

Royal Nickel Successfully Produces High-Grade Ferronickel Product Directly From Dumont Concentrate

Testwork Indicates Potential to Utilize Alternate Processing Options to Produce High-Grade Final Product

TORONTO, Oct. 3, 2011 /CNW/ - Royal Nickel Corporation ("RNC") (TSX: RNX) is pleased to announce the results of preliminary testwork completed on a lab scale sample of concentrate from its Dumont Nickel Project ("Dumont"). High-grade ferronickel was produced from this sample using proven and widely used downstream roasting and reduction processes creating the potential for an alternate processing option for concentrate anticipated to be produced from Dumont ("Dumont concentrate"). This alternate processing option has the potential to provide higher recoveries, lower costs, and greater flexibility than conventional smelting and refining.

Based on the testwork completed to date, ferronickel from Dumont concentrate is expected to generate a high-grade ferronickel at 55-60% nickel content that compares favourably to typical ferronickel products containing 15-40% nickel.

"This downstream processing option for Dumont provides an attractive alternative to traditional smelting and refining. Significant economic benefits could be realized through its potential to be lower cost, while delivering higher recoveries (98-99% of the nickel in Dumont concentrate compared to the 90-93% typically paid by smelters)," said Tyler Mitchelson, President and CEO of Royal Nickel Corporation. "In addition, this option gives us greater flexibility because it is already widely used in many locations in Asia, and therefore provides far more partnership opportunities for the anticipated development of Dumont."

The Dumont concentrate is ideally suited for utilizing this type of roasting and reduction process as the nickel and iron content of the Dumont concentrate is expected to be relatively high, grades of other metals such as copper and cobalt are expected to be relatively low, and impurity levels for elements such as phosphorus, arsenic, and other impurities are expected to be very low.

This alternate downstream processing option has the potential to yield significant economic benefits for the Dumont project versus conventional smelting and refining by increasing potential value realized due to higher recoveries, lower costs due to a simpler processing path and ability to earn a product premium due to production of a final ferronickel product.

RNC also believes that this alternate downstream processing option also significantly increases third party processing alternatives for the Dumont concentrate as there are a large number of electric furnaces already operating in China, Korea and Taiwan.

Independent of the Dumont Pre-feasibility Study (scheduled to be announced in November 2011), RNC has engaged Ausenco to define the capital and operating costs for this potential downstream processing option and assess the economics of constructing a small standalone facility, at a location to be determined, to process all or a portion of the Dumont concentrate. Assessment of the location's suitability would involve optimization studies considering power costs, coke costs, transportation costs, and coastal access.

The lab scale testwork on an initial sample of approximately 1 kilogram of concentrate was completed for RNC by Kingston Process Metallurgy.

Selected Ferronickel Product Specifications

Element	RNC Ferronickel Target ¹ (%)	BHP Billiton Ferronickel Granules (%, typical)	Eramet SLN 25® Ferronickel (%, typical)	Sumitomo Metal Mining Ferronickel (%)	Falcondo (Xstrata) Ferronickel (%, typical)
Nickel	55-60	36.0	22-28	≥16.0	38.5
Iron	balance	balance	balance	balance	balance
Cobalt	<1	0.80	0.025 of Ni	≤Ni x 0.05	0.95
Copper	<0.6	0.05	-	≤0.10	0.08
Carbon	<0.2	0.025	1.30-2.00	<3.0	0.06
Phosphorus	<0.01	0.025	0.012	≤0.05	0.01
Sulfur	<0.15	0.025	0.050	≤0.03	0.05
Silicon	<0.2	0.40	0.50-1.80	≤5.0	0.4

Source: Company websites

Note 1: Ferronickel target is based on an assumed concentrate grade anticipated to be produced at Dumont. Laboratory testwork and optimization work to determine optimum levels of copper, cobalt and iron is underway.

Qualified Person

Johnna Muinonen, Vice-President, Metallurgy, who is a "Qualified Person" within the meaning of National Instrument 43-101, has verified the data disclosed and approved the contents of this news release. For a summary of 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 Trecesson Township, Quebec, Canada" dated as of September 30, 2010 and available on RNC's website at www.royalnickel.com and on SEDAR at www.sedar.com.

About Kingston Process Metallurgy

Kingston Process Metallurgy Inc. (KPM) is based in Kingston, Ontario, Canada and performs contract research and development services for chemical and metallurgical industries. It works with leading mining and metallurgical and chemical companies who want to develop new processes or better understand their existing operations and can provide a wide range of services from bench scale proof-of-concept and testwork to mini-pilots and full scale conceptual design.

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_{8%} 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. RNC 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.

Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" which includes our expectation that the PFS results will be announced in November 2011, that the process utilized on the sample of concentrate from the Dumont project has the potential to provide higher recoveries, lower costs and a more flexible processing alternative than conventional smelting and refining, consequent significant economic benefits and far more partnership opportunities for the anticipated development of Dumont. 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 forward looking statements made in this news release assume that the nickel content achieved from the sample of concentrate from Dumont will be consistently achieved from all concentrate anticipated to be produced from Dumont. Until a positive pre-feasibility study has been completed, and even with the completion of a positive pre-feasibility study, there are no assurances that any concentrate will in fact be produced from Dumont. The Preliminary Economic Assessment, and the estimates contained therein, as well as the results of studies and testing to date which form the basis of our expectations 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 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.

Image with caption: "Ferronickel Button Produced from Dumont Concentrate Sample. (CNW Group/Royal Nickel Corporation)". Image available at: http://photos.newswire.ca/images/download/20111003_C8595_PHOTO_EN_4083.jpg


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