**ROYAL NICKEL CORPORATION**
(Doing business as RNC Minerals)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Nine Months Ended September 30, 2019 and 2018
(in millions of Canadian dollars)

# 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 represents management's review of the factors that affected the Corporation's financial and operating performance for the three and nine months ended September 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 nine months ended September 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 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 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 November 6, 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 Higginsville Gold Operations ("**HGO**"), both located in Western Australia. Beta Hunt is a gold-producing operation held through Salt Lake Mining Pty Ltd ("**SLM**"), a subsidiary of RNC. Beta Hunt has delivered a number of high-grade coarse gold discoveries including the Father's Day Vein discovery ("**Father's Day Vein**") announced in September 2018.

RNC acquired the HGO operations on June 10, 2019, which is comprised of a 1.4 million tonnes per annum ("**Mtpa**") gold treatment plant, a large historical resource inventory and a substantial portfolio of gold tenements, including the Baloo open pit mine that was brought into production in August 2019. RNC's key focus continues to be the integration of the two operations under the RNC banner and realizing the operational synergies to be gained from combining the operations.

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 one of the world's largest undeveloped reserves of nickel and 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 limited supply growth and strong demand growth, including 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 third 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 with a condensed summary of the Corporation's performance for the three and nine months ended September 30, 2019 and 2018 which is shown below. This section should be read in conjunction with the remainder of the MD&A, including risk factors impacting the Corporation.

| *(in thousands of dollars except per share amounts)* | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| Revenue | **$43,092** | $43,397 | **$71,204** | $96,694 |
| Production and processing costs | **26,670** | 29,060 | **51,049** | 73,305 |
| Loss before income taxes | **(434)** | (7,364) | **(19,796)** | (20,673) |
| Net loss | **(255)** | (7,510) | **(19,721)** | (21,190) |
| Basic and diluted loss per share | **(0.00)** | (0.02) | **(0.04)** | (0.06) |
| Adjusted EBITDA [1,2] | **9,134** | 8,751 | **4,924** | 11,382 |
| Adjusted EBITDA per share [1,2] | **0.02** | 0.02 | **0.01** | 0.03 |
| Adjusted earnings [1] | **8,001** | 6,902 | **3,226** | 5,305 |
| Adjusted earnings per share [1] | **0.01** | 0.02 | **0.01** | 0.01 |
| Cash flow provided by (used in) operating activities | **2,071** | 3,368 | **(9,777)** | (9,592) |
| Cash investment in property, plant and equipment | **(2,409)** | (291) | **(11,261)** | (605) |

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS section of this MD&A.
2. Earnings before interest, taxes, depreciation and amortization ("EBITDA").

| For the periods ended September 30, | Three months ended, **2019** | 2018 | Nine months ended, **2019** | 2018 |
|---|---|---|---|---|
| **Gold (Beta Hunt Mine)** | | | | |
| Tonnes mined (000s) | **133** | 146 | **300** | 447 |
| Tonnes milled (000s) | **210** | 199 | **342** | 422 |
| Gold milled, grade (g/t Au) | **2.93** | 3.92 | **3.07** | 3.34 |
| Gold production (ounces)[1] | **18,460** | 23,872 | **31,352** | 42,623 |
| Cash operating costs (USD $/oz produced)[2] | **1,032** | 955 | **1,150** | 1,157 |
| All-in sustaining cost (AISC) (USD $/oz sold)[2] | **1,252** | 1,009 | **1,257** | 1,193 |
| **Gold (HGO Mine)**[4] | | | | |
| Tonnes mined (000s) | **73** | - | **73** | - |
| Tonnes milled (000s) | **86** | - | **93** | - |
| Gold milled grade (g/t Au) | **2.34** | - | **2.27** | - |
| Gold production (ounces) | **5,756** | - | **6,051** | - |
| Cash operating costs (USD $/oz produced[2] | **638** | - | **990** | - |
| All-in sustaining cost (AISC) (USD $/oz sold)[2] | **971** | - | **1,333** | - |
| **Gold (HGO Processing)**[4] | | | | |
| Tonnes milled (000s) | **296** | - | **348** | - |
| Recoveries [3] | **92%** | - | **92%** | - |
| **Gold Operations (Consolidated)**[4] | | | | |
| Tonnes mined (000s) | **206** | 146 | **373** | 447 |
| Tonnes milled (000s) | **296** | 199 | **435** | 422 |
| Gold milled, grade (g/t Au) | **2.76** | 3.92 | **2.90** | 3.34 |
| Gold milled (ounces) | **26,219** | 25,129 | **40,469** | 45,344 |
| Gold production (ounces) | **24,216** | 23,872 | **37,403** | 42,623 |
| Gold sold (ounces) | **22,010** | 23,805 | **36,867** | 43,291 |
| Average realized price (USD $/oz sold) | **1,339** | 1,205 | **1,308** | 1,252 |
| Cash operating costs (USD $/oz produced)[2] | **938** | 955 | **1,123** | 1,157 |
| All-in sustaining cost (AISC) (USD $/oz sold)[2] | **1,183** | 1,009 | **1,268** | 1,193 |
| Adjusted EBITDA[1,4] | **9,134** | 8,751 | **4,924** | 11,382 |
| Adjusted EBITDA per share[1,4] | **0.02** | 0.02 | **0.01** | 0.03 |

1. Inclusive of coarse gold of 1,233oz in Q3 2019 (6,206oz: Q3 2018) and 1,935oz YTD 2019 (8,596oz: YTD 2018).
2. Non-IFRS: the definition and reconciliation of these measures are included in the on-IFRS Measures section of this MD&A.
3. Excludes third-party tolling, no third-party material was processed in the third quarter of 2019.
4. In respect of HGO, for the period from acquisition being June 10, 2019 to September 30, 2019.

### Third Quarter of 2019

**Quarterly gold production:** The third quarter of 2019 reflects the first time in RNC's history that it has processed gold ounces at its wholly owned milling facility at Higginsville. Previously the Corporation relied on third party toll mills to process its mined material, which represented significant exposure to variable toll milling rates and toll mill availability. Over the coming quarters, the Corporation expects additional operational synergies generated by the integration of the Beta Hunt and HGO to drive continued milling cost reduction. Initial milling cost savings realized vs toll milling reflects a material reduction of 35% from AUD $45 per tonne ("**/t**") to AUD $29/t.

The third quarter of 2019 consolidated gold production of 24,216 ounces was higher than the third quarter of 2018 of 23,872 ounces, even though the third quarter of 2018 production benefited from the significant high-grade coarse gold Father's Day Vein discovery. Production during the third quarter of 2019 reflects mining of the Beta Hunt deposit coupled with production from the Baloo open pit at HGO and a small amount of stockpile material. The Beta Hunt gold milled grade in the third quarter of 2019 was 2.93 grams per tonne of gold ("**g/t Au**"), lower than in the third quarter of 2018 due to initial Father's Day Vein production during the third quarter of 2018. From time to time, the Corporation also encounters additional high-grade coarse gold zones at Beta Hunt, including the recently announced discoveries of an estimated total of 4,950 ounces of coarse gold in addition to planned production and guidance. Material from these coarse gold discoveries is fed through the mill at a measured rate in order to optimize recoveries. It is important to note that production from these high-grade coarse gold pods are not included in RNC's 2019 production guidance outlined below or the Beta Hunt resource estimate.

**Maiden Production, Cost Guidance and Guidance Standards Moving Forward:** Production and cost guidance for RNC's Australian operations (Beta Hunt and HGO) for the six-month period ending December 31, 2019, remains unchanged at 42,000 to 49,000 ounces of gold at an average all-in-sustaining-cost ("**AISC**") of USD $1,150 to USD $1,250 per ounce. RNC is well positioned to achieve its six-month production and cost guidance. Reference is made to the Non-IFRS Measure section of this MD&A.

Since acquiring HGO in June, the Corporation has provided additional disclosures with respect to monthly production reports. As of January 1, 2020, in accordance with established industry standards, RNC will be transitioning to quarterly reporting of production and cost metrics. In 2020, RNC, in accordance with established industry standards, will also provide annual production and cost guidance.

**Updated Gold Mineral Resource:** On August 12, 2019, following an aggressive drill program of 35,674 meters of resource definition drilling and 3,703 meters of grade control drilling, RNC announced a substantial increase to the mineral resource at Beta Hunt. The drilling resulted in a 395% increase in the global measured and indicated resource to 944 thousand ounces ("**koz**") (10,104 kt @ 2.9 g/t Au) and 195% increase in the inferred resource to 406 koz (4,109 kt @ 3.1 g/t Au). The increase in resource was achieved at a very low discovery cost of AUD $7.30 per ounce.

**HGO Integration:** Integration of RNC's recently acquired HGO operations is on target, with several key benefits previously highlighted being achieved, including a 35% reduction in Beta Hunt processing costs. Key members of management are meeting with all vendors and suppliers negotiating improved terms for all supplies. This is expected to contribute to lower AISC over the next several quarters.

**Baloo Stage 1 Open Pit and Growing Open Pit Pipeline:** On August 23, 2019, RNC announced that mining was underway at its Baloo Stage 1 open pit at HGO. On October 15, 2019, RNC announced that the Baloo Stage 1 pit is expected to supply the HGO plant with approximately 30,000 tonnes per month into the first quarter of 2020. To date, the Baloo material that has been processed at the HGO mill has delivered grades ranging between 1.8 g/t Au to 2.8 g/t Au. Baloo Stage 2 is in the permitting process. In addition to Baloo, a second open pit is fully permitted and available for immediate mining as part of the first phase of the next phase of the pipeline of open pits.

**HGO Exploration:** During the third quarter, north of a major fault (Buldania Fault), has identified additional gold mineralization at Baloo that could extend the pit life further. It was previously thought to truncate the main Baloo mineralization. Further drilling is planned to determine the full extent of this mineralization.

RNC intends to increase exploration drilling around the Baloo open pit. The pit is currently constrained by existing drill data which is the case for many of the HGO open pit historical resources. The Corporation has adopted an aggressive resource conversion program with the objective of outlining a 24-month pipeline of feed to the HGO mill and expand upon the current historic reserve base. Over time, this work will be expanded to a life-of-mine production pipeline.

**Beta Hunt Production Ramping Up:** Stope production at Beta Hunt continues to perform well and is meeting forecast levels, with the next stage of the production ramp-up program currently at the detailed mine planning stage. Management expects that production rates reached during the third quarter to remain at a consistent 40,000 tonnes to 45,000 tonnes per month for the remainder of the year.

**Recent Highlights**

**Additional High-Grade Coarse Gold Recovered at Beta Hunt:** An estimated 4,950 ounces of coarse gold was recovered in September and October 2019. This coarse gold is in addition to normal mine production as outlined in the Beta Hunt mine plan. On September 24, 2019, RNC announced that an estimated 1,750 ounces of coarse gold was recovered on the 16 Level A Zone, 160 meters south and 25 meters below the Father's Day Vein. On October 17, 2019, RNC announced an estimated 3,200 ounces of coarse gold was recovered from the 15 Level A Zone, approximately 30 meters north of the Father's Day Vein. The coarse gold was recovered while slashing out the drift walls in preparation for stoping activities. As previously stated, material from these coarse gold discoveries is fed through the mill at a measured rate in order to optimize recoveries and is incremental to the economic mine plan which is based on the average grade of the deposit.

**Strengthened Balance Sheet:** During the third quarter of 2019, RNC closed an oversubscribed bought deal financing, issuing 46,156,000 units of the Corporation at a price of $0.40 per unit for gross proceeds of $18.5 million. Each unit consists of one common share in the capital of the Corporation and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price per warrant of $0.50 for a period of 24 months from the closing date of the financing. The warrants are listed on the Toronto Stock Exchange under the symbol RNX.WT.

**Management Appointments:** As part of the next phase of RNC's growth, a number of management changes were made during the third quarter with the aim of maximizing the value of each of the assets within the Corporation's portfolio. Mr. Paul Andre Huet was appointed Chief Executive Officer ("**CEO**") and remains Chairman, Mr. Graeme Sloan was appointed Managing Director, Australian Operations, Ms. Johnna Muinonen as President, Dumont Nickel, and Mr. Alger St-Jean as Executive Vice President, Exploration and Resource Development, Dumont Nickel. Subsequent to the quarter end, Mr. Oliver Turner joined the Corporation as Senior Vice President of Corporate Development and Investor Relations. All of these appointments are expected to help drive the Corporation's future growth and shareholder value.

# 3. OPERATIONS, PROJECT UPDATES AND NEW DEVELOPMENTS

**Beta Hunt Mine**

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

Following the significant high-grade gold discovery - Father's Day Vein - made late in the third quarter of 2018, the Corporation announced that it had initiated a 40,000 meter drill program at Beta Hunt. The objective of this program was to upgrade and expand the Beta Hunt gold resource. 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. During the third quarter of 2019, the Corporation filed a new technical report for the Beta Hunt Mine and HGO entitled "Technical Report Western Australia Operations – Eastern Goldfields: Beta Hunt Mine (Kambalda) and Higginsville Gold Operations (Higginsville)"

The mineral resources at Beta Hunt increased significantly compared to the prior estimate of December 31, 2017. There was a 395% increase in the Measured and Indicated mineral resources category, to 944,000 gold ounces or 10,104 kt @ 2.9 g/t Au (see table below) and a 195% increase in the inferred mineral resource to 406,000 gold ounces or 4,109 kt @ 3.1 g/t Au. A total of 16,144 meters of drilling in 135 drill holes was completed at Western Flanks. Mineralization at Western Flanks has now been defined along a 1.2 km strike length and to a depth of 150 to 250 meters below the basalt contact. At A Zone, a total of 23,233 meters of drilling in 194 drill holes was completed. A Zone mineralization has now been defined along a 1.8 km strike length and to a depth of 200 to 400 meters below the basalt contact. Western Flanks and A Zone mineralization potential remains open along strike and at depth. The increase in measured and indicated resource was achieved at a very low discovery cost of AUD $7.30 per ounce.

The high-grade coarse gold discoveries associated with the shear zone/ Lunnon Sediment intersection horizon, such as the Father's Day Vein are not represented in the resource model due to the extreme nuggety nature of this type of bonanza mineralization. While the Corporation's understanding of where these occurrences are found continues to improve, along with the advancing geological model, at present 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 SLM. Paul Ellison is an employee of SLM and is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM,).*
5. *Mineral Resource Estimate as of June 26, 2019.*
6. *Mineral Resource Estimate as of August 9, 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.

Exploration drilling from underground positions within the Beta Hunt mine was completed in September 2019. A total of six holes were completed totaling 2,190 meters. Drilling targeted three shear zones – Fletcher (one hole), Western Flanks north (four holes) and East Alpha (one hole). Drilling was designed to test conceptual targets, and to investigate the potential for extension of the Western Flanks Mineral Resource to the north. Drilling to date has been successful in extending Western Flanks mineralization a further 200 meters north of previous drilling as well as confirming the Fletcher Shear as the third major mineralized gold system at Beta Hunt. Going forward, exploration at Beta Hunt will continue to focus on the identification of gold and nickel drill targets based on a review of historic (and current) drill holes, supported by an improved understanding of the mineralization and geological controls generated by the 2019 resource definition drill program.

Over the previous two quarters, Beta Hunt production levels have been ramping up, reaching 40 kt to 45 kt per month. The timing for a full ramp-up decision will be based on completion of an updated mine plan based on the new resource update and is expected to be completed in the fourth quarter of 2019. As part of the ramp-up decision, work to upgrade the mining fleet and extend primary ventilation is underway. Neither project is expected to impede current forecast production levels nor represent a significant capital outlay.

RNC has also restarted mining of remnant but profitable nickel resources on a small scale at Beta Hunt seeking to capitalize on the underground infrastructure already in place. Going forward, management is evaluating accounting for nickel mined at Beta Hunt as a by-product credit to gold production costs. Processing of remnant mining nickel ore is conducted off-site by a third-party.

### Higginsville Gold Operation

On June 10, 2019 the Corporation closed the acquisition of HGO from Westgold Resources Limited ("**Westgold**"). RNC paid Westgold AUD $25.0 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 $35.0 million debt facility entered into by RNC.

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 (+13M ozs produced) and Norseman (6M ozs produced). The HGO tenement package is situated close to St. Ives and Norseman and totals approximately 1,800 square kilometres (combined mining and exploration tenements). The area has a strong history of gold mining commencing in the late 1800s, more recently by Avoca Mining and Westgold. The HGO processing treatment plant was constructed in 2009 to treat the underground Trident deposit (1.1M ozs), followed by a wide range of open pits in recent years, including toll treatment of third-party ore.

The acquisition and integration of HGO and its 1.4 Mtpa gold mill represents a key component of RNC's strategy to unlock the significant potential of its Beta Hunt gold mine and diversify production across two assets, compared to previously being a single mine gold producer reliant on third-party toll milling and paying a premium for processing. With improved gold market conditions leading to increased mining activity in the Kambalda-Higginsville region, many toll milling facilities are unable to take additional ore, or will only do so at materially higher costs. The acquisition of the HGO milling facilities mitigates the risk regarding reliance on toll milling and the accompanying significant cost increases associated with toll milling in the area.

HGO includes a 367,000 ounce historical reserve (5,945 kt @ 1.9 g/t Au) within a 1.2 million ounce historical measured & indicated gold resource (18,790 kt @ 2.0 g/t Au), along with a further 0.7 million ounce historical inferred resource (10,634 kt @ 2.0 g/t Au), 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 October 2, 2018 and is available to view on Westgold'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 is expected to significantly reduce milling costs for Beta Hunt ore, with results to date reflecting a 35% decrease as compared to prior toll milling costs. Currently the blend of material moving through the HGO plant is approximately 40:40:20 (Beta Hunt and HGO 40% and ROM stockpiles 20%). The Beta Hunt production ramp-up and the addition of other open pits is expected to provide mill feed ratios of approximately 50:50 Beta Hunt and HGO.

Ownership of the HGO processing facility also provides a number of benefits in addition to the important operational advantages. With the increased mining activity in the Kambalda-Higginsville area, and a greater number of mining companies seeking to toll treat material through a limited number of third-party tolling facilities, the HGO plant is well positioned to potentially take advantage of this milling capacity shortage. However, the Corporation is currently utilizing 100% of the HGO plant capacity for its own mineralized material with no third-party tolling.

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

During the third quarter of 2019, the Corporation announced that mining had commenced on Baloo Stage 1 open pit at HGO. Stage 1 is fully permitted, and is expected to generate material to supply the HGO plant with approximately 30,000 tonnes per month. On October 15, 2019, the Corporation announced mining at Baloo Stage 1 is expected to extend into the first quarter of 2020. The Baloo material processed at the HGO mill has delivered grades ranging between 1.8 g/t Au to 2.8 g/t Au.

Mining of Baloo Stage 1 is performing to expectations and meeting forecast parameters. A drilling program in the northern end of the pit has identified additional mineralised material east of the current mine plan. This material can be accessed via a small cut back and requires no additional approval and is the reason Baloo Stage 1 mining can be extended into the first quarter of 2020. Baloo Stage 2 mining approval applications remain on track to be submitted to the appropriate authorities in the fourth quarter of 2019.

**Dumont Nickel-Cobalt Project**

Dumont remains one of the world's premier battery metal projects. Dumont contains one of the world's largest undeveloped reserves of nickel and 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 stainless steel markets, the electric vehicle and energy storage markets in the coming decade.

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

A 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 33 ktpa ramping up to 50 ktpa in Phase 2 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 1 C1 cash costs[2] of $2.98/lb ($6,570/t Ni). Life-of-mine C1 cash costs[2] of $3.22/lb ($7,100/t Ni) and AISC of $3.80/lb ($8,380/t Ni) of payable nickel (low 2$^{nd}$ 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 1 to $425 million in Phase 2 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 the largest battery metal development projects globally.
  - Fully permitted, construction ready project located in Abitibi region in Quebec – one of the world's leading mining jurisdictions.
  - Impacts and Benefits Agreement successfully negotiated with the 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. Orford owns the Qiqavik Gold and West Raglan Nickel projects in Northern Quebec.

# 4. 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 2019, Beta Hunt production levels have been progressively increasing, reaching 40 kt 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. Production rates at Beta Hunt are expected to remain at current levels until the new mine plan is approved and then, Beta Hunt will look to increase production further throughout 2020. This, combined with milling cost savings achieved to-date through the HGO acquisition, and the expanded resource base, positions Beta Hunt for a stronger 2020.

The recent 39,377 meter drill program at Beta Hunt also identified a number of areas showing significant widths of mineralization in Western Flanks compared to what was previously mined. Once these areas are added into the mine plan, they are expected to provide greater production flexibility resulting in higher productivity and lower cost per tonne mined. The Western Flanks gold mineralization remains open along strike and down plunge providing the Corporation with excellent target areas for further drilling.

Work on the new Beta Hunt mine reserve remains on track to be completed in the fourth quarter of 2019. This work will look to incorporate many of the bulk mining opportunities with Western Flanks, into the mine plan which is expected to drive productivity improvements and lower costs.

A review of historic drill holes (involving the assaying of previously un-sampled drill core) has returned a number of encouraging results with intersections being used to confirm or extend known areas of Western Flanks or A Zone mineralization. Selected intersections include:

- WFN-034 – 3.2 g/t over 4.9 meters
- WFN-042 – 6.6 g/t over 1.4 meters
- WF13-11 – 1.7 g/t over 5.0 meters

Note: Above widths are estimated true thickness.

This review has also been extended to include possible nickel targets located adjacent to existing infrastructure which could potentially provide near and medium term by-product credits.

**Higginsville Mill and Mining Operations**

The first mineralized material was extracted from Baloo Stage 1 in early August 2019. Initial grade control drilling has been completed with results to-date similar or better than what has been previously modelled as part of the optimization study The Baloo Stage 1 pit is expected to provide mineralized material supply to the HGO plant of approximately 30,000 tonnes per month into the first quarter of 2020. Work is also progressing on Baloo Stage 2 with permitting plans to be submitted to the local mining authorities in the near-term.

As part of the next generation pipeline of open pits, a second fully permitted open pit, has progressed and is now available for immediate mining upon the completion of the Baloo open pit or earlier.

## Higginsville Exploration

Exploration drilling during the quarter comprised of five Reverse Circulation ("**RC**") drill holes north of a major fault (Buldania Fault) previously thought to truncate the main Baloo mineralization. Strong mineralization was intersected including 8.7 g/t Au over 3 meters from 63 meters downhole in drill hole BLOR003. Further drilling is expected to be conducted over the fourth quarter to determine the full extent of mineralization.

**Baloo North - RC drilling significant (> 1g/t Au) drill results from exploration drilling program September 2019**

| Target | Hole ID | | From (m) | To (m) | Interval (downhole m)[1]. | Gold (g/t)[2]. |
|---|---|---|---|---|---|---|
| Baloo Fault Offset | BLOR0003 | | 63 | 66 | 3 | 8.7 |
| | | Including | 63 | 64 | 1 | 16.6 |
| | | | 101 | 102 | 1 | 3.9 |
| Baloo Mission Fault | BLOR0004 | | 31 | 32 | 1 | 1.2 |

1.True thickness cannot be determined with available information
2. Un-cut gold assays

The Corporation will be undertaking a systematic review of the entire historical HGO resource inventory. The review completed to date 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.

## RNC 2019 Guidance

Gold production and cost guidance for RNC, comprised of Beta Hunt and HGO, for the six-month period ending December 31, 2019, remains unchanged at 42,000 to 49,000 ounces of gold at an average AISC of USD $1,150 to USD $1,250 per ounce. Reference is made to the Non-IFRS Measure section of this MD&A.

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. 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 Western Australia Operations – Eastern Goldfields: Beta Hunt Mine (Kambalda) and Higginsville Gold Operations (Higginsville)" dated September 17, 2019. It is further cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

*A production decision at HGO was made by previous operators of the mine, prior to the completion of the acquisition of HGO by RNC and RNC made a decision to continue production subsequent to the acquisition. This decision by RNC to continue production and, to the knowledge of RNC, the prior production decision were 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 the Corporation's cash flow and future profitability. Readers are cautioned that there is increased uncertainty and higher risk of economic and technical failure associated with such production decisions.*

**Dumont Nickel-Cobalt Project**

The results of the updated Dumont feasibility study were announced on May 30, 2019 and the 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 its 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 consisted of further ground IP surveying, Airborne Electromagnetic surveying, and detailed geological and structural mapping, followed by drilling to test high priority target areas on the property.

On September 11, 2019, Orford announced completion of the summer 2019 exploration program on the Qiqavik property, including, 1,368 meters of drilling along with partial results from the program. This exploration work continues to define shear-hosted gold mineralization along several trends. Significant drilling results included drill hole QK-19-004 testing the Interlake structural zone 300 meters east of drilling completed in 2018 (QK-18-007, 24.6 metres grading 0.48 g/t Au) that intersected 32.0 meters grading 0.71 g/t Au, including 2.8 metres grading 3.31 g/t Au in an altered volcaniclastic. Work also identified a large new structural corridor (75-100 meters wide) that extends from IP Lake westward for approximately 10 km. New gold anomalies in grab samples from boulders up to 648 g/t Au define dispersion trains pointing towards the IP Lake structural corridor.

# 5. FINANCIAL RESULTS OF OPERATIONS

*(in thousands of dollars except per share amounts)*

| | Three months ended, | | | Nine months ended, | | |
|---|---|---|---|---|---|---|
| For the period ended September 30, | **2019** | 2018 | Change | **2019** | 2018 | Change |
| Revenue | **$ 43,092** | $ 43,397 | $ (305) | **$ 71,204** | $ 96,694 | $ (25,490) |
| Operating earnings (loss) | **9,202** | (649) | 9,851 | **(59)** | (5,189) | 5,130 |
| Other expenses, net | **(9,636)** | (6,715) | (2,921) | **(19,737)** | (15,484) | (4,253) |
| Loss before income tax | **(434)** | (7,364) | 6,930 | **(19,796)** | (20,673) | 877 |
| Net loss | **(255)** | (7,510) | 7,255 | **(19,721)** | (21,190) | 1,469 |
| Basic and diluted loss per share | **(0.00)** | (0.02) | 0.02 | **(0.04)** | (0.06) | 0.02 |
| Adjusted EBITDA[1] | **9,134** | 8,751 | 383 | **4,924** | 11,382 | (6,458) |
| Adjusted EBITDA per share[1] | **0.02** | 0.02 | - | **0.01** | 0.03 | (0.02) |
| Adjusted earnings | **8,001** | 6,902 | 1,099 | **3,226** | 5,305 | (2,079) |
| Adjusted earnings per share | **0.01** | 0.02 | (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.

| *(in thousands of dollars)* | Three months ended, | | | Nine months ended, | | |
|---|---|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | Change | **2019** | 2018 | Change |
| **Operating segments** | | | | | | |
| Beta Hunt Mine | **$ 6,292** | $ 5,014 | $ 1,278 | **$ 7,395** | $ (4,644) | $ 12,039 |
| HGO | **4,005** | - | 4,005 | **1,827** | - | 1,827 |
| Reed Mine | **(37)** | 4,405 | (4,442) | **(58)** | 12,494 | (12,552) |
| | **10,260** | 9,419 | 841 | **9,164** | 7,850 | 1,314 |
| **Non-operating segment** | | | | | | |
| Corporate: share-based payments | **1,344** | (8,862) | 10,206 | **(1,123)** | (9,354) | 8,231 |
| Corporate: other | **(2,402)** | (1,206) | (1,196) | **(8,100)** | (3,685) | (4,415) |
| **Total operating earnings (loss)** | **9,202** | (649) | 9,851 | **(59)** | (5,189) | 5,130 |

### Three months ended September 30, 2019, compared with three months ended September 30, 2018

For the three months ended September 30, 2019, revenues of $43.1 million were consistent with the revenues for the three-month period ended September 30, 2018 of $43.4 million. Operating earnings for the three months ended September 30, 2019 of $9.2 million reflected an increase of $9.9 million when compared to the three-month period of 2018 with reported operating losses of $0.6 million. A primary contributor to the increased operating earnings was an increase in gold revenue and a reduction of $2.4 million in production and processing costs, largely due to the recently acquired HGO plant. In addition, general and administrative: share-based payments expense decreased by $10.2 million reflecting a decrease in the mark-to-market share-based obligation for the Corporation. There was an increase in general and administrative:other expense of $1.9 million for 2019 compared to the same period 2018 which was primarily due to an increase in office and general and staff related to the acquisition of HGO, and acquisition costs of $0.3 million.

For the three months ended September 30, 2019, other expenses showed a net increase of $2.9 million. A significant portion of the expenses for the three-month period ended September 30, 2019 is attributed to the expense related to the fair value of derivative financial instruments of $4.8 million compared to a recovery of $1.4 million for the same period of 2018. SLM had a number of expenses during the three months ended September 30, 2018 that did not re-occur during the same period of 2019.

For more details regarding the Corporation's other expenses refer to note 16 of the unaudited condensed consolidated interim financial statements for the three and nine-month periods ended September 30, 2019.

### Nine months ended September 30, 2019, compared with nine months ended September 30, 2018

For the nine months ended September 30, 2019, revenues decreased by $25.5 million, or 26.4%, of which $22.2 million was due to the decommissioning of the Reed Mine during 2018. In addition, the planned shutdown of mining activities, to concentrate on the announced 40,000 meter drilling program at Beta Hunt in early 2019, resulted in an overall decrease in gold production which contributed to decreased revenue of $15.6 million. Partially offsetting this was the revenues of HGO for the nine months ended September 30, 2019 of $12.2 million net of intersegment eliminations. General and administrative: share-based payments were lower during the first nine months of 2019 compared to the same period of 2018 by $8.2 million as a result of the share price increase in 2018 from $0.10 to $0.89 following the Father's Day Vein discovery which had an impact on the mark-to-market value of certain share based instruments. General and administrative: other expense, increased by $5.6 million which was primarily due to the HGO acquisition costs of $3.0 million, investor relations cost increased $1.0 million and office and general cost increase of $0.7 million. Operating loss for the nine-month period ended September 30, 2019 consequently decreased by $5.1 million compared to the same nine-month period of 2018.

For the nine months ended September 30, 2019 there was a net increase of $4.3 million in other expenses compared to the same period in 2018. A large portion of the nine months ended September 30, 2019 expenses was from the change in the derivative fair value of $8.6 million compared to a loss of $0.1 million for the same period in 2018. There was also a $3.1 million increase in foreign exchange loss when comparing the nine months ended September 30, 2019 to the same period in 2018. SLM had a number of expenses during the nine months ended September 30, 2018 that did not re-occur during the same period of 2019.

### Summary of Quarterly Results

| *(in thousands of dollars)* | 2019 | | | 2018 | | | | 2017 |
|---|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Revenues | $43,092 | $17,249 | $10,863 | $32,076 | $43,397 | $31,872 | $21,425 | $29,511 |
| Earnings (loss) attributable to RNC shareholders | ($255) | ($16,177) | ($3,289) | $12,794 | ($7,510) | ($1,027) | ($12,402) | ($78,617) |
| Basic and diluted earnings (loss) per share | ($0.00) | ($0.03) | ($0.01) | $0.03 | ($0.02) | ($0.00) | ($0.05) | ($0.26) |

Revenues for the third quarter of 2019 increased by $25.8 million compared to the second quarter of 2019, primarily due to the increased milling at HGO, ramp-up of production at Beta Hunt and production from the Baloo open pit. 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.

# 6. LIQUIDITY AND CAPITAL RESOURCES

### Sources and Uses of Cash

| *(in thousands of dollars)* | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| Cash provided by (used) in operations prior to changes in working capital | **$1,360** | $(3,722) | **$(9,997)** | $(3,845) |
| Changes in non-cash working capital | **711** | 7,090 | **220** | (5,747) |
| Cash provided by (used in) operating activities | **2,071** | 3,368 | **(9,777)** | (9,592) |
| Cash used in investing activities | **(4,221)** | (6,283) | **(35,375)** | (8,729) |
| Cash provided by (used in) financing activities | **18,077** | (3,388) | **68,583** | (5,398) |
| Change in cash and cash equivalents | **$15,927** | $(6,303) | **$23,431** | $(23,719) |

### Operating Activities

For the three months ended September 30, 2019, cash provided by operations prior to changes in non-cash working capital was $1.4 million compared to cash used of $3.7 million in the comparable quarter of the prior year representing a variance of $5.1 million. The primary reason relates to a decrease in the net loss of $7.5 million for the three months ended September 30, 2018 compared with $0.3 million for the three months ended September 30, 2019, a $7.2 million improvement. Working capital changes provided cash of $0.7 million during the three months ended September 30, 2019 compared with cash provided of $7.1 million for the same period

2018, a variance of $6.4 million which relates to amounts receivable and prepaid expenses of $1.8 million, inventories of $2.7 million and accounts payable and accrued liabilities of $1.9 million.

For the nine months ended September 30, 2019, cash used in operating activities, prior to changes in non-cash working capital, was $10.0 million compared to cash used in operating activities of $3.8 million in the comparable period of the prior year 2018, representing a variance of $6.2 million. A portion of the variance relates to the cash settlement of share-based payments totaling $2.6 million for the first nine months of 2019. Although the net loss for the first nine months of 2019 was lower than the same period of the prior year, there were more non-cash items impacting the loss in 2018 compared with 2019, primarily share-based payments expense due to mark-to-market adjustments. Working capital changes provided cash of $0.2 million during the nine months ended September 30, 2019 compared with cash used of $5.7 million for the nine months ended September 2018, a $5.9 million variance which primarily relates to relates to movements in accounts payable and accrued liabilities of $10.4 million partially offset by amounts receivable and prepaid expenses of $4.0 million.

**Investing Activities**

For the three months ended September 30, 2019, cash used in investing activity was $4.2 million compared with total cash used in investing activities of $6.3 million in 2018, a decrease of $2.1 million. The decrease was primarily a result of the cash given up on deconsolidation of Orford and Magneto of $6.0 million in 2018 partially offset by an increase in the expenditures for mineral property interests of $1.8 million and for property, plant and equipment of $2.4 million.

For the nine months ended September 30, 2019, total cash used in investing activities was $35.4 million compared with total cash used in investing activities of $8.7 million in 2018, a $26.7 million increase. The increase over the comparable prior period is primarily due to the cash portion of the acquisition of HGO in 2019 of $21.6 million. The nine-month period also reflected a use of cash of $11.3 million for the acquisition of property, plant and equipment compared to the same nine-month period for 2018 of $0.6 million, a variance of $10.7 million. Partially offsetting was the cash given up on the deconsolidation of Orford and Magneto in 2018 totalling $6.0 million.

**Financing Activities**

For the three months ended September 30, 2019, cash provided by financing activities was $18.1 million which was primarily related to a financing totalling $17.5 million net of issue costs. The primary financing activities for the three months ended September 30, 2018 included cash received from the exercise of options and warrants totalling $9.9 million offset by the repayment of debt totalling $13.3 million.

For the nine months ended September 30, 2019, cash received from financing activities of $68.6 million compared to cash used by financing activities in the same period of 2018 of $5.4 million. The variance of $74.0 million is due to the issuance of shares totalling $36.4 million compared to $1.6 million in the same nine-month period of 2018. The Corporation received cash with the issuance of debt totalling $36.7 million during the nine-month period ended September 30, 2019. There have been repayments of debts in the nine months ending September 30, 2019 of $6.6 million compared to the same nine-month period in 2018 of $17.4 million. There was a negative variance of $7.6 million for proceeds from exercise of options and warrants when comparing the nine-month period ending September 30, 2019 to the same period of 2018.

As a result of the foregoing activities, for the nine months ended September 30, 2019, the net cash provided by operating, investing and financing activities was $23.4 million compared to cash used of $23.7 million in the same period of 2018.

January 2019 Financing – Use of Proceeds Reconciliation:

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 the use of the proceeds of this offering as described in the January Prospectus versus actual.

| **Use of Proceeds**<br>(in thousands of dollars) | **Use of proceeds Short Form Prospectus Dated January 9, 2019** | **Actual use of proceeds September 30, 2019** |
|---|---|---|
| **SLM** | | |
| 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 | $4,653 |
| 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 |
| **RNC** | | |
| General working capital purposes | 540 | 540 |
| | **$8,100** | **$7,993** |

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

September 2019 Financing – Use of Proceeds Reconciliation:

The Corporation raised total gross proceeds of $18.5 million by issuing a total of 46,156,000 common shares and 23,789,000 warrants in an offering described in the short-form prospectus (the "September Prospectus"), of the Corporation dated, and filed on SEDAR on, September 17, 2019. Total net proceeds of the offering, after deducting underwriters' fees and other expenses, was $17.5 million which includes the additional over-allotment of funds received. Set out below is a comparison of the use of the proceeds of this offering as described in the September Prospectus versus actual.

| **Use of Proceeds** | **Use of proceeds Short Form Prospectus Dated September 17, 2019** | **Actual use of proceeds September 30, 2019** |
|---|---|---|
| Further capital development for production in the A Zone and Western Flanks (Beta Hunt Mine) | $2,800 | $- |
| Exploration and development drilling and related activities in the A Zone, Western Flanks, Fletcher, and areas south of the Alpha Island Fault (Beta Hunt Mine) | 1,200 | - |
| Capital expenditures relating to the Mill at the Higginsville Operations and integration of the Mill with the Beta Mine (including crusher product screen, replacement of secondary crusher, refurbishment of mill thickener, replace auto lubrication system on mill) | 1,500 | - |
| Testing the installation of HV power to the Higginsville operation and the integration of the Beta Hunt and Higginsville operations including diesel, haulage, stores and maintenance | 1,000 | - |
| Geological review and exploration of the Higginsville property package. | 2,000 | - |
| Other capital expenditures relating to the Beta Hunt Mine (including mine ventilation, refurbishment of mobile equipment, and spares). | 5,000 | - |
| Working capital and general corporate purposes | 3,300 | 439 |
| | **$16,800** | **$439** |

Not all of the proceeds raised were used as of September 30, 2019 and the actual use up to September 30, 2019 was less than the September Prospectus disclosure. The remaining funds will be used in subsequent quarters.

As noted in the Short Form Prospectuses, the amount actually expended for the purposes described above could vary significantly from the Short Form Prospectuses 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 | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | **$24,771** | $1,340 |
| Working capital surplus (deficit)[1] | **12,154** | (18,992) |
| Property, plant and equipment | **77,755** | 24,530 |
| Total assets | **166,222** | 58,012 |
| Total liabilities | **86,712** | 31,891 |
| Shareholders' equity | **79,510** | 26,121 |

1. Working capital surplus (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. Based on the current financial condition of the Corporation, RNC does not anticipate additional equity or debt financing.

As at September 30, 2019, the Corporation had a working capital surplus of $12.2 million compared to a $19.0 million deficit as at December 31, 2018 for an increase of $31.2 million. The majority of the improved working capital was a result of the Corporation's issuance of shares in the third quarter in addition to the improved operational results obtained as a result of the HGO acquisition.

Overall, total assets increased by $108.2 million, which is primarily due to the HGO acquisition which increased property, plant and equipment by $46.5 million, mineral property interest by $13.9 million, inventories by $14.4 million and, receivables and prepaid expenses by $4.2 million. In addition, cash and cash equivalents increased by $23.4 million as at September 30, 2019.

As at September 30, 2019, the Corporation had cash and cash equivalents of $24.8 million, the majority of which, was raised from the September Prospectus and from the September Prospectus and was not yet used as described in the table above. The Corporation expects to complete an updated mine plan in the fourth quarter of 2019. Based on current mining operations, management estimates that the residual funds may not be sufficient to fund Beta Hunt Mine operations, HGO operations and general and administrative expenses for the ensuing twelve months. 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.

## 7. RESULTS OF QUARTERLY OPERATIONS

### Mining Operations (Consolidated)

In the third quarter of 2019, 296 kt of material was milled at an average grade of 2.76 g/t to produce 24,216 oz of gold, a 1% increase from the third quarter of 2018, due to the acquisition of HGO in the second quarter of 2019. Milling grades were 30% lower compared to the third quarter of 2018 as higher-grade mined material was processed due to the discovery of the high-grade Father's Day Vein in the third quarter of 2018. 22,010 oz of gold was sold during the third quarter of 2019.

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| **Gold Operating Results** | | | | |
| Tonnes mined (000s) | **206** | 146 | **373** | 447 |
| Tonnes milled (000s) | **296** | 199 | **435** | 422 |
| Milled grade (g/t) | **2.76** | 3.92 | **2.90** | 3.34 |
| Production (ounces) | **24,216** | 23,872 | **37,403** | 42,623 |
| Gold sales (ounces) | **22,010** | 23,805 | **36,867** | 43,291 |
| Cash operating cost (USD $ per ounce produced) [1] | **938** | 955 | **1,123** | 1,157 |
| All-in sustaining cost (AISC) (USD $ per ounce sold) [1] | **1,183** | 1,009 | **1,268** | 1,193 |

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

### Beta Hunt Mine (100% ownership)

In the third quarter of 2019, 210 kt of material was milled at an average grade of 2.93 g/t to produce 18,460 oz of gold, a 23% decrease from the third quarter of 2018, due to the discovery of the high grade Father's Day Vein in the third quarter of 2018, as previously outlined. Milling grades were 25% lower compared to the third quarter of 2018 as higher-grade mined material was processed. 16,593 oz of gold was sold during the third quarter of 2019. Beta Hunt resumed full operations in the second quarter of 2019 as the resource update neared completion.

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| **Beta Hunt Gold Operating Results** | | | | |
| Tonnes mined (000s) | **133** | 146 | **300** | 447 |
| Tonnes milled (000s) | **210** | 199 | **342** | 422 |
| Milled grade (g/t) | **2.93** | 3.92 | **3.07** | 3.34 |
| Production (ounces) | **18,460** | 23,872 | **31,352** | 42,623 |
| Cash operating cost (USD $ per ounce produced)[1] | **1,032** | 955 | **1,150** | 1,157 |
| All-in sustaining cost (AISC) (USD $ per ounce sold)[1] | **1,252** | 1,009 | **1,257** | 1,193 |

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

### Higginsville Gold and Processing Operations

The Higginsville Gold Operation milled 295 kt of material, which included 86 kt of HGO material that produced 5,756 oz at an average grade of 2.34 g/t Au for the period ended September 30, 2019. Milling has continued at HGO based on a steady feed of material from HGO and Beta Hunt.

| | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| **HGO Gold Operating Results** | | | | |
| Tonnes mined (000s) | **73** | - | **73** | - |
| Tonnes milled (000s) | **86** | - | **93** | - |
| Mill grade (g/t) | **2.34** | - | **2.27** | - |
| Production (ounces) | **5,756** | - | **6,051** | - |
| Cash operating cost (USD $ per ounce produced)[1] | **638** | - | **990** | - |
| All-in sustaining cost (AISC) (USD $ per ounce sold)[1] | **971** | - | **1,333** | - |

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 September 30, | Three months ended, 2019 | 2018 | Nine months ended, 2019 | 2018 |
|---|---|---|---|---|
| **Gold Processing Results** | | | | |
| Total tonnes milled (000s) | **295** | - | **348** | - |
| Recovery (%) | **92%** | - | **92%** | - |

# 8. OFF-BALANCE SHEET ARRANGEMENTS

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

# 9. 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.

# 10. OUTSTANDING SHARE DATA

As at November 6, 2019, the Corporation had 606,589,974 common shares issued and outstanding.

As at November 6, 2019, the Corporation had the following securities outstanding, which are exercisable for common shares:

| | Number of Securities | Weighted Average Exercise Price |
|---|---|---|
| Stock options | 27,552,168 | $0.35 |
| Warrants | 25,073,589 | $0.50 |

As at November 6, 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 | 784,343 |
| Restricted share units | 3,309,901 |

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.

# 11. 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 nine month periods ended September 30, 2019, there were two new policies applied to the accounting policies by the Corporation for its September 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.

# 12. 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 (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 CEO and CFO 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 September 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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 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.

# 13. 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 MD&A, 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.

# 14. NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per ounce, all-in sustaining cost, adjusted earnings, adjusted earnings per share, EBITDA, adjusted EBITDA, adjusted EBITDA per share, adjusted earnings and adjusted earnings 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 data allows the reader the ability to better evaluate the results of the underlying operations.

**Mining Operations (Consolidated)**

| | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| Production and processing costs | $26,670 | $27,854 | $51,049 | $69,248 |
| Royalty expense: Government of Western Australia | 879 | 1,103 | 1,499 | 2,085 |
| Royalty expense: Other | 2,442 | 3,179 | 4,370 | 5,814 |
| By-product credits | - | (234) | (1,172) | (4,325) |
| Adjustment | - | (2,105)[1] | - | (9,096)[2] |
| Operating costs (CAD$) | $29,991 | $29,797 | $55,746 | $63,726 |
| General and administration expense – corporate | 819 | 51 | 1,503 | 259 |
| Sustaining capital expenditures | 3,564 | 1,539 | 4,789 | 2,714 |
| All-in sustaining costs (CAD$) | $34,374 | $31,387 | $62,038 | $66,699 |
| Average exchange rate (CAD$1 – USD$1) | 0.76 | 0.77 | 0.75 | 0.78 |
| **Operating costs (USD$)** | **$22,714** | **$22,798** | **$42,010** | **$49,335** |
| **All-in sustaining costs (USD$)** | **$26,033** | **$24,015** | **$46,763** | **$51,634** |
| Ounces of gold sold | 22,010 | 23,805 | 36,867 | 43,291 |
| Ounces Produced | 24,216 | 23,872 | 37,403 | 42,623 |
| **Cash operating costs (per ounce produced)(USD$)** | **$938** | **$955** | **$1,123** | **$1,157** |
| **All-in sustaining cost (per ounce sold)(USD$)** | **$1,183** | **$1,009** | **$1,268** | **$1,193** |

1. Negative adjustment for capital development ($2,105).
2. Negative adjustment for capital development ($9,096),

**Beta Hunt Mine (gold)**

| | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| Production and processing costs | $22,081 | $27,854 | $43,390 | $69,248 |
| Royalty expense: Government of Western Australia | 777 | 1,103 | 1,397 | 2,085 |
| Royalty expense: Other | 2,285 | 3,179 | 4,213 | 5,814 |
| By-product credits | - | (234) | - | (4,325) |
| Adjustment | - | (2,105)[1] | - | (9,096)[2] |
| Operating costs (CAD$) | $25,143 | $29,797 | $49,000 | $63,726 |
| General and administration expense – corporate | 312 | 51 | 947 | 259 |
| Sustaining capital expenditures | 1,974 | 1,539 | 3,199 | 2,714 |
| All-in sustaining costs (CAD$) | $27,429 | $31,387 | $53,146 | $66,699 |
| Average exchange rate (CAD$1 – USD$1) | 0.76 | 0.77 | 0.75 | 0.78 |
| **Operating costs (USD$)** | **$19,042** | **$22,798** | **$36,043** | **$49,335** |
| **All-in sustaining costs (USD$)** | **$20,773** | **$24,015** | **$39,171** | **$51,634** |
| Ounces of gold sold | 16,593 | 23,805 | 31,155 | 43,291 |
| Ounces Produced | 18,460 | 23,872 | 31,352 | 42,623 |
| **Cash operating costs (per ounce produced)(USD$)** | **$1,032** | **$955** | **$1,150** | **$1,157** |
| **All-in sustaining cost (per ounce sold)(USD$)** | **$1,252** | **$1,009** | **$1,257** | **$1,193** |

1. Negative adjustment for capital development ($2,105).
2. Negative adjustment for capital development ($9,096), tolling costs ($9,032) and stock adjustment ($3,959).

**Higginsville Mine (gold)**[1]

| | Three months ended, | | Nine months ended, | |
|---|---|---|---|---|
| For the periods ended September 30, | **2019** | 2018 | **2019** | 2018 |
| Production and processing costs (CAD$) | $4,589 | $- | $7,659 | $- |
| Royalty expense: Government of Western Australia | 102 | - | 102 | - |
| Royalty expense: Other | 157 | - | 157 | - |
| Operating costs (CAD$) | 4,848 | - | 7,918 | - |
| General and administration expense – corporate | 507 | - | 556 | - |
| Sustaining capital expenditures | 1,590 | - | 1,590 | - |
| All-in sustaining costs (CAD$) | 6,945 | - | 10,064 | - |
| Average exchange rate (CAD$1 – USD$1) | 0.76 | 0.77 | 0.76 | 0.78 |
| **Operating costs (USD$)** | **3,672** | **-** | **5,988** | **-** |
| **All-in sustaining costs (USD$)** | **5,260** | **-** | **7,613** | **-** |
| Ounces of gold sold | 5,417 | - | 5,712 | - |
| Ounces Produced | 5,756 | | 6,051 | |
| **Cash operating costs (per ounce produced)(USD$)** | **638** | **-** | **990** | **-** |
| **All-in sustaining cost (per ounce sold)(USD$)** | **971** | **-** | **1,333** | **-** |

1. For the period from acquisition of HGO being June 10, 2019 to September 30, 2019

**Adjusted EBITDA and Adjusted Earnings**

Management believes that adjusted EBITDA per share and adjusted Earnings 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); non-cash portion of share-based payments; acquisition costs; and depreciation and amortization.

In the determination of adjusted earnings, the Corporation assumes the same exclusions noted above for the determination of Adjusted EBITDA but adds back the impact of servicing debt obligations being interest and accretion expenses.

| *(in thousands of dollars except per share amounts)* | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| For the periods ended | **2019** | 2018 | **2019** | 2018 |
| Net loss for the period - as reported | **$(255)** | $(7,510) | **$(19,721)** | $(21,190) |
| Income tax recovery | **(179)** | 146 | **(75)** | 517 |
| Other expenses, net | **9,636** | 6,715 | **19,737** | 15,484 |
| Non-cash share-based payments | **(2,354)** | 8,862 | **(1,496)** | 9,354 |
| Acquisition costs | **301** | - | **2,945** | - |
| Depreciation and amortization | **1,985** | 538 | **3,534** | 7,217 |
| Adjusted EBITDA | **$9,134** | $8,751 | **$4,924** | $11,382 |
| Weighted average number of common shares | **564,423,347** | 384,495,931 | **512,967,082** | 366,496,587 |
| Adjusted EBITDA per share | **$0.02** | $0.02 | **$0.01** | $0.03 |

| *(in thousands of dollars except per share amounts)* | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| For the periods ended | **2019** | 2018 | **2019** | 2018 |
| Adjusted EBITDA | **$9,134** | $8,751 | **$4,924** | $11,382 |
| Interest expense | **(890)** | (452) | **(1,097)** | (2,319) |
| Accretion expense | **(243)** | (1,397) | **(601)** | (3,758) |
| Adjusted earnings | **8,001** | 6,902 | **3,226** | 5,305 |
| Weighted average number of common shares | **564,423,347** | 384,495,931 | **512,967,082** | 366,496,587 |
| Adjusted earnings per share | **$0.01** | $0.02 | **$0.01** | $0.01 |

# 15. 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.