ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three and Nine Months Ended September 30, 2018 and 2017

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

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Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

As at	September 30, 2018 $	December 31, 2017 $
ASSETS	**(Unaudited)**	
Current assets		
Cash and cash equivalents	**681**	24,400
Amounts receivable (note 4)	**2,129**	5,479
Inventories (note 5)	**4,527**	4,788
Assets held for sale (note 7)	**444**	-
	7,781	34,667
Non-current assets		
Property, plant and equipment (note 7)	**15,483**	23,509
Mineral property interests (note 8)	**-**	48,956
Investment in associates (note 6)	**26,613**	1,642
Other non-current assets	**51**	213
Total assets	**49,928**	108,987
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	**18,762**	33,777
Share incentive plans	**7,804**	1,405
Asset retirement obligations	**157**	866
Current portion of long-term debt (note 9)	**120**	8,258
Current portion of convertible debentures (note 10)	**-**	3,011
Deferred revenue (note 11)	**7,675**	13,296
Finance leases	**277**	518
Derivative financial liability (note 12)	**343**	2,581
	35,138	63,712
Non-current liabilities		
Deferred revenue (note 11)	**-**	292
Asset retirement obligation	**813**	1,348
Deferred income tax liability	**-**	7,809
Long-term debt (note 9)	**354**	4,619
Convertible debentures (note 10)	**-**	18,094
Finance leases	**-**	138
Derivative financial liability (note 12)	**-**	998
Other non-current liabilities and provisions	**1,050**	1,063
Total liabilities	**37,355**	98,073
EQUITY		
Share capital	**191,451**	164,158
Contributed surplus	**30,279**	28,868
Accumulated other comprehensive income	**4,182**	227
Deficit	**(213,339)**	(192,271)
Equity attributable to RNC shareholders	**12,573**	982
Non-controlling interests	**-**	9,932
Total equity	**12,573**	10,914
Total liabilities and equity	**49,928**	108,987

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

Going concern (note 1)
Subsequent events (note 21)

Royal Nickel Corporation

Condensed Interim Consolidated Statements of Comprehensive Loss

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

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Revenue	**43,397**	24,952	**96,694**	43,565
Cost of Operations				
Production and toll-processing costs	**29,060**	20,775	**73,305**	34,195
Royalty expense	**4,282**	1,725	**7,899**	2,024
General and administrative: share-based payments (note 15)	**8,862**	245	**9,354**	247
General and administrative: other (note 15)	**1,304**	1,194	**4,108**	4,250
Impairment charge	**-**	1,923	**-**	1,923
Depreciation and amortization	**538**	5,347	**7,217**	11,034
Operating loss	**(649)**	(6,257)	**(5,189)**	(10,108)
Other expenses, net (note 18)	**(6,715)**	(5,761)	**(15,484)**	(7,682)
Loss before income tax	**(7,364)**	(12,018)	**(20,673)**	(17,790)
Income tax (expense) recovery	**(146)**	(329)	**(517)**	5,935
Net loss for the period	**(7,510)**	(12,347)	**(21,190)**	(11,855)
Attributable to:				
RNC shareholders	**(7,510)**	(11,953)	**(20,939)**	(11,376)
Non-controlling interests	**-**	(394)	**(251)**	(479)
Other comprehensive (loss) income for the period:				
Currency translation adjustments (loss) gain	**(3,307)**	61	**(3,955)**	(172)
Comprehensive loss for the period	**(10,817)**	(12,286)	**(25,145)**	(12,027)
Attributable to:				
RNC shareholders	**(10,817)**	(11,892)	**(24,894)**	(11,548)
Non-controlling interests	**-**	(394)	**(251)**	(479)
Total loss per share attributable to RNC shareholders Basic and diluted	**(0.02)**	(0.04)	**(0.06)**	(0.04)

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

Royal Nickel Corporation

Condensed Interim Consolidated Statements of Cash Flows

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

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
	$	$	**$**	$
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Net loss for the period	**(7,510)**	(12,347)	**(21,190)**	(11,855)
Deferred revenues received over amounts earned	**(10,069)**	(1,039)	**(5,913)**	(5,946)
Items not involving cash:				
Depreciation and amortization	**477**	5,347	**7,371**	11,034
Deferred income tax expense (recovery)	**(5,173)**	329	**(5,102)**	(5,935)
Other expenses (note 19)	**6,700**	5,074	**5,343**	7,328
Shares issued for consulting services	**215**	251	**754**	463
Share-based payments	**8,862**	309	**9,354**	247
Loss on settlement of debt	**173**	-	**173**	-
Foreign exchange loss (gain)	**2,603**	705	**5,365**	(1,055)
	(3,722)	(1,371)	**(3,845)**	(5,719)
Changes in working capital				
Amounts receivable and prepaid expenses	**1,984**	270	**753**	1,338
Inventories	**4,666**	(3,383)	**261**	(1,388)
Accounts payable and accrued liabilities	**440**	860	**(6,761)**	3,635
	3,368	(3,624)	**(9,592)**	(2,134)
INVESTING ACTIVITIES				
Expenditures on mineral property interests	**(18)**	(2,194)	**(2,223)**	(4,197)
Net proceeds on sale of Dumont	**-**	-	**-**	30,335
Acquisition of property, plant and equipment	**(291)**	(6,720)	**(605)**	(27,862)
Cash given up on deconsolidation	**(5,974)**	-	**(5,974)**	-
Proceeds from the sale of an investment	**-**	-	**73**	-
	(6,283)	(8,914)	**(8,729)**	(1,724)
FINANCING ACTIVITIES				
Issuance of shares, net of costs	**-**	1,585	**1,600**	1,585
Issuance of convertible debenture	**-**	4,786	**-**	17,958
Issuance of long-term debt	**-**	3,780	**-**	4,824
Private placement – Orford	**-**	1,650	**483**	1,650
Repayments of convertible debentures	**(2,387)**	-	**(4,008)**	-
Repayments of long-term debt	**(10,962)**	(1,930)	**(13,371)**	(4,100)
Exercise of options and warrants	**9,913**	-	**10,114**	3
Principal payments on finance leases	**48**	(295)	**(216)**	(1,343)
	(3,388)	9,576	**(5,398)**	20,577
Change in cash and cash equivalents	**(6,303)**	(2,962)	**(23,719)**	16,719
Cash and cash equivalents, beginning of period	**6,984**	24,526	**24,400**	4,845
Cash and cash equivalents, end of period	**681**	21,564	**681**	21,564
Components of cash and cash equivalents:				
Cash	**573**	270	**573**	270
Cash equivalents	**108**	21,294	**108**	21,294
	681	21,564	**681**	21,564

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

Royal Nickel Corporation

Condensed Interim Consolidated Statements of Changes in Equity

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

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
	Number	$	$	$	$	$	$	$
Balance as at January 1, 2018	**307,906,648**	**164,158**	**28,868**	**227**	**(192,271)**	**982**	**9,932**	**10,914**
Shares issued for consulting services	3,680,276	754	-	-	-	754	-	754
Shares issued in settlement of debt financing	44,300,701	7,395	-	-	-	7,395	-	7,395
Private placement – common shares (note 13)	10,400,000	1,712	-	-	-	1,712	-	1,712
Shares issued in settlement of accounts payable	46,266,704	6,685	-	-	-	6,685	-	6,685
Private placement - Orford	-	-	-	-	-	-	1,195	1,195
Settlement of RSUs and DSUs	1,946,013	633	-	-	-	633	-	633
Exercise of warrants	20,839,887	8,710	-	-	-	8,710	-	8,710
Exercise of stock options	5,232,669	1,404	-	-	-	1,404	-	1,404
Change in minority interest (note 6)	-	-	-	-	(129)	(129)	(10,876)	(11,005)
Share-based payments	-	-	1,411	-	-	1,411	-	1,411
Loss for the period	-	-	-	-	(20,939)	(20,939)	(251)	(21,190)
Other comprehensive income	-	-	-	3,955	-	3,955	-	3,955
Balance as at September 30, 2018	**440,572,898**	**191,451**	**30,279**	**4,182**	**(213,339)**	**12,573**	**-**	**12,573**

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
	Number	$	$	$	$	$	$	$
Balance, January 1, 2017	**276,161,507**	**157,919**	**27,525**	**87**	**(101,565)**	**83,966**	**3,903**	**87,869**
Shares issued for consulting services	2,226,151	463	-	-	-	463	-	463
Shares issued to Westgold	23,431,019	4,708	-	-	-	4,708	-	4,708
Private placement – flow-through common shares	5,999,999	1,200	-	-	-	1,200	-	1,200
Flow-through share issuance costs	-	(74)	-	-	-	(74)	-	(74)
Exercise of stock options	20,000	3	-	-	-	3	-	3
Private placement - Orford	-	-	-	-	-	-	1,544	1,544
Change in minority interest	-	-	(133)	-	-	(133)	133	-
Warrants issued	-	-	374	-	-	374	-	374
Share-based payments	-	-	481	-	-	481	-	481
Loss for the period	-	-	-	-	(11,376)	(11,376)	(479)	(11,855)
Other comprehensive income	-	-	-	172	-	172	-	172
Balance as at September 30, 2017	**307,838,676**	**164,219**	**28,247**	**259**	**(112,941)**	**79,784**	**5,101**	**84,885**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Royal Nickel Corporation ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") is a company domiciled in Canada and was incorporated on December 13, 2006, under the *Canada Business Corporations Act*. The Corporation's shares are publicly traded on the Toronto Stock Exchange (TSX: RNX). The Corporation's registered office is located at 357 Bay Street, Suite 800 in Toronto, Ontario, Canada.

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

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

As at September 30, 2018, the Corporation had negative working capital of $27,357, an accumulated deficit of $213,339 and had a net loss of $21,190 for the nine months then ended. Working capital included cash and cash equivalents of $681. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Corporation's ability to continue future operations and fund its operations and successfully operate its Beta Hunt Mine is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital 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 consolidated 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 interim consolidated financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2017.

The Corporation's presentation currency is Canadian dollars.

The unaudited condensed interim consolidated financial statements were authorized for publication by the Board of Directors on November 12, 2018.

Basis of Preparation
The accounting policies and methods of computation applied in these unaudited condensed interim consolidated financial statements are consistent with those of the previous financial year.

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 consolidated financial statements for the year ended December 31, 2017, except for the following:

(i) Consolidation

The Corporation's consolidated financial statements consolidate the accounts of Royal Nickel Corporation, SLM, and VMS. The Corporation accounts for its investments in SPC, Magneto and Orford as investments in associates using the equity method at their respective ownership interests.

(ii) 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.

(iii) 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 Corporation 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 assets are accounted for at amortized cost 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 on the transition date given the Corporation transacts exclusively with large organizations with negligible probabilities 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 12 for the disclosure of the Corporation's derivative financial instruments.

(iv) 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 20 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 fair value 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 executory purchases and sales contracts.

For financial liabilities, the Corporation considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in 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

(a) 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. Subsequently, on July 23, 2018, the Corporation announced that it had successfully completed the second phase of the sale process with the selection of a preferred bidder. RNC had granted exclusivity to this bidder to allow for completion of the final phase of the sale process (final due diligence, settlement of definitive documents, and all other steps related to the closing and completion of the transaction).

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

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

As at September 30, 2018, the Beta Hunt operation was no longer classified as held for sale. Its assets and liabilities were reclassified as current and long-term, accordingly, on the statement of financial position and consolidated with RNC's results as a continuing operation on the statement of loss and comprehensive loss for the period then ended.

4. AMOUNTS RECEIVABLE AND PAYABLE

Amounts receivable consist of the following:

As at	**September 30, 2018**	December 31, 2017
Trade accounts receivable	**$1,956**	$2,003
Deposits	**-**	62
Prepaid expenses	**149**	3,060
Commodity taxes	**24**	218
Tax credits	**-**	136
	$2,129	$5,479

Accounts payable and accrued liabilities consist of the following:

As at	**September 30, 2018**	December 31, 2017
Trade accounts payable	**$7,088**	$17,084
Accrued liabilities	**11,674**	12,051
Amounts owing to Auramet in respect of financing	**-**	4,642
	$18,762	$33,777

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

5. INVENTORIES

Inventories consist of the following:

As at	**September 30, 2018**	December 31, 2017
Coarse gold, gold ore and gold in process	**$4,354** [1]	$4,487 [2]
Supplies	**113**	271
Fuel	**60**	30
	$4,527	$4,788

[1] As at September 30, 2018, coarse gold, gold ore and gold in process included 11,361 ounces from the Corporation's high-grade coarse gold discovery in September 2018. Total number of ounces held at September 30, 2018 was 16,383 (December 31, 2017 – 3,267).

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

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

6. INVESTMENT IN ASSOCIATES

The following table reflects the continuity of the Corporation's investments in associates:

	SPC	**Orford**	**Dumont JV**	**Total**
Balance as at January 1, 2018	$1,642	$-	$-	$1,642
Deemed acquisition	-	3,656	20,978	24,634
Loss on dilution of associate	(66)	-	-	(66)
Share of gain (loss) and comprehensive gain (loss)	26	(204)	581	403
Balance as at September 30, 2018	**$1,602**	**$3,452**	**$21,559**	**$26,613**

At September 30, 2018, the Corporation held a direct 12.7% interest in Sudbury Platinum Corporation ("**SPC**") (December 31, 2017 – 15.6%). Management has determined that its investment in the common shares of SPC still gives it significant influence over SPC. As a result, the Corporation continued to apply the equity method of accounting for its investment in SPC. SPC's financial year-end is August 31 to satisfy the reporting requirements of its majority shareholder. The Corporation's share of SPC's loss and comprehensive loss was calculated using SPC's financial results from December 1, 2017 to August 31, 2018, and considering any changes in the subsequent period from September 1 to September 30, 2018, that would materially affect the results.

On July 23, 2018, the Corporation received a conversion notice from Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "Waterton") for the full principal amount of its convertible debenture (see note 10), which was settled by the delivery by the Corporation of units of the Dumont JV. The conversion reduced the Corporation's interest in the Dumont JV to approximately 28% and the Corporation lost its joint control of the Dumont JV. As a result, the Corporation derecognized its shares of the assets and liabilities of the Dumont JV and began accounting for it's retained interest using the equity method of accounting because the Corporation determined that its 28% interest in the Dumont JV gives it significant influence. The fair value on the date of loss of joint control for the Corporation's 28% interest in the Dumont JV was estimated at

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$20,978. The partial disposal resulted in a gain of $2,174 representing the difference between the carrying amount of the settled Waterton debenture and the share of the Dumont JV's net assets derecognized and the fair value of the retained interest in the Dumont JV.

In addition, due to a series of equity transactions in Orford, the Corporation's interest in the entity was reduced to 35% during the three months ended September 30, 2018. The Corporation continues to hold three of seven seats on Orford's Board of Directors, including the Chairperson, and key members of Orford's executive and operational management teams are also employees of the Corporation. As a result, although the Corporation lost control of Orford, the Corporation determined that its 35% interest in Orford continues to exert significant influence over the entity. As a result of the loss of control of Orford, the Corporation has deconsolidated Orford and began accounting for its retained interest using the equity method of accounting beginning in the third quarter of 2018. The fair value on the date of loss of control for the Corporation's 35% retained interest in Orford was $3,656. The dilution resulted in a loss of $2,448 representing the difference between the fair value of Orford shares on the date of loss of control and the net asset carrying value of Orford on the Corporation's consolidated balance sheet.

7. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Vehicles	Camp, Furniture & Equipment	Beta Hunt Mine - Gold	Beta Hunt Mine - Nickel	Reed Mine	Under-ground Equipment	Mine Buildings	Total
At January 1, 2018	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**
Additions (disposals)	-	(4)	52	588	-	-	414	-	1,050
Foreign exchange	-	(19)	(15)	(264)	(238)	-	(248)	(2)	(786)
Depreciation for the period	(9)	(92)	(173)	(596)	(197)	(5,519)	(751)	(4)	(7,341)
Deemed disposal on deconsolidation	(209)	(4)	(292)	-	-	-	-	-	(505)
Assets held for sale[1]	-	(444)	-	-	-	-	-	-	(444)
At September 30, 2018	**$11**	**$356**	**$366**	**$4,816**	**$4,553**	**$ -**	**$5,340**	**$41**	**$15,483**
At September 30, 2018									
Cost	$26	$612	$1,140	$27,742	$5,994	$22,040	$7,813	$65	$65,432
Accumulated depreciation	(15)	(219)	(709)	(22,093)	(1,107)	(22,040)	(1,920)	(19)	(48,122)
Foreign exchange	-	(37)	(65)	(833)	(334)	-	(553)	(5)	(1,827)
Net book value	**$11**	**$356**	**$366**	**$4,816**	**$4,553**	**$ -**	**$5,340**	**$41**	**$15,483**
At December 31, 2017									
Cost	$246	$1,065	$1,841	$27,170	$6,010	$22,040	$7,398	$65	**$65,835**
Accumulated depreciation	(17)	(127)	(997)	(21,453)	(890)	(16,521)	(1,168)	(15)	**(41,188)**
Foreign exchange	-	(19)	(50)	(629)	(132)	-	(305)	(3)	**(1,138)**
Net book value	**$229**	**$919**	**$794**	**$5,088**	**$4,988**	**$5,519**	**$5,925**	**$47**	**$23,509**

[1] Given that operations at the Reed Mine ceased in the third quarter of 2018, operating assets of $444 have been removed from property, plant and equipment and reclassified to a separate line on the consolidated statement of financial position at September 30, 2018 and will be sold in due course. As at March 31 and June 30, 2018, the Corporation had reclassified SLM's property, plant and equipment as assets held for sale. Those assets were then brought back into property, plant and equipment following the decision to suspend the sale of the Beta Hunt Operation (note 3) and a catch-up of depreciation of $46 was recorded which relates to the period after discovery of the high-grade, coarse gold.

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8. MINERAL PROPERTY INTERESTS

Exploration and evaluation expenses

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

Due to the loss of joint control and control of the Dumont JV and Orford, respectively, during the third quarter of 2018, the Corporation no longer directly reports its interests in the above properties in mineral property interests. Such properties form part of the net assets of the Dumont JV and Orford which are included in investment in associates on the consolidated statements of financial position at September 30, 2018 (note 6).

9. 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
Balance as at January 1, 2018	$ 3,130	$ 544	$ 9,203	$ 12,877
Repayments in cash	(1,327)	(70)	(11,974)	(13,371)
Repayments in shares	(3,046)	-	-	(3,046)
Early settlement fee	-	-	162	162
Loss on settlement of debt	516	-	-	516
Accretion expense	640	-	2,142	2,782
Change due to foreign exchange translation	87	-	467	554
Balance as at September 30, 2018	**-**	**474**	**-**	**474**
Less current portion	-	120	-	120
Non-current portion	$ -	$ 354	$ -	$ 354

(i) YA II PN Note Agreement

The note agreement with YA II PN, Ltd. (“YA II PN”) bore 12% annualized interest. The principal and interest were fully repaid during the nine months ended September 30, 2018 with US$1,038 ($1,327) and a series of shares issued (note 13).

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

(ii) IQ Loan

The Investissement Quebec ("IQ") loan is repayable in monthly principal re-payments in the amount of $10 each which commenced in March 2018. 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 International LLC ("Auramet") in the amount of US$12,650 ($16,268) which comprised a US$9,000 ($11,574) cash loan with a gold coupon and a US$3,650 ($4,694) nickel prepayment loan. Under the terms of the facility, Auramet subscribed for 29,750,312 common shares of the Corporation at a price of C$0.16 per share which were issued on January 3, 2018. The proceeds of the facility were used to satisfy the remaining obligation under the Senior Secured Gold Loan to deliver 11,760 ounces of gold.

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

The balance of the US$9,000 cash loan was fully repaid during the three months ended September 30, 2018. During the nine months ended September 30, 2018, the Corporation made principal payments of US$2,800 ($3,625) and a final bullet payment of US$2,900 ($3,754) on September 28, 2018. The Corporation also paid an early settlement fee of US$124 ($162). As part of the settlement of the Senior Secured Loan Facility with Auramet and in payment of the final bullet payment, the Corporation entered into a Purchase and Sale Agreement to deliver 2,797 ounces of gold at a price of US$1,180 per ounce. The amount is recognized as deferred revenue on the statement of financial position at September 30, 2018 (notes 11 and 21).

10. 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 nine months ended September 30, 2018:

	Waterton (i)	Pala (ii)	Total
Balance as at January 1, 2018	$ 12,832	$ 8,273	$ 21,105
Repayments in cash	-	(4,008)	(4,008)
Repayments in shares	-	(4,349)	(4,349)
Converted into units of Dumont JV	(13,087)	-	(13,087)
Change in fair value of derivative	(1,735)	320	(1,415)
Loss (gain) on settlement of debt	1,163	(1,506)	(343)
Accretion expense	159	578	737
Change due to foreign exchange translation	668	692	1,360
Balance as at September 30, 2018	$ -	$ -	$ -

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

(i) Waterton

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

Waterton had the right to convert the debenture into units (a “Unit Conversion”) of the Dumont 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 Dumont JV (the “prepayment right”).

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

The following table summarizes the activity for the debenture as at and for the period ended September 30, 2018:

	Waterton Debenture		
	Host	Derivative	Total
Balance as at January 1, 2018	$ 10,793	$ 2,039	$ 12,832
Converted into units of Dumont JV	(13,087)	-	(13,087)
Change in fair value of derivative	-	(1,735)	(1,735)
Loss (gain) on settlement of debt	1,590	(427)	1,163
Accretion expense	159	-	159
Change due to foreign exchange translation	545	123	668
Balance as at September 30, 2018	$ -	$ -	$ -

(ii) Pala

On December 14, 2017, the Corporation issued a convertible debenture in the amount of US$6,000 ($7,901) to Pala Investments Limited (“Pala”) (the “Pala Debenture”). The Pala Debenture bore interest at a rate of 14% per annum, compounded and payable monthly during the fifteen-month term. The Pala Debenture was repayable in 15 equal monthly principal installments of US$200 ($263) 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 ($3,950) in March 2019, also payable in either nickel tonnes or cash at Pala's election. The Pala Debenture was secured by a second priority security interest over all SLM assets (subordinate to the Senior Secured Loan Facility in place with Auramet). If an event of default occurred including non-payment of principal or interest, failure to make any payment when it fell due on other debt exceeding $500, or a change of control, the interest rate increased to 20% and Pala could exercise an option to be paid the outstanding amount in cash or nickel tonnes. Under the terms of the debenture agreement, the five million share purchase warrants issued pursuant to a prior Pala Debenture 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 ($2,634) was received in cash, net of fees, and the remainder was used to settle a previous convertible debenture with Pala in full.

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

During the nine months ended September 30, 2018, eight monthly principal instalments were paid totalling US$1,600 ($4,008). On September 24, 2018, Pala converted US$3,358 ($4,349) of the outstanding amount into 17,140,640 common shares of the Corporation (note 13). On September 28, 2018, the Corporation repaid the remaining US$1,400 ($1,812) balance of the convertible debenture.

The following table summarizes the activity for the debenture as at and for the period ended September 30, 2018:

	Pala Debenture
Balance as at January 1, 2018	$ 8,273
Repayments in cash	(4,008)
Repayments in shares	(4,349)
Change in fair value of derivative	320
Gain on settlement of debt	(1,506)
Accretion expense	578
Change due to foreign exchange translation	692
Balance as at September 30, 2018	$ -

11. DEFERRED REVENUE

As at September 30, 2018 and December 31, 2017, the following contracts were outstanding. These contracts are excluded from the scope of IFRS 9 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 September 30, 2018	**Working Capital Facility** (i)	**Purchase and Sale Agreement Facility** (ii)	**Total**
SLM (Beta Hunt)			
2,207 ounces of gold	$3,403	-	$3,403
2,797 ounces of gold	-	$4,272	4,272
	$3,403	$4,272	$7,675
Current portion	3,403	4,272	7,675
Non-current portion	-	-	-

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

(i) Working Capital Facility

The Corporation has US$7,000 ($9,062) working capital facilities with Auramet which is comprised of a US$5,500 ($7,120) in-process gold facility and a US$1,500 ($1,942) million in-process nickel facility. The gold facility is classified as deferred revenue. The nickel facility is included in accounts payable on the Consolidated Statements of Financial Position as at September 30, 2018 as it does not meet the requirements of IFRS to classify it as deferred revenue.

(ii) Purchase and Sale Agreement

As described in note 9(iii), the Senior Secured Loan Facility with Auramet was settled during the three-month period ended September 30, 2018. As part of the settlement, the Corporation entered into a Purchase and Sale Agreement to deliver 2,797 ounces of gold at a price of US$1,180 per ounce.

(iii) Senior Copper Loan

The Senior Secured Copper Loan was repaid in full during the period ended September 30, 2018.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Corporation's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at September 30, 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 period ended September 30, 2018, the table below summarizes the movements in derivative financial liabilities:

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

Nine months ended September 30,	**2018**
Opening balance	$(3,579)
Change due to foreign exchange	(68)
Net change in fair value of derivative instruments	3,304
Balance, end of period	**$(343)**

The following table summarizes the outstanding derivative positions at September 30, 2018:

	Maturity			Current
SLM (Beta Hunt)	**Current**	**Non-Current**	**Total**	**Liabilities**
Gold call option sell contracts				
Ounces	12,025	-	**12,025**	
Average price per ounce (in AUD)	$1,659	-	**$1,659**	
Fair value of liability at September 30, 2018	($209)	-	**($209)**	($209)
Gold forward sell contracts				
Ounces	2,000	-	**2,000**	
Average price per ounce (in USD)	$1,183	-	**$1,183**	
Fair value of liability at September 30, 2018	($134)	-	**($134)**	($134)
Total				**($343)**

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

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

	Maturity			Balance Sheet Classification	
SLM (Beta Hunt)	**Current**	**Non-current**	**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 (Reed)					
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)**

13. SHARE CAPITAL

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

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

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

On March 28, 2018, the Corporation issued 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 three months ended September 30, 2018, an aggregate amount of 18,253,601 common shares were issued to YA II PN at an average share price of $0.084 for a value of $1,532. During the nine months ended September 30, 2018, an aggregate amount of 27,160,061 common shares were issued to YA II PN at an average share price of $0.112 for a value of $3,046. The shares were issued in connection with the full settlement of the Corporation's debt obligations with YA II PN (note 9(i)).

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

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

During the three months ended September 30, 2018, 4,108,384 options were exercised at a weighted average exercise price of $0.293 for aggregate gross proceeds of $1,203. During the nine months ended September 30, 2018, 5,232,669 options were exercised at a weighted average exercise price of $0.268 for aggregate for gross proceeds of $1,404.

During the three and nine months ended September 30, 2018, 20,839,887 warrants were exercised at a weighted average exercise price of $0.418 for aggregate gross proceeds of $8,710.

14. SHARE INCENTIVE PLANS

Share Purchase Options

During the nine months ended September 30, 2018, 14,016,000 share options were granted and had a weighted average fair value of $0.23, as estimated at the time of each grant. The fair value of options granted was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

Nine months ended September 30,	**2018**	2017
Number of options granted	**14,016,000**	nil
Share price	**$0.23**	n/a
Exercise price	**$0.23**	n/a
Risk free interest rate	**2.0%**	n/a
Expected life	**5 years**	n/a
Expected volatility	**74%**	n/a
Expected dividends	**nil**	n/a

The following table reflects the continuity of share purchase options for the period ended September 30, 2018:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2018	26,710,529	$0.37
Granted	14,016,000	0.23
Exercised	(5,232,669)	0.27
Forfeited	(3,520,666)	0.46
Balance as at September 30, 2018	**31,973,194**	**$0.32**

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

As at September 30, 2018, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$0.09–$0.99	31,598,194	3.1	$0.30	24,277,531	2.8	$0.32
$1.00–$1.99	150,000	2.7	$1.14	150,000	2.7	$1.14
$2.00–$2.50	225,000	0.7	$2.30	225,000	0.7	$2.30
	31,973,194	**3.1**	**$0.32**	**24,652,531**	**2.8**	**$0.34**

Warrants and Compensation Warrants

During the three and nine months ended September 30, 2018, 20,028,102 warrants were exercised at a weighted average exercise price of $0.43, of which 565,891 relate to compensation options, and 811,785 broker warrants were exercised at a weighted average exercise price of $0.34. Total proceeds from warrants and broker warrants exercised during the period ended September 30, 2018 was $8,710.

The following table reflects the continuity of warrants, and broker warrants for the nine months ended September 30, 2018:

	Number of Warrants	Number of Compensation Warrants/Options	Weighted Average Exercise Price
Balance as at January 1, 2018	22,403,211	1,451,805	$0.43/$0.41
Exercised (note 13)	(20,028,102)	-	$0.43/$0.00
Exercise of compensation options	565,891	(811,785)	$0.44/$0.34
Expired	-	(640,020)	$0.00/$0.50
Balance as at September 30, 2018	**2,941,000**	**-**	**$0.50/$0.00**

Restricted Share Units

During the three months ended September 30, 2018, 335,051 restricted share units were granted, all of which vested immediately. During the nine months then ended, 2,892,999 restricted share units were granted, all of which vested immediately.

During the three and nine months ended September 30, 2018, 1,883,013 restricted share units were redeemed, 75,000 of which were redeemed for cash at a weighted average redemption price of $0.25 per restricted share unit for a total cash payment of $18,750, and the remaining 1,808,013 restricted share units were redeemed for 1,808,013 common shares of the Corporation.

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

The following table reflects the continuity of restricted share units for the nine months ended September 30, 2018:

	Number of Restricted Share Units
Balance as at January 1, 2018	8,575,015
Granted	2,892,999
Redeemed	(1,883,013)
Expired	(820,321)
Balance as at September 30, 2018	**8,764,680**

Included in the 8,764,680 restricted share units outstanding as at September 30, 2018, are 5,227,550 units that can only be settled for cash.

As at September 30, 2018, the weighted average remaining contractual life of the outstanding restricted share units was 1.4 years and all restricted share units were vested.

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
General and administrative: share-based payments	**$ 8,862** [1]	$ 245	**$ 9,354** [1]	$ 247
Expense by nature:				
Salaries, wages and benefits	**$ 575**	$ 342	**$ 1,512**	$ 983
Professional fees	**133**	243	**600**	961
Consulting fees	**-**	184	**224**	626
Public company expenses	**45**	72	**188**	218
Office and general	**245**	127	**778**	754
Conference and travel	**15**	11	**98**	33
Investor relations	**56**	125	**256**	368
Business development	**207**	62	**370**	243
Depreciation and amortization	**28**	28	**82**	64
General and administrative: other	**$ 1,304**	$ 1,194	**$ 4,108**	$ 4,250

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

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

16. LOSS PER SHARE

For the periods ended September 30,	Three months ended, 2018	Three months ended, 2017	Nine months ended, 2018	Nine months ended, 2017
Loss attributable to RNC shareholders	**$ (7,510)**	$ (11,953)	**$ (20,939)**	$ (11,376)
Weighted average number of common shares	**384,495,931**	303,518,313	**366,496,587**	285,474,064
Loss per share attributable to RNC shareholders – basic and diluted	**$ (0.02)**	$ (0.04)	**$ (0.06)**	$ (0.04)

The effect of potential issuances of shares under stock options, warrants, deferred share units, convertible debenture and restricted share units would be anti-dilutive for the three- and nine-month periods ended September 30, 2018 and 2017, and accordingly, basic and diluted loss per share are the same.

17. 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.

As at	**September 30, 2018**		December 31, 2017	
Financial liabilities at amortized cost	**Carrying value**	**Fair Value**	Carrying value	Fair Value
Note Agreement (note 9) (level 2)	**$-**	**$-**	$3,130	$3,450
IQ Loan (note 9) (level 2)	**474**	**474**	544	544
Convertible Debentures (note 10) (level 3)	**-**	**-**	21,105	24,312
Senior Secured Facility (note 9)	**$-**	**$-**	$9,203	$11,291

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

18. OTHER EXPENSES, NET

For the periods ended September 30,	Three months ended, 2018	2017	Nine months ended, 2018	2017
RNC				
Share of (gain) loss of associates	**$ (369)**	$ 11	**$ (403)**	$ 42
Loss on expired option	**-**	2,611	**-**	2,611
Accretion expense	**136**	312	**1,591**	637
Gain on sale of mineral property interest	**-**	-	**-**	(100)
Loss on deemed disposal upon loss of control of subsidiaries	**340**	-	**340**	-
(Gain) loss on other investment	**-**	(20)	**17**	-
Loss on debt settlement	**173**	-	**173**	-
Change in fair value – embedded derivative (note 9)	**246**	(560)	**(569)**	50
Partial recovery of impairment charge	**-**	-	**-**	(1,216)
SLM (Beta Hunt)				
Change in fair value – derivative financial instruments	**(1,439)**	194	**68**	559
Loss on settlement of derivative financial instruments	**-**	587	**-**	2,072
Early settlement fee on senior secured loan facility	**162**	-	**162**	-
Loss of reclassification of deferred revenue (note 10)	**-**	-	**1,692**	-
Accretion on gold loan	**1,240**	-	**2,167**	-
Change in fair value - nickel loan	**-**	-	**2,314**	-
Other finance costs	**277**	241	**335**	831
VMS (Reed)				
Change in fair value – derivative financial instruments	**292**	842	**(685)**	871
Other				
Finance and other expense	**2,065**	1,137	**2,915**	553
Foreign exchange loss	**3,592**	406	**5,367**	772
	$ 6,715	$ 5,761	**$ 15,484**	$ 7,682

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

19. SUPPLEMENTAL CASH FLOW INFORMATION

Other expense

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Share of (gain) loss in associates	**$ (368)**	$ 11	**$ (403)**	$ 42
Derivative financial instruments	**1,211**	234	**(2,636)**	3,324
Asset retirement obligation	**(773)**	3	**(747)**	7
(Gain) loss on sale of investment	**-**	(20)	**17**	-
Loss on loss of control of subsidiaries	**5,209**	-	**5,209**	-
Loss on dilution of associate	**66**	-	**66**	-
Accretion, long-term debt	**1,355**	312	**3,519**	637
Loss on retired purchase option	**-**	2,611	**-**	2,611
Net impairment charge	**-**	1,923	**-**	707
Other	**-**	-	**318**	-
	$ 6,700	$ 5,074	**$ 5,343**	$ 7,328

Other supplemental information

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Interest received	**$ -**	$246	**$109**	$424
Interest paid	**7,931**	1,296	**9,412**	1,792
Share-based payments in mineral property interests	**-**	-	**-**	10
Depreciation of property, plant and equipment in mineral property interests	**-**	15	**-**	25
Mineral property interests in accounts payable and accrued liabilities	**-**	1,262	**-**	1,262
Property, plant and equipment in accounts payable and accrued liabilities	**-**	-	**932**	-

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

20. SEGMENTED INFORMATION

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

Three months ended September 30, 2018

	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Copper Mine Canada	Corporate and other Canada	Total
Revenues	$37,505	$234	$5,658	-	$43,397
Production & toll-processing	27,748 [1]	106	1,206	-	29,060
Royalty expense	4,274	8	-	-	4,282
Depreciation and amortization	536	2	-	-	538
General and administrative: share-based payments	-	-	-	8,862	8,862
General and administrative: other	59	(8)	47	1,206	1,304
Operating income (loss)	$4,888	$126	$4,405	($10,068)	($649)

1 Includes $2,105 in respect of capital-related costs incurred in the third quarter of 2018 prior to discovery of grade coarse gold.

Nine months ended September 30, 2018

	Dumont JV Canada [2]	Beta Hunt Gold Mine Australia	Beta Hunt Nickel Mine Australia	Reed Copper Mine Canada	Orford Canada [2]	Corporate and other exploration Canada	Total
Revenues	-	$70,165	$4,325	$22,204	-	-	$96,694
Production & toll-processing	-	66,158 [1]	3,090	4,057	-	-	73,305
Royalty expense	-	7,510	389	-	-	-	7,899
Depreciation and amortization	-	1,668	60	5,489	-	-	7,217
General and administrative: share-based payments	-	-	-	-	136	9,218	9,354
General and administrative: other	62	244	15	164	468	3,155	4,108
Operating (loss) income	($62)	($5,415)	$771	$12,494	($604)	($12,373)	($5,189)

1 Includes $9,096 in respect of capital-related costs incurred in the first three quarters of 2018.

2 Includes operating activity for the first half of 2018, up to the point of loss of control and derecognition of the subsidiary.

Property, plant and equipment	-	$10,870	$4,553	-	-	$60	$15,483
Total assets	-	17,222	4,553	332	-	27,821	49,928

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

Three months ended September 30, 2017

	Dumont JV	Beta Hunt Gold Mine	Beta Hunt Nickel Mine	Reed Mine	West Raglan	Corporate and other	Total
	Canada	Australia	Australia	Canada	Canada	Canada	
Revenue	-	13,937	1,941	9,074	-	-	24,952
Production & toll-processing	-	14,629	1,181	4,965	-	-	20,775
Royalty expense	-	1,427	298	-	-	-	1,725
Depreciation and amortization	-	2,675	171	2,501	-	-	5,347
General and administration: share-based payments	-	-	-	-	-	245	245
General and administration: other	88	139	19	35	138	775	1,194
Impairment charge	-	-	-	1,923	-	-	1,923
Operating loss	(88)	(4,933)	272	(350)	(138)	(1,020)	(6,257)

[1] The Beta Hunt mine commenced commercial production on July 1, 2017.

Nine months ended September 30, 2017

	Dumont JV	Beta Hunt Gold Mine	Beta Hunt Nickel Mine	Reed Mine	West Raglan	Corporate and other	Total
	Canada	Australia	Australia	Canada	Canada	Canada	
Revenue	-	13,937	4,786	24,842	-	-	43,565
Production & toll-processing	-	14,629	3,369	16,197	-	-	34,195
Royalty expense	-	1,427	597	-	-	-	2,024
Depreciation and amortization	-	2,675	849	7,510	-	-	11,034
General and administration: share-based payments	-	-	-	-	-	247	247
General and administration: other	112	139	434	139	311	3,115	4,250
Impairment charge	-	-	-	1,923	-	-	1,923
Operating loss	(112)	(4,933)	(463)	(927)	(311)	(3,362)	(10,108)

[1] The Beta Hunt mine commenced commercial production on July 1, 2017. The operating loss for the period ended September 30, 2017 excludes gold pre-commercial cost of sales, net of gold revenue, of $20,642, which includes $8,767 of depreciation and amortization.

21. SUBSEQUENT EVENTS

In October 2018, the Corporation delivered 2,797 ounces of gold in full settlement of its commitment under a Purchase and Sale Agreement (notes 9 and 11).