ROYAL NICKEL CORPORATION

(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED JUNE 30, 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 and six months ended June 30, 2017. This MD&A, dated August 10, 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 and six months ended June 30, 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. With the decline in nickel prices, Beta Hunt shifted its focus from a nickel to gold producer. Beta Hunt ramped up its gold operation and declared commercial production June 20, 2017 with effect from July 1, 2017.

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 its 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.

True North Nickel Inc.

On June 17, 2014, the Corporation acquired a 56% interest (currently 68% interest) in TNN, a private company whose main asset was a 100% interest in the West Raglan nickel sulphide project located in Northern Quebec.

On March 2, 2016 the Corporation announced that TNN had discovered a new high grade gold, silver, copper and zinc mineralized trend at its newly consolidated Qiqavik Project near the West Raglan project.

On July 25, 2017, TNN entered into an amalgamation agreement with Focused Capital Corp. and its wholly-owned subsidiary (“Focused Subco”) pursuant to which Focused Subco and TNN will amalgamate. Following the amalgamation, the resulting issuer will hold all of TNN’s assets and will be renamed Orford Mining Corporation (“Orford”).

SECOND QUARTER AND RECENT HIGHLIGHTS

- Gold material mined at Beta Hunt during the second quarter was 1,351 tonnes per day, up 27% compared to the first quarter of 2017 and pre-commercial gold production was 8,281 ounces in the second quarter of 2017, up 50% compared to the first quarter of 2017. Gold sales were 5,891 ounces a decrease of 4% compared to 6,132 ounces sold in the first quarter of 2017.

- For the second quarter of 2017, gold mining cash cost per ounce declined by 27% to US$1,211 per ounce from US$1,669 per ounce in the first quarter. On a cost per ounce sold basis, gold cash costs, net of by-product credits were US$1,739 per ounce sold, and all-in sustaining costs net of by-product credits were US$1,786 per ounce sold, higher than the first quarter of 2017 by 6%. As production volumes ramp up and grades improve through the year, costs are expected to decline towards target levels. Reference is made to the Non-IFRS Measures section of this MD&A.

- Reed Mine second quarter 2017 copper contained in concentrate production was 3.1 million pounds (1.14 kt) (30% basis). Cash costs were US$1.58 per pound sold and all-in sustaining costs were US$1.66 per pound sold. The Corporation's share of gold in concentrate production for the second quarter of 2017 from the Reed Mine was 293 ounces. Reference is made to the Non-IFRS Measures section of this MD&A.

- Combined operating loss from Beta Hunt and Reed Mine was a breakeven for the three months ended June 30, 2017. Until June 30, 2017 Beta Hunt gold cost of sales, net of gold revenue, were capitalized to property, plant and equipment.

- On June 20, 2017, the Corporation announced commercial production was achieved at the Beta Hunt Mine by producing at least 3,500 contained ounces of gold over a one month period (equivalent to an annualized production rate of 42,000 ounces). Gold sales and related costs will be reflected in earnings effective July 1, 2017.

- The Corporation had net earnings of $4.9 million ($0.02 per share) for the three months ended June 30, 2017, compared to a net loss of $5.0 million ($0.03 per share) for the same period in 2016 primarily as a result of the positive deferred tax impact of $4.9 million associated with the second quarter disposition of a 50% interest in the Dumont Property.

- On July 7, 2017, the Corporation announced its True North Nickel ("TNN") subsidiary arranged approximately $6.4 million in financing to fund the 2017 exploration programs at its Qiqavik property in northern Québec and the Jones-Keystone/Loflin and Landrum-Faulkner properties located in the Carolina Gold Belt. The Corporation also confirmed its intention to transfer its 68% interest in TNN's exploration assets to Focused Capital Corp. ("Focused") through an amalgamation (the "Amalgamation") to be implemented under an amalgamation agreement to be entered into by Focused and TNN. Following the Amalgamation, which is expected to be completed in September 2017, the resulting issuer will hold all of TNN's assets and will be renamed Orford Mining Corporation ("Orford") and trade under the symbol "ORM".

OPERATIONAL REVIEW

Beta Hunt Mine

In the second quarter of 2017, the Beta Hunt Mine continued to be focused on ramping up its gold production and mined 123 kt of gold mineralization containing 8.3 koz of gold. Due to depressed nickel prices, management curtailed the mining of nickel mineralisation in 2017 and mined only 10.1 kt containing 0.24 kt of nickel for the second 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 has improved during the first half of 2017 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 were US$1,739 and AISC US$1,786, respectively, for the second quarter and are expected to decline as production continues to increase. Reference is made to the Non-IFRS Measures section of this MD&A. Costs are based on ounces sold, which were primarily produced during the first quarter and early part of the second quarter when mining rates remained at relatively low levels. Costs per ounce mined had declined to $1,103/oz in June from Q1 costs of $1,521/oz. During the second quarter of 2017, run-of-mine ore grades were 2.09 g/t and the average grade milled were 2.07 g/t, 22% and 28% higher than the first quarter of 2017. Reference is made to the Non-IFRS Measures section of this MD&A. Cash costs are expected to improve going forward as the mine achieves improved grades and throughput levels.

Three toll milling campaigns were completed with 98.1 kt of gold mineralization containing 5.8 koz of gold being milled during the second quarter of 2017.

A total of 9.6 ktonnes of nickel mineralization were milled at the BHP Billiton Kambalda Mill during the second quarter of 2017, producing 0.24 ktonnes of nickel in concentrate.

Q2 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	**Q2 2017**	**Q2 2016**	**Q1 2017**	**Q1 2016[7]**
Gold tonnes mined (000s)	123	95.4	102	66.2
Gold mined grade (g/t)[1]	2.09	2.54	1.69	2.41
Gold tonnes milled (000s)	98.1	80.4	114.3	43.1
Gold mill grade (g/t)[1]	2.07	2.23	1.62	2.65
Gold mined (ounces)[1,2]	8,281	7,599	5,535	5,636
Gold sales (ounces)	5,891	5,402	6,132	3,416
Nickel tonnes mined (000s)	10.1	19.1	6.8	29.4
Nickel tonnes milled (000s)	9.6	19.2	6.8	29.7
Nickel mill grade, nickel (%)	2.84	2.34	2.51	3.04
Nickel in concentrate tonnes (000s)	0.24	0.42	0.15	0.80

Beta Hunt Gold and Nickel Operation[8]	Q2 2017	Q1 2017
Gold mining cash cost per ounce (US$ per ounce mined) [3]	$1,211	$1,669
Gold all-in sustaining cost, net of by-product credits (US$ per ounce sold) [4,5,6]	$1,786	$1,685
Gold C1 cash operating cost, net of by-product credits (US$ per ounce sold) [4,5,6]	$1,739	$1,647
Nickel C1 cash operating cost (US$ per lb. sold)[5]	$4.15	$2.97
Nickel C1 cash operating cost (US$ per tonne sold)[5]	$9,150	$6,541
Nickel all-in sustaining cost (AISC) (US$ per lb. sold)[5]	$4.15	$3.00
Nickel all-in sustaining cost (AISC) (US$ per tonne sold)[5]	$9,150	$6,618

1. The difference in gold sales ounces and gold mined ounces is due to timing differences in receipt of gold sales depending on completion date of tolling campaigns.
2. As of June 30, 2017, 80 kt of gold mineralization from Q2 2017 production remained on the ROM pad for tolling in the subsequent quarter, compared to 55 kt of gold as of March 31, 2017.
3. Gold mining cash cost per ounce for the month of June 2017 was US$819 per ounce mined at a recovery of 91%.
4. Gold operations in the second 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.
5. 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.
6. Excluding in each case typical inventory adjustments of C$2,989 million as June 30, 2017.
7. 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.
8. Reference is made to the Non-IFRS Measures section of this MD&A.

The second 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 which was achieved at the end of the second quarter of 2017. Until the end of the second quarter of 2017, Beta Hunt gold cost of sales, net of gold revenue, are capitalized to property, plant and equipment. Beginning July 1, 2017, following the declaration of commercial production, gold cost of sales, net of gold revenue will no longer be 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. Since the end of the first quarter, there has been significant ongoing improvement in development rates, mine output and grade and quarter-over-quarter improvements are expected to continue for the remainder of 2017. Cost per ounces sold increased slightly in Q2 relative to Q1 as the majority of ounces processed and sold were mined during a period of low production during Q1 and early Q2. The sharp decline in cost per ounces mined reflect the improved throughput and grade achieved as the second quarter progressed.

VMS Ventures - Reed Copper Operation

Reed Mine Second Quarter 2017 Production

For the three months ending June 30, 2017, VMS's 30% share of metal contained in concentrate production from the Reed Mine was 1.41 kt of copper and 293 oz of gold. Guidance for the full year remains unchanged.

Reed Mine Operating Review by quarter (100% basis)

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Ore (tonnes hoisted)	121,115	119,534	104,719	112,929	114,452	111,461
Ore (tonnes milled)	123,988	108,139	123,596	119,795	111,002	94,997
Copper (%)	4.12	2.96	2.90	3.59	4.87	4.38
Zinc (%)	0.41	0.67	0.63	0.59	0.45	0.82
Gold (g/t)	0.47	0.44	0.44	0.42	0.60	0.54
Silver (g/t)	6.19	5.64	5.76	6.61	7.47	7.21

Reed Mine Q2 2017 Production and Costs (30% basis)

	Q2 2017	Q1 2017
Copper contained in concentrate (kilo tonnes)	1.41	0.85
Gold contained in concentrate (ounces)	293	283
Copper cash operating cost per pound sold [1]	1.58	$2.06
Copper all-in sustaining cost per pound sold [1]	1.66	$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

During the second quarter of 2017, the Corporation continued its activities in support of the Dumont Nickel Project. The following were the major activities during the first quarter 2017:

- ***Roasting Tests:*** Samples of the Dumont calcine were sent to potential customers and testing was ongoing through Q2 2017.

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$30.3 million) in cash. The Corporation and Waterton contributed US$17.5 million (C$23.6 million) into a newly established joint venture vehicle that owns Dumont and will pursue other nickel opportunities. US$5 million (C$6.7 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 TNN 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 July 7, 2017, the Corporation announced its TNN subsidiary arranged approximately $6.4 million in financing to fund the 2017 exploration programs at its Qiqavik property in northern Québec. At Qiqavik, the 2017 field program began on July 19 and will consist of aminimum of 2,500 metres of drilling to test high grade gold surface showings co-incident with high priority induced polarization (IP) anomalies at Esperance and Aurora, expansion of IP grids to cover the possible extension of these zones which remain open to both the east and west, mapping of these zones to improve the understanding of the structures and associations, and prospecting to identify new targets and follow-up on existing regional targets. The Esperance and Aurora discoveries were made during the 2016 program in which multiple grab samples returned assay results ranging from 5 g/t up to 189 g/t gold and up to 10% copper over 1.6km and 400m strike lengths, respectively.

Carolina Gold Options

RNC, through TNN, has acquired options to earn a 70% interest in both the the Jones-Keystone/Loflin, and Landrum-Faulkner gold properties in the Carolina Gold Belt, home to the Haile Mine. The current development of the +4 million ounce Haile gold mine in South Carolina by OceanaGold has re-focused attention on the Carolinas as a highly prospective, under-explored and development-friendly jurisdiction.

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 the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. For additional information on forward-looking information, refer to "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 was previously revised to an expected 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 continue to decrease as production levels rise. The level of nickel production will continue to be subject to market conditions, and there will be an impact on nickel costs.

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.

TNN
RNC's 68% owned subsidiary TNN has commenced the 2017 field program at its high grade gold Qiqavik project in northern Quebec. The program will include a minimum of 2,500 metres of a diamond drilling campaign to follow up on two separate high grade surface gold discoveries at the Esperance and Aurora zones. The discoveries were made during the 2016 program in which multiple grab samples returned assay results ranging from 5 g/t up to 189 g/t gold and up to 10% copper over 1.6km and 400m strike lengths, respectively (see RNC news release dated December 13, 2016).

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 June 30, 2017, compared with three months ended June 30, 2016
The Corporation's net earnings totalled $5.0 million for the three months ended June 30, 2017 (with basic and diluted earnings per share of $0.02). This compares with a net loss of $5.8 million (with basic and diluted earnings per share of $0.03) for the three months ended June 30, 2016. The positive variance of $10.8 million primarily relates to a non-cash deferred tax recovery of $4.9 million as a result of the sale of Dumont property to Magneto Investments Limited Partnership ("**Magneto JV**"). Excluding the impact of taxes, the loss for the second quarter of 2017 of $0.9 million was $4.0 million lower than the second quarter of 2016. The decrease was primarily due to decreases of general and administrative expense and other expenses of $3.8 and $3.0 million, respectively, which was partially offset by a reduction in operating income from mining activities of $2.9 million.

The decrease in general and administrative expenses ($3.8 million) was due primarily to acquisition costs during the second quarter of 2016 of $2.0 million in respect of the VMS and SLM acquisitions. In addition, share based payments were higher in the prior year by $1.9 million.

The decrease in other expenses ($3.0 million) was primarily due to the 2017 gain on the sale of Dumont assets in the amount of $1.2 million which was primarily due to foreign exchange translation of the sale proceeds. In addition, the second quarter of 2016 had expenses on acquired debt totalling $2.6 million on debt which has since been retired and refinanced primarily with deferred revenue arrangements which are non-interest bearing. Partially offsetting was the non-cash impact of foreign exchange translation which was partially due to the strengthening of the Canadian dollar.

The reduction in operating income from mining activities of $2.9 million arises from the Corporation's Beta Hunt nickel operation ($1.9 million) and VMS copper operation ($1.0 million). The nickel operation is lower primarily due to a 60% decrease in nickel tonnes produced in the second quarter of 2017 compared with same period of 2016 which contributed to an increase of cash operating cost per tonne of 13%. The copper operation is lower primarily due to an increase in operating costs, net of by-product credits per tonne of 69% partially offset by an increase of copper tonnes sold of 19%.

Six months ended June 30, 2017, compared with six months ended June 30, 2016
The Corporation's net earnings totalled $0.6 million for the six months ended June 30, 2017 (with basic and diluted loss per share of $nil). This compares with a net loss of $7.5 million (with basic and diluted earnings per share of $0.04) for the six months ended June 30, 2016. The net loss decrease of $8.1 million is due primarily to above noted deferred tax recovery associated with the Dumont property sale. Excluding the impact of taxes, the loss for the first six months of 2017 of $5.8 million was $0.5 million lower than the same period of 2016. The decrease was primarily due to lower general and administrative expense and other expenses of $4.3 and $0.6 million, respectively. Partially offsetting are lower operating income from mining activities of $4.2 million.

The decrease in general and administrative expenses ($4.3 million) was due primarily to acquisition costs during the first six months of 2016 of $2.6 million in respect of the VMS and SLM acquisitions. In addition, share based payments were higher in the prior year by $1.8 million.

The decrease in other expenses ($0.6 million) was primarily due to 2017 gain on the sale of Dumont assets in the amount of $1.2 million. In addition, the first six months of 2016 had expenses on acquired debt totalling $2.6 million on debt which has since been retired. Partially offsetting was the impact of losses of derivative financial instruments which totalled $2.3 million during the first six months of 2017.

The reduction in operating income from mining activities of $4.2 million arises from the Corporation's Beta Hunt nickel operation ($2.1 million) and VMS copper operation ($2.1 million). The nickel operation is lower primarily due to a 58% decrease in nickel tonnes produced in the first six months of 2017 compared with same period of 2016 which contributed to an increase of cash operating cost per tonne of 21%. The copper operation is lower primarily due to an increase in operating costs, net of by-product credits per tonne of 58% partially offset by an increase of copper tonnes sold of 90%. The increase in copper tonnes sold was due to comparing a full six month period in 2017 to the previous period from acquisition on April 27, 2016 to June 30, 2016.

SUMMARY OF QUARTERLY RESULTS

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

	2017		2016				2015	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	$11,489	$7,124	$9,423	$10,740	$11,066	$1,452	$-	$-
Earnings (loss) attributable to RNC shareholders	$4,999	$(4,422)	$(16,549)	$(4,789)	$(5,827)	$(1,696)	$(2,531)	$(1,326)
Basic and diluted (loss) per share attributable to RNC shareholders	$0.02	$(0.02)	$(0.07)	$(0.02)	$(0.03)	$(0.01)	$(0.02)	$(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.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

	Three months ended, June 30,		Six months ended June 30,	
Sources and Uses of Cash (in thousands of dollars)	**2017**	2016	**2017**	2016
Cash provided by (used in) operations prior to changes in working capital	**$(3,876)**	$525	**$(4,348)**	$(1,402)
Changes in non-cash working capital	**(4,463)**	1,629	**5,838**	1,630
Cash provided by (used in) operating activities	**($8,339)**	$2,154	**$1,490**	$228
Cash provided by (used in) investing activities	**18,312**	(5,853)	**7,190**	(6,385)
Cash provided by financing activities	**10,998**	6,185	**11,001**	6,179
Change in cash and cash equivalents	**$20,971**	$2,486	**$19,681**	$22

Operating Activities
For the three months ended June 30, 2017, cash used by operating activities, prior to changes in non-cash working capital, of $3.9 million was less than the cash provided in 2016 of $4.4 million. Although net earnings were substantially higher in 2017, most of the 2016 loss related to non-cash expenses including share based payments ($1.9 million) and non-cash accretion charges on debt ($2.6 million). For the three months ended June 30, 2017, cash used by operations activities, including working capital, totaled $8.3 million compared with cash provided by operations of $2.2 million in 2016, a $10.5 million variance. Working capital changes used cash of $4.5 million in 2017 compared with cash provided of $1.6 million in the second three months of 2016. The working capital movement for the three months ended June 30, 2017 is mostly related to higher accounts receivable ($2.0 million) and lower accounts payable and accrued liabilities ($3.1 million).

For the six months ended June 30, 2017, cash used by operating activities, prior to changes in non-cash working capital, of $4.3 million was less than 2016 by $2.9 million. Although net losses were lower in 2017, most of the 2016 loss related to non-cash expenses including share based payments ($1.8 million) and non-cash accretion charges on debt ($2.6 million). For the six months ended June 30, 2017, cash provided by operations activities, including working capital, totaled $1.5 million compared with cash provided by operations of $0.2 million in 2016, a $1.3 million variance. Working capital changes provided cash of $5.8 million in 2017 compared with cash provided of $1.6 million in the first six months of 2016. The working capital movement for the six months ended June 30, 2017 is mostly related to lower accounts receivable ($1.1 million), lower inventories ($2.0 million) and higher accounts payable and accrued liabilities ($2.8 million).

Investing Activities
For the three months ended June 30, 2017, total cash provided by investing activities was $18.3 million compared with cash used in investing activities of $5.9 million in the same period of 2016, a $24.2 million variance. The variance is primarily related to the net cash proceeds from the sale of Dumont assets to the Magneto JV of $30.3 million. Partially offsetting was the higher expenditure on property, plant and equipment in 2017 of $4.7 million, most of which related to spend at the Beta Hunt mine (see note 5 to the unaudited condensed consolidated interim financial statements).

For the six months ended June 30, 2017, total cash provided by investing activities was $7.2 million compared with cash used in investing activities of $6.4 million in the same period of 2016, a $13.6 million variance. The variance is primarily related to the net cash proceeds from the sale of Dumont assets to the Magneto JV of $30.3 million. Partially offsetting was the higher expenditure on property, plant and equipment in 2017 of $14.7 million, most of which related to the Beta Hunt mine (see note 5 to the unaudited condensed consolidated interim financial statements).

Financing Activities
For the three months ended June 30, 2017, cash provided by financing activities of $11.0 million was higher than the prior year by $4.8 million. The primary activity was the issuance of convertible debentures of US$10.0 million (CAD$13.5 million) during the second quarter of 2017. Partially offsetting were loan and finance lease repayments totalling $2.2 million which were $1.8 million higher than the prior year. During the first three months of 2016, shares, net of issue costs were issued in the amount of $8.1 million.

For the six months ended June 30, 2017, cash provided by financing activities of $11.0 million was higher than the prior year by $4.8 million. The primary activity was the issuance of convertible debentures of US$10.0 million (CAD$13.5 million) during the first six months of 2017. Partially offsetting were loan and finance lease repayments totalling $3.2 million which were 2.7million higher than the prior year. During the first six months of 2016, shares, net of issue costs were issued in the amount of $8.1 million.

As a result of the foregoing activities, for the first six months ended June 30, 2017, the net cash provided by operating, investing and financing activities was $20.0 million compared with $nil during the same period of 2016.

Liquidity and Capital Resources

(in thousands of dollars)	**June 30, 2017**	December 31, 2016
Cash and cash equivalents	**$24,526**	$4,845
Working capital deficit[1]	**$(10,723)**	$(26,243)
Mineral property interests	**$46,025**	$72,886
Total assets	**$163,327**	$159,292
Shareholders' equity	**$89,125**	$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 of the 2016 audited consolidated financial statements for a description of the working capital financing, long-term debt paid and refinanced and deferred revenue arrangements. During the first six months of 2017, an additional US$2.5 million (CAD$3.4 million) was drawn under the Senior Copper Loan facility and Convertible debentures were issued in the amount of US$10 million (CAD$13.5 million). Reference is made to note 8 of the unaudited condensed consolidated interim financial statements ended June 30, 2017.

On June 7, 2017, the Corporation entered into a US$10 million four-year senior secured convertible term debt facility (the "Facility") with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Offshore Master, LP (collectively, "Waterton"). The Facility bears interest at a rate of 10% per annum, payable quarterly. Waterton has the right to convert all or a portion of the amounts owing under the Facility into (i) shares of the Corporation at $0.2491 per share up to a maximum of 75% of the principal amount (US$7.5 million), or (ii) units of Magneto Investments Limited Partnership, the recently established nickel joint venture (the "Magneto JV") that is 50% owned by the Corporation and 50% owned by Waterton (a "Unit Conversion"). The valuation basis for any Unit Conversion would be the Corporation's 50% share of the value of the Dumont project held by the Magneto JV (100% of which was valued at US$45 million) plus any completed investments that are funded by the US$30 million of committed Magneto JV capital that is utilized for nickel asset acquisitions. In the event that the Corporation receives notice of a planned Unit Conversion in excess of US$4.5 million of principal, the Corporation would have the right to prepay such excess principal amount plus applicable pre-payment fees.

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 June 30, 2017, the Corporation had a working capital deficit of $10.7 million compared to a $26.2 million deficit as at December 31, 2016. The increase in cash and the decrease in working capital deficit of $15.5 million primarily reflects the impacts of the sale of Dumont to Waterton and the cash flows from the issuance of convertible debentures. Partially offsetting were the cash flows incurred for the ongoing activities at SLM to achieve commercial level of gold production. Commercial production was announced during June 2017.

As at June 30, 2017 the Corporation had cash and cash equivalents of $24.5 million, of which $22.0 million is dedicated to the Magneto JV. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, 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. Reference is made to the TNN transaction described under the subsequent events section of this MD&A.

EVENTS SUBSEQUENT TO JUNE 30, 2017

On July 7, 2017, the Corporation announced that its True North Nickel ("TNN") subsidiary arranged approximately $6.4 million in financing to fund the 2017 exploration programs at its Qiqavik property in northern Québec and the Jones-Keystone/Loflin and Landrum-Faulkner properties located in the Carolina Gold Belt. Further to its news release of March 7, 2017, RNC confirmed its intention to transfer its 68% interest in TNN's exploration assets to Focused Capital Corp. ("Focused") as a result of an amalgamation (the "Amalgamation") to be implemented under an amalgamation agreement to be entered into by Focused and TNN. Following the Amalgamation, which is expected to be completed in August 2017, the resulting issuer will hold all of TNN's assets and will be renamed Orford Mining Corporation ("Orford"). The $6 million financing to be completed by TNN is comprised of $1.8 million of flow-through financing from RNC, who has completed a non-brokered private placement of 6 million flow-through shares at a price of $0.30 per share; a $1.65 million flow-through financing arranged by RNC's 32% partner in TNN, Dundee Resources Limited; and approximately $2.9 million in subscription receipt financing to be completed concurrently with and conditional to the closing of the TNN spin-out into Orford. Osisko Mining Inc. and Premier Gold Mines Limited have agreed to participate in the subscription receipt financing.

On July 11, 2017, the Corporation completed the toll processing and purchase option agreements with Westgold Resources Limited ("Westgold") it had announced on February 13, 2017. Ore processing under the toll agreement commenced in July 2017. The purchase option agreement sets forth the detailed terms under which the Corporation would acquire Westgold's South Kalgoorlie Operations ("SKO") in the event the Corporation elects to exercise the option. the Corporation has not yet made a determination as to whether it will exercise the option. Under the tolling agreement, Westgold has granted the Corporation access to 50% of its plant capacity at SKO on an approximate three weeks on / three weeks off basis during the 12 month term of the agreement. The Corporation will pay Westgold toll processing fees on a fixed plus variable arrangement on commercial terms. It is anticipated that the total toll processing and transportation costs will be materially lower than the Corporation’s existing arrangements. On July 13, 2017, the Corporation issued a total of 23,431,019 shares in exchange for these tolling rights and the option to acquire the SKO business.

On July 11, 2017, the Corporation signed and closed a US$3.3 million extension of the existing Copper Prepayment Agreement with Auramet International LLC ("Auramet") with respect to the Corporation’s 30% share of metals production at the Reed Mine operated by Hudbay. Auramet agreed to extend the current copper prepayment arrangements through an additional US$3.3 million advance in exchange for the delivery of 1.5 million pounds of copper (300,000 pounds per month commencing on March 30, 2018 and ending on

July 31, 2018). An upfront fee of 2% of the prepayment amount was paid to Auramet under the terms of the extension.

On July 25, 2017, TNN entered into an amalgamation agreement with Focused Capital Corp. and its wholly-owned subsidiary ("Focused Subco") pursuant to which Focused Subco and TNN will amalgamate. Prior to the amalgamation, TNN intends to complete a private placement of $1,735 in subscription receipts at a price of $0.50 per subscription receipt and $1,236 in flow-through subscription receipts at a price of $0.55 per flow-through subscription receipt.

On August 8, 2017, the Corporation restructured its unsecured debt facility arranged by Riverfort Global Capital ("Riverfort"). Under the terms of the restructuring, Riverfort advanced US$3 million ($3.9 million) to the Corporation, of which US$1.35 million ($1.8 million) was used to repay the current facility. The facility bears 12% annualized interest. 75% of the principal and interest will be repaid, beginning three months after closing, in nine equal monthly payments (in months 3 to 11 following closing) and the remaining 25% will be a bullet payment (in month 12 following closing). As part of the transaction, the Corporation issued 5.9 million 24 month warrants to the lenders, exercisable at a strike price of $0.24 per share. The Riverfort unsecured debt facility will be used to provide an additional cash cushion to support the Beta Hunt Mine production ramp-up and for general working capital purposes.

OUTSTANDING SHARE DATA

As at August 10, 2017, the Corporation had 307,264,085 common shares issued and outstanding.

As at August 10, 2017, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	27,821,185	$0.41
Warrants	22,403,211	$0.43
Compensation warrants	1,451,805	$0.41

As at August 10, 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	3,912,477

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.

On June 7, 2017 RNC closed a US$10 million four-year Senior Secured Convertible Term Debt Facility (the “Facility”) with Waterton Precious Metals Fund II Cayman, LP and Waterton Mining Parallel Fund Offshore Master, LP (collectively, "Waterton"). Assuming maximum conversion of 75% of US$10M principal into RNC common shares the Corporation would be required to issue 39,225,941 common shares in RNC to Waterton (US/C $ exchange rate as at June 7, 2017).

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 with exception to the new accounting policies highlighted in note 2 of the condensed consolidated interim financial statements for June 30, 2017

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 June 30, 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 June 30, 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 mining cash 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 30% of 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 June 30, 2017	Three Months Ended March 31, 2017
Nickel (in thousands of dollars except per tonne or per lb.)		
Tonnes of nickel mineralization processed	9,621	6,837
Production and toll-processing costs (including general and administrative related to production)	$1,927	$666
Royalty expense	69	230
Operating costs (related to tonnes processed) (CDN$)	$1,996	$896
Average exchange rate (CDN$1 – US$)	0.74	0.75
Cash operating cost (US$)	$1,484	$674
Cash operating cost (per tonne processed) (US$)	$154	$99
Tonnes of nickel sold (payable)	162	103
Cash operating cost (US$)	$1,484	$674
Cash operating cost (per tonne sold) (US$)	$9,150	$6,541
Cash operating cost (per lb. sold) (US$)	$4.15	$2.97

	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
Gold (in thousands of dollars except per tonne or per ounce)		
Tonnes of gold mineralization processed	98,140	114,330
Production and toll-processing costs (including general and administrative related to production)[1]	$13,019	$12,213
Royalty expense	622	1,323
Operating costs (related to tonnes processed) (CDN$)	$13,641	$13,536
Average exchange rate (CDN$1 – US$)	0.74	0.75
Cash operating cost (US$)	$10,144	$10,178
Cash operating cost (per tonne processed)	$103	$89
Ounces of gold sold / payable	5,891	6,132
Cash operating cost (US$)	$10,144	$10,178
Cash operating cost (per ounce sold)	$1,722	$1,660

1. Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 2017.

Gold mining cash cost per ounce

Gold mining cash cost per ounce represents production costs, excluding toll-processing and royalties, on a per recoverable ounce mined. Management believes that providing gold mining cash cost per ounce allows the ability to measure the efficiency of mining, as it is not impacted by the timing of tolling campaigns or delivery of refined ounces.

	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
Gold (in thousands of dollars except per tonne or per ounce)		
Recoverable gold mined (ounces)[1]	7,544	5,042
Production costs (CDN$)	$12,287[2]	$11,193[3]
Average exchange rate (CDN$1 – US$)	0.74	0.75
Cash cost mined (US$)	$9,137	$8,416
Gold mining cash cost per ounce (US$ per ounce mined)	$1,211	$1,669

1. Recoverable gold mined is computed at an average recovery rate of 91% of gold mined ounces
2. Production and toll processing costs less tolling ($3,721) and royalty costs ($622).
3. Production and toll processing costs less tolling ($2,618) and royalty costs ($1,323).

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 June 30, 2017	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	98,140	114,330
Cash cost, before by-product credits		
Production and toll-processing costs (including general and administrative related to production)[1]	$14,946	$12,879
Royalty expense	691	1,553
Cash cost, before by-product credits (related to tonnes processed) (CDN$)	$15,637	$14,432
Total by-product credits, net of pre-production credits	$1,864	$1,002
Cash cost, after by-product credits (related to tonnes processed) (CDN$)	$13,773	$13,430
Average exchange rate (CDN$1 – US$)	0.74	0.75
Cash cost, after by-product credits (US$)	$10,242	$10,099
Cash cost, after by-product credits (per tonne processed)	$104	$88
Ounces of gold sold / payable	5,891	6,132
Cash cost, after by-product credits (US$)	$10,242	$10,099
Cash operating cost, after by-product credits (per ounce sold)	$1,739	$1,647

[1] Production and toll-processing costs for the three months ended June 30, 2017 excludes typical inventory adjustments of $2,989 as of June 30, 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 June 30, 2017	Three Months Ended March 31, 2017
Nickel (in thousands of dollars except per tonne or per lb.)		
Tonnes of nickel sold (payable)	162	103
Cash operating cost (US$)	$1,484	$674
General and administration – corporate (US$)	-	8
Sustaining capital expenditures (US$)	-	-
All-in sustaining cost (US$)	$1,484	$682
All-in sustaining cost (per tonne sold) (US$)	$9,150	$6,618
All-in sustaining cost (per lb sold) (US$)	$4.15	$3.00
Gold (in thousands of dollars except per tonne or per ounce)		
Ounces of gold sold	5,891	6,132
Cash operating cost (US$)	$10,144	$10,178
General and administration – corporate (US$)	-	59
Sustaining capital expenditures (US$)	277	165
All-in sustaining cost (US$)	$10,421	$10,403
All-in sustaining cost (per ounce sold) (US$)	$1,769	$1,697

All-in Sustaining Cost after by-product credits

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 June 30, 2017	Three Months Ended March 31, 2017
Ounces of gold sold	5,891	6,132
Cash operating cost net of by-product credits (US$)	$10,242	$10,099
General and administration – corporate (US$)		67
Sustaining capital expenditures (US$)	$277	165
All-in sustaining cost net of by-product credits (US$)	$10,519	$10,331
All-in sustaining cost net of by-product credits (per ounce sold) (US$)	$1,786	$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 June 30, 2017	Three Months ended March 31, 2017
Copper (thousands of dollars except per tonne or per lb.)		
Tonnes of copper ore processed	36,334	35,861
Mining costs	$3,138	$2,874
Transport	1,100	368
Milling costs	2,518	2,197
General and administration related to production	234	201
Operating costs, before by-product credits (CDN$)	$6,990	$5,640
By-product credits	(660)	(738)
Operating costs, net of by-product credits (CDN$)	$6,330	$4,902
Average exchange rate (CDN$1 – US$)	0.74	0.75
Cash operating cost (US$)	$4,702	$3,706
Cash operating cost (per tonne processed) (US$)	$129	$103
Tonnes of copper sold (payable)	1,354	816
Cash operating cost (US$)	$4,702	$3,706
Cash operating cost (per tonne sold) (US$)	$3,474	$4,542
Cash operating cost (per lb. sold) (US$)	$1.58	$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 June 30, 2017	Three Months Ended March 31, 2017
Copper (in thousands of dollars except per tonne or per lb.)		
Tonnes of copper sold (payable)	1,354	816
Cash operating cost (US$)	$4,702	$3,706
General and administration – corporate (US$)	24	28
Sustaining capital expenditures (US$)	229	38
All-in sustaining cost (US$)	$4,955	$3,772
All-in sustaining cost (per tonne sold) (US$)	$3,660	$4,622
All-in sustaining cost (per lb sold) (US$)	$1.66	$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 June 30,		Six Months Ended June 30,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Earnings (loss) for the period – as reported	**$4,914**	$(4,968)	**$492**	$(6,573)
Net loss from gold operations capitalized	**(10,990)**	(1,011)	**(20,642)**	(1,011)
Gain on disposal of the Dumont property	**(1,216)**	-	**(1,216)**	-
Acquisition costs	**-**	1,960	**-**	2,573
Foreign exchange loss (gain)	**944**	146	**366**	(330)
Adjusted Loss for the Period	**$(6,348)**	$(3,873)	**$(21,000)**	$(5,641)
Weighted average number of shares	**276,388,721**	204,481,250	**276,302,402**	170,722,345
Adjusted Loss per share	**$(0.02)**	$(0.02)	**$(0.08)**	$(0.03)

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 June 30,		Six months ended June 30,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Earnings (loss) for the period	**$4,914**	$(4,968)	**$492**	$(6,573)
Deferred income tax expense (recovery)	**(5,802)**	109	**(6,264)**	282
Other expenses, net	**199**	3,238	**1,921**	2,538
Non-cash share-based payments	**(456)**	1,530	**(62)**	1,747
Depreciation and amortization	**3,075**	1,872	**5,687**	1,933
EBITDA	**1,930**	1,781	**1,774**	(73)
Pre-commercial (gold cost of sales in excess of gold revenue) gold revenue in excess of cost of sales	**(10,990)**	(3,592)	**(20,642)**	(3,592)
Depreciation and amortization on gold property, plant and equipment	**4,279**	916	**8,767**	916
Acquisition costs	**-**	1,960	**-**	2,573
Adjusted EBITDA	**$(4,781)**	$1,065	**$(10,101)**	$(176)
Weighted average number of common shares	**276,388,721**	204,481,250	**276,302,402**	170,722,345
Adjusted EBITDA per share	**$(0.02)**	**$ 0.01**	**$(0.04)**	$0.00

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.

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.