ROYAL NICKEL CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2016

(Unaudited)

TABLE OF CONTENTS

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements for Royal Nickel Corporation are the responsibility of its Management. The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including IAS 34.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Mark Selby

Mark Selby
President and Chief Executive Officer

/s/ Tim Hollaar

Tim Hollaar
Chief Financial Officer

Toronto, Canada

August 15, 2016

Royal Nickel Corporation

Consolidated Interim Balance Sheets

(Expressed in thousands of Canadian dollars)
(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	**$9,656**	$9,634
Amounts receivable (note 5)	**9,577**	715
Inventories (note 6)	**3,597**	-
	22,830	10,349
Non-current assets		
Investment in associate (note 7)	**1,678**	1,525
Other investment	**60**	20
Deposits and prepaids	**51**	153
Property, plant and equipment (note 8)	**58,523**	1,151
Intangible assets	**60**	71
Mineral property interests (note 9)	**83,571**	69,290
Total assets	**$166,773**	$82,559
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$14,158**	$1,565
Share incentive plan (note 14)	**2,511**	957
Flow-through share premium	**-**	5
Current portion of long-term debt (note 11)	**17,655**	-
Finance lease obligation	**1,355**	26
	35,679	2,553
Non-current liabilities		
Share appreciation rights (note 14)	**190**	38
Accrued production liability	**600**	-
Long-term debt (note 11)	**21,871**	-
Asset retirement obligation (note 18)	**1,154**	488
Deferred income tax liability	**13,304**	11,202
Total liabilities	**72,798**	14,281
EQUITY		
Share capital	**148,957**	113,051
Contributed surplus	**24,845**	24,818
Accumulated other comprehensive loss	**(683)**	-
Deficit	**(82,220)**	(72,704)
Equity attributable to RNC shareholders	**90,899**	65,165
Non-controlling interests	**3,076**	3,113
Total equity	**93,975**	$68,278
Total liabilities and equity	**$166,773**	$82,559

The accompanying notes are an integral part of these consolidated interim financial statements.

Going concern (note 1)
Commitments and contingent liability (notes 20 and 21)
Subsequent events (note 25)

Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian dollars, except share and per share numbers)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Revenue	**$11,066**	$-	**$12,518**	$-
Cost of Operations				
Production and toll-processing costs	**7,724**	-	**8,734**	-
Royalty expense	**384**	-	**571**	-
General and administrative (note 15)	**5,288**	$1,040	**7,614**	$2,180
Depreciation and amortization	**1,872**	-	**1,933**	-
Operating Loss	**4,202**	$1,040	**6,334**	$2,180
Other expenses (income), net (note 22)	**3,238**	(79)	**2,538**	68
Loss before income tax	**7,440**	961	**8,872**	2,248
Deferred income tax expense (recovery)	**109**	279	**282**	(701)
Loss for the period	**$7,549**	$1,240	**$9,154**	$1,547
Attributable to:				
RNC shareholders	**7,820**	1,214	**9,516**	1,465
Non-controlling interests	**(271)**	26	**(362)**	82
Other item that may be reclassified subsequently to the consolidated statement of loss	**-**	-	**-**	-
Other comprehensive loss for the period	**683**	-	**683**	-
Comprehensive loss for the period	**8,503**	1,214	**10,199**	1,465
Loss per share attributable to RNC shareholders				
Basic and diluted (note 16)	**$0.04**	$0.01	**$0.06**	$0.01

The accompanying notes are an integral part of these consolidated interim financial statements.

Royal Nickel Corporation

Consolidated Interim Statements of Cash Flows

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Loss for the period	**$(7,549)**	$(1,240)	**$(9,154)**	$(1,547)
Items not involving cash:				
Depreciation and amortization	**1,883**	15	**1,955**	30
Deferred income tax (recovery) expense	**109**	279	**282**	(701)
Other expenses (income) (note 23)	**2,672**	(22)	**2,312**	129
Deemed repayments of contribution loan from gross profits of the Reed Mine	**(1,840)**	-	**(1,840)**	-
Shares issued for consulting services	**303**	19	**341**	69
Foreign exchange gain	**850**	-	**374**	-
Share-based payments	**1,530**	363	**1,761**	577
	(2,042)	(586)	**(3,969)**	(1,443)
Changes in non-cash working capital				
Amounts receivable and deposits	**(2,727)**	14	**(235)**	44
Inventories	**1,232**	-	**(2,022)**	-
Share based plan redemptions for cash	**-**	-	**-**	(141)
Accounts payable and accrued liabilities	**3,124**	(63)	**3,887**	(530)
	(413)	(635)	**(2,339)**	(2,070)
INVESTING ACTIVITIES				
Expenditures on mineral property interests	**(1,105)**	(2,566)	**(2,740)**	(3,469)
Collateral investment	**-**	2,733	**-**	3,733
Net tax credits and mining duties received	**-**	-	**-**	980
Acquisition of property, plant and equipment	**(3,354)**	-	**(3,858)**	-
Cash acquired on acquisition of SLM	**-**	-	**4,232**	-
Cash acquired on acquisition of VMS	**1,167**	-	**1,167**	-
Investment in SLM	**-**	-	**(2,500)**	-
Investment in associate	**-**	-	**(125)**	-
Proceeds on sale of property, plant and equipment	**6**	190	**6**	190
	(3,286)	357	**(3,818)**	1,434
FINANCING ACTIVITIES				
Issuance of shares, net of costs	**8,118**	$3,343	**8,118**	$3,343
Exercise of options and warrants	**262**	-	**262**	-
Repayment of senior secured facility	**(1,699)**	-	**(1,699)**	-
Principal payments on finance leases	**(496)**	(5)	**(502)**	(10)
	6,185	3,338	**6,179**	3,333
Change in cash and cash equivalents	**2,486**	3,060	**22**	2,697
Cash and cash equivalents, beginning of period	**7,170**	2,580	**9,634**	2,943
Cash and cash equivalents, end of period	**$9,656**	$5,640	**$9,656**	$5,640
Components of cash and cash equivalents:				
Cash	**$3,635**	$1,890	**$3,635**	$1,890
Cash equivalents	**6,021**	3,750	**6,021**	3,750
	$9,656	$5,640	**$9,656**	$5,640

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated Interim Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share numbers)
(Unaudited)

	Share Capital							
	Number	Amount	Contributed Surplus	Accumulated Other Comprehensive loss	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
Balance as at January 1, 2016	**131,325,941**	**$113,051**	**$24,818**	**-**	**$(72,704)**	**$65,165**	**$3,113**	**$68,278**
Shares issued for consulting services	1,827,526	341	-	-	-	341	-	341
Acquisition of SLM – common shares initial acquisition (note 3)	31,937,831	6,387	-	-	-	6,387	4,676	11,063
Acquisition of SLM – non-controlling interest (note 3)	24,324,067	5,075	-	-	-	5,075	(5,075)	-
Acquisition of VMS (note 4)	36,000,000	15,480	-	-	-	15,480	-	15,480
Public Offering and Overallotment (note 12)	18,060,000	9,211	-	-	-	9,211	-	9,211
Public Offering and overallotment issue costs (note 12)	-	(1,184)	91	-	-	(1,093)	-	(1,093)
Exercise of warrants for cash	468,183	207	(31)	-	-	176	-	176
Exercise of stock options	256,667	389	(303)	-	-	86	-	86
Share-based payments	-	-	270	-	-	270	-	270
Loss for the period	-	-	-	-	(9,516)	(9,516)	362	(9,154)
Other comprehensive loss	-	-	-	(683)	-	(683)	-	(683)
Balance as at June 30, 2016	**244,200,215**	**$148,957**	**$24,845**	**$(683)**	**$(82,220)**	**$90,899**	**$3,076**	**$93,975**

	Share Capital							
	Number	Amount	Contributed Surplus	Accumu-lated Other Compre-hensive loss	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
Balance as at January 1, 2015	**109,656,340**	**$106,297**	**$24,296**	**-**	**$(67,382)**	**$63,211**	**$3,339**	**$66,550**
Shares issued for consulting service	221,648	69	-	-	-	69	-	69
Private placement – flow through common shares	8,571,428	3,000	-	-	-	3,000	-	3,000
Flow-through share premium on issuance	-	(686)	-	-	-	(686)	-	(686)
Private placement	2,391,638	658	-		-	658	-	658
Private placement issue costs	-	(309)	(6)	-	-	(315)	-	(315)
Warrant valuation – private placement	-	(81)	81	-	-	-	-	-
Increase in non-controlling interest arising from further acquisition of True North Nickel Inc.	-	-	(68)	-	-	(68)	68	-
Share-based payments	-	-	235	-	-	235	-	235
Loss and comprehensive loss for the period	-	-	-	-	(1,465)	(1,465)	(82)	(1,547)
Balance as at June 30, 2015	120,841,054	$108,948	$24,538	-	$(68,847)	$64,639	$3,325	$67,964

The accompanying notes are an integral part of these consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

(Expressed in thousands of Canadian dollars, except share and per share numbers)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Royal Nickel Corporation (the "**Corporation**" or "**RNC**") was incorporated on December 13, 2006, under the Canada Business Corporations Act. The Corporation's registered office is located at 220 Bay Street, Suite 1200, Toronto, Ontario, Canada.

The consolidated financial statements of the Corporation as at and for the periods ended June 30, 2016, are comprised of RNC, its subsidiaries True North Nickel Inc. ("**TNN**"), Salt Lake Mining Mining Pty Ltd. ("**SLM**'), and VMS Ventures Inc. ("**VMS**"), and the Corporation's interest in its associate Sudbury Platinum Corporation ("**SPC**") (collectively referred to as the "**Corporation**").

The Corporation is a mineral resource company primarily focussed on the acquisition and responsible development of a high-quality portfolio of base and precious metal assets. The Corporation is transitioning from the exploration and evaluation stage into a nickel, copper and precious metal producer. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of mineral property interests and property, plant and equipment.

The accompanying unaudited condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

As at June 30, 2016, the Corporation had negative working capital of $12,849, had an accumulated deficit of $82,220 and incurred a loss of $9,154 for the six months then ended. Working capital included cash and cash equivalents of $9,656.

The Corporation's ability to continue future operations and fund its operations and successfully operate its Beta-Hunt Mine through its subsidiary SLM 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 for the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these unaudited condensed consolidated interim financial statements. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These unaudited condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015.

The Corporation's financial year ends on December 31. The unaudited condensed consolidated interim financial statements were authorized for publication by the Board of Directors on August 15, 2016.

b) Basis of Preparation

The accounting policies and methods of computation applied in these unaudited condensed consolidated interim financial statements are consistent with those of the previous financial year, except as described below and more specifically as a result of the acquisitions of SLM and VMS:

Functional and Presentation Currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Canadian dollars, which are the functional currencies of the Corporation, TNN and VMS. The functional currency of SLM is the Australian dollar.

Foreign Currency Translation of Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss within foreign exchange.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team that makes strategic decisions.

Revenue recognition

The Corporation recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Corporation, the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Inventories

Nickel and gold is physically measured and valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Production costs include the cost of raw materials, direct labor, other direct costs and related mine-site overhead expenses (based on normal operating capacity), including applicable depreciation on property, plant and equipment.

Supplies, spare parts and ore in stockpiles are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and applicable selling expenses.

Property, plant and equipment

Exploration costs incurred on a property in production are capitalized in property, plant and equipment and depreciated over the underlying property estimated recoverable ore on the basis of the related area of interest.

Buildings and equipment related to mining production are recorded at cost and depreciated net of residual value, using the units of production method, over the expected operating life of the mine based on estimated recoverable ore. However, if the anticipated useful life of the asset is less than the life of the mine, depreciation is based on its anticipated useful life.

Mining equipment is recorded at acquisition cost. Depreciation is provided for using the declining balance method at a rate of 30%, with the exception of depreciation of the mining equipment, which is calculated according to the hours-of-use method based on its estimated useful life. The depreciation expense remains capitalized for mining assets not in commercial production and will be recognized in the consolidated statement of loss and comprehensive loss gradually as the mining properties are put into commercial production.

Commercial production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of property, plant and equipment, and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- when the mine is substantially complete and ready for its intended use;
- the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of pre-determined percentage of design capacity; and,
- mineral recoveries are at or near the expected production level,

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate gain or loss.

Joint arrangements and interest in other entities
Judgement is required in the proper accounting for joint arrangements per IFRS 11 and IFRS 12, including the determination of joint control and significant influence. Joint control and significant influence are determined by assessment of the relevant agreements and differences in that determination could have a material effect on the financial statements. The Corporation has determined that neither joint control nor significant influence exists in the Reed Mine joint arrangement and as such the arrangement has been accounted for as a joint operation.

3. ACQUISITION OF SLM

On February 1, 2016 the Corporation subscribed for shares representing a 20% interest in SLM for a cash consideration of $2,500.

On March 15, 2016 the Corporation acquired an additional 46% interest in SLM in exchange for 31,937,831 common shares and obtained control over SLM. During the period from February 1 to March 15, 2016 the Corporation recorded its 20% share of the income of SLM for $194 and since the acquisition the results from operations are consolidated in the statement of loss and comprehensive loss.

In accordance with IFRS 3, *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes and have the ability to generate outputs. In the opinion of management, the acquisition of SLM meets the definition of a business combination.

The common shares issued by the Corporation were valued at $0.20 per share, which was the closing share price on March 15, 2016, the date the shares were issued for a total share consideration of $6,387. The fair value of the 20% interest already held at the time of the acquisition of control was estimated at $2,766 resulting in a gain of $71 which was recorded in the consolidated statement of loss and comprehensive loss for the three-month period ended March 31, 2016.

As the Corporation only acquired 66% of SLM, the cost of the group included the estimated fair value of the non-controlling interests of $4,676, which was inferred from the share consideration paid by the Corporation for its 66% interest.

Purchase price

Fair value of initial 20% interest in SLM shares already held	$2,766
Shares issued for the acquisition of the 46% interest in SLM shares paid by the issuance of 31,937,831 common shares	6,387
Non-controlling interests (34%)	4,676
Purchase consideration	$13,829

Fair value of net assets acquired

Cash and cash equivalents	$4,232
Accounts receivable	2,559
Prepaids	51
Inventories	1,575
Property, plant, and equipment	37,922
Accounts payable and accrued liabilities	(8,357)
Long-term debt	(21,987)
Asset retirement obligation	(348)
Deferred income tax liability	(1,818)
Net identifiable assets	$13,829

The above fair value and allocation of the net assets acquired is preliminary and based on the best available information at this time. The adjustments and allocations of the estimated consideration transferred are based in part on preliminary estimates of the fair value of assets acquired and liabilities assumed. The fair value adjustments have been included in property, plant and equipment. The final determination of the related allocation will be completed after asset and liability valuations are finalized in the coming quarters.

Acquisition costs of $2,098, in connection with the acquisition of SLM are included in general and administrative expenses.

In addition to the initial subscription in February 2016, the Corporation obtained the right to acquire all of the SLM shares not already owned by the Corporation for additional shares of the Corporation.

On May 31, 2016, the Corporation exercised its option and issued 24,324,067 common shares to acquire the SLM shares not already owned by the Corporation. The acquisition of the non-controlling interest during the quarter has been accounted for as an equity transaction resulting in a transfer from non-controlling interest to share capital.

4. ACQUISITION OF VMS

On April 27, 2016, the Corporation completed the acquisition of VMS Ventures Inc. (“VMS”) by way of a plan of arrangement pursuant to which the Corporation acquired all of the issued and outstanding common shares of VMS, for a cash consideration of $3,507, funded by a loan from VMS, and 36,000,000 common shares of the Corporation.

In accordance with IFRS 3, *Business Combinations*, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes and have the ability to generate outputs. In the opinion of RNC's management, the acquisition of VMS meets the definition of a business combination.

The common shares issued by the Corporation were valued at $0.43 per share, which was the closing price on April 26, 2016, for a total share consideration of $15,480.

Purchase price

Cash paid	$3,507
Total consideration paid by issuance of 36,000,000 RNC common shares	15,480
Purchase consideration	$18,987

Net assets acquired

Cash and cash equivalents	$400
Short-term investments	767
Accounts receivable and prepaids	5,915
Receivable due from RNC	3,507
Property, plant, and equipment	16,896
Mineral property interests	11,439
Accounts payable and accrued liabilities	(463)
Accrued production bonus liability	(600)
Asset retirement obligation	(321)
Long-term debt - Hudbay	(18,553)
Net identifiable assets	$18,987

The above fair value of the purchase consideration and net assets acquired is preliminary and based on the best available information at this time. The adjustments and allocations of the estimated consideration transferred are based in part on preliminary estimates of the fair value of assets acquired and liabilities assumed. The fair value adjustments have been included in mineral property interests. The final determination of the consideration transferred and the related allocation will be completed after asset and liability valuations are finalized in the coming quarters.

Acquisition costs of $475, in connection with the acquisition of VMS are included in general and administrative expenses.

5. AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

	June 30, 2016	December 31,2015
Trade accounts receivable	**$8,469**	$-
Deposits	**72**	-
Prepaids	**557**	275
Commodity taxes	**222**	388
Other	**257**	52
	$9,577	$715

Trade accounts receivable represents the provisional value of:

(1) SLM nickel and copper in ore shipped for milling, for which the significant risks and rewards have transferred to a third party; and

(2) VMS's proportionate share of Reed Mine revenue for the three months ended June 30, 2016, the final amount of which will be applied to the contribution loan from Hudbay (Note 11) effective September 30, 2016.

6. INVENTORIES

Inventories consist of the following:

	June 30, 2016	December 31,2015
Gold ore	**$3,393**	$-
Supplies	**169**	-
Fuel	**29**	-
Refined precious metals	**6**	-
	$3,597	$-

7. INVESTMENTS IN ASSOCIATE

At January 1, 2016, the Corporation held a direct 19.1% interest in SPC.

In March 2016, SPC closed a private placement of 9,686,290 common shares for gross proceeds of $3,177. The Corporation participated in the private placement and acquired an additional 446,429 SPC common shares for cash consideration of $125. After giving effect to the financing, the Corporation held a 15.7% interest in SPC and recorded a dilution gain of $80 on the deemed disposal of its ownership interest.

In April 2016, SPC closed a private placement of 316,667 common shares for gross proceeds of $104. After giving effect to the financing, the Corporation now holds a 15.6% interest in SPC and recorded a dilution gain of $3 on the deemed disposal of its ownership interest. Management has determined that its investment in the common shares of SPC still gives it significant influence over SPC. As a result, the Corporation continued to apply the equity method of accounting for its investment in SPC. SPC's financial year-end is August 31 to satisfy the reporting requirements of its majority shareholder. The Corporation's share of SPC's loss and comprehensive loss was calculated using SPC's financial results from March 1, 2016, to May 31, 2016, and taking into account any changes in the subsequent period from June 1 to June 30, 2016, that would materially affect the results.

Summarized financial information relating to the Corporation's investment in SPC is as follows:

	Three months ended June 30, 2016		Six months ended June 30,	
	2016	2015	**2016**	2015
Share of (loss) income and comprehensive (loss) income	**$(50)**	$21	**$(55)**	$26

The following table reflects the continuity of the Corporation's investment in SPC common shares:

	June 30, 2016	December 31,2015
Balance as at January 1	**$1,525**	$1,476
Acquisition	**125**	-
Gain on dilution of associate	**83**	-
Share of (loss) income and comprehensive (loss) income	**(55)**	49
Balance, end of period	**$1,678**	$1,525

8. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Vehicles	Camp, Furniture and equipment	Beta Hunt mine	Reed mine	Under-ground Equip-ment	Mine Buildings	Total
Six months ended June 30, 2016								
Opening net book amount	$526	$17	$608	$-	$-	$-	$-	**$1,151**
Additions	-	90	106	2,922	-	2,674	-	**5,792**
Acquisitions (notes 3 and 4)	-	210	121	36,468	16,896	1,058	65	**54,818**
Foreign exchange	-	(7)	(4)	(1,160)	-	(35)	(2)	**(1,208)**
Depreciation for the period	(11)	(14)	(99)	(303)	(1,181)	(420)	(2)	**(2,030)**
Closing net book amount	**$515**	**$296**	**$732**	**$37,927**	**$15,715**	**$3,277**	**$61**	**$58,523**
At June 30, 2016								
Cost	$792	$425	$1,439	$39,390	$16,896	$3,732	$65	**$62,739**
Accumulated depreciation	(277)	(122)	(703)	(309)	(1,181)	(420)	(2)	**(3,014)**
Foreign exchange	-	(7)	(4)	(1,154)	-	(35)	(2)	**(1,202)**
Net book amount	**$515**	**$296**	**$732**	**$37,927**	**$15,715**	**$3,277**	**$61**	**$58,523**
Six months ended June 30, 2015								
Opening net book amount	$685	$25	$785	$-	$-	$-	$-	$1,495
Disposals	(132)							(132)
Depreciation for the period	(15)	(4)	(89)	-	-	-	-	(108)
Closing net book amount	$538	$21	$696	$-	$-	$-	$-	$1,255
At June 30, 2015								
Cost	$792	$125	$1,213	$-	$-	$-	$-	$2,130
Accumulated depreciation	(254)	(104)	(517)	-		-	-	(875)
Net book amount	$538	$21	$696	$-	$-	$-	$-	$1,255

The carrying value of property, plant and equipment held under finance leases at June 30, 2016 was $2,101 (June 30, 2015: $82).

Included in Beta Hunt mine additions at June 30, 2016 are $1,011 gold cost of sales (including $916 depreciation), net of gold revenue, which were capitalized as commercial gold production has not been declared.

9. MINERAL PROPERTY INTERESTS

Exploration and evaluation expenses	Dumont	West Raglan	Qiqavik	VMS Properties	Total
Balance as at January 1, 2016	**$59,148**	**$10,142**	**$-**	**$-**	**$69,290**
Acquisition of VMS (note 4)	-	-	-	11,439	11,439
Property acquisition and maintenance	244	126	32	-	402
Depreciation	17	70	-	-	87
Engineering and technical support	1,128	-	-	-	1,128
Exploration	163	49	184	7	403
Environmental, community and permitting	300	29	-	-	329
Share-based payments	479	-	-	-	479
Quebec refundable tax credits	14	-	-	-	14
Balance as at June 30, 2016	**$61,493**	**$10,416**	**$216**	**$11,446**	**$83,571**

The mineral property interests include these VMS Properties acquired as part of the VMS acquisition:

- Reed Exploration Extension Properties JV (Hudbay Joint Venture) - Manitoba;
- Snow Lake Project (consisting of seven properties including Reed East and Reed West Properties) – Manitoba;
- Sails Lake Property – Manitoba;
- Puella Bay Project – Manitoba;
- Assean Gold Project – Manitoba;
- Other Properties – Manitoba; and
- Sudbury (Black Creek) Property - Ontario

The value allocated to VMS properties is preliminary and will be completed with the finalization of the VMS purchase price allocation (see note 4).

10. CREDIT FACILITY

SLM has a revolving nickel inventory finance facility in place with an Australian bank. The facility allows SLM to draw funds based on preliminary assays and the available facility is based on the expected nickel sales receivable.

The facility bears interest at 6.5% and is secured by all nickel sales receivables. As of the March 15, 2016 acquisition and as of June 30, 2016, the facility was undrawn.

The facility was discharged July 20, 2016.

11. LONG-TERM DEBT

Long-term debt is comprised of the following:

	June 30, 2016	December 31, 2015
Salt Lake Mining Pty Ltd.		
Senior secured facility	**$22,556**	$-
VMS Ventures Inc.		
Contribution loan from Hudbay	**13,622**	-
Bridge loan from Hudbay	**3,348**	-
	39,526	-
Less: current portion	**17,655**	-
	$21,871	$-

Senior Secured Facility

SLM has a Senior Secured Metal Prepay Agreement (the "MPA" facility) with LRC-SLM L.P. ("LRC", a subsidiary of Lascaux Resource Capital Fund, L.P. The MPA facility initially provided a US$15,000 senior secured facility which bears interest at 9.5%. The MPA facility is secured by a first ranking charge over the assets and undertakings of SLM and by the SLM common shares owned by the Corporation. The MPA facility contains covenants which are customary for a facility of this nature, including with respect to minimum cash balances and minimum resource and reserve base. Under the MPA facility, repayments are to be made each month in nickel tonnes and each quarter in gold ounces as per a repayment schedule. Additional nickel repayment units are payable for nickel production above the agreed budget. Ten percent of excess nickel production is payable in advance, thereby reducing the total nickel tonnes overall. A monthly gold repayment is required equal to 3% of gold produced.

The MPA facility is also subject to the following:

- A nickel payment, calculated at US$75 per nickel tonne sold, excluding nickel tonnes repayments made under the facility; and

- A gold payment, calculated at 3% per gold ounces produced, excluding gold ounces repayments made under the facility

At June 30, 2016 the outstanding amounts to be delivered under the MPA was 1,230 payable nickel tonnes and 4,800 gold ounces, respectively.

SLM has established a past practice of settling in cash with LRC the metals to be delivered under the MPA. Consequently, the obligation to deliver the metals are accounted for as embedded forward contracts combined to a US$ denominated debt host corresponding to the imputed cash legs of the embedded forward contracts and the cash interest payments required under the MPA.

The debt host reflects an effective rate of 9.5%.

The initial fair value of the MPA facility at acquisition of SLM was $21,987.

The table below shows the change in the carrying value of the Senior Secured Facility for the period March 15, 2016 to June 30, 2016:

	June 30, 2016	December 31, 2015
Opening Balance	**$-**	$-
Acquisition of SLM (note 3)	**21,987**	-
Repayments	**(1,699)**	-
Change in fair value	**1,887**	-
Change in foreign exchange rate	**(122)**	-
Accretion	**503**	-
Ending Balance	**$22,556**	$-

The fair value of the embedded derivatives is classified in Level 2 of the fair value hierarchy. An increase (decrease) of 5% across the price curve of nickel and gold would not materially increase (decrease) the fair value of the embedded derivatives.

Contribution loan from Hudbay

VMS executed an Ore Sales and Purchase Agreement in accordance with the terms and conditions of the Joint Venture Agreement dated July 5, 2010, for the purpose of developing and operating the Reed Mine where VMS (the "Seller") agreed to sell and Hudson Bay Mining and Smelting Co. Limited (the "Buyer" or "Hudbay") agreed to purchase the Seller's proportionate share of ore produced from the Reed Mine on the terms and subject to the conditions of the agreement. The parties agree that in determining fair pricing the Buyer shall be entitled to a recovery of its direct and indirect costs of processing the ore, plus a reasonable operator's allowance. Revenue is determined according to the Corporation's revenue recognition policy.

Hudbay also provided full financing for VMS's proportionate share of the costs to explore and develop the Reed Mine, which are repayable solely from VMS's share of gross profit generated by the mine.

As per the Joint Venture Agreement with Hudbay, a contribution loan was established to record VMS's 30% share of the value of the mine development and pre-production costs incurred by Hudbay. The contribution loan is repaid solely from 100% of the gross profits before depletion from the mine. The Corporation determines the gross profit by deducting the direct production costs of the ore from the sales revenue. The contribution loan is interest free.

The loan was accounted for as a financial liability and recorded at fair value at the date of acquisition of VMS using an effective rate of 8%.

The table below shows the change in the carrying value of the contribution loan for the period April 27, 2016 to June 30, 2016:

	June 30, 2016	December 31, 2015
Opening Balance	**-**	-
Acquisition of VMS (note 4)	**15,205**	
Deemed repayments from proportionate share of gross profits generated by Reed Mine	**(1,840)**	-
Accretion	**257**	-
Ending Balance	**$13,622**	-

Bridge loan from Hudbay

The on-going production costs, plus related administrative and operator costs, are due from each participant in the Reed Mine, based on their percentage interest. Hudbay issues quarterly cash call reports to VMS to cover the quarterly expenses. In general, the proceeds from the ore concentrate sales are in excess of the production, administrative and operator costs and therefore VMS should not need to make any cash contributions. There is a risk that this expectation may not be met in the future. There is a delay of about 100 days before the ore concentrate sales are finalized. The first quarter's costs in could not be covered by proceeds from the ore concentrate sales, which necessitated the establishment of the bridge loan.

The bridge loan principal is not repaid until the contribution loan has been repaid in full. At that time, the principal amount of the loan shall be repaid in the same manner as the contribution loan. The bridge loan accrued interest calculated at 8% will be repaid from the proportionate share of net profits from the mine.

The table below shows the change in the carrying value of the bridge loan for the period April 27, 2016 to June 30, 2016:

	June 30, 2016	December 31, 2015
Opening Balance	**-**	-
Acquisition of VMS (note 4)	**3,348**	-
Ending Balance	**$3,348**	-

If at any time VMS raises $10,000,000 or more in equity financing over any consecutive 12 month period (not including any flow-through financing in excess of $5 million during such period), the principal amount of the bridge loan then outstanding, together with accrued interest payable shall be repaid by VMS to Hudbay within 10 business days of the closing of such financing.

If the Bridge loan is not fully repaid by December 22, 2019, the remaining principal amount of the Bridge loan together with interest accrued shall become immediately due and payable.

VMS shall be entitled, without penalty, to prepay all or any portion of the outstanding principal amount of the Bridge loan and any interest accrued. Amounts prepaid will be applied first to accrued and unpaid interest and second to principal.

12. SHARE CAPITAL

On May 26, 2016, the Corporation closed a bought deal financing (the “Offering”) of 17,060,000 common shares at a price of $0.51 per common share, for aggregate proceeds of $8,701.

The Corporation also granted an overallotment option to the underwriters, at any time within 30 days of May 26, 2016, to purchase up to 15% additional shares at $0.51 per common share. On June 24, 2016 a portion of the overallotment option was exercised and 1,000,000 common shares were issued at a price of $0.51 per common share, for aggregate proceeds of $510.

In connection with the Offering, the Corporation granted the underwriters non-transferrable compensation warrants to acquire that number of shares equal to 3% of the total number of common shares sold pursuant to the Offering (including the overallotment option), exercisable at a price of $0.51 for a period of 24 months from the closing date. A total of 541,800 compensation warrants were issued including those for the overallotment.

Underwriter fees totalled $672 and cash expenses of the Offering were $421.

The fair value of the 541,800 compensation warrants issued was estimated at $91 using the Black–Scholes option pricing formula with the following assumptions: expected dividend yield 0%, share price $0.46, expected volatility 72%, risk free rate of return 0.6%, and expected maturity of two years.

13. WARRANTS AND COMPENSATION WARRANTS

The following table reflects the continuity of warrants for the six months ended June 30, 2016:

	Number of Warrants	Number of Compensation Warrants	Weighted Average Exercise Price
Balance as at January 1, 2016	5,991,319	575,460	$0.72/$0.60
Exercised	(468,183)	-	$0.38/-
Granted (note 12)	541,800	-	$0.51/-
Balance as at June 30, 2016	**6,064,936**	**575,460**	**$0.73/$0.60**

14. SHARE INCENTIVE PLAN

Share Purchase Options

During the six months ended June 30, 2016, 2,420,000 (2015: 725,000) share options were granted and the weighted average fair value of each share purchase option granted during the period, as estimated at the time of the grant, was $0.28 (2015: $0.16). This was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	Six months ended June 30,	
	2016	2015
Share price	$0.28	$0.35
Exercise price	$0.28	$0.35
Risk free interest rate	0.6%	1.0%
Expected life	4.0 years	3.0 years
Expected volatility	70%	70%
Expected dividends	Nil	nil

As at June 30, 2016, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$0.18–$0.99	14,620,529	3.7	$0.39	11,212,197	3.4	$0.44
$1.00–$1.99	1,075,656	1.7	$1.27	1,075,656	1.7	$1.27
$2.00–$2.50	510,000	3.0	$2.24	510,000	3.0	$2.24
	16,206,185	**3.5**	**$0.51**	**12,797,853**	**3.3**	**$0.58**

Deferred Share Units

During the six months ended June 30, 2016, Nil (2015: 180,000) deferred share units were redeemed for cash at a redemption price of $Nil (2015: $0.34) per deferred share unit.

Restricted Share Units

During the six months ended June 30, 2016, 671,711 (2015: 906,267) restricted share units were granted all of which vested immediately pursuant to directors' election to receive restricted share units in lieu of directors fees. A portion of restricted share units granted in 2015 were pursuant to management's election to receive restricted share units in lieu of a portion of their salary.

During the six months ended June 30, 2016, Nil (2015: 234,630) restricted share units were redeemed for cash at a redemption price of $Nil (2015: $0.34) per restricted share unit for a total cash payment of $Nil (2015: $80).

The following table reflects the continuity of restricted share units for the six months ended June 30, 2016:

	Number of Restricted Share Units
Balance as at January 1, 2016	4,282,225
Granted	671,711
Balance as at June 30, 2016	**4,953,936**

Included in the 4,953,936 restricted share units outstanding as at June 30, 2016, are 2,449,200 units that can only be settled for cash.

As at June 30, 2016, the weighted average remaining contractual life of the outstanding restricted share units was 2.1 years and 4,953,936 restricted share units were vested.

Share Appreciation Rights

There was no activity in share appreciation rights during the six months ended June 30, 2016. As at June 30, 2016, there were 906,000 share appreciation rights outstanding.

The weighted average fair value of each share appreciation right outstanding at the end of the period, as estimated as at June 30, 2016, was $0.31 (2015: $0.18). This was calculated using the Black-Scholes option pricing model, using the following assumptions:

	Six months ended June 30,	
	2016	2015
Share price	**$0.415**	$0.36
Base price	**$0.33**	$0.33
Risk free interest rate	**0.52%**	0.5%
Expected life	**3.0 years**	2.5 years
Expected volatility	**70%**	70%
Expected dividends	**nil**	nil

As at June 30, 2016, the weighted average remaining contractual life of the outstanding share appreciation rights is 3.0 years and nil share appreciation rights were vested.

The expense recognized from share-based payment transactions for services received during the period is shown in the following table:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Equity settled share-based payment transactions				
Share purchase options	**$175**	$35	**$209**	$122
Total equity settled share-based payment transactions	**175**	35	**209**	122
Cash settled share-based payment transactions				
Deferred share units	**-**	-	**-**	4
Restricted share units	**85**	117	**181**	214
Share appreciation rights	**15**	5	**19**	14
Mark-to-market adjustment for deferred and restricted share units and share appreciation rights	**1,181**	132	**1,204**	76
Total cash settled share-based payment transactions	**1,281**	254	**1,404**	308
Accrued share-based payment transactions	**74**	74	**148**	147
Total expense arising from share-based payment transactions	**$1,530**	$363	**$1,761**	$577

The carrying amounts of the liabilities relating to deferred and restricted share units and share appreciation rights as at June 30, 2016, are $455, $2,056 and $190 respectively (at December 31, 2015: $198, $759 and $38 respectively).

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Expense by nature				
Salaries, wages and benefits	**$259**	$268	**$527**	$498
Severance	**-**	-	**-**	62
Share-based payments (note 14)	**1,530**	363	**1,761**	577
Professional fees	**301**	18	**418**	56
Consulting fees	**300**	-	**425**	81
Public company expenses	**105**	13	**170**	47
Office and general	**318**	177	**560**	393
Conference and travel	**190**	21	**296**	38
Investor relations	**305**	108	**432**	274
Business development	**9**	57	**430**	124
Acquisition costs	**1,960**	-	**2,573**	-
Depreciation and amortization	**11**	15	**22**	30
	$5,288	$1,040	**$7,614**	$2,180

16. LOSS PER SHARE

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015

Loss attributable to RNC shareholders	**$7,820**	$1,214	**$9,516**	$1,465
Weighted average number of common shares	**204,481,250**	111,972,766	**170,722,345**	110,857,995
Loss per share attributable to RNC shareholders – basic and diluted	**$0.04**	$0.01	**$0.06**	$0.01

The effect of potential issuances of shares under stock options, warrants, deferred share units and restricted share units would be anti-dilutive for the three and six months ended June 30, 2016, and 2015, and accordingly, basic and diluted loss per share are the same.

17. 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	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Management salaries and benefits	**$542**	$173	**$833**	$370
Share-based payments – Management	**117**	164	**248**	359
Directors fees (note 14)	**-**	18	**-**	18
Share-based payments – Directors	**92**	89	**181**	191
Mark-to-market adjustment for share-based payments	**1,468**	178	**1,499**	99
	2,219	$622	**$2,761**	$1,037

Management salaries and benefits during the six months ended June 30, 2016 include compensation for SLM's key management since the Corporation acquired SLM. Management salaries and benefits during the six months ended June 30, 2015 were reduced by share-based payments made in lieu of a portion of salaries (Note 14).

18. ASSET RETIREMENT OBLIGATION

The asset retirement obligation represents the legal and contractual obligation associated with the eventual closure and reclamation of the Corporation's exploration camp at the West Raglan project, the Beta Hunt Mine and VMS's share of the Reed Mine estimated closure costs. The obligation consists of costs associated with reclamation, environmental monitoring, and the removal of tangible assets.

	June 30, 2016	December 31, 2015
Balance as at January 1	**$488**	$467
Acquisition of SLM (note 3)	**348**	-
Acquisition of VMS (note 4)	**321**	-
Change in discount rate	**2**	17
Change in foreign exchange	**(11)**	-
Accretion expense	**6**	4
Balance, end of period	**$1,154**	$488

19. FINANCIAL RISK – FACTORS

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Corporation is exposed to fluctuations in commodity prices from its sale of metals. From time to time the Corporation may purchase commodity put contracts to hedge the effect on revenues of changes in the price of metals it produces. The total of these financial contracts represents 3,500 ounces gold as at June 30, 2016. These contracts mature in July 2016 at an average forward price of A$1,640 per ounce gold. For a majority of nickel and gold delivered to the customers under the offtake or tolling agreements, the quantities and timing of settlement specified in the financial contracts matches final pricing settlement periods. The fair value of these purchased put contracts at June 30, 2016 was $16 and are included in accounts receivable. As at June 30, 2016, the Corporation's exposure to commodity price is limited to inventory of gold ore and gold metal and accounts receivable associated with provisional pricing of nickel and copper ore sales. A 1% strengthening or weakening of the gold, nickel and copper prices would have resulted in an approximate $34 decrease/increase, $9 decrease/increase, and $91 decrease/increase respectively, in the Corporation's loss and comprehensive loss for the three months ended June 30, 2016. Refer to Note 11 for the exposure arising from the embedded nickel and gold agreements arising from the Senior Secured Facility.

Fair Value Risk

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and obligations under finance leases approximate their fair values due to their relatively short periods to maturity.

	As at June 30, 2016		As at December 31, 2015	
Other Financial Liabilities	**Carrying value**	**Fair Value**	Carrying value	Fair Value
Senior secured facility with LRC (note 11) (level 2)	**$22,556**	**$22,556**	$-	$-
Contribution loan from Hudbay (note 11) (level 2)	**13,622**	**13,622**	-	-
Bridge loan from Hudbay (note 11) (level 2)	**3,348**	**3,348**	-	-

As at June 30, 2016, the Corporation is committed to minimum future principal and interest payments for its long term debt as follows:

Year ending June 30, 2017	$ 9,401
Year ending June 30, 2018	11,104
Year ending June 30, 2019	5,082

As disclosed in note 11, repayments under the contribution and the bridge loans are dependent on and repaid on a net basis from the gross profits generated by the Reed Mine and as such future principal and interest payments in cash are not expected.

20.COMMITMENTS

Royalties

The Corporation is required to pay Beta Hunt royalties to (i) Consolidated Minerals, 3% (at a nickel price under A$17,500/t) or 5% (at a nickel price of A$17,500 or greater) until total royalty payments reach A$16 million; (ii) Western Australian state government, 2.5% in respect of gold and nickel; (iii) St Ives Gold Mining Company Pty Limited, 1% in respect of nickel and 6% in respect of gold; and (iv) Resource Income Fund LP, 0.5% in respect of nickel and 1.5% in respect of gold. These royalties are the only additional royalties to the ones described in the audited consolidated financial statements for the year ended December 31, 2015.

Operating Leases

As at June 30, 2016 the Corporation had outstanding operating lease commitments totalling $181, all of which had maturities less than three years.

21.CONTINGENT LIABILITY

On April 27, 2012 a statement of claim without specified damages was filed against VMS by W. Bruce Dunlop Limited regarding the Reed deposit. The Corporation views this claim to be completely without merit and is in the process of vigorously defending the claim. The outcome of this matter is not determinable and no provision has been recognized in the financial statements for this claim.

22.OTHER EXPENSES (INCOME), NET

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Royal Nickel Corporation				
Share of gain (loss) of associates (note 7)	**50**	(21)	**(140)**	(26)
Gain on dilution of associate (note 7)	**(3)**	-	**(83)**	**-**
Unrealized loss on derivative financial instruments	**-**	56	**-**	211
Gain on deemed disposition of associate (note 3)	**-**	-	**(71)**	-
Unrealized gain on other investment	**(20)**	-	**(40)**	-
Commodity put contract costs (note 19)	**210**	-	**210**	-
Salt Lake Mining Pty Ltd.				
Change in fair value – senior secured facility	**1,887**	-	**1,887**	-
Accretion – senior secured facility	**503**	-	**503**	-
Finance costs	**399**	-	**552**	-
VMS Ventures Inc.				
Accretion – contribution loan	**257**	-	**257**	-
Other				
Finance and other income	**(185)**	(56)	**(201)**	(59)
Foreign exchange loss (gain)	**146**	-	**(330)**	-
Gain on sale of property, plant and equipment	**(6)**	(58)	**(6)**	(58)
	3,238	(79)	**2,538**	68

23. SUPPLEMENTAL CASH FLOW INFORMATION

Other expense (income)

	Three Months ended June 30,		Six Months ended June 30,	
	2016	2015	**2016**	2015
Share of gain of associates	**50**	(21)	**(140)**	(26)
Gain on dilution of associate	**(3)**	-	**(83)**	-
Gain on deemed disposition of associate	**-**	-	**(71)**	-
Gain on sale of property, plant and equipment	**(6)**	(58)	**(6)**	(58)
Unrealized loss on derivative financial instrument	**-**	56	**-**	211
Accretion of asset retirement obligation	**5**	1	**6**	2
Unrealized gain on other investment	**(20)**	-	**(40)**	-
Accretion – long-term debt	**759**	-	**759**	-
Change in fair value – senior secured facility	**1,887**	-	**1,887**	-
	2,672	(22)	**2,312**	129

Other supplemental information

	Three Months ended June 30,		Six Months ended June 30,	
	2016	2015	**2016**	2015
Interest paid	**$478**	$5	**$615**	$7
Share-based payments in mineral property interests	**372**	157	**479**	266
Depreciation of property, plant and equipment in mineral property interests	**43**	47	**87**	93
Mineral property interests in accounts payable and accrued liabilities	**323**	201	**323**	201

24. SEGMENTED INFORMATION

The Corporation has exploration and evaluation activities in Canada and production activities in Canada and Australia. During 2016, the Corporation acquired the Beta Hunt mine in Australia and the Reed Mine in Canada and identified its reportable segments as defined below.

Three Months ended June 30, 2016	Dumont Canada	Beta Hunt Australia	West Raglan Canada	Reed Mine Canada	Corporate and other exploration Canada	Total
Revenue	$-	$4,455	$-	$6,611	$-	$11,066
Production and toll-processing costs	-	3,976	-	3,748	-	7,724
Royalty expense	-	384	-	-	-	384
Depreciation and amortization	-	690	-	1,182	-	1,872
General and administration	30	678	55	121	4,404	5,288
Operating income (loss)	(30)	(1,273)	(55)	1,560	(4,404)	(4,202)

Six Months ended June 30, 2016	Dumont Canada	Beta Hunt Australia	West Raglan Canada	Reed Mine Canada	Corporate and other exploration Canada	Total
Revenue	$-	$5,907	$-	$6,611	$-	$12,518
Production and toll-processing costs	-	4,986	-	3,748	-	8,734
Royalty expense	-	571	-	-	-	571
Depreciation and amortization	-	751	-	1,182	-	1,933
General and administration	85	862	107	121	6,439	7,614
Operating income (loss)	(85)	(1,263)	(107)	1,560	(6,439)	(6,334)
Property, plant and equipment	547	41,755	420	15,715	86	58,523
Mineral property interest	61,493	-	10,416	11,446	216	83,571
Total assets	62,040	52,892	10,836	38,677	2,328	166,773

Prior to 2016, the Corporation had one reportable segment.

25. SUBSEQUENT EVENTS

On July 21, 2016, the Corporation closed a non-brokered private placement financing and issued 3,274,000 flow-through shares of the Corporation at a price of $0.51 per flow-through share for gross proceeds of $1,670.