ROYAL NICKEL CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended March 31, 2015

(Unaudited)

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Management's Responsibility for Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements for Royal Nickel Corporation are the responsibility of the Management. The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including IAS 34.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Mark Selby

Mark Selby
President and Chief Executive Officer

/s/ Tim Hollaar

Tim Hollaar
Chief Financial Officer

Toronto, Canada

May 8, 2015

Notice of No Auditor Review of Unaudited Condensed Consolidated Interim Financial Statements

The Corporation's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Royal Nickel Corporation

Consolidated Interim Balance Sheets

(Expressed in thousands of Canadian dollars)
(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	**$2,580**	$2,943
Amounts receivable and prepaids	**226**	274
Tax credits receivable	**140**	447
	2,946	3,664
Non-current assets		
Collateral investment (notes 14 and 15)	**3,000**	4,000
Investment in associate (note 3)	**1,481**	1,476
Other investment (note 4)	**177**	332
Tax credits receivable	**62**	95
Deposits and prepaids	**197**	179
Property, plant and equipment	**1,441**	1,495
Intangible assets	**93**	101
Mineral property interests (note 5)	**69,312**	68,950
Total assets	**$78,709**	$80,292
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$1,168**	$1,577
Deferred share units (note 7)	**350**	431
Restricted share units (note 7)	**416**	411
Current portion of finance lease obligation	**22**	21
	1,956	2,440
Non-current liabilities		
Share appreciation rights (note 7)	**79**	107
Finance lease obligation	**20**	26
Asset retirement obligation (note 11)	**483**	467
Deferred income tax liability (note 12)	**9,722**	10,702
Total liabilities	**12,260**	13,742
EQUITY		
Share capital	**106,347**	106,297
Contributed surplus	**24,452**	24,296
Deficit	**(67,633)**	(67,382)
Equity attributable to RNC shareholders	**63,166**	63,211
Non-controlling interests	**3,283**	3,339
Total equity	**66,449**	$66,550
Total liabilities and equity	**$78,709**	$80,292

The accompanying notes are an integral part of these consolidated interim financial statements.

Going concern (note 1)
Subsequent events (note 15)

Consolidated Interim Statements of Comprehensive Loss

(Expressed in thousands of Canadian dollars, except share and per share numbers)
(Unaudited)

	Three months ended March 31,	
	2015	2014
Expenses		
General and administrative (note 8)	**$1,140**	$2,219
Operating loss	**(1,140)**	(2,219)
Share of profit of associate (note 3)	**5**	-
Unrealized loss on derivative financial instruments (note 4)	**(155)**	-
Finance income	**3**	62
Loss before income tax	**(1,287)**	(2,157)
Deferred income tax (recovery) expense (note 12)	**(980)**	148
Loss and comprehensive loss for the period	**$(307)**	$(2,305)
Attributable to:		
RNC shareholders	**(251)**	(2,305)
Non-controlling interests	**(56)**	-
Loss per share attributable to RNC shareholders		
Basic and diluted (note 9)	**$(0.00)**	$(0.02)

The accompanying notes are an integral part of these consolidated interim financial statements.

Royal Nickel Corporation

Consolidated Interim Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended March 31, 2015	2014
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	**$(307)**	$(2,305)
Items not involving cash:		
Depreciation and amortization	**15**	16
Deferred income tax (recovery) expense	**(980)**	148
Share of profit of associate	**(5)**	-
Unrealized loss on derivative financial instrument	**155**	-
Accretion of asset retirement obligation	**1**	-
Shares issued for consulting services	**50**	-
Share-based payments (note 7)	**214**	566
	(857)	(1,575)
Changes in non-cash working capital		
Amounts receivable, prepaids and deposits	**30**	48
Redemption of restricted share units for cash (note 7)	**(80)**	(309)
Redemption of deferred share units for cash (note 7)	**(61)**	-
Accounts payable and accrued liabilities	**(467)**	44
	(1,435)	(1,792)
INVESTING ACTIVITIES		
Expenditures on mineral property interests	**(903)**	(1,573)
Collateral investment (note 14)	**1,000**	-
Net tax credits and mining duties received	**980**	1,187
Acquisition of property, plant and equipment	**-**	(11)
	1,077	(397)
FINANCING ACTIVITIES		
Principal payments on finance leases	**(5)**	(5)
	(5)	(5)
Change in cash and cash equivalents	**(363)**	(2,194)
Cash and cash equivalents, beginning of period	**2,943**	11,908
Cash and cash equivalents, end of period	**$2,580**	$9,714
Components of cash and cash equivalents:		
Cash	**$1,570**	$184
Cash equivalents	**1,010**	9,530
	$2,580	$9,714
SUPPLEMENTAL INFORMATION		
Interest paid	**$2**	$3
Share-based payments in mineral property interests	**109**	152
Depreciation of property, plant and equipment in mineral property interests	**46**	13
Mineral property interests included in accounts payable and accrued liabilities	**218**	388

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated Interim Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share numbers)
(Unaudited)

	Share Capital						
	Number	Amount	Contributed Surplus	Deficit	Equity attributable to RNC shareholders	Non-controlling interest	Total Equity
Balance as at January 1, 2015	**109,656,340**	**$106,297**	**$24,296**	**$(67,382)**	**$63,211**	**$3,339**	**$66,550**
Shares issued for consulting services	153,849	50	-	-	50	-	50
Share-based payments	-	-	156	-	156	-	156
Loss and comprehensive loss for the period	-	-	-	(251)	(251)	(56)	(307)
Balance as at March 31, 2015	**109,810,189**	**$106,347**	**$24,452**	**$(67,633)**	**$63,166**	**$3,283**	**$66,449**
Balance as at January 1, 2014	94,212,311	$98,164	$21,926	$(57,472)	$62,618	$-	$62,618
Redemption of restricted share units for shares	200,000	80	-	-	80	-	80
Share-based payments	-	-	36	-	36	-	36
Loss and comprehensive loss for the period	-	-	-	(2,305)	(2,305)	-	(2,305)
Balance as at March 31, 2014	94,412,311	$98,244	$21,962	$(59,777)	$60,429	$-	$60,429

The accompanying notes are an integral part of these consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Royal Nickel Corporation (the "**Corporation**" or "**RNC**") was incorporated on December 13, 2006, under the Canada Business Corporations Act. The Corporation's registered office is located at 220 Bay Street, Suite 1200, Toronto, Ontario, Canada.

The consolidated financial statements of the Corporation as at and for the period ended March 31, 2015, are comprised of RNC, its subsidiary True North Nickel Inc. ("**TNN**"), and the Corporation's interest in its associate Sudbury Platinum Corporation ("**SPC**") (collectively referred to as the "**Corporation**").

The principal business of the Corporation is the acquisition, exploration, evaluation and development of mineral property interests. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of mineral property interests.

The accompanying unaudited condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

As at March 31, 2015, the Corporation had working capital of $990, had an accumulated deficit of $67,633 and incurred a loss of $307 for the three months then ended. Working capital included a current tax credits receivable of $140 and cash and cash equivalents of $2,580.

The Corporation's ability to continue future operations and fund its exploration, evaluation and development activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these unaudited condensed consolidated interim financial statements. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These unaudited condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2014.

The Corporation's financial year ends on December 31. The unaudited condensed consolidated interim financial statements were authorized for publication by the Board of Directors on May 8, 2015.

Basis of Preparation

The accounting policies and methods of computation applied in these unaudited condensed consolidated interim financial statements are consistent with those of the previous financial year.

3. INVESTMENTS IN ASSOCIATE

At March 31, 2015, the Corporation held a direct 19.1% interest in SPC, in addition to the warrants that are still outstanding (note 4). Management has determined that its investment in the common shares of SPC gives it significant influence over SPC. As a result, the Corporation applies the equity method of accounting for its investment in SPC. SPC's financial year-end is August 31 to satisfy the reporting requirements of its majority shareholder. The Corporation's share of SPC's loss and comprehensive loss was calculated using SPC's financial results from December 1, 2014, to February 28, 2015, and taking into account any changes in the subsequent period from March 1 to March 31, 2015, that would materially affect the results.

Summarized financial information relating to the Corporation's investment in SPC is as follows:

	Three months ended March 31,	
	2015	2014
Share of profit and comprehensive profit	**$5**	$-

The following table reflects the continuity of the Corporation's investment in SPC common shares:

	March 31, 2015	December 31,2014
Balance as at January 1	**$1,476**	$-
Acquisition	**-**	1,324
Gain on dilution of associate	**-**	206
Share of loss and comprehensive loss	**5**	(54)
Balance, end of period	**$1,481**	$1,476

4. OTHER INVESTMENT

The following table reflects the continuity of the Corporation's investment in SPC warrants:

	March 31, 2015	December 31, 2014
Derivative financial asset at fair value through profit or loss:		
Balance as at January 1	**$332**	$-
Investment in SPC warrants (note 3)	**-**	209
Change in fair value	**(155)**	123
Balance, end of period	**$177**	$332

The fair value of the SPC warrants was calculated using the Black–Scholes option pricing model, using the following assumptions at March 31, 2015 and as at December 31, 2014:

	March 31, 2015	December 31, 2014
Share price	**$0.35**	$0.35
Exercise price	**$0.45**	$0.45
Risk free interest rate	**0.5%**	1.0%
Expected life	**0.5 years**	0.8 years
Expected volatility	**59%**	69%
Expected dividends	**nil**	nil

5. MINERAL PROPERTY INTERESTS

Exploration and evaluation expenses	Dumont	West Raglan	Total
Balance as at January 1, 2015	**$61,611**	**$7,339**	**$68,950**
Property acquisition and maintenance	146	19	165
Depreciation	11	35	46
Engineering and technical support	260	-	260
Exploration	143	90	233
Environmental, community and permitting	182	6	188
Share-based payments	110	-	110
Quebec refundable tax credits	(763)	123	(640)
Balance as at March 31, 2015	**$61,700**	**$7,612**	**$69,312**

6. WARRANTS AND COMPENSATION WARRANTS

As at March 31, 2015, the remaining contractual life of the outstanding warrants and compensation warrants was 1.1 years and 1.3 years respectively.

7. SHARE INCENTIVE PLAN

Share Purchase Options

During the three months ended March 31, 2015, 725,000 (2014: nil) share options were granted and the weighted average fair value of each share purchase option granted during the period, as estimated at the time of the grant, was $0.16 (2014: $nil). This was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	Three months ended March 31,	
	2015	2014
Share price	**$0.35**	-
Exercise price	**$0.35**	-
Risk free interest rate	**1.0%**	-
Expected life	**3.0 years**	-
Expected forfeiture rate	**6%**	-
Expected volatility	**70%**	-
Expected dividends	**nil**	-

The following table reflects the continuity of share purchase options for the three months ended March 31, 2015:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2015	11,987,852	$0.64
Granted	725,000	0.35
Expired	(221,667)	0.58
Balance as at March 31, 2015	**12,491,185**	**$0.62**

As at March 31, 2015, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$0.27–$1.00	11,280,529	4.4	$0.50	8,061,031	4.4	$0.52
$1.01–$1.99	700,656	3.3	$1.40	700,656	3.3	$1.40
$2.00–$2.50	510,000	4.2	$2.24	510,000	4.2	$2.24
	12,491,185	**4.3**	**$0.62**	**9,271,687**	**4.3**	**$0.68**

Deferred Share Units

During the three months ended March 31, 2015, 180,000 (2014: Nil) deferred share units were redeemed for cash at a redemption price of $0.34 per deferred share unit.

The following table reflects the continuity of deferred share units for the three months ended March 31, 2015:

	Number of Deferred Share Units
Balance as at January 1, 2015	1,346,343
Redeemed	(180,000)
Balance as at March 31, 2015	**1,166,343**

Restricted Share Units

During the three months ended March 31, 2015, 425,909 (2014: Nil) restricted share units were granted all of which vested immediately pursuant to management's election to receive restricted share units in lieu of a portion of their salary, and directors' election to receive restricted share units in lieu of directors fees.

During the three months ended March 31, 2015, 234,630 (2014: 972,106) restricted share units were redeemed for cash at a redemption price of $0.34 per restricted share unit for a total cash payment of $80. In 2014, 772,106 restricted share units were redeemed for cash at a redemption price of $0.40 per restricted share unit for a total cash payment of $309; and the remaining 200,000 restricted share units were redeemed for 200,000 common shares of the Corporation.

The following table reflects the continuity of restricted share units for the three months ended March 31, 2015:

	Number of Restricted Share Units
Balance as at January 1, 2015	1,284,874
Granted	425,909
Redeemed	(234,630)
Balance as at March 31, 2015	**1,476,153**

Included in the 1,476,153 restricted share units outstanding as at March 31, 2015, are 763,368 units that can only be settled for cash.

As at March 31, 2015, the weighted average remaining contractual life of the outstanding restricted share units was 2.1 years and 1,358,576 restricted share units were vested.

Share Appreciation Rights

There was no activity in share appreciation rights during the three months ended March 31, 2015. As at March 31, 2015, there were 1,226,000 share appreciation rights outstanding.

The weighted average fair value of each share appreciation right outstanding at the end of the period, as estimated as at March 31, 2015, was $0.15 (2014: $0.25). This was calculated using the Black-Scholes option pricing model, using the following assumptions:

	Three months ended March 31,	
	2015	2014
Share price	**$0.30**	$0.47
Base price	**$0.33**	$0.33
Risk free interest rate	**1.06%**	1.14%
Expected life	**2.8 years**	2.4 years
Expected forfeiture rate	**6%**	5%
Expected volatility	**70%**	70%
Expected dividends	**nil**	nil

As at March 31, 2015, the weighted average remaining contractual life of the outstanding share appreciation rights is 5.5 years and nil share appreciation rights were vested.

The expense (recovery) recognized from share-based payment transactions for services received during the period is shown in the following table:

	Three months ended March 31,	
	2015	2014
Equity settled share-based payment transactions		
Share purchase options	**$87**	$24
Total equity settled share-based payment transactions	**87**	24
Cash settled share-based payment transactions		
Deferred share units	**4**	-
Restricted share units	**97**	-
Share appreciation rights	**9**	15
Mark-to-market adjustment for deferred and restricted share units and share appreciation rights	**(56)**	495
Total cash settled share-based payment transactions	**54**	510
Accrued share-based payment transactions	**73**	32
Total expense arising from share-based payment transactions	**$214**	$566

The carrying amounts of the liabilities relating to deferred and restricted share units and share appreciation rights as at March 31, 2015, are $350, $416 and $79 respectively (at December 31, 2014: $431, $411 and $107 respectively).

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2015	2014
Expense by nature		
Salaries, wages and benefits	**$230**	$640
Severance	**62**	196
Share-based payments (note 7)	**214**	566
Professional fees	**38**	49
Consulting fees	**81**	8
Public company expenses	**34**	46
Office and general	**216**	258
Conference and travel	**17**	62
Investor relations	**166**	188
Business development	**67**	190
Depreciation and amortization	**15**	16
	$1,140	$2,219

9. LOSS PER SHARE

	Three months ended March 31,	
	2015	2014
Loss attributable to RNC shareholders	**$(251)**	$(2,305)
Weighted average number of common shares	**109,743,645**	94,258,338
Loss per share attributable to RNC shareholders – basic and diluted	**$(0.00)**	$(0.02)

The effect of potential issuances of shares under stock options, warrants, deferred share units and restricted share units would be anti-dilutive for the three months ended March 31, 2015, and 2014, and accordingly, basic and diluted loss per share are the same.

10. RELATED PARTY TRANSACTIONS

The following table reflects the remuneration of key management, which consists of the Corporation's directors and executive officers, and other related party transactions:

Remuneration of key management	Three months ended March 31,	
	2015	2014
Management salaries and benefits	**$197**	$294
Share-based payments – Management	**195**	70
Directors fees (note 7)	**-**	98
Share-based payments – Directors	**102**	18
Mark-to-market adjustment for share-based payments	**(79)**	612
	$415	$1,092

11. ASSET RETIREMENT OBLIGATION

The asset retirement obligation represents the legal and contractual obligation associated with the eventual closure and reclamation of the Corporation's exploration camp at the West Raglan project. The obligation consists of costs associated with reclamation, environmental monitoring, and the removal of tangible assets. As at March 31, 2015, the carrying value of the asset retirement obligation represents the net present value of the estimated undiscounted cash flows required to settle the environmental obligations, which total $500 (2014: $500), using a discount rate of 0.8% (2014: 1.5%). The settlement of this obligation is estimated to occur in 2019.

	March 31, 2015	December 31, 2014
Balance as at January 1	**$467**	$-
Acquisition of TNN	**-**	464
Change in discount rate	**14**	-
Accretion expense	**2**	3
Balance, end of period	**$483**	$467

12. INCOME TAX AND TAX CREDITS

The Corporation incurred a loss for tax purposes for the three months ended March 31, 2015, for which no tax benefit was recorded. In addition, the Corporation recorded a refundable tax credit for mining exploration expenses and a Quebec mining duties credit on the eligible exploration expenditures incurred in the three months ended March 31, 2015. These credits were recorded as a reduction to mineral property interests. Tax laws are complex and can be subject to different interpretations. Uncertainties exist with respect to the interpretation of tax regulations, including the determination of which mining exploration expenditures are eligible for refundable tax credits and the amount and timing of collection. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment. The Corporation may be required to change its provision for income taxes if the tax authorities ultimately are not in agreement with the Corporation's interpretation.

The deferred tax recovery for the three months ended March 31, 2015, is attributable to a reduction of deferred tax liabilities for Quebec mining duties resulting from confirmation received in the current period of the amount of eligible expenditures that can be carried forward to future periods for Quebec mining duties purposes.

13. FINANCIAL RISK FACTORS

Financial Instruments

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure and its financial policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to amounts receivable, cash and cash equivalents and collateral investment (note 14). Amounts receivable mainly consists of interest receivable from

Canadian chartered banks, goods and services tax due from the federal and Quebec governments, and mining tax credits due from the Quebec government. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal. The Corporation reduces its credit risk by diversifying its cash and cash equivalents investments with several major Canadian chartered banks rated “A” or higher.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The Corporation’s liquidity and operating results may be adversely affected if the Corporation’s access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. The Corporation has historically generated cash flow primarily from its financing and investing activities. As at March 31, 2015, the Corporation had cash and cash equivalents of $2,580 to settle current financial liabilities of $1,190. All of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of certain severance arrangements and obligations under capital lease. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As at March 31, 2015, management estimates that funds available will not be sufficient to meet the Corporation’s obligations and expenditures through March 31, 2016 (note 1).

Interest Rate Risk

The Corporation has cash balances and the Corporation's current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of March 31, 2015, the Corporation had $1,010 invested with various Canadian chartered banks bearing interest at variable rates. The collateral investment is held with a major Canadian bank, $2,000 of which bears a fixed-rate of interest of 1.25%. Sensitivity to a plus or minus 1% change in the rates would affect the reported annual finance income by approximately $10.

Fair Value Risk

The carrying values of cash and cash equivalents, amounts receivable, collateral investment, accounts payable and accrued liabilities and obligations under finance leases approximate their fair values due to their relatively short periods to maturity.

14. COLLATERAL INVESTMENT

On September 25, 2013, the Corporation entered into an agreement with Hydro-Québec for the construction of a high voltage power transmission line to connect the Corporation’s planned Dumont Nickel Project to Hydro-Québec’s existing electricity distribution network (the “**Power Line Project**”). The estimated cost of the work involved is $25,600, which is required to be financed and secured by the Corporation with eight irrevocable letters of credit. The agreement with Hydro-Québec was amended on June 16, 2014, and October 17, 2014, to reflect the following revised schedule of letters of credit: (i) $2,000 on September 10, 2013; (ii) $2,000 by July 2, 2014; (iii) $2,000 by December 1, 2014; (iv) $2,500 by January 5, 2015; (v) $5,500 by April 1, 2015; (vi) $6,000 by July 2, 2015; (vii) $3,500 by October 1, 2015 and (viii) $2,100 by January 4, 2016. On October 17, 2014, the Corporation and Hydro-Québec also agreed to review the timing of the letters of credit due in 2015 and 2016. Hydro-Québec is required to progressively release the letters of credit as the Corporation fulfills its power consumption commitment over a ten year commitment period.

Under the agreement, the Corporation has the ability to suspend any additional work and postpone, up to 12 months, the issue date of all unissued letters of credit. During the suspension period, the Corporation is required to pay Hydro-Québec a regulated rate of return on the value of the expenses incurred and committed from the start of the Power Line Project up to the date work is resumed, plus any additional costs resulting directly from the suspension of work. The Corporation also has the ability under the agreement to abandon the Power Line Project and cancel its obligation to issue any additional letters of credit. In the event of abandonment, the Corporation is required to reimburse Hydro-Québec the cost of all the work that it completed and committed as at the date of abandonment, a regulated rate of return on such costs, and any additional costs directly related to the abandonment including dismantling and site restoration costs where applicable.

On August 29, 2013, a $2,000 collateral investment was made, to secure the first outstanding letter of credit, which was renewed August 29, 2014. On June 27, 2014, a $2,000 collateral investment was made, in the form of a one year fixed-rate non-redeemable guaranteed investment certificate bearing interest at the rate of 1.25%, to secure the second outstanding letter of credit.

On November 19, 2014, the Corporation suspended any additional work and postponed the letter of credit due December 1, 2014. On February 11, 2015, one of the letters of credit was reduced from $2,000 to $1,000 and on February 12, 2015, the Corporation received $1,000 of its collateral investment. See note 15.

15. SUBSEQUENT EVENTS

The Corporation agreed to reimburse Hydro-Québec the cost for work completed pursuant to the September 25, 2013, agreement as amended (see note 14) plus a regulated rate of return on such costs, and additional costs directly related to the abandonment including dismantling and any site restoration costs. On April 7, 2015, Hydro-Québec invoiced the Corporation $1,779 for these costs, which is due May 7, 2015.

On April 14, 2015, the Corporation paid $890 of these costs. On April 15, 2015, the $1,000 letter of credit was cancelled and on April 16, 2015, the Corporation received $1,000 of its collateral investment. On May 1, 2015, the Corporation paid the remaining $889 of these costs.