

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

- 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_{8%} to US\$1.4 billion; 19.5% after-tax internal rate of return ("IRR")¹
 - 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 costs² 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.

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.

- 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

	December 31, 2012	December 31, 2011
Cash position ¹	10.8	19.7
Working capital ²	15.4	27.1
Tax credits receivable ³	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)

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.

For further information:

Additional assets available online:  [Documents \(1\)](#)