



ROYAL NICKEL CORPORATION
(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018



Royal Nickel Corporation

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 months ended March 31, 2019 and 2018. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim financial statements and related notes for the three months ended March 31, 2019 and 2018, 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, 2018, 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.

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.

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".

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 May 13, 2019 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 metal 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



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expected from the electric vehicle (“EV”) market in the coming decade. It is strategically located in the established Abitibi mining camp, 25 km 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 where production ceased in July 2018, and a 33% equity interest in Orford Mining Corporation (“Orford”) which holds the Qiqavik and West Raglan exploration projects (gold, nickel) in northern Quebec. The Qiqavik Project hosts several new high-grade gold discoveries along a mineralized trend in excess of 40 km long.

Further information regarding each of these projects, and the related first quarter developments in respect of each, is provided below section 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 months ended March 31, 2019 and 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)

For the three months ended March 31,	2019	2018
Revenue	\$ 10,863	\$ 21,425
Production and toll-processing costs	8,259	20,636
Loss before income taxes	(3,289)	(12,691)
Net loss	(3,289)	(12,549)
Basic and diluted loss per share	(0.01)	(0.04)
Cash flow used in operating activities	(5,518)	(4,049)
Cash investment in property, plant and equipment	(5,982)	(275)



For the periods ended March 31,	Three months ended,	
	2019	2018
Gold (Beta Hunt Mine)		
Tonnes mined (000s)	34	169
Gold mined, grade (g/t gold)	3.36	2.54
Gold mined (ounces)	3,716	13,780
Recovery (%)	94%	90%
Gold sold (oz)	6,375	7,978
Average realized price (US\$/oz sold)	1,279	1,333
Mining cash cost (US\$/oz mined) ¹	\$1,180	812
Cash operating costs (US\$/oz sold) ¹	\$1,076	1,502
All-in sustaining cost (AISC) (US\$/oz sold) ¹	\$1,174	1,594
Nickel³ (Beta Hunt Mine)		
Tonnes mined (000s)	-	7.8
Nickel mined, grade (%)	-	1.89
Nickel in concentrate (kilo tonnes)	-	.14
Average realized price (US\$ per pound)	-	6.68
Cash operating cost (US\$ per pound sold)	-	4.54
All-in sustaining cost (AISC) (US\$ per pound sold) ¹	-	4.55
Copper² (Reed Mine)		
Copper in concentrate (kilo tonnes)	-	93
Cash operating cost (US\$ per pound sold)	-	0.51
All-in sustaining cost (AISC) (US\$ per pound sold) ¹	-	0.54
Adjusted EBITDA ^{1,4}	\$(1,866)	\$(2,137)
Adjusted EBITDA per share ¹	\$(0.00)	\$(0.01)

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 ceased commercial production in July 2018.
3. No economic quantity of nickel was mined during the first quarter of 2019.
4. Earnings before interest, taxes, depreciation and amortization ("EBITDA")

First Quarter of 2019

Quarterly gold production: Gold mined production for the first quarter totaled 3,716 ounces compared to 13,780 ounces in the first quarter of 2018. Production was lower due to the planned temporary ramp down of bulk mining during the first phase of the ongoing 40,000 meter drilling program. The gold mined grade in the first quarter was 3.36 g/t, 32% higher than in the first quarter of 2018.

Recent Highlights

Restart of gold and nickel production: Limited restart of bulk gold mining is well underway at Beta Hunt. By the end of April 2019, the restart had achieved a 40,000 ounce annualized run rate despite a 20% reduction in headcount as compared to headcount when the temporary shutdown was initiated. Development is now sufficiently advanced to allow mining activities to begin underneath the Father's Day Vein Discovery on 16 Level. This development will target a 1,406 g/t intersection sitting just 7 metres below the Father's Day Vein area. Nickel production has also resumed and will contribute cash flow going forward.

Exceptional exploration results: results from the 40,000 metre drill program that was initiated in the fourth quarter of 2018 have been positive. RNC is on track to complete a resource update by the end of the second quarter of 2019 and will shift its drilling focus from resource definition to a broader exploration campaign to test the substantial exploration potential of each of the four shears on the property. Highlights from assays received to-date include (all drill intervals quoted are true thicknesses):

- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063
- 468 g/t over 0.21 m in hole AZ13-156



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- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013
- 16.8 g/t over 27.8 m, including 748 g/t over 0.53 m in hole WFN-071

Financing: Subsequent to the end of the first quarter, RNC closed a \$12.0 million bought deal financing to assist in funding exploration activities, the proposed acquisition of the Higginsville Gold Operations (“HGO”) from Westgold Resources Limited (“Westgold”) and general corporate purposes.

HGO Acquisition: On May 13, 2019, RNC announced that it had exercised the previously announced (see RNC news release dated March 26, 2019) purchase option to acquire HGO from Westgold. On closing, RNC will pay Westgold AUD \$25.0 million in cash and AUD \$21.0 million in RNC shares (satisfied by the issuance of 49.8 million RNC common shares), for total consideration of AUD \$50.0 million (including the AUD \$4.0 million deposit previously satisfied in RNC shares). RNC expects to finance the cash component of the purchase price with cash on hand and additional non-dilutive capital. The acquisition is expected to close on or about June 10, 2019.

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.

The Corporation announced a significant high-grade gold discovery (“Father’s Day Vein”) at the Beta Hunt Mine in the third quarter of 2018.

Following the Father’s Day Vein discovery, the Corporation announced that it initiated a 40,000 metre drill program at Beta Hunt. The objective of this program is to upgrade and expand the gold resource at Beta Hunt and delineate the Father’s Day Vein style high grade gold mineralization. A resource update is anticipated at the end of the second quarter of 2019.

Underground development will also be completed to provide access to the newly discovered sediment layers, support current and future exploration programs, and facilitate production of coarse gold using smaller scale mining methods. Beta Hunt’s gold resource potential is underpinned by four gold shears with gold intersections across a 4 km strike length which remains open at depth and along strike adjacent to the existing 5 km ramp network.

In order to deliver the first phase of the exploration plan, the Corporation temporarily ramped down bulk production mining in November 2018 to allow it to adequately drill off the main shear zone resources and complete an updated resource estimate.

Late in the first quarter of 2019, the Corporation announced the drilling program has sufficiently advanced to allow for commencement of a limited restart of bulk mining in areas with mine development already in place. The timing for a full ramp-up decision has remained the same and will be based on completion of the resource update expected by the end of the second quarter of 2019. The Corporation has also restarted nickel mining at Beta Hunt which will contribute to cash flow going forward.

Exploration drilling planned for later in 2019 will target parallel shears and the southern side of the Alpha Island Fault where the majority of the previous nickel mining had been undertaken.

On January 22, 2019, February 25, 2019 and May 2, 2019, the Corporation reported drilling updates. Results from drilling completed have provided further confirmation of the potential for the areas of intersection between the mineralized shears and property-wide Lunnon sediment layer for further high-grade coarse gold discoveries. High-grade intersections from the 40,000 metre drill program reported to date include (all drill intervals quoted are true thicknesses):



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- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063,
- 468 g/t over 0.21 m in hole AZ13-156
- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013
- 16.8 g/t over 27.8 m, including 748 g/t over 0.53 m in hole WFN-071

Thick drill intersections in the Western Flanks (including: 3.07g/t over 39.13 metres (including 5.24 g/t over 7.05 metres and 4.49 g/t over 10.09 metres) in hole WFN-065, 3.13 g/t over 16.86 metres (including 11.66 g/t over 2.67 metres) and 3.03 g/t over 18.89 metres (including 4.75 g/t over 4.61 metres) in hole WFN-058, and 4.17 g/t over 19.14 metres (including 8.92 g/t over 3.58 metres) and 4.63 g/t over 7.61 metres in hole WFN-045) illustrate the nature of the Western Flanks as a thick, variably mineralized shear zone. These intersections all lie to the north of and outside of the existing Western Flanks resource and provide strong potential for significant additions to the resource.

Drilling to the north of the Western Flanks zone has shown that the thick relatively continuous mineralization extends at least 150 m beyond the current resource model and remains open both along strike and at depth (see figure 2). Drill holes like WFN-049 and WFN-040 (results below) that occur at the northernmost edge of Western Flanks drilling have extended the thick mineralized system over 150 m beyond the edge of the current resource and illustrate the potential for significant additions to the resource.

- **WFN-049** – 3.04 g/t over 16.42 m (including 17.8 g/t over 0.93 m) and 2.5 g/t over 16.42 m (including 3.6 g/t over 5.74 m and 6.7 g/t over 2.54 m);
- **WFN-040** – 4.7 g/t over 17.06 m (including 29.6 g/t over 0.54 m and 21.0 g/t over 0.78 m) and 4.5 g/t over 11.00 m (including 10.7 g/t over 2.34 m).

The latest drill results at A Zone are from drill holes designed to increase the confidence in the shear-hosted resource at depth and to the south as well as expand the resource in these directions.

Dumont Nickel-Cobalt Project

Dumont remains one of the world's premier battery metal projects. Dumont contains 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 both the stainless steel markets and the EV market in the coming decade.

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

The results of the updated feasibility study are expected to be announced in the second quarter of 2019.

Orford Mining Corporation

RNC holds a 33% equity interest in Orford Mining Corporation ("**Orford**"). 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.



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4. CONSOLIDATED RESULTS OF OPERATIONS

Operating Highlights

	Three months ended March 31,			
<i>(in thousands, except ounces, tonnes and pounds where noted)</i>	2019	2018	Change	% Change
Operating Statistics				
Gold				
Produced (mined ounces)	3,716	13,399	(9,683)	(72%)
Sold (ounces)	6,375	7,978	(1,603)	(20%)
Average realized gold price per ounce (US\$) ³	1,279	1,333	(54)	(4%)
Nickel				
Produced (mined tonnes)	-	8,667	(8,667)	(100%)
Sold (tonnes)	-	91	(91)	(100%)
Average realized nickel prices per pound (US\$) ³	-	6.68	(6.68)	(100%)
Copper¹				
Produced (mined tonnes) ¹	-	122,309	(122,309)	(100%)
Sold (tonnes Cu) ²	-	863	(863)	(100%)
Average realized copper price per pound (US\$) ³	-	3.30	(3.30)	(100%)
Financial data (in thousands of dollars)				
Metal sales	\$ 10,863	\$21,425	\$(10,562)	(49%)
Production cost of sales	8,259	20,636	(12,377)	(60%)
Depreciation, depletion and amortization	503	3,378	(2,875)	(85%)
Operating loss	(1,727)	(6,821)	5,094	(75%)
Net loss	(3,289)	(12,402)	9,113	(73%)

1. 100% Basis
2. RNC share of Reed Mine production
3. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

Bulk mining production at Beta Hunt was temporarily ramped down beginning in the fourth quarter of 2017 to allow for adequate drilling of the main shear zone. Primarily as a result of the temporary ramp down, first quarter gold production totaled 3,716 ounces compared to 13,780 for the comparative prior year period.

Due to the suspension of nickel production at the Beta Hunt Mine during the third quarter of 2018, there was no nickel (in concentrate) production in the first quarter of 2019, compared to 140 tonnes of nickel (in concentrate) in the first quarter of 2018.

The Reed Mine permanently ceased production in the third quarter of 2018.

**Operating Earnings (Loss) by Segment***(in thousands of dollars)*

	Three months ended March 31,		
	2019	2018	Change
Operating segments			
Beta Hunt Mine - Gold	\$ 884	\$ (5,961)	\$ 6,845
Beta Hunt Mine - Nickel	(262)	(423)	161
Reed Mine	2	2,157	(2,155)
	624	(4,227)	4,851
Non-operating segment			
Corporate: share-based payments	(833)	(1,306)	473
Corporate: other	(1,518)	(1,288)	(230)
Total operating loss	(1,727)	(6,821)	5,094

5. OUTLOOK

The outlook and financial targets only relate to fiscal 2019. 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 the Outlook section in this MD&A. The Corporation may update the outlook depending on changes in metal prices and other factors.

Beta Hunt Mine

With the Father's Day Vein discovery in early September 2018, 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 understanding of the sediment structures and potential for additional high-grade coarse gold discoveries. The high-grade gold potential of the mine remains largely unexplored.

The objective of the ongoing 40,000 metre drilling program (see "Beta Hunt Mine" in section 3 above) is to upgrade and expand the gold resource at Beta Hunt and delineate the Father's Day Vein style high grade gold mineralization at the A Zone and Western Flanks areas of the mine. While focusing on adding confidence to existing resources and defining mineralization in new areas outside of current resources, the drill program will provide important structural information about the relative location of the shear zones and the sulphidic sediment horizon that will facilitate delineation of the envelope that contains the high-grade Father's Day style coarse gold mineralization. The current geological model posits that Father's Day style mineralization is associated with the intersection of the shear zones and the sedimentary horizon. Drilling results announced by RNC on January 22, 2019, February 25, 2019 and May 2, 2019 of the first drill intersections of coarse gold in the Western Flanks shear zone associated with sulphidic sediment support this model.

As of the date of this MD&A, approximately 30,300 metres of the the current 40,000 metre drilling program have been completed and assays have been received for over 25,000 metres. An updated mineral resource is anticipated by the end of the second quarter of 2019. Through the balance of the second quarter of 2019, RNC plans to test the broader exploration potential of the four shears on the property – at depth and along the 4+ km of strike of the Beta Hunt system. RNC's drill program thus far has delivered on multiple objectives. Western Flanks gold mineralization has been extended with infill drilling and resource extension drilling. Numerous wide intersections now highlight the large scale bulk potential of this shear while containing significant 4 to 6 g/t intervals – both in excess of the grade and width of the current resources. Drilling in the A



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Zone also continues to extend the resources, with multiple intersections both exceeding the grade and thickness of the current resources. At Western Flanks, drilling continues to define the northern extension of mineralization to a distance of over 150 metres outside the existing resources. Shorter holes from the Western Flanks Central 325 ore drive (WFC325- series of holes) were targeted at providing increased definition of resources for short term mine planning.

Higginsville Mill And Mining Operations

On March 26, 2019, the Corporation entered into a purchase option agreement (the “**Purchase Option**”) with Westgold for its HGO. The acquisition of the Higginsville operations and its modern, low cost 1.3 Mtpa gold mill would provide a key piece of RNC’s strategy to unlock the significant potential of its Beta Hunt gold mine. The Higginsville mill would provide a significantly lower cost milling alternative for Beta Hunt (RNC expects that processing cost savings would be in excess of \$15 per tonne, or a 35% reduction), and add an expected 40-45 koz of gold production in 2019. HGO has a 367 thousand ounce reserve within a 1.2 million ounce measured & indicated gold resource, and a further 0.9 million ounce inferred resource, all located on a 386 km² land position in the Kalgoorlie gold region. RNC successfully tolled Beta Hunt material through the HGO mill in 2018, achieving 94% Au recovery. RNC made a non-refundable option payment of AUD \$4.0 million (\$3.8 million) (satisfied through the issuance of 7.1 million RNC common shares) for an exclusive 40-day period to complete due diligence. On May 13, 2019, RNC announced that it had exercised the previously-announced (see RNC news release dated March 26, 2019) purchase option to acquire the HGO from Westgold. On closing, RNC will pay Westgold AUD \$25.0 million in cash and AUD \$21.0 million in RNC shares (satisfied by the issuance of 49.8 million RNC common shares), for total consideration of AUD \$50.0 million (including the AUD \$4.0 million deposit previously satisfied in RNC shares). RNC expects to finance the cash component of the purchase price with cash on hand and additional non-dilutive capital. The acquisition is expected to close on or about June 10, 2019.

Beta Hunt Mine 2019 Guidance

Production guidance will not be provided until the resource update is completed and a decision to fully restart bulk production is made.

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, which include 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’s predictions will be realized.

Dumont Nickel-Cobalt Project

RNC is focused on completing an updated feasibility study during the second quarter of 2019, . Ausenco Engineering Canada Inc. (“**Ausenco**”) was awarded the contract for a feasibility study update for Dumont in September 2018.



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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, 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 in the second quarter of 2019, leading towards a construction decision in 2019.

Reed Mine

RNC's share of closure costs is currently estimated at \$0.1 million, including recovery for the sale of equipment and facility assets.

Orford Mining Corporation

Planning is currently under way for the 2019 exploration season at Orford's Qiqavik gold property in Northern Quebec. The 2018 Qiqavik program included 8 drill holes totaling 1,211 m. 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 a 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 km 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.

On May 9, 2019, Orford arranged a non-brokered private placement of: (i) 11.8 million flow-through shares at an issue price of \$0.17 per share, which will generate aggregate gross proceeds of \$2.0 million, and (ii) 3.0 million hard dollar common shares at an issue price of \$0.10 per share with Alamos Gold Inc., which will generate gross proceeds of \$0.3 million. Total gross proceeds are expected to be \$2.3 million. This financing will reduce RNC's interest in Orford to 26.7%.



6. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2019	2018	Change
Revenue	\$ 10,863	\$ 21,425	\$(10,562)
Operating loss	(1,727)	(6,821)	5,094
Other expenses, net	(1,562)	(5,870)	4,308
Loss before income tax	(3,289)	(12,691)	9,402
Net loss	(3,289)	(12,549)	9,260
Basic and diluted loss per share	(0.01)	(0.04)	0.03
Adjusted EBITDA ¹	(1,866)	(2,137)	271
Adjusted EBITDA per share ¹	(0.00)	(0.01)	0.00

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 March 31, 2019, compared with three months ended March 31, 2018

For the three months ended March 31, 2019, revenues decreased by \$10.6 million, or 49.3%, of which \$6.3 million was due to the decommissioning of the Reed Mine during the third quarter of 2018 and the planned shutdown of mining activities at Beta Hunt which resulted in an overall decrease in gold and nickel production which contributed to decreased revenue of \$4.3 million. Operating loss for the three months ended March 31, 2019 improved by \$5.1 million compared to the same three month period 2018. The primary difference is due to an increase in gold operating income of \$6.8 million at the Beta Hunt mine. Partially offsetting this increase was a decline in Reed Mine of \$2.2 million as discussed above.

For the three months ended March 31, 2019, other expenses showed a net decrease of \$4.3 million. A significant portion of the 2019 total other expenses related to a \$1.2 million loss in foreign exchange, a \$1.4 million increase over the comparative quarter of 2018. The first three months of 2018 included a \$1.3 million loss from embedded derivatives for RNC which have since been extinguished during the third quarter of 2018. In addition, the comparative quarter had a one time loss due to the reclassification of deferred revenue for \$1.7 million as a result of lower than expected nickel production. The comparative quarter also had accretion charges which were higher than the first three months of 2019 by \$1.2 million. Orford and Magneto have been accounted for under the equity method beginning June 30, 2018. For more details regarding the Corporation's other expenses refer to note 16 of the unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2019.

Summary of Quarterly Results

	2019		2018		2017			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$10,863	\$32,076	\$43,397	\$31,872	\$21,425	\$29,511	\$24,952	\$11,489
Earnings (loss) attributable to RNC shareholders	(\$3,289)	\$12,794	(\$7,510)	(\$1,027)	(\$12,402)	(\$78,617)	(\$11,953)	\$4,999
Basic and diluted earnings (loss) per share	(\$0.01)	\$0.03	(\$0.02)	(\$0.00)	(\$0.05)	(\$0.26)	(\$0.04)	\$0.02

Revenues for the first quarter of 2019 declined primarily due to the decommissioning of the Reed Mine in 2018 as previously discussed. Furthermore, revenue for the first quarter of 2019 partially decreased due to a temporary reduction in production at Beta Hunt as discussed above. 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.

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 additions had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses and royalty expenses. Changes in the fair value of derivatives are recorded in the consolidated statements of comprehensive 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 or Australian dollars as well as its revenue being denominated in US dollars.

7. LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

(in thousands of dollars)

For the three months ended March 31,	2019	2018
Cash used in operations prior to changes in working capital	\$ (5,134)	\$ (139)
Changes in non-cash working capital	(384)	(3,910)
Cash used in operating activities	(5,518)	(4,049)
Cash used in investing activities	(5,982)	(1,044)
Cash provided by financing activities	10,912	849
Change in cash and cash equivalents	\$ (588)	\$ (4,244)

Operating Activities

For the three months ended March 31, 2019, cash used in operations prior to changes in non-cash working capital increased by \$5.0 million. The year over year movement in contract liabilities resulted in a negative variance of \$8.7 million. Offsetting, in the prior period 2018, there was an adjustment due to the expensing of capital related costs for SLM of \$4.0 million which decreased operating activities with an offset to investing activities as discussed below. Working capital changes used cash of \$0.4 million during the three-month period March 31, 2019 compared with cash used of \$3.9 million for the same period 2018, a variance of \$3.5 million of which \$3.4 million was related to inventory movements.

Investing Activities

For the three months ended March 31, 2019, total cash used in investing activities increased by \$4.9 million. The increase was a result of higher expenditures in property, plant and equipment of \$5.7 million. The increase in capitalized property, plant and equipment is due to the Beta Hunt operation because the Corporation ceased capitalization of mine development costs upon the classification of the asset as held for sale during the first quarter of 2018. This resulted in \$4.0 million of capital-related costs being expensed in the first quarter of 2018. Refer to note 3 of the December 31, 2018 audited consolidated financial statements for the discussion of assets held for sale and discontinued operations.

Financing Activities

For the quarter ended March 31, 2019, cash provided by financing activities increased by \$10.1 million of which \$6.5 million and \$2.4 million were a result of the issuance of shares and debt, respectively. In addition,



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the repayments of long-term debt were lower by \$1.1 million when first quarter fo 2019 is compared to first quarter of 2018.

Use of Proceeds (in thousands of dollars)	Use of proceeds Short Form Prospectus Dated January 9, 2019	Actual use of proceeds March 31, 2019
Salt Lake Mining Pty. Ltd		
To fund the 28,000 meter remainder of the 40,000 meter drilling at Beta Hunt. (at an all-in cost of \$170 per meter)	\$4,760	\$1,979
To fund capital development in the A Zone of Western Flanks areas of the mine (to provide drilling platforms and support future production) and to complete an updated technical report and feasibility study	2,800	2,800
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General working capital purposes	540	540
	\$8,100	\$5,319

As a result of the foregoing activities, for the three months ended March 31, 2019, the net cash used by operating, investing and financing activities was \$0.6 million compared with \$4.2 million in first quarter of 2018.

The Corporation raised total gross proceeds of \$9.0 million by issuing a total of 19,565,000 common shares in an offering described in the short-form prospectus (the "**Prospectus**") of the Corporation dated, and filed on SEDAR on, January 9, 2019 (including common shares issued on the partial exercise by the underwriters of the over-allotment option granted by the Corporation as part of such financing). Total net proceeds of the offering, after deducting underwriters fees and other expenses, was \$8.1 million. Set out below is a comparison of use of the proceeds of this offering as described in the Prospectus versus actual.

As noted in the Short Form Prospectus, the amount actually expended for the purposes described above could vary significantly from what the Prospectus disclosure depending on, among other things, the gold price, unforeseen events, and the Corporation's future operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Not all of the proceeds raised were used as of March 31, 2019 and the actual use to March 31, 2019 was less than the Short Form Prospectus disclosure. The remainder will be used in the subsequent quarter.



Liquidity and Capital Resources

<i>(in thousands of dollars)</i>	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 752	\$ 1,340
Working capital deficit ¹	(14,157)	(18,992)
Property, plant and equipment	31,250	24,530
Total assets	67,664	58,012
Total liabilities	30,918	31,891
Shareholders' equity	36,746	26,121

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 March 31, 2019, the Corporation had a working capital deficit of \$14.2 million compared to a \$19.0 million deficit as at December 31, 2018 for a decreased deficit of \$4.8 million. The majority of the change was a result of the Corporation's acquisition activity which resulted in a deposit of \$3.8 million worth of the Corporation's common shares with respect of the Purchase Option. In addition, the current portion of contract liabilities decreased by \$2.8 million. The Corporation's obligations in respect of share incentive plans increased by \$0.9 million primarily as the result of an increase in the Corporation's share price during the period. Partially offsetting, the current portion of debt arrangements increased by \$2.5 million.

Overall, total assets increased by \$9.7 million, which is primarily due to the above noted deposit of \$3.8 million for the Purchase Option as well as an increase in property, plant and equipment of \$6.7 million which was primarily in respect of the Beta Hunt mine.

As at March 31, 2019 the Corporation had cash and cash equivalents of \$0.8 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt Mine operations 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

At the Beta Hunt Mine 50.3 kt of material was milled at an average grade of 3.20 g/t to produce 5.2 koz of gold, a 38% decrease from the first quarter of 2018. Milling grades were 36% higher compared to the first quarter of



2018 as higher grade mined material was processed. 6.4 koz of gold was sold during the first quarter of 2019. 34 kt of material was mined at Beta Hunt at an average grade of 3.36 g/t to produce 3.7 koz during the first quarter, a 73% decrease versus the first quarter of 2018. Mined production was lower due the planned temporary ramp down of mining during the first phase of the ongoing 40,000 meter drilling program. On March 28, 2019, RNC announced the drilling program had sufficiently advanced to allow for commencement of a limited restart of bulk mining in areas with mine development already in place. The timing for a full ramp-up decision has remained unchanged and will be based on completion of the resource update expected by the end of the second quarter of 2019.

For the three months ended March 31,	2019	2018
Gold Operating Results		
Gold tonnes mined (000s)	34	169
Gold mined grade (g/t)	3.36	2.54
Gold mined – coarse gold / specimens (ounces)	69	381
Gold mined (ounces)	3,647	13,399
Total gold mined (ounces)	3,716	13,780
Gold recovery (%)	94%	90%
Gold sales (ounces)	6,375	7,978
Development metres – operating	331	960
Development metres – capital	594	493
Mining cash cost per ounce (US\$ per ounce mined) ¹	\$1,180	\$812
Cash operating cost (US\$ per ounce sold) ¹	\$1,076	\$1,502
All-in sustaining cost (AISC) (US\$ per ounce sold) ¹	\$1,174	\$1,594

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

For the three months ended March 31,	2019	2018
Nickel Operating Results		
Nickel tonnes mined (000s)	-	7.8
Nickel in concentrate (000s of tonnes)	-	8.7
Development metres – operating	-	75
Development metres – capital	-	152
Cash operating cost (US\$ per pound sold) ¹	-	\$4.54
All-in sustaining cost (AISC) (US\$ per pound sold) ¹	-	\$4.55

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

Reed Mine

For the three months ended March 31,	2019	2018
Copper Operating Results^{1,2}		
Ore tonnes mined (000s) (100% basis)	-	122,309
Ore tonnes milled (000s) (100% basis)	-	92,954
Copper (%)	-	3.54
Copper contained in concentrate (kilo tonnes) ¹	-	0.86
Cash operating cost (US\$ per pound sold) ³	-	\$0.51
All-in sustaining cost (AISC) (US\$ per pound sold) ³	-	\$0.54

1. RNC's share of production from the Reed Mine was 27.2% for the 2018 year.

2. Operations ceased in September 2018.

3. 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 disclose such an opportunity if and when required under applicable securities rules.

See HGO transaction described in section 5, Higginsville Mill And Mining Operations.

11. SUBSEQUENT EVENTS

On May 13 2019, RNC announced that it had exercised the previously-announced (see RNC news release dated March 26, 2019) purchase option to acquire the HGO from Westgold. On closing, RNC will pay Westgold AUD \$25.0 million in cash and AUD \$21.0 million in RNC shares (satisfied by the issuance of 49.8 million RNC common shares), for total consideration of AUD \$50.0 million (including the AUD \$4.0 million deposit previously satisfied in RNC shares). RNC expects to finance the cash component of the purchase price with cash on hand and additional non-dilutive capital. The acquisition is expected to close on or about June 10, 2019.

On May 8, 2019 the Corporation extended the purchase option agreement entered into with Westgold to May 12, 2019 to allow time to settle definitive documentation and confirm the exercise of the option.

On April 18, 2019 the Corporation closed a bought deal announced on March 26, 2019. The agreement provided the underwriters with 24.3 million common shares of the Corporation at a price of \$0.49 per common share for gross proceeds to the Corporation of \$12.0 million.

12. OUTSTANDING SHARE DATA

As at May 14, 2019, the Corporation had 500,929,678 common shares issued and outstanding.

As at May 14, 2019, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	33,413,167	\$0.34
Warrants	2,338,425	\$0.48



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As at May 14, 2019, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, for cash or common shares:

	Number of Securities
Deferred share units	959,343
Restricted share units	3,817,550

Under the agreement dated March 8, 2007, pursuant to which the Corporation acquired a 100% interest in the Marbaw Mineral Claims (see the Corporation's most recent Annual Information Form on file with the Canadian provincial regulatory authorities, available at www.sedar.com), the Corporation is required to issue 7,000,000 common shares of RNC to Marbaw upon the satisfaction of certain conditions. Such conditions, other than the receipt by the Corporation of a notice from Marbaw requesting that these shares be issued, have been satisfied.

13. 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, 2018.

With the exception of the new accounting policy (IFRS 16 – Leases) highlighted in note 2 of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019, there were no changes to the accounting policies applied by the Corporation to its March 31, 2019 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, 2018.

14. 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 known 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.



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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.

15. RISK FACTORS

The Corporation is subject to a number of risks and uncertainties. The risk factors are discussed in the Corporation's December 31, 2018 and 2017 Management's Discussion and Analysis filed on SEDAR.

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

In June 2013, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-GAAP measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Corporation may not be comparable to similar measures presented by other issuers.

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 operations.

Beta Hunt Mine (gold)

For the three months ended March 31,	2019	2018
Production and toll-processing costs	\$8,007	17,524
Adjustments	(2,176) ¹	(4,775) ²
Mining costs (CAD\$)	\$5,831	\$12,749
Royalty expense: Government of Western Australia	270	356
Royalty expense: Other	839	1,042
Adjustments	2,176 ³	1,561 ⁴
Operating costs (CAD\$)	\$9,116	\$15,708
General and administration expense – corporate	343	28
Sustaining capital expenditures	489	695
All-in sustaining costs (CAD\$)	\$9,948	\$16,431
Average exchange rate (CAD\$ 1 – USD\$)	0.75	0.79
Mining cost (USD\$)	\$4,386	\$10,080
Operating costs (USD\$)	\$6,857	\$12,419
All-in sustaining costs (USD\$)	\$7,482	\$12,991
Recoverable gold mined (ounces)	3,716 ⁵	12,540 ⁶
Gold mining cash cost (USD\$ per ounce mined)	\$1,180	\$804
Ounces of gold sold	6,375	7,978
Cash operating costs (per ounce sold) (USD\$)	\$1,076	\$1,557
All-in sustaining cost (per ounce sold) (USD\$)	\$1,174	\$1,628

1. Negative adjustment for tolling costs (\$2,758) and a positive stock adjustment (\$582).
2. Negative adjustments for capital development (\$3,214), tolling costs (\$5,531) and a positive stock adjustment (\$3,970).
3. Positive adjustments for tolling costs (\$2,758) and a negative stock adjustment (\$582).
4. Positive adjustment for tolling costs (\$5,531) and a negative stock adjustment (\$3,970).
5. Recoverable gold mined is computed at the average recovery rate of 94% of gold mined ounces.
6. Recoverable gold mined is computed at the average recovery rate of 90% of gold mined ounces.



Beta Hunt Mine (nickel)

For the three months ended March 31,	2019	2018
Production and toll-processing costs ¹	\$252	\$1,871
Royalty expense: Government of Western Australia	-	79
Royalty expense: Other	-	64
Adjustments ¹	-	(867)
Operating costs (CAD\$)	\$252	\$1,147
General and administration expense – Corporate	-	4
Sustaining capital expenditures	-	-
All-in sustaining costs (CAD\$)	\$252	\$1,151
Average exchange rate (CAD\$ 1 – USD\$)	0.75	0.79
Cash operating costs (USD\$)	\$189	\$907
All-in sustaining costs (USD\$)	\$189	\$910
Pounds of nickel sold	N/A	199,871
Cash operating costs per pound sold (USD\$)	N/A	\$4.54
All-in sustaining cost (per pound sold) (USD\$)	N/A	\$4.55

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

N/A; No Nickel sales occurred in the first quarter of 2019.

Adjusted EBITDA and Adjusted EBITDA per share

Management believes that adjusted 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 comprehensive loss: income tax expense (recovery); other expense (income), net (see note 16 of the unaudited condensed interim consolidated financial statements); depreciation and amortization; and the non-cash portion of share-based payments.

(in thousands of dollars except per share amounts)

	Three months ended March 31,	
	2019	2018
Net loss for the period	\$ (3,289)	\$ (12,549)
Income tax recovery	-	(142)
Other expenses, net	1,562	5,870
Non-cash share-based payments	(642)	1,306
Depreciation and amortization	503	3,378
Adjusted EBITDA	\$ (1,866)	\$ (2,137)
Weighted average number of common shares	464,713,716	352,933,176
Adjusted EBITDA per share	\$ (0.00)	\$ (0.01)



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17. 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 December 31, 2018 and 2017 Management’s Discussion and Analysis filed on SEDAR. 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 the Corporation’s expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; 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/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.



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

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to 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 Securities and Exchange Commission ("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.