

## **Royal Nickel Reports Significant Progress On Project Development Milestones And Announces Year End 2012 Results**

TORONTO, March 26, 2013 /CNW/ - Royal Nickel Corporation (TSX: RNX) ("RNC") is pleased to report its review of activities and financial results for the year ended December 31, 2012. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the audited financial statements for the twelve months ended December 31, 2012, unless otherwise noted.

Tyler Mitchelson, President and CEO, commented, "Despite challenging economic conditions over much of the past year, RNC has continued to advance the development of the Dumont Nickel Project. Progress has been made in many areas such as the delivery of a robust revised pre-feasibility study, advancement of the permitting process with the filing of the Environmental and Social Impact Assessment and recently the formation of an innovative strategic alliance with a leading Chinese stainless steel producer. To reach these important milestones we have leveraged one of RNC's key strengths – the depth and breadth of the experienced team we have assembled. I am confident our team will continue to deliver results that will help realize RNC's value potential with upcoming critical milestones including the delivery of a bankable feasibility study, continued work towards completing partnership/financing arrangements and receiving permits as key near and mid-term goals."

### **2012 and recent Highlights**

- On March 12, 2013, RNC signed a memorandum of understanding ("MOU") with Tsingshan Holding Group Co., Ltd. The MOU sets out the objectives of the parties to work together in relation to downstream concentrate processing and the potential to enter into an offtake and/or partnership arrangement. Tsingshan is the second largest Chinese stainless steel company and one of the leading innovators in the development of vertically integrated nickel pig iron ("NPI") and stainless steel production operations.
- On March 7, 2013, RNC closed a private placement of 4 million flow-through shares at a price of \$0.50 per share for gross proceeds of \$2 million and provided a partner process update. The proceeds of the private placement are primarily being used to investigate the regional potential near Dumont but outside the known Dumont orebody. RNC also reported that the formal partnership process is ongoing and that discussions with interested parties to invest in the Dumont project are ongoing. RNC remains optimistic that partnership and financing arrangements will be completed in advance of the receipt of permits, expected in the second quarter of 2014.
- On November 28, 2012, RNC announced that the ESIA for the Dumont Nickel Project had been filed with the relevant provincial and federal authorities for review.
- On August 1, 2012, RNC announced the completion of a \$12 million investment in the Dumont project by Ressources Québec Inc., a subsidiary of Investissement Québec. Pursuant to the agreement between RNC and Ressources Québec, RNC received \$12 million and Ressources Québec is entitled to receive 0.8% of the net smelter return from the sale of minerals produced from Dumont and

received a 2% undivided co-ownership interest in the property. RNC has the right to repurchase, at any time after the fifth anniversary, all or any portion of Ressources Québec's interest for \$10 million for each 0.2% of the net smelter return, to a maximum consideration of \$40 million for the entire interest (including the 2% interest in the property).

- On May 28, 2012, RNC announced that it had awarded a contract for the preparation of a feasibility study for its Dumont Nickel Project to Ausenco Limited and SRK Consulting. Ausenco and SRK collaborated in preparing both the initial and revised pre-feasibility 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, RNC announced the results of the revised pre-feasibility study. Highlights of the revised pre-feasibility study (base case including trolley assist option) compared to the initial pre-feasibility study 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
- On April 16, 2012, RNC announced the completion of additional metallurgical testwork on production of by-product iron ore (magnetite) concentrate from the Dumont Nickel Project and an initial assessment of the marketability of the concentrate completed by CRU Strategies. This additional work confirms the potential to produce an iron ore by-product from the existing magnetic tailings stream in the Dumont pre-feasibility nickel recovery flowsheet.
- On January 18, 2012, RNC announced that it had engaged Rothschild as its financial advisor in planning, preparing and subsequently implementing the currently contemplated project financing for the Dumont Nickel Project.
- RNC incurred a net loss of \$9.2 million for the year ended December 31, 2012 compared to a net loss of \$7.8 million for the same period in 2011.

For the three months ended December 31, 2012, RNC incurred a net loss of \$1.6 million (\$0.02 per share) compared to a net loss of \$1.8 million (\$0.03 per share) in the same period last year. The lower loss is primarily due to a decrease in general and administrative expenses of \$0.8 million, which reflects a \$0.8 million reduction in the non-cash share based payments charge partially offset by an increase in the deferred income tax expense of \$0.6 million. For the year ended December 31, 2012, RNC incurred a net loss of \$9.2 million (\$0.10 per share) compared to a net loss of \$7.8 million (\$0.09 per share) in the same period last year. The increased net loss is primarily due to increased consulting fees of \$0.9 million due to higher project finance advisory costs and an

increase in the non-cash share based payments charge of \$0.7 million due to a lower mark-to-market recovery adjustment.

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1 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.

2 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.

### Targeted Future Milestones

- Potential placement of long-lead orders beginning in 2013 driven by the project schedule and market-driven equipment lead times
- Completion of an NI 43-101 feasibility study technical report by mid-2013
- Receipt of permits in the second quarter of 2014
- Completion of partnership and financing arrangements expected in advance of the receipt of permits
- Start of construction following receipt of permits in 2014
- Project commissioning in late 2015 and production ramp-up in 2016

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

	December 31, 2012	December 31, 2011
Cash position <sup>1</sup>	10.8	19.7
Working capital <sup>2</sup>	15.4	27.1
Tax credits receivable <sup>3</sup>	9.7	11.1
Total assets	79.0	86.4
Shareholder's equity	68.0	76.7

1 Includes Cash and Cash equivalents.

2 Working capital is a measure of current assets less current liabilities

3 Current portion of tax credits receivable is \$7.3 million (2011: \$10.5 million) and non-current portion is \$2.4 million (2011: \$0.6 million)

### Other Matters - Adoption of New By-laws

On March 26, 2013, RNC's board revised its corporate by-laws to reflect changes to the *Canada Business Corporations Act* ("CBCA"). In so doing, RNC took the opportunity to modernize its by-laws. The new by-laws are effective immediately and, in accordance with the CBCA, will be subject to confirmation by shareholders at RNC's next meeting of shareholders. Among other things, the new by-laws contain advance notice provisions, the purpose of which is to require that advance notice be provided to RNC in circumstances where nominations of persons for election to the board of directors of RNC are made by shareholders other than pursuant to the requisition of a meeting or a shareholder proposal in accordance with the CBCA.

Among other things, the advance notice provision fixes a deadline by which shareholders must provide notice to RNC of nominations for election to the board. The notice must include all information that would be required to be disclosed in a dissident proxy circular in connection with the solicitations of proxies for the election of directors under applicable corporate and securities laws relating to the shareholder making the nominations (as if such shareholder were a dissident soliciting proxies) and each person that such shareholder proposes to nominate for election as a director. In addition, the notice must provide information as to the shareholdings of the shareholder making the nominations, confirmation that the proposed nominees meet the qualifications of directors and residency requirements imposed by corporate law, and confirmation as to whether each proposed nominee is independent for the purposes of National Instrument 52-110. The deadline by which the notice must be delivered to RNC is set forth in the table below.

Meeting Type	Nomination Deadline
Annual meeting of shareholders	Either (a) no fewer than 30 days and no more than 65 days prior to the date of the meeting or (b) no more than 10 days after the date of the first public filing or announcement of the date of the meeting, if the meeting is called for a date that is fewer than 50 days after the date of such public filing or announcement.
Special meeting of shareholders (which is not also an annual meeting)	No more than 15 days after the date of the first public filing or announcement of the date of the meeting.

A full copy of the new by-law is being filed under RNC's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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 trade on the TSX under the symbol RNX.

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 Corporation'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.

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

*This news release contains "forward-looking information" including without limitation statements relating to key milestones for 2013 and 2014.*

*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 achieve the milestones or 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 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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