



ROYAL NICKEL CORPORATION

**NOTICE AND
MANAGEMENT INFORMATION CIRCULAR
FOR
THE ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS
TO BE HELD ON JUNE 22, 2011**

ROYAL NICKEL CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “Meeting”) of shareholders of Royal Nickel Corporation (the “Corporation”) will be held at TMX Broadcast Centre, Gallery, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on June 22, 2011 at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2010, together with the auditors’ report thereon;
2. to elect the directors of the Corporation;
3. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to pass (with or without variation) an ordinary resolution approving, confirming and ratifying the adoption by the Corporation of the shareholder rights plan pursuant to the shareholder rights plan agreement dated May 13, 2011 made between the Corporation and Computershare Investor Services Inc.; and
5. to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy, if by mail or delivery, to Computershare Investor Services Inc. 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by facsimile to (416) 263-9524 or 1-866-249-7775 so as to arrive not later than 5:00 p.m. (Toronto time) on the second business day preceding the date of the Meeting or any postponement or adjournment thereof. You may also vote by telephone or via the Internet by following the instructions on the form of proxy. If you vote by telephone or via the Internet, completion or return of the proxy form is not needed. If you execute the form of proxy you may still attend the Meeting. Only registered shareholders and duly appointed proxyholders may vote in person at the Meeting.

BY ORDER OF THE BOARD

“Tyler Mitchelson”

Tyler Mitchelson
President, Chief Executive Officer and Director

Toronto, Ontario
May 13, 2011

ROYAL NICKEL CORPORATION
MANAGEMENT INFORMATION CIRCULAR
GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular (this “Circular”) is furnished in connection with the solicitation by management of Royal Nickel Corporation (“Royal Nickel” or the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of the shareholders of the Corporation to be held at TMX Broadcast Centre, Gallery, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on June 22, 2011 at 10:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the “Notice of Meeting”). It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and the Circular to beneficial owners of common shares and obtaining proxies therefor. The total cost of the solicitation will be borne directly by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons specified in such form of proxy to attend and act on behalf of such shareholder at the Meeting.** Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the manner set forth in the form of proxy.

A shareholder who has given a proxy may revoke it (i) by depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or shareholder’s attorney authorized in writing either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof, or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof, or (ii) in any other manner permitted by law.

Exercise of Discretion

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions contained therein. If the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such specifications, such shares will be voted FOR each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many holders of common shares, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those common shares will not be registered in the shareholder’s name on the records of the Corporation. Such shares will more likely be

registered under the name of the shareholder's broker or an agent of that broker. More particularly, a person is a Beneficial Shareholder in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary that the Beneficial Shareholder deals with in respect of the common shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")), of which the intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific voting instructions, brokers and their nominees are prohibited from voting common shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person or that the common shares are duly registered in their name.**

Applicable Canadian securities regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting.

In Canada, the majority of brokers now delegate responsibility for obtaining voting instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions ("Broadridge"). Broadridge typically supplies a special sticker to be attached to the proxy forms and asks Beneficial Shareholders to return the completed proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving such a proxy from Broadridge cannot use that proxy to vote common shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to instruct Broadridge how to vote the common shares.**

Record Date

The directors have fixed May 10, 2011 as the record date for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record on such record date are entitled to vote at the Meeting.

Voting Securities and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of special shares, issuable in series. As of May 10, 2011, there were 88,606,203 common shares and nil special shares of the Corporation issued and outstanding. Each holder of common shares is entitled to one vote in respect of each common share held by such holder.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, common shares carrying 10% or more of the voting rights attached to common shares of the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of common shares or otherwise, of any director or officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting (other than the election of directors or appointment of auditors).

Information Incorporated by Reference

This Circular incorporates by reference information disclosed in the annual information form of the Corporation dated March 24, 2011 (the "Annual Information Form") which is available on SEDAR at www.sedar.com. Upon request, the Corporation will promptly provide a copy of the Annual Information Form free of charge to a shareholder of the Corporation.

BUSINESS OF THE MEETING

1. Election of Directors

At the Meeting, it is proposed that the eight directors whose names are set forth below be elected to the board of directors of the Corporation (the “Board”). Each nominee for election as a director is currently a director of the Corporation. All directors elected will hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the election of directors, the persons named in the enclosed form of proxy intend to vote **FOR** the election of the nominees whose names are set forth below.

The following table sets forth with respect to each of the persons proposed to be nominated for election as directors the name; city, province/state and country of residence; the present principal occupation, business or employment; a brief biographical description; the date on which the person became a director of the Corporation; the person’s independence as a member of the Board; committee membership; attendance at meetings of the Board; the number of common shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly; the number of stock options and other share-based awards held, all as at the date hereof.

For additional information regarding compensation of each of the nominees, please see “Statement of Executive Compensation — Director Compensation”.

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽³⁾
PETER GOUDIE Seaforth, NSW, Australia Director since July 17, 2008 Independent Committee membership: Audit Committee; Compensation Committee Board meetings attended in 2010: 100%	322,850	350,000	44,000 DSUs
	Mr. Goudie was Executive Vice President (Marketing) of Inco and then Vale from January 1997 to February 2008. Mr. Goudie was also responsible for the strategy, negotiation, construction and operation of Inco’s joint venture production projects in Asia. He has been employed with Inco since 1970 in increasingly more senior accounting and financial roles in Australia, Indonesia, Singapore and Hong Kong, before becoming Managing Director (later President and Managing Director) of Inco Pacific Ltd. in Hong Kong in 1988. He is an Australian CPA.		
A. THOMAS GRIFFIS Toronto, Ontario, Canada Director since December 13, 2006 Not independent Committee membership: Health, Safety and Environment Committee Board meetings attended in 2010: 88%	1,215,333	1,175,000	269,000 DSUs
	Mr. Griffis is President of Griffis International Limited, a private investment and corporate management firm based in Toronto, Ontario (1985-present), and Chairman of Royal Coal Corp. He is a retired Lieutenant Colonel in the Canadian Air Force and former Commanding Officer of the Snowbirds aerobatic squadron. Mr. Griffis is also one of the founders of Royal Nickel and Co-Chairman and Chief Executive Officer of Juno Special Situations Corporation.		
SCOTT M. HAND Toronto, Ontario, Canada Director since June 27, 2008 Independent Executive Chairman Committee membership: Corporate Governance and Nominating Committee Board meetings attended in 2010: 100%	600,000	741,250	110,167 DSUs
	Mr. Hand is the Executive Chairman of the Corporation, a position held since November 2009, and a director of Manulife Financial Corporation, Royal Coal Corp., the World Wildlife Fund Canada and Juno Special Situations Corporation, where he is also Co-Chairman. Mr. Hand was the Chairman and Chief Executive Officer of Inco from April 2002 until he retired from Inco in January 2007. Prior to that, Mr. Hand was President of Inco and held positions in Strategic Planning, Business Development and Law. Mr. Hand received a Bachelor of Arts from Hamilton College and a Juris Doctorate from Cornell University.		

Nominees for Election as Directors	Number of Common Shares⁽¹⁾	Number of Options⁽²⁾	Number of Awards⁽³⁾
PETER C. JONES Oakville, Ontario, Canada Director since November 17, 2008 Independent Committee membership: Audit Committee; Corporate Governance and Nominating Committee; Health, Safety and Environment Committee Board meetings attended in 2010: 63%	41,250	350,000	44,000 DSUs
Mr. Jones is a director of a number of companies including IAMGOLD Corporation, Red Crescent Resources Limited and Century Aluminum Company. Prior to 2007 he was President, Chief Operating Officer and a director of Inco, and before that President and Chief Executive Officer of Hudson Bay Mining and Smelting Co. Ltd. Mr. Jones has over 40 years of international mining experience.			
FRANK MARZOLI Montreal, Quebec, Canada Director since May 11, 2007 Independent Committee membership: Corporate Governance and Nominating Committee; Health, Safety and Environment Committee Board meetings attended in 2010: 100%	5,000,000 ⁽⁴⁾	350,000	44,000 DSUs
Mr. Marzoli is the President, Chief Executive Officer and Chairman of Marbaw International Nickel Corporation, a position held since December 2006. He is also the President, Chief Executive Officer and sole director of Marzcorp Oil & Gas Inc. since July 2008. Marbaw held a 100% interest in the Marbaw Claims which were sold to Royal Nickel in February 2007. In 1971, Mr. Marzoli joined the import business specializing in Asian countries. In 2004, Mr. Marzoli left the import business to pursue the resource sector full time.			
GILLES MASSON Laval, Quebec, Canada Director since August 15, 2007 Independent Committee membership: Audit Committee; Compensation Committee Board meetings attended in 2010: 100%	41,250	350,000	44,000 DSUs
Mr. Masson is a director of Malaga Inc. and Semafo Inc. Mr. Masson worked for PricewaterhouseCoopers LLP from June 1969 until December 2005 when he retired as a partner in the auditing department. Over the course of his 36 year career, his clientele consisted of large national and international corporations operating in diverse fields. He has vast experience in the auditing of public corporations as well as in-depth knowledge of GAAP. His knowledge and experience also extend to regulations applicable to the presentation of financial information by public corporations. He is a certified director by the Institute of Corporate Directors. He obtained a Bachelor in Commerce in 1969 and a diploma in General Accounting in 1971 from the Ecole des hautes études commerciales de Montréal. He has been a member of the Ordre des comptables agréés du Québec since 1972.			
TYLER MITCHELSON Oakville, Ontario, Canada Director since September 17, 2009 Not independent Committee membership: N/A Board meetings attended in 2010: 100%	50,000	750,000	400,000 RSUs
Mr. Mitchelson is the President and Chief Executive Officer of the Corporation, a position held since October 2009. Mr. Mitchelson was previously Vice President, Strategy, Business Planning and Brownfield Exploration with Vale. From 1995 to 2006, he worked for Inco in various financial and planning roles in the operations in Thompson, Manitoba, Sorowako, Indonesia and Sudbury, Ontario. Mr. Mitchelson earned his Chartered Accountant designation while working for PricewaterhouseCoopers LLP (formerly Price Waterhouse) from 1991 to 1995. He is a member of the Institute of Chartered Accountants of Ontario and holds a Bachelor of Commerce (honours) degree from the University of Manitoba.			
DARRYL SITTLER Toronto, Ontario, Canada Director since September 17, 2009 Independent Committee membership: Compensation Committee; Health, Safety and Environment Committee Board meetings attended in 2010: 100%	50,000	350,000	44,000 DSUs
Mr. Sittler is a former National Hockey League player and a 1989 inductee to the Hockey Hall of Fame. Mr. Sittler is a self-employed businessman in the areas of public relations, community relations and team building. Mr. Sittler is an Ambassador of Maple Leaf Sports and Entertainment and a director of Wallbridge Mining Company Limited, Miocene Metals Ltd. and Frontline Gold Corporation. Mr. Sittler is a certified director by the Institute of Corporate Directors.			

Notes:

- (1) The information as to the number of common shares beneficially owned, or controlled or directed, directly or indirectly, by the directors, including those which are not registered in their names and not being within the knowledge of the Corporation, has been furnished by such directors.
- (2) For additional information regarding options held by directors, please see “Statement of Executive Compensation — Director Compensation”.

- (3) For additional information regarding awards held by directors, please see “Statement of Executive Compensation — Director Compensation”.
- (4) Held through Marbaw International Nickel Corporation, of which Mr. Marzoli is President, CEO and Chairman.

Securities laws require the Corporation to disclose whether a proposed director has: (i) been a director or an executive officer of a company that has been subject to a cease trade or other order or become bankrupt; (ii) been bankrupt; (iii) been subject to any penalties or sanctions relating to securities legislation or has entered into a settlement agreement with a securities regulatory authority; and (iv) been subject to any other penalties or sanctions that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director. To the Corporation’s knowledge (based on information furnished by the proposed directors), no disclosure is required in respect of the proposed directors, except as follows:

- Thomas Griffis was previously a director of Cogient Corp. On August 10, 2006, an interim cease trade order was issued for Cogient Corp., which was extended to a permanent cease trade order on August 22, 2006. On December 8, 2006, a court appointed receiver was appointed for Cogient Corp.; and
- Darryl Sittler was previously a director of Randsburg International Gold Corp. On August 9, 2006, a cease trade order was issued for Randsburg International Gold Corp. for failure to file a technical report in the required form. The cease trade order was revoked on April 25, 2007.

2. Appointment of Auditors

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, who were first appointed as auditors of the Corporation on May 25, 2009.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote **FOR** the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

Disclosure of fees received by PricewaterhouseCoopers LLP and its affiliates from the Corporation for the financial years ended December 31, 2010 and December 31, 2009 is set out under the heading “Audit Committee Information — External Audit Fees” in the Corporation’s Annual Information Form which is available on www.sedar.com.

3. Adoption of a Shareholder Rights Plan

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve, confirm and ratify (with or without variation), the adoption by the Board of a shareholder rights plan (the “Rights Plan”) pursuant to the shareholder rights plan agreement dated May 13, 2011 made between the Corporation and Computershare Investor Services Inc., as the rights agent (the “Rights Agreement”). The Rights Plan is currently in effect but must be confirmed by shareholders of the Corporation within six months of the adoption by the Board to remain in effect. A copy of the Rights Agreement is available on SEDAR at www.sedar.com or upon written request to the Corporation at: (i) Royal Nickel Corporation, 220 Bay Street, Suite 1200, Toronto, Ontario M5J 2W4 or (ii) by faxing a written request to the Corporation at (416) 363-7826.

Purpose of the Plan

The fundamental objectives of the Rights Plan are to provide adequate time for the Board and the shareholders of the Corporation to assess an unsolicited take-over bid for the Corporation, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made and to provide shareholders with an equal opportunity to participate in a take-over bid.

Summary of the Rights Plan

Term

If ratified by the shareholders of the Corporation, the Rights Plan will remain in effect until the termination of the annual meeting of shareholders of the Corporation in 2014 unless the term of the Rights Agreement is extended beyond such date by resolution of shareholders at a shareholders' meeting.

Issue of Rights

One right (a "Right") was issued by the Corporation pursuant to the Rights Agreement in respect of each common share of the Corporation outstanding at the close of business on May 13, 2011 (the "Record Time"). One Right will also be issued for each additional common share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) or the termination of the Rights Plan in accordance with its terms.

Rights Exercise Privilege

Each Right is initially attached to and will trade with the common shares in respect of which it was issued. The Rights will separate from the shares to which they are attached and become exercisable at the time (the "Separation Time") which (subject to the Board deferring the Separation Time) is 10 trading days following the date a person becomes an Acquiring Person or announces an intention to make a take-over bid that is not an acquisition pursuant to a take-over bid permitted by the Rights Plan (a "Permitted Bid").

Any transaction or event in which a person (an "Acquiring Person"), including affiliates, certain associates and others acting in concert, acquires (other than pursuant to a Permitted Bid or another exemption available under the Rights Plan) Beneficial Ownership (as defined in the Rights Plan) of 20% or more of the voting shares of the Corporation is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the date of the first public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void and the Rights (other than those held by the Acquiring Person) will permit the holder to purchase common shares at a substantial discount to their then prevailing market price.

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying common shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders trade their common shares.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for common shares issued from and after the effective date (the "Effective Date") of the Rights Agreement. Rights are also attached to common shares outstanding on the Effective Date, although share certificates issued prior to the Effective Date will not bear such a legend. Shareholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the common shares and will not be exercisable or transferable separately from the common shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates and will be transferable separately from the common shares.

Permitted Bid Requirements

A bidder can make a take-over bid and acquire shares of the Corporation without triggering a Flip-In Event under the Rights Plan if the take-over bid qualifies as a Permitted Bid.

The requirements of a "Permitted Bid" include the following:

- (a) the take-over bid is made by means of a take-over bid circular;
- (b) the take-over bid is made to all holders of voting shares on the books of the Corporation, other than the offeror;

- (c) no voting shares are taken up or paid for pursuant to the take-over bid unless more than 50% of the voting shares held by Independent Shareholders (as defined in the Rights Agreement) shall have been deposited or tendered pursuant to the take-over bid and not withdrawn;
- (d) no voting shares are taken up or paid for pursuant to the take-over bid prior to the close of business on a date that is no earlier than 60 days following the date of the take-over bid;
- (e) voting shares may be deposited pursuant to such take-over bid at any time during the period of time between the date of the take-over bid and the date on which voting shares may be taken up and paid for and any voting shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- (f) if on the date on which voting shares may be taken up and paid for under the take-over bid, more than 50% of the voting shares held by Independent Shareholders have been deposited or tendered pursuant to the take-over bid and not withdrawn, the Offeror makes a public announcement of that fact and the take-over bid is extended to remain open for deposits and tenders of voting shares for not less than ten business days from the date of such public announcement.

The Rights Plan also allows for a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days (the minimum period required under securities law).

Waiver and Redemption

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a take-over bid by way of a take-over bid circular sent to all holders of voting shares on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the Rights Plan in respect of a particular take-over bid shall also constitute a waiver of any other take-over bid which is made by means of a take-over bid circular to all holders of voting shares while the initial take-over bid is outstanding. The Board may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Corporation within 14 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of voting shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of voting shares otherwise than pursuant to the foregoing, waive the application of the Rights Plan to such Flip-in Event.

The Board may, with the prior consent of the holders of voting shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived the application of the Rights Plan.

Amendments

The Corporation may make amendments to the Rights Plan at any time to correct any clerical or typographical error or which are required to maintain the validity of the Rights Plan due to changes in any applicable legislation, regulations or rules. The Corporation may make other amendments to the Rights Plan subject to the prior approval by a majority vote of the Independent Shareholders (or of the holders of Rights if the amendment is made after the Separation Time).

Exemptions for Investment Advisors

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds are exempted from triggering a Flip-in Event, provided they are not making, either alone or

jointly or in concert with any other person, a take-over bid other than by ordinary market transactions through a stock exchange or organized over-the-counter market.

Duties of the Board

The adoption of the Rights Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a take-over bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

Shareholder Approval

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass (with or without variation) a resolution (the “Rights Plan Resolution”) approving, confirming and ratifying the adoption by the Board of the Rights Plan pursuant to the Rights Agreement substantially in the following form:

BE IT RESOLVED that:

1. the Shareholder Rights Plan pursuant to the Shareholder Rights Plan Agreement dated May 13, 2011 made between the Corporation and Computershare Investor Services Inc. is hereby approved, confirmed and ratified; and
2. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.”

The Board believes that the Rights Plan is in the best interests of the Corporation and, accordingly, unanimously recommends that shareholders vote **FOR** the Rights Plan Resolution.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against the Rights Plan Resolution, the persons named in the enclosed form of proxy intend to vote **FOR** the Rights Plan Resolution.

In order to be effective, the Rights Plan Resolution must be passed by:

- (a) a majority of the votes cast by shareholders,
- (b) a majority of the votes cast by the Independent Shareholders (as defined in the Rights Agreement), and
- (c) a majority of the votes cast by shareholders, without giving effect to any votes cast by (i) any shareholders if any that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding common shares of the Corporation; and (ii) the associates, affiliates and insiders of any shareholders referred to in (i) above.

In the event that the Rights Plan is not so approved, the shareholders of the Corporation will, as of June 22, 2011, cease to have the benefit of the Rights Plan.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

The Corporation was incorporated on December 13, 2006 and completed its initial public offering on December 16, 2010. The Corporation’s principal business activity is the exploration, development, evaluation and acquisition of mineral properties. Currently, the Corporation’s principal asset and sole material property is the 100% owned Dumont nickel project, strategically located in the established Abitibi mining camp, 25 km northwest of Amos, Quebec, Canada. In addition, the Corporation holds certain other properties. Disclosure of the Corporation’s properties is set out under the heading “Description of the Business” in the Corporation’s Annual Information Form which is available on www.sedar.com.

Compensation Committee Mandate

The compensation program of the Corporation is administered by the Board with the assistance of the Compensation Committee. The Board, with the assistance of the Compensation Committee, reviews and makes decisions in respect of compensation matters relating to senior executives and directors of the Corporation, ensuring consistent application of matters relating to remuneration and ensuring that executive remuneration is consistent with industry standards.

The responsibilities of the Compensation Committee include assisting the Board with respect to, among other things: (a) establishment of key human resources and compensation policies, including all incentive and equity based compensation plans; (b) the establishment of corporate goals and objectives relevant to the Chief Executive Officer's compensation; (c) the evaluation of the Chief Executive Officer's performance and determination of the Chief Executive Officer's and the senior executives' compensation; (d) evaluation of the performance of the senior management; and (e) compensation of directors. In particular, the Compensation Committee, among other things:

- reviews and makes recommendations to the Board with respect to the overall compensation strategy and policies for directors and senior executives of the Corporation;
- reviews and makes recommendations to the independent members of the Board with respect to the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and evaluates the performance of the Chief Executive Officer in light of those goals and objectives;
- makes recommendations to the independent members of the Board with respect to the compensation of the Chief Executive Officer based on this evaluation;
- reviews and makes recommendations to the independent members of the Board with respect to the compensation of the Chairman of the Board;
- reviews and approves the annual compensation of all other senior executives of the Corporation, as recommended by the Chief Executive Officer;
- oversees and approves grants and awards under the Corporation's long term incentive plan; and
- makes recommendations to the Board with respect to the Corporation's incentive compensation and share-based plans that are subject to the approval of the Board.

In November 2009, the Compensation Committee engaged an outside advisor, the Bedford Consulting Group ("Bedford") to review the competitiveness of the compensation paid to the directors and senior executives of the Corporation and to provide recommendations to the Compensation Committee (the "Compensation Report"). It is anticipated that the Compensation Committee will engage another outside adviser in 2011 to update the review of the competitiveness of the compensation paid to the directors and senior executives of the Corporation.

Objectives of the Compensation Program

The senior executives and directors of the Corporation have a significant influence on corporate performance and creating shareholder value. With this in mind, the Corporation's philosophy regarding executive compensation is that it must:

- be competitive in order to attract and retain senior executives with the skills and commitment needed to lead and grow the Corporation;
- provide a strong incentive to achieve the Corporation's goals; and
- ensure that the interests of senior executives and the Corporation's shareholders are aligned.

The compensation program is designed to reward individual performance and contributions to the returns achieved by the Corporation.

Elements of Compensation

The compensation paid to the senior executives of the Corporation for the financial year ended December 31, 2010 was comprised primarily of the following components:

- base salary and benefits;
- short-term incentive compensation (annual cash bonuses); and
- long-term incentive compensation in the form of stock options, deferred share units (“DSUs”) and restricted share units (“RSUs”) under the Corporation’s share incentive plan, which was amended and restated by the Board with the approval of the TSX on March 7, 2011 (“Share Incentive Plan”). The amendments were of a nature not requiring shareholder approval. DSUs and RSUs that have been granted to date vest over two years, with the exception of DSUs and RSUs awarded in lieu of a cash bonus at the election of the individual which vest immediately.

The Corporation also provides basic perquisites and benefits to its senior executives on the same basis that are generally available to all employees. All of the Named Executive Officers have termination and change of control provisions in their employment agreements. The Corporation does not provide for any pension plan.

Base Salary

To retain a competent, strong and effective group of senior executives, the Corporation’s salaries must be competitive with others in the industry generally. Base salary levels take into account the senior executive’s individual responsibilities, experience, performance and contribution toward enhancing shareholder value.

The base salary policy is structured to provide a solid base compensation level for senior executives to encourage achievement of the Corporation’s goals while ensuring that the interests of senior executives and the Corporation’s shareholders are aligned.

Annual Cash Bonus

The Compensation Committee reviews each recommendation of annual bonus for each senior executive and makes compensation recommendations to the Board. In its evaluation of each senior executive (other than the Chief Executive Officer), the Compensation Committee considers recommendations made by the Chief Executive Officer. The Compensation Committee also considers a number of financial and operating parameters in determining the allocation and amount of bonuses to be paid out annually. The Board reviews the Compensation Committee’s recommendations and gives final approval on the annual bonus for each of the Corporation’s senior executives. The Board has complete discretion over the amount and composition of each senior executive’s annual bonus.

Bonuses were granted in December 2010 by the Compensation Committee and the Board based on significant milestones achieved by the Corporation in 2010.

Options and Awards

Options and share-based awards tie the compensation of senior executives to increases in the value of the common shares, and therefore provide an incentive to enhance shareholder value over the long term. Grants of options and share-based awards are based on three factors:

- the senior executive’s performance;
- the senior executive’s level of responsibility; and
- the number and exercise price of options (and number of share-based awards) previously issued to the senior executive.

Long-term incentives for senior executives are provided through options and share-based awards granted under the Share Incentive Plan and are not yet subject to any performance goals or similar conditions.

Long-term incentives are an integral part of the compensation strategy of the Corporation. The Bedford Compensation Report compared the number of options issued to Corporation's senior executives relative to the companies in the comparative group. Based on the Compensation Report, the Corporation believes that the options issued to the senior executives of the Corporation are generally in line with industry averages. Absent other circumstances, the Compensation Committee makes recommendations to award options and share-based awards that are intended to enhance the Corporation's ability to retain key individuals.

In connection with the evaluation of the performance of senior executives conducted near the end of each financial year, the Compensation Committee makes a recommendation in respect of the number of options or awards to be granted to senior executives and directors of the Corporation in mid-December. If such recommendation is deemed acceptable to the Board, the Board approves the grant of the options or awards.

For additional information regarding options and awards, please see "Incentive Plan Awards — Share Incentive Plan".

Determining Compensation Levels

In determining compensation levels, the Compensation Committee considered the Compensation Report. The Compensation Report highlighted the current compensation levels of a comparator group of mining companies and principles for rewarding senior executives within the Corporation. The Compensation Committee, Bedford and senior executives arrived at a comparator group of companies (the "Comparator Group") to be used in the Compensation Report. The Comparator Group consisted of 16 companies currently listed on the TSX with operations and mineral properties in Canada, including companies in both the exploration and production stage with nickel, copper or gold resources. Additionally, at the time of the Compensation Report, the Comparator Group included companies with a market capitalization ranging from approximately \$4,000,000 to \$2,000,000,000 with a median market capitalization of approximately \$213,000,000. The companies included in the Comparator Group are as follows: Canadian Arrow Mines Ltd., First Nickel Inc., Wallbridge Mining Company Limited, Victory Nickel Inc., Crowflight Minerals Inc., Duluth Metals Limited, Apollo Gold Corporation, Western Copper Corporation, North American Palladium Ltd., Fronteer Development Group, Kirkland Lake Gold Inc., Lake Shore Gold Corporation, NovaGold Resources Inc., FNX Mining Company Inc., Gammon Gold Inc. and Osisko Mining Corporation.

The Corporation believes that it is important that its senior executives have the proper incentives to remain focused on the Corporation's growth strategy. In this regard the Corporation's compensation policy aims to target the 75th percentile of base salary paid to senior executives having comparable responsibilities and experience at competitors operating in the same industry and location.

The Compensation Committee's policy provides for the granting of options and awards that vest over a number of years to achieve the objective of aligning the long-term interests of senior executives with that of shareholders and to retain senior executives responsible for executing the Corporation's exploration and development of the Dumont Nickel Project and growing the Corporation's nickel mining platform.

Performance Graph

The common shares of the Corporation commenced trading on the TSX on December 16, 2010. As the Corporation was a reporting issuer for less than 12 calendar months before the end of the most recently completed financial year ended December 31, 2010, the Corporation is relying on the exemption from the requirement to include a line graph showing the Corporation's cumulative total shareholder return over the five most recently completed financial years.

Named Executive Officers' Summary Compensation Table

The Corporation became a reporting issuer on December 10, 2010. The following table (presented in accordance with *Form 51-102F6 — Statement of Executive Compensation* (“Form 51-102F6”) under *National Instrument 51-102 — Continuous Disclosure Obligations* (“NI 51-102”)) sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation for the financial years ended December 31, 2010, 2009 and 2008 in respect of the Chief Executive Officer, the Chief Financial Officer, the former Chief Financial Officer and three most highly compensated executive officers of the Corporation (the “Named Executive Officers” or “NEOs”).

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽⁶⁾	Option-based awards (\$) ⁽⁷⁾	Non-equity incentive plan compensation		All other compensation (\$) ⁽⁸⁾	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)		
Tyler Mitchelson President and Chief Executive Officer ⁽¹⁾	2010	350,000	800,000	Nil	200,000	Nil	—	1,350,000
	2009	71,960	Nil	900,000	180,000	Nil	350,000 ⁽⁹⁾	1,501,960
Fraser Sinclair Chief Financial Officer and Corporate Secretary ⁽²⁾	2010	56,058	484,000	250,380	27,500	Nil	85,000 ⁽⁹⁾	902,938
Mark Selby Senior Vice President, Business Development ⁽³⁾	2010	213,115	724,000	278,550	46,000	Nil	—	1,261,665
Alger St-Jean Vice-President, Exploration	2010	175,000	124,000	Nil	78,750	Nil	—	377,750
	2009	175,000	Nil	286,500	65,000	Nil	—	526,500
	2008	166,057	Nil	Nil	25,000	Nil	—	191,057
Johnna Muinonen, Vice-President, Metallurgy ⁽⁴⁾	2010	66,634	340,000	278,850	26,950	Nil	—	712,434
Walter Henry Former Vice-President, Finance and Chief Financial Officer ⁽⁵⁾	2010	117,295	Nil	Nil	Nil	Nil	—	117,295
	2009	185,000	Nil	286,500	65,000	Nil	—	536,500
	2008	185,000	Nil	Nil	25,000	Nil	—	210,000

Notes:

- (1) Mr. Mitchelson commenced employment on October 13, 2009.
- (2) Mr. Sinclair commenced employment on October 18, 2010.
- (3) Mr. Selby was paid a retainer and a daily rate from April 1, 2010 to November 1, 2010. He entered into an employment agreement effective November 1, 2010.
- (4) Ms. Muinonen commenced employment on August 9, 2010.
- (5) Mr. Henry resigned on July 9, 2010.
- (6) This represents DSUs and RSUs. A portion of the RSUs granted to each NEO was awarded in lieu of a cash bonus. All share-based awards were granted prior to the closing of the initial public offering in December 2010 and are valued using the share price from the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.
- (7) The value of the option-based awards was determined using the Black-Scholes option pricing model.
- (8) The aggregate value of perquisites and other personal benefits was less than 10% of the total salary of each NEO for the financial year.
- (9) This represents a one-time signing bonus.

Discussion of Summary Compensation Table

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each Named Executive Officer's employment agreement.

Tyler Mitchelson

Mr. Mitchelson became President and Chief Executive Officer of the Corporation effective October 13, 2009. Mr. Mitchelson's employment agreement provides for employment for an indefinite term with the payment of a minimum base salary, which is currently \$350,000 per annum and which is reviewed at a minimum annually by the Compensation Committee of the Board. Mr. Mitchelson's employment agreement also provides for an annual bonus up to an amount equal to the then current annual base salary for each financial year. The amount of the annual bonus is determined by the Compensation Committee and approved by the Board based on specific annual corporate and/or personal objectives and goals and the amount is not guaranteed but is in the complete and absolute discretion of the Compensation Committee. Mr. Mitchelson's employment agreement provides that he has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as DSUs or RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units. On commencement of employment, Mr. Mitchelson received (i) a one-time signing bonus of \$350,000, (ii) a \$180,000 bonus payment for 2009 and (iii) 750,000 stock options with an exercise price of \$2.00 per share, vesting as to 1/3 of such stock options on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant. See also "Termination and Change of Control Benefits" below.

Fraser Sinclair

Mr. Sinclair became Chief Financial Officer effective October 18, 2010. Mr. Sinclair's employment agreement provides for employment for an indefinite term with the payment of a minimum base salary, which is currently \$265,000 per annum and which is reviewed by the Compensation Committee from time to time. Mr. Sinclair's employment agreement also provides for the payment of an annual bonus up to an amount equal to 50% of the then current annual base salary for each financial year. The amount of bonus is determined by the Compensation Committee and is not guaranteed but is dependent on, among other things, Mr. Sinclair meeting specific performance targets set by the Chief Executive Officer. Mr. Sinclair's employment agreement provides that he has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as DSUs or RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units. On commencement of employment, Mr. Sinclair received (i) a one-time signing bonus of \$85,000, (ii) 180,000 stock options at an exercise price of \$2.00 per share, vesting as to 1/3 of such stock options on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant, and (iii) 180,000 DSUs, vesting as to 1/3 of such DSUs on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant. See also "Termination and Change of Control Benefits" below.

Mark Selby

Mr. Selby commenced working for the Corporation effective April 1, 2010 and became Senior Vice President, Business Development effective November 1, 2010. Mr. Selby's employment agreement provides for employment for an indefinite term with the payment of a base salary, which is currently \$200,000 per annum and which is reviewed by the Compensation Committee from time to time. Mr. Selby's employment agreement also provides for the payment of an annual bonus up to an amount equal to 50% of the then current annual base salary for each financial year. The amount of bonus is determined by the Compensation Committee and is not guaranteed but is dependent on, among other things, Mr. Selby meeting specific performance targets set by the Chief Executive Officer. Mr. Selby's employment agreement provides that he has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as DSUs or RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units. On commencement of employment, Mr. Selby received (i) 175,000 DSUs, vesting as to 59,000 of such DSUs on the date of grant and as to 58,000 DSUs on each of the first anniversary and second anniversary of the date of grant, and (ii) 100,000 RSUs, vesting as to 34,000 of such RSUs on the date of grant and as to 33,000 RSUs on each of the first anniversary of the date of grant and second anniversary of the date of grant. See also "Termination and Change of Control Benefits" below.

Alger St-Jean

Mr. St-Jean became Vice President, Exploration effective April 30, 2007. Mr. St-Jean's employment agreement provides for employment for an indefinite term with the payment of a minimum base salary, which is currently \$175,000 per annum and which is reviewed by the Compensation Committee from time to time. Mr. St-Jean's employment agreement also provides for the payment of an annual bonus up to $\frac{1}{3}$ of the then current base salary in respect of each financial year. The amount of bonus is determined by the Compensation Committee which may establish specific corporate and/or personal objectives and goals and the amount is not guaranteed but is in the complete and absolute discretion of the Compensation Committee. On commencement of employment, Mr. St-Jean received 250,000 stock options with an exercise price of \$0.35 per share, vesting as to $\frac{1}{3}$ of such stock options on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant. See also "Termination and Change of Control Benefits" below. Subsequent to the entering into of the employment agreement with Mr. St-Jean, Mr. St-Jean was given the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as DSUs or RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units.

Johnna Muinonen

Ms. Muinonen became Vice President, Metallurgy effective August 9, 2010. Ms. Muinonen's employment agreement provides for employment for an indefinite term with the payment of a minimum base salary, which is currently \$165,000 per annum and which is reviewed by the Compensation Committee from time to time. Ms. Muinonen's employment agreement also provides for the payment of an annual bonus up to an amount equal to 40% of the then current annual base salary for each financial year. The amount of bonus is determined by the Compensation Committee and is not guaranteed but is dependent on, among other things, Ms. Muinonen meeting specific performance targets set by the Chief Executive Officer. Ms. Muinonen's employment agreement provides that she has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as DSUs or RSUs and that in the event that she holds the award for two years, she receives a 20% increase in the number of units. On commencement of employment, Ms. Muinonen received (i) 150,000 stock options at an exercise price of \$2.00 per share, vesting as to $\frac{1}{3}$ of such stock options on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant, and (ii) 125,000 DSUs, vesting as to 42,000 of such DSUs on the date of grant, and as to 41,500 on each of the first anniversary of the date of grant and the second anniversary of the date of grant. See also "Termination and Change of Control Benefits" below.

Incentive Plan Awards

Share-Based Awards and Option-Based Awards as at December 31, 2010

The following table (presented in accordance with Form 51-102F6) sets forth for each NEO all awards outstanding at the end of the most recently completed financial year ended December 31, 2010, including awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾
Tyler Mitchelson	750,000	2.00	September 17, 2019	502,500	207,334	553,582
Fraser Sinclair	180,000	2.00	October 18, 2020	120,600	153,334	409,402
Mark Selby	150,000	2.00	April 6, 2020	100,500	228,001	608,763
Alger St-Jean	250,000 50,000 100,000 150,000 50,000	0.35 1.00 2.50 2.50 2.00	March 22, 2017 July 9, 2017 December 14, 2017 January 15, 2019 October 9, 2019	580,000 83,500 17,000 25,500 33,500	38,667	103,240
Johnna Muinonen	150,000	2.00	August 9, 2020	100,500	110,001	293,703
Walter Henry ⁽⁴⁾	Nil	N/A	N/A	Nil	Nil	Nil

Notes:

- (1) The value of unexercised options was calculated using the closing price of common shares on the TSX on December 31, 2010 of \$2.67 less the exercise price of options.
- (2) This represents RSUs and DSUs.
- (3) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2010 of \$2.67.
- (4) Mr. Henry resigned on July 9, 2010.

Incentive Plan Awards — Value Vested or Earned During The Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year ended December 31, 2010 for each incentive plan award.

Name	Option-based awards — Value vested during the year (\$) ⁽¹⁾	Share-based awards — Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation — Value earned during the year (\$)
Tyler Mitchelson	Nil	385,322	200,000
Fraser Sinclair	Nil	177,332	27,500
Mark Selby	Nil	267,998	46,000
Alger St-Jean	Nil	46,666	78,750
Johnna Muinonen	Nil	119,998	26,950
Walter Henry ⁽³⁾	Nil	Nil	Nil

Notes:

- (1) The option-based awards that vested during the year (i) either vested immediately on the grant date, therefore there is no value for options vested during the year or (ii) the exercise price was greater than or equal to the share price for the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.
- (2) This represents DSUs and RSUs. The value of share-based awards that vested during the year was calculated using the share price for the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.
- (3) Mr. Henry resigned on July 9, 2010.

Share Incentive Plan

The Share Incentive Plan provides for the granting of equity-based compensation securities, including options and awards that permit the acquisition of common shares by the Share Incentive Plan's participants. The purpose of the Share Incentive Plan is to advance the interests of the Corporation through the motivation, attraction and retention of senior executives, directors, employees (including prospective employees) and consultants of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of common shares by senior executives, directors, employees and consultants of the Corporation. The purpose of the Share Incentive Plan is to significantly strengthen the link between the interests of the eligible directors, senior executives and employees of the Corporation and the interests of the shareholders of the Corporation by providing senior executives, directors, employees (including prospective employees) and consultants of the Corporation with long-term incentive tied to the long-term performance of the common shares. It is also generally recognized that share incentive plans can aid in attracting, retaining and encouraging senior executives, directors, employees and consultants due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

The Share Incentive Plan provides for the issuance of stock options ("Options" under the "Share Option Plan") and share appreciation rights, restricted shares, RSUs, DSUs, performance shares and performance share units and other equity-based awards ("Awards" under the "Other Awards Plan"). The Share Incentive Plan may be administered by either the Board or by a committee established by the Board. The material provisions of the Share Incentive Plan are as follows:

- *Eligible Participants.* Employees, directors, officers and consultants of the Corporation and its subsidiaries, as well as any other person or company engaged to provide ongoing management or consulting services for the Corporation or a subsidiary, or any employee of such person or company (the "Participants"), are eligible to participate in the Share Incentive Plan.
- *Common Shares Subject to the Share Option Plan.* The Share Option Plan provides that the maximum number of common shares issuable upon the exercise of Options shall not exceed 15% of the issued and outstanding common shares from time to time. As a result, should the Corporation issue additional common shares in the future, the number of common shares issuable under the Share Option Plan will increase accordingly. The Share Option Plan is considered as an "evergreen" plan, since the common shares covered by the Options which have been exercised shall be available for subsequent grants under the Share Option Plan. As of the date hereof, Options for the purchase of a total of 7,740,583 common shares have been granted and are outstanding under the Share Option Plan (representing 8.7% of the issued and outstanding common shares of the Corporation as of the date hereof), out of a total available of 13,290,930.
- *Common Shares Subject to Other Awards Plan.* The maximum number of common shares to be made available as Awards pursuant to the Other Awards Plan shall not exceed 10% of the issued and outstanding common shares from time to time. As of the date hereof, Awards for the acquisition of a total of 1,931,167 common shares have been granted and are outstanding under the Other Awards Plan (representing 2.2% of the issued and outstanding common shares of the Corporation as of the date hereof), out of a total available of 8,860,620.
- *Maximum Percentage of Available Securities to Insiders Under All Share Compensation Arrangements.* The aggregate number of common shares issuable to insiders under the Share Incentive Plan and any other share compensation arrangement shall not exceed 10% of the common shares issued and outstanding at any time. Insiders shall not be issued, pursuant to the Share Incentive Plan and any other share compensation arrangement, within any one year period, a number of common shares which exceeds 10% of the common shares issued and outstanding.
- *Method of Determining Option Exercise Price.* The Compensation Committee shall fix the price per common share issued pursuant to the Option at the time the Option is granted, provided that the price per common share fixed by the Compensation Committee is in Canadian dollars and shall not be less than the market price of the common shares immediately preceding the grant.

- *Calculation of Market Appreciation of Share Appreciation Rights.* The Share Incentive Plan allows the granting of share appreciation rights. Market appreciation of share appreciation rights shall be calculated as an amount equal to (a) the excess of the fair market value of a common share on the date of exercise of the share appreciation right, divided by (b) the exercise price of such right as set forth in the award agreement governing the share appreciation right, multiplied by (c) the number of common shares with respect to which the share appreciation right is exercised.
- *Vesting of Options and Option Period.* At the time of the grant of an Option the Compensation Committee may determine when any Option will become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise, as the Compensation Committee deems advisable. Unless otherwise determined by the Compensation Committee, Options will vest, as to one-third of Options granted, on each of the first, second and third anniversaries of the date of grant, provided that the grantee is still a Participant at that time. The option period may not exceed ten years from the time of grant.
- *Restricted Shares Issuances.* The Other Awards Plan permits the Compensation Committee to grant restricted shares to Participants. The Compensation Committee may determine when a restricted share shall vest, or have the restricted shares vest in instalment on such terms as the Compensation Committee deems to be advisable. After the restricted shares have vested and the Participant executes an award agreement, the Corporation will issue the Participant a certificate for the number of common shares granted as restricted shares. Once the Participant has the certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions or conditions as the Compensation Committee may in its discretion include in the applicable award agreement.
- *Restricted Share Units.* The Compensation Committee may grant Awards of RSUs to Participants in such amounts and subject to such terms and conditions as the Compensation Committee shall determine in its discretion. A Participant who is granted an RSU will have only the rights of an unsecured creditor of the Corporation until such time as payment in common shares, cash or other securities or property is made as specified in the applicable award agreement. On the payment date, the Participant of each RSU shall receive common shares, cash, securities or other property equal in value to the common shares or a combination thereof.
- *Deferred Share Units.* The Compensation Committee may grant Awards of DSUs to Participants in such amounts and subject to such terms and conditions as the Compensation Committee shall determine in its discretion. A Participant who is granted a DSU will have only the rights of an unsecured creditor of the Corporation until such time as payment in common shares or cash is made as specified under the applicable award agreement. A Participant is only entitled to payment in respect of the DSUs when the Participant ceases to be an employee or director of the Corporation or any affiliate thereof for any reason. Upon termination, the Corporation shall on such date as determined by the Corporation redeem the Participant's DSUs for (i) the number of underlying common shares or (ii) the redemption value determined in accordance with the applicable award agreement of the DSUs.
- *Performance Shares and Performance Share Units.* The Compensation Committee may grant Awards of performance shares to Participants in the form of (a) common shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Compensation Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of an unsecured creditor of the Corporation until payment of common shares, cash or other securities or property is made as specified in the applicable award agreement. In the event that a certificate is issued in respect of an Award of performance shares in the form of common shares, such certificate shall be registered in the name of the Participant but shall be held by the Corporation or its designated agent until the time the performance shares are earned or become vested in accordance with the terms of the applicable award agreement. The Compensation Committee shall determine in its sole discretion whether performance share units shall be settled in common shares, cash, securities or other property, or a combination thereof.
- *Other Equity-Based Awards.* The Compensation Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted common shares) in such

amounts and subject to such terms and conditions as the Compensation Committee shall in its discretion determine. Such Awards may entail the transfer of actual common shares to Participants, or payment in cash or otherwise of amounts based on the value of common shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

- *Term of Options.* The Compensation Committee may set the term of the Options, so long as such term is not more than ten years from the date of the grant of the Option.
- *Causes of Cessation of Entitlement.* The Share Incentive Plan sets out provisions regarding the exercise and cancellation of Options and Awards if a Participant's employment terminates or a Participant otherwise ceases to be eligible under the Share Incentive Plan. Under the Share Incentive Plan:
 - If the Participant ceases to be eligible by reason of retirement, early retirement at the request of the Corporation, death or disability, all Options and Awards that would have vested in the 12 months following the effective termination date shall vest immediately as of the termination date. Restricted shares that have vested shall cease to be subject to the restrictions in the applicable award agreement. All vested Options and Awards (other than an award of restricted shares) shall be exercisable or redeemed during the period which is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 180 days after the effective date of termination.
 - If the Participant ceases to be eligible for any reason other than those specified above, all Options and Awards that have vested before the termination date shall, in the case of an Award of restricted shares cease, as of the applicable termination date, to be subject to the restrictions in the applicable award agreement, and in the case of Options and Awards other than an award of restricted shares, shall be exercisable or redeemed, as the case may be, during the period which is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 90 days after the termination date.
- *Assignability.* Except to the extent otherwise provided in the applicable award or option agreement, no Award or Option or right granted to any person under the Share Incentive Plan shall be assignable other than by will or by the laws of descent and distribution.
- *Amendments, Suspension or Termination of the Share Incentive Plan.* The Compensation Committee may amend, suspend or terminate the Share Incentive Plan, at any time, provided that no such amendment, suspension or termination may be made without obtaining any required regulatory approvals or adversely affect the rights of any optionee or award holders who holds an Option or Award at the time of such amendment, without the consent of that optionee or award holder.
- *Amendments Without Shareholder Approval.* The Compensation Committee may make the following amendments to the Share Incentive Plan, or to any Option or Award granted under the Share Incentive Plan, without shareholder approval:
 - an amendment to the purchase price of any Option or Award, unless the amendment is a reduction in the purchase price of an Option or Award held by an insider;
 - an amendment to the date upon which an Option or Award may expire, unless the amendment extends the expiry of an Option or Award held by an insider;
 - an amendment to the vesting provisions of the Share Option Plan and Other Awards Plan and any option agreement or award agreement granted under the Share Incentive Plan;
 - an amendment to provide a cashless exercise feature to an Option or the Share Option Plan, provided that such amendment ensures the full deduction of the number of underlying common shares from the total number of common shares subject to the Share Option Plan;
 - an addition to, deletion from or alteration of the Share Incentive Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or a stock exchange;

- any amendment of a “housekeeping” nature, including, without limitation, amending the wording of any provision of this Share Incentive Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Share Incentive Plan that is inconsistent with any other provision of the Share Incentive Plan, correcting grammatical or typographical errors and amending the definitions contained within the Share Incentive Plan respecting the administration of the Share Incentive Plan;
- any amendment respecting the administration of the Share Incentive Plan; and
- any other amendment that does not require shareholder approval as set out in the section below.
- *Amendments Requiring Shareholder Approval.* Shareholder approval will be required for the following amendments to the Share Incentive Plan:
 - any increase in the maximum number of common shares issuable as a fixed percentage of the Corporation’s outstanding common shares;
 - to remove or exceed the insider participation limit;
 - to an amending provision within the Share Incentive Plan;
 - any reduction in the purchase price or the extension of the expiry of an Option or Award held by insiders; and
 - any change which would normally modify the requirements as to eligibility for participation in the Share Incentive Plan.

Termination and Change of Control Benefits

The employment agreements between the Corporation and the NEOs contain the following termination and change of control provisions.

If Mr. Mitchelson or Mr. St-Jean is terminated without cause, he will be entitled to a lump sum payment of a multiple of his base salary (see below). He will also be entitled to continue to participate in and be covered by the Corporation’s benefit plans until the earlier of (a) the date which is one year following such termination, and (b) the date on which he commences employment with a new employer, and the Corporation will pay for up to \$20,000 of outplacement services to the extent actually and properly incurred on his behalf. In the event of a change of control (as defined below) of the Corporation, and in the case of Mr. Mitchelson, a significant change in the business of the Corporation, the NEO has the right (in the case of Mr. St-Jean, for a period of six months following the change of control) to terminate his employment agreement on 30 days’ notice and will be entitled to a lump sum payment of a multiple of the NEO’s base salary (see below). All stock options that have been granted prior to a change of control shall automatically vest and the NEO will be entitled to exercise any such stock options.

If Mr. Sinclair, Mr. Selby or Ms. Muinonen is terminated without cause, such NEO will be entitled to a pay of a multiple of the NEO’s base salary (see below) in a lump sum or by salary continuation. The NEO’s benefits coverage will continue until the end of the applicable compensation period (see below). In the event of a change of control (as defined below) of the Corporation, the NEO may elect, during the six month period immediately following the date of such change of control, to terminate the NEO’s employment agreement by 60 days’ notice and will be entitled to a lump sum pay of a multiple of the NEO’s base salary (see below).

A “change of control” is defined as when any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, or a natural person in his or her capacity as trustee of any of the foregoing, alone or acting in concert with any of the foregoing or combination of the foregoing, beneficially own or control, directly or indirectly, over 40% of the outstanding common shares or the votes attaching thereto of the Company. In the case of Mr. Mitchelson, a “change of control” is defined as the event where any person, firm or corporation or other entity, whether by merger, purchase or otherwise, shall acquire all or substantially all of the assets or business of the Corporation.

For illustrative purposes, if a Named Executive Officer had been terminated without cause or in the case of a change of control on December 31, 2010, the applicable multiple, the compensation period for benefits, the amounts payable and the value of options and awards vested as of such date would have been as follows:

Name	Multiple	Aggregate Amount Payable for Base Salary (\$)	Compensation Period for Benefits	Aggregate Amount Payable for Benefits (\$) ⁽¹⁾	Option-based Awards — Value Vested (\$) ⁽²⁾	Share-based Awards — Value Vested (\$) ⁽³⁾	Other
Tyler Mitchelson	3 times	1,050,000	1 year	—	335,000	514,418	up to \$20,000 ⁽⁴⁾
Fraser Sinclair	2 times	530,000	2 years	—	40,200	236,738	N/A
Mark Selby	2 times	400,000	2 years	—	100,500	357,777	N/A
Alger St-Jean	2 times	350,000	1 year	—	719,833	62,299	up to \$20,000 ⁽⁴⁾
Johnna Muinonen	2 times	330,000	2 years	—	33,500	160,197	N/A

Notes:

- (1) The aggregate value of benefits was less than 10% of the total salary of each NEO for the financial year and it has been assumed that such benefits would continue for the compensation period.
- (2) The value of stock options vested as of December 31, 2010 was calculated using the closing price of the common shares on the TSX on December 31, 2010 which was \$2.67 per share, less the exercise price of the options.
- (3) Represents DSUs and RSUs. The value of such awards vested as of December 31, 2010 was calculated using the closing price of the common shares on the TSX on December 31, 2010 which was \$2.67 per share.
- (4) Each of Messrs. Mitchelson and St-Jean is entitled to a payment of up to \$20,000 of outplacement services to the extend actually and properly incurred on his behalf.

Mr. Henry resigned on July 9, 2010 and was not paid any termination payment or benefits.

Director Compensation

Director Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation provided to the directors for the Corporation's most recently completed financial year ended December 31, 2010. Mr. Mitchelson, who is the President and Chief Executive Officer of the Corporation, does not receive any remuneration for his service as a director of the Corporation.

Name	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	All other compensation (\$)	Total (\$)
Peter Goudie	36,250	88,000	Nil	Nil	124,250
A. Thomas Griffis	112,500	538,000	Nil	183,669 ⁽³⁾	834,169
Scott M. Hand ⁽⁴⁾	75,000	224,500	Nil	Nil	299,500
Peter C. Jones	43,750	88,000	Nil	Nil	131,750
Frank Marzoli	33,750	88,000	Nil	Nil	121,750
Gilles Masson	47,500	88,000	Nil	Nil	135,500
Darryl Sittler	37,500	88,000	Nil	Nil	125,500

Notes:

- (1) This represents DSUs. All share-based awards were granted prior to the closing of the initial public offering in December 2010 and are valued using the share price from the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.
- (2) The value of the option-based awards was determined using the Black-Scholes option pricing model.
- (3) This represents consulting fees paid to Mr. Griffis.
- (4) Mr. Hand elected to take a portion of his directors' fees in the form of DSUs, which are included in share-based awards.

Discussion of Director Compensation Table

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include retainers and fees, and DSUs granted under the Corporation's Share Incentive Plan (for more information, see "Share Incentive Plan" above).

Retainers and Fees

The Board meets annually to review the adequacy and form of directors' compensation. Director compensation was reviewed and adjusted in April 2010 as set out in the table below.

Annual Board Retainer (base)	\$ 20,000
Annual Retainer for the Executive Chairman of the Board	\$225,000 ⁽¹⁾
Annual Retainer for the Deputy Chairman of the Board	\$150,000 ⁽²⁾
Additional Annual retainer for Chairman of the Audit Committee	\$ 10,000
Additional Annual retainer for Chairpersons of other Board Committees	\$ 5,000
Board/Committee meeting attendance fee	\$ 1,250

Notes:

- (1) \$75,000 of the annual retainer was paid in cash with the remainder paid in share-based awards. Effective the third quarter of 2010, the Executive Chairman has elected to receive all of the annual retainer in the form of share-based awards. Effective April 1, 2011, upon the Executive Chairman's recommendation, his annual retainer was reduced to \$125,000.
- (2) From April 1, 2010 to March 31, 2011, the Deputy Chairman received an annual retainer of \$150,000. Effective April 1, 2011, the Deputy Chairman role was eliminated.

Incentive Plan Awards

Incentive Plan Awards for Directors

The current policy of the Board is that upon joining the Board, each non-executive director receives an initial grant of options. In addition, on an annual basis, the Board, with the assistance of the Corporate Governance and Nominating Committee, reviews the compensation paid to non-executive directors and may grant additional options and/or DSUs.

Share-Based Awards and Option-Based Awards as at December 31, 2010

The following table (presented in accordance with Form 51-102F6) sets forth for each director all awards outstanding at the end of the most recently completed financial year ended December 31, 2010, including awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾
Peter Goudie	50,000	2.00	October 9, 2019	33,500	29,334	78,322
	250,000	2.50	July 17, 2018	42,500		
	50,000	2.50	January 15, 2019	8,500		
A. Thomas Griffis	600,000	0.35	March 2, 2017	1,392,000	29,334	78,322
	50,000	2.00	October 9, 2019	33,500		
	300,000	2.50	December 14, 2017	51,000		
	225,000	2.50	January 15, 2019	38,250		
Scott M. Hand	191,250	2.00	October 9, 2019	128,138	37,334	99,682
	500,000	2.50	June 27, 2018	85,000		
	50,000	2.50	January 15, 2019	8,500		
Peter C. Jones	50,000	2.00	October 9, 2019	33,500	29,334	78,322
	250,000	2.50	November 17, 2018	42,500		
	50,000	2.50	January 15, 2019	8,500		
Frank Marzoli	150,000	0.35	March 8, 2017	348,000	29,334	78,322
	50,000	2.00	October 9, 2019	33,500		
	100,000	2.50	December 14, 2017	17,000		
	50,000	2.50	January 15, 2019	8,500		
Gilles Masson	150,000	1.00	August 15, 2017	250,500	29,334	78,322
	50,000	2.00	October 9, 2019	33,500		
	100,000	2.50	December 14, 2017	17,000		
	50,000	2.50	January 15, 2019	8,500		
Darryl Sittler	150,000	0.35	April 10, 2017	348,000	29,334	78,322
	50,000	2.00	October 9, 2019	33,500		
	100,000	2.50	December 14, 2017	17,000		
	50,000	2.50	January 15, 2019	8,500		

Notes:

- (1) The value of unexercised options was calculated using the closing price of common shares on the TSX on December 31, 2010 of \$2.67 less the exercise price of options.
- (2) This represents DSUs.
- (3) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2010 of \$2.67.

Incentive Plan Awards — Value Vested or Earning During The Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned by each director during the most recently completed financial year ended December 31, 2010 for each incentive plan award.

Name	Option-based awards — Value vested during the year (\$) ⁽¹⁾	Share-based awards — Value vested during the year (\$) ⁽²⁾
Peter Goudie	Nil	29,332
A. Thomas Griffis	Nil	479,332
Scott M. Hand	Nil	145,666
Peter C. Jones	Nil	29,332
Frank Marzoli	Nil	29,332
Gilles Masson	Nil	29,332
Darryl Sittler	Nil	29,332

Notes:

- (1) The option-based awards that vested during the year were granted prior to the closing of the initial public offering in December 2010 and had option exercise prices which were greater than or equal to the share price for the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.
- (2) This represents DSUs. The value of share-based awards that vested during the year was calculated using the share price for the last private placement completed prior to the closing of the initial public offering of \$2.00 per share.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table (presented in accordance with Form 51-102F5) sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the most recently completed financial year.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (c)
Equity compensation plans approved by securityholders:			
Options under Share Option Plan	8,297,583	\$1.78	4,337,097 ⁽¹⁾
Awards under Other Awards Plan	1,881,167 ⁽³⁾	N/A	6,541,953 ⁽²⁾
Equity compensation plans not approved by securityholders	—	—	—
Total	10,178,750	N/A	10,879,050

Notes:

- (1) Based on Corporation's 15% "evergreen" Share Option Plan and 84,231,203 common shares issued and outstanding as of December 31, 2010.
- (2) Based on the Corporation's 10% "evergreen" Other Awards Plan and 84,231,203 common shares issued and outstanding as of December 31, 2010.
- (3) Awards under Other Awards Plan comprise 1,079,167 DSUs and 802,000 RSUs which are redeemable in cash or common shares at the option of the holder.

Indebtedness of Directors and Officers

During the most recently completed financial year and as at the date hereof, no director, proposed nominee for election as a director, officer, employee or associate of any such persons has been or is indebted to the Corporation, nor has the Corporation guaranteed any loans on behalf of any of these persons.

Interest of Informed Persons in Material Transactions

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any other informed person of the Corporation (as defined in NI 51-102), any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such person, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Royal Nickel considers good corporate governance to be central to the effective and efficient operation of its business and is committed to implementing high standards of corporate governance and reporting. The Board reviews and formulates policies with respect to corporate governance issues. Royal Nickel attempts, so far as is practical and reasonable given the nature of Royal Nickel's business and available resources, to seek to adhere to the guidelines outlined in *National Policy 58-201 — Corporate Governance Guidelines*.

Board of Directors

Composition of the Board

The Board is currently comprised of eight directors. The Board has considered the independence of each of its directors. Consistent with *National Instrument 58-101 — Disclosure of Corporate Governance Practices* ("NI 58-101"), to be considered independent, the Board must conclude that a director has no material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment and includes an indirect material relationship.

The Board has concluded that six directors (Messrs. Goudie, Hand, Jones, Marzoli, Masson and Sittler) are "independent" (as defined in NI 58-101) for purposes of board membership and therefore, a majority of the directors are independent. By virtue of his position as the President and Chief Executive Officer, Mr. Mitchelson is not considered independent. Mr. Griffis is not considered independent as he receives compensation from the Corporation for his consulting services to the Corporation.

Other Directorships

Certain directors of the Corporation are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below.

Director	Public Corporation
A. Thomas Griffis	Royal Coal Corp.
Scott M. Hand	Manulife Financial Corporation Royal Coal Corp.
Peter C. Jones	IAMGOLD Corporation Red Crescent Resources Limited Century Aluminum Company
Gilles Masson	Malaga Inc. Semafo Inc.
Darryl Sittler	Wallbridge Mining Company Limited Miocene Metals Ltd. Frontline Gold Corporation

Independent Directors Meetings

The Board meets at least once each quarter, with additional meetings held as deemed necessary. A session of the independent directors is held at which non-independent directors and members of management are not in attendance at least once each quarter at the end of a regularly scheduled Board meeting.

Chair of the Board

The Board has concluded that Mr. Hand, the Executive Chairman of the Board, is an independent director. The prime responsibility of the Executive Chairman is to provide leadership to the Board to enhance Board effectiveness. The Board has ultimate accountability for supervision of management of the business and affairs of the Corporation. Critical to meeting this accountability is the relationship between the Board, management and shareholders. The Executive Chairman will oversee these relationships and act as the presiding member of the Board with a view to ensuring that these relationships are effective, efficient and further the best interests of the Corporation.

Attendance at Meetings

The Board meets regularly to review the activities and financial results of the Corporation and as necessary to review and consider significant impending actions of the Corporation. For the attendance record of each director for all Board meetings held during the financial year ended December 31, 2010, please see the table under “Business of the Meeting — Election of Directors”.

Board Mandate

Charter of Expectations of Directors (the “Board Charter”) sets out the roles and responsibilities to be discharged by directors. A copy of the Board Charter is attached as Appendix “A” to this Circular.

Board Committees

Audit Committee

The Corporation has an audit committee (the “Audit Committee”) which is composed of Messrs. Masson (Chair), Goudie and Jones. All three members are “independent” and “financially literate” directors (as such terms are defined in *National Instrument 52-110 — Audit Committees*). The Audit Committee is responsible for making all determinations and taking all necessary actions that are reasonably appropriate or necessary in the course of establishing the financial, accounting, internal and disclosure controls and procedures including:

- appointment (subject to shareholder approval), retention or replacement of the independent auditor and compensation and oversight of the work of the independent auditor;
- discussion with management and the independent auditor of the scope, planning and staffing of the proposed audit for the current year;
- review and discussion with management and the independent auditor of the annual audited financial statements and, at its discretion, quarterly financial statements, including the management’s discussion and analysis before the filing of such statements;
- review with management, any internal auditor and the independent auditor of disclosures made to the Audit Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for the quarterly and annual financial filings about the quality, adequacy and effectiveness of internal control over financial reporting and any significant deficiencies in the design or operation of internal control over financial reporting or material weakness therein and any fraud involving management or other employees who have a significant role in internal control over financial reporting;
- review with management, any internal auditor and the independent auditor and conduct an annual assessment and a quarterly evaluation of disclosure controls and procedures and internal control over financial reporting and determination of whether there are any significant deficiencies or weaknesses in control procedures; review with management of anti-fraud control procedures; and
- review and discussion with management and the independent auditor of the effectiveness of disclosure controls and procedures and internal control over financial reporting.

The Board has adopted a charter for the Audit Committee which sets out the mandate and purpose of the Audit Committee, as well as its duties and responsibilities. A copy of the Audit Committee Charter is set out in Schedule “A” to the Corporation’s Annual Information Form dated March 24, 2011 which is available on SEDAR at www.sedar.com.

Compensation Committee

The Corporation has a compensation committee (the “Compensation Committee”) which is composed of Messrs. Goudie (Chair), Sittler and Masson. All three members are “independent” directors (as such term is defined in NI 58-101). It is the Compensation Committee’s responsibility to: develop a compensation philosophy and policy; evaluate and make recommendations to the Board regarding cash, equity-based and incentive compensation of the Corporation’s directors and senior executives; select a peer group of companies that is used for the purposes of determining competitive compensation packages; and review and make recommendations to the Board regarding any long-term incentive compensation.

Corporate Governance and Nominating Committee

The Corporation has a corporate governance and nominating committee (the “CGN Committee”) which is composed of Messrs. Jones (Chair), Hand and Marzoli. All three members are “independent” directors (as such term is defined in NI 58-101). The primary functions of the CGN Committee is to develop and recommend to the Board the corporate governance procedures and policies, code of business conduct and ethics and charters of the Corporation; assess and improve the Corporation’s governance practices; review director independence status and make recommendations for nominees to the Board and assess the effectiveness of the Board as a whole as well as the contribution of individual members.

Health, Safety and Environment Committee

The Corporation has a health, safety and environment committee (the “HSE Committee”) which is composed of Messrs. Jones (Chair), Marzoli, Sittler and Griffis. The HSE Committee is responsible for overseeing the development and implementation of policies and management systems of the Corporation relating to environmental and health and safety issues in order to ensure compliance with applicable laws and best management practices. It is the HSE Committee’s responsibility to establish policies, and provide oversight on the development and implementation of management systems relating to environmental, and health and safety matters; ensure adequate resources are available and systems are in place for management of the Corporation to implement appropriate environmental, health and safety programs; and ensure that the Corporation has implemented an environmental and health and safety compliance audit program.

Position Descriptions

Written position descriptions have been developed by the Board for the Executive Chairman of the Board, the Chairs of the committees of the Board and the Chief Executive Officer of the Corporation. These position descriptions have been approved by the Board.

Orientation and Continuing Education

In accordance with the Corporation’s policies on orientation for new directors, each new director is provided a copy of the Corporation’s Director Handbook, which contains written information about the Corporation’s governing documents, code of business conduct and ethics, charters and other material information about the Corporation. Directors are strongly encouraged to visit the Corporation’s facilities and operations and to meet with the senior executives of the Corporation, when appropriate. Directors are also encouraged to be a member of a professional director organization and/or have a subscription with an organization that provides educational materials or corporate governance and/or director responsibilities, current trends and other relevant director information.

Code of Business Conduct and Ethics

The Board has adopted a written Code of Business Conduct and Ethics (the “Code”) to outline principles to which Royal Nickel’s employees, officers and directors are expected to adhere in the conduct of the Corporation’s business. The Code addresses, among other things, conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of illegal or unethical behaviour. All employees, officers and directors are expected to abide by the Code. Compliance with the Code is monitored by the CGN Committee. In order to ensure compliance with the Code, directors, officers and other employees of the Corporation may be required to provide certificates of compliance with the Code at least annually. The Code is available on SEDAR at www.sedar.com.

The Corporation has also adopted a whistleblowing policy, an insider trading policy and other policies with a view to promoting a culture of ethical business conduct.

Nomination of Directors

The CGN Committee assists in the identification of and recommends to the Board nominees for election or re-election to the Board, or for appointment to fill any vacancy that is anticipated or has arisen on the Board. The process by which the Board will identify new candidates for Board nomination will involve: periodically, or as frequent as deemed necessary, reviewing the appropriate skills and characteristics required of Board members to add value to the Corporation; periodically, or as frequent as deemed necessary, reviewing the current composition of the Board in light of the characteristics of independence, diversity, age, skills, experience and availability of service of its members and of anticipated needs; and seeking and reviewing individuals qualified to become members of the Board, in the context of the Corporation’s needs and the criteria established by the Board.

Compensation

The Compensation Committee reviews and makes recommendations to the Board with respect to the compensation of the Corporation's senior executives and directors. For information regarding the process by which the Board determines the compensation for the Corporation's senior executives, please see "Statement of Executive Compensation — Compensation Discussion and Analysis". For information regarding the process by which the Board determines the compensation for the Corporation's directors, please see "Statement of Executive Compensation — Director Compensation".

During the financial year ended December 31, 2010, no compensation consultant or advisor was retained to assist in determining compensation for any of the Corporation's directors and senior executives. It is anticipated that the Compensation Committee will engage an outside advisor in 2011 to update the review of the competitiveness of the compensation of directors and senior executives.

Board Assessment

The Board has express responsibility under the Board Charter to assess its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of its committees and individual directors. The CGN Committee is the committee responsible for establishing criteria and processes for, and leading the Board in an annual performance evaluation of the Board, its committees and individual directors. The results of the annual evaluation are then reported to the full Board by the chair of the CGN Committee.

SHAREHOLDER PROPOSALS FOR NEXT MEETING

The *Canada Business Corporations Act*, which governs the Corporation, provides that shareholder proposals must be received by February 13, 2012 to be considered for inclusion in the proxy statement and the form of proxy for the annual meeting of shareholders to be held in 2012.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis ("MD&A") for the year ended December 31, 2010.

In addition, copies of the Corporation's audited financial statements and MD&A may be obtained upon request to the Corporate Controller of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DIRECTORS' APPROVAL

The directors of the Corporation have approved the contents and the sending of this Circular.

BY ORDER OF THE BOARD

"Tyler Mitchelson"

Toronto, Ontario
May 13, 2011

Tyler Mitchelson
President, Chief Executive Officer and Director

APPENDIX “A”

CHARTER OF EXPECTATIONS OF DIRECTORS

Royal Nickel Corporation’s (the “Company” or “RNC”) Charter of Expectations of Directors (the “Board Charter”) sets out the roles and responsibilities to be discharged by directors. The Board Charter specifies how the board of directors of the Company (the “Board”) delegates authority to manage the business of the Company to management.

1.0 OVERALL RESPONSIBILITIES

The Board’s mandate is to formulate the policies and procedures under which the Company operates, to oversee the conduct of the business and to monitor management of the Company. In discharging its duty of stewardship of the Company, the Board shall expressly assume responsibility for the following issues:

1.1 Culture of Integrity

To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the Company.

1.2 Strategy

Developing, reviewing and, where prudent, modifying the corporate strategy of the Company. Through the Company’s Chief Executive Officer, establishing the business plan for the Company. Providing input to management on emerging trends and issues. Reviewing and approving the Company’s financial objectives, plans and actions, including significant capital allocations and expenditures. Monitoring the progress against strategic and business goals, including assessing operating results to evaluate whether the Company is being properly managed.

1.3 Risks

Identifying, and developing a strategy to manage, the principal risks facing the Company. Monitoring emerging trends and issues which impact the risks of the Company.

1.4 Succession Planning

Recruiting, training, monitoring, and succession planning specifically for the Chief Executive Officer and board members as well as, with the Chief Executive Officer’s recommendations, for other members of senior management.

1.5 Communications

Ensuring timely and effective communication between the Company and its shareholders and other stakeholders and adopting a communication policy.

1.6 Internal Control Systems

Ensuring the integrity of the internal control systems and assessment processes for the Company, its directors, management and employees. Ensuring ethical behaviour and compliance with laws and regulations, audit and generally accepted accounting principles, and the Company’s own governing documents.

1.7 Corporate Governance

Developing the Company’s approach to corporate governance issues and establishing and implementing the Company’s governance system.

1.8 Material Transactions

Reviewing and approving material transactions not in the ordinary course of business. Setting a grant of authority for the Chief Executive Officer for matters outside of the approved annual budget.

1.9 Share Capital

Issuing the Company's equity.

1.10 Board Effectiveness

Assessing its own effectiveness in fulfilling the above and other Board responsibilities, including monitoring the effectiveness of its committees and individual directors.

1.11 Other

Performing such other functions as prescribed by law or assigned to the Board in the Company's governing documents.

2.0 DIRECTORS ATTRIBUTES

To execute the Board's responsibilities, directors must possess the following characteristics and traits.

2.1 Integrity and Accountability

Directors must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on, and remain accountable for, their boardroom decisions.

2.2 Informed Judgement

Directors must be able to provide wise, thoughtful counsel on a broad range of issues. They must develop a depth of knowledge of the mining industry, in order to understand and question the assumptions upon which the strategic and business plans are based, and to form an independent judgement as to the probability that such plans can be achieved.

2.3 Financial Literacy

Directors must have a high level of financial literacy. They should know how to read financial statements, and they should understand the use of the financial ratios and other indices for evaluating the Company's performance.

2.4 Mature Confidence

Directors must value Board and team performance over individual performance. Directors must possess respect for others to facilitate Board performance.

2.5 Communication

Directors must be open to others' opinions, be willing to listen and be able to communicate persuasively. Directors must approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussion.

2.6 Track Record and Experience

Directors must bring a history of achievement that reflects high standards for themselves and others. Directors must have a proven track record of sound business judgement and good business decisions.

3.0 GENERAL

3.1 Term of Office

Directors are elected or appointed to office until the next annual shareholders meeting.

3.2 Share Ownership

Directors are encouraged to own shares of the Company and to hold such shares during their board tenure.

3.3 Orientation

Directors are required to meet with other Board members, the Chief Executive Officer, the Vice President and Chief Financial Officer and other members of senior management, as appropriate, upon first becoming a director of the Company. Directors are strongly encouraged to visit the Company's mine site and operational facilities and meet with senior management, when appropriate. Each director shall be provided with RNC information for reference, which information shall include the Company's governing documents, policies, code of business conduct and ethics, charters and other material information about the Company.

3.4 Continuing Education

Directors are encouraged to be a member of a professional director organization and/or have a subscription with an organization that provides educational materials or corporate governance and/or director responsibilities, current trends and other relevant director information.

3.5 Conflict of Interest

Directors are required to be free from any material interest which would affect their ability to act in the best interests of the Corporation.

3.6 Attendance

Directors are expected to attend all properly called meetings in person or by phone. As a minimum, directors are required to attend 75% of all properly called meetings.

3.7 Compensation

Directors' remuneration shall be in the form of cash and/or equity or as determined by the Board from time to time. Directors' remuneration shall be determined annually by the Company's Compensation Committee and approved by the Board.

3.8 Independent Chairman or Lead Director

Directors will appoint annually an Independent Chairman and/or a Lead Director. The responsibilities of the Chairman and/or Lead Director shall be confirmed by the Board annually.

3.9 Resignation

If any of the following events occur, a director will be expected to discuss with the Chairman and/or Lead Director and the Chairman of the Corporate Governance Committee, how he/she intends to ensure that such event does not reoccur. If, after the above action has been taken, the event reoccurs, the director will be required to tender his/her resignation. Depending on the individual circumstances the resignation may or may not be accepted.

3.9.1 Director is unable to abide by any of the Company's governing documents.

3.9.2 Director is unable to perform his/her responsibilities.

3.9.3 Director does not meet any of the required director attributes.

