ROYAL NICKEL CORPORATION
(Doing business as RNC Minerals)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2018 and 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation and its subsidiaries ("**RNC**", "**RNC Minerals**", "**Royal Nickel**" or the "**Corporation**") and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the years ended December 31, 2018 and 2017. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and related notes for the years ended December 31, 2018 and 2017, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains certain forward-looking statements and references should be made to the cautionary language at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Additional information relating to the Corporation, including its Annual Information Form for the most recently completed fiscal year, is available on SEDAR at www.sedar.com. The Corporation is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "RNX".

Certain non-IFRS measures are included in this MD&A. The Corporation believes that these measures provide investors an improved ability to evaluate the underlying performance of the Corporation. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at March 27, 2019 unless otherwise indicated.

1. DESCRIPTION OF BUSINESS

RNC is a multi-asset mineral resource company. The Corporation's main asset is a 100% interest in the Beta Hunt Mine ("**Beta Hunt**"), a gold-producing operation located in Western Australia which is held through Salt Lake Mining Pty Ltd ("**Salt Lake Mining**" or "**SLM**"). A major high-grade gold discovery at Beta Hunt, which includes the Father's Day Vein discovery, was announced in September 2018. The Corporation is focused on its exploration activities at Beta Hunt to follow-up on this significant discovery.

RNC also owns a 28% interest in the Magneto Investments Limited Partnership ("**Magneto**" or "**Dumont JV**"), which owns the Dumont Nickel-Cobalt Project ("**Dumont**"). Dumont is one of the world's premier battery metal projects, containing the world's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt. As one of the only large-scale fully permitted, shovel-ready nickel-cobalt projects globally, Dumont is ideally positioned to deliver the nickel and cobalt required to meet the massive demand growth expected from the electric vehicle ("**EV**") market in the coming decade. It is strategically located in the established Abitibi mining camp, 25 km northwest of Amos, Quebec.

The Corporation also has a 100% interest in VMS Ventures Inc. ("**VMS Ventures**" or "**VMS**"), which owns 27% of the Reed Mine, located in Manitoba, and a 33% equity interest in Orford Mining Corporation ("**Orford**") which holds the Qiqavik and West Raglan exploration projects (gold, nickel) in northern Quebec. The Qiqavik Project hosts several new high-grade gold discoveries along a mineralized trend in excess of 40 km long.

Further information regarding each of these projects, and the related third quarter developments in respect of each, is provided below under 3, Project Updates and New Developments.

2. EXECUTIVE SUMMARY

The MD&A provides a detailed review of information relevant to an assessment and understanding of the Corporation's financial position and the results of its operations. This section is intended to assist readers interested in a condensed summary of the Corporation's performance for the years ended December 31, 2018 and 2017. This section should be read in conjunction with the remainder of the MD&A, including risk factors impacting the Corporation.

(in thousands of dollars except per share amounts)

For the years ended December 31,	**2018**	2017
Revenue	**$ 128,770**	$ 73,076
Production and toll-processing costs	**82,742**	62,412
Loss before income taxes	**(7,911)**	(97,195)
Net loss	**(8,396)**	(91,061)
Basic and diluted loss per share	**(0.02)**	(0.31)
Cash flow used in operating activities	**(8,311)**	(2,059)
Cash investment in property, plant and equipment	**(10,464)**	(31,361)

For the periods ended December 31,	Three months ended, 2018	2017	Year ended, 2018	2017
Gold (Beta Hunt Mine)				
Tonnes mined (000s)	**65**	160	**512**	531
Gold mined, grade (g/t gold)	**7.28**	2.47	**4.48**	2.17
Gold mined (ounces)	**15,341**	12,722	**73,801**	37,027
Recovery (%)	**95%**	90%	**93%**	91%
Gold sold (oz)	**19,512**	12,896	**62,806**	33,578
Average realized price (US$/oz sold) [1]	**1,156**	1,284	**1,222**	1,267
Mining cash cost (US$/oz mined)	**345**	882	**488**	1,008
Cash operating costs (US$/oz sold)[1]	**459**	1,476	**938**	1,554
All-in sustaining cost (AISC) (US$/oz sold) [1]	**698**	1,579	**1,049**	1,641
Nickel[3] (Beta Hunt Mine)				
Tonnes mined (000s)	**-**	8.6	**16.1**	33.8
Nickel mined, grade (%)	**-**	2.64	**2.31**	2.73
Nickel in concentrate (kilo tonnes)	**-**	0.16	**0.32**	0.80
Average realized price (US$ per pound)	**-**	4.03	**7.68**	3.97
Cash operating cost (US$ per pound sold)	**-**	$1.90	**$4.29**	$2.98
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**-**	$1.94	**$4.33**	$3.27
Copper[2] (Reed Mine)				
Copper in concentrate (kilo tonnes)	**-**	1.21	**3.1**	3.47
Cash operating cost (US$ per pound sold)	**-**	$1.97	**$0.58**	$1.75
All-in sustaining cost (AISC) (US$ per pound sold) [1]	**-**	$1.98	**$0.60**	$1.79
Adjusted EBITDA[1,4]	**$15,946**	$(1,524)	**$27,328**	$(351)
Adjusted EBITDA per share[1]	**$0.04**	$(0.00)	**$0.07**	$(0.00)

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
2. RNC's share of production from the Reed Mine which ceased commercial production in July 2018 and is currently undergoing closure.
3. Nickel was not mined during the third and fourth quarters of 2018.
4. Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")

Consolidated Fourth Quarter and Full Year 2018 and Recent Highlights

Record annual gold production: Gold mined production for the 2018 year totaled 73,801 ounces compared to 37,027 ounces in 2017 which was an annual gold mined production record for Beta Hunt. Fourth quarter 2018 gold mined production of 15,341 mined gold ounces represented a 21% increase versus fourth quarter of 2017. High-grade specimen and coarse gold production led to a 195% increase in mined grade for the quarter to 7.28 g/t, as compared to 2.47 g/t in fourth quarter of 2017. The gold mined grade for 2018 was 4.48 g/t, an increase of 106% over the mined grade of 2.17 g/t for 2017.

Strong exploration results: Initial results from the 40,000 metre drill program that was initiated in the fourth quarter of 2018 have been positive. Highlights from assays received to-date include (all drill intervals quoted are true thicknesses):

- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063
- 468 g/t over 0.21 m in hole AZ13-156
- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013

Stronger balance sheet: During the three months ended December 31, 2018, the working capital deficit was reduced by $8.4 million including a $4.6 million reduction in accounts payable and accrued liabilities. The cash and cash equivalents balance, plus value of gold specimens held for sale, as at December 31, 2018 was $5.2 million at contained gold value (without premium which RNC expects to realize).

Solid Adjusted EBITDA performance improvement: Adjusted EBITDA improved to $15.9 million in the fourth quarter of 2018, a $17.5 million increase from the comparable quarter of 2017, reflecting the impact of higher sales and revenue and lower production costs. For the full year Adjusted EBITDA improved to earnings of $27.3 million, compared to a loss of $0.4 million in 2017. Reference is made to the Non-IFRS Measures section of this MD&A.

Improved production unit costs: All-in sustaining costs (AISC) were US$698 per ounce sold for the fourth quarter of 2018, a 56% improvement on the US$1,579 per ounce sold in the prior year comparative period. 2018 fourth quarter cash operating costs were US$459, a 69% improvement over 2017. Mining cash cost was reduced to US$345 per ounce mined for the fourth quarter of 2018, 61% lower than the fourth quarter of 2017. Reference is made to the Non-IFRS Measures section of this MD&A.

3. PROJECT UPDATES AND NEW DEVELOPMENTS

Beta Hunt Mine

The Corporation owns 100% of the Beta Hunt Mine, a gold producer located in the prolific Kambalda mining district of Australia.

On September 9, 2018, the Corporation announced a significant new high-grade gold discovery (Father's Day Vein) at the Beta Hunt Mine.

The Corporation announced on September 24, 2018 that a new exploration drive on 14 level at Beta Hunt intercepted and recovered large amounts of visible coarse gold, providing further proof of concept that the structures containing the Father's Day Vein discovery extend 200 metres (25 meters up dip and 180 meters along-strike) above the Father's Day Vein discovery. Following this announcement, technical teams at Beta Hunt applied the model for these high-grade coarse gold structures to historical drilling and mapping, and identified a number of targets for follow-up with the potential to continue to extend this discovery.

The gold specimen stones from the discovery area are expected to attract substantial premiums above the value of the gold contained in the stones.

On November 28, 2018, the Company announced that it initiated a 40,000 metre drill program at Beta Hunt. The objective of this program is to upgrade and expand the gold resource at Beta Hunt and delineate the Father's Day Vein style high grade gold mineralization. Three drills are currently operating. The first phase of the drilling campaign is expected to be completed by April 2019 with a resource update anticipated at the end of the second quarter of 2019.

Underground development will also be completed to provide access to the newly discovered sediment layers, support current and future exploration programs, and facilitate production of coarse gold using smaller scale mining methods. Beta Hunt's gold resource potential is underpinned by multiple gold shears with gold intersections across a 4 km strike length which remains open in multiple directions adjacent to the existing 5 km ramp network.

In order to deliver the first phase of the exploration plan, the Company temporarily ramped down bulk production mining in November 2018 to allow it to adequately drill off the main shear zone resources and complete an updated resource estimate. The drilling program has sufficiently advanced to allow for commencement of a limited restart of bulk mining in areas with mine development already in place. The timing for a full ramp-up decision has remained the same and will be based on completion of the resource update expected by the end of the second quarter of 2019.

A review of the drilling completed in 2017 identified a sediment layer intersected in close proximity to the much larger Western Flanks shear. A total of four holes from 2017 drilling have intersected the sediment layer. The Company's current interpretation indicates a strike length of 230 metres that remains open in all directions. Drilling completed as part of the current program has intersected coarse gold in association with sediment beyond the northern extent of the Western Flanks resource (see results from WFN-029 and WFN-063 below).

The first phase of exploration, focused initially on the north side of Beta Hunt's Alpha Island Fault, represents only a portion of the high grade potential of the project.

Exploration drilling planned for later in 2019 will target the southern side of the Alpha Island Fault where the majority of the previous nickel mining had been undertaken.

On January 22, 2019 and February 25, 2019, the Corporation reported drilling updates. Results from drilling completed have provided further confirmation of the potential for the areas of intersection between the mineralized shears and property-wide Lunnon sediment layer for further high-grade coarse gold discoveries. High-grade intersections from the 40,000 metre drill program reported to date include (all drill intervals quoted are true thicknesses):

- 1,017 g/t over 2.00 m, including 7,621 g/t over 0.27 m in hole WFN-029
- 395.9 g/t over 4.75 m, including 2,210 g/t over 0.85 m in hole WFN-063,
- 468 g/t over 0.21 m in hole AZ13-156
- 119 g/t over 6.40 m, including 1,406 g/t over 0.50 m in hole AZ15-013

Additionally, thick drill intersections in the Western Flanks (including: 3.07g/t over 39.13 metres (including 5.24 g/t over 7.05 metres and 4.49 g/t over 10.09 metres) in hole WFN-065, 3.13 g/t over 16.86 metres (including 11.66 g/t over 2.67 metres) and 3.03 g/t over 18.89 metres (including 4.75 g/t over 4.61 metres) in hole WFN-058, and 4.17 g/t over 19.14 metres (including 8.92 g/t over 3.58 metres) and 4.63 g/t over 7.61 metres in hole WFN-045) illustrate the nature of the Western Flanks as a thick, variably mineralized shear zone. These intersections all lie to the north of and outside of the existing Western Flanks resource and provide strong potential for significant additions to the resource.

Dumont Nickel-Cobalt Project

Dumont remains one of the world's premier battery metal projects. Dumont contains the world's largest undeveloped reserves of nickel and second largest undeveloped reserves of cobalt. As one of the only large-scale fully permitted, shovel-ready nickel-cobalt projects globally, Dumont is ideally positioned to deliver the nickel and cobalt required to meet the massive demand growth expected from both the stainless steel markets and the EV market in the coming decade.

RNC has a 28% interest in Dumont and manages the project on behalf of the Dumont JV.

On September 4, 2018, RNC as manager announced that a contract had been awarded for a feasibility study update for the Dumont Nickel-Cobalt Project. The results of the updated feasibility study are expected to be announced in the first half of 2019.

Reed Mine

On April 27, 2016, the Corporation acquired 100% of VMS Ventures, which currently owns 27% of the Reed Mine. VMS is a private company whose main asset is an interest in the Reed Mine, a low-cost copper producer located near Flin Flon, Manitoba. Hudbay Minerals Inc. ("**Hudbay**") owns the remaining 73% of the Reed Mine and has served as manager and operator.

The Reed Mine ceased commercial production in July 2018. Processing of stockpiled material was completed in the third quarter of 2018. VMS also holds interests in mineral properties adjacent to the Reed Mine.

Orford Mining Corporation

RNC holds a 33% equity interest in Orford Mining Corporation ("**Orford**"). Orford owns all of the assets of RNC's former subsidiary, True North Nickel ("**TNN**"), including the Qiqavik Gold and West Raglan Nickel projects in Northern Quebec.

During the year ended December 31, 2018, Orford issued an aggregate of approximately 15 million shares through the completion of multiple equity financings, an acquisition of a private company through the issuance of shares and share issuances for consulting services. These issuances have reduced RNC's ownership stake in Orford to 33% as of the date of this MD&A.

4. CONSOLIDATED RESULTS OF OPERATIONS

Operating Highlights

	Three months ended December 31,				Years ended December 31,			
(in thousands, except ounces, tonnes and pounds where noted)	**2018**	2017	**Change**	**% Change**	**2018**	2017	**Change**	**% Change**
				Operating Statistics				
				Gold				
Produced (mined ounces)	**15,341**	12,722	**2,619**	**21%**	**73,801**	37,027	**36,774**	**99%**
Sold (ounces)	**19,512**	12,896	**6,616**	**51%**	**62,806**	33,578	**29,228**	**87%**
Average realized gold price per ounce (US$) [3]	**1,156**	1,284	**(128)**	**(10%)**	**1,222**	1,267	**(45)**	**(4%)**
				Nickel				
Produced (mined tonnes)	**-**	8,572	**(8,572)**	**(100%)**	**16,117**	33,799	**(17,682)**	**(52%)**
Sold (tonnes)	**-**	109	**(109)**	**(100%)**	**214**	531	**(317)**	**(60%)**
Average realized nickel prices per pound (US$) [3]	**-**	4.03	**(4.03)**	**(100%)**	**7.68**	3.97	**3.71**	**93%**
				Copper[1]				
Produced (mined tonnes)[1]	**-**	102,229	**(102,229)**	**(100%)**	**326,363**	460,414	**(134,051)**	**(29%)**
Sold (tonnes Cu)[2]	**-**	994	**(994)**	**(100%)**	**2,944**	4,327	**(1,383)**	**(32%)**
Average realized copper price per pound (US$) [3]	**-**	3.55	**(3.55)**	**(100%)**	**3.42**	3.42	**-**	**0%**
				Financial data (in thousands of dollars)				
Metal sales	**32,076**	29,511	**2,565**	**9%**	**128,770**	73,076	**55,694**	**76%**
Production cost of sales	**9,437**	28,217	**18,780**	**(67%)**	**82,742**	62,412	**20,330**	**33%**
Depreciation, depletion and amortization	**636**	6,481	**5,845**	**(90%)**	**7,853**	17,515	**(9,662)**	**(55%)**
Operating earnings (loss)	**18,048**	(67,836)	**85,884**	**NM[4]**	**12,859**	(77,944)	**90,803**	**NM[4]**
Net earnings (loss) attributable to RNC shareholders	**12,794**	(78,617)	**91,411**	**NM[4]**	**(8,145)**	(89,993)	**81,848**	**(91%)**

1. 100% Basis
2. RNC share of Reed Mine production
3. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
4. ‘NM’ refers to a Not Meaningful statistic

The Beta Hunt Mine achieved record annual production in 2018, largely as a result of the high-grade gold Father’s Day Vein discovery made in early September 2018. In 2018, 73,801 mined gold ounces were produced, a 99% increase compared to 2017 production of 37,027 ounces. In the fourth quarter, bulk mining production was temporarily ramped down to allow for adequate drilling of the main shear zone. Despite that change in mining operations, fourth quarter gold production totaled 15,341 ounces compared to12,722 for the comparative prior year period.

As previously reported, RNC suspended nickel production at the Beta Hunt Mine during the third quarter of 2018. As a result, there was no nickel (in concentrate) production in the fourth quarter of 2018, compared to 160 tonnes of nickel (in concentrate) in the fourth quarter of 2017. For 2018, 320 tonnes of nickel (in concentrate) was produced compared to 800 tonnes for 2017.

As previously reported, the Reed Mine ceased production in the third quarter of 2018. As a result, there was no copper (in concentrate) production in the fourth quarter of 2018. There were also no tonnes of ore produced, compared to 102,229 tonnes in the fourth quarter of 2017. For 2018, 326,363 tonnes of ore were produced compared to 460,414 tonnes for 2017, a 29% decrease.

Operating Earnings (Loss) by Segment

(in thousands of dollars)

	Three months ended December 31,			Years ended December 31,		
	2018	2017	Change	**2018**	2017	Change
Operating segments						
Beta Hunt Mine - Gold	**$ 19,219**	$ (60,032)	$ 79,251	**$ 13,804**	$ (64,965)	$ 78,769
Beta Hunt Mine - Nickel	**357**	(4,667)	5,024	**1,128**	(5,130)	6,258
Reed Mine	**(844)**	(1,786)	942	**11,650**	(2,713)	14,363
	18,732	(66,485)	85,217	**26,582**	(72,808)	99,390
Non-operating segment						
Corporate: share-based payments	**2,443**	(425)	2,868	**(6,911)**	(672)	(6,239)
Corporate: other	**(3,127)**	(926)	(2,201)	**(6,812)**	(4,464)	(2,348)
Total operating earnings (loss)	**18,048**	(67,836)	85,884	**12,859**	(77,944)	90,803

5. OUTLOOK

The outlook and financial targets only relate to fiscal 2019. 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 the Outlook section in this MD&A. The Corporation may update the outlook depending on changes in metal prices and other factors.

Beta Hunt Mine

With the Father's Day Vein discovery in early September 2018, the focus at the Beta Hunt Mine was on extracting the high-grade gold specimen stone and coarse gold from the discovery area and preparing for a comprehensive exploration program. The geology team is continuing to advance their understanding of the sediment structures and potential for additional high-grade coarse gold discoveries. The high-grade gold potential of the mine remains largely unexplored.

On October 22, 2018, RNC announced that the first mobile exploration diamond drill had been deployed and underground drill crews had commenced the gold exploration program at the Beta Hunt Mine. The objective of the ongoing 40,000 metre drilling program is to upgrade and expand the gold resource at Beta Hunt and delineate the Father's Day Vein style high grade gold mineralization at the A Zone and Western Flanks areas of the mine. While focusing on adding confidence to existing resources and defining mineralization in new areas outside of current resources, the drill program will provide important structural information about the relative location of the shear zones and the sulphidic sediment horizon that will facilitate delineation of the envelope that contains the high-grade Father's Day style coarse gold mineralization. The current geological model posits that Father's Day style mineralization is associated with the intersection of the shear zones and the sedimentary horizon. Drilling results announced by RNC on January 22, 2019 and February 25, 2019 of the first drill intersections of coarse gold in the Western Flanks shear zone associated with sulphidic sediment support this model.

As of the date of this MD&A, approximately 18,600 metres of the the current 40,000 metre drilling program have been completed and assays have been received for over 6,500 metres. The current drilling campaign is expected to be completed by the end of April 2019 and an updated mineral resource is anticipated by the end of the second quarter of 2019.

Beta Hunt Mine 2019 Guidance

Production guidance will not be provided until the resource update is completed and a decision to fully restart bulk production is made.

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, which include increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the Preliminary Economic Assessment ("PEA"), on the Beta Hunt Mine, which is summarized in the technical report entitled, "NI 43-101 Technical Report Preliminary Economic Assessment – The Beta Hunt Mine, Kambalda, Western Australia", 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. In addition, the PEA was issued on March 4, 2016 and does not reflect the recent gold discovery at the mine's Father's Day Vein. 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's predictions will be realized.

Dumont Nickel-Cobalt Project

RNC remains focused on completing an updated feasibility study and aggressively advancing Dumont towards a construction decision in 2019. RNC announced in September 2018, in its capacity as manager of the Dumont JV with Arpent Inc., a subsidiary of Waterton, that Ausenco Engineering Canada Inc. ("**Ausenco**") was awarded the contract for a feasibility study update for Dumont.

The feasibility study update will maintain the same project scope, flowsheet, and overall site layout from the feasibility study completed in July 2013 in order to leverage the investment in the prior work. The updated feasibility study will incorporate the results of the market value-in-use study recently completed by the Dumont JV, updated macro-economic assumptions, and several other optimizations and updates, including an updated mine plan, optimization of tailings deposition, and updated capital and operating costs. The results of the updated feasibility study are expected to be announced in the second quarter of 2019, leading towards a construction decision in 2019.

Reed Mine

RNC's share of closure costs is currently estimated at $0.8 million, including recovery for the sale of equipment and facility assets.

Orford Mining Corporation

Orford has completed the 2018 summer exploration program on the Qiqavik property. As reported by Orford on October 16 2018, the Qiqavik program included 8 drill holes totaling 1,211m. The highlight of the 2018 drilling program results is the discovery at the Interlake Area of a thick sequence of gold mineralized quartz-carbonate veining associated with sulphidic metasediments which was intersected in three diamond drill holes. This is the first time that thicknesses in excess of up to 24.6m of gold-bearing mineralization within a structural complex zone has been intersected on the property. The Interlake area has generated additional potential high-grade targets for 2019. Note that drill intervals reported for the Qiqavik Project are down-hole core lengths as true thicknesses cannot be determined with available information.

The 2018 Qiqavik work also identified several new high-grade surface gold showings and expanded previously discovered showings. Surface gold samples such as 342 g/t gold at a new surface showing A,149.5 g/t gold at a new surface showing B, 108 g/t at the Focused Intrusive and 17.15 g/t at the Interlake zone continue to suggest strong gold endowment of the Qiqavik property and its untested potential. A total of 541 rock samples were taken during the summer of 2018 from predominantly angular subcrop type boulders across the 40 km long property. Thirty four of those samples returned grades of more than 2 g/t.

Surface sampling at Focused Intrusive, Gerfaut South, and Interlake have expanded the dimensions of these surface showings to potentially as large as 800m, 850m, and 300m, respectively. Work in the Interlake area has proven that the boulder and till transport distance is limited. This was evidenced by intersecting similar mineralization and lithologies in gold mineralization in the 2018 Interlake drill holes to that seen in the nearby surface showing boulders.

On December 28, 2018, Orford announced the issuance of 2,777,778 flow-through common shares at an issue price of $0.18 for gross proceeds of $500,000. This financing brought RNC's interest in Orford to 33%.

6. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)

For the years ended December 31,	**2018**	2017	Change
Revenue	**$ 128,770**	$ 73,076	$ 55,694
Operating earnings (loss)	**12,859**	(77,944)	90,803
Other expenses, net	**(20,770)**	(19,251)	(1,519)
Loss before income tax	**(7,911)**	(97,195)	89,284
Net loss	**(8,396)**	(91,061)	82,665
Basic and diluted loss per share	**(0.02)**	(0.31)	0.29
Adjusted EBITDA[1]	**27,328**	(351)	27,679
Adjusted EBITDA per share[1]	**0.07**	(0.00)	0.07

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

Year Ended December 31, 2018, compared with year ended December 31, 2017

For the year ended December 31, 2018, revenue increased by $55.7 million, or 76%, which was primarily due to increased gold revenues from the Beta Hunt Gold Mine of $66.9 million. Partially offsetting higher gold revenue was a $9.9 million decrease in copper revenue from the Reed Mine, which ceased operations during the third quarter of 2018. Operating earnings for the year improved by $90.8 million primarily due to the 2017 impairment charges of $59.4 million. In addition, excluding its 2017 impairment charge of $1.9 million, the Reed Mine reported higher operating earnings of $12.4 million. Excluding the impact of impairments, the Beta Hunt Mine also contributed with higher operating earnings of $26.3 million during the year. Excluding 2017 impairment charges, the combined increase in operating earnings from Beta Hunt and Reed Mine of $38.7 million was partially offset by a $6.2 million increase in share-based payments expense which was largely attributable to marked-to-market adjustments related to a higher market price for the Corporation's common shares on December 31, 2018 relative to the beginning of the year.

For the year ended December 31, 2018, other expenses, net increased by $1.5 million. A significant portion of the 2018 total other expenses of $20.8 million related to the cost of the Corporation's debt facilities. Accretion charges totalled $3.6 million for the year ended December 31, 2018. During the 2018 year, the Corporation's investments in Orford and Magneto were diluted which caused the cessation of consolidation. The deconsolidation of the subsidiaries resulted in aggregate losses of $3.1 million. Orford and Magneto have been accounted for under the equity method from June 30, 2018. The corporation also recognized a foreign exchange loss of $3.7 million during the year ended December 31, 2018 due to the adverse change in foreign exchange rates over the prior year. The Corporation recorded a charge of $0.5 million in respect of its investment in Sudbury Platinum Corporation. For more details regarding the Corporation's other expenses refer to note 24 of the annual consolidated financial statements for the year ended December 31, 2018.

Summary of Quarterly Results

	2018				2017			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	$32,076	$43,397	$31,872	$21,425	$29,511	$24,952	$11,489	$7,124
Earnings (loss) attributable to RNC shareholders	$12,794	($7,510)	($1,027)	($12,402)	($78,617)	($11,953)	$4,999	($4,422)
Basic and diluted earnings (loss) per share	$0.03	($0.02)	($0.00)	($0.05)	($0.26)	($0.04)	$0.02	($0.02)

Although fourth quarter revenue represented a decline, gold revenues for the third quarter of 2018 were a record high for the Beta Hunt mine due to the mine achieving record levels of production from the Fathers' Day Vein. Revenue for the fourth quarter of 2018 declined due to temporary ramping down bulk production mining to allow the Corporation to adequately drill off the main shear zone and complete and updated resource estimate. Net earnings over the last eight quarters have not followed the same trend as revenues due to several factors, including: impairment charges, debt charges, the impact of derivative instruments and various other gains and losses associated with business activities, as described in the Corporation's MD&A reports respective of each referenced financial quarter.

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. Quarterly results continued to fluctuate during SLM's ramp-up period and during the first year of commercial gold 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 revenue being denominated in US dollars.

7. LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash[1]

(in thousands of dollars)

For the years ended December 31,	**2018**	2017
Cash provided by (used in) operations prior to changes in working capital	**$ 1,505**	$ (14,109)
Changes in non-cash working capital	**(9,816)**	12,050
Cash used by operating activities	**(8,311)**	(2,059)
Cash used in investing activities	**(18,914)**	(6,670)
Cash provided by financing activities	**4,165**	28,284
Change in cash and cash equivalents	**(23,060)**	19,555

[1] The Beta Hunt mine commenced commercial production on July 1, 2017. The operating loss for the year ended December 31, 2017 excludes gold pre-commercial cost of sales, net of gold revenue, of $20,642, which includes $8,767 of depreciation and amortization.

Operating Activities

For the year ended December 31, 2018, cash provided by operating activities, prior to changes in non-cash working capital, was $1.5 million compared to cash used in operating activities of $14.1 million in the prior year, representing a variance of $15.6 million which is primarily due to the $31.4 million increase in operating earnings before non-cash impairment charges. Working capital changes used cash of $9.8 million during the year ended December 31, 2018 compared with cash provided of $12.1 million for prior year, a $21.9 million variance. The working capital movement for 2018 is mostly related to amounts payable, which increased by $9.1 million in 2017 compared with a decrease of $9.1 million in 2018, a variance of $18.2 million.

Investing Activities
For the year ended December 31, 2018, total cash used in investing activities was $18.9 million compared with total cash used in investing activities of $6.7 million in 2017, a $12.2 million increase. The change is primarily due to the 2017 net proceeds received on the sale of Dumont totaling $30.3 million. Excluding the Dumont proceeds, cash used in investing activities decreased in 2018 over the prior year by $18.1 million which was primarily due to additions in property, plant and equipment in 2017 of $31.4 million, which were substantially higher than the 2018 level of $10.5 million by $20.9 million. The decrease in capitalized property, plant and equipment is due to the SLM operation because the Corporation ceased capitalization of mine development costs upon the classification of the asset as held for sale from December 31, 2017. The Corporation recommenced the capitalization of mine development costs from September 9, 2018 when the Corporation ceased its classification of SLM as an asset held for sale as described in note 3 of the audited consolidated financial statements. Partially offsetting the impact of lower capitalized costs was the impact of lower cash as a result of the deconsolidation of Magneto and Orford as described in note 6 of the audited consolidated financial statements. On the effective date of deconsolidation, the entities had a combined cash total of $6.0 million.

Financing Activities
For the year ended December 31, 2018, cash provided by financing activities of $4.2 million is lower than the cash provided by financing activities in 2017 by $24.1 million. The variance is partially due to higher debt repayments of $8.7 million in 2018. During the year ended December 31, 2018, the Corporation received cash of $12.0 million from the exercise of stock options and warrants and $2.1 million for the issuance of shares for a combined total of $14.1 million. There was also cash received from the issuance of short-term debt in the amount of $3.9 million in 2018. During the prior year, the Corporation received cash from the issuance of convertible debentures ($20.2 million), long-term debt ($5.4 million) and shares ($7.9 million) for a combined total of $33.5 million.

As a result of the foregoing activities, for the year ended December 31, 2018, the net cash used by operating, investing and financing activities was $23.1 million compared with net cash provided of $19.6 million in 2017.

Liquidity and Capital Resources

(in thousands of dollars)	**December 31, 2018**	December 31, 2017
Cash and cash equivalents	**$ 1,340**	$ 24,400
Working capital deficit[1]	**(18,992)**	(29,045)
Property, plant and equipment	**24,530**	23,509
Mineral property interests	**-**	48,956
Total assets	**58,012**	108,987
Total liabilities	**31,891**	98,073
Shareholders' equity	**26,121**	10,914

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

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 December 31, 2018, the Corporation had a working capital deficit of $19.0 million compared to a $29.0 million deficit as at December 31, 2017 for a decreased deficit of $10.0 million. There were large movements in the composition of working capital. Cash declined by $23.1 million partially as a result of the deconsolidation of the Dumont JV as well as the settlement of $19.6 million of accounts payable and accrued liabilities. The Corporation's obligations in respect of share incentive plans increased by $3.8 million primarily as the result of an increase in the Corporation's share price during the year. The current portion of debt arrangements and the current portion of contract liabilities decreased by $7.1 million and $8.4 million, respectively, primarily as a result of the financing activities described above, under which the Corporation settled its long-term debt and convertible debenture financings.

Mineral property interests declined by $49.0 million due to the deemed disposition and loss of control of Magneto and Orford, and resulted in declines of $31.0 million and $18.0 million, respectively.

Overall, total assets decreased by $51.0 million, which is primarily due to the decrease of mineral property interests noted above.

During the year ended December 31, 2018, long-term debt and convertible debt of $33.5 million was eliminated. The cash and cash equivalents balance, including the value of gold specimens held for sale, as at March 27, 2019 was $1.6 million.

As at December 31, 2018 the Corporation had cash and cash equivalents of $1.3 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt Mine operations 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.

8. SUMMARY OF QUARTERLY INFORMATION

Mining Operations

Beta Hunt Mine (100% ownership) Western Australia

The Beta Hunt Mine produced 15,341 mined gold ounces in the fourth quarter of 2018, a 21% increase compared to the fourth quarter 2017 production. Gold production for 2018 totaled 73,801 mined gold ounces compared to 37,027 for 2017. An increase in high-grade specimen and coarse gold production led to a 195% improvement in the mined grade for the quarter to 7.28 g/t, compared to 2.47 g/t in fourth quarter of 2017 and a 6.67 g/t in the third quarter of 2018. Following the Father's Day Vein discovery, the focus at the Beta Hunt Mine was on extracting the high-grade gold specimen stone and coarse gold from the discovery area and preparing for a comprehensive exploration program. The Beta Hunt Mine ramped down its bulk mining gold production and mined 65 kt of gold mineralization in the fourth quarter of 2018 (2017 – 160 kt) containing 15,341 oz of gold (2017 – 12,722 oz). 72 kt of material was processed at an average grade of 9.42 g/t, (2017 – 2.39 g/t) for a total of 21,574 oz of gold (2017 – 12,128).

For the periods ended December 31,	Three months ended,		Years ended,	
	2018	2017	**2018**	2017
Gold Operating Results				
Gold tonnes mined (000s)	**65**	160	**512**	531
Gold mined grade (g/t)	**7.28**	2.47	**4.48**	2.17
Gold mined – coarse gold / specimens (ounces)	**9,500**	-	**31,139**	-
Gold mined (ounces)	**5,841**	-	**42,662**	-
Total gold mined (ounces)	**15,341**	12,722	**73,801**	37,027
Gold recovery (%)	**95%**	90%	**93%**	91%
Gold sales (ounces)	**19,512**	12,896	**62,806**	33,578
Development metres – operating	**153**	760	**2,354**	2,748
Development metres – capital	**554**	708	**1,949**	2,965
Mining cash cost per ounce (US$ per ounce mined)	**345**	882	**488**	1,008
Cash operating cost (US$ per ounce sold) [1]	**459**	1,476	**938**	1,554
All-in sustaining cost (AISC) (US$ per ounce sold) [1]	**698**	1,579	**1,049**	1,641

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

For the periods ended December 31,	Three months ended, 2018	2017	Years ended, 2018	2017
Nickel Operating Results				
Nickel tonnes mined (000s)	**-**	8.6	**16.1**	33.8
Nickel in concentrate (000s of tonnes)	**-**	0.16	**0.32**	0.80
Development metres – operating	**-**	65	**88**	543
Development metres – capital	**-**	173	**152**	401
Cash operating cost (US$ per pound sold) [1]	**-**	1.90	**4.29**	2.98
All-in sustaining cost (AISC) (US$ per pound sold)[1]	**-**	1.94	**4.33**	3.27

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

Reed Mine

	Three months ended,		Years ended,	
For the periods ended December 31,	**2018**	2017	**2018**	2017
Copper Operating Results[1]				
Ore tonnes mined (000s) (100% basis)	**-**	102,229	**326,363**	460,413
Ore tonnes milled (000s) (100% basis)	**-**	102,436	**347,946**	442,269
Copper (%)	**-**	3.52	**3.35**	3.67
Copper contained in concentrate (kilo tonnes) [1]	**-**	1.21	**3.1**	3.47
Cash operating cost (US$ per pound sold) [2]	**-**	$1.97	**$0.58**	$1.75
All-in sustaining cost (AISC) (US$ per pound sold) [2]	**-**	$1.98	**$0.60**	$1.79

1. RNC's share of production from the Reed Mine was 27.2% for the 2018 year, and 30% for 2017 periods.
2. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

9. RELATED PARTY TRANSACTIONS

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

Remuneration of key management

(in thousands of dollars)	Years ended December 31,	
	2018	2017
Management salaries and benefits	**$2,596**	$1,778
Share-based payments – Management	**1,077**	528
Share-based payments – Directors	**1,446**	391
Marked-to-market adjustment for cash settled share-based payments	**3,939**	(783)
	$9,058	$1,914

Refer to note 18 of the 2018 audited consolidated financial statements for a description of management salaries and benefits.

The Corporation is party to certain employment contracts with senior executives. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events, including contract termination or the change of control of the Corporation. The total amount of severance that would have become payable to the senior executives had a change of control or terminations without cause occurred on December 31, 2018, are $3.1 million and $2.7 million, respectively.

10. CONTRACTUAL COMMITMENTS

				Payments due by period	
(in thousands of dollars)	Total	Less than 1 year	1–3 years	4–5 years	After 5
Finance leases	$611	$315	$70	$226	$-
Operating leases	915	314	601	-	-
Long-term debt obligations	4,652	4,328	240	84	-
Interest	35	16	17	2	-
Total contractual obligations	**$6,213**	**$4,973**	**$928**	**$312**	**$-**

Existing royalty obligations at Beta Hunt are (i) Consolidated Minerals, 3% of payable nickel (at a nickel price under AU$17,500/t) or 5% (at a nickel price of AU$17,500 or greater) until total royalty payments reach AU$16 million; (ii) Western Australian state government, 2.5% of recovered gold and nickel; and (iii) Maverix Metals Inc., 1.5% of payable nickel less allowable deductions, 6% of recovered gold and 1.5% of recovered gold less allowable deductions.

11. OFF-BALANCE SHEET ARRANGEMENTS

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

12. PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Corporation considers potential acquisitions, joint ventures, and other opportunities. The Corporation will disclose such an opportunity if and when required under applicable securities rules.

13. SUBSEQUENT EVENTS

On January 16 and 18, 2019, the Corporation closed a bought deal and concurrent private placement, and overallotment, respectively, for a total of 19,891,165 common shares of the Corporation at a price of $0.46 per common share for aggregate gross proceeds of $9,150.

On March 25, 2019, the Corporation entered into a purchase option agreement with Westgold Resources Limited (“**Westgold**”) for its Higginsville Gold Operation (“**HGO**”). Westgold granted the Corporation a 40-day option (the “**Option**”) to purchase the HGO operations outright, including all existing mining, milling and infrastructure, for AUD$50,000 ($47,690) (the “Purchase Price”). The Corporation will pay Westgold an option fee of AUD$4,000 ($3,815), equal to 8% of the Purchase Price, to be satisfied by the issuance of common shares of the Corporation. This fee will be deducted from the Purchase Price if the Corporation exercises the Option. Closing would occur 30 days following exercise, and the Option payment would be deducted from the Purchase Price. In the event that the Corporation elects to exercise the Option, the remaining Purchase Price would be satisfied with a cash payment of AUD$25,000 ($23,845) and a further issuance of AUD$21,000 ($20,030) common shares of the Corporation.

On March 26, 2019, the Corporation announced it had entered an agreement with a syndicate of underwriters, pursuant to which the underwriters have agreed to purchase, on a “bought deal” basis, 24,490,000 common shares of the Corporation at a price of $0.49 per common share (the “**Issue Price**”) for gross proceeds of $12,000 (the “**Offering**”). The Corporation has granted the underwriters an over-allotment option, exercisable at the Issue Price for a period of 30 days following the closing of the Offering, to purchase up to an additional 3,673,500 common shares.

14. OUTSTANDING SHARE DATA

As at March 27, 2019, the Corporation had 468,653,323 common shares issued and outstanding.

As at March 27, 2019, the Corporation had the following securities outstanding, which are exercisable for common shares:

	Number of Securities	Weighted Average Exercise Price
Stock options	35,030,314	$0.36
Warrants	869,025	$0.46

As at March 27, 2019, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, for cash or common shares:

	Number of Securities
Deferred share units	959,343
Restricted share units	3,267,550

Under the agreement dated March 8, 2007, pursuant to which the Corporation acquired a 100% interest in the Marbaw Mineral Claims (see Note 8(ii) of the December 31, 2017 audited consolidated financial statements), the Corporation is required to issue 7,000,000 common shares of RNC to Marbaw upon the satisfaction of certain conditions. Such conditions, other than the receipt by the Corporation of a notice from Marbaw requesting that these shares be issued, have been satisfied.

15. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Corporation’s critical accounting policies and accounting estimates in note 2 of the audited consolidated financial statements for the year ended December 31, 2018.

There were no changes to the accounting policies applied by the Corporation to its 2018 quarterly unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the audited consolidated financial statements for the year ended December 31, 2018 with the exception of the new accounting policies highlighted in note 2 of the consolidated financial statements for the year ended December 31, 2018.

16. 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 its public release.

The CEO and the CFO are also responsible for the design of internal controls over financial reporting ("**ICFR**"). The fundamental issue is ensuring thast all transactions are properly authorized and identified and entered into a well-designed, robust and clearly understood accounting system in a timely manner to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present consolidated financial statements in accordance with IFRS, unauthorized receipts and expenditures or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of the Corporation makes the identification and authorization process relatively efficient and a process for reviewing ICFR has been developed. To the extent possible, given the Corporation's small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing cheques and wire requests. All payments also require the approval of two signing officers.

The CEO and CFO evaluated whether there were changes to the ICFR during the three months ended December 31, 2018 that have materially affected, or are reasonably likely to affect, the ICFR. There were no changes to the ICFR during the three months ended December 31, 2018. The CEO and CFO evaluated the effectiveness of the Corporation's DCP and ICFR as required by National Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as at December 31, 2018, the Corporation's design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the annual audited consolidated financial statements and other disclosures, was made known to them in a timely manner and reported as required and in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's IFRS. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

The Corporation's management, including the CEO and CFO, believe that any DCP and ICFR, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system have been met.

17. RISK FACTORS

The Corporation is subject to a number of risks and uncertainties. The risk factors are outlined below. In addition, the Corporation is subject to production and exploration uncertainty at its Beta Hunt Mine. There is no certainty that the Corporation will be able to achieve future production at its Beta Hunt Mine comparable to its 2018 third quarter production. The Corporation has recently initiated a gold exploration program at the Beta Hunt Mine with the objective being to expand upon the Father's Day Vein high-grade gold discovery at the A Zone area of the Beta Hunt Mine. There can be no assurance that this exploration program will be successful. Moreover, as described in the Corporation's Annual Information Form ("**AIF**") (on file with Canadian provincial regulatory authorities and available at www.sedar.com), the decision by SLM 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 increased uncertainty as to achieving any particular level of recovery of minerals and the cost of such recovery.

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

Profits Not Yet Realized at Beta Hunt

The Corporation has not yet realized any profits from its operations at the Beta Hunt Mine. The Corporation expects to continue to incur losses unless and until such time as the Beta Hunt Mine generates sufficient revenues to fund its continuing operations. There can be no assurance that the Corporation will achieve profitability or that the Beta Hunt Mine or any of the properties the Corporation may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that significant additional losses will not occur in the near future or that the Corporation will be profitable in the future.

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

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

Liquidity

As at December 31, 2018, the Corporation had a working capital deficit of $19.0 million compared to $29.0 million working capital deficit as at December 31, 2017 for a decrease of $10.0 million. There were large movements in the composition of working capital. Cash declined by $23.1 million partially as a result of the deconsolidation of the Dumont JV as well as the settlement of $19.6 million of accounts payable and accrued liabilities. The Corporation's obligations in respect of share incentive plans increased by $3.8 million primarily the result of an increase in the Corporation share price during the year. The current portion of debt arrangements and the current portion of contract liabilities decreased by $7.1 million and $8.4 million, respectively, primarily as a result of the financing activities described above under which the Corporation settled its long-term debt and convertible debenture financings. As at December 31, 2018 the Corporation had cash and cash equivalents of $1.3 million. Management estimates that these funds will not be sufficient to fund the advancement of exploration properties, Beta Hunt mine operation 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.

Funding Needs, Financing Risks and Dilution

During 2017, the Corporation transitioned from the exploration and evaluation stage into a gold, nickel and copper producer and remains dependent on external financing to fund its continued exploration and evaluation program. Historically, the Corporation's principal sources of funding have been the issuance of equity securities for cash, the sale of NSR royalties and funds from the government of Quebec with respect to mining tax credits received based on eligible exploration expenditures, interest income. In 2016 and 2017, the Corporation issued debt, secured advance sales arrangements and working capital financing facilities to finance SLM and VMS business activities and repay the prior debt arrangements. While the Corporation may generate additional working capital through fund raising or through the sale or joint venture of its mineral properties, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to existing shareholders of the Corporation and reduce the value of their investment.

In addition, development of the Dumont Nickel-Cobalt Project will require substantial financing. Initial capital costs for the development of the Dumont Nickel-Cobalt Project, for the base case, could be in excess of US$1.191 billion, with additional expansion capital of US$891 million. Failure to obtain sufficient financing will result in delaying or indefinite postponement of development of the Dumont Nickel-Cobalt Project, or possibly a loss of property interests. There is no assurance that such funding will be available to the Corporation, that it will be obtained on terms favourable to the Corporation or that it will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties, which may have a material adverse effect on the Corporation's business, financial condition and results of operations. If the credit and capital markets deteriorate, or if any sudden or rapid destabilization of global economic conditions occurs, it could have a material adverse effect on the Corporation's liquidity, ability to raise capital and costs of capital. If the Corporation experiences difficulty accessing the credit and/or capital markets, the Corporation may seek alternative financing options, including, but not limited to, streaming transactions, royalty transactions or the sale of non-core assets. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Corporation's business, financial condition and results of operations.

Negative Operating Cash Flow

The Corporation has a history of reporting negative cash flow from operations. It is anticipated that the Corporation will continue to report negative operating cash flow while it is engaged in the current Beta Hunt exploration and development program. There is no assurance that further high-grade gold deposits such as the Father's Day Vein will be discovered and monetized. To the extent the Corporation continues to have negative operating cash flows in future periods, it may be required to raise additional funds through the issuance of additional equity securities or through loan financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Corporation as those previously obtained, or at all.

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

Financial Instruments

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

Overview of Exploration, Development and Operating Risk

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

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

Dumont Project Delay

The Corporation has targeted the following key milestones to achieve development of the Dumont Nickel-Cobalt Project: (i) completion of financing arrangements; (ii) estimated construction schedule of 24 months post securing financing; and (iii) project commissioning is expected to begin in ten to eleven quarters after financing is in place. However, there are significant risks that the development and completion of construction of a mine at the Dumont Nickel-Cobalt Project could be delayed due to circumstances beyond the Corporation’s control.

The Corporation will need to obtain further financing from external sources in order to achieve the milestones and to fund the development of the Dumont Nickel-Cobalt Project. There is no assurance that the Corporation will be able to obtain financing on favourable terms, or at all. Failure to obtain sufficient financing will result in delaying or indefinite postponement of development of the Dumont Nickel-Cobalt Project or possibly a loss of property interests.

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

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

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

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

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

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

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

Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications Could Adversely Affect the Corporation’s Nickel Project
Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content, which would adversely affect demand for nickel.

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

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

Decision to Mine not based on Feasibility Study
The decision by SLM to produce at the Beta Hunt Mine 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 referenced in Appendix A is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. No pre-feasibility or feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

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

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

Corporation's development activities may be further hampered by additional hazards, including, without limitation, equipment failure, which may result in environmental pollution and legal liability.

Uninsurable Risks

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

Environmental and Safety Regulations and Risks

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

Mineral Titles

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

Foreign Operations

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

Integration Risk

The Corporation has made acquisitions of properties in recent years and may consider additional acquisitions in the future. Such transactions may pose challenges to the Corporation such as the risks that the integration of acquired businesses may take longer than expected, the anticipated benefits of the integration may be less than estimated or the costs of acquisition may be higher than anticipated could have an adverse impact on the

Corporation's business, financial condition, results of operations and cash flows. The Corporation may discover it has acquired a substantial undisclosed liability with little recourse against the sellers.

Permitting Risks

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

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

Land Reclamation

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

Production Estimates

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

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

Cost Estimates

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

Forward-Looking Statements May Prove to be Inaccurate

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

Aboriginal/First Nation

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

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

Reliance on Third Parties

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

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

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

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

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

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

applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of a mine.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing interruption or closure of exploration, development or mining operations or material fines and penalties, including, but not limited to, corrective measures requiring capital expenditures, installation of additional equipment, remedial actions or other liabilities. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.
In addition, amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Recent increases to mining duties/ royalties by the Quebec Minister of Natural Resources are reflected in the Feasibility Study.

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

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

The Corporation is dependent on information technology systems
The Corporation's operations depend, in part, upon information technology systems. The Corporation's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, computer viruses, security breaches, natural disasters, power loss and defects in design. Although to date the Corporation has not experienced any material losses relating to information technology system disruptions, damage or failure, there can be no assurance that it will not incur such losses in the future.

Any of these and other events could result in information technology systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches or other manipulation or improper use of the Corporation's systems and networks, any of which could have adverse effects on the Corporation's reputation, results of operations and financial performance.

Other Tax Issues

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

Conflicts of Interest

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

Currency Fluctuations

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

Interest Rate Risk

The Corporation has cash balances and the Corporation's current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of December 31, 2018, the Corporation had $0.1 million invested with various banks bearing interest at variable rates. Based on the balance as at December 31, 2018, a plus or minus 0.50 % change in the rates would affect net income by approximately $[6,000] on an annual basis. The Corporation also has facilities at variable rates based on a spread over LIBOR. As of December 31, 2018, the Corporation had $444,000 of working capital facilities at variable rates. Sensitivity to a plus or minus 1% change in the rates would affect the reported annual interest expense by approximately $4,000.

Dividend History or Policy

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

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

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

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

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

Risks Relating to Common Shares and Warrants

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

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

factors that can affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Corporation is a part.

Potential Dilution

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

18. 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, EBITDA, adjusted EBITDA and adjusted EBITDA per share, which are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors, and others who follow the Corporation's performance, assess performance in this way. Management believes that these measures better reflect the Corporation's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In June 2013, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-GAAP measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Corporation may not be comparable to similar measures presented by other issuers.

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

BETA HUNT MINE

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.

Beta Hunt Mine (gold)

	Three months ended,		Years ended,	
For the periods ended December 31,	**2018**	2017	**2018**	2017
Production and toll-processing costs	8,683	21,896	74,841	66,344
Adjustments	(2,035)[1]	(9,114)[2]	(31,243)[3]	(22,630)[4]
Mining costs (CAD$)	6,648	12,782	43,598	43,714
Royalty expense: Government of Western Australia	874	519	2,776	1,367
Royalty expense: Other	2,259	1,791	7,867	4,315
Adjustments	2,035[5]	9,114[6]	22,147[7]	18,043[8]
Operating costs (CAD$)	11,816	24,206	76,388	67,439
General and administration expense – corporate	77	82	321	300
Sustaining capital expenditures	6,102	1,592	8,815	3,437
All-in sustaining costs (CAD$)	17,995	25,880	85,524	71,176
Average exchange rate (CAD$ 1 – USD$)	0.76	0.79	0.77	0.77
Mining cost (USD$)	**5,035**	**10,097**	**33,740**	**33,800**
Operating costs (USD$)	**8,949**	**19,040**	**58,933**	**52,180**
All-in sustaining costs (USD$)	**13,628**	**20,357**	**65,900**	**55,110**
Recoverable gold mined (ounces)	14,574[9]	11,450[10]	69,160[11]	33,516[12]
Gold mining cash cost (USD$ per ounce mined)	**345**	**882**	**488**	**1,008**
Ounces of gold sold	19,512	12,896	62,806	33,578
Cash operating costs (per ounce sold)	**459**	**1,476**	**938**	**1,554**
All-in sustaining cost (per ounce sold)	**698**	**1,579**	**1,049**	**1,641**

1. Negative adjustments for tolling costs ($3,996) and a positive stock adjustment ($1,961).
2. Negative adjustment for tolling costs ($7,127) and stock adjustment ($1,987).
3. Negative adjustments for capital development ($9,096), tolling costs ($23,975) and a positive stock adjustment ($1,828).
4. Negative adjustment for tolling costs ($22,103) and stock adjustment ($527).
5. Positive adjustments for tolling costs ($3,996) and a negative stock adjustment ($1,961).
6. Positive adjustment for tolling costs ($7,127) and a negative stock adjustment ($1,987).
7. Positive adjustments for tolling costs ($23,975) and a negative stock adjustment ($1,828).
8. Positive adjustment for tolling costs ($22,103) and negative stock adjustment ($4,060).
9. Recoverable gold mined is computed at the average recovery rate of 95% of gold mined ounces.
10. Recoverable gold mined is computed at the average recovery rate of 90% of gold mined ounces.
11. Recoverable gold mined is computed at the average recovery rate of 93% of gold mined ounces.
12. Recoverable gold mined is computed at the average recovery rate of 91% of gold mined ounces.

Beta Hunt Mine (nickel)

	Three months ended,		Years ended,	
For the periods ended December 31,	**2018**	2017	**2018**	2017
Production and toll-processing costs	$(45)	$841	$3,045	$4,210
Royalty expense: Government of Western Australia	(2)	53	181	235
Royalty expense: Other	29	(314)	235	101
Adjustments[1]	-	-	(867)	-
Operating costs (CAD$)	$(18)	$580	$2,594	$4,546
General and administration expense – Corporate	-	13	24	447
Sustaining capital expenditures	-	-	-	-
All-in sustaining costs (CAD$)	$(18)	$593	$2,618	$4,993
Average exchange rate (CAD$ 1 – USD$)	0.76	0.79	0.77	0.77
Cash operating costs (USD$)	**$(14)**	**$456**	**$2,027**	**$3,494**
All-in sustaining costs (USD$)	**$(14)**	**$466**	**$2,046**	**$3,828**
Pounds of nickel sold	N/A	240,044	472,318	1,171,840
Cash operating costs per pound sold	**N/A**	**$1.90**	**$4.29**	**$2.98**
All-in sustaining cost (per pound sold)	**N/A**	**$1.94**	**$4.33**	**$3.27**

1. Negative adjustments for capital development ($867).

N/A; No Nickel sales occurred in the fourth quarter of 2018.

Reed Mine

For the periods ended December 31,	Three months ended, **2018**	2017	Years ended, **2018**	2017
Mining costs	$-	$3,333	$-	$12,282
Transport	94	851	2,637	3,100
Milling costs	684	1,877	5,458	8,348
General and administration related to production	-	241	85	878
Operating costs, before by-product credits (CAD$)	$778	$6,302	$8,180	$24,608
By-product credits	21	(822)	(3,324)	(2,931)
Operating costs, net of by-product credits (CAD$)	$799	$5,480	$4,856	$21,677
Average exchange rate (CAD$1 – USD$)	0.76	0.79	0.77	0.77
Cash operating cost (USD$)	**$605**	**$4,319**	**$3,746**	**$16,692**
General and administrative expenses – Corporate (USD$)	-	8	141	74
Sustaining capital expenditure (USD$)	-	7	-	345
All-in sustaining cost (AISC) (USD$)	**$605**	**$4,334**	**$3,887**	**$17,111**
Tonnes of copper sold (payable)	-	994	2,944	4,327
Cash operating cost per pound sold (USD$)	**N/A**	**$1.97**	**$0.58**	**$1.75**
All-in sustaining cost (AISC) per pound sold (USD$)	**N/A**	**$1.98**	**$0.60**	**$1.79**

1. The Corporation has elected effective January 1, 2018 to allow its interest in the Reed Joint Venture to be diluted by not funding its share of mining costs and general and administration costs related to production. Consequently, those costs are not included in the cost computation. If the costs were included, the YTD cash operating cost (per pound sold) (USD$) and year-to-date cash operating cost (per pound sold) (USD$) would have been $1.44 and $1.46, respectively.

Adjusted EBITDA and Adjusted EBITDA per share

Management believes that adjusted EBITDA and adjusted EBITDA per share are valuable indicators of the Corporation's ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures.

EBITDA excludes the impact of certain items and therefore is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS.

Other companies may calculate EBITDA differently. Adjusted EBITDA is a non-IFRS measure, which excludes the following from loss and comprehensive loss: income tax expense (recovery); other expense (income), net (see note 24 of the 2018 audited consolidated financial statements); non-cash impairment charges; depreciation and amortization; and the non-cash portion of share-based payments.

(in thousands of dollars except per share amounts)

	Three months ended December 31,		Years ended December 31,	
	2018	2017	**2018**	2017
Net earnings (loss) for the period	**$ 12,794**	$ (79,206)	**$ (8,396)**	$ (91,061)
Income tax expense (recovery)	**(32)**	(199)	**485**	(6,134)
Other expenses, net (note 24 of the 2018 audited consolidated financial statements)	**5,286**	11,569	**20,770**	19,251
Non-cash share-based payments	**(2,738)**	425	**6,616**	672
Non-cash impairment charge	**-**	59,406	**-**	59,406
Depreciation and amortization	**636**	6,481	**7,853**	17,515
Adjusted EBITDA	**15,946**	(1,524)	**27,328**	(351)
Weighted average number of common shares	**445,487,261**	307,852,714	**386,770,034**	291,114,710
Adjusted EBITDA per share	**0.04**	(0.00)	**0.07**	(0.00)

19. 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 at the Beta Hunt Mine and at the Corporation’s exploration properties, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate” or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: project delays; general business, economic, competitive, political and social uncertainties; results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors”. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Corporation; future metal prices; permitting and development consistent with the Corporation’s expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that the current tax credit receivable from the Quebec government is collected in a timely manner; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. 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", "indicated" and "inferred" when referring to mineral resources. The Corporation advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the Securities and Exchange Commission ("**SEC**"). The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "inferred" or "indicated" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of a "measured", "indicated" or "inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.