

## Royal Nickel Announces Results Of Optimization Study And Metallurgical Testing At Dumont Project

### *Simplified Flowsheet Brings Significant Operating Benefits to Nickel Project*

TORONTO, May 12 /CNW/ - Royal Nickel Corporation (TSX: RNX) ("RNC" or the "Corporation") today announced positive results of an optimization study and additional metallurgical testing results for its Dumont Nickel Project. The study and testing to date clearly support the construction of a simplified, lower cost, more robust flowsheet.

"This successful optimization study and the latest metallurgical test work results pave the way to a much simpler, more robust flowsheet for the Dumont project," said Tyler Mitchelson, President and CEO of Royal Nickel Corporation. "We believe the successful test results provide significant operating benefits to what we expect will become one of the largest nickel sulphide operations in the world. The results of this work, as well as additional analysis and support work through the year, will be reflected in the pre-feasibility study (PFS) to be completed later in the year. The latest test results address a key risk for the project and allow us to continue to move full steam ahead in advancing this project to a PFS, permitting, feasibility and construction with an even greater level of confidence."

RNC recently received the results of an optimization study for the front-end mill design from Ausenco (one of the Corporation's pre-feasibility study engineers) and has completed the rougher recovery phase of testing at the mini-pilot plant in Thetford Mines as part of the work to support the PFS, which is expected to be completed by the end of the third or beginning of the fourth quarter of 2011.

Highlights of the optimization study and additional test results include:

#### **Simplified Mill Front-End Design using Proven, Conventional Technology**

The optimization study demonstrates that Dumont ores can be processed using a very conventional front-end mill design using two semi-autogenous grinding (SAG) mills and four ball mills, rather than the quaternary (four stage) crushing process followed by two ball mills contemplated in the Preliminary Economic Assessment (PEA) released in September 2010.

#### **Flowsheet Optimization - Reduced Reagent Usage, Simplified Flowsheet**

Metallurgical test results confirmed that the desliming process in the flowsheet can be successfully completed in a single wet stage, similar to other existing operations, rather than the two stage dry-wet process described in the PEA. The test work also confirmed a significant optimization of key reagents with limited impact on recovery. The test work was carried out on multiple samples with a combined weight of more than 2 tonnes of ore.

#### **Simplified Mill Flowsheet Design Expected to Yield Substantial Operating Benefits**

The simpler, more robust flowsheet design that will be carried forward and evaluated in the PFS provides a number of significant potential benefits compared to the flowsheet that was considered in the PEA:

- Elimination of drying of ore
- Reduced consumption of higher cost reagents
- Reduction in mill maintenance and sustaining capital as a result of reduced complexity
- Reduction in amount of ventilation required as the drying and defibring stages are eliminated

These potential benefits are expected to be partially offset from increased power consumption from the move to the more conventional SAG/Ball Mill front-end.

The simplified flowsheet is expected to result in a much more robust flowsheet with lower initial capital and sustaining capital requirements, and lower operating and maintenance costs.

#### **Replication of Rougher Recovery Results at Mini-Pilot Plant Scale**

Two sets of test work in the mini-pilot plant confirm rougher recovery performance.

The first set of tests confirmed that rougher recoveries on six different samples (more than 2 tonnes of ore combined) processed through the mini-pilot plant using the original flowsheet in the PEA achieved similar results to the lab scale testing.

The second set of tests confirmed that rougher recoveries on 3 different samples of material processed through the mini-pilot plant using the revised flowsheet achieved similar rougher results as the original flowsheet in the PEA.

The cleaning stage recoveries that form a significant component of the overall nickel recovery for the orebody will be tested over the coming months and reflected in the PFS results later in the year.

### **Initial Concentrate Testing Yields High Nickel Grades**

Initial results have also been compiled from open circuit cleaning tests on concentrate from approximately 200 kilograms of sulphide ore processed through the mini-pilot plant. The initial results produced:

- A very clean sulphide concentrate containing 35% nickel with magnesium oxide (MgO) levels of 3%
- A ferronickel concentrate that contained 30% nickel and 26% iron. As the concentrate came largely from sulphide ore, containing little ferronickel, the sulphur content was higher than expected at 2.7%
- Platinum group metals content (platinum, palladium, rhodium) in the sulphide concentrate of approximately 4g/tonne of concentrate (broken down 30%/60%/10% respectively) versus an assumption of no recovery in the PEA.

### **Upcoming Milestones**

RNC is in the process of completing its PFS, anticipated by the end of third quarter or beginning of the fourth quarter of 2011. Metallurgical test work in progress will focus on recovery optimization including locked cycle cleaning tests and slimes recovery, in order to complete the final design for the mill to be used in the engineering phase. Additional modules of work that will be completed before the PFS include geotechnical results, updating the mineral resource, trade-off studies on concentrate grade versus recovery and delaying production of separate ferronickel concentrates until later in the mine plan.

### **About Royal Nickel Corporation**

Royal Nickel Corporation is a mineral resource company focused primarily on the exploration, development, evaluation and acquisition of base metal and platinum group metal properties. RNC's principal asset is the 100% owned Dumont Nickel Project strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec. A NI 43-101 compliant Preliminary Economic Assessment of the Dumont Nickel Project completed in September 2010 estimated after-tax NPV<sub>8%</sub> to be US\$1.1 billion based on a planned 100,000 tonnes per day operation and production of over 64,000 tonnes of nickel per year on average over the life of the operation. The Corporation has a strong management team and Board with over 100 years of mining experience in the nickel business at Inco and Falconbridge. The Corporation's common shares and warrants trade on the TSX under the symbols RNX and RNX.WT.

### **Qualified Person**

Preparation of this news release has been supervised by Johnna Muinonen, Vice-President, Metallurgy, who is a "Qualified Person" within the meaning of National Instrument 43-101. Ms. Muinonen is responsible for verification of the data and has reviewed the contents of this news release. For a summary of the geology and more information on the Dumont Nickel Project, please refer to RNC's NI 43-101 compliant technical report "Preliminary Assessment of the Dumont Property Launay and Trecession Township, Quebec, Canada" dated as of September 30, 2010 and available on RNC's website at [www.royalnickel.com](http://www.royalnickel.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Cautionary Statements Concerning Forward-Looking Statements**

*This news release contains "forward-looking information" which include targeted milestones for 2011 and our expectation that the simplified flowsheet will result in lower initial capital and sustaining capital requirements, and lower operating and maintenance costs. 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. The Preliminary Economic Assessment, and the estimates contained therein, as well as the results of the optimization study and metallurgical testing to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change*

*the projected outcome. Factors that could affect the outcome include, among others: the actual results of current exploration and development activities; nickel recovery; project delays; funding needs; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative nickel sources or substitutions; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; 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. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to RNC's filings with Canadian securities regulators available on SEDAR at [www.sedar.com](http://www.sedar.com) including the Corporation's Preliminary Economic Assessment dated as of September 30, 2010. Such forward-looking statements are based on a number of material factors and assumptions identified in the applicable document including, in the case of the estimate of NPV contained in the Preliminary Economic Assessment, an assumed long term nickel price of US\$7.50/lb and an exchange rate of Cdn\$1.00 = US\$0.90.*

*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 news release 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.*

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