ROYAL NICKEL CORPORATION
(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2019 and 2018
(in thousands 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 years ended December 31, 2019 and 2018. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and related notes for the years ended December 31, 2019 and 2018, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"). 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.

Dollar amounts are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at March 25, 2020 unless otherwise indicated.

The technical and scientific information contained in this MD&A related to (i) Beta Hunt and HGO has been reviewed and approved by Steve Devlin, Vice-President, Exploration & Growth, Salt Lake Mining Pty Ltd, a 100% owned subsidiary of RNC, and a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and (ii) related to Dumont has been reviewed and approved by Alger St-Jean, Executive Vice President, Exploration & Resource Development, Dumont Nickel, and Johnna Muinonen, President, Dumont Nickel, both are qualified persons for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

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 held through Salt Lake Mining Pty Ltd ("**SLM**"), a subsidiary of RNC. Beta Hunt is a gold producing operation that 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 comprised 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 kms 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 kms long.

Further information regarding each of these projects, and the related 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 years ended December 31, 2019 and 2018 which is shown below.

(in thousands of dollars except per share amounts)

For the years ended December 31,	**2019**	2018
Revenue	**$128,036**	$128,770
Production and processing costs	**78,836**	82,742
Loss before income taxes	**(7,716)**	(7,911)
Net loss	**(6,942)**	(8,396)
Basic and diluted loss per share	**0.01**	0.02
Adjusted EBITDA [1,2]	**18,284**	17,979
Adjusted EBITDA per share [1,2]	**0.03**	0.05
Adjusted earnings [1]	**15,913**	13,886
Adjusted earnings per share [1]	**0.03**	0.04
Cash flow provided by (used in) operating activities	**15,179**	(8,316)
Cash investment in property, plant and equipment and mineral property interests	**(25,391)**	(13,013)

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 December 31,	Three months ended, 2019	2018	Year ended, 2019	2018
Gold Operations (Consolidated)[1,2]				
Tonnes milled (000s)	**321**	71	**755**	493
Recoveries	**90%**	95%	**91%**	93%
Gold milled, grade (g/t Au)	**2.60**	9.42	**2.65**	4.22
Gold produced (ounces)	**26,874**	20,495	**64,277**	62,233
Gold sold (ounces)	**28,359**	19,512	**65,225**	62,806
Average realized price (USD $/oz sold)	**1,451**	1,324	**1,368**	1,261
Cash operating costs (USD $/oz sold)[3]	**929**	445	**1,004**	924
All-in sustaining cost (AISC) (USD $/oz sold)[3]	**1,131**	685	**1,155**	1,037
Gold (Beta Hunt Mine)[1,2]				
Tonnes milled (000s)	**133**	71	**475**	493
Gold milled, grade (g/t Au)	**3.81**	9.42	**3.11**	4.22
Gold produced(ounces)[1]	**16,290**	20,495	**47,642**	62,233
Gold sold (ounces)	**17,561**	19,512	**48,716**	62,806
Cash operating cost (USD $/oz sold)[3]	**773**	445	**958**	924
Gold (HGO Mine)[1]				
Tonnes milled (000s)	**188**	-	**280**	-
Gold milled grade (g/t Au)	**1.75**	-	**1.85**	-
Gold produced (ounces)	**10,584**	-	**16,635**	-
Gold sold (ounces)	**10,798**	-	**16,509**	-
Cash operating cost (USD $/oz sold)[3]	**1,182**	-	**1,136**	-

1. In respect of HGO, for the period from acquisition being June 10, 2019 to December 31, 2019
2. Includes third-party tolling, no third-party material was processed in the third and fourth quarters of 2019.
3. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 17 of this MD&A.

Recent Highlights

2020 Production, Cost Guidance: For the year ending December 31, 2020, the Corporation issued a consolidated production and cost guidance for RNC's Australian operations (Beta Hunt and HGO) of 90,000 to 95,000 ounces of gold at an average all-in-sustaining-cost ("**AISC**") of USD $1,050 to USD $1,200 per ounce. RNC is targeting an AISC costs of approximately USD $1,000 per ounce by the end of 2020. It is important to note that production and cost guidance does not include contributions from coarse gold occurrences at the Beta Hunt Mine. Reference is made to the Non-IFRS Measure section 17 of this MD&A. This guidance assumes no significant disruption in operations as a result of the COVID 19 virus.

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 practices, RNC will be transitioning to quarterly reporting of production and cost metrics.

Growing HGO Open Pit Pipeline: On January 23, 2020, RNC announced that Baloo Stage 1 mining has been extended to June 2020. Stage 2 approvals were announced on January 29, 2020, which is expected to extend the open pit mine life through to late 2020. Development and mining of the Fairplay North open pit has commenced with Stage 1 expected to extend through July 2020, followed by Stage 2 through late 2020.

HGO Exploration: At HGO, a review of the exploration results continues to identify a number of areas at HGO for further exploration such as the Aquarius Project ("**Aquarius**") (previously referred to as Corona) located just 2.5 kms south of the HGO plant. (see RNC news release dated February 27, 2020)

On January 29, 2020, RNC announced a high-density gravity survey that identified a newly interpreted structure extending over 5 kms in length and 5 kms north of the previously mined high grade 1 Moz Trident gold deposit. The new structure is considered to have high potential for mineralization and will be part of HGO's 2020 exploration program.

As part of the ongoing HGO exploration, and the plan to prepare a resource estimate close to the existing open pits, RNC completed a small program of exploration holes to the north of the Baloo pit. An easterly striking fault was previously thought to truncate the ore to the north of the Baloo pit, however, the new drilling has identified additional mineralisation immediately north of the fault and potentially extending the Baloo resources (see RNC news release dated November 6, 2019). Elsewhere, many of the HGO historical open pit resources in the HGO area lacked drilling, given the onerous royalty terms associated with large tracts of the HGO land holding. The recent renegotiation of the HGO royalty has since reopened multiple high-quality exploration and resource conversion targets. Work to date has shown a number of exciting projects to be followed up throughout 2020. As part of this approach, the Corporation has adopted an aggressive program with the objective of outlining a 24-month pipeline of feed to the HGO mill. Over time, the intention is to expand this work to a life-of-mine production pipeline.

On February 27, 2020, RNC announced initial results from the 2020 exploration program at its HGO operations. Drilling at Hidden Secret and Mousehollow returned strong results, driving the expansion of proposed open pit dimensions at both projects. As part of an ongoing review of the historic drilling database at HGO, high grade drill intersections have been revealed at Aquarius which is located 2.5 kms from the HGO mill. Additionally, RNC announced the discovery of visible gold in a surface sample taken at the Hidden Secret project.

Fourth Quarter and Annual Highlights for 2019

Gold production Exceeded Second Half Guidance: For the fourth quarter of 2019, production was 26,874 ounces with the second half of 2019 totalling 51,088 ounces, exceeding the original guidance of 42,000 to 49,000 ounces. The second half of 2019 reflects the first time in RNC's history that it has processed gold ounces at its wholly owned milling facility at HGO. Full year 2019 production was 64,277 ounces, compared to 62,233 ounces in 2018 which benefited from the high-grade coarse gold, Father's Day Vein discovery.

The fourth quarter 2019 consolidated gold production of 26,874 ounces was 6,379 ounces higher than the corresponding quarter in 2018 (20,495 ounces). Production during the fourth quarter of 2019 consisted of Beta Hunt underground, Baloo open pit and a small amount of stockpile material. The milled grade was 2.60 grams per tonne of gold ("**g/t Au**"), compared to 9.42 g/t Au in the fourth quarter of 2018. The higher grade in 2018 was the result of high-grade specimen and coarse gold production.

Ongoing Cost Reductions: Consolidated AISC was USD $1,131, for the fourth quarter of 2019, an improvement of 4% over the third quarter of 2019 and 12% compared to the first half of 2019, before the Corporation benefited from the HGO acquisition. AISC costs were higher by USD $446 compared to the fourth quarter of 2018 which included sales from coarse gold production from the Father's Day Vein discovery.

Strengthened Cash Position and Balance Sheet: RNC ended 2019 with a strong cash position of $34.7 million, an increase of $33.3 million compared to December 31, 2018. The increase in cash position is net of $3.0 million debt repayment RNC elected to make to its lender thereby reducing its September 30, 2019 debt position from $34.2 million to $30.9 million as of December 31, 2019. Working capital was $26.2 million as of December 31, 2019, an improvement of $45.2 million compared to negative working capital of $19.0 million for the same period ended December 31, 2018.

Maiden Beta Hunt Gold Mineral Reserve: On December 23, 2019, RNC announced a Maiden Gold Mineral Reserve at Beta Hunt of 310,000 ounces (3.4 Mt at an average grade of 2.8 g/t)[1]. The Gold Mineral Reserve forms the basis for Beta Hunt's mine plan, which schedules base-load feed to the Corporation's 100% owned HGO treatment plant. Along with the HGO mines, the Corporation is feeding the 1.4 Mtpa plant at 100%

capacity. On August 12, 2019 the Corporation announced a global measured and indicated resource of 944 thousand ounces (“**koz**”) (10,104 kt @ 2.9 g/t Au) and inferred resource of 406 koz (4,109 kt @ 3.1 g/t Au).

1.Mineral Reserve now reported as 306,000 ounces (3.45 Mt at an average grade of 2.8 g/t) following revision of rounding standard (TSX news release, Feb. 6, 2020).

Restructured Royalty at HGO to Unlock Significant Production Potential and Lower Costs: On December 19, 2019, the restructured royalty provides for a flat 2% Net Smelter Royalty ("**NSR**") after payment of an adjusted legacy rate on the first 2,500 gold ounces sold per quarter (to a cumulative total of 110,000 ounces). The restructured royalty will become payable after the 2,500 gold ounces sold per quarter and the first 37,500 gold ounces are sold from HGO production. Following the announcement of the royalty restructuring, mining has commenced at the Fairplay North open pit. Strong exploration results have been announced at Mousehollow, Hidden Secret, and Corona and a new 5 kms structure has been identified in the HGO Central area.

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 with 7.1 million 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.

Dumont: On July 11, 2019, RNC filed an updated feasibility study on its Dumont Nickel-Cobalt project.

Management Appointments: As part of the next phase of RNC's growth, a number of management changes and additions were made during 2019 and early 2020, with the objective of maximizing the value of each of the assets within the Corporation's portfolio and advancing RNC's corporate strategy;

- Mr. Paul Andre Huet was appointed Chief Executive Officer ("**CEO**") and Chairman;
- Mr. Graeme Sloan was appointed Managing Director, Australian Operations;
- Ms. Johnna Muinonen was appointed President, Dumont Nickel;
- Mr. Alger St-Jean was appointed Executive Vice President, Exploration and Resource Development, Dumont Nickel;
- Mr. Oliver Turner joined the Corporation as Senior Vice President of Corporate Development and Investor Relations; and
- Mr. Barry Dahl joined as Chief Financial Officer.

3. OPERATIONS, PROJECT UPDATES AND NEW DEVELOPMENTS

Higginsville Gold Operation

On June 10, 2019 the Corporation closed the acquisition of HGO from 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 valued at AUD $25.0 million. 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 (+60M gold ozs produced), St Ives (+14M gold ozs produced) and Norseman (6M gold 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 (1.0M gold ozs produced), 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 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.

The HGO mill is fed by the Beta Hunt mine and HGO open pits which provide mill feed ratios of approximately 50:50, Beta Hunt and HGO, over the long term and allowing the Corporation to utilize the 1.4 Mtpa plant facility at 100% of its capacity.

HGO includes a 367,000 ounce historical reserve (5,945 kt @ 1.9 g/t Au) within a 1.2 million ounce historical measured and 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 1,800 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.*

During the third quarter of 2019, the Corporation announced that mining had commenced on Baloo Stage 1 open pit at HGO which was expected to continue until December 2019. Mining at Baloo Stage 1 is now forecast to continue to mid-2020. Stage 2 of the Baloo open pit which was initially forecasted to extend until June 2020 with no further upgrades of Stage 1. Stage 2 is now expected to be extended to late 2020 which exclude the potential for further additions to the Stage 1 and 2 mine plans. Expected completion for Baloo Stage 2 is by the end of third quarter 2020. Recent drilling has raised the potential for Baloo Stage 2 to be extended.

The Fairplay North open pit will be mined in two stages and will be mined concurrently with Baloo to ensure optimal feed blend to the HGO mill.

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. Beta Hunt is a mechanized underground mine that has been in operation since 1974 as a producing nickel mine, with gold production not commencing until 2015. The mine is now primarily focused on gold production, with a smaller nickel operation producing from adjacent discrete mineralised zones. Production from gold areas at Beta Hunt is currently 40,000-50,000 tonnes of ore per month.

Beta Hunt's Maiden Gold Mineral Reserve totals 306,000 ounces (3.45 Mt at an average grade of 2.8 g/t) at its Beta Hunt mine. The Gold Mineral Reserve forms the basis for Beta Hunt's mine plan, which schedules base-load feed to the Corporation's 100% owned HGO treatment plant. The Maiden Gold Mineral Reserve remains open for potential additions along strike and at depth from both the existing Gold Mineral Resource (underpinning the Mineral Reserve) and from exploration targets that will be drill-tested. On February 6, 2020, 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)". This technical report can be found on RNC's website at www.rncminerals.com and at www.sedar.com

The Gold Mineral Reserve for Beta Hunt is based on the previously announced A Zone and Western Flanks Mineral Resource, which contains a total Measured and Indicated Gold Mineral Resource of 10.1 million tonnes grading 2.9 g/t Au for 944,000 contained ounces. The Beta Hunt Gold Mineral Resource was announced by RNC on August 13, 2019. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

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[1,2,3,4,5]	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks[6]	447	2.8	40	7,001	3.0	670	7,448	3.0	710	2,481	3.1	250
A Zone[7]	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 Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. 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
4. Gold Mineral Resources are reported using a 1.6 g/t Au cut-off grade
5. 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,).
6. Mineral Resource Estimate as of June 26, 2019.
7. Mineral Resource Estimate as of August 9, 2019.

Beta Hunt Mine Gold Mineral Reserve as at November 01, 2019[1,2,3,4,5]

Mining Area	Proven			Probable			Total		
	Tonnes kt	Grade g/t	Ounces Koz	Tonnes Kt	Grade g/t	Ounce koz	Tonnes kt	Grade g/t	Ounces koz
Western Flanks	170	2.7	15	2,900	2.9	260	3,070	2.9	275
A Zone	81	2.9	8	300	2.4	23	381	2.5	31
Total	251	**2.8**	23	3,200	**2.8**	283	3,450	**2.8**	**306**

1.The Mineral Reserve is reported at a 2.0 g/t cut-off grade.
2.Key assumptions used in the economic evaluation include:
- a metal price of US$1,400 per oz gold and an exchange rate of 0.69 US$/A$.
- Metallurgical recovery of 94%.
- Operating Mining, Processing and G&A costs of A$105.35/t (A$, excluding capital).

3.The Mineral Reserve is depleted for all mining to November 1, 2019.
4.The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
5.Rounding has been revised following publication of the reserve statement in Table 2 of RNC's December 23, 2019 news release. No change to Mineral Reserves.

The Beta Hunt Gold Mineral Reserve is reported at a 2.0 g/t cut-off grade and is based on a gold price of US$1,400/oz as well as current mining, processing, administration and royalty costs. Mining is based on a top-down, sub-level open stoping method.

As previously outlined, high-grade coarse style gold occurrences associated with the Shear Zone / Lunnon Sediment intersection horizon are not accounted for in the Gold Mineral Reserve. These occurrences are best considered as a potential periodic bonus to mine production.

Dumont Nickel-Cobalt Project

Dumont remains one of the world's premier nickel and cobalt 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 27.8% interest in Dumont and manages the project on behalf of the Dumont JV.

A technical report ("**Feasibility Study**") was filed under RNC's profile on SEDAR on July 11, 2019 and updated on December 19, 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 lbs) of nickel in concentrate, over a 30-year life with an initial capital expenditure of US$1.0 billion.
- Phase 1 C1 cash costs[2] of US$2.98/lb (US$6,570/t Ni). Life-of-mine C1 cash costs[2] of US$3.22/lb (US$7,100/t Ni) and AISC of US$3.80/lb (US$8,380/t Ni) of payable nickel (low 2nd quartile of cash cost curve).

Significant earnings and free cash flow generation support strong project economics:

- US$920.0 million after-tax NPV of 8.0% and 15.4% after-tax internal rate of return ("**IRR**").

- Estimated annual EBITDA ramping up from US$303.0 million in Phase 1 to US$425.0 million in Phase 2 and averaging of US$340.0 million over the life of project. Free cash flow averages US$201.0 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 2020. 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. The Corporation may update the outlook depending on changes in metal prices and other factors.

Higginsville Mill and Mining Operations

On December 19, 2019, the Corporation announced, effective January 1, 2020, a restructuring of the royalty held by Morgan Stanley Capital Group Inc. ("**Morgan Stanley**") over a number of tenements at HGO located in Western Australia. This revised royalty structure has allowed for a new strategic approach to many of the previously uneconomic historical resources throughout the HGO tenements. Resources previously labelled marginal or uneconomic are now very real mining and exploration targets and has revitalized the entire area covered by the previous royalty.

Prior to these amendments, the royalty on these tenements was comprised of a 1.75% NSR plus a 50.0% participation payment on the difference between realized gold price and A$1,340 per ounce (the "**legacy rate**").

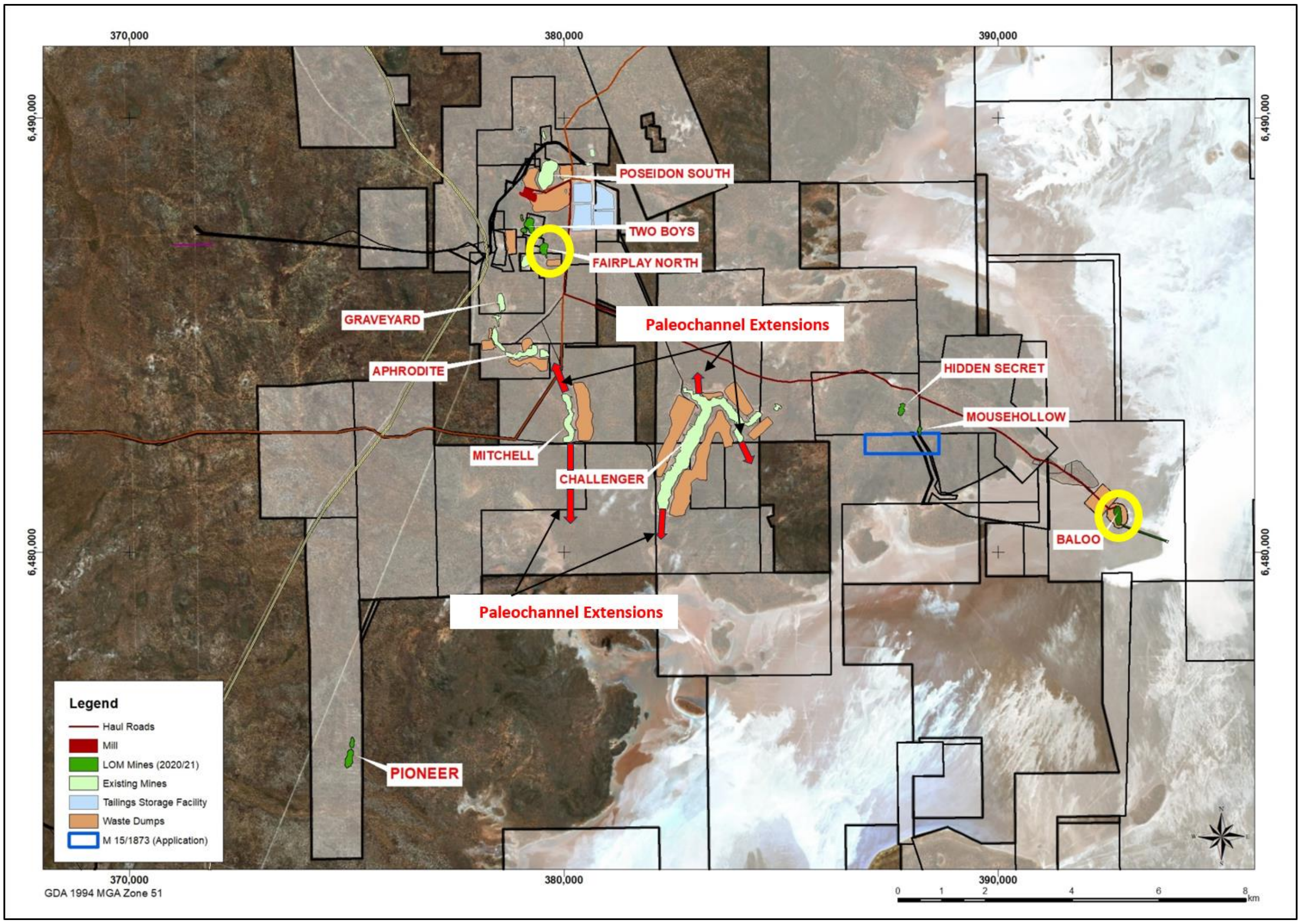
The restructured royalty provides for a flat 2.0% NSR after payment of an adjusted legacy rate on the first 10,000 gold ounces sold per annum.

The details of the restructured royalty are as follows:

- An adjusted legacy royalty on the first 2,500 ounces sold per quarter comprised of a 1.75% NSR plus a reduced 27.5% participation payment (reduced from 50.0% previously) on the difference between realized gold price and A$1,340 per ounce. This legacy rate will apply to a cumulative total of 110,000 ounces.
- A flat 2.0% NSR on ounces sold in excess of 2,500 per quarter, which will become payable after the first 37,500 ounces are sold from HGO production in excess of the first 2,500 per quarter.

Figure 1 below shows a number of areas where RNC is either actively advancing or evaluating as high-priority targets. In addition to Baloo, where RNC has been developing and mining since the HGO acquisition last June, a number of tenements covered under the re-negotiated Morgan Stanley royalty are now considered high priority. These areas include Fairplay North, Pioneer, the Two Boys extension and Paleochannel extensions.

Figure 1: Plan view of HGO highlighting locations of active Baloo and Fairplay North mines.



Baloo

Baloo Stage 1 mining is now forecasted to continue to mid-2020 and immediately thereafter, followed by the recently approved Stage 2, which is expected to begin in 2020 depending on final cessation of mining in Stage 1.

Fairplay North

Following the restructuring of the HGO royalties under the Morgan Stanley agreement (see RNC news release dated December 19, 2019), additional work has been undertaken to prioritize development of certain HGO tenements. The first of these is Fairplay North, located only 1 km from the HGO mill.

The pit will be mined in two stages to optimize mining operations and will be mined concurrently with Baloo to ensure optimal feed blend to the HGO mill. Expected completion of Stage 2 is by the end of third quarter 2020, however recent drilling has raised the potential for this to be extended.

Cautionary Statement:
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.

Higginsville Exploration

The Corporation is conducting 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.

Baloo

On January 23, 2020, the Corporation announced that since acquisition of the HGO mines, 20 resource definition holes totalling 492 metres and 19 exploration holes totalling 1,897 metres at Baloo had been completed. Drilling focussed on the following target areas with the aim of increasing and upgrading the existing resource:

- North Baloo
- Eastern Footwall mineralisation
- Down-dip Infill of the Baloo mineralisation

Drilling results have either confirmed or expanded upon modelled mineralisation. Some of the highlights include (downhole intervals)[1]:

<u>Eastern Footwall drilling</u>[1]

- BLOR0033 – 4.8 g/t over 3.0 m, from 7.0 m
- BLOR0034 – 2.6 g/t over 4.0 m, from 6.0 m

<u>Down-Dip Infill</u>[1]

- BLOR0009 – 2.5 g/t over 18.5 m, from 14.0 m
- BLOR0006 – 3.7 g/t over 7.3 m, from 35.0 m
- BLOR0010 – 2.4 g/t over 10.6 m, from 43.0 m

Baloo North[2]

- BLOR0003 – 8.7 g/t over 3.0 m from 63.0 m[3]
- BLOR0025 – 4.28 g/t over 2.0 m, from 50.0 m

1. Estimated true thickness.
2.True thickness cannot be estimated with available information.
3.Previously reported in RNC news release dated October 15, 2019.

Fairplay North

On January 23, 2020, the Corporation announced it had completed 26 resource definition RC holes totalling 1,721 metres at Fairplay North. Drilling focussed on upgrading the existing historical resource within and on the margins of an optimised pit shell.

Assay results confirmed the mineralisation interpretation and has extended the near surface supergene mineralisation.
Drilling highlights are summarised below[1]:

- FPNGC_1305-078: 16.5 g/t over 16.0 m from 24.0 m, including 59.8 g/t over 4.0 m
- FPNGC_1305-083: 5.8 g/t over 13.0 m from 25.0 m
- FPNGC_1305-102: 3.2 g/t over 14.0 m from 53.0 m
- FPNGC_1305-097: 2.3 g/t over 9.0 m from 68.0 m
- FPNGC_1305-087: 3.1 g/t over 8.0 m from 52.0 m

1. Drillhole intervals are estimated true widths.

High Density Gravity Survey

On January 29, 2020, the Corporation announced the results of a recently completed high density gravity survey program at HGO. The program has identified a newly interpreted structure extending over 5 kms north of the previously mined high grade 1.0 Moz Trident gold deposit. The new structure is considered to have high potential for mineralization at depth and will be the focus of a new round of drilling by RNC as part of its 2020 exploration program.

Aquarius Project

RNC's ongoing review of HGO historical mineral resources and drill results has confirmed the potential of the Aquarius deposit as a future high-grade open pit and/or underground operation. Highlights of historical drill results include[1,2]

- VIND047: 657.9 g/t over 2.3 m from 181.1 m
- VIND049: 225.2 g/t over 1.9 m from 201.5 m
- VIND076: 60.9 g/t over 2.3 m from 197.2 m
- VIND092: 30.6 g/t over 2.05 m from 165.3 m, including,147.0 g/t over 0.6 m

1. All drilling intervals are down-hole lengths. Estimated true widths are expected to range from 60 to 70% of the downhole lengths.
2. Intersections previously reported by Alacer Gold Corp. (news release, May 7, 2012 and August 1, 2012).

Hidden Secret and Mousehollow

Recent RNC drilling has extended mineralization at the Hidden Secret (HDS) and Mousehollow (MOH) projects, which now form part of RNC's near-term mine plan. Additionally, visible gold has been discovered in a surface sample taken at the Hidden Secret project.

Intersection highlights from RNC's drill program include[1]

- HDSR0136: 15.1 g/t over 4.0 m from 24.0 m, including 47.8 g/t over 1.0 m
- HDSR085: 24.8 g/t over 4.0 m from 17.0 m, including 92.6 g/t over 1.0 m
- MOHR0055: 26.1 g/t over 3.0 m from 22.0 m
- MOHR0075: 3.3 g/t over 19.0 m from 0 m

1. Estimated true widths.

Beta Hunt Mine

Beta Hunt production is mainly focused on the Western Flanks and A Zone mining areas. A number of stoping areas are being developed within the Western Flanks that will access some of the wider Beta Hunt stoping blocks (up to 20 metres wide). Combined production from these areas is forecast to increase to 45,000-50,000 tonnes per month with these wider stoping blocks.

RNC 2020 Guidance

On January 23, 2020, the Corporation announced consolidated production guidance of between 90,000 to 95,000 ounces of gold at an average all-in-sustaining-cost (AISC) of US$1,050 to US$1,200 per ounce. Reference is made to the Non-IFRS Measure section 17 of this MD&A. It is important to note that the production and cost guidance does not include contributions from any potential high-grade coarse gold occurrences encountered from time to time at the Beta Hunt Mine. Based on management's current interpretation of the Beta Hunt shear zone / Lunnon Sediment intersection horizons, further coarse gold is expected to be produced from mining operations over the course of 2020, representing potential upside to the 2020 production and cost guidance estimates.

Consolidated HGO and Beta Hunt exploration expenditures for the full year 2020 are targeted to be from $8.6 to $9.0 million. Exploration expenditures are expected to prioritize areas at Higginsville (HGO properties) given the recent renegotiation of royalties (see RNC news release dated December 19, 2019) which has now unlocked significant high-value portions of the property that were previously unexplored.

The above guidance assumes no significant disruption in operations as a result of the COVID 19 virus

Dumont Nickel-Cobalt Project

The results of the updated Dumont feasibility study were announced on May 30, 2019 and an updated Feasibility Study was filed under RNC's profile on SEDAR on December 19, 2019. With the completion of this positive feasibility study, RNC, along with its 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 to be completed in 2020.

5. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)

For the years ended December 31,	2019	2018	Change
Revenue	**$ 128,036**	$ 128,770	$ (734)
Operating earnings	**12,864**	12,859	5
Other expenses, net	**(20,580)**	(20,770)	190
Loss before income tax	**(7,716)**	(7,911)	195
Net loss	**(6,942)**	(8,396)	1,454
Basic and diluted loss per share	**(0.01)**	(0.02)	0.01

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

For more details regarding the Corporation's other expenses refer to the audited consolidated financial statements and related notes 20 and 24 for the years ended December 31, 2019 and 2018 respectively.

Year ended December 31, 2019, compared with the year ended December 31, 2018

For the year ended December 31, 2019, revenues decreased slightly by $0.7 million. Reed Mine contributed $22.2 million in 2018 before it was decommissioned in that same year. Offsetting the decline in revenues from Reed Mine was the additional revenues of $33.4 million provided from HGO operations acquired in June 2019. Overall, general and administrative expenses increased by $3.0 million in 2019 compared with 2018 which was partially due to acquisition costs of $2.8 million. Furthermore, the HGO acquisition contributed to general and administrative costs of $1.2 million. Partially offsetting was a decrease in expenses related to share-based compensation of $4.4 million which was primarily due to share price fluctuation. The Corporation's share price increased by 4% in 2019 compared with 174% in 2018 which caused a significantly higher expense in 2018 for restricted share units which are marked to market.

For the year ended December 31, 2019, other expenses of $20.6 million remained in line with 2018 reflecting a decrease of $0.2 million compared to 2018. Refer to note 20 of the December 31, 2019 audited consolidated financial statements for complete details of change.

Summary of Quarterly Results

(in thousands of dollars)	2019 [1]				2018			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	$56,832	$43,092	$17,249	$10,863	$32,076	$43,397	$31,872	$21,425
Earnings (loss) attributable to RNC shareholders	$10,465	($1,378)	($14,452)	($1,577)	$12,794	($7,510)	($1,027)	($12,402)
Basic earnings (loss) per share - basic	$0.02	($0.00)	($0.03)	($0.00)	$0.03	($0.02)	($0.00)	($0.05)

1. Reference is made to note 30 of the December 31, 2019 audited consolidated financial statements for reference to adjustments to previously reported figures.

Revenues for the year improved quarter over quarter ranging from $10.9 million in the first quarter to $56.8 million in the fourth quarter. Of the $128.0 million reported annual revenue for 2019, HGO contributed $46.1 million and Beta Hunt an additional $81.9 million. The Corporation also moved from reported losses in first quarter 2019 of $1.5 million to earnings of $10.5 million in fourth quarter 2019.

Revenues for the fourth quarter of 2019 increased by $13.7 million compared to the third quarter of 2019. This improvement is 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)

For the years ended December 31,	**2019**	2018
Cash provided by operations prior to changes in working capital	**$8,521**	$1,500
Changes in non-cash working capital	**6,658**	(9,816)
Cash provided by (used in) operating activities	**15,179**	(8,316)
Cash used in investing activities	**(47,207)**	(18,914)
Cash provided by financing activities	**65,349**	4,165
Effect of exchange rate changes on cash and cash equivalents	**(5)**	5
Change in cash and cash equivalents	**$33,316**	$(23,060)

Operating Activities

For the year ended December 31, 2019, cash provided by operating activities, prior to changes in non-cash working capital, was $8.5 million compared to $1.5 million in 2018, representing an increase of $7.0 million which is primarily due to the improvement of the net loss. Working capital changes provided cash of $6.7 million during 2019 compared with cash used of $9.8 million in 2018, a $16.5 million variance which primarily relates to movements in accounts payable and accrued liabilities of $15.3 million.

Investing Activities

For the year ended December 31, 2019, total cash used in investing activities was $47.2 million compared with $18.9 million in 2018, a $28.3 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 2019 year also reflected a use of cash of $25.4 million for the acquisition of property, plant and equipment and mineral property interests compared to $13.0 million in 2018, an increase of $12.4 million. The increase is primarily due to the acquisition of HGO which had expenditures of $11.4 million for the year ended December 31, 2019. Partially offsetting was the cash subtracted on the deconsolidation of Orford and Magneto in 2018 totalling $6.0 million.

Financing Activities

For the year ended December 31, 2019, cash provided by financing activities of $65.3 million compared to cash provided of $4.2 million in 2018. The increase of $61.1 million is partly due to the issuance of shares totalling $36.2 million in 2019 compared to $1.6 million in 2018. Furthermore, the Corporation received cash from the issuance of debt totalling $36.3 million for the year ended December 31, 2019, primarily to fund the

HGO acquisition, compared with $3.9 million in 2018. Partially offsetting was lower cash provided from the exercise of options and warrants in 2019 of $9.1 million when compared with 2018.

As a result of the foregoing activities, for the year ended December 31, 2019, the net cash provided by operating, investing and financing activities was $33.3 million compared to cash used of $23.1 million in 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 of the Corporation dated, and filed on SEDAR on, January 9, 2019 (the "**January Prospectus**"). 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 (in thousands of dollars)	**Use of proceeds Short Form Prospectus Dated January 9, 2019**	**Actual use of proceeds December 31, 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	$4,760
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	**$8,100**

April 2019 Financing – Use of Proceeds Reconciliation:

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 of the Corporation dated and filed on SEDAR on, April 12, 2019 (the "**April Prospectus**"). 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 December 31, 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**

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, of the Corporation dated, and filed on SEDAR on, September 17, 2019 (the "**September Prospectus**"). 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 December 31, 2019**
Further capital development for production in the A Zone and Western Flanks (Beta Hunt Mine)	$2,800	$1,143
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	1,082
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	137
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	1,595
Other capital expenditures relating to the Beta Hunt Mine (including mine ventilation, refurbishment of mobile equipment, and spares).	5,000	153
Working capital and general corporate purposes	3,300	396
	$16,800	**$4,506**

Not all of the proceeds raised were used as of December 31, 2019 and the actual use, up to December 31, 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 years ended	December 31, 2019	December 31, 2018	December 31, 2017
Cash and cash equivalents [1]	**$34,656**	$1,340	$24,400
Working capital surplus (deficit) [2]	**26,506**	(18,992)	(29,045)
Property, plant and equipment and mineral property interests	**98,955**	24,530	72,465
Total assets	**177,777**	58,012	108,987
Current liabilities excluding current portion of financial liabilities [3]	**31,593**	25,491	51,925
Non-current liabilities excluding non-current portion of financial liabilities [3]	**21,783**	1,618	11,510
Financial liabilities [3] (current and non-current)	**32,119**	4,782	34,638
Total liabilities	**85,495**	31,891	98,073
Shareholders' equity	**92,282**	26,121	982

1. Cash and cash equivalents as at December 31, 2017 included $20.7 million in respect of the Dumont JV which was deconsolidated in 2018.
2. Working capital deficit is a measure of current assets (including cash and cash equivalents) less current liabilities.
3. Financial liabilities includes long-term debt, lease obligations and convertible debentures.

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 in the near future.

As at December 31, 2019, the Corporation had a working capital surplus of $26.5 million compared to a $19.0 million deficit as at December 31, 2018 for an increase of $45.5 million. The majority of the improved working capital was a result of the Corporation's issuance of shares and improved operational results obtained as a result of the HGO acquisition.

Total assets for the period ended December 31, 2019 increased by $119.8 million compared to the same period ended December 31, 2018, primarily due to the HGO acquisition which increased property, plant and equipment and mineral property interests by $74.4 million, inventories by $8.6 million and trade and other receivables by $5.4 million. In addition, cash and cash equivalents increased by $33.3 million as at December 31, 2019.

Total liabilities for the period ended increased by $53.6 million compared to the same period ended December 31, 2018. This increase is primarily due to the increase in financial liabilities of $27.3 million and the addition of HGO total liabilities of $30.4 million.

7. RESULTS OF QUARTERLY OPERATIONS

Mining Operations (Consolidated)

In the fourth quarter of 2019, 321 kt of material was milled at an average grade of 2.60 g/t to produce 26,874 oz of gold, a 31% increase from the fourth quarter of 2018, due to the acquisition of HGO in the second quarter of 2019. Milling grades were 72% lower compared to the fourth 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. 28,359 oz of gold was sold during the fourth quarter of 2019.

For the periods ended December 31,	Three months ended, 2019	2018	Years ended, 2019	2018
Gold Operating Results				
Tonnes milled (000s)	**321**	71	**755**	493
Milled grade (g/t)	**2.60**	9.42	**2.65**	4.22
Gold produced (ounces)	**26,874**	20,495	**64,277**	62,233
Gold sales (ounces)	**28,359**	19,512	**65,225**	62,806
Cash operating cost (USD $/oz sold) [1]	**929**	445	**1,004**	924
All-in sustaining cost (AISC) (USD $/oz sold) [1]	**1,131**	685	**1,155**	1,037

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 17 of this MD&A.

Beta Hunt Mine (100% ownership)

In the fourth quarter of 2019, 133 kt of material was milled at an average grade of 3.81 g/t to produce 16,290 oz of gold, a 20% decrease from the fourth 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 60% lower compared to the fourth quarter of 2018 as higher-grade mined material was processed. 17,561 oz of gold was sold during the fourth quarter of 2019.

For the periods ended December 31,	Three months ended, 2019	2018	Years ended, 2019	2018
Beta Hunt Gold Operating Results				
Tonnes milled (000s)	**133**	71	**475**	493
Milled grade (g/t)	**3.81**	9.42	**3.11**	4.22
Gold produced (ounces)	**16,290**	20,495	**47,642**	62,233
Gold sold (ounces)	**17,561**	19,512	**48,716**	62,806
Cash operating cost (USD $/oz sold)	**773**	445	**958**	924

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 321 kt of material, which included 187 kt of HGO material that produced 10,584 oz at an average grade of 1.75 g/t Au for the period ended December 31, 2019. Milling has continued at HGO based on a steady feed of material from HGO and Beta Hunt.

For the periods ended December 31,	Three months ended, 2019	2018	Years ended, 2019	2018
HGO Gold Operating Results				
Tonnes milled (000s)	**188**	-	**280**	-
Mill grade (g/t)	**1.75**	-	**1.85**	-
Gold produced (ounces)	**10,584**	-	**16,635**	-
Gold sold (ounces)	**10,798**	-	**16,509**	-
Cash operating cost (USD $/oz sold)	**1,182**	-	**1,136**	-

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

8. RELATED PARTY TRANSACTIONS

The following table reflects the remuneration of key management, which consists of the Corporation's directors and executive officers, and other related party transactions:

Remuneration of key management
(in thousands of dollars)

	Years ended December 31,	
	2019	2018
Management salaries and benefits	**$3,399**	$2,596
Directors Fees	**267**	289
Share-based payments – Management	**665**	1,077
Share-based payments – Directors	**1,101**	1,446
Marked-to-market adjustment for cash settled share-based payments	**434**	3,939
	$5,866	$9,347

Refer to note 23 of the 2019 audited consolidated financial statements for a description of management salaries and benefits.

The Corporation is party to certain employment contracts with senior executives. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events, including contract termination or the change of control of the Corporation. The total amount of severance that would have become payable to the senior executives had a change of control or terminations without cause occurred on December 31, 2019, are $7.0 million and $5.4 million, respectively.

9. CONTRACTUAL COMMITMENTS

As at December 31, 2019	Payments by period						
	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years	Total
Accounts payable and accrued liabilities	$25,320	$-	$-	$-	$-	$-	$25,320
Long-term debt obligations	120	32,204	-	-	-	-	32,324
Lease obligation	420	410	288	63	63	126	1,370
Interest on long-term debt	3,220	1,422	1,422	-	-	-	6,064
Derivative liabilities	2,817	-	-	-	-	-	2,817
	$6,577	$34,036	$1,710	$63	$63	$126	$42,575

Existing royalty obligations at Beta Hunt are (i) Consolidated Minerals, 3.0% of payable nickel at a nickel price under AU$17,500/t or 5.0% at a nickel price of AU$17,500 or greater until total royalty payments reach AU$16.0 million; (ii) Western Australian state government, 2.5% of recovered gold and nickel; and (iii) Maverix Metals Inc., 1.5% of payable nickel less allowable deductions, 6.0% of recovered gold and 1.5% of recovered gold less allowable deductions.

On December 19, 2019, the Company announced a restructured Morgan Stanley royalty applicable to certain HGO claims. The restructured royalty provides for (i) an adjusted legacy royalty rate on the first 2,500 ounces sold per quarter to a cumulative total of 110,000 ounces ("Legacy Ounces"), and (ii) a flat 2.0% NSR on ounces sold in excess of 2,500 per quarter that will become payable after the first 37,500 ounces are sold from HGO production. There are certain conditions relating to the maintenance of reserves equivalent to the remaining Legacy Ounces. If the Legacy Ounces are not sold within 15 years, the adjusted legacy rate will apply to subsequent ounces.

10. OFF-BALANCE SHEET ARRANGEMENTS

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

11. 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.

12. SUBSEQUENT EVENTS

The first quarter of 2020 was marked by the severity of the Coronavirus global outbreak. The extent and duration of the related impacts on the Corporation's operations, including with respect to suppliers, service providers, employees and on global financial markets, is not known at this time but could be material. The SLM and HGO sites continue to operate while the Corporation monitors developments in order to be in a position to take appropriate actions as needed. See Risk Factors section below for further on this risk.

13. OUTSTANDING SHARE DATA

As at March 25, 2020, the Corporation had 608,249,449 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	26,365,501	$0.35
Warrants	25,073,589	$0.50

As at March 25, 2020, 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	4,468,041

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 have been satisfied other than the receipt by the Corporation of a notice from Marbaw requesting that these shares be issued.

14. 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, 2019.

The new accounting policies are highlighted in note 2 of the audited consolidated financial statements for the year ended December 31, 2019, as compared to those applied by the Corporation for the audited consolidated financial statements of the year ended December 31, 2018.

15. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Corporation is 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 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The Corporation's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission (2013) framework on Internal Control – Integrated Framework. The Corporation's management believes 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. Based on its evaluation and the material weakness in internal controls outlined below, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's ICFR were not effective as of December 31, 2019.

A material weakness is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. During the 2019 year-end process, a material weakness was identified in the design of controls relating to the classification of expenditures and amortization of capitalized expenses. Specifically, a review of expenditures identified a misclassification of expenditures as operating costs rather than as a capitalized expenditure and that amortization expense was, as a result, understated in quarters previously reported in 2019. In the opinion of management, this represents a material weakness in the Corporation's ICFR. This material weakness resulted in an overstatement of expenses and understatement of capitalized expenditures as well as an understatement of amortization expense and overstatement of capitalized expenditures in the consolidated financial statements as at and for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, which was corrected prior to the issuance of the December 31, 2019 consolidated financial statements. Further information is disclosed in Note 30 – Quarterly Adjustments (unaudited – supplementary information) of the consolidated financial statements for the year ended December 31, 2019.

Management is committed to remediating the material weakness in a timely manner, with the appropriate oversight from the Corporation's Audit Committee. The Corporation responded to the material weakness by implementing a more rigorous review process related to the classification of expenditures and amortization of capitalized expenditures for the year ended December 31, 2019 and will continue to monitor these controls each quarter. Material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has concluded through testing, that these controls are operating effectively.

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 June 10, 2020. 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 December 31, 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 4 of the audited consolidated financial statements for the year ended December 31, 2019.

Except as described in the previous paragraphs, 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 ICFR.

The Corporation's CEO and CFO concluded that as of December 31, 2019, except as described in the previous paragraphs, the Corporation's design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the annual audited consolidated financial statements and other disclosures, was made known to them in a timely manner and reported as required and in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

16. RISK FACTORS

Overview

The Corporation's business consists of the acquisition, exploration, development and mining of mineral properties and is subject to certain risks. The risks described below are not the only risks facing the Corporation and other risks now unknown to the Corporation may arise or risks now thought to be immaterial may become material. No guarantee is provided that other factors will not affect the Corporation in the future. Many of these risks are beyond the control of the Corporation.

The Corporation faces risks related to COVID 19 and other outbreaks of communicable diseases, which could significantly disrupt our operations and may materially and adversely affect our business and financial conditions.

Our business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus (COVID-19) emerged in China and the virus has now spread to several other countries, including Canada, Australia and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts our business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact our business including without limitation, employee health, workforce productivity, supply chain impacts, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to our drill program and/or the timing to process drill and other metallurgical testing, requiring a partial or full suspension of mining operations causing a halt in all or a portion of our operations for an indefinite amount of time and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on our business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

Occupational Health and Wellness

Although the Corporation takes every precaution to strictly follow industrial hygiene and occupational health guidelines, and due to the areas where the Corporation operates medical services are in place along with pandemic management protocols , the workforce is exposed to pandemics like coronavirus, malaria and other diseases, such as dengue, chikungunya, zika, ebola, and other flu like viruses (such as avian and swine). Such pandemics and diseases represent a serious threat to maintaining a skilled workforce in the mining industry and is a major health-care challenge for the Corporation.

There can be no assurance that the Corporation’s personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs and/or insurance premiums as a result of these health risks. Other potential risk include disruption to operations, supply chain delays, trade restrictions and impact on economic activity in affected countries or regions.

No Certainty that Operating Profits will continue to be Realized at Beta Hunt or HGO

The Corporation has realized operating profits from in 2019 its operations at the Beta Hunt Mine and HGO. Although the Corporation expects to continue to record operating profits from these mines, there can be no assurance that the Corporation will continue achieve operating profitability or that the Beta Hunt Mine, HGO; or any of the properties the Corporation may have or hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that significant additional losses will not occur in the near future or that the Corporation will be profitable in the future.

Whether profitable operations will result from the Beta Hunt Mine and HGO will depend on various factors including mining operations, costs, actual mineralization, consistency and reliability of ore grades, commodity prices and efficient design of the mine, availability of required machinery, equipment, qualified personnel, all of which may affect future cash flow and profitability, and there can be no assurance that current or future estimates of these factors will reflect actual results and performance.

It is common in new mining operations to experience unexpected problems, delays and costs during mine development and ramp-up. The costs, timing and complexity of the ramp-up of the Beta Hunt Mine and HGO has been and may continue to be higher than anticipated, including as a result of various adjustments required to optimize the efficiency of the operations. Such factors can add to the cost of mine development, production and operation and/or impair production and mining activities, thereby affecting the Corporation's profitability. Any unexpected problems and delays in the completion and successful functioning of these operational elements result in additional costs being incurred by the Corporation and its subsidiaries beyond those already incurred and budgeted. There can be no assurance that current or future ramp-up plans of the Beta Hunt Mine and HGO implemented by the Corporation or its subsidiaries will be successful.

Liquidity

As at December 31, 2019, the Corporation had cash and cash equivalents of $34.7 million. Management estimates that these funds in addition to operating cash flows from Beta Hunt Mine and HGO will be sufficient to fund the Corporation for the ensuing twelve months. The Corporation's ability to 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.

Funding Needs, Financing Risks and Dilution

Historically, the Corporation's principal sources of funding have been the issuance of equity securities for cash, the sale of NSR royalties and funds from the government of Quebec with respect to mining tax credits received based on eligible exploration expenditures, interest income. While the Corporation may generate additional working capital through operations, fund raising or the sale or joint venture of its mineral properties, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to existing shareholders of the Corporation and reduce the value of their investment.

In addition, development of the Dumont Nickel-Cobalt Project will require substantial financing. Initial capital costs for the development of the Dumont Nickel-Cobalt Project, for the base case, could be in excess of US$1.191 billion, with additional expansion capital of US$891 million. Failure to obtain sufficient financing will result in delaying or indefinite postponement of development of the Dumont Nickel-Cobalt Project, or possibly a loss of property interests. There is no assurance that such funding will be available to the Corporation, that it will be obtained on terms favourable to the Corporation or that it will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties, which may have a material adverse effect on the Corporation's business, financial condition and results of operations.

If the credit and capital markets deteriorate, or if any sudden or rapid destabilization of global economic conditions occurs, it could have a material adverse effect on the Corporation's liquidity, ability to raise capital and costs of capital. If the Corporation experiences difficulty accessing the credit and/or capital markets, the Corporation may seek alternative financing options, including, but not limited to, streaming transactions, royalty transactions, off-take transaction or the sale of non-core assets. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Corporation's business, financial condition and results of operations.

Operating Cash Flow

The Corporation generated positive cash flow from operations in 2019 but has a history of reporting negative cash flow from operations. It is anticipated that the Corporation will continue to report positive operating cash flow from Beta Hunt Mine and HGO. If additional funds are needed, there is no assurance that additional capital or other types of financing will be available or that these financings will be on terms at least as favourable to the Corporation as those previously obtained, or at all.

The ability of the Corporation to meet its debt service and principal repayment requirements will depend on its ability to generate cash in the future, which depends on many factors, including the financial performance of the Corporation, debt service obligations, the realization of financing activities, the identification of commercially recoverable quantities of ore or the profitable mining or processing of ore reserves and working capital and future capital expenditure requirements. There can be no assurance that the Corporation will generate cash flow in amounts sufficient to pay outstanding indebtedness or to fund any other liquidity needs.

Financial Instruments

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes.

Overview of Exploration, Development and Operating Risk

The Corporation is engaged in mineral exploration, development and mining operations. Mining operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, seismic activity, weather events and flooding. Mining and exploration operations require reliable infrastructure, such as roads, rail, ports, power sources and transmission facilities and water supplies. Availability and cost of infrastructure affects the production and sales from operations, as well as capital and operating costs. Mineral exploration and development is highly speculative in nature, involves many risks and is frequently not economically successful. Increasing mineral resources or reserves depends on a number of factors including, among others, the quality of a corporation's management and their geological and technical expertise and the quality of land available for exploration. Once mineralization is discovered it may take several years of additional exploration and development until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling or drifting to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation, various permits and authorizations are required. Applications for many permits require significant amounts of management time and the expenditure of substantial capital for engineering, legal, environmental, social and other activities. At each stage of a project's life, delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic feasibility. As a result of these uncertainties, there can be no assurance that these mineral exploration and development programs will result in profitable commercial production. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Corporation will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Corporation will be dependent upon acquiring, developing and commercially mining an economic deposit of minerals.

Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, social unrest, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks or hazards affect the Corporation's exploration, development or mining activities it may: cause the cost of exploration, development or production to increase to a point where it would no longer be economic to produce metal from the Corporation's mineral resources or reserves; result in a write down or write-off of the carrying value of one or more mineral projects; cause delays or stoppage of mining or processing; result in the destruction of mineral properties, processing facilities or third party facilities necessary to the Corporation's operations; cause personal injury or death and related legal liability; or result in the loss of insurance coverage any or all of which could have a material adverse effect on the financial condition, results of operations or cash flows of the Corporation.

The Corporation's business is subject to production and operational risks that could have a material adverse effect on the on the financial condition, results of operations or cash flows of the Corporation and the Corporation's insurance may not cover these risks and hazards adequately or at all.

Mining and metals processing involve significant production and operational risks normally encountered in the exploration, development and production of gold and other base or precious metals, some of which are outside of our control, including, without limitation, the following:

- unanticipated ground and water conditions;
- adverse claims to water rights and shortages of water to which we have rights;
- adjacent or adverse land or mineral ownership that results in constraints on current or future mine operations;
- geological problems, including seismic activity, earthquakes and other natural disasters;
- metallurgical and other processing problems;
- unusual or unexpected mineralogy or rock formations;
- ground or slope failures;
- tailings design or operational issues, including dam breaches or failures;
- structural cave-ins, wall failures or rock-slides;
- flooding or fires;
- equipment failures;
- periodic interruptions due to inclement or hazardous weather conditions or operating conditions and other force majeure events;
- lower than expected ore grades or recovery rates;
- accidents;
- delays in the receipt of or failure to receive necessary government permits;
- the results of litigation, including appeals of agency decisions;
- delays in transportation;
- interruption of energy supply;
- labor disputes;
- inability to obtain satisfactory insurance coverage;
- the availability of drilling and related equipment in the area where mining operations will be conducted; and
- the failure of equipment or processes to operate in accordance with specifications or expectations.

These risks could result in damage to, or destruction of, our mines and milling facilities, resulting in partial or complete shutdowns, personal injury or death, environmental or other damage to our properties or the properties of others, delays in mining, reduced production, monetary losses and potential legal liability. Milling operations are subject to hazards, such as equipment failure or failure of retaining dams around tailings disposal areas that may result in personal injury or death, environmental pollution and consequential liabilities. In addition, we rely on a few key vendors for our operations. A breach of the applicable contract by any of these vendors, a significant dispute with any of these vendors, a force majeure event or other operational or financial issues affecting one or more of these vendors, including labor strikes or work stoppages, or any other event that would significantly impede the ability of these vendors to perform their contractual obligations to us or that would have a significant negative impact on our contractual relationship with them would adversely affect our ability to produce our primary products, which could have a material impact on our financial condition and results of operations. Our insurance will not cover all the potential risks associated with our operations. In addition, although certain risks are insurable, we may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or, if available, may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production may be prohibitively expensive to obtain for a corporation of our size and financial means. We might also become subject to liability for pollution or other hazards against which we may not be insured or against which we may elect not to insure because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our business, financial condition and results of operations. Furthermore, should we be unable to fund fully the cost of remedying an environmental problem, we might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

The Corporation is subject to physical and financial risks associated with global, regional, and local weather conditions, and climate change.

Our operations and the operations of our suppliers are subject to climate variations. Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of natural disasters such as hurricanes, earthquakes, hailstorms, wildfires, snow, ice storms, the spread of disease, and insect infestations. Any of these natural disasters could also affect our operations or cause variations our costs. Changes in precipitation could make wildfires more frequent or more severe, especially for our Australian operations, and could adversely affect our operations. The effects of global, regional, and local weather conditions, and climate change could also adversely impact our results of operations.

Australia was impacted by the bushfires that occurred in late 2019 and continued into the first quarter of 2020. Although we still do not know the ultimate impact the bushfires will have on our Australia operations, it is possible the affected areas may experience reduced economic activity, which could negatively impact our Australian operations.

Community relations and license to operate

The Corporation's relationships with the communities in which it operates are critical to the future success of its existing operations and the construction and development of its projects. There is an ongoing and potentially increasing public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("**NGOs**"), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, could have an adverse effect on the Corporation's reputation or financial condition and may impact its relationship with the communities in which it operates. While RNC is committed to operating in a socially responsible manner, there is no guarantee that the Corporation's efforts in this respect will mitigate this potential risk.

RNC's ability to successfully obtain key permits and approvals to explore for, develop and operate mines and to successfully operate in communities around the world will likely depend on RNC's ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding communities, which may or may not be required by law. Mining operations should be designed to minimize the negative impact on such communities and the environment, for example, by modifying mining plans and operations or by relocating those affected to an agreed location. The cost of these measures could increase capital and operating costs and therefore could have an adverse impact upon Barrick's financial condition and operations. RNC seeks to promote improvements in health and safety, human rights, environmental performance and community relations. However, RNC's ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health, safety and well-being of RNC's employees, human rights, the environment or the communities in which RNC operates.

Major network failures could have a material adverse effect on the on the financial condition, results of operations or cash flows of the Corporation.

Major equipment failures, natural disasters including severe weather, terrorist acts, acts of war, cyber-attacks or other breaches of network systems or security that affect computer systems within our network could disrupt our business functions, including our production activities. Our industry has become increasingly dependent on digital technologies. Our mines and mills are automated and networked, and we rely on digital technologies to conduct certain exploration, development, production, processing and other activities. Our industry faces various security threats, including cyber-security threats. Such attacks are increasing and include malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions to critical systems, unauthorized release of confidential information and corruption of data. A cyber-attack could negatively impact our operations. A corruption of our financial or operational data or an operational disruption of our production infrastructure could, among other potential impacts, result in: (i) loss of production or accidental discharge; (ii) expensive remediation efforts; (iii) distraction of management; (iv) damage to our reputation or our relationship with customers, vendors and employees; or (v) events of noncompliance, which events could lead to regulatory fines or penalties. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Dumont Project Delay

There are significant risks that the development and completion of construction of a mine at the Dumont Nickel-Cobalt Project could be delayed due to circumstances beyond the Corporation's control. The Corporation will need to obtain further financing from external sources in order to achieve the milestones and to fund the development of the Dumont Nickel-Cobalt Project. There is no assurance that the Corporation will be able to obtain financing on favourable terms, or at all. Failure to obtain sufficient financing will result in delaying or indefinite postponement of development of the Dumont Nickel-Cobalt Project or possibly a loss of property interests.

Limited Operating History

The Corporation has a limited history of operating profitability, and a limited operating history in the mineral exploration, development and mining business. Prior to the acquisition of the Beta Hunt Mine and HGO, the Corporation had no history of producing metals from its mineral properties. As a result, the Corporation is subject to all of the risks associated with establishing new mining operations, business enterprises and operating assets including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and costs of skilled labour and mining equipment;
- the availability and cost of appropriate smelting and/or refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Corporation's activities will result in profitable mining operations at the Beta Hunt Mine and HGO or that the Corporation will successfully establish mining operations or profitably produce metals at the Dumont Nickel-Cobalt Project, at any of its other properties, or at all.

Drilling and Production Risks Could Adversely Affect the Mining Process

Once mineral deposits are discovered, it can take a number of years from the initial phases of drilling until production is possible, during which the economic feasibility of production may change. Substantial time and expenditures are required to:

- obtain environmental and other licenses;
- construct mining, processing facilities and infrastructure; and
- obtain the nickel or extract minerals from the ore.

If a project proves not to be economically feasible by the time the Corporation is able to exploit it, the Corporation may incur substantial write-offs. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

Commodity Price Volatility

The ability of the Corporation to develop the Dumont Nickel-Cobalt Project and fully exploit the Beta-Hunt Mine, along with the future profitability of the Corporation, is directly related to the market price of nickel, gold and copper, each of which is sold in an active global market and traded on commodity exchanges. These prices (i) are subject to significant fluctuations and are affected by many factors, including actual and expected macroeconomic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels, investments by commodity funds and other actions of participants in the commodity markets, and (ii) have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of RNC's projects cannot be accurately predicted and may be adversely affected by fluctuations in these commodity prices. Future price declines could cause the future development and exploitation of the Corporation's properties to be impracticable or uneconomical.

Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications Could Adversely Affect the Corporation's Nickel Project

Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content, which would adversely affect demand for nickel.

Limited Mining Properties and Acquisition of Additional Commercially Mineable Mineral Rights

Any adverse development affecting the progress of the Beta Hunt Mine, HGO and the Dumont Nickel-Cobalt Project such as, but not limited to, obtaining sufficient financing on commercially suitable terms, hiring suitable personnel and mining contractors or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Corporation's financial performance and results of operations.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

The figures for mineral reserves and mineral resources contained in this AIF are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves could be mined or processed profitably. Actual reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. In addition, there can be no assurance that nickel recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its reserve estimates from time to time or may render the Corporation's reserves uneconomic to exploit. Reserve data are not indicative of future results of operations. If the Corporation's actual mineral reserves and mineral resources are less than current estimates or if the Corporation fails to develop its resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of reserves and resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of inferred resource is the least reliable resource category and is subject to the most variability.

Decision to Mine not based on Feasibility Study

The decision by SLM to produce at the Beta Hunt Mine and HGO was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the 2016 PEA referenced in Appendix A is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the 2016 PEA will be realized. No pre-feasibility or feasibility study has been completed on Beta Hunt or HGO. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Mining Involves a High Degree of Risk

Mining operations involve a high degree of risk. The Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, environmental hazards, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding, fires, hazardous weather conditions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. The Corporation's development activities may be further hampered by additional hazards, including, without limitation, equipment failure, which may result in environmental pollution and legal liability.

Uninsurable Risks

In the course of development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the funds available for acquisition of mineral prospects or exploration, increase costs to the Corporation, reduce future profitability, if any, and/or lead to a decline in the value of the Common Shares.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety. These laws provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on RNC for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. The Technical, Health, Safety & Environment Committee of the Corporation's Board of Directors is charged with the oversight of these risks. To the extent that the Corporation becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Corporation and could have a material adverse effect on the Corporation. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Corporation's operations more expensive.

Mineral Titles

There is no guarantee that title to the Corporation's mineral property interests will not be challenged or impugned and no assurances can be given that there are no title defects affecting its mineral properties. RNC's mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Corporation has not conducted surveys of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such items may be in doubt. There may be valid challenges to the title of the mineral property interests which, if successful, could impair the exploration, development and/or operations of the Dumont Nickel-Cobalt Project.

Foreign Operations

Beta Hunt Mine and HGO are located in Australia. Any changes in regulations or shifts in political attitudes in Australia, or other jurisdictions in which the Corporation has projects from time to time, are beyond the control of the Corporation and may adversely affect its business. Future development and operations may be affected in varying degrees by production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted.

Integration Risk

The Corporation has made acquisitions of properties in recent years and may consider additional acquisitions in the future. Such transactions may pose challenges to the Corporation such as the risks that the integration of acquired businesses may take longer than expected, the anticipated benefits of the integration may be less than estimated or the costs of acquisition may be higher than anticipated could have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows. The Corporation may discover it has acquired a substantial undisclosed liability with little recourse against the sellers.

Permitting Risks

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Corporation will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Corporation's properties.

With respect to environmental permitting, the development, construction, exploitation and operation of mines at the Corporation's projects may require the granting of environmental licenses and other environmental permits or concessions by the competent environmental authorities. Required environmental permits, licenses or concessions may take time and/or be difficult to obtain, and may not be issued on the terms required by the Corporation. Operating without the required environmental permits may result in the imposition of fines or penalties as well as criminal charges against the Corporation for violations of applicable laws or regulations.

Land Reclamation

Although they vary, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on the Corporation, the Corporation must allocate financial resources that might otherwise be spent on other programs.

Production Estimates

The Corporation has prepared estimates of future metal production for its existing and future mines. The Corporation cannot give any assurance that such estimates will be achieved. Failure to achieve production estimates could have an adverse impact on the Corporation's future cash flows, profitability, results of operations and financial conditions.

The realization of production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures or slope failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Corporation or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Corporation to cease production.

Cost Estimates

Capital and operating cost estimates made in respect of the Corporation's mines and development projects may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility or prefeasibility studies, preliminary economic assessment study, anticipated climatic conditions, market conditions for required products and services, and other factors and assumptions regarding foreign exchange currency rates. Any of the following events could affect the ultimate accuracy of such estimate: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

Forward-Looking Statements May Prove to be Inaccurate

Investors should not place undue reliance on forward-looking statements contained in this AIF. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on such risks, assumptions and uncertainties can be found in this AIF under the heading "*Forward-Looking Statements*".

Aboriginal/First Nation

In Australia, native title claims and Aboriginal heritage issues may affect the ability of the Corporation to pursue exploration, development and mining on Australian properties. The resolution of native title and Aboriginal heritage issues is an integral part of exploration and mining operations in Australia and the Corporation is committed to managing any issues that may arise effectively. However, in view of the inherent legal and factual uncertainties relating to such issues, no assurance can be given that material adverse consequences will not arise.

RNC is committed to working in partnership with our local communities and aboriginal/First Nation communities in a manner which fosters active participation and mutual respect. The Corporation regularly consults with communities proximal to the Corporation's exploration and development activities to advise them of plans and answer any questions they may have about current and future activities. On May 2, 2017, RNC and the AFN announced the signing of an Impact and Benefit Agreement ("**IBA**") for the Dumont project. The IBA serves as a framework to govern the relationship with the AFN and lays out the commitments of the parties regarding the impacts and benefits of the Dumont Project. The parties to the IBA are the AFN and the RNC-Waterton nickel joint venture. The IBA provides for meaningful AFN participation in the Dumont Project through training, employment, business opportunities, collaboration in environmental protection and other means. However, First Nations in Quebec are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional or treaty lands. Should a First Nation make such a claim in respect of the Dumont Nickel-Cobalt Project and should such claim be resolved by government or the courts in favour of the First Nation, it could materially adversely affect the business of RNC.

Reliance on Third Parties

The Corporation is heavily dependent on its ability to secure reliable supplies of raw materials and provision of certain services from third-party suppliers in order to carry out its operations. In particular, SLM is reliant on third parties for the processing of its intermediate products. Further, SLM holds its mining title under a sublease with a third party – see Appendix A for further information. There can be no guarantee that these arrangements will be sufficient for the Corporation's future needs or that such rights, supplies or provision of services will not be interrupted or cease altogether. A failure of such third parties could have a material adverse effect on the Corporation's business, operating results and financial position.

Joint Ventures

From time to time the Corporation enters into joint venture arrangements with respect to its properties. The Corporation has a joint venture arrangement over the Dumont Nickel-Cobalt Project. The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on Corporation's profitability or the viability of its interests held through joint ventures, which could have a material adverse effect on the Corporation's financial performance and results of operations: (i) lack of control over the joint operations and disagreement with partners on how to explore, develop or operate mines efficiently; (ii) inability to exert influence over certain strategic decisions made in respect of jointly held properties; (iii) inability of partners to meet their obligations to the joint venture or third parties; (iv) litigation between joint venture partners regarding joint venture matters; and (v) liability that might accrue to partners as a result of the failure of the joint venture or general partnership to satisfy their obligations. Although the Corporation expects relations with its joint venture partners to remain positive, contractual or other disputes may arise that may have a material adverse effect on the Corporation.

The Corporation is subject to the risk of litigation, the causes and costs of which cannot be known

The Corporation may be involved in disputes with other parties in the normal course of business in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure or alleged failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty. If the Corporation is unable to resolve litigation favourably, either by judicial determination or settlement, it may have a material adverse effect on the Corporation's financial performance and results of operations. In the event of a dispute involving the foreign operations of the Corporation, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Corporation's ability to enforce its rights could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

Competition

The mining industry is intensely competitive in all its phases. There is a high degree of competition for the discovery and acquisition of properties considered to have commercial potential. RNC competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than RNC. The competition in the mineral exploration and development business could have an adverse effect on RNC's ability to acquire suitable properties or prospects for mineral exploration and development in the future.

Management

The Corporation's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. Investors must be willing to rely to a significant extent on management's discretion and judgment. The success of RNC depends to a large extent upon its ability to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on RNC's business and prospects. There is no assurance RNC can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Government Regulations

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Corporation or its properties which could have a material adverse impact on the Corporation's current objectives. Where required, obtaining necessary permits and licences can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of a mine.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines and penalties, including, but not limited to, corrective measures requiring capital expenditures, installation of additional equipment, remedial actions or other liabilities. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In addition, amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Recent increases to mining duties/ royalties by the Quebec Minister of Natural Resources are reflected in the Feasibility Study.

The Corporation is subject to anti-corruption and anti-bribery laws

The Corporation's operations are governed by, and involve interactions with, various levels of government in Canada, the U.S. and Australia. The Corporation is required to comply with anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the countries in which the Corporation conducts its business. There has been a general increase in the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. The Corporation may be found liable for violations by not only its employees, but also by its third-party agents. Although the Corporation has adopted a risk-based approach to mitigate such risks, such measures are not always effective in ensuring that the Corporation, its employees or third-party agents will comply strictly with such laws. If the Corporation finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Corporation which could result in a material adverse effect on the Corporation's reputation, financial performance and results of operations. If the Corporation chooses to operate in additional foreign jurisdictions in the future it may become subject to additional anti-corruption and anti-bribery laws in such jurisdictions.

Flow-Through Share Tax Issues

From time to time, the Corporation agrees to incur, in respect of Common Shares issued by it from treasury and designated as "flow-through shares" ("**Flow-Through Shares**") under the *Income Tax Act* (Canada) (the "**Tax Act**"), Canadian exploration expenses ("**CEE**") in an amount usually equal to the gross proceeds raised by the Corporation from such issuance and to renounce CEE in accordance with the Tax Act. For certain purchasers of Flow-Through Shares said CEE are also partially included under the *Taxation Act* (Québec) (the "**Québec Tax Act**") in the exploration base relating to "certain Québec exploration expenses" and the exploration base relating to "certain Québec surface mining or oil and gas exploration expenses" (the "**Eligible Québec Expenses**") and the Corporation agrees to renounce the Eligible Québec Expenses to such purchasers of Flow-Through Shares in accordance with the Québec Tax Act. No assurance can be given that the Minister of National Revenue (Canada) and the ministre du Revenu (Québec) will agree with the Corporation's characterization of the expenditures incurred. A change in the characterization of the expenditures may affect the Corporation's ability to renounce CEE and, where applicable, Eligible Québec Expenses to the holders of Flow-Through Shares or the holders' ability to claim tax deductions.

The Corporation is dependent on information technology systems

The Corporation's operations depend, in part, upon information technology systems. The Corporation's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, computer viruses, security breaches, natural disasters, power loss and defects in design. Although to date the Corporation has not experienced any material losses relating to information technology system disruptions, damage or failure, there can be no assurance that it will not incur such losses in the future. Any of these and other events could result in information technology systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches or other manipulation or improper use of the Corporation's systems and networks, any of which could have adverse effects on the Corporation's reputation, results of operations and financial performance.

Other Tax Issues

The Corporation is subject to income and mining taxes in some jurisdictions. Significant judgement is required in determining the total provision for income taxes. Refundable tax credits for mining exploration expenses for the current and prior periods are measured at the amount expected to be recovered from the tax authorities as at the balance sheet date. Uncertainties exist with respect to the interpretation of tax regulations, including mining duties for losses and refundable tax credits, and the amount and timing of collection. The determination of whether expenditures qualify for exploration tax credits requires significant judgment involving complex technical matters which makes the ultimate tax collection uncertain. As a result, there can be a material difference between the actual tax credits received following final resolution of these uncertain interpretation matters with the relevant tax authority and the recorded amount of tax credits. This difference would necessitate an adjustment to tax credits for mining exploration expenses in future periods. The resolution of issues with the relevant tax authority can be lengthy to resolve. As a result, there can be a significant delay in collecting tax credits for mining exploration expenses. Tax credits for mining exploration expenses that are expected to be recovered beyond one year are classified as non-current assets. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the ultimate approval by the relevant tax authority means that the ultimate amount collected in tax credits and timing thereof could differ materially from the accounting estimates and therefore impact the Corporation's balance sheet and cash flow.

Conflicts of Interest

Certain of the directors and officers of RNC may also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

Currency Fluctuations

The operations of the Corporation will be subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Corporation. The Corporation is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar, the Australian dollar and the United States dollar. The Corporation does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by the Corporation to address such currency fluctuations will eliminate all adverse effects of currency fluctuations and, accordingly, the Corporation may suffer losses due to adverse foreign currency fluctuations.

Interest Rate Risk

The Corporation has cash balances and the Corporation's current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of December 31, 2019, the Corporation had $0.1 million invested with various banks bearing interest at variable rates. Based on the balance as at December 31, 2019, a plus or minus 0.50 % change in the rates would affect net income by approximately $500 on an annual basis. The Corporation also has facilities at variable rates based on a spread over LIBOR. As of December 31, 2019, the Corporation had $344,000 of working capital facilities at variable rates. Sensitivity to a plus or minus 1% change in the rates would affect the reported annual interest expense by approximately $3 thousand.

Dividend History or Policy

No dividends on the Common Shares have been paid by RNC to date. RNC anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of RNC's Board after taking into account many factors, including RNC's operating results, financial condition and current and anticipated cash needs.

Independent Contractors

RNC's success also depends, to a significant extent, on the performance and continued service of independent contractors. RNC will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on RNC and its business and results of operations and could result in failure to meet business objectives.

Global Economic Conditions

Global economic conditions in recent years have been characterized by volatility and market turmoil and access to financing has been negatively impacted. This may impact the Corporation's ability to obtain financing on terms acceptable to the Corporation. In addition, global economic conditions may cause decreases in asset values, which may result in impairment losses. If such volatility and market turmoil continue, the Corporation's business and financial condition could be adversely affected.

Climate Change/Greenhouse Gas ("GHG") Emissions

The federal government has repeatedly announced its intention to implement a regulatory framework that would require significant reductions of GHG emissions by Canada's largest industrial sectors. This includes the industrial sectors to which the Corporation may provide its products, the majority of the facilities in Canada from which the Corporation ultimately obtains power, and some of the Corporation's facilities.

In addition, various Canadian provincial governments and other regional initiatives are moving ahead with GHG reduction and other initiatives designed to address climate change. Given the present uncertainty around the practical application of specific provisions in any federal regulations and the impact of other provincial or regional initiatives, it is not yet possible to estimate with specificity the impact to the Corporation's operations. However, the Dumont Nickel-Cobalt Project, when developed, will be a large facility, so the establishment of emissions regulations (whether in the manner described above or otherwise) may well affect and have a material adverse effect on the Corporation's business, results of operations and financial performance. In addition, the Corporation's operations require large quantities of power and future taxes on or regulation of power producers or the production of oil and gas or other products may also add to the Corporation's operating costs.

Risks Relating to Common Shares and Warrants

Liquidity of Common Shares and Warrants

The Corporation's ability to successfully ramp-up production at the Beta Hunt Mine and HGO and to put the Dumont Nickel-Cobalt Project into commercial production will be dependent upon a number of factors including the ability to obtain financing. If the Corporation is unable to achieve these corporate objectives, any investment in the Corporation's securities may be lost. In such event, the probability of resale of the Common Shares and any securities convertible into Common Shares would be diminished.

The Common Shares are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to the Corporation's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by the Corporation and the Corporation's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Corporation's performance. Additionally, the value of the Common Shares is subject to market value fluctuations based upon factors that influence the Corporation's operations, such as legislative or regulatory developments, competition, technological changes, global capital market activity and changes in interest and currency rates. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. The value of the Common Shares will be affected by the general creditworthiness of the Corporation. The market value of the Common Shares may also be affected by the Corporation's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Corporation is a part.

Potential Dilution

The Corporation's articles of incorporation and by-laws allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as established by the board of directors of the Corporation, in many cases, without the approval of the Corporation's shareholders. The Corporation may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of stock options or other securities exercisable for Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

17. 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,		Years ended,	
For the periods ended December 31,	**2019**	2018	**2019**	2018
Production and processing costs	$34,821	$8,638	$91,600	$77,886
Royalty expense: Government of Western Australia	1,168	872	2,667	2,957
Royalty expense: Other	2,768	2,288	7,138	8,102
By-product credits	(787)	(340)	(1,959)	(4,665)
Adjustment[1]	(3,197)	-	(12,764)	(9,096)
Operating costs (CAD$)	$34,773	$11,458	$86,682	$75,184
General and administration expense – corporate	1,133	78	2,636	337
Sustaining capital expenditures	6,443	6,102	10,353	8,815
All-in sustaining costs (CAD$)	$42,349	$17,638	$99,671	$84,336
Average exchange rate (CAD$1 – USD$1)	0.76	0.76	0.75	0.77
Operating costs (USD$)	**$26,344**	**$8,678**	**$65,477**	**$58,035**
All-in sustaining costs (USD$)	**$32,083**	**$13,358**	**$75,304**	**$65,100**
Ounces of gold sold	28,359	19,512	65,225	62,806
Cash operating costs (per ounce sold) (USD$)	**$929**	**$445**	**$1,004**	**$924**
All-in sustaining cost (per ounce sold) (USD$)	**$1,131**	**$685**	**$1,155**	**$1,037**

1. Negative adjustment for intercompany tolling transactions (2019 Q4: $3,197)(2019 YTD: $12,764) and capital development ($9,096)

Beta Hunt Mine (gold)

	Three months ended,		Years ended,	
For the periods ended December 31,	**2019**	2018	**2019**	2018
Production and processing costs	$15,367	$8,638	$54,920	$77,886
Royalty expense: Government of Western Australia	824	872	2,221	2,957
Royalty expense: Other	2,518	2,288	6,731	8,102
By-product credits	(787)	(340)	(1,959)	(4,665)
Adjustment[1]	-	-	-	(9,096)
Operating costs (CAD$)	17,922	$11,458	61,913	$75,184
Average exchange rate (CAD$1 – USD$1)	0.76	0.76	0.75	0.77
Operating costs (USD$)	**$13,578**	**$8,678**	**$46,661**	**$58,035**
Ounces of gold sold	17,561	19,512	48,716	62,806
Cash operating costs (per ounce sold) (USD$)	**773**	**445**	**958**	**924**

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

Higginsville Mine (gold)[2]

	Three months ended,		Years ended,	
For the periods ended December 31,	**2019**	2018	**2019**	2018
Production and processing costs	$19,454	$-	$36,680	$-
Royalty expense: Government of Western Australia	344	-	446	-
Royalty expense: Other	250	-	407	-
Adjustment[1]	(3,197)	-	(12,764)	
Operating costs (CAD$)	16,851	-	24,769	-
Average exchange rate (CAD$1 – USD$1)	0.76	0.76	0.75	0.77
Operating cost (USD$)	**$12,766**	**$-**	**$18,754**	**$-**
Ounces of gold sold	10,798	-	16,509	-
Cash operating costs (per ounce sold) (USD$)	**1,182**	**-**	**1,136**	**-**

1. Negative adjustment for intercompany tolling transactions.
2. For the period from acquisition of HGO being June 10, 2019 to December 31, 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); interest expense and other finance-related costs; depreciation and amortization; non-cash other expenses, net (see note 28 of the audited consolidated financial statements); non-cash impairment charges; non-cash portion of share-based payments; acquisition costs; foreign exchange loss.

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 expense and other finance-related costs.

	Three Months ended December 31,		Years ended December 31,	
(in thousands of dollars except per share amounts)	**2019**	2018 [1]	**2019**	2018 [1]
Net earnings (loss) for the period - as reported	**$10,465**	$12,794	**$(6,942)**	$(8,396)
Income tax expense (recovery)	**(699)**	(32)	**(774)**	485
Interest expense and other finance-related costs	**667**	769	**2,371**	4,093
Depreciation and amortization	**4,295**	678	**9,513**	7,977
Non-cash other expenses, net [2]	**(1,107)**	(2,356)	**3,401**	2,987
Non-cash impairment charge [2]	**2,271**	535	**2,271**	535
Non-cash share-based payments [2]	**922**	(2,738)	**(574)**	6,616
Acquisition costs [3]	**(174)**	-	**2,771**	-
Foreign exchange loss [4]	**(2,248)**	(1,685)	**6,247**	3,682
Adjusted EBITDA	**$14,392**	$7,965	**$18,284**	$17,979
Weighted average number of common shares	**606,736,464**	445,487,261	**536,602,104**	386,770,034
Adjusted EBITDA per share	**$0.02**	$0.02	**$0.03**	$0.05

1. Revised to conform to current year's presentation.
2. No impact on cash flows.
3. Costs related to the acquisition of HGO (first acquisition costs since 2016).
4. Primarily related to intercompany loans for which the loss is unrealized.

	Three Months ended December 31,		Years ended December 31,	
(in thousands of dollars except per share amounts)	**2019**	2018	**2019**	2018
Adjusted EBITDA	**$14,392**	$7,965	**$18,284**	$17,979
Interest expense and other finance-related costs	**(667)**	(769)	**(2,371)**	(4,093)
Adjusted earnings	**$13,725**	$7,196	**$15,913**	$13,886
Weighted average number of common shares	**606,736,464**	445,487,261	**536,602,104**	386,770,034
Adjusted earnings per share - basic	**$0.02**	$0.02	**$0.03**	$0.04

18. 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 HGO, 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; labour and operational disruptions due to the COVID 19 virus or other widespread public health issues, 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, 2019 and 2018 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.