ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2017

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INTRODUCTION

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation and its subsidiaries ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three months ended March 31, 2017. This MD&A, dated May 15, 2017, is intended to supplement and complement the Corporation's unaudited condensed consolidated interim financial statements – prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements including IAS 34 Interim Financial statements – and related notes for the three months ended March 31, 2017 and should be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2016 and the Corporation's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities and available at www.sedar.com. Unless otherwise noted, all amounts presented are in thousand Canadian dollars.

DESCRIPTION OF BUSINESS

RNC is a mineral resource company primarily focused on the acquisition, responsible development and operation of a high-quality portfolio of base and precious metals assets. During 2016, the Corporation transitioned into a gold, nickel and copper producer. The Corporation's principal assets are a 100% interest in Salt Lake Mining Pty Ltd ("**Salt Lake Mining**" or "**SLM**"), which has 100% ownership of the Beta Hunt Mine ("**Beta Hunt**"), an effective 50% interest in the Dumont Nickel Project, strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec, an effective 68% holding in the Qiqavik and West Raglan exploration projects through its wholly owned subsidiary True North Nickel ("TNN") and a 100% interest in VMS Ventures Inc. ("**VMS Ventures**" or "**VMS**"), which has a 30% interest in the Reed Mine, located in Manitoba. In addition to these assets the Corporation holds certain other properties, as set out below under "*Mineral Exploration Properties*". The Corporation's common shares are traded on the Toronto Stock Exchange ("**TSX**") (TSX symbol RNX).

Salt Lake Mining

As a result of a series of transactions completed between February and May 2016 the Corporation acquired 100% of Salt Lake Mining, a private company whose main asset is a 100% interest in the Beta Hunt Mine, a nickel and gold producer located in the prolific Kambalda mining district of Australia. The Beta Hunt Mine is located 600 km east of Perth in Kambalda, Western Australia. SLM acquired the property in 2013 and succeeded in re-combining the nickel and gold rights. Nickel operations were re-started in 2014 and have operated continuously since then. Initial gold production occurred in June and July, 2014 and recommenced at the end of 2015. Due to the depressed nickel market Beta Hunt shifted its focus from a nickel to gold producer. Beta Hunt is still in the ramp-up phase and has not yet commenced commercial gold production.

Dumont Nickel Project

Since acquiring the Dumont Nickel Project in 2007, RNC has undertaken an exploration and evaluation program to evaluate and develop the mineral resources. In detailed evaluation of the Dumont Nickel Project, RNC has completed the following successive National Instrument 43-101 ("**NI 43-101**") technical reports:

- Preliminary Economic Assessment – September 3, 2010
- Pre-feasibility Study – December 16, 2011
- Revised Pre-feasibility Study – June 22, 2012
- Feasibility Study – July 25, 2013

These technical reports were supported by detailed exploration and evaluation work including over 171,000 metres of diamond drilling at regularly spaced sections in order to delineate the mineral resource, assess geotechnical properties of the rock and evaluate regional exploration targets on the Dumont property. In addition to the resource definition, several programs intended to characterize the deposit and its environment have been undertaken to support development studies. These include geological interpretation studies, deposit and geotechnical modeling, and sampling for metallurgical testing. Detailed laboratory scale metallurgical testing on representative samples from the Dumont Nickel Project has been undertaken leading to a standard flowsheet design and estimate of nickel recovery and concentrate quality.

The NI 43-101 compliant feasibility study technical report on the Dumont Nickel Project dated July 25, 2013 and uploaded October 24, 2013 is available on SEDAR at www.sedar.com.

On April 20, 2017, RNC closed a joint venture transaction with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively, "Waterton"). Under the terms of the transaction, Waterton has acquired a 50% interest in the Dumont Nickel Project. RNC and Waterton have formed a 50/50 nickel joint venture that will own and advance Dumont and seek to acquire high quality nickel assets globally.

VMS Ventures Inc.

On April 27, 2016, the Corporation acquired 100% of VMS Ventures. VMS is a private company whose main asset is a 30% interest in the Reed Mine, a low-cost copper producer located near Flin Flon, Manitoba. VMS also holds mineral properties including a 30% interest in ones adjacent to Reed Mine.

VMS announced the discovery of the Reed property in 2007, and signed a joint venture agreement with Hudbay Minerals Inc. in 2010 under which Hudbay became the 70% owner and operator of the Reed project and VMS retained a 30% participating interest. In December 2011, Hudbay approved the construction of the Reed Mine. The capital construction budget for Reed was CDN$72 million. Production at Reed commenced in September 2013 and the mine commenced commercial production on April 1, 2014.

FIRST QUARTER AND RECENT HIGHLIGHTS

- Gold material mined during the quarter was 1,133 tonnes per day, up 56% compared to the first quarter of 2016. Gold production rates have continued to increase during the second quarter of 2017 and have averaged 1,590 tonnes per day during the first two weeks of May 2017, up 40% versus Q1 production rates.

- Gold grades during the first quarter were adversely impacted by two one-time issues: (i) lower than anticipated grades from the initial portion of the first Western Flanks stope (approximately 1.5 – 1.8 g/t), which have subsequently improved in line with expectations of 2.5 g/t, and (ii) lower than expected grades from previously mined material in the A Zone which largely averaged between 2 and 2.5 g/t when it was mined during 2016, but declined to 1.5 g/t during the first quarter (a decision was made to cease mining that area in February 2017 and focus on new stope development). Since this material was previously blasted, grade estimates relied on sampling conducted at surface.

- During the second quarter of 2017, mine development reached sufficient levels for the first systematic development of a "HOF" type zone, the "404" Zone, in the Beta area of the Beta Hunt Mine. In April, the 404 Zone yielded 92 ounces of gold from less than 100 kg of hand-sorted material that was crushed and processed at the mine site (grade of approximately 2.9 percent gold) and a further 40 ounces of gold in specimen stone that were sold at a premium of in excess of US$300 per ounce to the spot price. This area continues to be mined during the current quarter.

- Beta Hunt first quarter 2017 nickel in concentrate production was 0.15 kt. As previously reported, nickel production was reduced due to depressed nickel prices and to focus efforts on gold production.

- Beta Hunt pre-commercial gold production was 5,535 ounces in the first quarter of 2017 and gold sales were 6,132 ounces. Commercial production of gold is expected to commence during the second quarter of 2017.

- For the first quarter of 2017, as gold grades and volumes were lower than expected, gold cash costs net of by-product credits were US$1,647 per ounce sold, and all-in sustaining costs net of by-product credits were US$1,685 per ounce sold. As production volumes ramp up and grades improve through the year, costs are expected to decline towards target levels.

- Reed Mine first quarter 2017 copper contained in concentrate was 1.9 million pounds (0.85 kt) (30% basis). Grades during the first quarter were lower than planned and, as a result, cash costs were higher than expected at US$2.06 per pound sold and all-in sustaining costs were US$2.10 per pound sold. Production and costs are expected to be in line with 2017 guidance for the balance of the year. The Corporation's share of gold in concentrate production for the first quarter of 2017 from the Reed Mine was 283 ounces.

- Combined operating loss from Beta Hunt and Reed Mine was $1.4 million for the three months ended March 31, 2017. Until commercial production is declared, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment.

- The Corporation incurred a net loss of $4.4 million ($0.02 per share) for the three months ended March 31, 2017, compared to a net loss of $1.6 million ($0.01 per share) for the same period in 2016, due largely to losses from derivative instruments due to increases in gold and copper prices relative to the Corporation's outstanding forward sales contracts.

- On February 13, 2017, the Corporation announced it had reached a toll processing agreement and asset purchase option with Westgold Resources Limited for its South Kalgoorlie Operation.

- On March 7, 2017, the Corporation announced that it had agreed with Focused Capital Corp. to spin out True North Nickel ("**TNN**") into a public entity via a reverse take-over of Focused. The Corporation also announced that TNN had entered into an option agreement with Carolina Gold Resources in respect of two U.S. gold properties, which will be included in the spun-out TNN assets. The transaction is expected to close during the second quarter of 2017.

- On April 20, 2017, the Corporation closed a transaction under which Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively "**Waterton**") acquired 50% of the Corporation's interest in the Dumont Nickel Project for US$22.5 million (C$30 million) in cash. The Corporation and Waterton contributed US$17.5 million (C$23 million) into a newly established joint venture vehicle that owns Dumont and will pursue other nickel opportunities.

- On May 2, 2017, the Corporation announced the signing of an Impact and Benefit Agreement (IBA) for the Dumont Nickel Project with Abitibiwinni First Nation (AFN). 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.

OPERATIONAL REVIEW

Beta Hunt Mine

In the first quarter of 2017, the Beta Hunt Mine focused on ramping up its gold production and mined 102 kt of gold mineralization containing 5.5 koz of gold. Due to depressed nickel prices, management curtailed the mining of nickel mineralisation in 2016 and mined only 6.8 kt containing 0.15 kt of nickel for the first quarter of 2017. As previously reported, the mine did not achieve its production objectives for 2016 and new management was put in place as of October 1, 2016 to focus on increasing the pace of mine development to allow access to sufficient mine headings and to allow target grade and throughput levels to be reached. Mine development improved during Q1 and this is expected to lead to increasing production levels for the balance of 2017. Gold C1 and all-in sustaining costs ("AISC") net of by-product credits of US$1,647 and AISC US$1,685 were higher than expectations for the period as unit costs are expected to decline as production increases. During the first quarter of 2017, run-of-mine ore grades were 1.72 g/t which combined with lower grade development ore resulted in average grade milled in Q1 of 1.62 g/t. Cash costs are expected to improve going forward as the mine achieves improved grades and throughput levels. Reference is made to the Non-IFRS Measures section of this MD&A.

Two toll milling campaigns were completed with 69.2 kt of gold mineralization containing 3.6 koz of gold being milled during the first quarter of 2017.

A total of 6.8 ktonnes of nickel mineralization were milled at the BHP Billinton Kambalda Mill during the first quarter of 2017, producing 0.15 ktonnes of nickel in concentrate.

Q1 2017 Production

Beta Hunt Gold and Nickel Operation

The following is a summary of the quarterly 2017 Production from Beta Hunt Mine:

Beta Hunt Gold and Nickel Operation	Q1 2017	Q1 2016[6]
Gold tonnes mined (000s)	102	66.2
Gold mined grade (g/t)[1]	1.69	2.41
Gold tonnes milled (000s)	69.2	43.1
Gold mill grade (g/t)[1]	1.62	2.65
Gold mined (ounces)[1,2]	5,535	5,636
Gold sales (ounces)	6,132	3,416
Nickel tonnes mined (000s)	6.8	29.4
Nickel tonnes milled (000s)	6.8	29.7
Nickel mill grade, nickel (%)	2.51	3.04
Nickel in concentrate tonnes (000s)	0.15	0.80

Beta Hunt Gold and Nickel Operation[7]	Q1 2017
Gold all-in sustaining cost, net of by-product credits (US$ per ounce sold)[3,4,5]	$1,685
Gold C1 cash operating cost, net of by-product credits (US$ per ounce sold)[3,4,5]	$1,647
Nickel C1 cash operating cost (US$ per lb. sold)[4]	$2.97
Nickel C1 cash operating cost (US$ per tonne sold)[4]	$6,541
Nickel all-in sustaining cost (AISC) (US$ per lb. sold)[4]	$3.00
Nickel all-in sustaining cost (AISC) (US$ per tonne sold)[4]	$6,618

1. The difference in gold sales ounces and gold mined ounces is due to the receipt of gold sales in January 2017 from ore milled in December 2016.
2. As of March 31, 2017, 33 kt of gold mineralization from Q1 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 22 kt of gold mineralization from December 2016 production as of December 31, 2016.
3. Gold operations in the first quarter of 2017 were in the ramp up stage towards commercial production and operating and sustaining costs per ounce are not comparable to other companies.
4. All-in sustaining cost, net of by-product credits, cash operating cost, net of by-product credits, cash operating cost, cash operating cost per tonne, all-in sustaining cost, and all-in sustaining cost per tonne 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 RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC'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.
5. Excluding in each case typical inventory adjustments of C$1.6 million as of March 31, 2017.
6. In the quarter ended March 31, 2016 the Beta Hunt Mine was 66% owned during the fifteen day period commencing March 16, 2016. The table is a summary of the Q1 Production from the Beta Hunt Mine reported on a 100% basis.

7. Reference is made to the Non-IFRS Measures section of this MD&A.

The first quarter of 2017 continued to be a period of transition for the Beta Hunt Mine as it ramped up gold production and prepared for commencement of commercial production expected during the second quarter of 2017. Until commercial production is declared, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment. As previously disclosed, the Beta Hunt production ramp-up was slower than expected due to temporary equipment availability issues and lower grades than expected from the initial portion of first Western Flanks mining stope resulting in lower than planned grades and lower than planned gold production in the first quarter of 2017. Subsequent to the end of the first quarter, grades from the first Western Flanks stope have shown significant improvement and development rates, mine output and grade all continue to improve and are expected to continue to improve quarter-over-quarter for the remainder of 2017.

VMS Ventures - Reed Copper Operation

Reed Mine

RNC's acquisition of 100% of VMS Ventures, whose main asset is a 30% interest in the Reed Mine, closed on April 27, 2016.

Reed Mine First Quarter 2017 Production

For the three months ending March 31, 2017, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 0.85 kt of copper and 283 oz of gold. Grades were lower than expected as lower grade production blocks came on plan slightly earlier than expected. Guidance for the full year remains unchanged.

Reed Mine 2016 Operating Review by quarter (100% basis)

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Ore (tonnes hoisted)	119,534	104,719	112,929	114,452	111,461
Ore (tonnes milled)	108,139	123,596	119,795	111,002	94,997
Copper (%)	2.96	2.90	3.59	4.87	4.38
Zinc (%)	0.67	0.63	0.59	0.45	0.82
Gold (g/t)	0.44	0.44	0.42	0.60	0.54
Silver (g/t)	5.64	5.76	6.61	7.47	7.21

Reed Mine 2016 Production and Costs (30% basis)

	Q1 2017
Copper contained in concentrate (kilo tonnes)	0.85
Gold contained in concentrate (ounces)	283
Copper cash operating cost per pound sold [1]	$2.06
Copper all-in sustaining cost per pound sold [1]	$2.10

1. Cash operating cost per pound, and all-in sustaining cost per pound, 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 RNC's performance, assess performance in this way. Management believes that these measures better reflect RNC'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.

Dumont Nickel Project

In the first three months of 2017, the Corporation continued its activities in support of the Dumont Nickel Project. The following were the major activities and accomplishments during the first quarter 2017:

- ***Roasting Tests:*** Samples of the Dumont calcine were sent to potential customers and testing was ongoing through early 2017.

- ***Dumont Project Engineering***: Work continued on a proposal to advance the engineering on the Dumont Project. RNC has begun preliminary trade-off studies in anticipation of completing an updated feasibility study for the project when market conditions are appropriate.

- ***Stakeholder Relations:*** On May 2, 2017, the Corporation announced the signing of an IBA for the Dumont Nickel Project with Abitibiwinni First Nation ("**AFN**"). 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.

On April 20, 2017, the Corporation closed a transaction under which Waterton acquired 50% of the Corporation's interest in the Dumont Nickel Project for US$22.5 million (C$30 million) in cash. The Corporation and Waterton contributed US$17.5 million (C$23 million) into a newly established joint venture vehicle that owns Dumont and will pursue other nickel opportunities. US$5 million of this amount is allocated to Dumont-related carrying costs and other expenses incurred over the next four years (expected to include the cost of an updated feasibility study).

Exploration Properties

Qiqavik Property

On March 2, 2016 the Corporation announced that its 68% owned TNN subsidiary had discovered a new high grade gold, silver, copper and zinc mineralized trend at its newly consolidated Qiqavik Project held by TNN in Northern Quebec. High grade gold mineralization was found during the 2015 exploration season with several grab samples ranging from 5 g/tonne up to 198 g/tonne over 15km of strike length, with several outcropping areas also containing high grade silver, copper and zinc, representing a potentially important new discovery in an underexplored volcano-sedimentary belt within the Cape Smith Belt.

On March 7, 2017, the Corporation announced that it had agreed with Focused to spin out TNN into a public entity via a reverse take-over of Focused. The Corporation also announced that TNN had entered into an option agreement with Carolina Gold Resources in respect of two U.S. gold properties, which will be included in the spun-out TNN assets. The transaction is expected to close during the second quarter of 2017.

West Raglan Property

On June 18, 2014, the Corporation announced that it had acquired an approximate 56% interest in TNN, a private company whose main asset is a 100% interest in the West Raglan nickel sulphide project located in Quebec. On July 29, 2014, a NI 43-101 compliant technical report for the West Raglan Project was filed under RNC's profile on SEDAR. The Corporation currently owns approximately 68% of TNN.

West Raglan is a mature nickel sulphide exploration project located in the centre of the Cape Smith Belt in northern Quebec, Canada. The Cape Smith Belt is home to prolific, high-grade nickel sulphide deposits, including two producing mines; Glencore's Raglan Mine and Jilin Jien Nickel's Nunavik Mine. Seven zones of

Ni-Cu-PGM sulphide mineralization have been found to date on the 400-square-kilometre West Raglan property.

Minor mapping and target definition exploration work was completed concurrently with the Qiqavik Program in July and August 2016.

As at the date of this MD&A, West Raglan is considered to have longer term potential.

VMS Properties

VMS exploration properties consist of the Reed Exploration JV with Hudbay on the claims surrounding the Reed Mine, and of several wholly owned, optioned or joint ventured mineral claim properties in Manitoba. No significant work was completed by the Corporation on the VMS properties during 2016. VMS exploration properties are currently being evaluated for alignment with the Corporation's strategic objectives.

The disclosure in this MD&A of all Technical Information has been approved by Alger St-Jean, P.Geo., Vice President Exploration of the Corporation and Johnna Muinonen, P.Eng., Vice President Operations of the Corporation, both Qualified Persons under NI 43-101.

Outlook

The outlook and financial targets only relate to fiscal 2017. 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 March 31, 2017. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. For additional information on forward-looking information, refer to "Forward-Looking Information" in this MD&A. We may update our outlook depending on changes in metals prices and other factors.

Beta Hunt Mine 2017 Guidance

Due to slower than anticipated ramp-up in the first quarter, full year 2017 gold production is now expected to be 50-60,000 ounces at an all-in-sustaining-cost of US$1,100-1,200 per ounce. During 2017, it is expected that costs will initially be higher and then decrease as production levels rise. Target all-in-sustaining cost levels of US$900-1,000 are expected to be achieved by the fourth quarter of 2017. Costs will also be affected by the level of nickel production which continues to be subject to market conditions.

Cautionary Statement: The decision to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, 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 PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Reed Mine 2017 Guidance

Hudbay has not provided production guidance for the Reed Mine. The following information is RNC's management estimate of production and costs. In 2017, RNC expects its 30% share of production from the Reed Mine to be 4-5 kt of copper and 0.8-1.1 koz of gold.

Dumont Nickel Project

The Corporation continues to explore all financing and partnership opportunities to allow Dumont to advance to construction when market conditions permit. As described above, the Corporation recently announced that it had closed a transaction under which Waterton has acquired 50% of the Corporation's interest in Dumont for US$22.5 million (CDN$30 million). The Corporation and Waterton each have injected US$17.5 million (CDN$23 million) into a newly established joint venture vehicle owned 50/50 by the Corporation and Waterton that owns 100% of Dumont and has $US 35 million in cash and cash commitments to continue to advance Dumont and pursue other nickel opportunities. US$5 million of this amount will be allocated to Dumont-related carrying costs and other expenses to be incurred over the next four years (expected to include the cost of an updated feasibility study).

TNN

The Corporation continues to analyze geological geophysical data generated by the successful 2016 exploration program at its 68%-owned (through TNN) Qiqavik gold project to assist in preparation for follow-up drilling of the Aurora and Esperance discoveries and further regional exploration on the Qiqavik Property. As described above, the Corporation recently announced that it had agreed to spin out TNN, including the two U.S. gold properties that are the subject of a recently-announced option agreement with Carolina Gold Resources, into a separately listed public entity.

The Corporation will continue to investigate acquisition opportunities of highly prospective assets, preferably cash-producing, to grow the business in base and platinum group metals. The Corporation will focus on jurisdictions where it believes the risk is manageable. RNC believes it can successfully implement its corporate strategy because of its unique strengths, depth of management experience and well-developed relationships in the minerals industry.

RESULTS OF OPERATIONS

Three months ended March 31, 2017, compared with three months ended March 31, 2016

The Corporation's net loss totalled $4.4 million for the three months ended March 31, 2017 (with basic and diluted loss per share of $0.02). This compares with a net loss of $1.6 million (with basic and diluted earnings per share of $0.01) for the three months ended March 31, 2016. The net loss increase of $2.8 million is due primarily to an increase of other expenses totalling $2.4 million year over year. Partially offsetting was a reduction of general and administrative expenses of $0.5 million.

The decrease in general and administrative expenses ($0.5 million) is due primarily to acquisition costs during the first three months of 2016 of $0.6 million in respect of the SLM acquisition.

The increase in other expenses ($2.4 million) is primarily due to losses from re-measurement of derivative instruments to fair value. As gold and copper market prices have risen compared to the derivative contract prices, the Corporation recorded a loss of $1.4 million during the first three months of 2017. The Corporation also recorded a $1.0 million loss of the partial settlement of its deferred revenue arrangement with Auramet.

SUMMARY OF QUARTERLY RESULTS

Summary of Quarterly Results
(expressed in thousands of dollars except per share amounts)

	2017	2016				2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$7,124**	$9,423	$10,740	$11,066	$1,452	$-	$-	$-
Loss attributable to RNC shareholders	**$(4,422)**	$(16,549)	$(4,789)	$(5,827)	$(1,696)	$(2,531)	$(1,326)	$(1,214)
Basic and diluted loss per share attributable to RNC shareholders	**$(0.02)**	$(0.07)	$(0.02)	$(0.03)	$(0.01)	$(0.02)	$(0.01)	$(0.01)

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 interests write-offs had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses. It is likely that the Corporation's quarterly results will continue to fluctuate during SLM's ramp-up period and during the early stages of commercial production. Changes in the fair value of the derivatives are recorded in the consolidated statements of 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 dollars as well as its revenues being denominated in US dollars.

For the reasons discussed above, the loss for the first quarter of 2017 of $4.4 million is higher than loss during first quarter of 2016 level of $1.7 million by $2.7 million. The Corporation acquired SLM near the end of the first quarter of 2016 and it acquired VMS during the second quarter of 2016. Therefore, there is variability in the quarterly results as the Corporation progressively transitioned to a producing mining company over the course of 2016. As the Corporation's 2017 results reflect the acquisitions of both SLM and VMS, sales of $7.1 million during the first three months of 2017 are higher than the sales of the first three months of 2016.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31,	
Sources and Uses of Cash (in thousands of dollars)	**2017**	2016
Cash used in operations prior to changes in working capital	**$(472)**	$(1,927)
Changes in non-cash working capital	**10,301**	1
Cash provided by operating activities	**9,829**	(1,926)
Cash used in investing activities	**(11,122)**	(532)
Cash provided by (used in) financing activities	**3**	(6)
Change in cash and cash equivalents	**$(1,290)**	$(2,464)

Operating Activities
For the three months ended March 31, 2017, cash used by operating activities, prior to changes in non-cash working capital, of $0.5 million was less than 2016 by $1.5 million. Although net losses were substantially higher in 2017, most of the 2017 loss related to non-cash movements of depreciation ($2.6 million) and derivatives ($3.3) million. For the three months ended March 31, 2017, cash provided by operations activities, including working capital, totaled $9.8 million compared with cash used by operations of $1.9 million in 2016, an $11.8 million variance. Working capital changes provided cash of $10.3 million in 2017 compared with nil in the first three months of 2016. The working capital movement for the three months ended March 31, 2017 is mostly related to fair value changes of derivative instruments ($3.2 million) and an increase in trade and other payables at SLM.

Investing Activities
For the three months ended March 31, 2017, total cash used by investing activities was $11.1 million compared with $0.5 million in the same period of 2016, a $10.6 million variance. The higher activity in investing activities relates to the Corporation's transition to an operating company as a result of its 2016 business acquisitions. In 2017, additions to property, plant and equipment totalled $10.6 million (2016-$0.5 million). The expenditures mostly related to SLM for the Beta Hunt Mine which is in pre-commercial development and therefore incurring higher levels of spending. As the Beta Hunt gold operation is in pre-commercial production, net costs excluding depreciation totalling $5.2 million were capitalized to property, plant and equipment (see note 5 to the unaudited condensed consolidated interim financial statements).

Financing Activities
For the three months ended March 31, 2017, cash provided by financing activities of $nil was in line with the prior year. Cash provided from the issuance of debt totalling $1.0 million was mostly offset by cash payments under loans and capital leases.

As a result of the foregoing activities, for the three months ended March 31, 2017, the net cash used in operating, investing and financing activities was $1.3 million compared with $2.5 million during the same period of 2016.

Liquidity and Capital Resources

(in thousands of dollars)	**March 31, 2017**	December 31, 2016
Cash and cash equivalents	**$3,555**	$4,845
Working capital deficit[1]	**$(41,557)**	$(26,243)
Mineral property interests	**$73,773**	$72,886
Total assets	**$161,884**	$159,292
Shareholders' equity	**$84,035**	$87,869

1. Working capital deficit is a measure of current assets (Including cash and cash equivalents) less current liabilities.

In 2016, the Corporation issued debt, secured advance sales arrangements and working capital financing facilities to finance the VMS and SLM business activities and repay the existing debt arrangements. Reference is made to notes 5, 10 and 11 for a description of the working capital financing, long debt paid and refinanced and deferred revenue arrangements. During the first three months of 2017, an additional US$2.5 million (CAD$3.4 million) was drawn under the Senior Copper Loan facility.

The Corporation's future financing efforts may be affected by several factors including, but not limited to, general economic conditions and volatility in the capital markets.

As at March 31, 2017, the Corporation had a working capital deficit of $41.6 million compared to a $26.2 million deficit as at December 31, 2016. The increase in working capital deficit of $15.3 million primarily reflects the ongoing activities at SLM to achieve commercial level of gold production. Furthermore, due to the above noted change in gold and copper prices, the Corporation's working capital deficit related to derivative instruments increased by $3.2 million.

As at March 31, 2017 the Corporation had cash and cash equivalents of $3.5 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, meet obligations to cover the ramp up of Beta Hunt gold mining to commercial production levels, Beta Hunt mine development and general and administrative expenses for the ensuing twelve months. Until such time that financing becomes available on acceptable terms, the Corporation has taken action to limit the ongoing exploration and evaluation work and reduce its operating costs. Accordingly, these conditions indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. The Corporation's ability to continue future operations and fund its exploration, evaluation, development and acquisition activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available on terms which are acceptable to the Corporation.

The Corporation's financial instruments credit risk is minimal as, in accordance with the Corporation's investment policy, excess cash is principally invested in high interest savings accounts at major Canadian and Australian banks.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Corporation does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

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 make disclosure in respect of any such opportunity if and when required under applicable securities rules.

EVENT SUBSEQUENT TO MARCH 31, 2017

On April 20, 2017, the Corporation closed a transaction under which Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Onshore Master, LP (collectively “Waterton”) acquired 50% of the Corporation’s interest in the Dumont Nickel Project for US$22.5 million ($30.3 million) in cash. The Corporation and Waterton contributed US$17.5 million ($23.6 million) into a newly established joint venture vehicle that owns Dumont and will pursue other nickel opportunities.

OUTSTANDING SHARE DATA

As at May 15, 2017, the Corporation had 276,349,960 common shares issued and outstanding.

As at May 15, 2017, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	27,921,185	$0.41
Warrants	17,198,386	$0.49
Compensation warrants	1,451,8005	$0.41

As at May 15, 2017, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, in cash or common shares:

	Number of Securities
Deferred share units	1,097,343
Restricted share units	3,404,299

Under the agreement dated March 8, 2007, pursuant to which Royal Nickel acquired a 100% interest in the Marbaw Mineral Claims, the Corporation is required to issue 7,000,000 common shares in RNC to Marbaw upon the property being placed into commercial production or upon transfer (including through a merger, consolidation or asset purchase) of the property to a third party.

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 unaudited condensed consolidated interim 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, 2016.

There were no changes to the accounting policies applied by the Corporation to its 2017 quarterly unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the consolidated financial statements for the year ended December 31, 2016.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("**DCP**") including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. The CEO and the CFO are also responsible for the design of internal controls over financial reporting ("**ICFR**"). The CEO and CFO evaluated whether there were changes to the ICFR during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to affect, the ICFR. The CEO and CFO concluded there were no material changes to the ICFR during the three months ended March 31, 2017.

RISK FACTORS

The Corporation is subject to a number of risks and uncertainties. The risk factors are discussed in the Corporation's most recent Annual Information Form on file with Canadian provincial regulatory authorities, available at www.sedar.com.

NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per tonne, cash operating cost per ounce, gold cash cost per ounce after by-product credits, all-in sustaining cost, adjusted loss and adjusted EBITDA 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 2016, the Corporation commenced transitioning from the exploration and evaluation stage into a nickel, copper and gold producer. During 2016, the Corporation acquired the Beta Hunt Mine and commenced reporting its nickel and gold production and acquired the Reed Lake Mine and commenced reporting its copper production. The Beta Hunt Mine is also transitioning from a nickel producer to a gold and nickel producer. As a result, the 2017 results will not be directly comparable to the prior or future years.

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

Cash Operating Cost

The Corporation uses this measure internally to evaluate the underlying operating performance of the Corporation. Management believes that providing cash operating cost allows the ability to better evaluate the results of the underlying Beta Hunt and Reed Mine businesses of the Corporation.

	Three Months Ended March 31 2017
Nickel (in thousands of dollars except per tonne or per lb.)	
Tonnes of nickel mineralization processed	6,837
Production and toll-processing costs (including general and administrative related to production)	$666
Royalty expense	230
Operating costs (related to tonnes processed) (CDN$)	$896
Average exchange rate (CDN$1 – US$)	0.75
Cash operating cost (US$)	$674
Cash operating cost (per tonne processed) (US$)	$99
Tonnes of nickel sold (payable)	103
Cash operating cost (US$)	$674
Cash operating cost (per tonne sold) (US$)	$6,541
Cash operating cost (per lb. sold) (US$)	$2.97

	Three Months Ended March 31, 2017
Gold (in thousands of dollars except per tonne or per ounce)	
Tonnes of gold mineralization processed	114,330
Production and toll-processing costs (including general and administrative related to production)[1]	$12,213
Royalty expense	1,323
Operating costs (related to tonnes processed) (CDN$)	$13,536
Average exchange rate (CDN$1 – US$)	0.75
Cash operating cost (US$)	$10,178
Cash operating cost (per tonne processed)	$89
Ounces of gold sold (payable)	6,132
Cash operating cost (US$)	$10,178
Cash operating cost (per ounce sold)	$1,660

1. Production and toll-processing costs for the three months ended March 31, 2017 excludes typical inventory adjustments of $1,598 as of March 31, 2017.

Gold cash cost per ounce after by-product credits

Although gold production has not yet reached commercial production, if gold revenue (presently capitalized together with gold costs) were treated as revenue, it would be the largest component of revenue. The Corporation computes gold cash costs per ounce after by-product credits by combining cash costs of both gold and nickel production to determine cash cost before by-product credits, then deducting nickel revenue from those costs.

	Three Months Ended March 31, 2017
Gold cash cost per ounce after by-product credits (in thousands of dollars except per tonne or per ounce)	
Tonnes of gold mineralization processed	114,330
Cash cost, before by-product credits	
Production and toll-processing costs (including general and administrative related to production)[1]	$12,879
Royalty expense	1,553
Cash cost, before by-product credits (related to tonnes processed) (CDN$)	$14,432
Total by-product credits, net of pre-production credits	$1,002
Cash cost, after by-product credits (related to tonnes processed) (CDN$)	$13,430
Average exchange rate (CDN$1 – US$)	0.75
Cash cost, after by-product credits (US$)	$10,099
Cash cost, after by-product credits (per tonne processed)	$88
Ounces of gold sold (payable)	6,132
Cash cost, after by-product credits (US$)	$10,099
Cash operating cost, after by-product credits (per ounce sold)	$1,647

[1] Production and toll-processing costs for the three months ended March 31, 2017 excludes typical inventory adjustments of $1,598 as of March 31, 2017.

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus corporate general and administrative costs ("G&A") plus sustainable capital expenditures.

	Three Months Ended March 31, 2017
Nickel (in thousands of dollars except per tonne or per lb.)	
Tonnes of nickel sold (payable)	103
Cash operating cost (US$)	$674
General and administration – corporate (US$)	8
Sustaining capital expenditures (US$)	-
All-in sustaining cost (US$)	$682
All-in sustaining cost (per tonne sold) (US$)	$6,618
All-in sustaining cost (per lb sold) (US$)	$3.00
Gold (in thousands of dollars except per tonne or per ounce)	
Ounces of gold sold	6,132
Cash operating cost (US$)	$10,178
General and administration – corporate (US$)	59
Sustaining capital expenditures (US$)	165
All-in sustaining cost (US$)	$10,403
All-in sustaining cost (per ounce sold) (US$)	$1,697

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost net of by-product credits plus G&A plus sustainable capital expenditures.

Gold (in thousands of dollars except per tonne or per ounce)	Three Months Ended March 31, 2017
Ounces of gold sold	6,132
Cash operating cost net of by-product credits (US$)	$10,099
General and administration – corporate (US$)	67
Sustaining capital expenditures (US$)	165
All-in sustaining cost net of by-product credits (US$)	$10,331
All-in sustaining cost net of by-product credits (per ounce sold) (US$)	$1,685

The Corporation's Reed Mine operation (30% interest) relates to the extraction of copper metal, for which cash operating costs are disclosed below:

	Three Months ended March 31, 2017
Copper (thousands of dollars except per tonne or per lb.)	
Tonnes of copper ore processed	35,861
Mining costs	$2,874
Transport	368
Milling costs	2,197
General and administration related to production	201
Operating costs, before by-product credits (CDN$)	$5,640
By-product credits	(738)
Operating costs, net of by-product credits (CDN$)	$4,902
Average exchange rate (CDN$1 – US$)	0.75
Cash operating cost (US$)	$3,706
Cash operating cost (per tonne processed) (US$)	$103
Tonnes of copper sold (payable)	816
Cash operating cost (US$)	$3,706
Cash operating cost (per tonne sold) (US$)	$4,542
Cash operating cost (per lb. sold) (US$)	$2.06

All-in Sustaining Cost

All-in sustaining cost represents cash operating cost plus corporate G&A plus sustainable capital expenditures

	Three Months Ended March 31, 2017
Copper (in thousands of dollars except per tonne or per lb.)	
Tonnes of copper sold (payable)	816
Cash operating cost (US$)	$3,706
General and administration – corporate (US$)	28
Sustaining capital expenditures (US$)	38
All-in sustaining cost (US$)	$3,772
All-in sustaining cost (per tonne sold) (US$)	$4,622
All-in sustaining cost (per lb sold) (US$)	$2.10

Adjusted Loss for the Period

Management believes that Adjusted Loss for the Period is an important indicator of operating results across the Corporation and uses the measure to assess financial performance.

Adjusted Loss for the Period is the sum of loss for the period reported in RNC's unaudited condensed consolidated interim financial statements and the gold profit or loss capitalized to Property, Plant and Equipment as well as other items such as acquisition costs and the impacts of foreign exchange translation. This measure reflects the loss for the period as if Beta Hunt had reached commercial gold production.

	Three Months Ended March 31,	
(in thousands of dollars)	**2017**	2016
Loss for the period – as reported	**$(4,422)**	$(1,605)
Net loss from gold operations capitalized	**(9,652)**	-
Acquisition costs	**-**	613
Foreign exchange gain	**(578)**	(476)
Adjusted Loss for the Period	**$(14,652)**	$(1,468)
Weighted average number of shares	**276,215,123**	137,051,542
Adjusted Loss per share	**$(0.05)**	$(0.01)

Adjusted EBITDA and Adjusted EBITDA per share

Management believes that EBITDA and Adjusted EBITDA 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 financing activities, depreciation and amortization, and taxes, 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 loss and comprehensive loss: deferred income tax expense (recovery); other expense (income), net; depreciation and amortization; one time costs (acquisition costs); and share-based payments and includes depreciation and amortization on gold property plant and equipment and pre-commercial gold cost of sales net of gold revenue.

	Three months ended March 31,	
(in thousands of dollars)	**2017**	2016
Loss for the period	**$(4,422)**	$(1,605)
Deferred income tax expense (recovery)	**(462)**	173
Other expenses (income), net	**1,722**	(700)
Non-cash share-based payments	**394**	231
Depreciation and amortization	**2,612**	61
EBITDA	**(156)**	(1,840)
Pre-commercial (gold cost of sales in excess of gold revenue) gold revenue in excess of cost of sales	**(9,652)**	-
Depreciation and amortization on gold property, plant and equipment	**4,488**	-
Acquisition costs	**-**	613
Adjusted EBITDA	**(5,320)**	(1,227)
Weighted average number of common shares	**276,215,123**	137,051,542
Adjusted EBITDA per share	**$(0.02)**	$(0.01)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” which may include, but is not limited to, statements relating to the liquidity and capital resources of RNC, production and cost guidance, the potential of the Beta Hunt and Reed mines, and the potential of Dumont, West Raglan and Qiqavik projects, successfully obtaining project financing, successfully obtaining permitting, the future financial or operating performance of the Corporation and its projects, the future price of and supply and demand for metals, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration as well as the potential of exploration 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; 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 most recent Annual Information Form. 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 RNC’s expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed timeframes; 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 progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The use of the term “bankable” in this MD&A should not be construed as an indication that RNC has arranged or will be able to arrange project financing.

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

This MD&A uses the terms "measured" and "indicated" mineral resources and "inferred" 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 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.