Royal Nickel Corporation

Notice to Reader

The MD&A for the quarter ended September 30, 2018 is being refiled to correct the following clerical errors which occurred in a single table on page 23 of the MD&A:

- The *Adjusted EBITDA and Adjusted EBITDA per share* table on page 23 which contained the clerical error which affected each of the reported time periods. Adjusted EBITDA (amended to $8,751) and Adjusted EBITDA per share (amended to $0.02 per share) for the three months ended September 30, 2018, and Adjusted EBITDA (amended to $11,382) and Adjusted EBITDA per share (amended to $0.03 per share) for the nine months ended September 30, 2018. The comparative figures were also amended to adjust for clerical errors in Adjusted EBITDA (amended to $(665)) for the three months ended September 30, 2017, and Adjusted EBITDA (amended to $1,173) and Adjusted EBITDA per share (amended to $0.00) for the nine months ended September 30, 2017.

- The following amendments which referred to the numbers in the table on page 23:
    - The *Executive Summary* table on page 5.
    - Also on page 5, the paragraph *Solid EBITDA performance improvement:* Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) has been amended to $8.8 million.
    - The *Financial Results of Operations* table on page 10.

There are no other amendments to the MD&A that was previously filed on SEDAR on November 13, 2018. There are no changes required to RNC's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 (filed on November 13, 2018).

ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation and its subsidiaries ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three and nine months ended September 30, 2018 and 2017. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2018 and 2017 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34 Interim Financial statements. The unaudited condensed interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the twelve months ended December 31, 2017, together with the notes thereto which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements and references should be made to the cautionary language at the end of this MD&A. Additional information relating to the Corporation, including its Annual Information Form for the most recently completed fiscal year, is available on SEDAR at www.sedar.com. The Corporation is a reporting issuer under applicable securities legislation in each of the Provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "RNX".

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Certain non-IFRS measures are included in this MD&A. The Corporation believes that these measures provide investors an improved ability to evaluate the underlying performance of the Corporation. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at November 12, 2018 unless otherwise indicated.

1. DESCRIPTION OF BUSINESS

RNC is a multi-asset mineral resource company. The Corporation's main asset is a 100% interest in the Beta Hunt Mine ("**Beta Hunt**"), a gold producing operation located in Western Australia which is held through Salt Lake Mining Pty Ltd ("**Salt Lake Mining**" or "**SLM**"). A major high-grade gold discovery at Beta Hunt, which includes the Father's Day Vein discovery, was announced in September 2018. The Corporation is focused on its exploration activities at Beta Hunt to follow-up on this significant discovery.

RNC also owns a 28% interest in the Magneto Investments Limited Partnership ("**Magneto**" or "**Dumont JV**"), which owns the Dumont Nickel-Cobalt Project ("**Dumont**"). Dumont is one of the world's premier battery metals projects containing the world's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt. As one of the only large-scale fully permitted, shovel-ready nickel-cobalt projects globally, Dumont is ideally positioned to deliver the nickel and cobalt required to meet the massive demand growth expected from the electric vehicle ("EV") market in the coming decade. It is strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec.

The Corporation also has a 100% interest in VMS Ventures Inc. ("**VMS Ventures**" or "**VMS**"), which owns 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 (gold, nickel) in northern Quebec and gold exploration properties in the U.S. Carolina Gold Belt. The Qiqavik Project hosts several new high-grade gold discoveries along a mineralized trend in excess of 40 km.

Further information regarding each of these projects, and the related third quarter developments in respect of each, is provided below under 3, Project Updates and New Developments.

2. EXECUTIVE SUMMARY

The MD&A provides a detailed review of information relevant to an assessment and understanding of the Corporation's financial position and the results of its operations. This section is intended to assist readers interested in a condensed summary of the Corporation's performance for the three and nine months ended September 30, 2018. This section should be read in conjunction with the remainder of the MD&A, including risk factors impacting the Corporation.

(in thousands of dollars except per share amounts)

	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
Production and toll-processing costs	**29,060**	20,775	**73,305**	34,195
Loss before income taxes	**(7,364)**	(12,018)	**(20,673)**	(17,790)
Net loss	**(7,510)**	(12,347)	**(21,190)**	(11,855)
Basic and diluted loss per share	**(0.02)**	(0.04)	**(0.06)**	(0.04)
Cash flow provided by (used in) operating activities	**3,368**	(3,624)	**(9,592)**	(2,134)
Cash investment in property, plant and equipment	**(291)**	(6,720)	**(605)**	(27,862)

For the periods ended September 30,	Three months ended, 2018	2017	Nine months ended, 2018	2017
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	**146**	146	**447**	371
Gold mined, grade (g/t gold)	**6.67**	2.24	**4.07**	2.04
Gold mined (ounces)	**31,360**	10,489	**58,460**	24,305
Recovery (%)	**95**	90	**94**	91
Gold sold (oz)	**23,805**	8,659	**43,291**	20,682
Average realized price (US$/oz sold) [1]	**1,205**	1,286	**1,252**	1,257
Mining cash cost (US$/oz mined)	**325**	963	**526**	1,074
Cash operating costs (US$/oz sold)[1]	**962**	1,480	**1,155**	1,602
All-in sustaining cost (AISC) (US$/oz sold) [1]	**1,013**	1,609	**1,207**	1,681
Nickel[3] (Beta Hunt Mine)				
Tonnes mined (000s)	**N/A**	8.3	**16.1**	25.2
Nickel mined, grade (%)	**N/A**	2.84	**2.31**	2.75
Nickel in concentrate (000s of tonnes)	**N/A**	0.25	**0.32**	0.64
Average realized price (US$ per pound)	**N/A**	4.48	**7.13**	3.95
Cash operating cost (US$ per pound sold)	**N/A**	3.40	**4.32**	3.26
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**N/A**	3.45	**4.34**	3.61
Copper[2] (Reed Mine)				
Copper in concentrate (kilo tonnes)	**0.78**	1.21	**3.1**	3.47
Cash operating cost (US$ per pound sold)	**0.56**	1.55	**0.48**	1.68
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**0.58**	1.57	**0.50**	1.73
Adjusted EBITDA[1]	**$8,751**	($665)	**$11,382**	$1,173
Adjusted EBITDA per share[1]	**$0.02**	$0.00	**$0.03**	$0.00

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
2. RNC's share of production from the Reed Mine which ceased commercial production in July 2018 and is currently undergoing closure.
3. Nickel was not mined during the third quarter of 2018.

Consolidated Third Quarter of 2018 and Recent Highlights

Record Quarterly Gold Production: Third quarter 2018 gold production of 31,360 mined gold ounces set a new quarterly production record, representing a 199% increase versus third quarter of 2017. Gold production for the first nine months of 2018 totaled 58,460 ounces compared to 24,305 for the comparable prior year period. The large increase in high-grade specimen and coarse gold production led to a 198% improvement in the mined grade for the quarter to 6.67 g/t, as compared to 2.24 g/t in third quarter of 2017.

Stronger balance sheet: All long-term debt and convertible debt with Auramet International LLC ("Auramet"), Pala Investments Limited ("Pala") and YA II PN, Ltd. ("YA II PN") of $11.4 million was eliminated during the third quarter of 2018. During the nine months ended September 30, 2018, long-term debt and convertible debt of $33.5 million was eliminated. The cash and cash equivalents balance, including value of gold specimens held for sale, as of November 9, 2018 was $18.8 million.

Solid EBITDA performance improvement: Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) improved to $8.8 million in the third quarter of 2018, a $9.4 million increase from the comparable quarter of 2017, reflecting the impact of higher sales and revenue and lower production costs. These earnings also reflect less than half of the low-cost, high-grade coarse gold production which was sold in the quarter. The balance of this production is expected to be realized in the coming quarter.

Improved production unit costs: All-in sustaining costs (AISC) were US$1,013 per ounce sold for the third quarter of 2018, a 37% improvement compared to US$1,609 in the prior year comparative period. Year-to-date 2018 AISC was US$1,207, a 28% improvement over the same period in 2017. The mining cash cost was reduced to US$325 per ounce mined, 60% lower than the third quarter of 2017.

3. PROJECT UPDATES AND NEW DEVELOPMENTS

Beta Hunt Mine

The Corporation owns 100% of the Beta Hunt Mine, a gold producer located in the prolific Kambalda mining district of Australia.

On September 9, 2018, the Corporation announced a significant new high-grade gold discovery (Father's Day Vein) at the Beta Hunt Mine. RNC expects a minimum 27-30,000 ounces of gold will be recovered from the discovery area. Once sold, the specimen stones from the discovery area are expected to attract substantial premiums above the value of the gold contained in the stones.

As a result of the significance of the recent discovery at Beta Hunt and the considerable exploration potential that has been identified, the previously announced sale process was suspended.

Dumont Nickel-Cobalt Project

Dumont remains one of the world's premier battery metals projects containing the world's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt. As one of the only large-scale fully permitted, shovel-ready nickel-cobalt projects globally, Dumont is ideally positioned to deliver the nickel and cobalt required to meet the massive demand growth expected from the electric vehicle ("EV") market in the coming decade.

RNC has a 28% interest in Dumont and manages the project on behalf of the Dumont JV.

On September 4, 2018, RNC as manager, announced a contract had been awarded for a feasibility study update for the Dumont Nickel-Cobalt Project. The results of the updated feasibility study are expected to be announced in the first half of 2019.

Reed Mine

On April 27, 2016, the Corporation acquired 100% of VMS Ventures, which currently owns 27% of the Reed Mine. VMS is a private company whose main asset is an interest in the Reed Mine, a low-cost copper producer located near Flin Flon, Manitoba. Hudbay Minerals Inc. ("Hudbay") owns the remaining 73% of the Reed Mine and has served as manager and operator.

The Reed Mine ceased commercial production in July 2018. Processing of stockpiled material was completed in the third quarter of 2018. VMS also holds interests in mineral properties adjacent to Reed Mine.

Orford Mining Corporation

RNC holds a 35% equity interest in Orford Mining Corporation. Orford owns all of the assets of RNC's former subsidiary, True North Nickel ("TNN"), including the Qiqavik Gold and West Raglan Nickel projects in Northern Quebec and the Carolina Gold Belt properties.

During the nine months ended September 30, 2018, Orford issued an aggregate of approximately 10.7 million shares through the completion of multiple equity financings, an acquisition of a private company through the issuance shares and share issuances for consulting services. These issuances have reduced RNC's ownership stake in Orford Mining to 35% as of the date of this MD&A.

4. CONSOLIDATED RESULTS OF OPERATIONS

Operating Highlights

(in thousands, except ounces, tonnes and pounds where noted)	Three months ended September 30,				Nine months ended September 30,			
	2018	2017	**Change**	**%Change**	**2018**	2017	**Change**	**%Change**
Operating Statistics								
Gold								
Produced (mined ounces)	**31,360**	10,489	**20,871**	**199%**	**58,460**	24,305	**34,155**	**141%**
Sold (ounces)	**23,805**	8,659	**15,146**	**175%**	**43,291**	20,682	**22,609**	**109%**
Average realized gold price per ounce ($US)	**1,205**	1,286	**(81)**	**(6%)**	**1,252**	1,257	**(5)**	**0%**
Nickel								
Produced (mined tonnes)	**N/A**	8,737	**(8,737)**	**(100%)**	**15,769**	33,327	**(17,558)**	**(53%)**
Sold (tonnes)	**N/A**	157	**(157)**	**(100%)**	**214**	423	**(209)**	**(49%)**
Average realized nickel prices per pound ($US)	**N/A**	4.48	**(4.48)**	**(100%)**	**7.13**	3.95	**3.18**	**81%**
Copper[1]								
Produced (mined tonnes)[1]	**61,922**	117,536	**(55,614)**	**(47%)**	**326,363**	358,185	**(31,822)**	**(9%)**
Sold (tonnes Cu)[2]	**745**	1,163	**(418)**	**(36%)**	**2,941**	3,332	**(391)**	**(12%)**
Average realized copper price per pound ($US)	**3.44**	3.54	**(0.10)**	**(3%)**	**3.42**	3.38	**0.04**	**1%**
Financial data								
Metal sales	**$43,397**	$24,952	**$18,445**	**74%**	**$96,694**	$43,565	**$53,129**	**122%**
Production cost of sales	**$29,060**	$20,775	**$8,285**	**40%**	**$73,305**	$34,195	**$39,110**	**114%**
Depreciation, depletion and amortization	**$538**	$5,347	**$(4,809)**	**(90%)**	**$7,217**	$11,034	**$(3,817)**	**(35%)**
Operating earnings	**$(649)**	$(6,257)	**$5,608**	**90%**	**$(5,189)**	$(10,108)	**$4,919**	**49%**
Net earnings attributable to RNC shareholders	**$(7,510)**	$(11,953)	**$4,443**	**37%**	**$(20,939)**	$(11,376)	**$(9,563)**	**(84%)**

1. 100% Basis
2. RNC Share of Reed Mine Production

The Beta Hunt Mine achieved record quarterly production in the third quarter of 2018, largely as a result of the high-grade gold Father's Day Vein discovery made in early September 2018. In the third quarter of 2018, 31,360 mined gold ounces were produced, a 199% increase compared to third quarter 2017 production of 10,489 ounces, Gold production for the first nine months of 2018 totaled 58,460 ounces compared to 24,305 for the prior year comparative period.

RNC elected to curtail nickel production at the Beta Hunt Mine during the third quarter of 2018. As a result, nickel (in concentrate) production was reduced compared to prior year periods. 855 tonnes of nickel (in concentrate) was produced in the third quarter of 2018, a reduction of 7,882 tonnes compared to 8,737 in the third quarter of 2017. For the nine months ended September 30, 2018, 15,769 tonnes of nickel (in concentrate) was produced compared to 33,327 tonnes for the same period in 2017.

The Reed Mine ceased production in the third quarter of 2018, As a result, RNC's share of copper (in concentrate) production was reduced compared to prior year periods. 61,922 tonnes of ore was produced in the third quarter of 2018, a reduction of 47% compared to 117,536 tonnes in the third quarter of 2017. For the nine months ended September 30, 2018, 326,363 tonnes of ore was produced compared to 358,185 tonnes for the same period in 2017, a 9% decrease.

Operating Earnings (Loss) by Segment

(in thousands)

	Three months ended,			Nine months ended,		
For the periods ended September 30,	**2018**	2017	Change	**2018**	2017	Change
Operating segments						
Beta Hunt Mine - Gold	**$ 4,888**	$ (4,933)	$ 9,821	**$ (5,415)**	$ (4,933)	$ (482)
Beta Hunt Mine - Nickel	**126**	272	(146)	**771**	(463)	1,234
Reed Mine	**4,405**	(350)	4,755	**12,494**	(927)	13,421
	9,419	(5,011)	14,430	**7,850**	(6,323)	14,173
Non-operating segment						
Corporate: share-based payments	**(8,862)**	(245)	(8,617)	**(9,354)**	(247)	(9,107)
Corporate: other	**(1,206)**	(1,001)	(205)	**(3,685)**	(3,538)	(147)
Total Operating Loss	**(649)**	(6,257)	5,608	**(5,189)**	(10,108)	4,919

5. OUTLOOK

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

Beta Hunt Mine

With the Father's Day Vein discovery in early September, the focus at the Beta Hunt Mine was on extracting the high-grade gold specimen stone and coarse gold from the discovery area and preparing for a comprehensive exploration program. The geology team is continuing to advance their work on understanding the sediment structures and the potential for additional high-grade coarse gold. The high-grade gold potential of the mine remains largely unexplored.

On October 22, 2018, RNC announced that the first mobile exploration diamond drill had been deployed and underground drill crews had commenced the gold exploration program at the Beta Hunt Mine. The objective of the program is to expand upon the Father's Day Vein high grade gold discovery at the A Zone area of the mine. Drilling will step out both along strike and dip both above and below the known discovery area following the pyritic sediment horizon in the Lunnon Basalt. Understanding the depositional model for the gold mineralization associated with the pyritic sediment is expected to be critical for future exploration and the potential to discover additional high grade gold material at the sediment – shear zone contact areas. The sediment horizon has previously been intersected along two of the main gold bearing shears at A Zone and Western Flanks located at the Beta Hunt Mine.

Cautionary Statement: The decision to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the Preliminary Economic Assessment ("PEA"), on the Beta Hunt Mine, which is summarized in the technical report entitled, "NI 43-101 Technical Report Preliminary Economic Assessment – The Beta Hunt Mine, Kambalda, Western Australia", is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. In addition, the PEA was issued on March 4, 2016 and does not reflect the recent gold discovery at the mine's Father's Day Vein. No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Dumont Nickel-Cobalt Project

RNC remains focused on completing an updated feasibility study and aggressively advancing Dumont towards a construction decision in 2019. RNC announced in September 2018, in its capacity as manager of the Dumont JV with Arpent Inc., a subsidiary of Waterton, that Ausenco Engineering Canada Inc. ("Ausenco") was awarded the contract for a feasibility study update for Dumont.

The feasibility study update will maintain the same project scope, flowsheet, and overall site layout from the feasibility study completed in July 2013 in order to leverage the investment in the prior work. The updated feasibility study will incorporate the results of the market value-in-use study recently completed by the Dumont JV, updated macro-economic assumptions and several other optimizations and updates, including an updated mine plan, optimization of tailings deposition, and updated capital and operating costs. The results of the updated feasibility study are expected to be announced towards a construction decision in 2019.

Reed Mine 2018 Guidance

RNC's share of closure costs is currently estimated at $0.8 million including recovery for the sale of equipment and facility assets.

Orford Mining Corporation

Orford has completed the 2018 summer exploration program on the Qiqavik property. As reported by Orford Mining Corporation on October 6 2018, the Qiqavik program included 8 drill holes totaling 1,211m. The highlight of the 2018 drilling program results is the discovery at the Interlake Area of a thick sequence of gold mineralized quartz-carbonate veining associated with sulphidic metasediments which was intersected in three diamond drill holes. This is the first time that thicknesses in excess of up to 24.6m of gold-bearing mineralization within a structural complex zone has been intersected on the property. The Interlake area has generated additional potential high-grade targets for 2019.

The 2018 Qiqavik work also identified several new high-grade surface gold showings and expanded previously discovered showings. Surface gold samples such as 342 g/t gold at new surface showing A,149.5 g/t gold at a new surface showing B, 108 g/t at the Focused Intrusive and 17.15 g/t at the Interlake zone continue to suggest strong gold endowment of the Qiqavik property and its untested potential. A total of 541 rock samples were taken during the summer of 2018 from predominantly angular subcrop type boulders across the 40 kilometre long property. Thirty four of those samples returned grades of more than 2 g/t.

Surface sampling at Focused Intrusive, Gerfaut South, and Interlake have expanded the dimensions of these surface showings to potentially as large as 800m, 850m, and 300m, respectively. Work in the Interlake area has proven that the boulder and till transport distance is limited. This was evidenced by intersecting similar mineralization and lithologies in gold mineralization in the 2018 Interlake drill holes to that seen in the nearby surface showing boulders.

6. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars)

	Three months ended,			Nine months ended,		
For the periods ended September 30,	**2018**	2017	Change	**2018**	2017	Change
Revenue	**$43,397**	$24,952	$ 18,445	**$ 96,694**	$ 43,565	$53,129
Operating loss	**(649)**	(6,257)	5,608	**(5,189)**	(10,108)	4,919
Other expenses, net	**(6,715)**	(5,761)	(954)	**(15,484)**	(7,682)	(7,802)
Loss before income tax	**(7,364)**	(12,018)	4,654	**(20,673)**	(17,790)	(2,883)
Net loss	**(7,510)**	(12,347)	4,837	**(21,190)**	(11,855)	(9,335)
Basic and diluted loss per share	**(0.02)**	(0.04)	0.02	**(0.06)**	(0.04)	(0.02)
Adjusted EBITDA[1]	**8,751**	(665)	9,416	**11,382**	1,173	10,209
Adjusted EBITDA per share[1]	**0.02**	-	0.02	**0.03**	0.00	0.03

[1] Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

Three months ended September 30, 2018, compared with three months ended September 30, 2017

For the third quarter of 2018, revenue increased by $18.4 million, or 74%, which was primarily due to increased gold deliveries from the Beta Hunt Gold mine of $23.6 million. Partially offsetting higher gold revenue was a $3.4 million decrease of copper revenue from the Reed Mine which ceased operations during the third quarter of 2018. Total operating loss for the period improved by $5.6 million which was also primarily due to the Beta Hunt mine which had operating earnings of $5.0 million during the period compared with a loss of $4.7 million for the prior year, a $9.7 million improvement. Furthermore, the Reed Mine had higher operating earnings of $4.8 million which was partially due to a $1.9 million impairment recorded in 2017. The combined increase in operating earnings from Beta Hunt and Reed Mine of $14.6 million was partially offset by an $8.6 million increase in mark-to-market adjustments related to a higher market price for the Corporation's common shares on September 30, 2018 relative to the beginning of the period.

For the third quarter of 2018, other expenses increased by $1.0 million. The increase was partially due to net dilution losses totalling $0.3 million recorded on the deconsolidation of Magneto and Orford. During the three months ended, September 30, 2018, the Corporation's interest in Orford and Magneto reduced to approximately 35% and 28%, respectively. As the Corporation no longer has controlling interest, the entities were removed from the consolidation of its financial results and are accounted for using the equity method of accounting from the date of the loss of control. A dilution loss arose from the loss of control of Orford of $2.4 million which was partially offset by a gain from the loss of control of Magneto of $2.2 million. The details for the series of transactions can be found in note 6 to the Corporation's unaudited condensed interim consolidated financial statements as at and for the period ended September 30, 2018.

Nine months ended September 30, 2018, compared with nine months ended September 30, 2017
For the first nine months of 2018, revenue increased by $53.1 million, or 122%, which was primarily due to increased gold deliveries from the Beta Hunt Gold mine of $56.2 million. Partially offsetting higher gold revenue was a $2.6 million decrease of copper revenue from the Reed Mine which ceased operations during the third quarter of 2018. Total operating loss for the period improved by $4.9 million which was primarily due to the Reed Mine which reported higher operatings earnings of $13.4 million. The Beta Hunt mine also contributed with higher operating earnings of $0.8 million during the period. The combined increase in operating earnings from Beta Hunt and Reed Mine of $14.2 million was partially offset by a $9.1 million increase in mark-to-market adjustments related to a higher market price for the Corporation's common shares on September 30, 2018 relative to the beginning of the period.

For the nine months ended September 30, 2018, other expenses increased by $7.8 million. The Corporation recognized a foreign exchange loss of $5,365 during the nine months ended September 30, 2018 due to the adverse change in foreign exchange rates over the prior period. The Corporation repaid significant US-denominated loans during the period, its sales and derivatives contracts are denominated in US and Australian dollars, all of which impact financial results. Accretion and on the gold loan and changes in fair value of the nickel loan, both of which were fully settled during the period ended September 30, 2018, totaled $4,418. The market price of nickel declined during the ninth months ended September 30, 2018 and prices realized on nickel forward contracts decreased over the prior period. These expenses are partially offset by net gains on changes in fair value of embedded derivatives of $1,186.

Summary of Quarterly Results

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	$43,397	$31,872	$21,425	$29,511	$24,952	$11,489	$7,124	$9,423
(Loss) earnings attributable to RNC shareholders	($7,510)	($1,027)	($12,402)	($78,617)	($11,953)	$4,999	($4,422)	($16,549)
Basic and diluted (loss) earnings per share	($0.02)	($0.00)	($0.05)	($0.26)	($0.04)	$0.02	($0.02)	($0.07)

Revenues for the third quarter of 2018 are higher than the previous seven quarters primarily due to the Beta Hunt gold mine achieving higher levels of production. Beta Hunt has realized increasing gold revenues since achieving commercial levels of production beginning on July 1, 2017. Net earnings over the last eight quarters have not followed the same trend as revenues due to several factors, including: impairment charges, debt charges, the impact of derivative instruments and various other gains and losses associated with business activities, as described in the Corporation's MD&A reports respective of each referenced financial quarter.

Quarterly results will vary in accordance with the Corporation's exploration, development, acquisition and financing activities. Historically, exploration and evaluation expenses, share-based compensation expenses, changes in the fair value of derivatives, foreign exchange variations and mineral property interests write-offs had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses. Quarterly results continued to fluctuate during SLM's ramp-up period and during the first year of commercial gold production. Changes in the fair value of the derivatives are recorded in the consolidated statements of loss and can reasonably be expected to affect the Corporation's future quarterly results. Fluctuations in the Canadian dollar, which is the Corporation's functional currency, against the US dollar and Australian dollar will also continue to affect the Corporation's quarterly results as a result of its cash and cash equivalents and liabilities denominated in US dollars as well as its revenue being denominated in US dollars.

7. LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash[1]

(in thousands of dollars)

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Cash used in operations prior to changes in working capital	**$ (3,722)**	$ (1,371)	**$ (3,845)**	$ (5,719)
Changes in non-cash working capital	**7,090**	(2,253)	**(5,747)**	3,585
Cash provided by (used in) by operating activities	**3,368**	(3,624)	**(9,592)**	(2,134)
Cash used in investing activities	**(6,283)**	(8,914)	**(8,729)**	(1,724)
Cash (used in) provided by financing activities	**(3,388)**	9,576	**(5,398)**	20,577
Change in cash and cash equivalents	**(6,303)**	(2,962)	**(23,719)**	16,719

[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.

Operating Activities
For the three months ended September 30, 2018, cash used in operating activities, prior to changes in non-cash working capital, was $3.7 million compared to cash used in operating activities of $1.4 million in the comparable quarter of the prior year, representing a variance of $2.3 million. Working capital changes provided cash of $7.1 million during the three months ended September 30, 2018 compared with cash used of $2.3 million for the three months ended September 2017, a $9.3 million variance. The working capital movement for the three months ended September 30, 2018 is mostly related to a decrease in inventory ($4.7 million) and a decrease in accounts receivable and prepaid expenses ($2.0 million).

For the nine months ended September 30, 2018, cash used in operating activities, prior to changes in non-cash working capital, was $3.8 million compared to cash used in operating activities of $5.7 million in the comparable period of the prior year, representing a variance of $1.9 million. Working capital changes used cash of $5.7 million during the nine months ended September 30, 2018 compared with cash provided of $3.6 million for the nine months ended September 2017, a $9.3 million variance. The working capital movement for the three months ended September 30, 2018 is mostly related to a decrease in accounts payable and accrued liabilities ($6.8 million) which was primarily financed from the cash raised from financing activities discussed below.

Investing Activities
For the three months ended September 30, 2018, total cash used in investing activities was $6.3 million compared with total cash used in investing activities of $8.9 million in 2017, a $2.6 million decrease. The decrease is primarily due to additions in property, plant and equipment in 2017 of $6.7 million which were substantially higher than the 2018 level of $0.3 million by $6.4 million. The decrease in capitalized property, plant and equipment is due to the SLM operation because the Corporation ceased capitalization of mine development costs upon the classification of the asset as held for sale from December 31, 2017. The Corporation recommenced the capitalization of mine development costs from September 9, 2018 when the Corporation ceased its classification of SLM as an asset held for sale as described above. An amount of $576

was added to mine development from the period September 9 to 30, 2018, and related amortization of $46 was recognized on that amount during the period then ended. Partially offsetting the impact of lower capitalized costs was the impact of lower cash as a result of the deconsolidation of Magneto and Orford described above. On the effective date of deconsolidation, the entities had a combined cash total of $6.0 million.

For the nine months ended September 30, 2018, total cash used in investing activities was $8.7 million compared with total cash used in investing activities of $1.7 million in 2017, a $7.0 million increase. The change over prior period is primarily due to additions in property, plant and equipment in 2017 of $27.9 million which were substantially higher than the 2018 level of $0.6 million by $27.3 million. The decrease in capitalized property, plant and equipment is due to the SLM operation because the Corporation ceased capitalization of mine development costs upon the classification of the asset as held for sale from December 31, 2017. The Corporation recommenced the capitalization of mine development costs from September 9, 2018 when the Corporation ceased its classification of SLM as an asset held for sale as described above. Partially offsetting the impact of lower capitalized costs was the impact of lower cash as a result of the deconsolidation of Magneto and Orford described above. On the effective date of deconsolidation, the entities had a combined cash total of $6.0 million. Partially offsetting was the cash received in 2017 from the sale of Dumont of $30.3 million.

Financing Activities

For the three months ended September 30, 2018, cash used in financing activities of $3.4 million compares to cash provided by financing activities in the third quarter of 2017 of $9.6 million. The variance of $13.0 million is mostly due to higher debt repayments of $11.4 million in the third quarter of 2018. During the third quarter of 2018, the Corporation received cash of $9.9 million from the exercise of stock options and warrants. During the third quarter of the prior year, the Corporation received cash from the issuance of convertible debentures ($4.8 million), long-term debt ($3.8 million) and shares ($3.2 million) for a combined total of $11.8 million.

For the nine months ended September 30, 2018, cash used in financing activities of $5.4 million compares to cash provided by financing activities in the third quarter of 2017 of $20.6 million. The variance of $25.9 million is partially due to higher debt repayments of $13.3 million in 2018. During the first nine months of 2018, the Corporation received cash of $10.1 million from the exercise of stock options and warrants and $2.1 million for the issuance of shares for a combined total of $12.2 million. During the first nine months of the prior year, the Corporation received cash from the issuance of convertible debentures ($18.0 million), long-term debt ($4.8 million) and shares ($3.2 million) for a combined total of $26.0 million.

As a result of the foregoing activities, for the nine months ended September 30, 2018, the net cash used by operating, investing and financing activities was $23.7 million compared with net cash provided of $16.7 million in 2017.

Liquidity and Capital Resources

(in thousands of dollars)	**September 30, 2018**	December 31, 2017
Cash and cash equivalents	**$ 681**	$ 24,400
Working capital deficit[1]	**(27,357)**	(29,045)
Property, plant and equipment	**15,483**	23,509
Mineral property interests	**-**	48,956
Total assets	**49,928**	108,987
Shareholders' equity	**12,573**	10,914

1. Working capital deficit is a measure of current assets (Including cash and cash equivalents) less current liabilities.

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

As at September 30, 2018, the Corporation had a working capital deficit of $27.4 million compared to a $29.0 million deficit as at December 31, 2017 for a decreased deficit of $1.6 million. Although the decline was not significant, there were large movements in the composition of working capital. Cash declined by $23.7 million partially as a result of the deconsolidation of Magneto as well as to partially settle accounts payable and accrued liabilities which declined by $15.0 million. The Corporation's obligations in respect of share incentive plans increased by $6.4 million mostly as a result of an increase in the Corporation share price. The current portion of debt arrangements and the current portion of deferred revenue decreased by $11.1 million and $5.6 million, respectively, primarily as a result of the financing activities described above under which the Corporation settled its long-term debt and convertible debenture financings.

Property, plant and equipment decreased by $8.0 million which was primarily due to the depreciation of the Reed Mine of $5.5 million for the first nine months of 2018 which, as at September 30, 2018 is fully depreciated.

Mineral property interests declined by $49.0 million due to the deemed disposition and loss of control of Magneto and Orford and resulted in declines of $31.0 million and $18.0 million, respectively.

Overall, total assets decreased by $59.1 million which is primarily due to the decreases in property, plant and equipment and the mineral property interests noted above totalling $57.0 million.

All long-term debt and convertible debt with Auramet, Pala and YA II PN of $11.4 million was eliminated during the third quarter of 2018. During the nine months ended September 30, 2018, long-term debt and convertible debt of $33.5 million was eliminated. The cash and cash equivalents balance, including value of gold specimens held for sale, as of November 9, 2018 was $18.8 million.

As at September 30, 2018 the Corporation had cash and cash equivalents of $0.7 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt mine operation and general and administrative expenses for the ensuing twelve months. Until such time that financing becomes available on acceptable terms, the Corporation has taken action to limit the ongoing exploration and evaluation work and reduce its operating costs. Accordingly, these conditions indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. The Corporation's ability to continue future operations and fund its exploration, evaluation, development and acquisition activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available on terms which are acceptable to the Corporation.

8. SUMMARY OF QUARTERLY INFORMATION

Mining Operations

Beta Hunt Mine (100% ownership) Western Australia

The Beta Hunt Mine achieved record quarterly production in the third quarter of 2018 of 31,360 mined gold ounces in third quarter of 2018, a 199% increase compared to third quarter 2017 production, and a 135%

increase versus second quarter of 2018. Gold production for the first nine months of 2018 totaled 58,460 ounces compared to 24,305 for the comparable prior year period. An increase in high-grade specimen and coarse gold production led to a 198% improvement in the mined grade for the quarter to 6.67 g/t, compared to 2.24 g/t in third quarter of 2017 and a 3.14 g/t in second quarter of 2018. Following the Father's Day Vein discovery, the focus at the Beta Hunt Mine was on extracting the high-grade gold specimen stone and coarse gold from the discovery area and preparing for a comprehensive exploration program. The Beta Hunt Mine continues to be focused on ramping up its gold production and mined 146 kt of gold mineralization in the third quarter of 2018 (2017 – 146 kt) containing 31,360 oz of gold (2017 – 10,489 oz). 199 kt of material was processed at an average grade of 5.26 g/t, (2017 - 2.23 g/t) for a total of 33,725 oz of gold (2017 – 13,047).

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Gold Operating Results				
Gold tonnes mined (000s)	**146**	146	**447**	371
Gold mined grade (g/t)	**6.67**	2.24	**4.07**	2.04
Gold mined (ounces)	**31,360**	10,489	**58,460**	24,305
Gold recovery (%)	**95**	90	**94**	91
Gold sales (ounces)	**23,805**	8,659	**43,291**	20,682
Development metres – operating	**519**	659	**2,251**	1,641
Development metres – capital	**505**	771	**1,431**	2,292
Mining cash cost per ounce (US$ per ounce mined)	**325**	963	**526**	1,074
Cash operating cost (US$ per ounce sold) [1]	**962**	1,480	**1,155**	1,602
All-in sustaining cost (AISC) (US$ per ounce sold) [1]	**1,013**	1,609	**1,207**	1,681

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Nickel Operating Results				
Nickel tonnes mined (000s)	**N/A**	8.7	**15.8**	33.3
Nickel in concentrate (000s of tonnes)	**N/A**	0.25	**0.32**	0.64
Development metres – operating	**28**	348	**1,431**	938
Development metres – capital	**0**	67	**76**	121
Cash operating cost (US$ per pound sold) [1]	**N/A**	3.40	**4.32**	3.26
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**N/A**	3.45	**4.34**	3.61

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

Reed Mine

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Copper Operating Results[1]				
Ore tonnes Mined (000s) (100% basis)	**61,922**	117,536	**326,364**	358,184
Ore tonnes milled (000s) (100% basis)	**93,488**	107,705	**347,947**	339.833
Copper (%)	**3.22**	4.06	**3.35**	3.72
Copper contained in concentrate (000s of tonnes) (28 YTD, 27.2% Q3) [1]	**0.78**	1.21	**3.1**	3.47
Cash operating cost (US$ per pound sold) [2]	**0.56**	1.55	**0.48**	1.68

All-in sustaining cost (AISC) (US$ per pound sold) [1]	**0.58**	1.57	**0.50**	1.73

1. RNC's share of production from the Reed Mine was 27% in the third quarter of 2018, 28% for the nine months ended 2018, and 30% for 2017 periods.
2. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

9. OFF-BALANCE SHEET ARRANGEMENTS

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

10. PROPOSED TRANSACTIONS

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

11. OUTSTANDING SHARE DATA

As at November 12, 2018, the Corporation had 446,005,425 common shares issued and outstanding.

As at November 12, 2018, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	31,296,978	$0.32
Warrants	1,500,000	$0.50

As at November 12, 2018, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, in cash or common shares:

	Number of Securities
Deferred share units	959,343
Restricted share units	3,537,130

Under the agreement dated March 8, 2007, pursuant to which Royal Nickel acquired a 100% interest in the Marbaw Mineral Claims (see Note 8(ii) of the December 31, 2017 audited consolidated financial statements), the Corporation is required to issue 7,000,000 common shares in RNC to Marbaw upon the Dumont property being placed into commercial production or upon transfer (including through a merger, consolidation or asset purchase) of the property to a third party.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

There were no changes to the accounting policies applied by the Corporation to its September 30, 2018 unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the audited 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 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 of RNC's September 30, 2018 unaudited condensed interim consolidated financial statements 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 20 of RNC's September 30, 2018 unaudited condensed interim consolidated financial statements 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

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.

13. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("DCP") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-

109 for the Corporation. The Corporation's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO")(2013) framework. The Corporation's CEO and the CFO certify that the Corporation's DCP have been designed to provide reasonable assurance that material information relating to the Corporation is made know to them by others, particularly during the period in which interim filings are being prepared; and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Corporation's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the current period there have been no changes in the Corporation's DCP or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

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

14. RISK FACTORS

The Corporation is subject to a number of risks and uncertainties. The risk factors are outlined in the Corporation's most recent Annual Information Form ("AIF") (on file with Canadian provincial regulatory authorities, available at www.sedar.com), and in the Corporation's other public disclosures. In addition, the Corporation is subject to production and exploration uncertainty at its Beta Hunt Mine. There is no certainty that the Corporation will be able to achieve future production at its Beta Hunt Mine comparable to its 2018 third quarter production. The Corporation has recently initiated a gold exploration program at the Beta Hunt Mine with the objective being to expand upon the Father's Day Vein high-grade gold discovery at the A Zone area of the Beta Hunt Mine. There can be no assurance that this exploration program will be successful. Moreover, as described in the Corporation's AIF, the decision by SLM to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves demonstrating economic and technical viability and, as a result, there may be increased uncertainty as to achieving any particular level of recovery of minerals and the cost of such recovery.

15. NON-IFRS MEASURES

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

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

BETA HUNT MINE

Cash Operating Cost

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

Beta Hunt Mine (gold)

For the periods ended September 30,	Three months ended, **2018**	2017	Nine months ended, **2018**	2017
Production and toll-processing costs	$27,748	$14,629	$66,158	$44,448
Adustments	(15,096)[1]	(3,196)[2]	(29,208)[3]	(13,516)[4]
Mining costs (CDN$)	$12,652	$11,433	$36,950	$30,932
Royalty expense: Government of Western Australia	1,095	360	1,903	847
Royalty expense: Other	3,179	1,067	5,607	2,525
Adjustments	12,991[5]	3,196[6]	20,112[7]	8,929[8]
Operating costs (CDN$)	$29,917	$16,056	$64,572	$43,233
General and administration expense – corporate	59	139	244	217
Sustaining capital expenditures	1,539	1,254	2,714	1,846
All-in sustaining costs (CDN$)	$31,515	$17,449	$67,530	$45,296
Average exchange rate (CDN$ 1 – US$)	0.77	0.80	0.78	0.76
Mining cost (US$)	**$9,680**	**$9,128**	**$28,705**	**$23,703**
Operating costs (US$)	**$22,890**	**$12,818**	**$49,984**	**$33,140**
All-in sustaining costs (US$)	**$24,113**	**$13,930**	**$52,272**	**$34,753**
Recoverable gold mined (ounces)	29,792[9]	9,480[10]	54,586[11]	22,066[12]
Gold mining cash cost (US$ per ounce mined)	**$325**	**$963**	**$526**	**$1,074**
Ounces of gold sold	23,805	8,659	43,291	20,682
Cash operating costs (per ounce sold)	**$962**	**$1,480**	**$1,155**	**$1,602**
All-in sustaining cost (per ounce sold)	**$1,013**	**$1,609**	**$1,207**	**$1,681**

1. Negative adjustments for capital development ($2,105), tolling costs ($9,032) and stock adjustment ($3,959).
2. Negative adjustment for tolling costs ($6,533) and a positive stock adjustment ($3,337).
3. Negative adjustments for capital development ($9,096), tolling costs ($19,979) and stock adjustment ($133).
4. Negative adjustment for tolling costs ($14,976) and a positive stock adjustment ($1,460).
5. Positive adjustments for tolling costs ($9,032) and stock adjustment ($3, 959).
6. Positive adjustment for tolling costs ($6,533) and a negative stock adjustment ($3,337)
7. Positive adjustments for tolling costs ($19,979) and stock adjustment ($133).
8. Positive adjustment for tolling costs ($14,976) and negative stock adjustment ($6,047)
9. Recoverable gold mined is computed at the average recovery rate of 95% of gold mined ounces.
10. Recoverable gold mined is computed at the average recovery rate of 90% of gold mined ounces.
11. Recoverable gold mined is computed at the average recovery rate of 94% of gold mined ounces.
12. Recoverable gold mined is computed at the average recovery rate of 90% of gold mined ounces.

Beta Hunt Mine (nickel)

For the periods ended September 30,	Three months ended, **2018**	2017	Nine months ended, **2018**	2017
Production and toll-processing costs	$106	$1,181	$3,090	$3,369
Royalty expense: Government of Western Australia	8	91	183	182
Royalty expense: Other	-	207	206	415
Adjustments [1]	-		(867)	-
Operating costs (CDN$)	$114	$1,479	$2,612	$3,966
General and administration expense – corporate	(8)	19	15	424
Sustaining capital expenditures	-	-	-	-
All-in sustaining costs (CDN$)	$106	$1,498	$2,627	$4,390
Average exchange rate (CDN$ 1 – US$)	0.77	0.80	0.78	0.76
Cash operating costs (US$)	**$87**	**$1,181**	**$2,040**	**$3,038**
All-in sustaining costs (US$)	**$81**	**$1,196**	**$2,052**	**$3,362**
Pounds of nickel sold	N/A	347,114	472,318	931,796
Cash operating costs per pound sold	**N/A**	**$3.40**	**$4.32**	**$3.26**
All-in sustaining cost (per pound sold)	**N/A**	**$3.45**	**$4.34**	**$3.61**

1. Negative adjustments for capital development ($867).

N/A No Nickel sales occurred in Q3 2018.

Reed Mine

For the periods ended September 30,	Three months ended, **2018**	2017	Nine months ended, **2018**	2017
Mining costs	$-[1]	$2,937	$-[1]	$8,945
Transport	668	781	2,540	2,247
Milling costs	1,325	1,756	4,768	6,463
General and administration related to production	12	202	47	637
Operating costs, before by-product credits (CDN$)	$2,005	$5,675	$7,355	$18,293
By-product credits	(799)	(710)	(3,329)	(2,108)
Operating costs, net of by-product credits (CDN$)	$1,206	$4,965	$4,027	$16,185
Average exchange rate (CDN$1 – US$)	0.77	0.80	0.78	0.77
Cash operating cost (US$)	**$923**	**$3,965**	**$3,125**	**$12,368**
General and administrative expenses – corporate (US$)	36	14	141	63
Sustaining capital expenditure (US$)	-	39	-	306
All-in sustaining cost (AISC) (US$)	**$959**	**$4,018**	**$3,266**	**$12,737**
Tonnes of copper sold (payable)	745	1,163	2,944	3,332
Cash operating cost per pound sold (US$)	**$0.56**	**$1.55**	**$0.48**	**$1.68**
All-in sustaining cost (AISC) per pound sold (US$)	**$0.58**	**$1.57**	**$0.50**	**$1.73**

1. The Corporation has elected effective January 1, 2018 to allow its interest in the Reed Joint Venture to be diluted by not funding its share of mining costs and general and administration costs related to production. Consequently those costs are not included in the cost computation. If the costs were included, the Q3 Cash operating cost (per lb. sold) (US$) and year-to-date cash operating cost (per lb. sold) (US$) would have been $0.93 and $1.35, respectively.

Adjusted EBITDA and Adjusted EBITDA per share

Management believes that adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) and Adjusted EBITDA per share are valuable indicators of the Corporation’s ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures.

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

Other companies may calculate EBITDA differently. Adjusted EBITDA is a non-IFRS measure, which excludes the following from loss and comprehensive loss: deferred income tax expense (recovery); other expense (income), net (see note 18 of the third quarter 2018 unaudited condensed interim consolidated financial statements); depreciation and amortization; one time costs (acquisition costs); and share-based payments and includes depreciation and amortization on gold property plant and equipment and pre-commercial gold cost of sales net of gold revenue.

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2018**	2017	**2018**	2017
Net loss for the period	**$ (7,510)**	$ (12,347)	**$ (21,190)**	$ (11,855)
Deferred income tax expense (recovery)	**146**	329	**517**	(5,935)
Other expenses, net (note 18 of the unaudited condensed interim consolidated financial statements)	**6,715**	5,761	**15,484**	7,682
Non-cash share-based payments	**8,862**	245	**9,354**	247
Depreciation and amortization	**538**	5,347	**7,217**	11,034
Adjusted EBITDA	**8,751**	(665)	**11,382**	1,173
Weighted average number of common shares	**384,495,931**	303,518,313	**366,496,587**	285,474,064
Adjusted EBITDA per share	**$ 0.02**	$ (0.00)	**$ 0.03**	$ 0.00

16. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

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

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