



ROYAL NICKEL CORP

## NEWS RELEASE

(All amounts expressed in US dollars unless otherwise indicated)

### Royal Nickel Files Dumont Nickel Project Prefeasibility Study Technical Report

**Toronto, Ontario, December 16, 2011** – Royal Nickel Corporation (“RNC”) (TSX: RNX) is pleased to announce, further to its news release of November 1, 2011, that the full Dumont Nickel Project NI 43-101 compliant technical report pre-feasibility study (“Dumont PFS”) will be filed today under RNC’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on RNC’s website at [www.royalnickel.com](http://www.royalnickel.com).

The previously announced highlights from the Dumont PFS include:

- \$1.1 billion after-tax NPV<sub>8%</sub>, 17% after-tax internal rate of return (“IRR”)<sup>1</sup>
- C1 cash costs<sup>2</sup> of \$4.13 per pound, second quartile unit cash costs
  - Site operating costs reduced by 24% from the 100 ktpd scenario in the Preliminary Economic Assessment (“PEA”)
- Staged development approach: lower cost and lower risk — more than 50% reduction in initial capital outlay from the 100 ktpd scenario outlined in the PEA
  - Initial capital expenditure of \$1.1 billion for 50 ktpd operation
  - Expansion to 100 ktpd by year 5 requires \$0.7 billion of additional capital
- 1.1 billion tonnes of reserves at 0.27% nickel<sup>3</sup>, life-of-mine strip ratio of 1.2:1, 31-year project life
- Average annual contained nickel production of 96 million pounds (44 kt) during the 19-year mine life and 59 million pounds (27 kt) for the subsequent 12 years from processing of the lower grade stockpile
- Single high grade concentrate containing an average of 33% nickel over life of project
- All major support infrastructure (rail line, roads and water) already in place
- Additional potential upsides: production of a final ferronickel product, production of iron ore (magnetite) concentrate by-product, additional recovery optimization and use of in-pit crushing or trolley system

“With the full Dumont PFS now complete and our permitting process underway, we are enthusiastically moving forward with multiple studies aimed at improving upon the positive Dumont PFS results. The RNC team is entirely focused on making this exceptional project even

<sup>1</sup> Based on \$9.00 per pound long term nickel price and CDN\$1.00 = US\$0.90 exchange rate. NPV and IRR calculated from 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.

<sup>3</sup> See RNC news release dated November 1, 2011 and pre-feasibility study dated December 16, 2011, available on [www.sedar.com](http://www.sedar.com).

better through detailed examinations of potential improvements identified during the PFS process in the areas of by-product credits, mining methods, pit design, mill recoveries, and further downstream processing options,” said Tyler Mitchelson, President and CEO of RNC. “To further support the project, RNC continues to place a high priority on working with the local community to maintain a high standard of communications throughout all phases of development.”

## **NI 43-101 Compliance**

Unless otherwise indicated, the Corporation 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 Corporation's Dumont Nickel Project and news releases (collectively the "Disclosure Documents") available under Royal Nickel Corporation'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 NI 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. 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 Corporation and Johnna Muinonen, Vice President Metallurgy of the Corporation, both Qualified Persons under NI 43-101.

## **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. RNC 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" including without limitation statements relating to mineral reserve estimates, mineral resource estimates, realization of mineral reserve and resource estimates, capital and operating cost estimates, the timing and amount of future production, costs of production, success of mining operations, the ranking of the project in terms of cash cost and production, permitting, economic return estimates and potential upside. 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 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 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.*

---

**For more information please contact:**

Rob Buchanan

Director, Investor Relations

T: (416) 363-0649

[www.royalnickel.com](http://www.royalnickel.com)