



**ROYAL NICKEL CORP**

## **NEWS RELEASE**

### **Royal Nickel Announces First Quarter 2012 Results**

**Toronto, Ontario, May 11, 2012** – Royal Nickel Corporation (“RNC”) (TSX: RNX) is pleased to report its review of activities and financial results for the quarter ended March 31, 2012. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the unaudited financial statements for the three months ended March 31, 2012.

Tyler Mitchelson, President and CEO, commented, “During the first quarter of 2012 we made substantial progress toward completing work to support the inclusion of certain previously identified upside opportunities into a revised pre-feasibility technical report for our Dumont Nickel Project, which we are on track to deliver before the end of the second quarter of 2012.”

#### **FIRST QUARTER AND RECENT HIGHLIGHTS**

- 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 \$2.5 million for the three months ended March 31, 2012 compared to a net loss of \$1.7 million in the same period in 2011.

For the three months ended March 31, 2012, RNC incurred a loss of \$2.5 million (\$0.03 per share) compared to \$1.7 million (\$0.02 per share) in the same period last year. The higher loss reflects an increase in general and administrative expenses of \$0.8 million, which is due primarily to an increased share based payments charge (\$0.2 million) and increased project finance consulting fees (\$0.2 million).

#### **Targeted Key Milestones for 2012**

- Announcement of revised pre-feasibility study highlights on May 14, 2012
- Completion of an updated NI 43-101 pre-feasibility study technical report by the end of the second quarter of 2012.
- Initiation of the feasibility study in mid 2012
- Ramp-up of the project financing process in the first half of 2012, focusing on selecting a project partner
- Downstream processing options (including ferronickel) study by mid 2012
- Completion of Environmental and Social Impact Assessment by the second half of 2012
- Potential placement of long-lead orders starting in the second half of 2012

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Cash position <sup>1</sup>	15.6	19.7
Working capital <sup>2</sup>	21.5	27.1
Tax credits receivable <sup>3</sup>	9.7	11.1
Total assets	84.2	86.4
Shareholder's equity	74.5	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 \$8.9 million (2011: \$10.5 million) and non-current portion \$0.8 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 100% owned 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 December 16, 2011 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., Vice President Exploration of the Company and Johnna Muinonen, Vice President 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 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.*

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