CEO CFO

Royal Nickel Corporation
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Royal Nickel Corporation is Focused On their Dumont Nickel Sulphide Project in the Abitibi Region of Western Quebec Where There is a Potential to Develop the 4th Largest Nickel Sulphide Operation in the World

Resources
Base Metals Exploration
(RNX-TSX)

Tyler Mitchelson
President and CEO

BIO:

- Over 15 years experience in the nickel industry at Inco and Vale Inco
- Most recently, Vice President, Strategy, Business Planning & Brownfield Exploration, at Vale Inco

Company Profile:
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 kilometers 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(8%) to be US$1.1 billion based on a planned 100,000 tones per day operation and production of over 64,000 tones 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.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Mitchelson, what is the focus at Royal Nickel today?
Mr. Mitchelson: At Royal Nickel, our fundamental focus right now is our Dumont Nickel Sulphide Project in the Abitibi region of western Quebec. It’s a mammoth deposit over 7 billion pounds of nickel in the measured and indicated category. Based on our scoping study, it can potentially be the fourth largest nickel sulphide operation in the world when it’s up and running and operate for over 25 years. We went public in December 16th of 2010, raised money to fund our pre-feasibility and that is the stage we are in right now. We are focused on completing the pre-feasibility study by the end of Q3 or early Q4 this year.

CEOCFO: What do you like about nickel?
Mr. Mitchelson: My background is fifteen years in nickel with Inco and Vale Inco. I have enjoyed learning about nickel over the years and it is a smaller market than copper at about 1.5 million tonnes. We know most of the people in the nickel market out there so I definitely enjoy working in nickel. If you look at the uses of nickel, it is an industrial metal and important in the development of countries. Two thirds of it is used in stainless steel, and a significant portion is used in high nickel alloys to create turbine blades, and things like that in the industry. And it is also a recyclable material.

CEOCFO: What is the availability of nickel, in general?
Mr. Mitchelson: Nickel is generally less available then other metals. Supply has been a challenge over then last few years, we had a good market in 2006 and 2007 in particular with nickel, but the issue was that you ran into a significant supply shortage on nickel. Good quality nickel deposits are not easy to find. Then depending on depth, the type of mineralization and the location it can be very challenging to get out. For the nickel players out there, the majority of the market is controlled by Norilsk Nickel, Xstrata, Vale and BHP Billiton. Those are the big players of the nickel market and they have many of the nickel properties tied up, so there are not a lot of development opportunities for nickel around the world.

CEOCFO: How did this area go unnoticed for so long?
Mr. Mitchelson: Two technical changes have opened up the potential. First, people have known about the Dumont Deposit for a number of years; probably over fifty years now. It is a sulfide deposit, but it is an ultramafic sulphide deposit. Ultramafic deposits require slightly different processing technology than a traditional nickel sulfide deposit. The Mount Keith Mine in Western Australia was developed by Western Mining in the 1990’s (now owned by BHP Billiton), is a perfect example. The key to these deposits is having the technology to take out impurities that

get in the way of your nickel recovery. Mount Keith developed this technology and that opened the door for the development of these type of projects.

The other technical aspect of it for our deposit is we need large volume to achieve lower costs; and twenty-five years ago there weren't 360 tonne trucks available. However, the copper industry has developed large-scale mining equipment to allow us to operate on a large scale as well. Therefore, from a technology perspective, you have those breakthroughs over the last ten to fifteen years that have started to make this very attractive. The other aspect is where Dumont is located in Quebec, we are close to infrastructure. So we save significant time, capital and operating costs because we do not have to build infrastructure to support the mining operation. The mine is right next to the rail line, a highway, with water, power, and natural gas nearby. In addition, we are in a province that has 0.5 cents a kilowatt power. So a lot of the operating and capital costs that I am going to incur in the project compared to other places in the world are significantly lower based on where we are.

The average nickel cash cost of production in 2000 across the world was around $2.00 a pound. Today it is $4.00 dollars a pound. and we are planning to produce nickel at slightly less than $4.00 a lb. That is right in the mid-point of the current cost curve for nickel producers. It starts to make projects like this very attractive. Then you add on top of that the location of being in a province and a jurisdiction that is friendly towards mining, willing to permit mines, and again has low cost infrastructure and low cost power in place for us; it makes it very attractive compared to what else is out there in the world on nickel deposits now.

CEOCFO: And lots of tax advantages!
Mr. Mitchelson: From an exploration standpoint, in particular, significant tax advantages in the province of Quebec! Absolutely!

CEOCFO: What is happening on the ground, and what is the timetable you foresee?
Mr. Mitchelson: We have done over 110,000 meters of drilling so far. We are doing some resource drilling, and geotechnical drilling; a lot of work to be able to support the mine design for the pre-feasibility study and that is really our focus for 2011. We have a lot of work onsite with the drilling, data modeling, geological interpretations, and as well we had our own mini-pilot plant constructed to test the processing of this material. The a mini-pilot plant will continue running throughout the year as well, to give us indications of recovery and design for the mill that would go into the pre-feasibility study. All of this work is going to come together into a pre-feasibility study by end of Q-3, early Q-4 of this year. From there we will launch our permitting process and our feasibility studies. We are estimating the permitting process is the critical path and that is going to take about two years, so it will probably be the end of 2013 when we receive the permits. We will complete the feasibility study slightly before that and then at the end of 2013 start construction, and estimate about a two-year construction window, then commissioning and ramp up at the end of 2015, and then fully into production in 2016.

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CEOCFO: Do you own the property 100%?
Mr. Mitchelson: Yes.

CEOCFO: Will you keep it that way or do you anticipate bringing in partners?
Mr. Mitchelson: At this point we own the properties 100%; we also have no off-take agreements for any of the concentrates coming out. However, this is going to be an over $2 billion capital cost for us, so we will look to a partner. We have started discussions with banks as well that do a lot of the project financing. Given our location and what we are building, we will probably be able to finance half of it with project finance. The other half what we are looking to is find a strategic partner to come in and buy 30% to 40% of the project at the project level after we de-risk the project in the pre-feasibility study. We would use that equity to fund a portion of our capital cost going forward. The partner would have to fund the other 30% capital cost. The advantage we have is, given the team that we have in place, we have very good technical knowledge. Where I need help is the balance sheet at some point in time. Therefore, I need someone who can help us with the financing over all, not necessarily the technical aspects of the project design and the project construction.

CEOCFO: Do you do much investor outreach?
Mr. Mitchelson: We just hired an IR person. We have also been on numerous road shows over the last three to four weeks. We are fairly new to the public game as we just went public on December 16th of last year, so we are really getting to the investor focus right now.

CEOCFO: Are people paying attention to nickel in general?
Mr. Mitchelson: Nickel has been under the radar for the last eighteen months. It has performed better than copper in 2010. Most people have been staring at copper seeing how it has performed, but nickel has actually done better in the last year. A key for the nickel market is the demand side still looks strong because as countries industrialize and develop, they need more and more nickel. In China, the

nickel consumption per capita is about 35% of what the average of the rest of the developed world is right now. So as they continue to develop along the industrial scale, they are going to consume more and more nickel. That demand alone will consume all of the nickel production coming on in the next 4-5 years. Then you have very limited projects really in the pipeline beyond the next five years, when Dumont comes on. There is supply coming on in the next 4-5 years with projects that were started in 2006 and 2007, but beyond that, due partially to nickel has falling out favor, there is not a lot of supply coming on. This should make for a very attractive nickel market post 2015. People are starting to realize that, but the focus is so much on copper and gold right now, that nickel has just been under the radar.

CEOCFO: In closing, for potential investors who may be looking for something under the radar, why should they look at Royal Nickel today?

Mr. Mitchelson: If you want to invest and are looking for a great value opportunity, you have to look for a company with a great management team. If you look at our team, between the board and the management group you have over one hundred years of experience. Our board consists of the former Chairman and CEO of Inco, the Chief Operating Officer of Inco, and the EVP of Marketing of Inco. We have over fifty years of nickel experience within the management team as well. Therefore, you have a strong team and you have an excellent project in a great location. We have potentially the fourth largest nickel sulphide operation in the world.. On top of that, you are in an excellent jurisdiction, with the ability to create well over a billion dollars of net present value at this time.

RNC

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