

## Royal Nickel Announces Second Quarter 2012 Results

(All amounts expressed in Canadian dollars unless otherwise indicated)

TORONTO, Aug. 10, 2012 /CNW/ - Royal Nickel Corporation ("RNC") (TSX: RNX) is pleased to report its review of activities and financial results for the quarter ended June 30, 2012. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the three months ended June 30, 2012.

Tyler Mitchelson, President and CEO, commented, "The second quarter was very productive for RNC, having reached several key milestones as we continue to move Dumont forward, including completing a positive revised pre-feasibility study, awarding contracts for the full feasibility study and formally launching the Dumont partnership process. The positive momentum has been carried forward subsequent to the end of the second quarter with our recent announcements of a \$12 million investment in Dumont by Ressources Québec and the appointment of a Project Director. I look forward to continuing our momentum at Dumont as we move toward reaching our near term goals of securing a project partner and delivering the Environmental and Social Impact Assessment."

### SECOND QUARTER and recent Highlights

- On August 1, 2012, the Corporation announced that it had signed an investment agreement with Ressources Québec. Under the terms of the agreement, Ressources Québec has acquired an interest in the Dumont project and will have the right to receive 0.8% of the net smelter return in the project. The Corporation received a purchase price of \$12 million for such interest.
- On August 2, 2012, the Corporation announced the appointment of Rachel Yang as the Project Director for the Dumont Nickel Project.
- On June 25, 2012, the Corporation announced, further to its news release of May 14, 2012, that the full Dumont NI 43-101 compliant revised PFS technical report had been filed under RNC's profile on SEDAR and that the Corporation had entered the formal phase of the partner process during which formal discussions with interested parties will take place and prospective partners will be invited to submit proposals. RNC's financial advisor for the Dumont project, Rothschild, will play a key role in the partner process and the contemplated project financing for Dumont.
- On May 28, 2012, the Corporation announced that it had awarded a contract for the preparation of a feasibility study for its Dumont Nickel Project to Ausenco Limited ("**Ausenco**") and SRK Consulting ("**SRK**"). Ausenco and SRK collaborated in preparing both the initial PFS and revised PFS studies for Dumont, released on November 1, 2011 and May 14, 2012, respectively. With the leverage provided by work already underway or completed during the pre-feasibility stage, the results of the feasibility study are expected to be announced by mid 2013.
- On May 14, 2012, the Corporation announced the results of the revised PFS. Highlights of the revised PFS (base case including trolley assist option) compared to the initial PFS filed on SEDAR in December 2011 include:
  - 31% increase in after-tax NPV<sub>8%</sub> to US\$1.4 billion; 19.5% after-tax internal rate of return ("**IRR**")<sup>1</sup>
  - 16% increase in the initial 50 ktpd nickel production to 33 kt (72 million pounds or Mlbs) annually
  - 12% increase in production to 49 kt (108 Mlbs) annually during 19-year mine life; and a 7% increase in production to 29 kt (63 Mlbs) annually for the subsequent 12 years from processing of the lower grade stockpile
  - 10% increase in recoveries over life of the project to 45%; including an average recovery of 52% during the 19-year mine life
  - C1 cash costs<sup>2</sup> of US\$4.07 per pound (US\$8,973 per tonne), second quartile unit cash costs
  - Diesel consumption reduced by 28% through use of electric trolley assist in haul trucks
- The Corporation incurred a net loss of \$2.1 million for the three months ended June 30, 2012 compared to a net loss of \$3.1 million in the same period in 2011.

For the three months ended June 30, 2012, RNC incurred a loss of \$2.1 million (\$0.02 per share) compared to \$3.1 million (\$0.03 per share) in the same period last year. The lower loss reflects a decrease in the deferred tax expense for the three months ended June 30, 2012 of \$1.5 million

compared to the same period last year and is due primarily to the re-measurement in the second quarter of last year of the deferred tax liability associated with Quebec mining duties as a result of an increase in the Quebec mining duties rate to 16% from 12%.

### Targeted Key Milestones for the Second Half of 2012

- Completion of the project partner process by late 2012 or early 2013
- Completion of Environmental and Social Impact Assessment during the fourth quarter of 2012
- Potential placement of long-lead orders starting in the fourth quarter of 2012
- Completion of the feasibility study mine plan in the fourth quarter of 2012
- Downstream processing options (including ferronickel) study by late 2012

<sup>1</sup> Based on US\$9.00 per pound long term nickel price and CDN\$1.00 = US\$0.90 exchange rate. NPV and IRR calculated from assumed start of construction, January 2014 and based on October 2011 real costs.

<sup>2</sup> C1 cash costs are defined as the cash cost incurred at each processing stage, from mining through to recoverable nickel delivered to the market, net of by-product credits.

**Highlights of RNC's financial position are as follows**(in millions of dollars):

	June 30, 2012	December 31, 2011
Cash position <sup>1</sup>	9.8	19.7
Working capital <sup>2</sup>	14.5	27.1
Tax credits receivable <sup>3</sup>	10.7	11.1
Total assets	82.1	86.4
Shareholder's equity	72.6	76.7
1	Includes Cash and Cash equivalents. Does not include proceeds of the \$12 million financing completed on August 1, 2012 with Ressources Québec.	
2	Working capital is a measure of current assets less current liabilities	
3	Current portion of tax credits receivable \$7.3 million (2011: \$10.5 million) and non-current portion \$3.4 million (2011: \$0.6 million)	

### About Royal Nickel Corporation

Royal Nickel Corporation is a mineral resource company focused primarily on the exploration, evaluation, development and acquisition of base metal and platinum group metal properties. RNC's principal asset is the Dumont Nickel Project strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec. RNC has a strong management team and Board with over 100 years of mining experience in the nickel business at Inco and Falconbridge. RNC's common shares and warrants trade on the TSX under the symbols RNX and RNX.WT.

Unless otherwise indicated, RNC has prepared the technical information in this news release ("Technical Information") based on information contained in the pre-feasibility study dated June 22, 2012, relating to the Company's Dumont Nickel Project and news releases (collectively the "Disclosure Documents") available under RNC's company profile on SEDAR at [www.sedar.com](http://www.sedar.com). Each Disclosure Document was prepared by or

under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 of the Canadian Securities Administrators. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The Technical Information contained in this news release has been prepared under the supervision of Alger St-Jean, P. Geo., VicePresident Exploration of the Company and Johnna Muinonen, VicePresident Operations of RNC, both Qualified Persons under NI 43-101.

**Cautionary Statement Concerning Forward-Looking Statements**

*This news release contains "forward-looking information" including without limitation statements relating to key milestones for the second half of 2012.*

*Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of RNC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The pre-feasibility study results are estimates only, are preliminary in nature and are based on a number of assumptions, any of which, if incorrect, could materially change the projected outcome. Until a positive feasibility study has been completed, and even with the completion of a positive feasibility study, there are no assurances that Dumont will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to complete development; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative nickel sources or substitutes; actual nickel recovery; 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).*

*Although the RNC 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 RNC 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.*

SOURCE: Royal Nickel Corporation

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