



ROYAL NICKEL CORPORATION

Title:	Audit Committee Charter		
Prepared by:	Audit Committee		
Approved by:	Board of Directors	Date approved:	August 4, 2011

1.0 PURPOSE

The Audit Committee (the “**Committee**”) of Royal Nickel Corporation (the “**Company**”) has been established by the Board of Directors of the Company (the “**Board**”) for the purposes of assisting the Board in its oversight and evaluation of:

1.1 Auditor Qualification and Independence

The external auditor’s qualifications and independence.

1.2 Auditor Performance and Audit Functions

The external auditor’s performance and external audit functions.

1.3 Financial Statements and Related Disclosure

The quality and integrity of the Company’s financial statements and related disclosure.

1.4 Internal and Disclosure Controls and Reporting

The Company’s internal controls over financial reporting, and disclosure controls and procedures and public disclosure with respect to financial information.

1.5 Legal and Regulatory Compliance

The Company’s compliance with legal and regulatory requirements with respect to financial reporting.

2.0 COMPOSITION

2.1 Members

The Committee shall consist of as many members as the Board shall determine, but in any event, not fewer than three (3) members. The Board shall appoint the members of the Committee annually.

2.2 Qualifications

2.2.1 Each member of the Committee shall be an independent director of the Company within the meaning of National Instrument 52-110 - *Audit Committees*.

2.2.2 Each member of the Committee shall be financially literate, meaning each member, at the time of his/her appointment, must be able to read and understand financial statements that represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues



that can reasonably be expected to be raised by the Company's financial statements.

2.3 Chair

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee.

2.4 Removal and Replacement

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be an independent director. The Board may fill vacancies on the Committee by election from among the Board. If, and whenever, vacancies shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

3.0 OPERATIONS

3.1 Meetings

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four (4) times per year. The Committee shall meet within forty-five (45) days following the end of each of the first three financial quarters and shall meet within ninety (90) days following the end of the financial year.

3.2 Independent Meetings

At each meeting of the Committee, the Committee members shall meet independently, with only members of the Committee, for at least a portion of the meeting. The Committee shall meet separately with the external auditor, at least annually. The Committee shall meet separately with management quarterly or as frequently as necessary or desirable.

3.3 Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee.

3.4 Notice

Meetings of the Committee may be called by any member of the Committee, the Chairman of the Board, the CEO or CFO of the Company. Not less than twenty-four (24) hours notice shall be given, provided that notice may be waived by all members of the Committee.

3.5 Agenda

The Chair of the Committee, with the assistance of the CFO, shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review.



3.6 Report to the Board

The Committee shall report regularly, which shall be at least quarterly, to the entire Board. The Chair of the Committee shall prepare and deliver the report to the Board. The Committee's report by the Chair may be a verbal report delivered to the Board at a duly called Board meeting.

3.7 Assessment of Charter

The Committee shall review and reassess the adequacy of this Charter as required and recommend any proposed changes to the Board for approval.

4.0 RESPONSIBILITIES

4.1 Auditor Qualification and Independence

- 4.1.1 The Committee shall be directly responsible for overseeing the work of the external auditor for the purpose of issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 4.1.2 The Committee shall review and evaluate the external auditor's independence, experience, qualification and performance and determine whether the external auditor should be appointed or re-appointed and make a recommendation to the Board for the external auditor to be nominated for appointment or re-appointment by the shareholders.
- 4.1.3 The Committee shall pre-approve or approve, if permitted by law, the appointment of the external auditor to provide any audit and audit-related services or non-prohibited non-audit services and, if desired, establish detailed policies and procedures for the pre-approval of audit and audit-related services and non-prohibited non-audit services by the external auditor, including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- 4.1.4 The Committee shall review the terms of the external auditor's engagement and the appropriateness and reasonableness of the proposed audit fees.
- 4.1.5 The Committee shall obtain and review with the lead audit partner of the external auditor, annually or more frequently as the Committee considers appropriate, a report by the external auditor:
 - (a) describing the external auditor's internal quality control procedures;
 - (b) describing any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any inquiry, review or investigation by governmental, regulatory or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with any issues raised in any such review;
 - (c) describing all relationships between the external auditor and the Company in order to assess the external auditor's independence; and



- (d) confirming that the external auditor has complied with applicable laws with respect to the rotation of members of the audit engagement team.
- 4.1.6 The Committee shall review and evaluate the lead audit partner of the external auditor.
- 4.1.7 The Committee shall pre-approve the hiring of any partner, employee or former partner and employee of the external auditor who was a member of the Company's audit team during the preceding two fiscal years. In addition, the Committee shall pre-approve the hiring of any partner, employee or former partner or employee of the external auditor within the preceding two fiscal years for senior positions within the Company, regardless of whether that person was a member of the Company's audit team.

4.2 Financial Statements and Related Disclosure

- 4.2.1 The Committee shall meet with the external auditor as frequently as the Committee feels is appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern to the Committee or the external auditor, including:
 - (a) planning and staffing of the audit;
 - (b) any material written communication between the external auditor and management;
 - (c) whether or not the auditor is satisfied with the quality and effectiveness of financial reporting procedures and systems;
 - (d) whether or not the external auditor has received the full co-operation of management;
 - (e) the external auditor's views as to management's competency in preparing the Company's financial statements;
 - (f) the items required to be communicated to the Committee in accordance with the generally accepted auditing standards;
 - (g) all critical accounting policies and practices to be used by the Company;
 - (h) all material alternative treatments of financial information within International Financial Reporting Standards (IFRS) that have been discussed with management, ramifications of the use of these alternative disclosures and treatments and the treatment preferred by the external auditor; and
 - (i) any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management and management's response.
- 4.2.2 The Committee shall review and, where appropriate, recommend for approval by the Board, the following:
 - (a) audited annual financial statements;



- (b) interim financial statements;
 - (c) annual and interim management discussion and analysis of financial condition and results of operation;
 - (d) annual and interim news releases respecting financial condition and results of operation; and
 - (e) all other audited or unaudited financial information contained in public disclosure documents;
- 4.2.3 The Committee shall review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 4.2.4 The Committee shall review the effectiveness of management's policies and practices concerning financial reporting and any proposed changes in major accounting policies.
- 4.2.5 The Committee shall review with management, and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
- 4.2.6 The Committee shall review with management any related party transactions and ensure such related party transactions are appropriately disclosed.

4.3 Internal and Disclosure Controls and Reporting

- 4.3.1 The Committee shall review the adequacy of the internal controls over financial reporting that has been adopted by the Company and any special steps adopted in light of significant deficiencies or material weaknesses.
- 4.3.2 The Committee shall review disclosures made to the Committee by the Company's CEO and CFO during their certification process for quarterly and annual securities law filings about any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information or disclosure controls, and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting or disclosure controls.
- 4.3.3 The Committee shall review and confirm with management that material financial information about the Company that is required to be disclosed under applicable law and stock exchange rules is disclosed, and review the public disclosure of financial information extracted or derived from the Company's financial statements.
- 4.3.4 The Committee shall review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.



4.4 Legal and Regulatory Compliance

- 4.4.1 The Committee shall, as it determines appropriate, obtain reports from management that the Company is in compliance with applicable legal requirements and shall review with management any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial reporting of which the Committee is made aware.
- 4.4.2 The Committee shall establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 4.4.3 The Committee shall review any required disclosure in public documents with respect to the Committee and its functions, including the disclosure required in the Annual Information Form under National Instrument 52-110.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function.

5.0 AUTHORITY

5.1 Delegation

The Committee has the power to delegate its authority and duties to a subcommittee or individual members of the Committee, as it deems appropriate.

5.2 Advisors

The Committee may retain, and determine the fees of, independent counsel and other advisors, in its sole discretion.

5.3 Access to Records and Personnel

In discharging its oversight role, the Committee shall have full access to all Company books, records, facilities and personnel.

5.4 Clarification of Audit Committee's Role

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare financial statements in accordance with applicable law and regulations and of the Company's external auditor to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.

This Audit Committee Charter was reviewed and approved by the Board of the Company on August 4, 2011.