ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2018 and 2017

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of Royal Nickel Corporation have been prepared by and are the responsibility of management and have not been reviewed by the auditors.

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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

May 11, 2018

Royal Nickel Corporation

Consolidated Interim Balance Sheets

(Expressed in thousands of Canadian dollars)
(Unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (note 1)	**$19,948**	$24,400
Amounts receivable (note 4)	**1,524**	5,479
Inventories (note 5)	**-**	4,788
Assets held for sale (note 3)	**28,640**	-
	50,112	34,667
Non-current assets		
Property, plant and equipment (note 6)	**3,713**	23,509
Mineral property interests (note 7)	**49,837**	48,956
Investment in associate	**1,681**	1,642
Other non-current assets	**56**	213
Total assets	**$105,399**	$108,987
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	**$5,645**	$33,777
Share incentive plans	**1,820**	1,405
Asset retirement obligations	**868**	866
Current portion of long-term debt (note 8)	**2,651**	8,258
Current portion of convertible debentures (note 9)	**8,813**	3,011
Deferred revenue (note 10)	**5,391**	13,296
Finance leases	**30**	518
Derivative financial liability (note 11)	**351**	2,581
Liabilities related to assets held for sale (note 3)	**47,312**	
	72,881	63,712
Non-current liabilities		
Deferred revenue (note 10)	**-**	292
Asset retirement obligation	**496**	1,348
Deferred income tax liability	**7,730**	7,809
Long-term debt (note 8)	**414**	4,619
Convertible debentures (note 9)	**14,263**	18,094
Finance leases	**136**	138
Derivative financial liability (note 11)	**37**	998
Other non-current liabilities and provisions	**1,030**	1,063
Total liabilities	**96,987**	98,073
EQUITY		
Share capital	**172,674**	164,158
Contributed surplus	**29,822**	28,868
Accumulated other comprehensive (loss) income	**(494)**	227
Deficit	**(204,909)**	(192,271)
Equity (deficit) attributable to RNC shareholders	**(2,907)**	982
Non-controlling interests	**11,319**	9,932
Total equity	**8,412**	10,914
Total liabilities and equity	**$105,399**	$108,987

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

Going concern (note 1)

Royal Nickel Corporation

Consolidated Interim Statements of Loss and Comprehensive Loss

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

	Three months ended March 31, 2018	2017
Revenue	**$6,277**	$6,143
Cost of operations		
Production and toll-processing costs	**1,241**	4,902
General and administrative (note 14)	**2,659**	1,787
Depreciation and amortization	**2,814**	2,425
Operating loss	**437**	2,971
Other expenses, net (note 17)	**1,494**	77
Loss before income tax	**1,931**	3,048
Deferred income tax expense (recovery)	**(109)**	64
Loss for the period from continuing operations	**1,822**	3,112
Loss for the period from discontinued operations (note 3)	**10,727**	1,310
Total loss for the period	**$12,549**	$4,422
Attributable to:		
RNC shareholders from continuing operations	1,675	3,112
RNC shareholders from discontinued operations	10,727	1,310
Non-controlling interests	147	-
Other comprehensive loss income for the period		
Currency translation adjustments	(721)	412
Comprehensive loss for the period	**11,828**	4,834
Attributable to:		
RNC shareholders from continuing operations	1,675	3,112
RNC shareholders from discontinued operations	10,006	1,722
Non-controlling interests	147	-
Loss per share attributable to RNC shareholders Basic and diluted (note 15) – Continuing operations	**$0.01**	$0.01
Loss per share attributable to RNC shareholders Basic and diluted (note 15) – Discontinued operations	**$0.03**	$0.01
Total loss per share attributable to RNC shareholders Basic and diluted	**$0.04**	$0.02

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

Royal Nickel Corporation

Consolidated Interim Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Three months ended March 31, 2018	2017
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	**$(12,549)**	$(4,422)
Deferred revenues received over amounts earned	**5,946**	(981)
Items not involving cash:		
Depreciation and amortization	**3,476**	2,612
Deferred income tax	**(142)**	(462)
Other expenses (note 17)	**1,274**	3,541
Shares issued for consulting services	**370**	15
Share-based payments	**1,306**	394
Foreign exchange loss (gain)	**180**	(1,169)
	(139)	(472)
Changes in working capital		
Amounts receivable and prepaid expenses	**1,075**	3,022
Inventories	**(3,922)**	1,431
Accounts payable and accrued liabilities	**(1,063)**	5,848
	(4,049)	9,829
INVESTING ACTIVITIES		
Expenditures on mineral property interests	**(842)**	(551)
Acquisition of property, plant and equipment	**(275)**	(10,571)
Proceeds from the sale of an investment	**73**	-
	(1,044)	(11,122)
FINANCING ACTIVITIES		
Issuance of shares, net of costs	**1,600**	-
Issuance of long-term debt	**-**	968
Private placement – Orford	**483**	-
Repayments of long-term debt	**(1,169)**	(369)
Exercise of options and warrants	**32**	3
Principal payments on finance leases	**(97)**	(599)
	849	3
Change in cash and cash equivalents	**(4,244)**	(1,290)
Cash and cash equivalents, beginning of period	**24,400**	4,845
Cash and cash equivalents, end of period [1]	**$20,156**	$3,555
Components of cash and cash equivalents:		
Cash	**$9,260**	$418
Cash equivalents	**10,896**	3,137
	$20,156	$3,555

1 Cash and cash equivalents include $208 in assets held for sale

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

Royal Nickel Corporation

Consolidated Interim Statements of Changes in Equity

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

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
	Number	Amount						
Balance as at January 1, 2018	**307,906,648**	**$164,158**	**$28,868**	**$227**	**$(192,271)**	**$982**	**$9,932**	**$10,914**
Shares issued for consulting services	1,311,174	370	-	-	-	370	-	370
Shares issued in settlement of debt financing	3,499,407	717	-	-	-	717	-	717
Private placement – common shares (note 12)	45,931,562	7,397	-	-	-	7,397	-	7,397
Private placement - Orford	-	-	-	-	-	-	1,195	1,195
Exercise of stock options	180,000	32	-	-	-	32	-	32
Change in minority interest	-	-	-	-	(236)	(236)	339	103
Share-based payments	-		954	-	-	954	-	954
Loss for the period	-	-	-	-	(12,402)	(12,402)	(147)	(12,549)
Other comprehensive income	-	-	-	(721)	-	(721)	-	(721)
Balance as at March 31, 2018	**358,828,791**	**$172,674**	**$29,822**	**$(494)**	**$(204,909)**	**$(2,907)**	**$11,319**	**$8,412**

	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	54,545	15	-	-	-	15	-	15
Exercise of stock options	20,000	3	-	-	-	3	-	3
Share-based payments	-	-	158	-	-	158	-	158
Loss for the period	-	-	-	-	(4,422)	(4,422)	-	(4,422)
Other comprehensive loss				412	-	412	-	412
Balance as at March 31, 2017	276,236,052	$157,937	$27,683	$499	$(105,987)	$80,132	$3,903	$84,035

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

Notes to Condensed Consolidated Interim Financial Statements

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

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 consolidated interim financial statements of the Corporation as at and for the period ended March 31, 2018 are comprised of RNC, its subsidiaries Orford Mining Corporation ("**Orford**") (formerly 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**") 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 development of a portfolio of base and precious metal assets. 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 accompanying unaudited 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 March 31, 2018, the Corporation had negative working capital of $22,769, an accumulated deficit of $204,909 and had a net loss of $12,549 for the period then ended. Working capital included cash and cash equivalents of $20,156 (including $208 in respect of discontinued operations), of which $17,164 is dedicated to the Magneto JV. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Corporation's ability to continue future operations and fund its operations and successfully operate its Beta Hunt Mine (SLM), which is classified as an asset held for sale as per note 3, 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 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 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, 2017.

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 May 11, 2018.

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. Certain figures for the prior period were restated to reflect the impacts of the asset held for sale treatment as described in note 3.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2017, except for the following:

(i) Share based payments – IFRS 2

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

(ii) Financial instruments – IFRS 9

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

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

Reference is made to note 11 for the disclosure of the Corporation's derivative financial instruments.

(iii) Revenues from Contracts with Customers – IFRS 15

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

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

Reference is made to note 19 for the disclosure of the Corporation's sales by product and region.

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

Financial Instruments

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

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

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

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

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

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

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

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

Revenue Recognition

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

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

Recent accounting pronouncements not yet adopted

Leases – IFRS 16

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

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On March 22, 2018, the Corporation announced that the Beta Hunt operation was no longer a core asset and that it had initiated a strategic process which may include the sale of all or a portion of the operation. Advisors were appointed to seek indicative offers for the acquisition of the Beta Hunt mines. As at March 31, 2018, management is committed to the sale of the Beta Hunt mines in their present condition, which is expected to be completed within a year from the date of the classification as assets of a disposal group held for sale. As a result, revenues, expenses and losses relating to the discontinuation of this operation have been segregated from the Corporation's results from continuing operations and are shown as a single line item in the consolidated statement of loss and comprehensive loss. The assets and the liabilities are also presented as a single line item in the consolidated statements of financial position. The Corporation was required to re-measure them to the lower of carrying value and fair value less cost to sell. No loss on the re-measurement was recorded for the quarter ended March 31, 2018.

Operational results for the first three months of 2018 and 2017 are as follows:

	Three Months Ended March 31,	
	2018	**2017**
Revenue	$15,148	$981
Cost of operations		
Production and toll-processing costs [1]	19,395	666
Royalty expense	1,541	230
General and administrative	32	89
Depreciation and amortization	564	187
Operating loss [2]	6,384	191
Other expenses	4,376	1,645
Loss before income tax	10,760	1,836
Deferred income tax recovery	(33)	(526)
Loss for the period from discontinued operations	$10,727	$1,310

[1] Includes $4,041 in respect of capital related costs incurred in the first quarter of 2018.

[2] The Beta Hunt mine was not in commercial production in the first quarter of 2017 and is treated as a discontinued operation in the first quarter of 2018. In the first quarter of 2017, the operating loss excludes gold pre-commercial cost of sales, net of gold revenue, of $9,652 which includes $4,488 of depreciation and amortization.

Cash flows used in discontinued operations are as follows:

	Three Months Ended March 31,	
	2018	**2017**
Cash used in operations prior to changes in working capital [1]	($4,294)	($1,134)
Changes in working capital	(1,437)	7,701
Cash flows provided by (used in) operating activities	(5,731)	6,567
Cash flows used in investing activities	(275)	(10,219)
Cash flows used in financing activities	(613)	(597)
	($6,619)	($4,249)

[1] The Beta Hunt mine was not in commercial production in the first quarter of 2017 and is treated as a discontinued operation in the first quarter of 2018. In the first quarter of 2018, $4,041 of capital-related costs were expensed as incurred rather than capitalized. In the first quarter of 2017, operating loss excludes gold pre-commercial cost of sales, net of gold revenue, of $9,652 which includes $4,488 of depreciation and amortization.

Assets and liabilities related to SLM are as follows:

	As at March 31, 2018
Assets	
Cash and cash equivalents	$208
Amounts receivable and prepaids	2,944
Inventories	8,710
Property, plant and equipment	16,778
Total assets	$28,640
Liabilities	
Accounts payable and accrued liabilities	$25,251
Long-term debt	9,416
Deferred revenue	9,523
Finance leases	393
Derivative financial liability	1,868
Asset retirement obligation	861
Total liabilities	$47,312

4. AMOUNTS RECEIVABLE AND PAYABLE

Amounts receivable consist of the following:

	March 31, 2018	December 31, 2017
Trade accounts receivable	**$792**	$2,003
Deposits	**-**	62
Prepaid expenses	**376**	3,060
Commodity taxes	**220**	218
Tax credits	**136**	136
	$1,524	$5,479

Accounts payable and accrued liabilities consist of the following:

	March 31, 2018	December 31, 2017
Trade accounts payable	**$1,256**	$17,084
Accrued liabilities	**4,389**	12,051
Amount owing to Auramet in respect of financing	**-**	4,642
	$5,645	$33,777

5. INVENTORIES

Inventories consist of the following:

	March 31, 2018	December 31, 2017
Gold ore and gold in process	**$-**	**$4,487**
Supplies	**-**	**271**
Fuel	**-**	**30**
	$-	**$4,788**

As at December 31, 2017, $981 of net realizable value adjustments were recorded for gold ore and gold in process.

6. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Vehicles	Camp, Furniture and equipment	Beta Hunt mine - Gold	Beta Hunt mine - Nickel	Reed mine	Under-ground Equip-ment	Mine Buildings	Total
Three Months ended March 31, 2018									
Opening net book amount	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**
Additions	-	10	25	-	-	-	240	-	275
Foreign exchange	-	4	5	54	53	-	61	-	177
Depreciation for the period	(4)	(34)	(88)	(176)	(77)	(2,844)	(246)	(1)	(3,470)
Assets held for sale	-	(416)	(406)	(4,966)	(4,964)	-	(5,980)	(46)	(16,778)
Closing net book amount	**$225**	**$483**	**$330**	**$-**	**$-**	**$2,675**	**$-**	**$-**	**$3,713**
At March 31, 2018									
Cost	$246	$560	$1,145	$-	$-	$22,040	$-	$-	$23,991
Accumulated depreciation	(21)	(77)	(815)	-	-	(19,365)	-	-	(20,278)
Net book amount	**$225**	**$483**	**$330**	**$-**	**$-**	**$2,675**	**$-**	**$-**	**$3,713**
At December 31, 2017									
Cost	$246	$1,065	$1,841	$27,170	$6,010	$22,040	$7,398	$65	**$65,835**
Accumulated depreciation	(17)	(127)	(997)	(21,453)	(890)	(16,521)	(1,168)	(15)	**(41,188)**
Foreign exchange	-	(19)	(50)	(629)	(132)	-	(305)	(3)	**(1,138)**
Net book amount	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**

7. MINERAL PROPERTY INTERESTS AND INTEREST IN MAGNETO JV

Exploration and evaluation expenses

	Magneto JV	West Raglan	Qiqavik	Carolina Properties	Total
Balance as at December 31, 2017	$ 30,990	$ 10,600	$ 6,852	$ 514	$ 48,956
Property acquisition and maintenance	5	97	15	78	195
Depreciation	3	12	6	-	21
Engineering and technical support	16	-	-	282	298
Exploration	2	-	244	-	246
Environmental, community and permitting	85	-	18	-	103
Share-based payments	-	-	18	-	18
Balance as at March 31, 2018	**$ 31,101**	**$ 10,709**	**$ 7,153**	**$ 874**	**$ 49,837**

8. LONG-TERM DEBT

Long-term debt is comprised of the following:

	RNC YA II PN Note Agreement (i)	RNC IQ Loan (ii)	SLM Senior Secured Loan Facility (iii)	Total	Discontinued Operations	Continuing Operations
Balance as at December 31, 2017	$ 3,130	$ 544	$ 9,203	$ 12,877	$ (9,203)	$ 3,674
Restructuring cost	(114)	-	-	(114)	-	(114)
Repayments	(915)	(10)	(518)	(1,443)	518	(925)
Accretion expense	369	-	464	833	(464)	369
Change due to foreign exchange translation	61	-	267	328	(267)	61
Balance as at March 31, 2018	**2,531**	**534**	**9,416**	**12,481**	**(9,416)**	**3,065**
Less current portion	2,531	120	6,189	8,840	(6,189)	2,651
Non-current portion	$ -	$ 414	$ 3,227	$ 3,641	$ (3,227)	$ 414

(i) YA II PN Note Agreement

The note agreement bears 12% annualized interest. The principal and interest are repaid over a five-month period from April 2018 to August 2018 with US$286 principal repaid in months one to four and a final payment of US$786 in September 2018.

(ii) IQ Loan

The Investissement Quebec ("IQ") loan is repayable in 59 monthly principal re-payments in the amount of $10 each. The rate of interest is based on prime plus 0.25% and the loan is secured by a general security agreement granted by the Corporation over certain personal and intangible property.

(iii) Senior Secured Loan Facility

On December 8, 2017, SLM entered into a Senior Secured Loan Facility with Auramet in the amount of US$12,650 ($16,268) which comprised a US$9,000 ($11,574) cash loan with a gold coupon and a US$3,650 ($4,694) nickel prepayment loan. Under the terms of the facility, Auramet subscribed for 29,750,312 common shares of the Corporation at a price of C$0.16 per share which were issued on

January 3, 2018. The proceeds of the facility were used to satisfy the remaining obligation under the Senior Secured Gold Loan to deliver 11,760 ounces of gold.

Security for the facility includes a first priority security interest and mortgage over all SLM assets, a VMS guarantee secured by all VMS assets, and limited recourse guarantee by the Corporation secured by a pledge of SPC and Orford shares. The facility is subject to certain covenants including A$2 million minimum liquidity (waived at March 31, 2018) and restrictions on dividends or return of capital to the Corporation,

The US$9,000 cash loan is repayable with fifteen monthly payments of US$400 ($514) starting on March 31, 2018 and a final bullet payment of US$3,000 ($3,514) on June 30, 2019. The non-interest bearing loan includes a gold coupon of 115 ounces per month over a nineteen month period from December 2017 to June 2019. The loan may be repaid early at any time subject to a 2% fee. The US$3,650 nickel prepayment loan was to be repaid by the delivery of 372 tonnes of nickel over a five-month period commencing March 2018 and ending July 2018 (see note 10). The nickel prepayment loan can be repaid at any time without a penalty.

As part of the restructured debt facility, the Corporation also granted Auramet call options on 1,000 ounces of gold per month from September 2018 to August 2019 and 1,125 ounces for September 2019 at a AUD$1,750 ($1,690) per ounce strike price (note 11).

9. CONVERTIBLE DEBENTURES

The Corporation's 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 are 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 three months ended March 31, 2018:

	Waterton (i)	**Pala (ii)**	**Total**
Balance as at December 31, 2017	$ 12,832	$ 8,273	$ 21,105
Repayments	-	(329)	(329)
Change in fair value of derivative	1,018	277	1,295
Accretion expense	49	357	406
Change due to foreign exchange translation	364	235	599
Balance as at March 31, 2018	**14,263**	**8,813**	**23,076**
Less current portion	-	8,813	8,813
Non-current portion	$ 14,263	$ -	$ 14,263

(i) Waterton

On June 7, 2017, the Corporation issued an unsecured convertible debenture in the amount of US$10,000 ($13,492) to Waterton (the "Waterton Debenture"). The Waterton Debenture bears interest at a rate of 10% per annum, payable quarterly, and has a four-year term. The debenture is 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.

The debenture is also convertible at the holder's option into units (a "Unit Conversion") of the Magneto JV. After receiving any notice of a Unit Conversion in excess of US$4,500, the Corporation would have the right to prepay such excess principal plus applicable pre-payment fees and maintain a 40% interest in the Magneto JV.

The following table summarizes the activity for the debenture for the three months ended March 31, 2018:

	Waterton Debenture		
	Host	**Derivative**	**Total**
Balance as at December 31, 2017	$ 10,793	$ 2,039	$ 12,832
Change in fair value of derivative	-	1,018	1,018
Accretion expense	49	-	49
Change due to foreign exchange translation	307	57	364
Balance as at March 31, 2018	**11,149**	**3,114**	**14,263**
Less current portion	**-**	**-**	**-**
Non-current portion	$ 11,149	$ 3,114	$ 14,263

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 March 31, 2018 and December 31, 2017:

	As At	
	March 31, 2018	**December 31, 2017**
Stock Price (in CAD)	$ 0.25	$ 0.18
CAD/USD Exchange Rate	$ 1.2894	$ 1.2545
Stock Price Volatility	53%	50%
Bond Yield	14.3%	15.8%
Risk Free Rate	2.4%	2.5%

(ii) Pala

On December 14, 2017, the Corporation issued a convertible debenture in the amount of US$6,000 ($7,683) to Pala (the "Pala Debenture"). The Pala Debenture bears interest at a rate of 14% per annum, compounded and payable monthly during the fifteen-month term. The Pala Debenture is repayable in 15 equal monthly principal installments of US$200 ($256) beginning in January 2018, in either nickel tonnes or cash at Pala's election as well as a lump sum payment for the remaining US$3,000 ($3,842) in March 2019, also payable in either nickel tonnes or cash at Pala's election. The Pala Debenture is secured by a second priority security interest over all SLM assets (subordinate to the Senior Secured Loan Facility in place with Auramet). If an event of default occurs including non-payment of principal or interest, failure to make any payment when it falls due on other debt exceeding $500, or a change of control, the interest rate increases to 20% and Pala can exercise an option to be paid the outstanding amount in cash or nickel tonnes. Under the terms of the debenture agreement, the five million share purchase warrants issued pursuant to Pala Debenture September were cancelled in return for a 2.25% royalty on future Beta Hunt nickel production commencing April 1, 2019. Of the US$6,000 proceeds, US$2,000 ($2,561) was received in cash, net of fees, and the remainder was used to settle a previous convertible debenture with Pala in full. The following table summarizes the activity for the debenture for the three months ended March 31, 2018:

	Pala Debenture
Balance as at December 31, 2017	$ 8,273
Repayments	(329)
Change in fair value of derivative	277
Accretion expense	357
Change due to foreign exchange translation	235
Balance as at March 31, 2018	**8,813**
Less current portion	8,813
Non-current portion	$ -

The Corporation measured the nickel derivatives embedded in the fifteen-month payment portion of the debt utilizing the Black-Scholes option valuation model. The model's volatility parameter is derived from price quotes of similar options. The derivative embedded in the lump sum payment portion of the debt represents a compound option on both the price of nickel and the Corporation's stock price. It is evaluated utilizing a Monte Carlo technique that generates random paths for both prices and determines which of the nickel or equity option, if any, is optimal to exercise from the investor's point of view. Risk-free rates underlying the valuations are based notably on Canadian and US overnight index swap rates and CAD/USD exchange rates. The table below summarizes the assumptions underlying the valuations on both March 31, 2018 and December 31, 2017:

	As At	
	March 31, 2018	**December 31, 2017**
Stock Price (in CAD)	$ 0.25	$ 0.18
CAD/USD Exchange Rate	$ 1.2894	$ 1.2545
Stock Price Volatility	53%	46%
Nickel Price Volatility	32%	32%
CAD/USD Exchange Rate Volatility	8%	8%
Risk Free Rate	0.9%	0.9%

10. DEFERRED REVENUE

As at March 31, 2018 and December 31, 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:

As at March 31, 2018	Senior Gold Loan (i)	Loan Facility Gold (ii)	Senior Copper Loan (iii)	Total
Continuing operations				
VMS				
1,875,000 pounds of copper	$ -	$ -	$ 5,391	$ 5,391
Discontinued operations				
SLM				
5,356 ounces of gold	8,783	-	-	8,783
1,725 ounces of gold	-	740	-	740
	8,783	740	5,391	14,914
Current portion	8,783	592	5,391	14,766
Non-current portion	$ -	$ 148	$ -	$ 148

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

(i) Senior Secured Gold Loan

The Corporation has a US$6,500 ($8,728) working capital facilities with Auramet which is comprised of a US$5,500 ($7,385) in-process gold facility and a US$1,500 ($1,882) million in-process nickel facility. The facility is classified as deferred revenue.

(ii) Senior Secured Loan Facility

As described in note 8(iii), the Senior Secured Loan Facility with Auramet included an obligation to deliver nickel and gold. The nickel component was for a delivery of 372 tonnes over a five-month period commencing March 2018 and ending July 2018. The gold component was for a delivery of 2,185 ounces over a fifteen-month period commencing March 2018 and ending June 2019. During the first quarter of 2018, it was determined that the nickel component would no longer meet the requirement to be classified as deferred revenue. Consequently, the obligation is measured at fair value and included in accounts payable and accrued liabilities as part of the liabilities related to assets held for sale.

(iii) Senior Copper Loan

On December 19, 2016, the Corporation closed a US$6,500 ($8,728) Senior Secured Copper Loan and US$5,000 working capital facility with Auramet. The Senior Secured Copper Loan is repayable by the physical delivery of 2,825,000 pounds of copper over a twelve-month period commencing on January 31, 2017. The Corporation also granted call options to Auramet on 2,000,000 pounds of copper, with a strike price of US$3.30 per pound and expiration dates from September 29, 2017 through December 29, 2017 which have matured. The US$5,000 ($6,714) copper working capital facility takes into account time value and bears interest at a rate of LIBOR plus 4.5% per annum, and forms part of agreements providing for the purchase by Auramet at market rates of all VMS's share of the copper produced by the Reed mine during the term of the Senior Secured Copper Loan. The proceeds from these agreements were used to fully repay a loan from Hudbay. The US$6,500 Senior Secured Copper Loan was classified as deferred revenue. The security granted to Auramet in connection with the Senior Secured Copper Loan includes a pledge by RNC of its shares in VMS. The Senior Secured Copper Loan is repayable at any time without penalty.

11. 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 March 31, 2018, all of the Corporation's derivative financial instruments have been classified as Level 2 financial instruments according to the Corporation's fair value hierarchy. The fair value of these instruments is determined using discounted future cash flows based on forward metals curves and, in the case of options, the Black-Scholes Method.

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

	Continuing Operations	**Discontinued Operations**	**Three Months ended March 31, 2018 Total**
Opening balance	**$(1,600)**	$(1,979)	$(3,579)
Change due to foreign exchange	**(44)**	(30)	(74)
Net change in fair value of derivative instruments	**1,256**	141	1,397
Balance, end of period	**$(388)**	$(1,868)	$(2,256)

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

	Maturity			Balance Sheet Classification	
VMS	**Current**	**Non-Current**	**Total**	**Current (Liabilities)**	**Non-Current (Liabilities)**
Copper call option sell contracts					
Pounds	2,250,000	100,000	**2,350,000**		
Average price per pound (in USD)	$3.08	$2.95	**$3.08**		
Fair value liability at March 31, 2018	($346)	($37)	**($383)**	($346)	($37)
Copper forward sell contracts					
Pounds	50,000	-	**50,000**		
Average price per pound (in USD)	$2.95	-	**$2.95**		
Fair value liability at March 31, 2018	($5)	-	**($5)**	($5)	-
From Continuing Operations				**($351)**	**($37)**
SLM					
Gold call option sell contracts					
Ounces	13,000	6,025	**19,025**		
Average price per ounce (in AUD)	$1,819	$1,750	**$1,819**		
Fair value liability at March 31, 2018	($422)	($588)	**($1,010)**	($422)	($588)
Nickel call option sell contracts					
Metric tonnes	288	-	**288**		
Average price per tonne (in USD)	$11,500	-	**$11,500**		
Fair value liability at March 31, 2018	($339)	-	**($339)**	($339)	-
Gold forward sell contracts					
Ounces	12,316	-	**12,316**		
Average price per ounce (in AUD)	$1,692	-	**$1,692**		
Fair value liability at March 31, 2018	($411)	-	**($411)**	($411)	-
Nickel forward sell contracts					
Metric tonnes	48	-	**48**		
Average price per tonne (in USD)	$11,500	-	**$11,500**		
Fair value liability at March 31, 2018	($108)	-	**($108)**	($108)	-
From Discontinued Operations				**($1,280)**	**($588)**
Total				**($1,631)**	**($625)**

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

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

12. SHARE CAPITAL

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

On January 3, 2018, the Corporation issued 5,781,250 common shares to stakeholder at a price of $0.16 per share for value of $925 to settle amounts payable,

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

On March 28, 2018, the Corporation issued 400,000 common shares to Abitibiwinni First Nation in respect of an Impact and Benefit Agreement for the Dumont Nickel-Cobalt Project for a value of $112.

During the first three months of 2018, an aggregate amount of 3,499,407 common shares were issued to Ya II at an average share price of $0.205 for a value of $717 to settle a portion of its debt obligations.

13. SHARE INCENTIVE PLANS

Share Purchase Options

During the three months ended March 31, 2018, 11,416,000 share options were granted and the weighted average fair value of each share purchase option granted during the period, as estimated at the time of the grant, was $0.13. This was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	Three Months ended March 31, 2018
Share price	$0.24
Exercise price	$0.24
Risk free interest rate	2.0%
Expected life	4 years
Expected volatility	74%
Expected dividends	nil

The following table reflects the continuity of share options for the three months ended March 31, 2018:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2018	26,710,529	$0.37
Granted	11,416,000	0.24
Exercised	(180,000)	0.18
Expired	(1,224,000)	0.49
Balance as at March 31, 2018	**36,722,529**	**$0.33**

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

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
\$0.18–\$0.99	36,247,529	3.5	\$0.31	28,556,867	3.2	\$0.32
\$1.00–\$1.99	150,000	3.2	\$1.14	150,000	3.2	\$1.14
\$2.00–\$2.50	325,000	1.4	\$2.25	325,000	1.4	\$2.25
	36,722,529	**3.5**	**\$0.33**	**29,031,867**	**3.2**	**\$0.35**

Restricted Share Units

During the three months ended March 31, 2018, 1,127,989 restricted share units were granted, all of which vested immediately.

The following table reflects the continuity of restricted share units for the three months ended March 31, 2018:

	Number of Restricted Share Units
Balance as at January 1, 2018	8,575,015
Granted	1,127,989
Expired	(380,076)
Balance as at March 31, 2018	**9,322,298**

Included in the 9,322,298 restricted share units outstanding as at March 31, 2018, are 4,821,348 units that can only be settled for cash.

As at March 31, 2018, the weighted average remaining contractual life of the outstanding restricted share units was 1.6 years and all restricted share units were vested.

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months ended March 31,	
	2018	2017
Expense by nature		
Salaries, wages and benefits	**$435**	$419
Share-based payments	**1,306**	394
Professional fees	**64**	235
Consulting fees	**129**	42
Public company expenses	**82**	67
Office and general	**265**	426
Conference and travel	**52**	12
Investor relations	**276**	78
Business development	**23**	98
Depreciation and amortization	**27**	16
	$2,659	$1,787

15. LOSS PER SHARE

	Three Months ended March 31,	
	2018	2017
Loss attributable to RNC shareholders from continuing operations	**$(1,822)**	$(3,112)
Weighted average number of common shares	**352,933,176**	276,215,123
Loss per share attributable to RNC shareholders from continuing operations – basic and diluted	**$(0.01)**	$(0.01)

	Three Months ended March 31,	
	2018	2017
Loss attributable to RNC shareholders from discontinued operations	**$(10,727)**	$(1,310)
Weighted average number of common shares	**352,933,176**	276,215,123
Loss per share attributable to RNC shareholders from discontinued operations – basic and diluted	**$(0.03)**	$(0.01)

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-month periods ended March 31, 2018 and 2017, and accordingly, basic and diluted loss per share are the same.

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 March 31, 2018** **Carrying value**	**Fair Value**	As at December 31, 2017 Carrying value	Fair Value
Continuing operations				
Note Agreement (note 8) (level 2)	**$2,531**	**$2,671**	$3,130	$3,450
IQ Loan (note 8) (level 2)	**534**	**534**	544	544
Convertible Debentures (note 9) (level 3)	**23,393**	**25,887**	21,105	24,312
Discontinued operations				
Senior Secured Facility (note 8)	**9,416**	**11,089**	9,203	11,291

17. OTHER EXPENSES (INCOME), NET

	Three Months ended March 31, 2018 **2018 Continuing Operations**	**2018 Discontinued Operations**	2017 Continuing Operations	2017 Discontinued Operations
RNC				
Share of (gain) loss of associates	**$(39)**	**$-**	$5	$-
Accretion expense	**775**	**-**	-	-
Gain on sale of mineral property interest	**-**	**-**	(100)	-
(Gain) loss on other investment	**17**	**-**	(10)	-
Change in fair value – embedded derivative (note 9)	**1,295**	**-**	-	-
SLM				
Change in fair value – derivative financial instruments	**-**	**1,276**	-	88
Loss on settlement of derivative financial instruments	**-**	**-**	-	999
Loss of reclassification of deferred revenue (note 10)	**-**	**1,692**	-	-
Finance costs	**-**	**1,618**	-	1,244
VMS				
Change in fair value – derivative financial instruments	**(641)**	**-**	191	-
Other				
Finance and other expense	**151**	**127**	24	99
Other income	**(208)**	**-**	(33)	(207)
Foreign exchange loss (gain)	**144**	**(337)**	-	(578)
	$1,494	**$4,376**	$77	$1,645

18. SUPPLEMENTAL CASH FLOW INFORMATION

Other expense (income)

	Three months ended March 31,	
	2018	2017
Share of loss (gain) of associates	**$(39)**	$5
Derivative financial instruments	**(179)**	3,401
Asset retirement obligation	**11**	2
(Gain) loss on sale of investment	**17**	(10)
Accretion – long-term debt	**1,239**	143
Other	**225**	-
	$1,274	$3,541

Other supplemental information

	Three Months ended March 31,	
	2018	2017
Interest received	**$87**	$-
Interest paid	**458**	82
Share-based payments in mineral property interests	**18**	282
Depreciation of property, plant and equipment in mineral property interests	**21**	13
Mineral property interests in accounts payable and accrued liabilities	**-**	253
Property, plant and equipment in accounts payable and accrued liabilities	**112**	95

19. SEGMENTED INFORMATION

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

	Magneto JV Canada	Beta Hunt Mine Gold Australia	Beta Hunt Nickel Mine Nickel Australia	Reed Mine Copper Canada	Orford Canada	Corporate and other exploration Canada	Discontinued Operations	Total
Revenues	-	$13,452	$1,696	$6,277	-	-	($15,148)	$6,277
Production & toll-processing	-	17,524 [1]	1,871	1,241	-	-	(19,395)	1,241
Royalty expense	-	1,398	143	-	-	-	(1,541)	-
Depreciation and amortization	-	463	101	2,814	-	-	(564)	2,814
General and administrative	33	28	4	65	267	2,262	(32)	2,659
Operating (loss) income	($33)	($5,961)	($423)	$2,157	($267)	($2,262)	$6,384	($437)
Property, plant and equipment	$221	$11,814	$4,964	$3,154	$270	$68	(16,778)	$3,713
Mineral property interest	31,101	-	-	-	18,736	-	-	49,837
Total assets	49,043	23,676	4,964	3,282	22,168	2,266	-	105,399

1 Includes $4,041 in respect of capital-related costs incurred in the first quarter of 2018.

Three months ended March 31, 2017

	Dumont Canada	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Discontinued Operations [1]	Total
Revenue	$-	$981	$6,143	$-	$-	(981)	$6,143
Production and toll-processing costs	-	666	4,902	-	-	(666)	4,902
Royalty expense	-	230	-	-	-	(230)	-
Depreciation and amortization	-	187	2,425	-	-	(187)	2,425
General and administration	45	10	37	42	1,742	(89)	1,787
Operating loss	$(45)	$(112)	$(1,221)	$(42)	$(1,742)	191	$(2,971)

[1] The Beta Hunt mine was not in commercial production in the first quarter of 2017 and is treated as a discontinued operation in the first quarter of 2018. The operating loss for the first quarter of 2017 excludes gold pre-commercial cost of sales, net of gold revenue, of $9,652 which includes $4,488 depreciation and amortization.