



**ROYAL NICKEL CORP**

## **NEWS RELEASE**

### **Royal Nickel Announces Second Quarter 2011 Results**

**Toronto, Ontario, August 4, 2011** – Royal Nickel Corporation (TSX: RNX) (“RNC” or the “Corporation”) is pleased to report its review of activities and financial results for the quarter ended June 30, 2011. All amounts are expressed in Canadian dollars and are based on our unaudited interim financial statements for the three months and six months ended June 30, 2011, unless otherwise noted.

#### **SECOND QUARTER HIGHLIGHTS**

- Announced positive results of an optimization study and additional metallurgical test results for the Dumont Nickel Project that support the construction of a simplified, lower cost and more robust flowsheet. Cleaner recovery testing is still underway. Cleaner recoveries will form a significant component of the overall recoveries.
- Continued work on the Dumont Nickel Project pre-feasibility study which will incorporate the results of the optimization study announced in May 2011 and additional technical work. The pre-feasibility study will also consider multiple options including initial smaller scale startup scenarios in addition to the 100,000 tpd case in the Preliminary Economic Assessment.
- Continued a community information and consultation process ahead of the completion of the pre-feasibility study in order to understand and address community views early in the Dumont Nickel Project’s development and to enhance the pre-feasibility study. A Community Advisory Committee consisting of independent representatives of the stakeholder community was established and three meetings were held.
- Members of the Board and management team hosted a Nickel Market Roundtable on June 2 to review and discuss the current and future state of the nickel market with key analysts and institutions.
- Mining equipment, civil and explosive contractor site visit was held in June to introduce the project and provide general input and comments to reflect in pre-feasibility study work.
- Completed resource and geotechnical drilling to support pre-feasibility study.
- Incurred a net loss of \$3.1 million compared to a net loss of \$6.2 million in the same three month period in 2010.

For the three months ended June 30, 2011, the Corporation incurred a loss of \$3.1 million (\$0.03 per share) compared to \$6.2 million (\$0.10 per share) in the same period last year. The

lower loss is primarily due to a reduction of the non-cash share based payments charge of \$5.2 million offset partially by an increased deferred income tax expense of \$1.5 million and higher general and administrative expenses of \$1.1 million. For the six months ended June 30, 2011, the Corporation incurred a loss of \$4.8 million (\$0.05 per share) compared to \$8.4 million (\$0.14 per share) in the same period last year. The lower loss is primarily due to a reduction of the non-cash share based payments charge of \$5.7 million and the absence of a non-cash liquidity entitlement charge of \$0.7 million offset partially by an increased deferred income tax expense of \$1.3 million and higher general and administrative expenses of \$1.8 million.

Tyler Mitchelson, President and CEO, commented, “I am pleased with the substantial progress achieved in key aspects of the Dumont Nickel Project during the second quarter of 2011, including the completion of an optimization study that supports a simplified, lower cost and more robust flowsheet. The simplified flowsheet also provides flexibility to consider further optimization of the project in the pre-feasibility study stage compared to the scenarios contemplated in the Preliminary Economic Assessment. I continue to believe that Royal Nickel is very well positioned to bring the Dumont Nickel Project into production at a time when the market will be hungry for a new source of nickel.”

### Key Milestones Balance of 2011

- Completion of a pre-feasibility study, including an updated resource estimate, targeted for the fourth quarter of 2011.
- Launch of the environmental permitting process targeted for the end of 2011.
- Initiation of feasibility support work in the fourth quarter of 2011.

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

	<b>June 30, 2011</b>	<b>December 31, 2010<sup>(1)</sup></b>
Cash position <sup>(2)</sup>	36.2	47.5
Working capital <sup>(3)</sup>	34.2	44.5
Total assets	91.8	86.6
Shareholder’s equity	79.4	76.8

(1) Revised under IFRS

(2) Includes Cash and Cash equivalents.

(3) Working capital is a measure of current assets less current liabilities.

### 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<sub>8%</sub> 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. The Corporation 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 include targeted milestones for 2011 and our expectation that a simplified, lower cost and more robust flow sheet will be incorporated into the pre-feasibility study. 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 Preliminary Economic Assessment, and the estimates contained therein, as well as the results of the optimization study and metallurgical testing to date 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](http://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.*

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