

TORONTO, Feb. 26, 2016 /CNW/ - Royal Nickel Corporation (TSX: RNX) ("RNC") is pleased to report its review of activities and financial results for the year ended December 31, 2015. All amounts are expressed in Canadian dollars, unless otherwise noted, and are based on the audited financial statements for the year ended December 31, 2015, unless otherwise noted.

Mark Selby, President and CEO, commented, "Although market conditions in the resource sector have deteriorated substantially in 2015 and into 2016, RNC has been very active seeking to build shareholder value by advancing our long-held strategy of building a high-quality portfolio of assets. To this end, RNC has agreed to two acquisitions that will transform RNC into a cash generating low cost, nickel, copper and gold producer with an attractive project pipeline. RNC has also significantly advanced its Dumont Nickel Project on many fronts including securing key permits, preparing for a project bond offering when market conditions are suitable, completing a bulk sample testing program and initiating an EPC proposal. I am confident these efforts will pay off as Dumont is well positioned as one of only a few large scale base metals projects ready to build when market conditions are right."

2015 and Recent Highlights

- On February 16, 2016, RNC announced that Salt Lake Mining Pty Ltd. ("SLM") completed its second gold shipment and has recovered 3,718 ozs of gold from 42,144 tonnes of ore in its first two months of gold production at the Beta Hunt Mine on a 100% basis, in line with expectations.
- On February 1, 2016, RNC announced two acquisitions that will transform RNC into a cash generating low-cost nickel, copper and gold producer.
 - RNC acquired a 20% interest in Salt Lake Mining Pty Ltd ("SLM"), a private company whose main asset is the Beta Hunt nickel-gold mine in Western Australia, for cash consideration of \$2.5 million. RNC also agreed to acquire a further 47% interest in SLM in exchange for 32,500,000 common shares of RNC. This transaction, which is expected to close in March 2016, remains subject to regulatory approval, a shareholder pre-emption process and other customary closing conditions.
 - RNC also announced on February 1, 2016 it had entered into a definitive agreement dated January 30, 2016 to acquire a 100% interest in [VMS Ventures Inc.](#) ("VMS") by way of a plan of arrangement. Under the terms of the agreement, RNC will issue VMS shareholders 36,000,000 common shares of RNC and pay cash consideration of \$3.5 million funded by a \$3.5 million loan to be provided by VMS from its cash balance. This transaction, which is expected to close in April 2016 remains subject to customary conditions including court approvals, VMS shareholder approval, and the receipt of all regulatory and stock exchange approvals.
- On January 25, 2016, RNC announced it had secured DTC Eligibility from the Depository Trust Company for its ordinary shares quoted on the OTCQX® Best Market in the United States (OTCQX: RNKLF).
- On August 4, 2015, RNC announced it had executed a memorandum of understanding with Duro Felguera S.A. ("DF") and Ausenco Canada ("Ausenco"), pursuant to which DF-Ausenco will perform the work required to complete an EPC Lump Sum Turnkey Proposal for the Dumont Nickel Project. RNC has agreed to award to the DF-Ausenco alliance the engineering, procurement, construction and services agreement for the Dumont Project if certain technical and commercial parameters are met including delivery of an acceptable lump sum turnkey proposal. The EPC Proposal must not exceed C\$911 million for the defined scope of work, and will contain a Project Performance Guarantee related to the cost and schedule for completion. During the preparation of the EPC Proposal, DF-Ausenco will also make reasonable commercial efforts to reduce this not to exceed value, if possible.
- On July 8, 2015, RNC announced the closing of a royalty and private placement transaction with Orion Mine Finance. RNC received gross proceeds of US\$10.0 million (C\$12.6 million) from Orion in exchange for a 0.75% net smelter return royalty in the Dumont Nickel Project and 10 million common shares of RNC, issued at \$0.395 per share. RNC has the right to repurchase 50% of the royalty (0.375%) for a cash payment of US\$15.0 million on the third, fourth or fifth anniversary of the closing.
- On June 25, 2015, RNC announced it had received the main environmental permit, the Certificate of Authorization, for the Dumont Nickel Project from the Quebec Ministry of Sustainable Development, Environment and the Fight Against Climate Change. This authorization is the most significant permit for mining projects in Quebec and positions Dumont to proceed to construction upon completion of financing.
- On June 22, 2015, RNC announced it had appointed Swedbank Norway (Swedbank) as advisors for the contemplated senior bond financing of approximately US\$600 million with a five year maturity for the Dumont Nickel Project. Swedbank will work closely with RNC to arrange the senior project bond finance facility and support RNC's efforts in international markets to secure the additional equity and other required capital. On June 12, 2015, RNC closed a brokered private placement of 8,571,428 flow-through shares at a price of \$0.35 per flow through share and 2,391,638 units at a price of \$0.275 per unit, for aggregate proceeds of \$3.0 million and \$0.6 million respectively. Each unit is comprised of one common share of RNC and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.375 and entitles the holder thereof to acquire one common share of RNC on or before June 12, 2017.
- RNC incurred a net loss of \$5.6 million (\$0.04 per share) for the year ended December 31, 2015 compared to a net loss of \$10.0 million (\$0.10 per share) for the same period in 2014.

2016 Outlook and Targeted Future Milestones

On February 1, 2016, RNC acquired a 20% interest in Salt Lake Mining Pty Ltd ("SLM"), a private company whose main asset is

the Beta Hunt nickel-gold mine in Western Australia, for cash a consideration of \$2.5 million.

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On February 1, 2016, RNC announced it had entered into a definitive agreement dated January 30, 2016 to acquire a 100% interest in [VMS Ventures Inc.](#) ("VMS") by way of a plan of arrangement. Under the terms of the agreement, RNC will issue VMS shareholders 36,000,000 common shares of RNC and pay cash consideration of \$3.5 million funded by a \$3.5 million loan to be provided by VMS from its cash balance. Prior to closing, VMS will distribute its investment in [North American Nickel Inc.](#) to VMS shareholders. This transaction, which is expected to close in April 2016, remains subject to customary conditions including court approvals, VMS shareholder approval, and the receipt of all regulatory and stock exchange approvals.

SLM - Beta Hunt Mine 2016 Guidance

RNC has received the results of the preliminary economic assessment ("PEA") for Beta Hunt, prepared as a NI 43-101 compliant technical report which will be filed under RNC's profile on SEDAR at www.sedar.com within 45 days from February 1, 2016. The table below outlines production and cost results and guidance based on the PEA results.

Beta Hunt Mine (100% Basis) 2016 Operating Guidance^{1,2,3,4}

Beta Hunt Mine (US\$)	Units	2 nd half-2015	2016 Guidance
Nickel in Concentrate	kt	2.1	3.5 – 4.5
	Mlbs	4.6	8 – 10
Gold Production	000 ounces	2.2	35 - 45
C1 Cash Costs (gold by-product basis)	\$/lb	\$3.50	\$(1.00) – \$0
	\$/tonne	\$7,700	\$(2,200) – \$0
Nickel Co-product AISC Cash Costs	\$/lb	\$4.90	\$3.75 – \$4.25
	\$/tonne	\$10,800	\$8,270 – \$9,370
Gold Co-product AISC Cash Costs	\$/ounce	N/A	\$800 – \$900
Sustaining Capex (includes gold mine development)	\$M	\$1	\$6 – 8

1. Cash operating costs and cash operating cost per tonne sold are non-IFRS measures. In the nickel mining industry, cash operating costs and cash operating costs per tonne are common performance measures but do not have any standardized meaning. Cash operating costs are derived from amounts included in the Consolidated Statements of Comprehensive Income (Loss) and include mine site operating costs such as mining, processing and administration as well as royalty expenses, but exclude depreciation, depletion and share-based payment expenses and reclamation costs. Cash operating costs per tonne are based on tonnes sold and are calculated by dividing cash operating costs by commercial nickel tonnes sold; US\$ cash operating costs per tonne sold. SLM prepares this information as it believes the measures provide valuable assistance to investors and analysts in its operational performance and ability to generate cash flow. The most directly comparable measure prepared in accordance with IFRS is total production costs.

2. All-in sustaining costs and all-in sustaining cost per tonne sold are non-IFRS measures. These measures are intended to assist readers in evaluating the total costs of producing nickel from current operations. SLM defines all-in sustaining costs as the sum of production costs, sustaining capital (capital required to maintain current operations at existing levels), corporate general and administrative expenses, in-mine exploration expenses and reclamation cost accretion related to current operations. All-in sustaining costs exclude growth capital, growth exploration expenses, reclamation cost accretion not related to current operations, interest and other financing costs and taxes. The most directly comparable measure prepared in accordance with IFRS is total production costs.

3. Key 2016 assumptions: nickel price \$4.08/lb, gold price \$1,080/oz and 1.43 \$US = 1\$AUD

4. The technical information in this table has been prepared in accordance with Canadian regulatory requirements by, or under the supervision of David Penswick, P.Eng.

Further information regarding the SLM acquisition and the Beta Hunt Mine can be found in RNC's news release dated February 1, 2016 available at www.royalnickel.com and filed under RNC's profile on www.sedar.com.

Cautionary Statement: The decision by SLM to produce at the Beta Hunt Mine was not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on SLM's cash flow and future profitability. It is further cautioned that the PEA is preliminary in nature. No mining feasibility study has been completed on Beta Hunt. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Reed Mine 2016 Guidance

The operator has not provided guidance for the Reed Mine. The following information is RNC's management estimate of production and costs. In 2016, RNC's 30% share of production from the Reed Mine is expected to be 4-4.5 kt of copper and 0.5-0.75 koz of gold.

Further information regarding the VMS acquisition and the Reed Mine can be found in RNC's news release dated February 1, 2016 available at www.royalnickel.com and filed under RNC's profile on www.sedar.com.

Dumont Project

Royal Nickel has the following targeted key milestones to achieve the development of the Dumont Nickel Project:

- Completion of partnership and financing arrangements;
- Estimated construction schedule of 24 months post securing of financing and completion of detailed engineering;
- Project commissioning is expected to begin in ten to eleven quarters after financing is in place.

Financial Results

For the three months ended December 31, 2015, RNC incurred a net loss of \$2.5 million (\$0.02 per share), compared to a net loss of \$3.0 million (\$0.04 per share) in the same period last year. The net loss decrease of \$0.5 million is due primarily to lower mineral property interests write-down (\$1.5 million), partially offset by lower deferred income tax expense (\$0.4 million), lower unrealized gain on derivative financial instruments (\$0.2 million), a gain on dilution of associate (\$0.2 million) and higher general and administrative expenses (\$0.1 million).

RNC incurred a net loss of \$5.6 million (\$0.04 per share) for the year ended December 31, 2015 compared to a net loss of \$10.0 million (\$0.10 per share) for the same period in 2014. The net loss decrease of \$4.4 million is due primarily to lower general and administrative expenses (\$2.7 million), lower mineral property interests impairment/write-down (\$1.5 million) and lower deferred income tax expense (\$0.8 million) and gain on dilution of associate (\$0.2 million).

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

	December 31, 2015	December 31, 2014
Cash position ¹	9.6	2.9
Working capital ²	7.8	1.2
Total assets	82.6	80.3
Shareholder's equity	68.3	66.6

1 Includes Cash and Cash equivalents.

2 Working capital is a measure of current assets less current liabilities

RNC's ability to operate as a going concern is dependent on its ability to raise financing. While management has been successful in securing financing in the past, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to RNC.

About Royal Nickel Corporation

Royal Nickel Corporation is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation and development of base metal and precious metal properties. RNC's principal asset is the Dumont Nickel Project strategically

located in the established Abitibi mining camp, in the municipalities of Launay and Trécesson, 25 kilometres northwest of Amos, Quebec. RNC also owns interests in two advanced stage nickel exploration properties: the Aer-Kidd project near Sudbury, Ontario and the West Raglan project in northern 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. RNC also trades on the OTCQX market under the symbol RNKLF.

About SLM

SLM is a private company based in Australia focused on developing mineral properties. Its main asset is the Beta-Hunt nickel-gold mine located in Western Australia.

About VMS Ventures Inc.

[VMS Ventures Inc.](#) acquires, explores, develops, and evaluates mineral properties in Canada. The company primarily explores for copper, zinc, gold, and silver deposits. Its principal property is the Reed Lake project located to the southwest of Snow Lake, Manitoba. VMS's common shares and warrants trade on the TSX under the symbols VMS.

Cautionary Statement Concerning Forward-Looking Statements

This news release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. Readers are cautioned to review the stated footnotes regarding use of non-IFRS measures.

This news release contains "forward-looking information" including without limitation statements relating to the the liquidity and capital resources of RNC, the completion of the SLM and VMS transactions, the potential of the Beta Hunt and Reed mines, and the potential of the Dumont and West Raglan projects.

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. Factors that could affect the outcome include, among others: failure of the parties to sign definitive agreements and satisfy conditions of closing; future prices and the supply of metals; the results of drilling; inability to raise the money necessary to incur the expenditures required to retain and advance the properties; environmental liabilities (known and unknown); general business, economic, competitive, political and social uncertainties; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash costs, failure to obtain regulatory or shareholder approvals. 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.

Although 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.

SOURCE Royal Nickel Corporation

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