ROYAL NICKEL CORPORATION
(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

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**", or the "**Corporation**") and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three and six months ended June 30, 2019 and 2018. 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 six months ended June 30, 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 August 14, 2019 unless otherwise indicated.

1. DESCRIPTION OF BUSINESS

RNC is a multi-asset mineral resource company. The Corporation's main assets are its 100% interests in the Beta Hunt Mine ("**Beta Hunt**") and the Higginsvile Gold Operations ("**HGO**"), both located in Western Australia. Beta Hunt is a gold-producing operation and 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. On June 10, 2019, RNC completed the acquisition of **HGO**, which is comprised of a low cost 1.3 million tonnes per annum ("**Mtpa**") gold mill and a substantial portfolio of gold tenements, including the producing Baloo open pit mine. The Corporation is focused on the rapid integration of the Beta Hunt and HGO operations and realizing the associated synergies.

RNC also owns a 27.8% 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 expected from the electric vehicle (“**EV**”) and energy storage 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 24% 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 second quarter developments in respect of each, is provided under 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 and six months ended June 30, 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)	Three months ended,		Six months ended,	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Revenue	**$ 17,249**	$ 31,872	**$ 28,112**	$ 53,297
Production and toll-processing costs	**16,120**	23,609	**24,379**	44,245
Loss before income taxes	**(16,073)**	(618)	**(19,362)**	(13,309)
Net loss	**(16,177)**	(1,131)	**(19,466)**	(13,680)
Basic and diluted loss per share	**(0.03)**	(0.00)	**(0.04)**	(0.04)
Cash flow used in operating activities	**(6,330)**	(8,911)	**(11,848)**	(12,960)
Cash investment in property, plant and equipment	**(2,870)**	(39)	**(8,852)**	(314)

For the periods ended June 30,	Three months ended, 2019	2018	Six months ended 2019	2018
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	**133**	132	**167**	301
Gold mined, grade (g/t gold)	**2.59**	3.14	**2.75**	2.81
Gold mined (ounces)	**11,056**	13,320	**14,773**	27,100
Tonnes milled (000s)	**82**	112	**132**	222
Gold milled, grade (g/t gold)	**3.32**	3.24	**3.17**	2.83
Gold milled (ounces)	**8,781**	11,844	**13,946**	20,216
Recovery (%)	**93%**	91%	**93%**	92%
Gold sold (oz)	**8,187**	11,508	**14,562**	19,486
Average realized price (US$/oz sold)	**1,335**	1,293	**1,310**	1,309
Mining cash cost (US$/oz mined)[1]	**755**	730	**862**	767
Cash operating costs (US$/oz sold)[1]	**1,282**	1,275	**1,192**	1,390
All-in sustaining cost (AISC) (US$/oz sold) [1]	**1,329**	1,318	**1,286**	1,445
Gold (HGO Mine)[2, 5]				
Tonnes milled (000s)	**7**	-	**7**	-
Gold milled grade (g/t gold)	**1.38**	-	**1.38**	-
Gold milled (ounces)	**304**	-	**304**	-
Recovery (%)	**79%**	-	**79%**	-
Gold sold (oz)	**295**	-	**295**	-
Average realized price (US$/oz sold)	**1,206**	-	**1,206**	-
Gold (HGO Processing) [5]				
Tonnes milled (000s)	**53**	-	**53**	-
Milled revenue per tonne (US$)	**30.11**	-	**30.11**	-
Milled cost per tonne (US$)	**40.85**	-	**40.85**	-
Nickel[3] (Beta Hunt Mine)				
Tonnes mined (000s)	**5.1**	8.3	**5.1**	16.1
Nickel mined, grade (%)	**3.29**	2.55	**3.29**	2.21
Nickel in concentrate (kilo tonnes)	**0.15**	0.19	**0.15**	0.32
Average realized price (US$ per pound)	**4.07**	6.81	**4.07**	6.76
Cash operating cost (US$ per pound sold)	**1.55**	3.84	**2.42**	4.14
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**1.64**	3.92	**2.52**	4.19
Adjusted EBITDA[1,4]	**(4,988)**	4,768	**(6,854)**	2,631
Adjusted EBITDA per share[1]	**(0.01)**	0.01	**(0.01)**	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. Cash operating and AISC costs were excluded from the table as the period June 10 to June 30, 2019 was too short for the information to be meaningful.
3. No economic quantity of nickel was mined during the first quarter of 2019.
4. Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")
5. For the period from acquisition of HGO being June 10, 2019 to June 30, 2019.

Second Quarter of 2019

Quarterly gold production: Gold mined production for the second quarter totaled 11,056 ounces compared to 13,320 ounces in the second quarter of 2018. Production was lower due to the planned temporary ramp down of bulk mining during 40,000 meter resource drilling program at Beta Hunt. The gold mined grade in the second quarter was 2.59 g/t, 18% lower than in the second quarter of 2018 due to a higher level of low-grade areas mined during the quarter. A planned increase in capital development was initiated to open up a series of new production areas.

Updated Dumont Feasibility Study: On May 30, 2019, RNC, in its capacity as Manager of the Dumont Joint Venture with Arpent Inc., a subsidiary of Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Offshore Master, LP, announced the positive results of an updated feasibility study for its Dumont Nickel-Cobalt Project. The updated feasibility study delivered a US$920 million Net Present Value ("NPV") based on a large scale, low-cost, long-life project with Initial nickel production in concentrate of 33ktpa, ramping up to 50ktpa in the Phase II expansion. Production is expected to be approximately 1.2 million tonnes (2.6 billion pounds) of nickel in concentrate, over a 30-year life with an initial capital expenditure of US$1.0 billion. Phase I C1 cash costs of $2.98/lb ($6,570/t). The study estimated Life-of-mine C1 cash costs $3.22/lb ($7,100/t Ni) and AISC of $3.80/lb ($8,380/t) of payable nickel (low 2nd quartile of cash cost curve).

HGO Acquisition: On June 10, 2019, RNC completed the acquisition of HGO from Westgold Resources Limited ("**Westgold**"). On closing, RNC paid 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). The cash portion of the HGO purchase price was funded by a new senior secured 35 million debt facility entered into by RNC. This facility will also fund working capital requirements of the combined business.

RNC Minerals Added to MVIS® Global Junior Miners Index: On June 17, 2019, RNC announced that MVIS® added RNC Minerals to its MVIS® Global Junior Gold Miners Index. The modified market cap-weighted index tracks the performance of the most liquid junior companies in the global gold and silver mining industry. The pure-play index contains only companies that invest primarily in gold or silver, or generate at least 50% of their revenues from gold or silver mining or own properties that have the potential to generate at least 50% of their revenues from gold or silver mining when developed.

Recent Highlights

Paul Andre Huet Appointed CEO: On July 18, 2019, RNC announced the appointment of Paul Andre Huet as Chief Executive Officer ("**CEO**"). Mr. Huet has been Executive Chairman of the Corporation since February 2019 and brings over 30 years of mining industry experience with a proven track record of building shareholder value. Most recently, he served as President, CEO and Director of Klondex Mines from 2012 to 2018.

Updated Gold Mineral Resource: On August 12, 2019, RNC announced a substantial increase to the mineral resource at its Beta Hunt Gold Mine in Western Australia. There was a 395% increase in the global Measured and Indicated resource to 944 koz (10,104 kt @ 2.9 g/t) and 195% increase in the Inferred resource to 406 koz (4,109 kt @ 3.1 g/t). The increase in resource was achieved at a discovery cost of A$7.30 per ounce.

Higginsville Gold Operation Integration: Integration of RNC's recently acquired HGO operations is on target, with several key benefits that had been highlighted to shareholders now being achieved, including a 25% reduction in Beta Hunt processing costs. Gold recoveries for Beta Hunt material (processed at HGO and third-party facilities) improved to 93% in the second quarter of 2019 compared to 91% in the second quarter of 2018.

Production Ramping Up: Stope production at Beta Hunt continues to ramp up. Management expects that production rates will maintain 40 to 45 kt per month during the third quarter. At HGO's Baloo open pit, overburden waste stripping commenced in May 2019 and first material was mined in early August. Baloo Stage I pit is expected to provide mineralized material supply to the HGO plant of approximately 30,000 tonnes per month until year end.

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.

Following the significant high-grade gold discovery - Father's Day Vein discovery – made late in the third quarter of 2018, the Corporation announced that it had initiated a 40,000 metre drill program at Beta Hunt. The objective of this program was to upgrade and expand the gold resource at Beta Hunt and delineate the high-grade gold mineralization. The resource definition, grade control and exploration portion of the program was completed during the second quarter of 2019. A resource update for the Western Flanks Zone was announced on June 27, 2019 and the A Zone resource update was provided on August 12, 2019.

The mineral resources at Beta Hunt increased significantly compared to the prior estimate of December 31, 2017. In the Measured and Indicated mineral resources category, there was a 395% increase to 944,000 gold ounces (10,104 kt @ 2.9 g/t) and a 195% increase in the Inferred mineral resource to 406,000 gold ounces (4,109 kt @3.1 g/t) (Table 1). A total of 16,144 metres of drilling in 135 drill holes were completed at Western Flanks. Mineralization at Western Flanks has now been defined across a 1.2 km strike length and to a depth of 150 to 250 metres below the basalt contact. At A Zone, a total of 23,233 metres of drilling in 194 drill holes were completed. Mineralization at A Zone has now been defined across a 1.8 km strike length and to a depth of 200 to 400 metres below the basalt contact. The increase in resource was achieved at a discovery cost of A$7.30 per ounce.

The high-grade coarse Father's Day style gold occurrences associated with the Shear Zone/Lunnon Sediment intersection horizon are not represented in the resource model due to the extreme nuggety nature of this type of bonanza mineralization. These occurrences are best considered as a potential periodic significant bonus to mine production.

Beta Hunt Mine Gold Mineral Resources

Resource[1.2.3.4]	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks [5]	447	2.8	40	7,001	3.0	670	7,448	3.0	710	2,481	3.1	250
A Zone[6]	254	2.7	22	2,403	2.7	212	2,657	2.7	234	1,628	3.0	156
Total	701	2.8	62	9,404	2.9	882	10,104	2.9	944	4,109	3.1	406

1. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.*
2. *The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied. Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding*
3. *Gold Mineral Resources are reported using a 1.6 g/t Au cut-off grade*
4. *Mineral Resources described here are based on information compiled by Paul Ellison, Senior Geologist for Salt Lake Mining Pty.Ltd. Paul Ellison is an employee of Salt Lake and is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM,).*
5. *Mineral Resource Estimate as of 26 June 2019.*
6. *Mineral Resource Estimate as of 9 August 2019.*

The successful definition of significant mineral resources along the Western Flanks and A Zone shear zones highlights the exploration potential of the other shears on the property including the fault offset of the mineralized shear system to the south of the Alpha Island Fault. Historical drilling has demonstrated that these shears contain gold mineralization. At this stage, however, following the recent acquisition of the HGO operations, exploration and resource definition activities will be focused on opportunities for short term additions to the resource base at HGO.

Over the previous two quarters, Beta Hunt production levels have been progressively ramping up, reaching 40 to 45 kt per month. In the coming quarter, a renewed focus on capital development is planned in preparation for the next generation of stope production areas. Work to convert the recently reported Western Flanks Resource into a mineable Reserve is expected to be completed by mid-September, which will result in an updated production profile. The production ramp-up, combined with milling cost savings expected through the HGO acquisition, and the addition of the expected wider mining blocks should position Beta Hunt for a stronger second half of 2019.

Higginsville Gold Operation

On June 10, 2019 the Corporation closed the acquisition of HGO from Westgold. RNC paid Westgold A$25 million in cash and issued a total of 56.9 million shares in satisfaction of the HGO purchase price. The cash portion of the HGO purchase price was funded by a new senior secured $35 million debt facility entered into by RNC. This facility will also fund working capital requirements of the combined Beta Hunt and HGO business.

The acquisition and integration of HGO and its 1.3 Mtpa gold mill will provide a key piece of RNC's strategy to unlock the significant potential of its Beta Hunt gold mine. HGO includes a 367,000 ounce historical reserve within a 1.2 million ounce historical measured & indicated gold resource, along with a further 0.7 million ounce historical inferred resource, all located on a 386 square kilometer land position in the Kalgoorlie gold region[1].

1. The historical reserve information above is extracted from the report entitled '2018 Annual Update of Mineral Resources & Ore Reserves' dated on October 2, 2018 and is available to view on Westgold Resources Limited's website (www.westgold.com.au) and the ASX (www.asx.com.au). Mineral Resources are quoted inclusive of Ore Reserves. RNC confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. A qualified person has not done sufficient work on behalf of RNC to classify the historical estimate noted as current mineral resources or mineral reserves and RNC is not treating the historical estimates as current mineral resources or mineral reserves.

The HGO mill will significantly reduce milling costs for Beta Hunt (a 25% reduction in processing costs) and provide an in-house processing facility for Beta Hunt and HGO mineralized material rather than be part of a highly competitive toll treatment market. The in-house processing facility is important given the increased mining activity in the Kambalda area, with a greater number of mining companies looking to toll treat their mineralized material through a limited number of third-party tolling facilities. The Corporation believes this market scenario will continue to cause further tightening of processing availability at toll facilities leading to higher tolling costs and reduced available mill capacity. The acquisition of the HGO milling facilities removes Beta Hunt from this scenario therefore eliminating this risk.

The HGO operations are located along the highly prospective Norseman-Wiluna greenstone belt that hosts a number of world class mining centres including, Kalgoorlie (+50M ozs produced), St Ives (+13Mozs produced) and Norseman (6Mozs produced). The HGO tenement package is situated close to St Ives and Norseman and totals approximately, 386 square kilometres. The area has a strong history of gold mining commencing in the late 1800's and more recently by Avoca Mining and Westgold. The HGO processing treatment plant was constructed in 2009 to treat the underground Trident deposit (0.8Mozs) then followed a wide range of open pits and in recent years, toll treatment of third-party ore. Going forward, the Corporation will look to utilize 100% of the HGO capacity for its own mineralized material with third-party tolling as an option only if capacity is available.

The HGO acquisition will continue to deliver key operational synergies, resulting in on-going cost savings across the HGO and Beta Hunt sites. Affected areas include: supply costs, personnel, mobile and fixed plant equipment and technical expertise

Upon closing the HGO acquisition, the Corporation began working toward a rapid integration of HGO with its Beta Hunt operations. This intigraton is on target, with several key benefits that had been highlighted to shareholders now being achieved, including a 25% reduction in Beta Hunt processing costs. Gold recoveries for Beta Hunt material (processed at HGO and third-party facilities) improved to 93% in the second quarter of 2019 compared to 91% in the second quarter of 2018.

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 27.8% interest in Dumont and manages the project on behalf of the Dumont JV.

The results of the updated Dumont feasibility study were announced on May 30, 2019 and the full National Instrument 43-101 compliant technical report ("feasibility study") was filed under RNC's profile on SEDAR on July 11, 2019.

The feasibility study highlights are listed below:

- Large scale, low cost, long-life project[1]
    - Initial nickel production in concentrate of 33ktpa ramping up to 50ktpa in Phase II expansion – production of approximately 1.2 million tonnes (2.6 billion pounds) of nickel in concentrate, over a 30-year life with an initial capital expenditure of $1.0 billion.
    - Phase I C1 cash costs[2] of $2.98/lb ($6,570/t). Life-of-mine C1 cash costs[2] of $3.22/lb ($7,100/t Ni) and AISC of $3.80/lb ($8,380/t) of payable nickel (low 2nd quartile of cash cost curve)
- Significant earnings and free cash flow generation support strong project economics
    - $920 million after-tax $NPV_{8\%}$ and 15.4% after-tax internal rate of return ("IRR")
    - Estimated annual EBITDA ramping up from $303 million in Phase I to $425 million in Phase II and averaging of $340 million over the life of project. Free cash flow averages $ 201 million annually over the 30-year project life
- Top tier mining asset in excellent jurisdiction[3]
    - 2nd largest nickel reserve in the world of 2.8 million tonnes (6.1 billion lbs) contained nickel and 9th largest cobalt reserve with 110 thousand tonnes (243 million lbs) contained cobalt
    - Once in production, a top 5 nickel sulphide operation globally, a top 3 Canadian base metal asset, and one of largest battery metal development projects globally
    - Fully permitted, construction ready project located in Abitibi region in Quebec – one of world's leading mining jurisdictions
    - Impacts and Benefits Agreement successfully negotiated with local First Nation

1. Based on price and exchange rate assumptions contained in "Key Assumptions" table found in the Economic Sensitivities section of the feasibility study. NPV and IRR calculated from assumed start of construction and based on 2019 H1 real costs.
2. C1 cash costs are defined as the cash cost incurred at each processing stage, from mining through to recoverable nickel delivered to the market, net of by-product credits.
3. Reserve comparison data sourced from RNC reports, Wood Mackenzie and S&P Global Market Intelligence.

Orford Mining Corporation

RNC holds a 24% equity interest in Orford Mining Corporation (“**Orford**”). Orford owns the Qiqavik Gold and West Raglan Nickel projects in Northern Quebec.

4. CONSOLIDATED RESULTS OF OPERATIONS

Operating Highlights

	Three months ended June 30,				Six months ended June 30,			
(in thousands, except ounces, tonnes and pounds where noted)	**2019**	2018	**Change**	**% Change**	**2019**	2018	**Change**	**% Change**
Operating Statistics								
Gold								
Produced (mined ounces)	**11,056**	13,320	**(2,264)**	**(17%)**	**14,773**	27,100	**(12,327)**	**(45%)**
Gold milled (ounces)	**9,085**	11,844	**(2,759)**	**(23%)**	**14,250**	20,216	**(5,966)**	**(30%)**
Sold (ounces)	**8,482**	11,508	**(3,026)**	**(26%)**	**14,857**	19,486	**(4,629)**	**(24%)**
Average realized gold price per ounce (US$) [1]	**1,330**	1,292	**38**	**3%**	**1,310**	1,309	**(1)**	**0%**
Nickel								
Produced (mined tonnes)	**5,118**	8,327	**(3,209)**	**(39%)**	**5,118**	16,994	**(11,876)**	**(70%)**
Sold (tonnes)	**98**	214	**(116)**	**(54%)**	**98**	214	**(116)**	**(54%)**
Average realized nickel prices per pound (US$) [1]	**4.07**	6.81	**(2.74)**	**(40%)**	**4.07**	6.76	**(2.69)**	**(40%)**
Financial data (in thousands of dollars)								
Metal sales	**17,249**	31,872	**(14,623)**	**(46%)**	**28,112**	53,297	**(25,185)**	**(47%)**
Production cost of sales	**16,120**	23,609	**(7,489)**	**(32%)**	**24,379**	44,245	**(19,866)**	**(45%)**
Depreciation, depletion and amortization	**1,046**	3,301	**(2,255)**	**(68%)**	**1,549**	6,679	**(5,130)**	**(77%)**
Operating loss	**(7,534)**	2,281	**(9,815)**	**NM**	**(9,261)**	(4,540)	**(4,721)**	**(104%)**
Net loss	**(16,177)**	(1,027)	**(15,150)**	**NM**	**(19,466)**	(13,429)	**(6,037)**	**(45%)**

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

Mine production at Beta Hunt was ramped up in the second quarter of 2019. Primarily as a result of the ramp up, second quarter gold production totaled 11,056 ounces compared to 13,320 for the comparative prior year period.

Nickel production resumed at the Beta Hunt Mine in the second quarter of 2019. A total of 150 tonnes of nickel (in concentrate) was produced from remenant mining areas, compared to 190 tonnes of nickel (in concentrate) in the second quarter of 2018. Work is underway to evaluate a ramp-up of nickel production over the coming quarters.

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

Operating Earnings (Loss) by Segment

(in thousands of dollars)	Three months ended,			Six months ended,		
For the periods ended June 30,	**2019**	2018	Change	**2019**	2018	Change
Operating segments						
Beta Hunt Mine - Gold	**$ (212)**	$ (4,342)	$ 4,130	**$ 672**	$ (10,303)	$ 10,975
Beta Hunt Mine - Nickel	**693**	1,068	(375)	**431**	645	(214)
HGO	**(2,178)**	-	(2,178)	**(2,178)**	-	(2,178)
Reed Mine	**(23)**	5,932	(5,955)	**(21)**	8,089	(8,110)
	(1,720)	2,658	(4,378)	**(1,096)**	(1,569)	473
Non-operating segment						
Corporate: share-based payments	**(1,634)**	814	(2,448)	**(2,467)**	(492)	(1,975)
Corporate: other	**(4,180)**	(1,191)	(2,989)	**(5,698)**	(2,479)	(3,219)
Total operating earnings (loss)	**(7,534)**	2,281	(9,815)	**(9,261)**	(4,540)	(4,721)

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

Since the beginning of the year, Beta Hunt production levels have been progressively ramping up, reaching 40 to 45 kt per month. In the coming quarter, a renewed focus on capital development is planned in preparation for the next generation of stope production areas. Work to convert the recently reported Resource into a mineable Reserve is expected to be completed in the fourth quarter, which is expected to result in an updated production profile. The Corporation is maintaining production rates at Beta Hunt and at the same time increasing capital development to prepare the next generation of stope production areas. This, combined with milling cost savings achieved to-date through the HGO acquisition, and the expanded resource base positions Beta Hunt for a stronger second half of 2019.

In Western Flanks, the 40,000m drill program at Beta Hunt has in many instances identified areas with significant widths compared to what was previously mined. This is expected to provide greater production flexibility in these areas resulting in a lower cost per tonne mined. The Western Flanks gold mineralization remains open along strike and down plunge providing the Corporation excellent target areas for further drilling.

Higginsville Mill And Mining Operations

The Corporation will be undertaking a systematic review of the entire historical HGO resource inventory. The review is showing promising results, with a number of areas close to existing workings having potential to provide short term mill feed with minimal drilling and set up costs. Work will continue over the coming months with the aim to maximize milling capacity using 100% Beta Hunt and HGO mineralized material.

Development on the Baloo Stage I open pit continued with the completion of the haul road, progress on the overburden stripping and dewatering. First mineralized material from Stage I commenced in early August 2019 . Grade control drilling is underway with results to-date similar or better than what has been previously modelled as part of the optimization study. Work is also progressing on Baloo Stage 2 with permitting plans to be submitted to the local mining authorities in the near-term.

A reinterpretation of historical drill holes has highlighted the potential to extend the Baloo pit further north beyond a large NE-SW fault previously thought to terminate the mineralization. The Baloo Stage I pit is expected to provide mineralized material supply to the HGO plant of approximately 30,000 tonnes per month from start-up until year end.

Beta Hunt Mine 2019 Guidance

Production guidance will not be provided until a mine plan based on the updated resource has been completed, expected later this year.

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. No mining feasibility study has been completed on Beta Hunt. An updated mineral resource estimate is summarized in the "Technical Report on The Beta Hunt Mine, Kambalda, Western Australia" dated August 12, 2019. It is further cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

Dumont Nickel-Cobalt Project

The results of the updated Dumont feasibility study were announced on May 30, 2019 and the full NI 43-101 compliant technical report ("feasibility study") was filed under RNC's profile on SEDAR on July 11, 2019. With the completion of this positive feasibility study, RNC, with our partner Waterton, is well positioned to accelerate discussions with potential partners to advance the Dumont project towards a construction decision, depending on market conditions. In addition, within the Magneto JV, RNC is moving forward to implement the approved compensation project to offset fish habitat losses related to mine development .

Orford Mining Corporation

On May 13, 2019, Orford announced that it had begun the first phase of its 2019 Exploration program on its 100% controlled Qiqavik gold project in the Cape Smith Belt located in Northern Quebec. The first phase of this program consisted of a ground Induced Polarization (IP) survey to test high priority target areas. The survey was completed during May 2019.

On July 10, 2019, Orford announced it had begun the second phase of the 2019 Exploration program at its Qiqavik gold project. Following-up on the first phase spring geophysical work, the second phase of this program consists of further ground Induced Polarization (IP) surveying, Airborne Electromagnetic (EM) surveying, and detailed geological and structural mapping, followed by drilling to test high priority target areas on the property. The field program began on July 8th, 2019 and is expected to take approximately eight weeks to complete.

6. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)

	Three months ended,			Six months ended,		
For the period ended June 30,	**2019**	2018	Change	**2019**	2018	Change
Revenue	**$ 17,249**	$ 31,872	$ (14,623)	**$ 28,112**	$ 53,297	$ (25,185)
Operating earnings (loss)	**(7,534)**	2,281	(9,815)	**(9,261)**	(4,540)	(4,721)
Other expenses, net	**(8,539)**	(2,899)	(5,640)	**(10,101)**	(8,769)	(1,332)
Loss before income tax	**(16,073)**	(618)	(15,455)	**(19,362)**	(13,309)	(6,053)
Net loss	**(16,177)**	(1,131)	(15,046)	**(19,466)**	(13,680)	(5,786)
Basic and diluted loss per share	**(0.03)**	(0.00)	(0.03)	**(0.04)**	(0.04)	(0.00)
Adjusted EBITDA[1]	**(4,988)**	4,768	(9,756)	**(6,854)**	2,631	(9,485)
Adjusted EBITDA per share[1]	**(0.01)**	0.01	(0.02)	**(0.01)**	0.01	(0.02)

[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 June 30, 2019, compared with three months ended June 30, 2018

For the three months ended June 30, 2019, revenues decreased by $14.6 million, or 45.9%, which was primarily due to the decommissioning of Reed Mine during 2018 which had contributed $10.3 million to revenue in second quarter 2018. Excluding Reed Mine, revenues are in line for the same three-month period year over year. Operating loss for the three months ended June 30, 2019 of $7.5 million reflected a decrease of $9.8 million compared to the same three-month period of 2018 which reported operating earnings of $2.3 million. The primary contributor to the increased operating loss was the $14.6 million reduced revenue for the three-month period of 2019 compared to the same period of 2018. In addition general and administrative expenses were higher during the second quarter of 2019 compared to the same period of 2018 by $5.6 million which were primarily due to sharebased payments expense ($2.4 million) and HGO acquisition cost ($2.6 million).

For the three months ended June 30, 2019, other expenses showed a net increase of $5.6 million. A significant portion of the expenses for the three-month period ended June 30, 2019 is attributed to the change in fair value of derivative financial instruments of $3.7 million compared to $0.2 million for the same period of 2018. In addition, a foreign exchange loss of $3.8 million was recorded in the three-month period ended June 30, 2019 compared to the same period of 2018 of $2.0 million, a $1.8 million increase. Orford and Dumont JV have been accounted for under the equity method beginning June 30, 2018. For more details regarding the Corporation's other expenses refer to note 17 of the unaudited condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2019.

Six months ended June 30, 2019, compared with six months ended June 30, 2018

For the six months ended June 30, 2019, revenues decreased by $25.2 million, or 47.3%, of which $16.5 million was due to the decommissioning of the Reed Mine during 2018. In addition, the planned shutdown of mining activities at Beta Hunt resulted in an overall decrease in gold and nickel production which contributed to decreased revenue of $10.1 million. In addition general and administrative expenses were higher during the first six months of 2019 compared to the same period of 2018 by $5.6 million which were primarily due to sharebased payments expense ($2.0 million) and HGO acquisition cost ($2.6 million). Operating loss for the six-month period ended June 30, 2019 consequently increased by $4.7 million compared to the same six-month period of 2018.

Summary of Quarterly Results

	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	$17,249	$10,863	$32,076	$43,397	$31,872	$21,425	$29,511	$24,952
Earnings (loss) attributable to RNC shareholders	($16,177)	($3,289)	$12,794	($7,510)	($1,027)	($12,402)	($78,617)	($11,953)
Basic and diluted earnings (loss) per share	($0.03)	($0.01)	$0.03	($0.02)	($0.00)	($0.05)	($0.26)	($0.04)

Revenues for the second quarter of 2019 increased by $6.4 million compared to the first quarter of 2019, primarily due to the increased production at Beta Hunt and the additional revenue contributed from the newly acquired HGO operations. Earnings (loss) attributable to RNC shareholders 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)	Three months ended,		Six months ended,	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Cash used in operations prior to changes in working capital	**$ (6,223)**	$ 16	**$ (11,357)**	$ (123)
Changes in non-cash working capital	**(107)**	(8,927)	**(491)**	(12,837)
Cash used in operating activities	**(6,330)**	(8,911)	**(11,848)**	(12,960)
Cash used in investing activities	**(25,172)**	(1,402)	**(31,154)**	(2,446)
Cash provided by financing activities	**39,594**	(2,859)	**50,506**	(2,010)
Change in cash and cash equivalents	**$ 8,092**	$ (13,172)	**$ 7,504**	$ (17,416)

Operating Activities

For the three months ended June 30, 2019, cash used in operations prior to changes in non-cash working capital was $6.2 million compared to cash provided of $0.02 million in the comparable quarter of the prior year representing a variance of $6.2 million. The variance is primarily due to the net loss of $16.2 million offset by the loss on the derivative financial instruments of $3 million and a foreign exchange loss of $3.4 million. The year over year movement in contract liabilities resulted in a negative variance of $2.5 million. Working capital changes used cash of $0.1 million during the three-month period ended June 30, 2019 compared with cash used of $8.9 million for the same period 2018, a variance of $8.8 million of which $11.9 million was related to movements in accounts payable and accrued liabilities offset by a $1.9 million movement in accounts receivable and prepaid expenses.

For the six months ended June 30, 2019, cash used in operating activities, prior to changes in non-cash working capital, was $11.4 million compared to cash used in operating activities of $0.1 million in the comparable period of the prior year, representing a variance of $11.3 million. Working capital changes used cash of $0.5 million during the six months ended June 30, 2019 compared with cash provided of $12.8 million for the six months ended June 2018, a $12.3 million variance. The working capital movement for the six months ended June 30, 2019 is mostly related to an increase in accounts payable and accrued liabilities of $12.3 million.

Investing Activities

For the three months ended June 30, 2019, cash used in investing activity was $25.2 million compared with total cash used in investing activities of $1.4 million in 2018, an increase of $23.8 million. The increase was primarily a result of the acquisition of HGO of $21.6 million and an increase in the acquisition of property, plant and equipment of $2.8 million.

For the six months ended June 30, 2019, total cash used in investing activities was $31.2 million compared with total cash used in investing activities of $2.4 million in 2018, a $28.8 million increase. The change over the comparable prior period is primarily due to acquisition of HGO in the first six months of 2019 of $21.6 million. The six month period also reflected a use of cash of $8.9 million for the acquisition of property, plant and equipment compared to the same six month period for 2018 of $0.3 million, a variance of 8.6 million.

Financing Activities

For the three months ended June 30, 2019, cash provided by financing activities increased by $42.5 million of which $10.8 million and $34.4 million were a result of the issuance of shares and debt, respectively. In addition, the repayments of long-term debt of $6.6 million were lower than the same period of the prior year by $3.7 million.

For the six months ended June 30, 2019, cash received from financing activities of $50.5 million compares to cash used by financing activities in the same period of 2018 of $2.0 million. The variance of $52.5 million is due to the issuance of shares totalling $18.9 million compared to $1.6 million in the same six-month period of 2018. The Corporation received cash with the issuance of debt totalling $36.7 million during the six-month period ended June 30, 2019.

As a result of the foregoing activities, for the six months ended June 30, 2019, the net cash provided by operating, investing and financing activities was $7.5 million compared to cash used of $17.4 million in the same period 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 "**January 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.

Use of Proceeds (in thousands of dollars)	**Use of proceeds Short Form Prospectus Dated January 9, 2019**	**Actual use of proceeds June 30, 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	$3,910
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
Royal Nickel Corporation		
General working capital purposes	540	540
	$8,100	**$7,250**

Not all of the proceeds raised were used as of June 30, 2019 and the actual use to June 30, 2019 was less than the January Prospectus disclosure. The remainder will be used in the subsequent quarter.

The Corporation raised total gross proceeds of $12.0 million by issuing a total of 24,490,000 common shares in an offering described in the short-form prospectus (the "**April Prospectus**"), and together with the January Prospectus, the "**Short Form Prospectuses**") of the Corporation dated, and filed on SEDAR on, April 12, 2019. Total net proceeds of the offering, after deducting underwriters fees and other expenses, was $10.9 million. Set out below is a comparison of use of the proceeds of this offering as described in the Prospectus versus actual.

Use of Proceeds (Exercise of Higginsville Purchase Option) (in thousands of dollars)	**Use of proceeds Short Form Prospectus Dated April 12, 2019**	**Actual use of proceeds June 30, 2019**
Higginsville Gold Operation		
To fund a portion of the A$25 million cash component of the Higginsville purchase price	$10,000	$10,000
Royal Nickel Corporation		
General working capital purposes	940	940
	$10,940	**$10,940**

As noted in the Short Form Prospectuses, the amount actually expended for the purposes described above could vary significantly from the Short Form 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.

Liquidity and Capital Resources

(in thousands of dollars)

For the periods ended	**June 30, 2019**	December 31, 2018
Cash and cash equivalents	**$ 8,844**	$ 1,340
Working capital deficit[1]	**(8,270)**	(18,992)
Property, plant and equipment	**76,917**	24,530
Total assets	**153,787**	58,012
Total liabilities	**94,601**	31,891
Shareholders' equity	**59,186**	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 June 30, 2019, the Corporation had a working capital deficit of $8.3 million compared to a $19.0 million deficit as at December 31, 2018 for a decreased deficit of $10.7 million. The majority of the improved working capital was a result of the Corporation's acquisition of HGO which contributed $6.7 million of working capital. In addition, the current portion of contract liabilities decreased by $2.5 million.

Overall, total assets increased by $95.8 million, which is primarily due to the above noted HGO acquisition which increased property, plant and equipment by $46.2 million, mineral property interest by $15.8 million and inventories by $12.9 million as at June 30, 2019.

As at June 30, 2019, the Corporation had cash and cash equivalents of $8.8 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt Mine operations, HGO 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

In the second quarter of 2019 82 kt of material was milled at an average grade of 3.32 g/t to produce 8,781oz of gold, a 26% decrease from the second quarter of 2018. Milling grades were 2% higher compared to the second quarter of 2018 as higher grade mined material was processed. 8,187 oz of gold was sold during the second quarter of 2019. 133 kt of material was mined at Beta Hunt at an average grade of 2.59 g/t to produce

11,056oz during the first quarter, a 17% decrease versus the second quarter of 2018. Beta Hunt has resumed full operations in the second quarter of 2019 as the resource update is within the final stage to completion.

For the periods ended June 30,	Three months ended,		Six months ended,	
	2019	2018	**2019**	2018
Gold Operating Results				
Gold tonnes mined (000s)	**133**	132	**167**	301
Gold mined grade (g/t)	**2.59**	3.14	**2.75**	2.81
Gold mined (ounces)	**11,056**	13,320	**14,773**	27,100
Gold tonnes milled (000s)	**82**	112	**132**	222
Gold milled grade (g/t)	**3.32**	3.24	**3.17**	2.80
Gold milled (ounces)	**8,781**	11,844	**13,946**	20,216
Gold recovery (%)	**93%**	91%	**93%**	92%
Gold sales (ounces)	**8,187**	11,508	**14,562**	19,486
Development metres – operating	**960**	751	**1,291**	954
Development metres – capital	**147**	461	**741**	1,711
Mining cash cost per ounce (US$ per ounce mined) [1]	**755**	730	**862**	767
Cash operating cost (US$ per ounce sold) [1]	**1,282**	1,275	**1,192**	1,390
All-in sustaining cost (AISC) (US$ per ounce sold) [1]	**1,329**	1,318	**1,286**	1,445

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

For the periods ended June 30,	Three months ended, 2019	2018	Six months ended, 2019	2018
Nickel Operating Results				
Nickel tonnes mined (000s)	**5.1**	8.3	**5.1**	16.1
Nickel in concentrate (000s of tonnes)	**0.15**	0.19	**0.15**	0.32
Development metres – operating	**-**	13	**-**	88
Development metres – capital	**-**	-	**-**	152
Cash operating cost (US$ per pound sold) [1]	**1.55**	3.84	**2.42**	4.14
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**1.64**	3.92	**2.52**	4.19

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

Higginsville Gold Operations (100% ownership) Western Australia

The Higginsville Gold Operation milled 53 kt of material, which included 7 kt of HGO material that produced 295 oz at an average grade of 1.38 g/t from the acquisition date to June 30, 2019. Milling has continued at HGO based on a steady feed of material from HGO and SLM.

For the periods ended June 30,	Three months ended, 2019	2018	Six months ended, 2019	2018
Gold Operating Results				
Tonnes milled (000s)	**7**	-	**7**	-
Gold mill grade (g/t)	**1.38**	-	**1.38**	-
Gold milled (ounces)	**304**	-	**304**	-
Gold recovery (%)	**79%**	-	**79%**	-
Gold sales (ounces)	**295**	-	**295**	-

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

For the periods ended June 30,	Three months ended, 2019	2018	Six months ended, 2019	2018
Gold Processing Results				
Tonnes milled (000s)	**53**	-	**53**	-
Milled revenue per tonne (US$)	**$30.11**	-	**$30.11**	-
Milled cost per tonne (US$)	**$40.85**	-	**$40.85**	-

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.

11. OUTSTANDING SHARE DATA

As at August 14, 2019, the Corporation had 559,734,865 common shares issued and outstanding.

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

	Number of Securities	Weighted Average Exercise Price
Stock options	29,878,168	$0.36
Warrants	1,995,589	$0.48

As at August 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	7,859,285

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.

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, 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 and six month periods ended June 30, 2019, there were no changes to the accounting policies applied by the Corporation to its June 30, 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.

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.

On June 10, 2019, the Corporation completed the acquisition of its interest in HGO. The results of HGO's operations have been included in these financial statements since the respective date of the acquisition. However, the Corporation has not completed the review of the internal controls used by HGO. The Corporation is in the process of expanding its disclosure controls and procedures, and internal controls over its financial reporting compliance program to include HGO by the end of the year. As a result, the Corporation's Chief Executive Officer and Chief Financial Officer have limited the scope of design of disclosure controls and procedures and testing of internal controls over financial reporting to exclude HGO's controls, policies and procedures from the June 30, 2019 certification of internal controls. Financial information concerning HGO is disclosed in the *Description of Business* and *Project Updates and New Developments* sections of this MD&A and in Note 3 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2019.

Except as described in the previous paragraph, 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 further risks and uncertainties. These risk factors are discussed in the Corporation's December 31, 2018 and 2017 Management's Discussion and Analysis, and its December 31, 2018 Annual Information Form, each filed on SEDAR, as supplemented by the following:

The acquisition of HGO on June 10, 2019 supplied the Corporation with an asset with a substantial portfolio of gold tenements. While the Corporation expects to achieve synergies resulting from the acquisition of HGO, the Corporation may fail to realize these net synergies. The Corporation's ability to realize these synergies, and the success of the acquisition of HGO, generally, will depend significantly on management's success in integrating the operations, personnel, and technology. Integrating businesses can result in unanticipated operational problems, expenses, and liabilities. Management faces the difficult and potentially time-consuming task of implementing standards, controls, procedures, information systems, and policies across businesses.
The principal assets of the Corporation are Beta Hunt and HGO. The development of operations at Beta Hunt and HGO will require the commitment of substantial additional resources for operating expenses and capital expenditures, which may increase in subsequent years as needed, and for consultants, personnel and equipment associated with advancing exploration, development and commercial production of such properties. The amounts and timing of expenditures will depend on, among other things, the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the execution of any joint venture agreements with strategic partners, the acquisition by the Corporation of additional properties, and other factors, many of which are beyond the Corporation's control.

Milling operations are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability. Amendments to current laws and regulations governing operations and activities of exploration, development mining and milling or more stringent implementation thereof could have a material adverse impact on the Corporation's business and financial condition and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in the development of new mining properties.

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, all-in sustaining cost, all-in costs, milled revenue, milled revenue per tonne, milled cost, milled cost per tonne, 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:

MINING OPERATIONS
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 operations.

Beta Hunt Mine (gold)

For the periods ended June 30,	Three months ended, **2019**	2018	Six months ended, **2019**	2018
Production and toll-processing costs	$12,737	$20,886	$20,744	$38,410
Adjustments	(1,576)[1]	(9,337)[2]	(3,752)[3]	(14,112)[4]
Mining costs (CAD$)	$11,161	$11,549	$16,992	$24,298
Royalty expense: Government of Western Australia	287	451	557	807
Royalty expense: Other	1,020	1,387	1,859	2,429
Adjustments	1,576[5]	5,560[6]	3,752[7]	7,121[8]
Operating costs (CAD$)	$14,044	$18,947	$23,160	$34,655
General and administration expense – corporate	264	157	607	185
Sustaining capital expenditures	246	479	1,224	1,174
All-in sustaining costs (CAD$)	$14,554	$19,583	$24,991	$36,014
Average exchange rate (CAD$ 1 – USD$)	0.75	0.77	0.75	0.78
Mining cost (USD$)	**$8,344**	**$8,945**	**$12,729**	**$19,025**
Operating costs (USD$)	**$10,499**	**$14,675**	**$17,355**	**$27,094**
All-in sustaining costs (USD$)	**$10,880**	**$15,168**	**$18,730**	**$28,159**
Recoverable gold mined (ounces)	$11,056[9]	12,254[10]	14,772[11]	24,794[12]
Gold mining cash cost (USD$ per ounce mined)	**$755**	**$730**	**$862**	**$767**
Ounces of gold sold	8,187	11,508	14,562	19,486
Cash operating costs (per ounce sold)(USD$)	**$1,282**	**$1,275**	**$1,192**	**$1,390**
All-in sustaining cost (per ounce sold)(USD$)	**$1,329**	**$1,318**	**$1,286**	**$1,445**

1. Negative adjustment for tolling costs ($4,252) and a positive stock adjustment ($2,676).
2. Negative adjustments for capital development ($3,777), tolling costs ($5,416) and stock adjustment ($144).
3. Negative adjustment for tolling costs ($7,010) and a positive stock adjustment ($3,258).
4. Negative adjustments for capital development ($6,991), tolling costs ($10,947) and a positive stock adjustment ($3,826)
5. Positive adjustments for tolling costs ($4,252) and a negative stock adjustment ($2,676).
6. Positive adjustment for tolling costs ($5,416) and stock adjustment ($144).
7. Positive adjustments for tolling costs ($7,010) and a negative stock adjustment ($3,258).
8. Positive adjustments for tolling costs ($10,947) and a negative stock adjustment ($3,826).
9. Recoverable gold mined is computed at the average recovery rate of 93% of gold mined ounces.
10. Recoverable gold mined is computed at the average recovery rate of 91% of gold mined ounces.
11. Recoverable gold mined is computed at the average recovery rate of 93% of gold mined ounces.
12. Recoverable gold mined is computed at the average recovery rate of 92% of gold mined ounces.

Beta Hunt Mine (nickel)

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Production and toll-processing costs	$313	$1,113	$565	$2,117
Royalty expense: Government of Western Australia	63	96	63	175
Royalty expense: Other	69	142	69	206
Operating costs (CAD$)	$445	$1,351	$697	$2,498
General and administration expense – Corporate	28	28	28	32
Sustaining capital expenditures	-	-	-	-
All-in sustaining costs (CAD$)	$473	$1,379	$725	$2,530
Average exchange rate (CAD$ 1 – USD$)	0.75	0.77	0.75	0.77
Cash operating costs (USD$)	**$333**	**$1,046**	**$522**	**$1,953**
All-in sustaining costs (USD$)	**$354**	**$1,068**	**$543**	**$1,978**
Pounds of nickel sold	215,167	272,447	215,167	472,318
Cash operating costs per pound sold	**$1.55**	**$3.84**	**$2.42**	**$4.14**
All-in sustaining cost per pound sold	**$1.64**	**$3.92**	**$2.52**	**$4.19**

Higginsville Mine (gold) [1, 2]

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Production and toll-processing costs	$1,331	$-	$1,331	$-

1. For the period from acquisition of HGO being June 10, 2019 to June 30, 2019
2. Cash operating and AISC costs were excluded from the table as insufficient data for stub was available.

PROCESSING OPERATION
Milled Revenue and Cost

The Corporation uses this measure internally to evaluate the underlying operating performance of the Corporation. Management believes that providing milled revenue and milled cost allows the ability to better evaluate the results of the underlying Higginsville Processing Operations.

Higginsville Processing (gold) [1]

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Milled revenue (CAD$)	2,110	-	2,110	-
Milled costs (CAD$)	2,863	-	2,863	-
Average exchange rate (CAD$1 – USD)	0.75	-	0.75	-
Milled revenue (USD$)	1,592	-	1,592	-
Milled costs (USD$)	2,160	-	2,160	-
Tonnes milled	52,882	-	52,882	-
Milled revenue per tonne (USD$)	30.11	-	30.11	-
Milled cost per tonne (USD$)	40.85	-	40.85	-

1 For the period from acquisition of HGO being June 10, 2019 to June 30, 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 17 of the unaudited condensed interim consolidated financial statements); depreciation and amortization; and the non-cash portion of share-based payments.

	Three months ended June 30,		Six months ended June 30,	
(in thousands of dollars except per share amounts)	**2019**	2018	**2019**	2018
Net loss for the period - as reported	**$ (16,177)**	$ (1,131)	**$ (19,466)**	$ (13,680)
Income tax recovery	**104**	513	**104**	371
Other expenses, net	**8,539**	2,899	**10,101**	8,769
Non-cash share-based payments	**1,500**	(814)	**858**	492
Depreciation and amortization	**1,046**	3,301	**1,549**	6,679
Adjusted EBITDA	**$ (4,988)**	$ 4,768	**(6,854)**	2,631
Weighted average number of common shares	**505,381,867**	362,150,334	**486,812,516**	357,548,866
Adjusted EBITDA per share	**$ (0.01)**	$ 0.01	**(0.01)**	0.01

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 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. Given these risks, uncertainties and the integration risk associated with the acquisition of HGO, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Readers of this report are cautioned that actual events and results may vary.

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.