expected to continue through December 2018.

Dumont Nickel-Cobalt Project
The Magneto JV continues to explore all financing and partnership opportunities to allow Dumont to advance to construction when market conditions permit.

Orford Mining Corporation
RNC has a 44% equity interest in Orford which owns the Qiqavik Project in Northern Quebec. At Qiqavik, the 2017 field program began on July 19. This program consisted of diamond drilling of 2,723 metres in 23 holes, 721 line-kilometres of airborne (drone) magnetic surveying and 105.6 line-kilometres of Abitibi Geophysics ground OreVisionTM IP surveying, prospecting, mapping, surface rock sampling, and till sampling. The results from the 2017 exploration season at Qiqavik include three new drill-supported high grade gold-copper discoveries and five new high-grade gold prospecting discoveries at surface that remain untested by drilling. Orford also identified a significant structural break, the Qiqavik break, across the 40 km property, a substantial portion of which is left to be explored.

The Corporation will continue to investigate acquisition opportunities of highly prospective assets, preferably cash-producing, to grow the business in base and platinum group metals. The Corporation will focus on jurisdictions where it believes the risk is manageable. RNC believes it can successfully implement its corporate strategy because of its unique strengths, depth of management experience and well-developed relationships in the minerals industry.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of the Corporation for the years ended December 31, 2017, 2016, and 2015:

(expressed in thousands of dollars except per share amounts)

	2017	2016	2015
Revenue	**$73,076**	$32,681	$-
Net loss	**($91,061)**	($28,617)	($5,616)
Net loss per share (basic and diluted)	**($0.31)**	($0.13)	($0.04)
Total assets	**$108,987**	$159,292	$82,559
Non-current liabilities	**$34,361**	$27,149	$11,728

The Corporation has not, since the date of its incorporation, declared or paid any dividends on its common shares. For the foreseeable future, the Corporation anticipates that it will retain cash resources for the operation and development of its business.

RESULTS OF OPERATIONS

Year ended December 31, 2017, compared with year ended December 31, 2016

The Corporation's net loss totalled $91.1 million for the year ended December 31, 2017 (with basic and diluted loss per share of $0.31). This compares with a net loss of $28.6 million (with basic and diluted earnings per share of $0.13) for the year ended December 31, 2016. The net loss increase of $62.5 million is due primarily to: 1) impairment charges of $59.4 million during the year ended December 31, 2017 which where higher than the prior year's impairment charge of $17.4 million by $42.0 million; 2) an operating loss at the Corporation's Beta Hunt gold mine of $11.4 million, excluding impairment charges; and 3) other expenses of $19.3 million for the year ended December 31, 2017 increased by $14.4 million compared to the prior year. Partially offsetting was a decrease in general and administrative expenses of $3.6 million.

During the year ended December 31, 2017, impairment charges totalling $59.4 million were taken in respect of the Beta Hunt mine operation ($58.7 million), VMS properties ($1.9 million) and a partial recovery of the 2016 impairment of the Dumont Nickel-Cobalt Project ($1.2 million). Reference is made to notes 7 and 8 of the 2017 audited consolidated financial statements for a detailed discussion of the rationale and assumptions taken.

The increase in other expenses of $14.4 million is primarily due to losses totalling $7.6 million as a result of restructuring the Corporation's debt arrangements with Auramet International LLC ("Auramet") ($6.8 milllion) and Pala Investments Limited ("Pala") ($0.8 million) which are described in detail in notes 9, 10 and 11 of the Corporation's 2017 audited consolidated financial statements. There was a loss of $6.8 million in connection with the renegotiation of the Corporation's Senior Secured Gold Loan with Auramet, which was replaced with a Senior Secured Loan Facility on December 8, 2017. 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. A loss of $6.8 million was recorded in other expenses and represented the difference between the value of the facility and the book value of the deferred revenue as at December 8, 2017. The loss was primarily associated with the unrecognized loss associated with the book value of the deferred revenue to deliver 11,760 ounces which was significantly below the prevailing market price of gold. On December 14, 2017, the Corporation entered into a convertible debenture with Pala in the amount of US$6,000 ($7,683). The proceeds of the financing were used to fully repay a US$4 million ($4.9 million) convertible which was also with Pala and engaged on September 19, 2017. There was a loss of $0.8 million upon restructuring which was largely offset by a gain of $0.5 million associated with the embedded derivative which was part of the original convertible debenture. Other expenses were also higher for the year ended December 31, 2017 due to a $2.6 million non-cash loss associated with an option to purchase the South Kalgoorlie Operations ("SKO") from Westgold Resources Limited. The Corporation acquired the SKO purchase option for $2.6 million pursuant to an issuance of shares and it expired without exercise.

The decrease in general and administrative expenses of $3.6 million for the year ended December 31, 2017 compared to the prior year is primarily due to acquisition costs during the year ended December 31, 2016 of $2.7 million in respect of the acquisitions of SLM and VMS. In addition, share based payments were higher during the year ended December 31, 2016 by $1.7 million.

SUMMARY OF QUARTERLY RESULTS

Summary of Quarterly Results
(expressed in thousands of dollars except per share amounts)

				2017				2016
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$29,511**	$24,952	$11,489	$7,124	$9,423	$10,740	$11,066	$1,452
Earnings (loss) attributable to RNC shareholders	**$(78,617)**	$(11,953)	$4,999	$(4,422)	$(16,549)	$(4,789)	$(5,827)	$(1,696)
Basic and diluted earnings (loss) per share attributable to RNC shareholders	**$(0.26)**	$(0.04)	$0.02	$(0.02)	$(0.07)	$(0.02)	$(0.03)	$(0.01)

The loss for the fourth quarter of 2017 of $78.6 million is significantly higher than the loss during fourth quarter of 2016 level of $16.5 million by $62.1 million. The fourth quarter of 2017 had impairment charges totaling $59.4 million as described above. Furthermore, the Beta Hunt gold operation, excluding impairment charges, had a loss of $6.4 million during the fourth quarter of 2017 versus nil in the prior year. Revenues have ramped up significantly during the last half of 2017 due to the Beta Hunt gold mine achieving commercial production levels of July 1, 2017 upon which gold revenues ceased to be capitalized against property, plant and equipment.

Cash Flows, Liquidity and Capital Resources

	Year Ended December 31,	
Sources and Uses of Cash (in thousands of dollars)	**2017**	2016
Cash provided by (used in) operations prior to changes in working capital	**$(14,109)**	$30,194
Changes in non-cash working capital	**12,050**	7,644
Cash provided by (used in) operating activities	**$(2,059)**	$37,838
Cash used in investing activities	**(6,670)**	(23,923)
Cash provided by (used in) financing activities	**28,284**	(18,704)
Change in cash and cash equivalents	**$19,555**	$(4,789)

Operating Activities
For the year ended December 31, 2017, cash used in operating activities, prior to changes in non-cash working capital, of $14.1 million was significantly less than the cash provided in 2016 of $30.2 million by $44.3 million. The primary reason for the variance was the cash provided from deferred revenue financing revenues in 2016 which provided cash of $34.5 million. Working capital changes provided cash of $12.1 million during the year ended December 31, 2017 compared with $7.6 million for 2016, a $4.5 million variance. The working capital movement for the year ended December 31, 2017 is mostly related to higher accounts payable and accrued liabilities of $9.1 million and accounts receivable and prepaid expenses of $2.4 million. The increase in accounts payable and accrued liabilities is related to higher levels of amounts owing to suppliers at the Beta Hunt gold mine which is functioning at higher activity levels as it achieved commercial level of production on July 1, 2017.

Investing Activities
For the year ended December 31, 2017, total net cash used in investing activities was $6.7 million compared with cash used in investing activities of $23.9 million in 2016, a $17.2 million decrease. The variance is primarily related to the net cash proceeds from the transfer of Dumont assets to the Magneto JV of $30.3 million. Partially offsetting was the higher expenditure on property, plant and equipment in 2017 of $11.7 million, most of which related to the Beta Hunt mine (see note 7 to the 2017 audited consolidated financial statements).

Financing Activities
For the year ended December 31, 2017, cash provided by financing activities of $28.3 million was higher than the same period of 2016 by $47.0 million. The increase is mostly due to 2016 repayments of senior secured facilities totalling $40.7 million which were primarily financed by above noted deferred revenue financing arrangements totalling $34.5 which was included in operating activities. The financing activities during the year ended December 31, 2017 include the issuance of convertible debentures of US$16.0 million ($20.2 million), issuance of an unsecured note payable of US$3.0 million ($3.8 million), issuance of $6.4 million shares by Orford and issuance of $1.6 million shares by the Corporation, partially offset by loan and lease repayments totalling $5.3 million.

As a result of the foregoing activities, for the year ended December 31, 2017, the net cash provided by operating, investing and financing activities was $19.6 million compared with cash used of $4.8 million in 2016.

Liquidity and Capital Resources

(in thousands of dollars)	**December 31, 2017**	December 31, 2016
Cash and cash equivalents[1]	**$24,400**	$4,845
Working capital deficit[2]	**(29,045)**	(26,243)
Property, plant and equipment	**23,509**	65,969
Mineral property interests	**48,956**	72,886
Total assets	**108,987**	159,292
Shareholders' equity	**10,914**	87,869

1. $20.9 million is dedicated to the Magneto JV as described below.
2. Working capital deficit is a measure of current assets (Including cash and cash equivalents) less current liabilities.

In 2016, the Corporation issued debt, secured advance sales arrangements and working capital financing facilities to finance the VMS and SLM business activities and repay the existing debt arrangements. Reference is made to notes 5, 10 and 11 of the 2016 audited consolidated financial statements for a description of the working capital financing, long-term debt paid and refinanced and deferred revenue arrangements. During the year ended December 31, 2017, an additional US$5.8 million ($7.7 million) was drawn under the Senior Copper Loan facility and Convertible debentures were issued in the amount of US$14 million ($18.0 million). Reference is made to notes 9 and 10 of the 2017 audited consolidated financial statements.

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

As at December 31, 2017, the Corporation had a working capital deficit of $29.0 million compared to a $26.2 million deficit as at December 31, 2016 for an increase of $2.8 million. However, the composition of working capital has significantly changed as cash and accounts payable & accrued liabilities have increased by $19.6 million and $16.9 million, respectively. The increase in cash primarily reflects the impacts of the sale of Dumont to Magneto and the cash flows from the issuance of convertible debentures. The increase in accounts payable and accrued liabilities is largely due to the Beta Hunt Mine which is engaged in commercial production at December 31, 2017 where as it was in development at December 31, 2016.

As at December 31, 2017 the Corporation had cash and cash equivalents of $24.4 million, of which $20.9 million is dedicated to the Magneto JV. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt mine operation and general and administrative expenses for the ensuing twelve months. Until such time that financing becomes available on acceptable terms, the Corporation has taken action to limit the ongoing exploration and evaluation work and reduce its operating costs. Accordingly, these conditions indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. The Corporation's ability to continue future operations and fund its exploration, evaluation, development and acquisition activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available on terms which are acceptable to the Corporation.

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

(in thousands of dollars)	Year ended December 31,	
	2017	2016
Management salaries and benefits	**$1,778**	$2,207
Share-based payments – Management	**528**	333
Share-based payments – Directors	**391**	936
Mark-to-market adjustment for cash settled share-based payments	**(783)**	757
	$1,914	$4,233

Reference is made to note 18 of the 2017 audited consolidated financial statements for a description of management salaries and benefits.

The Corporation is party to certain employment contracts with senior executives. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events, including contract termination or the change of control of the Corporation. The total amount of severance that would have become payable to the senior executives had a change of control or terminations without cause occurred on December 31, 2017, is $3.0 million and $2.0 million, respectively.

CONTRACTUAL COMMITMENTS

					Payments due by period
(in thousands of dollars)	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Finance leases	$656	$518	$60	$60	$18
Operating leases	600	253	256	91	-
Long-term debt obligations	35,357	11,579	11,029	12,749	-
Interest	5,710	1,785	3,293	632	-
Total contractual obligations	**$42,323**	**$14,135**	**$14,638**	**$13,532**	**$18**

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; (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; and (iv) Pala, 2.25% royalty on future Beta Hunt nickel production commencing April 1, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

EVENTS SUBSEQUENT TO DECEMBER 31, 2017

Reference is made to note 28 of the Corporation's consolidated financial statements for the year ended December 31, 2017.

OUTSTANDING SHARE DATA

As at March 30, 2018, the Corporation had 358,828,791 common shares issued and outstanding.

As at March 30, 2018, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	36,935,862	$0.33
Warrants	22,403,211	$0.43
Compensation warrants	1,451,805	$0.41

As at March 30, 2018, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, in cash or common shares:

	Number of Securities
Deferred share units	1,097,343
Restricted share units	4,764,079

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

On June 7, 2017 RNC closed a US$10 million four-year Senior Secured Convertible Term Debt Facility (the “Facility”) with Waterton. Assuming maximum conversion of 75% of US$10M principal into RNC common shares the Corporation would be required to issue 39,225,941 common shares in RNC to Waterton (USD/CAD exchange rate as at June 7, 2017).

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

There were no changes to the accounting policies applied by the Corporation to its 2017 quarterly unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the consolidated financial statements for the year ended December 31, 2017 with exception to the new accounting policies highlighted in note 2 of the consolidated financial statements for December 31, 2017.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) of the Corporation are responsible for establishing and maintaining the Corporation’s disclosure controls and procedures (“**DCP**”) including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting ("**ICFR**"). The fundamental issue is ensuring all transactions are properly authorized and identified and entered into a well-designed, robust and clearly understood accounting system in a timely manner to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present consolidated financial statements in accordance with IFRS, unauthorized receipts and expenditures or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of Royal Nickel makes the identification and authorization process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible given the Corporation's small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing cheques and wire requests. All payments also require the approval of two signing officers.

The CEO and CFO evaluated whether there were changes to the ICFR during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to affect, the ICFR. There were no changes to the ICFR during the three months ended December 31, 2017. The CEO and CFO evaluated the effectiveness of the Corporation's DCP and ICFR as required by National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of December 31, 2017, the Corporation's design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the annual audited consolidated financial statements and other disclosures, was made known to them in a timely manner and reported as required and in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's IFRS. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

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

RISK FACTORS

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

NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per tonne, cash operating cost per ounce, gold mining cash cost per ounce, gold cash cost per ounce after by-product credits, all-in sustaining cost, adjusted loss, EBITDA, adjusted EBITDA and adjusted EBITDA per share which are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow the Corporation's performance, assess performance in this way. Management believes that these measures better reflect the Corporation's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In 2016, the Corporation commenced transitioning from the exploration and evaluation stage into a nickel, copper and gold producer. During 2016, the Corporation acquired the Beta Hunt Mine and commenced reporting its nickel and gold production and acquired 30% of the Reed Lake Mine and commenced reporting its copper production. The Beta Hunt Mine is also transitioning from a nickel producer to a gold and nickel producer. As a result, the 2017 results will not be directly comparable to the prior or future years.

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

BETA HUNT MINE

Cash Operating Cost

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

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Nickel (in thousands of dollars except per tonne or per lb.)						
Tonnes of nickel mineralization processed	33,663	7,037	10,168	9,621	6,837	51,175
Production and toll-processing costs (including general and administrative related to production)	$4,210	$841	$1,181	$1,522	$666	$7,283
Royalty expense	336	(261)	298	69	230	905
Operating costs (related to tonnes processed) (CDN$)	$4,546	$580	$1,479	$1,591	$896	$8,188
Average exchange rate (CDN$1 – US$)	0.77	0.79	0.80	0.74	0.75	0.76
Cash operating cost (US$)	$3,494	$456	$1,181	$1,183	$674	$6,257
Cash operating cost (per tonne processed) (US$)	$104	$65	$116	$123	$99	$122
Tonnes of nickel sold (payable)	531	109	157	162	103	1,289
Cash operating cost (US$)	$3,494	$456	$1,181	$1,183	$674	$6,257
Cash operating cost (per tonne sold) (US$)	$6,573	$4,190	$7,499	$7,293	$6,541	$4,854
Cash operating cost (per lb. sold) (US$)	$2.98	$1.90	$3.40	$3.31	$2.97	$2.20

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Gold (in thousands of dollars except per tonne or per ounce)						
Tonnes of gold mineralization processed	552,531	157,739	182,322	98,140	114,330	351,458
Production and toll-processing costs (including general and administrative related to production)	$61,757	$21,896	$14,629	$13,019[1]	$12,213[2]	$34,141[3]
Royalty expense	5,682	2,310	1,427	622	1,323	4,189
Operating costs (related to tonnes processed) (CDN$)	$67,439	$24,206	$16,056	$13,641	$13,536	$38,330
Average exchange rate (CDN$1 – US$)	0.77	0.79	0.80	0.74	0.75	0.76
Cash operating cost (US$)	$52,180	$19,040	12,818	$10,144	$10,178	$29,130
Cash operating cost (per tonne processed) (US$)	$94	$121	$70	$103	$89	$83
Ounces of gold sold (payable)	33,578	12,896	8,659	5,891	6,132	20,958
Cash operating cost (US$)	$52,180	$19,040	$12,818	$10,144	$10,178	$29,130
Cash operating cost (per ounce sold) (US$)	$1,554	$1,476	$1,480	$1,722	$1,660	$1,390

1. Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 2017.
2. Production and toll-processing costs for the three months ended March 31, 2017 excludes typical inventory adjustments of $1,598 as of March 31, 2017.
3. Production and toll-processing costs for the period from March 16, 2016 to December 31, 2016 excludes typical inventory adjustments of $4,332 as of December 31, 2016.

Gold mining cash cost per ounce

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

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Gold (in thousands of dollars except per tonne or per ounce)						
Recoverable gold mined (ounces)[1]	33,516	11,450	9.480	7,544	5,042	20,794
Production costs (CDN$)	43,714[2]	$12,782[3]	$11,433[4]	$10,467[5]	$9,032[6]	32,570[7]
Average exchange rate (CDN$1 – US$)	0.77	0.79	0.80	0.74	0.75	0.76
Cash cost mined (US$)	$33,800	$10,097	$9,128	$7,783	$6,792	$24,752
Gold mining cash cost per ounce (US$ per ounce mined)	$1,008	$882	$963	$1,032	$1,347	$1,190

1. Recoverable gold mined is computed at an average recovery rate of 90% of gold mined ounces.
2. Operating costs less tolling ($22,103), royalty costs ($5,682) and stock adjustment ($527) plus typical inventory adjustments ($4,587).
3. Operating costs less tolling ($7,127), royalty costs ($2,310) and stock adjustment ($1,987).

4. Operating costs less tolling ($6,533) and royalty costs ($1,427) plus stock adjustment ($3,337).
5. Operating costs less tolling ($4,941), royalty costs ($622) and stock adjustment ($600) plus typical inventory adjustments ($2,989).
6. Operating costs less tolling ($3,502), royalty costs ($1,323) and stock adjustment ($1,277) plus typical inventory adjustments ($1,598).
7. Operating costs less tolling ($10,907) and royalty costs ($4,189) plus stock adjustment ($5,014) and typical inventory adjustments ($4,322).

Toll processing costs, deducted from operating costs to determine production costs, have been revised in each of the three prior quarters in 2017 to include tolling-related costs (primarily haulage including fuel) which are unrelated to mining. Production costs have also been revised in each of the three prior quarters in 2017 to include stock adjustments representing the difference between opening and closing inventories of gold ore and gold in process,

Gold cash cost per ounce after by-product credits

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

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Gold cash cost per ounce after by-product credits (in thousands of dollars except per tonne or per ounce.)						
Tonnes of gold mineralization processed	552,531	157,739	182,322	98,140	114,330	351,458
Cash cost, before by-product credits						
Production and toll-processing costs (including general and administrative related to production)	$65,967	$22,737	$15,810	$14,541[1]	$12,879[2]	$41,424[3]
Royalty expense	6,018	2,049	1,725	691	1,553	5,094
Cash cost, before by-product credits (related to tonnes processed) (CDN$)	$71,985	$24,786	$17,535	$15,232	$14,432	$46,518
Total by-product credits, net of pre-production credits	$6,037	$1,230	$1,941	$1,864	$1,002	$10,004
Cash cost, after by-product credits (related to tonnes processed) (CDN$)	$65,948	$23,556	$15,594	$13,368	$13,430	$36,514
Average exchange rate (CDN$1 – US$)	0.77	0.79	0.80	0.74	0.75	0.76
Cash cost, after by-product credits (US$)	$51,025	$18,529	$12,457	$9,940	$10,099	$27,904
Cash cost, after by-product credits (per tonne processed)	$92	$117	$68	$101	$88	$79
Ounces of gold sold (payable)	33,578	12,896	8,659	5,891	6,132	20,958
Cash cost, after by-product credits (US$)	$51,025	$18,529	$12,457	$9,940	$10,099	$27,904
Cash operating cost, after by-product credits (per ounce sold) (US$)	$1,520	$1,437	$1,439	$1,687	$1,647	$1,331

1. Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 2017.
2. Production and toll-processing costs for the three months ended March 31, 2017 excludes typical inventory adjustments of $1,598 as of March 31, 2017.
3. Production and toll-processing costs for the period from March 16, 2016 to December 31, 2016 excludes typical inventory adjustments of $4,332 as of December 31, 2016.

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus corporate general and administrative costs (“G&A”) plus sustainable capital expenditures. For the period ended December 31, 2017, $15.5 million and $3.4 million of gold and nickel additions to property, plant and equipment, respectively, were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production.

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Nickel (in thousands of dollars except per tonne or per lb.)						
Tonnes of nickel sold (payable)	531	109	157	162	103	1,289
Cash operating cost (US$)	$3,494	$456	$1,181	$1,183	$674	$6,257
General and administration – corporate (US$)	334	10	15	301	8	93
Sustaining capital expensitures (US$)	-	-	-	-	-	-
All-in sustaining cost (US$)	$3,828	$466	$1,196	$1,484	$682	$6,350
All in sustaining cost (per tonne sold) (US$)	$7,202	$4,282	$7,596	$9,150	$6,618	$4,927
All-in sustaining cost (per lb sold) (US$)	$3.27	$1.94	$3.45	$4.15	$3.00	$2.23
Gold (in thousands of dollars except per tonne or per ounce)						
Ounces of gold sold	33,578	12,896	8,659	5,891	6,132	20,958
Cash operating cost (US$)	$52,180	$19,040	$12,818	$10,144	$10,178	$29,130
General and administration – corporate (US$)	235	65	111	-	59	
Sustaining capital expenditures (US$)	2,695	1,252	1,001	277	165	5,712
All-in sustaining cost (US$)	$55,110	$20,357	$13,930	$10,421	$10,402	$34,842
All-in sustaining cost (per ounce sold) (US$)	1,641	$1,579	$1,609	$1,769	$1,697	$1,662

All-in Sustaining Cost after by-product credits

All-in sustaining cost represents cash operating cost net of by-product credits plus G&A plus sustainable capital expenditures. For the period ended December 31,2017, $15.5 million gold additions to property, plant and equipment were excluded in the determination of sustainable capital expenditures because they related to areas of the mines which were not currently in production.

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from March 16, 2016 to December 2016
Gold (in thousands of dollars except per tonne or per ounce)						
Ounces of gold sold	33,578	12,896	8,659	5,891	6,132	20,958
Cash operating cost net of by-product credits	$51,025	$18,529	$12,457	$9,940	$10,099	$27,904
General and administration – corporate (US$)	563	69	126	301	67	-
Sustaining capital expenditures (US$)	2,695	1,252	1,001	277	165	5,805
All-in sustaining cost net of by-product credits (US$)	$54,283	$19,850	$13,584	$10,518	$10,331	$33,709
All-in sustaining cost net of by-product credits (per ounce sold) (US$)	$1,617	$1,539	$1,569	$1,786	$1,685	$1,608

REED MINE

The Corporation's Reed Mine operation (30% interest) relates to the extraction of copper metal, for which cash operating costs are disclosed below:

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from April 27, 2016 to December 2016
Copper (in thousands of dollars except per tonne or per lb.)						
Tonnes of copper ore processed	138,125	30,669	35,261	36,334	35,861	93,546
Mining costs	$12,293	$3,344	$2,937	$3,138	$2,874	$6,618
Transport	3,100	851	781	1,100	368	2,873
Milling costs	8,348	1,877	1,756	2,518	2,197	5,565
General and administration related to production	878	241	202	234	201	506
Operating costs, before by-product credits (CDN$)	$24,619	$6,313	$5,676	$6,990	$5,640	$15,562
By-product credits	(2,928)	(820)	(710)	(660)	(738)	(1,924)
Operating costs, net of by-product credits (CDN$)	$21,689	$5,492	$4,965	$6,330	$4,902	$13,637
Average exchange rate (CDN$1 – US$)	0.77	0.79	0.80	0.74	0.75	0.76
Cash operating cost (US$)	$16,692	$4,319	$3,965	$4,702	$3,706	$10,399
Cash operating cost (per tonne processed) (US$)	$121	$141	$112	$129	$103	$111
Tonnes of copper sold (payable)	4,327	994	1,163	1,354	816	3,358
Cash operating cost (US$)	$16,692	$4,319	$3,965	$4,702	$3,706	$10,399
Cash operating cost (per tonne sold) (US$)	$3,858	$4,344	$3,409	$3,474	$4,542	$3,097
Cash operating cost (per lb. sold) (US$)	$1,75	$1,97	$1.55	$1.58	$2.06	$1.40

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus corporate G&A plus sustainable capital expenditures

	Period from January 2017 to December 2017	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Period from April 27, 2016 to December 2016
Copper (in thousands of dollars except per tonne or per lb.)						
Tonnes of copper sold (payable)	4,327	994	1,163	1,354	816	3,358
Cash operating cost (US$)	$16,692	$4,319	$3,965	$4,702	$3,706	$10,399
General and administration – corporate (US$)	74	8	14	24	28	549
Sustaining capital expenditures (US$)	345	7	39	229	38	103
All-in sustaining cost (US$)	$17,111	$4,334	$4,018	$4,955	$3,772	$11,051
All-in sustaining cost (per tonne sold) (US$)	$3,858	$4,358	$3,456	$3,660	$4,622	$3,291
All-in sustaining cost (per lb sold) (US$)	$1.79	$1.98	$1.57	$1.66	$2.10	$1.49

Adjusted Loss for the Period

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

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

	Year Ended December 31,	
(in thousands of dollars)	**2017**	2016
Loss for the period – as reported	**$(91,061)**	$(28,617)
Non-cash impairments	**59,406**	17,445
Net loss from gold operations capitalized	**(20,642)**	(17,006)
Acquisition costs	**-**	2,650
Change in fair value – senior secured facility	**-**	4,111
Accretion – long term debt	**1,697**	2,170
Foreign exchange loss	**361**	535
Adjusted Loss for the Period	**$(50,239)**	$(18,712)
Weighted average number of shares	**291,114,710**	216,931,186
Adjusted Loss per share	**$(0.17)**	$(0.09)

Adjusted EBITDA and Adjusted EBITDA per share

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

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

Other companies may calculate EBITDA differently. Adjusted EBITDA is a non-IFRS measure, which excludes the following from loss and comprehensive loss: deferred income tax expense (recovery); other expense (income), net (see note 24 of the 2017 audited consolidated financial statements); depreciation and amortization; one time costs (acquisition costs); and share-based payments and includes depreciation and amortization on gold property plant and equipment and pre-commercial gold cost of sales net of gold revenue.

	Year ended December 31,	
(in thousands of dollars)	**2017**	2016
Loss for the period	**$(91,061)**	$(28,617)
Deferred income tax expense (recovery)	**(6,134)**	474
Other expenses, net (note 24 of the 2017 audited consolidated financial statements)	**19,251**	4,842
Non-cash share-based payments	**672**	2,314
Non-cash impairment charge	**59,406**	17,445
Depreciation and amortization	**17,515**	6,155
EBITDA	**(351)**	$2,613
Pre-commercial (gold cost of sales in excess of gold revenue) gold revenue in excess of cost of sales	**(20,642)**	(17,006)
Pre-commercial capitalized depreciation and amortization on gold property, plant and equipment	**8,767**	7,210
Acquisition costs	**-**	2,650
Adjusted EBITDA	**$(12,226)**	$(4,533)
Weighted average number of common shares	**291,114,710**	216,931,186
Adjusted EBITDA per share	**($0.04)**	$(0.02)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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

This MD&A uses the terms "measured" and "indicated" mineral resources and "inferred" mineral resources. The Corporation advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the SEC. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "inferred" or "indicated" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of a "measured", "indicated" or "inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.