ROYAL NICKEL CORPORATION
(Doing Business as RNC Minerals)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2017 and 2016
(unaudited)

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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 consolidated 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 condensed consolidated 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 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 condensed consolidated interim 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	/s/ Tim Hollaar
Mark Selby President and Chief Executive Officer	Tim Hollaar Chief Financial Officer

Toronto, Canada

May 15, 2017

Royal Nickel Corporation

Consolidated Interim Balance Sheets

(Expressed in thousands of Canadian dollars)
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	**$3,555**	$4,845
Amounts receivable and prepaid expenses (note 3)	**2,441**	5,463
Tax credits receivable	**-**	106
Inventories (note 4)	**3,991**	5,422
Derivative financial assets (note 9)	**80**	2,195
	10,067	18,031
Non-current assets		
Investment in associate	**1,661**	1,666
Other investment	**140**	130
Deposits and prepaid expenses	**24**	24
Tax credits receivable	**182**	126
Property, plant and equipment (note 5)	**75,991**	65,969
Intangible assets	**46**	50
Mineral property interests (note 6)	**73,773**	72,886
Derivative financial assets (note 9)	**-**	410
Total assets	**$161,884**	$159,292
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$23,096**	$16,878
Share incentive plans	**1,889**	1,706
Current portion of long-term debt (note 7)	**3,268**	2,991
Deferred revenue (note 8)	**21,116**	20,951
Finance leases	**842**	1,383
Derivative financial liability (note 9)	**1,413**	365
	51,624	44,274
Non-current liabilities		
Share appreciation rights	**124**	108
Deferred revenue (note 8)	**10,421**	11,731
Asset retirement obligation	**1,240**	1,223
Deferred income tax liability	**12,616**	12,869
Derivative financial liability (note 9)	**482**	571
Long-term debt (note 7)	**448**	-
Finance leases	**294**	-
Other non-current liabilities and provisions	**600**	647
Total liabilities	**77,849**	71,423
EQUITY		
Share capital	**157,937**	157,919
Contributed surplus	**27,683**	27,525
Accumulated other comprehensive income	**499**	87
Deficit	**(105,987)**	(101,565)
Equity attributable to RNC shareholders	**80,132**	83,966
Non-controlling interests	**3,903**	3,903
Total equity	**84,035**	87,869
Total liabilities and equity	**$161,884**	$159,292

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

Going concern (note 1)
Subsequent events (note 16)

Royal Nickel Corporation

Consolidated Interim Statement of Loss and Comprehensive Loss

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

	Three Months ended March 31,	
	2017	2016
Revenue	**$7,124**	**$1,452**
Cost of Operations		
Production and toll-processing costs	**5,568**	**1,010**
Royalty expense	**230**	**187**
General and administrative (note 10)	**1,876**	**2,326**
Depreciation and amortization	**2,612**	**61**
Operating Loss	**3,162**	**2,132**
Other expenses (income), net (note 13)	**1,722**	**(700)**
Loss before income tax	**4,884**	**1,432**
Deferred income tax expense (recovery)	**(462)**	173
Loss for the period	**4,422**	**1,605**
Attributable to:		
RNC shareholders	*4,422*	*1,696*
Non-controlling interests	*-*	*(91)*
Other comprehensive loss for the period		
Currency translation adjustments	412	-
Comprehensive loss for the period	**4,834**	**1,605**
Attributable to:		
RNC shareholders	*4,834*	*1,696*
Non-controlling interests	*-*	*(91)*
Loss per share attributable to RNC shareholders Basic and diluted (note 11)	**$0.02**	**$0.01**

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

Royal Nickel Corporation

Consolidated Interim Statement of Cash Flows

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31 31,	
	2017	2016
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	**$(4,422)**	$(1,605)
Excess of deferred revenues received over amounts earned	**(981)**	-
Items not involving cash:		
Depreciation and amortization	**2,612**	72
Deferred income tax	**(462)**	173
Share in profit of associate	**5**	(190)
Gain on dilution of associate	**-**	(80)
Gain on deemed disposition of associate	**-**	(71)
Unrealized gain on other investment	**(10)**	(20)
Change in derivative instruments	**3,401**	-
Accretion of long-term debt	**143**	-
Accretion of asset retirement obligation	**2**	1
Shares issued for consulting services	**15**	38
Share-based payments	**394**	231
Foreign exchange gain	**(1,169)**	(476)
	(472)	(1,927)
Changes in non-cash working capital		
Amounts receivable and prepaid expenses	**3,022**	2,492
Inventories	**1,431**	(3,254)
Accounts payable and accrued liabilities	**5,848**	763
	9,829	(1,926)
INVESTING ACTIVITIES		
Expenditures on mineral property interests	**(551)**	(1,635)
Acquisition of property, plant and equipment	**(10,571)**	(504)
Cash acquired on acquisition of SLM	**-**	4,232
Investment in SLM	**-**	(2,500)
Investment in associate	**-**	(125)
	(11,122)	(532)
FINANCING ACTIVITIES		
Issuance of long-term debt	**968**	-
Repayments of long-term debt	**(369)**	-
Exercise of options and warrants	**3**	-
Principal payments on finance leases	**(599)**	(6)
	3	(6)
Change in cash and cash equivalents	**(1,290)**	(2,464)
Cash and cash equivalents, beginning of period	**4,845**	9,634
Cash and cash equivalents, end of period	**3,555**	7,170
Components of cash and cash equivalents:		
Cash	**418**	1,211
Cash equivalents	**3,137**	5,959
	$3,555	$7,170

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

Royal Nickel Corporation

Consolidated Interim Statement of Changes in Equity

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

	Share Capital							
	Number	Amount	Contributed Surplus	Accumulated Other Comprehensive income	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
Balance as at January 1, 2017	**276,161,507**	**$157,919**	**$27,525**	**$87**	**$(101,565)**	**$83,966**	**$3,903**	**$87,869**
Shares issued for consulting services	54,545	15	-	-	-	15	-	15
Exercise of stock options	20,000	3	-	-	-	3	-	3
Share-based payments	-	-	158	-	-	158	-	158
Loss for the period	-	-	-	-	(4,422)	(4,422)	-	(4,422)
Other comprehensive loss				412	-	412	-	412
Balance as at March 31, 2017	**276,236,052**	157,937	27,683	**499**	(105,987)	**80,132**	**3,903**	84,035

	Share Capital						
	Number	Amount	Contributed Surplus	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	219,130	38	-	-	38	-	38
Acquisition of SLM – common shares and non-controlling interests	31,937,831	6,387	-	-	6,387	4,676	11,063
Share-based payments	-	-	73	-	73	-	73
Loss and comprehensive loss for the period	-	-	-	(1,696)	(1,696)	91	(1,605)
Balance as at March 31, 2016	**163,482,902**	**$119,476**	**$24,891**	**$(74,400)**	**$69,967**	**$7,880**	**$77,847**

The accompanying notes are an integral part of these consolidated 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**", "**RNC**", or "**RNC Minerals**") was incorporated on December 13, 2006, under the Canada Business Corporations Act. The Corporation's registered office is located at 357 Bay Street, Suite 800 Toronto, Ontario, Canada M5H 2T7.

The unaudited condensed consolidated interim financial statements of the Corporation as at and for the period ended March 31, 2017, are comprised of RNC, its subsidiaries True North Nickel Inc. ("**TNN**"), Salt Lake 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 focused 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 current mining operations or 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 March 31, 2017, the Corporation had negative working capital of $41,557, an accumulated deficit of $105,987 and incurred a loss of $4,422 for the period then ended. Working capital included cash and cash equivalents of $3,555. 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 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.

The Corporation's ability to continue future operations and fund its operations and successfully operate its Beta Hunt Mine (SLM) and VMS' interest in the Reed Mine is dependent on management's ability to successfully ramp up its Beta Hunt Mine gold production and 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. Reference is made to Note 16 regarding a transaction which will provide additional funding to the Corporation.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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, 2016.

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 May 15, 2017.

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.

3. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

Amounts receivable consist of the following:

	March 31, 2017	December 31,2016
Trade accounts receivable	**$1,086**	$3,596
Deposits	**85**	73
Prepaid expenses	**931**	1,169
Commodity taxes	**174**	519
Other	**165**	106
	$2,441	$5,463

Trade accounts receivable represents the provisional value of SLM nickel in ore shipped for milling, for which the significant risks and rewards have transferred to a third party.

4. INVENTORIES

Inventories consist of the following:

	March 31, 2017	December 31,2016
Gold ore and gold in process	**$3,737**	$5,014
Supplies	**222**	365
Fuel	**32**	43
	$3,991	$5,422

5. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Vehicles	Camp, Furniture and equipment	Beta Hunt mine - Gold	Beta Hunt mine - Nickel	Reed mine	Under-ground Equip-ment	Mine Buildings	Total
Three months ended March 31, 2017									
Opening net book amount	**$525**	**$464**	**$909**	**$35,683**	**$7,202**	**$16,112**	**$5,021**	**$53**	**$65,969**
Pre-commercial gold cost of sales, net of gold revenue	-	-	-	9,652	-	-	-	-	**9,652**
Additions	352	-	61	-	12	-	179	-	**604**
Additions - mine development	-	-	-	4,973	-	-	-	-	**4,973**
Dispositions	(484)	-	-	-	-	-	-	-	**(484)**
Foreign exchange	-	15	22	1,816	352	-	229	2	**2,446**
Depreciation for the period	(13)	(18)	(79)	(4,231)	(177)	(2,425)	(214)	(2)	**(7,169)**
Closing net book amount	**380**	**461**	**913**	**47,893**	**7,389**	**13,687**	**5,215**	**53**	**75,991**
At March 31, 2017									
Cost	686	621	1,839	57,937	7,623	22,040	5,788	64	**96,598**
Accumulated depreciation	(306)	(168)	(936)	(11,441)	(314)	(8,353)	(737)	(12)	**(22,267)**
Foreign exchange	-	8	10	1,397	80	-	164	1	**1,660**
Net book amount	**380**	**461**	**913**	**47,893**	**7,389**	**13,687**	**5,215**	**53**	**75,991**
At December 31, 2016									
Cost	$818	$621	$1,778	$43,312	$7,657	$22,040	$5,608	$65	**$81,899**
Accumulated depreciation	(293)	(150)	(857)	(7,210)	(264)	(5,928)	(522)	(10)	**(15,234)**
Foreign exchange	-	(7)	(12)	(419)	(191)	-	(65)	(2)	**(696)**
Net book amount	**$525**	**$464**	**$909**	**$35,683**	**$7,202**	**$16,112**	**$5,021**	**$53**	**$65,969**

The carrying value of property, plant and equipment held under finance leases at March 31, 2017 was $1,137 (December 31, 2016: $1,383).

Beta Hunt mine capitalized pre-commercial gold cost of sales, net of gold revenue is comprised of the following:

	Three months ended March 31, 2017
Opening balance	**$17,006**
Revenue	**9,970**
Production and toll-processing costs	**(13,811)**
Royalty expense	**(1,323)**
Depreciation and amortization	**(4,488)**
Movement during the first three months	**9,652**
Closing balance	**$26,658**

6. MINERAL PROPERTY INTERESTS

Exploration and evaluation expenses	Dumont (a)	West Raglan (b)	Qiqavik (c)	VMS Properties (d)	Total
Balance as at December 31, 2016	**$58,000**	**$10,486**	**$2,477**	**1,923**	**$72,886**
Property acquisition and maintenance	32	2	30	-	64
Depreciation	13	35	-	-	48
Engineering and technical support	258	-	-	-	258
Exploration	111	7	178	-	296
Environmental, community and permitting	83	-	13	-	96
Share-based payments	111	-	-	-	111
Tax credits, net	64	-	(50)	-	14
Balance as at March 31, 2017	**$58,672**	**$10,530**	**$2,648**	**$1,923**	**$73,773**

On March 22, 2017, the Corporation announced a transaction to sell 50% of its Dumont Nickel Project with other related assets for US$22,500 million representing an equivalent of US$45,000 for the mineral property ($60,000). An impairment charge of $5,042 was taken in 2016 to reduce the carrying value of the asset to $58,000. Reference is made to note 9 of the 2016 annual consolidated financial statements.

7. LONG-TERM DEBT

Long-term debt is comprised of the following:

	YA II PN Note Agreement (i)	IQ Loan (ii)	Dion Mortgage Loan (iii)	Total
Opening balance	$ 2,991	$ -	$ -	$ 2,991
Additions	-	468	500	968
Repayments	(363)	-	(6)	(369)
Accretion expense	143	-	-	143
Change due to foreign exchange translation	(17)	-	-	(17)
	2,754	468	494	3,716
Less current portion	**2,754**	**20**	**494**	**3,268**
Non-current portion	**$ -**	**$ 448**	**$ -**	**$ 448**

(i) YA II PN Note Agreement

On November 14, 2016, the Corporation contracted an unsecured note payable with YA II PN, Ltd. The note terminates on November 17, 2017. The proceeds of the loan are used for general working capital purposes. The agreement represents a commitment up to US$10,000 ($13,299) of which US$2,500 ($3,369) was drawn during the fourth quarter of 2016. As per above, the carrying value of the loan was $2,754 as at March 31,2017. Reference is made to Note 12.

(ii) IQ Loan

On January 25, 2017, the Corporation borrowed $468 from Investissement Quebec ("IQ") with the following terms: (i) the Corporation is required to repay the loan by making 60 monthly principal re-payments in the amount of $10,000 each starting in February 2018; (ii) the loan expires in 2023; (iii) the rate of interest is based on prime plus 0.25%; (iv) qualifying expenses can be incurred until June 30, 2017; and (v) the loan is secured by a general security agreement granted by the Corporation over certain personal and intangible property.

(iii) Dion Mortgage Loan

On February 1, 2017, the Corporation entered into a $500 mortgage (the "Mortgage") with 2732-2304 Quebec Inc. with respect to certain properties (the "Mortgaged Properties") located in and around Launay, Quebec. Mortgage proceeds were advanced to the Corporation on February 1, 2017. Material terms of the Mortgage are as follows: (i) five-year term; (ii) the rate of interest is 12%; (iii) the principal is amortized over 60 months; and (iv) secured by the Mortgaged Properties. The Mortgage was fully repaid and the related security was released on April 20, 2017.

8. DEFERRED REVENUE

The Corporation entered into sales arrangements with Auramet International LLC ("Auramet") for the sale of a portion of its future production of gold and copper. These arrangements were part of the financing reorganizations described in notes 5 and 10 parts (ii) and (iv) of the Corporation's annual consolidated financial statements for the year ended December 31, 2016. During the first three months of 2017, the Corporation received US$2,500 ($3,367) for the delivery of 1,125,000 pounds of copper under its Senior Secured Copper Loan. The arrangement is settled by seven monthly 75,000 pound copper deliveries from June 2017 to December 2017 and two 300,000 pound copper deliveries from January 2018 to February 2018. Pursuant to the copper loan increase, call options were issued to Auramet to fix the price of copper with a value at inception of $164 (note 9). The terms and conditions are identical to those described in the annual consolidated financial statements as referenced above.

As at March 31, 2017, the following contracts were outstanding. These contracts are excluded from the scope of IAS 39 and accounted for as executory contracts because they were entered into and continue to be held for the purpose of delivery in accordance with the Corporation's expected production schedule:

	Senior Gold Loan	Gold Working Capital Facilities	Senior Copper Loan	Total
SLM				
15,120 ounces of gold	$17,448	-	-	$17,448
2,727 ounces of gold	-	4,752	-	4,752
VMS				
3,200,000 pounds of copper	-	-	9,337	9,337
	17,448	4,752	9,337	31,537
Current portion	7,027	4,752	9,337	21,116
Non-current portion	$10,421	-	-	$10,421

9. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Corporation's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at March 31, 2017, all of the Corporation's derivative financial instruments have been classified as Level 2 financial instruments according to the Corporation's fair value hierarchy. The fair value of these instruments is determined using discounted future cash flows based on forward metals curves and, in the case of options, the Black-Scholes Method.

The Corporation did not apply hedge accounting on its outstanding derivatives. Therefore, changes in fair value are recorded in the consolidated statement of loss and comprehensive loss on a mark to market basis and recorded in financial assets and liabilities. For the three months ended March 31, 2017, the table below summarizes the movements in derivative assets (liabilities):

	Three Months ended March 31 2017
Opening balance	**$1,669**
Fair value at inception – copper options (note 8)	**(164)**
Premium – copper put option	**(100)**
Settlement of matured derivatives during the period	**(1,866)**
Change due to foreign exchange	**81**
Net change in fair value of derivative instruments	**(1,435)**
Balance, end of period	**(1,815)**

The following table summarizes the outstanding derivative positions at March 31, 2017:

	Maturity			Balance Sheet Classification		
SLM	**Current**	**Non-Current**	**Total**	**Current Assets**	**Current (Liabilities)**	**Non-Current (Liabilities)**
Gold call option sell contracts						
Ounces	12,000	6,000	**18,000**	-	-	-
Average price per ounce (in AUD)	$1,900	$1,900	**$1,900**	-	-	-
Fair value asset (liability) at March 31, 2017	($92)	($340)	**($432)**	-	($92)	($340)
Gold forward sell contracts						
Ounces	27,834	1,300	**29,134**	-	-	-
Average price per ounce (in AUD)	$1,605	$1,606	**$1,605**	-	-	-
Fair value asset (liability) at March 31, 2017	($1,087)	($78)	**($1,165)**	-	($1,087)	($78)
Nickel forward sell contracts						
Metric tonnes	60	-	**60**	-	-	-
Average price per tonne (in USD)	$11,050	-	**$11,050**	-	-	-
Fair value asset (liability) at March 31, 2017	$80	-	**$80**	$80	-	-
VMS						
Copper call option sell contracts						
Pounds	3,400,000	600,000	**4,000,000**	-	-	-
Average price per pound (in USD)	$3.21	$3.30	**$3.23**	-	-	-
Fair value asset (liability) at March 31, 2017	($228)	($64)	**($292)**	-	($228)	($64)
Copper forward sell contracts						
Pounds	2,800,000	-	**2,800,000**	-	-	-
Average price per pound (in USD)	$2.65	-	**$2.65**	-	-	-
Fair value asset (liability) at March 31, 2017	($6)	-	**($6)**	-	($6)	-
				$80	**($1,413)**	**($482)**

The following table summarizes the outstanding derivative positions at December 31, 2016:

SLM	Maturity 2017	2018	Total	Balance Sheet Classification Current Assets	Non-Current Assets	Current (Liabilities)	Non-Current (Liabilities)
Gold call option sell contracts							
Ounces	11,000	9,000	**20,000**	-	-	-	-
Average price per ounce (in AUD)	$1,900	$1,900	**$1,900**	-	-	-	-
Fair value asset (liability) at December 31, 2016	($140)	($571)	**($711)**	-	-	($140)	($571)
Gold forward sell contracts							
Ounces	18,550	5,200	**23,750**	-	-	-	-
Average price per ounce (in AUD)	$1,717	$1,720	**$1,717**	-	-	-	-
Fair value asset (liability) at December 31, 2016	$1,958	$410	**$2,368**	$1,958	$410	-	-
Nickel forward sell contracts							
Metric tonnes	168	-	**168**	-	-	-	-
Average price per tonne (in USD)	$11,050	-	**$11,050**	-	-	-	-
Fair value asset (liability) at December 31, 2016	$237	-	**$237**	$237	-	-	-
VMS							
Copper call option sell contracts							
Pounds	2,000,000	-	**2,000,000**	-	-	-	-
Average price per pound (in USD)	$3.30	-	**$3.30**	-	-	-	-
Fair value asset (liability) at December 31, 2016	($93)	-	**($93)**	-	-	($93)	-
Copper forward sell contracts							
Pounds	2,200,000	-	**2,200,000**	-	-	-	-
Average price per pound (in USD)	$2.47	-	**$2.47**	-	-	-	-
Fair value asset (liability) at December 31, 2016	($132)	-	**($132)**	-	-	($132)	-
				$2,195	**$410**	**($365)**	**($571)**

10. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31, 2017	2016
Expense by nature		
Salaries, wages and benefits	**$419**	$268
Share-based payments	**394**	231
Professional fees	**237**	117
Consulting fees	**129**	125
Public company expenses	**67**	65
Office and general	**426**	242
Conference and travel	**12**	106
Investor relations	**78**	127
Business development	**98**	421
Acquisition costs	**-**	613
Depreciation and amortization	**16**	11
	$1,876	$2,326

11. LOSS PER SHARE

	Three months ended March 31,	
	2017	2016
Loss attributable to RNC shareholders	**$(4,422)**	$(1,696)
Weighted average number of common shares	**276,215,123**	137,051,542
Loss per share attributable to RNC shareholders – basic and diluted	**$(0.02)**	$(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 month periods ended March 31, 2017 and 2016, and accordingly, basic and diluted loss per share are the same.

12. FINANCIAL INSTRUMENTS – FAIR VALUE

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and finance lease obligations approximate their fair values due to their relatively short periods to maturity. Derivative financial instruments are recorded at fair value at the end of each reporting period.

	As at March 31, 2017		As at December 31, 2016	
Other Financial Liabilities	Carrying value	Fair Value	Carrying value	Fair Value
Note Agreement (note 7) (level 2)	**$2,754**	**$3,248**	$2,991	$3,485
IQ Loan (note 7) (level 2)	**468**	**468**	-	-
Dion Mortgage Loan (note 7) (level 2)	**494**	**494**	-	-

13. OTHER EXPENSES (INCOME), NET

	Three months ended March 31, 2017	2016
RNC		
Share of loss (gain) of associates	**$5**	$(190)
Gain on dilution of associate	**-**	(80)
Gain on sale of mineral property interest	**(100)**	-
Gain on deemed disposition of associate	**-**	(71)
Unrealized gain on other investment	**(10)**	(20)
SLM		
Finance costs	**88**	153
Loss on settlement of derivative instruments	**999**	-
Change in fair value of derivative financial instruments	**1,244**	-
VMS		
Change in fair value of derivative financial instruments	**191**	-
Other		
Finance costs and other income	**123**	(16)
Other income	**(240)**	-
Foreign exchange gain	**(578)**	(476)
	$1,722	$(700)

14. SUPPLEMENTAL CASH FLOW INFORMATION

Other supplemental information

	Three Months Ended March 31, 2017
Interest paid	**82**
Share-based payments capitalized in mineral property interests	**282**
Depreciation of property, plant and equipment in mineral property interests	**13**
Mineral property interests in accounts payable and accrued liabilities	**253**
Property, plant and equipment in accounts payable and accrued liabilities	**95**

15. SEGMENTED INFORMATION

The Corporation has exploration and evaluation activities in Canada and production activities in Canada and Australia.

Three months ended March 31, 2017

	Dumont Canada	Beta Hunt Nickel Mine Australia	Reed Mine Canada	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue	-	981	6,143	-	-	7,124
Production and toll-processing costs	-	666	4,902	-	-	5,568
Royalty expense	-	230	-		-	230
Depreciation and amortization	-	187	2,425	-	-	2,612
General and administration	45	10	37	42	1,742	1,876
Operating income (loss)	(45)	(112)	(1,221)	(42)	(1,742)	(3,162)
Property, plant and equipment	530	7,389	13,832	350	53,890	75,991
Mineral property interest	58,672	-	1,923	10,530	2,648	73,773
Total assets	59,138	7,389	25,200	10,880	59,277	161,884

Three months ended March 31, 2016

	Dumont Canada	Beta Hunt Australia	West Raglan Canada	Corporate and other exploration Canada	Total
Revenue – Nickel Sales	$-	$1,452	$-	$-	$1,452
Production and toll-processing costs	-	1,010	-	-	1,010
Royalty expense	-	187	-	-	187
Depreciation and amortization	-	61	-	-	61
General and administration	55	184	52	2,035	2,326
Operating income (loss)	(55)	10	(52)	(2,035)	(2,132)
Property, plant and equipment	555	36,547	455	92	37,649
Mineral property interest	60,141	-	10,324	147	70,612
Total assets	60,696	44,907	10,779	6,693	123,075

Refer to note 5 for the information with respect to the Beta Hunt Gold Mine that remains in pre-commercial production in the first quarter of 2017.

16. SUBSEQUENT EVENT

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$22,500 ($30,330) in cash. The Corporation and Waterton contributed US$17,500 ($23,590) into a newly established joint venture vehicle that owns Dumont and will pursue other nickel opportunities.