ROYAL NICKEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

Introduction ... 3
Cautionary Statement Regarding Forward-Looking Information ... 3
Description of Business ... 4
Corporate Strategy ... 5
Third Quarter and Recent Highlights ... 6
Operational Review ... 7
Trends ... 9
Mineral Exploration Properties ... 10
Results of Operations ... 14
Summary of Quarterly Results ... 15
Cash Flows, Liquidity and Capital Resources ... 16
Outlook ... 18
Related Party Transactions ... 19
Contractual Commitments ... 19
Contingencies ... 19
Off-Balance Sheet Arrangements ... 20
Proposed Transactions ... 20
Critical accounting policies and estimates ... 20
Outstanding Share Data ... 20
Internal control over financial reporting ... 21
Risk Factors ... 21

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Royal Nickel Corporation ("**RNC**", "**Royal Nickel**" or the "**Corporation**") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the quarter ended September 30, 2011. This MD&A, dated November 9, 2011, is intended to supplement and complement the Corporation's unaudited condensed interim financial statements and related notes for the three and nine month periods ended September 30, 2011 and should be read in conjunction with both the audited financial statements and the annual MD&A for the year ended December 31, 2010 and the Corporation's unaudited condensed interim financial statements and MD&A for the quarter end March 31, 2011. The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("**CICA Handbook**"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("**IFRS**"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation is reporting on this basis in the unaudited condensed interim financial statements. In this MD&A, the term "**Canadian GAAP**" refers to Canadian generally accepted accounting principles before the adoption of IFRS. The unaudited condensed interim financial statements for the three and nine months ended September 30, 2011 have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1, including comparative figures. The audited financial statements have been prepared in accordance with Canadian GAAP. Unless otherwise noted, all amounts presented are in Canadian dollars.

Further information about the Corporation and its business activities, including its audited annual financial statements, the annual MD&A for the year ended December 31, 2010, the unaudited condensed interim financial statements and MD&A for the quarter ended March 31, 2011 and the most recent Annual Information Form are available at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to targeted milestones to achieve development of the Dumont Nickel Project, our belief as to the potential size and ranking of the Dumont Nickel Project if commercial production is achieved, the future financial or operating performance of the Corporation and its projects, the future price of and supply and demand for nickel, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, permitting, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The pre-feasibility study results are estimates only, are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome. Until a positive feasibility study has been completed, and even with the completion of a positive feasibility study, there are no assurances that Dumont will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to achieve the milestones or complete development; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative nickel sources or substitutions; actual nickel recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "*Risk Factors*" in the Corporation's most recent Annual Information Form. Such forward-looking statements are also based on a number of material factors and assumptions, including: future nickel prices; permitting and development consistent with Royal Nickel's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed timeframes; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

DESCRIPTION OF BUSINESS

Royal Nickel is a mineral resource company primarily focused on the exploration, development, evaluation and acquisition of mineral properties. The Corporation is currently considered to be in the development stage and its current principal asset and sole material property is the 100% owned Dumont nickel project (the "**Dumont Nickel Project**"), strategically located in the established Abitibi mining camp, 25 kilometres northwest of Amos, Quebec, Canada. In addition to its Dumont Nickel Project the Corporation holds certain other properties, as set out below under "*Mineral Exploration Properties*". The Corporation's common shares and warrants are traded on the Toronto Stock Exchange ("**TSX**") (TSX symbols RNX and RNX.WT).

On November 1, 2011 the Corporation released the results of a pre-feasibility study based on a smaller scale 50,000 tonnes per day ("**tpd**") startup scenario with a subsequent expansion to 100,000 tpd. This smaller startup is based on the significant technical work carried out in 2011 that led to a much simplified concentrator flow sheet. The 50,000 tpd startup scenario is estimated to require an initial capital investment of US$1,112 million which is less than 50% of the initial capital in the 100,000 tpd scenario from the previous National Instrument 43-101 ("**NI 43-101**") preliminary economic assessment dated September 30, 2010. The additional capital required for the expansion from 50,000 tpd to 100,000 tpd will require an additional US$733 million capital investment. The production during the first 19 years of the mine operation is estimated to be an annual average of 44 kilotonnes of nickel in concentrate reducing to an annual average of 27 kilotonnes of nickel in concentrate for the remaining 12 years when the low grade stockpile is processed. Recovery over the 31 year project life is estimated to be 41%. Overall, the project is expected to generate an average annual production of 37 kilotonnes of nickel in concentrate at average cash costs of US$4.13/lb during a 31 year project life. The pre-feasibility study estimates an after tax net present value ("**NPV**") of US$1,083 million at a discount rate of

8% from commencement of construction and an after tax internal rate of return ("**IRR**") of 16.6%. The simple payback period is 6.5 years. The pre-feasibility study assumes a long term nickel price of US$9.00/lb and an exchange rate of CDN$1.00 = US$0.90. An NI 43-101 compliant technical report will be filed within 45 days of the release of the pre-feasibility study results.

Since acquiring the Dumont Nickel Project in 2007, Royal Nickel has undertaken an aggressive exploration program to evaluate and develop the mineral resources. The exploration work completed to date includes over 158,000 metres of diamond drilling at regularly spaced sections in order to delineate the mineral resource. In addition to the resource definition, several programs intended to characterize the deposit and its environment have been undertaken to support development studies. These include geological interpretation studies, deposit and geotechnical modeling, drilling to assess geotechnical properties of the rock and sampling for metallurgical testing. In addition, detailed laboratory scale metallurgical testing on representative samples from the Dumont Nickel Project has been undertaken leading to a standard flowsheet design.

With the release of the pre-feasibility study results, RNC has stated probable reserves for the Dumont Nickel Project of approximately 1.1 billion tonnes at a 0.27% nickel grade. This reserve was derived from an updated resource base of approximately 1.4 billion tonnes at 0.27% nickel grade in the measured and indicated category along with an additional 0.7 billion tonnes at 0.26% nickel grade in the inferred category.

CORPORATE STRATEGY

Royal Nickel's primary objective is captured through the vision statement: To be a prosperous mining company that grows through the acquisition and responsible development of a high-quality portfolio of base and platinum group metal assets. Our mission statement further defines how we plan to achieve the vision statement: We are the preferred choice for our communities, employees, shareholders and business partners by consistently creating sustainable value through the safe and responsible exploration, development and operation of our mining assets. Combined with the vision and mission statements RNC has developed a set of values that we have implemented across the company. These value statements act as guidelines for how we conduct ourselves and our decision making on a daily basis. The values are:

- We work safely
- We treat people with dignity and respect
- We respect the environment
- We hold ourselves accountable to deliver on our commitments
- We create lasting prosperity in the communities where we operate
- We generate value from our assets

Royal Nickel's current corporate strategy focus is to develop the large ultramafic Dumont Nickel Project and to acquire highly prospective assets, preferably cash-producing, in base and platinum group metals.

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

(a) potential placement of long-lead orders starting in the second half of 2012;

(b) completion of feasibility study by mid 2013;

(c) receipt of permits by end of 2013;

(d) start of construction by end of 2013; and

(e) project commissioning and ramp-up in late 2015.

Royal Nickel expects to fund the development of the Dumont Nickel Project through various financing sources, including: (i) establishing strategic partnerships; (ii) joint venture agreements; (iii) project finance; (iv) acquiring cash flow producing assets; and (v) other capital markets alternatives. Royal Nickel believes it can successfully implement its corporate strategy because of its unique strengths and deep management experience and well-developed relationships in the nickel industry.

THIRD QUARTER AND RECENT HIGHLIGHTS

- On November 1, 2011 the Corporation announced the pre-feasibility study ("**PFS**") results and announced that a NI 43-101 compliant technical report will be filed within 45 days of the release of the PFS results. Highlights of the Dumont PFS are as follows:
  - US$1.1 billion after-tax $NPV_{8\%}$, 17% after-tax IRR[1]
  - C1 cash costs[2] of US$4.13 per pound, second quartile unit cash costs
  - Staged development approach: lower cost and lower risk — more than 50% reduction in initial capital outlay from the 100 ktpd scenario outlined in the preliminary economic assessment
  - Initial capital expenditure of US$1.1 billion for 50 ktpd operation
  - Expansion to 100 ktpd by year 5 requires $0.7 billion of additional capital
  - 1.1 billion tonnes of reserves at 0.27% nickel, life-of-mine strip ratio of 1.2:1, 31-year project life
  - Average annual contained nickel production of 96 million pounds (44 kt) during the 19-year mine life and 59 million pounds (27 kt) for the subsequent 12 years from processing of the lower grade stockpile
  - Single high grade concentrate containing an average of 33% nickel over life of project
- Retained GENIVAR Inc., a leading international engineering consulting firm to complete both the *Avis de Projet* (Project Notice), which initiates the environmental permitting process, and the Environmental and Social Impact Assessment (ESIA).
- Discussions were held with potential project finance advisory firms. A project finance advisor is expected to be appointed before the end of 2011. RNC intends to finance the construction of the

[1] Based on US$9.00 per pound long term nickel price and CDN$1.00 = US$0.90 exchange rate. NPV and IRR calculated from start of construction, January 2014 and based on October 2011 real costs.
[2] C1 cash costs are defined as the cash cost incurred at each processing stage, from mining through to recoverable nickel delivered to the market, net of by-product credits.

Dumont Project through a combination of a partner acquiring a 30–40% interest at the project level and debt finance of approximately 50% of the project's initial capital.

- Incurred a net loss of $1.2 million compared to a net loss of $1.8 million in the same three month period in 2010.

- Completed the initial report from the community consultation process initiated by the Corporation.

OPERATIONAL REVIEW

The Corporation's immediate focus is to continue to fast track the development of its current principal property, the Dumont Nickel Project. The Corporation has sufficient cash on hand to fund its committed and discretionary exploration and operating activities to September 30, 2012. See "*Cash Flows, Liquidity and Capital Resources*" below.

Dumont Nickel Project

During the third quarter of 2011, as the work required to support the pre-feasibility study on the Dumont Nickel Project had been completed, the Corporation focused its activities on completing work in support of a feasibility study targeted to be completed in mid 2013. The work program focused on geological and geotechnical data collection, metallurgical testwork, data collection for the ESIA and community consultation. This work included the following:

(i) Resource definition drilling, 21,000 metres, was conducted on the Dumont Nickel Project primarily for the purpose of upgrading the nickel mineral resource from the inferred category to the measured and indicated categories;

(ii) Additional hydrological (stream) data were collected and hydrogeological (groundwater) monitoring continued in support of the ESIA and PFS water balance;

(iii) Continued voluntary implementation of a public consultation process that will integrate feedback from the surrounding communities as the project evolves. This process has the goals of ensuring effective communication and distribution of information and documenting the concerns, comments and suggestions of the host communities in order to improve the pre-feasibility study and the content of the upcoming ESIA;

(iv) A dedicated mini pilot plant, owned by a third party, processed approximately one tonne of material, from several mineralization types from the Dumont deposit for flowsheet optimization;

(v) Additional locked cycle cleaning tests to assess cleaning recoveries were completed on various mineralization types from the Dumont deposit and additional testing continues to optimize the cleaning, rougher and slimes recovery portion of the flowsheet.

(vi) Engineering work on the pre-feasibility study was continued by a team comprised of Ausenco Limited, SRK Consulting (Canada) Inc. and David Penswick, P. Eng.

(vii) Laboratory scale testwork was initiated to evaluate the production of a magnetite concentrate from the concentrator tailings

(viii) Roasting and smelting tests were completed on 1 kilogram of nickel concentrate to produce a high grade ferronickel product.

(ix) Collection of environmental baseline study data on the project site continued in the third quarter of 2011 in preparation for an eventual environmental impact study. To date, the ongoing study has revealed no environmental impediment to the development of the Dumont Nickel Project.

Mineral Reserves and Resources – Dumont Nickel Project

The mineral reserves and resources are reported in compliance with Canadian Securities Administrators' NI 43-101 in the news release titled "Royal Nickel Pre-feasibility Study Demonstrates $1 Billion Value (NPV$_8$%); Dumont Nickel Project at Forefront of Next Generation of High Value, Low Cost Nickel Sulphide Projects" published on November 1, 2011, which describes the results of the Dumont Nickel Project PFS. The full Dumont PFS, prepared as a NI 43-101 compliant Technical Report, will be filed under RNC's profile on SEDAR at www.sedar.com within 45 days of November 1, 2011..

The tonnages and grades for the Mineral Reserve and Resource estimates are summarized in the tables below. The mineral resource estimate includes mineral reserves:

Mineral Resource Statement*, Dumont Nickel Project, Quebec, SRK Consulting, November 1, 2011 (including mineral reserves)

			Contained Nickel	
Resource Estimate	**Resources (Mt)**	**Nickel Grade (%)**	**(000 tonnes)**	**(million pounds)**
Measured	190	0.29	550	1,203
Indicated	1,220	0.27	3,270	7,216
Measured & Indicated	**1,410**	**0.27**	**3,820**	**8,419**
Inferred	695	0.26	1,790	3,939

* Reported at a cut-off grade of 0.2 percent nickel inside conceptual pit shells optimized using nickel price of US$9.00 per pound, average metallurgical and process recovery of forty-one percent, processing and G&A costs of US$5.40 per tonne milled, exchange rate of CDN$1.00 = US$0.90, overall pit slope of forty to forty-four degrees depending on the sector and a production rate of 100,000 tonnes per day. All figures rounded to reflect the relative accuracy of the estimates. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include Inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Even though test mining has been undertaken in areas with Measured & Indicated class mineral resources there is no certainty that inferred mineral resources will be converted to Measured and Indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

Mineral Reserve Statement, Dumont Nickel Project, Quebec, David Penswick, November 1, 2011[1]

			Contained Nickel	
Reserve Estimate	**Reserves (Mt)**	**Nickel Grade (%)**	**(000 tonnes)**	**(million pounds)**
Probable Reserves	**1,070**	**0.27**	**2,876**	**6,341**

1. Reported at a cut-off grade of 0.2 percent nickel inside an engineered pit design. This design was based on a Lerchs-Grossmann optimized pit shell using nickel price of US$6.70 per pound, average metallurgical and process recovery of forty-one percent, processing and G&A costs of US$6.30 per tonne milled, exchange rate of CDN$1.00 = US$0.90, overall pit slope of forty to forty-four degrees depending on the sector and a production rate of 50 kptd. All figures rounded to reflect the relative accuracy of the estimates. Mineral reserves are based on a smallest mining unit of 6000m^3 and include allowances of 0.65% for dilution and 0.80% for mining losses.

Technical Disclosure

Unless otherwise indicated, the Corporation has prepared the technical information in this MD&A ("Technical Information") based on information contained in the technical reports and news releases (collectively the "Disclosure Documents") available under Royal Nickel Corporation's company profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in NI 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The disclosure in this MD&A of all technical information has been prepared under the supervision of Alger St-Jean, P. Geo., Vice President Exploration of the Corporation and Johnna Muinonen, Vice President Metallurgy of the Corporation, both Qualified Persons under NI 43-101.

Jefmar and Marbridge Properties

Minor exploration work was completed on the Marbridge and Jefmar properties during the third quarter of 2011. For Jefmar property claim number 2116146 Lot 8, Range 6, La Motte Township, Glen Eagle Resources Inc. ("**Glen Eagle**") continues to perform exploration work under an option and joint venture agreement that was finalized with RNC in May 2011 whereby Glen Eagle can earn a 70% interest in this claim. Given the current focus on the Dumont Nickel Project, Royal Nickel will incur minor expenditures on both properties for 2011, however, both properties are considered to have longer term potential.

TRENDS

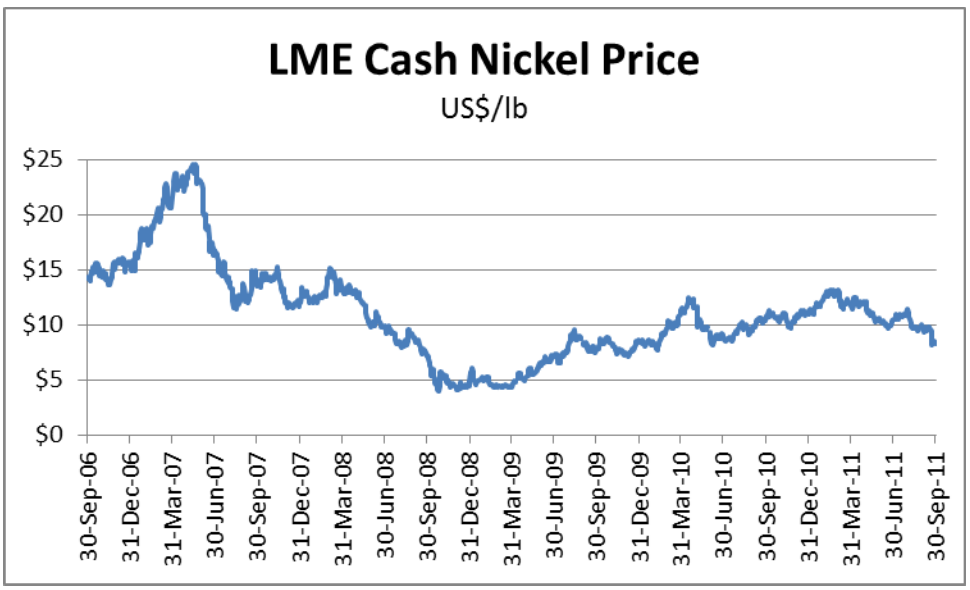
During the quarter, the continuing debt crisis in Europe continued to weigh heavily on both commodity and equity markets and nickel and early stage development companies were not immune. Similar to the prior quarter, and despite the market turmoil, the underlying fundamentals for base metals — including nickel — remain relatively strong as Chinese buyers took advantage of sharply lower prices in the quarter to begin a widely expected restocking phase after spending most of the first half of 2011 destocking many base metals. The underlying fundamentals are also supported by continued concerns about supply growth as production at a number of large base metal operations were disrupted by labour actions at a number of facilities and unusual weather activity in a number of regions globally. Subsequent to the end of the quarter, the European governments have announced a broad package of measures to deal with the debt crisis in Europe to which the market responded positively; however, equity markets will continue to face significant headwinds as there are a number of approvals that must be completed before the European debt package can be fully implemented and the U.S. debt crisis will move back into focus as certain political deadlines take place during the fourth quarter.

The Nickel Industry

Nickel prices fell during the quarter as market uncertainty from the European debt crisis weighed heavily on all the base metals. Despite the disappointing price performance, nickel fundamentals continued to remain strong as the decline in nickel inventories continued, dropping by another 11 kilotonnes in the quarter on top of withdrawals of 17 kilotonnes in the second quarter and 12 kilotonnes in the first quarter. Nickel demand was underpinned by a pickup in demand from China as the London Metals Exchange ("**LME**") nickel prices traded at a discount to nickel pig iron ("**NPI**") prices due to the combination of lower LME prices and restrictions on NPI supply as lower nickel prices and relatively high ore and other input prices forced some NPI producers to begin cutting production. Despite many analysts commenting on significant additional nickel supply, little supply from the new projects that are under construction has yet to reach the market and a number of the larger projects continue to face delays. Xstrata announced during the quarter that the capital cost for its Koniambo project had increased from US$3.8 billion to US$5.0 billion. Longer-term nickel supply and demand fundamentals remain strong and favourable in the context of the expected Dumont Nickel Project startup.

Nickel Prices

Nickel Price Trend



Source: metalprices.com
Note: Nickel trades primarily on the LME and all references to nickel prices are based on trading on the LME.

Nickel began the first half of 2011 at US$11.32 per pound, reached a high of US$13.17 on February 21, 2011, a low of US$8.13 on September 23, 2011 and closed the quarter at US$8.30 per pound. Nickel prices averaged US$10.00 per pound in the third quarter and US$11.04 in the first three quarters of 2011, compared to US$9.61 and US$9.62 per pound respectively in the similar periods in 2010. LME inventories declined 11 kilotonnes to 96 kilotonnes at the end of the third quarter of 2011 and are 26 kilotonnes lower than at the end of the third quarter of 2010.

MINERAL EXPLORATION PROPERTIES

The current principal asset of the Corporation is the Dumont Nickel Project where a mineral reserve has been delineated. The Corporation has other exploration assets, consisting of (i) the Jefmar property and (ii) the

Marbridge property. It has not yet been determined whether these other properties contain an economic mineral reserve or resource.

The Dumont Nickel Project

The Dumont Nickel Project is located in the western portion of the Province of Quebec. Specifically, the property is located in the Launay and Trecesson Townships in the Abitibi Region. The property is located approximately 25 kilometres west of the city of Amos, approximately 60 kilometres northeast of the industrial and mining city of Rouyn-Noranda and 70 kilometres northwest of the city of Val-d'Or.

The Dumont Property consists of 220 contiguous mineral claims totalling 9,042 hectares (ha). The mineral resource is located mainly in Ranges V, VI and VII on Lots 46 to 62 of Launay Township, and in Range V on Lots 1 to 3 of Trecesson Township.

Mineral Tenure

The mineral properties comprising the Dumont Property are all mineral claims in which a 100% beneficial interest is held by RNC.

Underlying Agreements

Several of the mineral claims are subject to royalties agreements with the parties from whom they were purchased. The details of the underlying mineral claim agreements are described below. The remainder of the claims comprising the Dumont Property were obtained by staking by RNC or through purchase and are not subject to any further royalty or consideration.

Marbaw Claims (Marbaw Royalty)

The Marbaw International Nickel Corporation ("**Marbaw**") mineral claim block is comprised of 58 mineral claims totalling 2,341.10 hectares. This block of claims was originally held by Marbaw, but a 100% interest in the claims was sold and transferred to Royal Nickel, for future consideration, under an agreement dated March 8, 2007.

Future consideration consisted of the following:

1) Issuance of 7 million shares in RNC to Marbaw upon the property being placed into commercial production or upon transfer of the property to a third party.

2) Payment of $1,250,000 to Marbaw on March 8, 2008. This amount has been paid by Royal Nickel.

RNC also committed to incurring a minimum expenditure of $8,000,000 on the property prior to ceasing operations. This commitment was met in 2008. The Marbaw mineral claims are subject to a 3% net smelter return ("**NSR**") royalty payable to Marbaw. RNC has the right to buy back half of the 3% NSR for $10,000,000 at any time.

Sheridan-Ferderber Claims (Coyle-Roby Royalty)

The Sheridan-Ferderber mineral claim block comprises 6 contiguous claims totalling 256.47 hectares. The claims were originally held 50% by Terrence Coyle and 50% by Michel Roby, but they were optioned to Patrick Sheridan and Peter Ferderber under an agreement dated October 26, 2006. The option agreement was subsequently assigned to RNC through an agreement dated May 4, 2007.

RNC's option to acquire 100% interest in this block of mineral claims was exercised by the completion of $75,000 in work on the claims before October 26, 2008 and by paying $10,000 to Coyle-Roby by October 26, 2007 and $30,000 to Coyle-Roby by October 26, 2008. The claims were transferred 100% to RNC on August 25, 2006.

These claims are subject to a 2% NSR royalty payable to Terrence Coyle (1%) and Michel Roby (1%). Royal Nickel has the right to buy back half of this 2% NSR for $1,000,000 at any time. An advance royalty of $5,000 per year is also payable to Coyle-Roby beginning in 2011. The initial advance royalty payment was made in October 2011.

Frigon-Robert Claims (Frigon-Robert Royalty)
The Frigon-Robert mineral claim block comprises 2 contiguous claims totalling 83.84 hectares. The claims were originally held 50% by Jacques Frigon and 50% by Gérard Robert. They were transferred to RNC through a purchase agreement dated November 1, 2010.

These claims are subject to a 2% NSR royalty payable to Jacques Frigon (1%) and Gérard Robert (1%). Royal Nickel has the right to buy back half of this 2% NSR for $1,000,000 at any time.

Permits and Authorizations
Exploration work on public land (Crown land) is conducted under a forestry operational permit granted by the Quebec Ministry of Natural Resources and Wildlife (MNRF) and renewed periodically. Exploration work on agricultural zoned lands is conducted under a permit granted by the Quebec Agricultural Land Protection Commission (CPTAQ). Exploration work on private surface rights not owned by RNC is conducted under the terms of access agreements between RNC and individual land owners. Stream crossings have been constructed under permits issued variously or jointly by the MNRF, CPTAQ and the Quebec Ministry of Sustainable Development, Environment and Parks (MDDEP). There are no known formal native land claims on the territory of the Dumont Property within the St. Lawrence drainage basin. Algonquin first nations do, however, assert aboriginal rights over parts of western Quebec and eastern Ontario. Consultation with first nations is a responsibility of the federal and provincial governments. Nonetheless, RNC has initiated discussions with the local Algonquin Conseil de la Première nation Abitibiwinni to develop a memorandum of understanding for cooperation regarding the development of the Dumont Project.

Environmental Considerations
The Corporation is unaware of any outstanding environmental liabilities attached to the Dumont Property and is unable to comment on any remediation which may have been undertaken by previous companies. In order to limit environmental impact to one drainage basin, RNC has elected to contain PFS project infrastructure within the St. Lawrence drainage basin.

Mining Rights in Quebec
Under Quebec Mining Law, the holder of a claim has the exclusive right to explore for mineral substances (other than petroleum, natural gas and brine, sand, gravel and other surface substances) on the parcel of land subject to the claim. A claim has a term of two years. It may be renewed for additional periods of two years by completing minimum exploration work requirements and paying renewal fees. The holder of one or more claims may obtain a mining lease for the parcels of land subject to such claims, provided that the holder can prove the existence of a workable deposit on the property.

The mineral claims confer subsurface mineral rights only. Approximately 40% of the surface rights for the property are held privately by a number of owners, resident both in the area and outside the region. RNC has purchased or acquired options to purchase approximately 680 ha of private surface rights overlying the Dumont resource. The remainder of the surface rights are public land (Crown land).

A portion of the Dumont Project claims underlie surface rights that are classified as an agricultural zone within the meaning of the Act respecting the preservation of agricultural land and agricultural activities, RSQ, c P-41.1. Mining activity on these lands would require rezoning or exclusion of these lands from the agricultural zone by the CPTAQ. This exclusion must be requested by the local municipality. The application for exclusion must demonstrate that there are no suitable non-agricultural lands available for the stated purpose in the municipality. Royal Nickel does not expect that exclusion for the purpose of developing the Dumont Project would be unreasonably withheld.

Use of surface rights for mining and associated activities under the terms of a mining lease is subject to environmental permitting. Access to surface rights for private lands would be obtained by negotiating purchase thereof from private surface rights holders. Access to surface rights for public lands would be obtained through the mining lease process. Prior to commencing any mining, the operator of a mine or mill on the land subject to a lease must submit a rehabilitation and restoration plan for the site and deposit a financial guarantee. No compensation may be claimed by the holder of a mining claim from the holder of a mining lease for the depositing of tailings on the parcel of land that is subject to the claim.

Dumont Nickel Project 2011 Program and Budgeted Expenditures

The total 2011 expenditure for the Dumont Nickel Project is currently estimated to be approximately $24 million.

Marbridge Property

On April 22, 2009, the Corporation entered into an agreement (the "**Marbridge Agreement**") to acquire a 100% ownership interest in the Marbridge Property from Xstrata for a total cash consideration of $1,000,000. On July 31, 2009, the Corporation completed the acquisition pursuant to the terms of the Marbridge Agreement and acquired a 100% interest in the Marbridge Property.

The Marbridge Property is located 60 kilometres by road southeast of the Dumont Nickel Project and 40 kilometres northwest of Val-d'Or, Quebec. The deposits are komatiite-hosted and lie within the broad La Motte ultramafic belt within the eastern Abitibi Greenstone Belt. The Marbridge Property comprises two mining concessions totalling 240 hectares in La Motte Township.

The four deposits at the Marbridge Property were discovered by prospecting and surface drilling during the period 1957 to 1966. The deposits were previously operated under a joint venture between Falconbridge Nickel Mines and Marchant Mining that produced 702,366 tonnes of ore grading 2.28% nickel and 0.1% copper over a five year period between 1962 and 1968.

No significant expenditures are anticipated for the project for 2011.

Jefmar Property

On March 26, 2008, the Corporation signed a formal property acquisition agreement (the "**Jefmar Agreement**") with Jefmar Inc. ("**Jefmar**") relating to the acquisition of a 100% interest in 14 mining claims totalling 586 hectares (the "**Jefmar Property**") in the La Motte and Figuery townships, in the province of Quebec.

Pursuant to the terms of the Jefmar Agreement, the Corporation gave the following consideration for the acquisition of the Jefmar Property:

a) Payment of $70,000 to Jefmar;

b) Issuance of 150,000 Common Shares to Jefmar; and

c) A 2% NSR royalty granted to Jefmar. The Corporation has the right and option to buy back 1% of the NSR royalty for a price equal to $1,000,000 with a minimum of 60 days prior written notice to Jefmar.

On September 10, 2010 the Corporation entered into a letter agreement with Glen Eagle Resources Inc. on Jefmar property claim number 2116146 Lot 8, Range 6, La Motte Township whereby Glen Eagle can earn 70% interest in this claim by completing exploration expenditures and making option payments to Royal Nickel over a three year period. The full Option and Joint Venture agreement was finalized in May 2011. Glen Eagle Resources Inc. continues to complete exploration work in 2011 on Jefmar claim number 2116146 under this agreement.

Minor exploration expenditures were incurred on the remainder of the Jefmar property and no significant expenditures are anticipated for the project for the remainder of 2011.

RESULTS OF OPERATIONS

Three months ended September 30, 2011, compared with three months ended September 30, 2010

The Corporation's net loss totalled $1.2 million for the three months ended September 30, 2011 (with basic and diluted loss per share of $0.01). This compares with a net loss of $1.8 million (with basic and diluted earnings per share of $0.03) for the three months ended September 30, 2010. The net loss decrease of $0.6 million was due to the cessation of liquidity entitlement charges ($0.4 million), a decreased deferred income tax expense ($0.3 million) and increased interest income ($0.1 million) offset partially by higher general and administrative expenses ($0.1 million).

The increase in general and administrative expenses of $0.1 million is due primarily to increased office and general expenses ($0.1 million), higher investor relations expenditures ($0.1 million) and increased business development expenditures ($0.1 million) partially offset by lower salaries and benefits ($0.3 million). Lower salaries and benefits reflect a share based payments expense for the three months ended September 30, 2011 that was $0.8 million lower than the same period last year and that includes a favourable mark-to-market adjustment for DSUs and RSUs for the three months ended September 30, 2011 of $0.4 million offset partially by higher salaries, benefits and wages ($0.5 million) as a result of increased staff in 2011. The increase in office and general expense ($0.1 million) is due primarily to increased rent ($0.1 million). In March 2011, the Corporation's Toronto office relocated to larger premises to accommodate the increased level of activity and staffing needs of the business. The increase in investor relations expenditures ($0.1 million) reflects the Corporation's new status as a public company and is due primarily to road show costs ($0.1 million). Increased business development expenditures ($0.1 million) reflect an increased level of business development activity in 2011.

As detailed in note 17 to the audited financial statements for the year ended December 31, 2010, the liquidity entitlement issuance of shares to RAB Special Situations (Master) Limited ceased once the Corporation's shares were listed for trading on the TSX. In the third quarter of 2010 the Corporation issued 180,000 common shares at an average price of $2.00 per share for a total of $0.4 million. Higher interest income is the result of increased cash resources in the third quarter of 2011. The decrease in the deferred income tax expense ($0.3 million) reflects a deferred tax recovery for the three month period ended September 30, 2011 ($0.2 million) as compared to a deferred tax expense for the three month period ended September 30, 2010 ($0.1 million) and is due primarily to the reduction of the liability associated with the flow through shares resulting from an increase in eligible expenditures incurred in the period.

Nine months ended September 30, 2011, compared with nine months ended September 30, 2010

The Corporation's net loss totalled $6.0 million for the nine months ended September 30, 2011 (with basic and diluted loss per share of $0.07). This compares with a net loss of $10.2 million (with basic and diluted earnings per share of $0.17) for the nine months ended September 30, 2010. The net loss decrease of $4.2 million was due to lower general and administrative expenses ($3.8 million), the cessation of liquidity entitlement charges

($1.1 million), and increased interest income ($0.4 million) offset partially by an increased deferred income tax expense ($1.0 million).

The decrease in general and administrative expenses of $3.8 million is due primarily to lower salaries and benefits ($5.5 million) offset partially by higher office and general expenses ($0.6 million), investor relations expenses ($0.5 million) and professional fees ($0.3 million). Lower salaries and benefits are due primarily to a stock option plan amendment in the second quarter of 2010 that extended the exercise price for most previously issued options outstanding from 5 to 10 years and which gave rise to a non-cash share based payment charge in 2010 of $3.5 million and the balance of the share based payments expense for the nine months ended September 30, 2011 that was $3.0 million lower than in the same period last year and which includes a favourable mark-to-market adjustment for DSUs and RSUs for the nine months ended September 30, 2011 of $1.4 million. The increase in office and general expenses ($0.6 million) is due primarily to higher rent ($0.1 million), increased government fees and taxes associated with the flow-through share issuance ($0.1 million) and increased insurance costs ($0.1 million). Increased insurance costs reflect the higher costs associated with insuring the risks of a public company. The increase in investor relations ($0.5 million) is due primarily to higher investor and public relations consulting fees ($0.2 million), roadshow costs ($0.1 million) and French translation services ($0.1 million). The increase in professional fees ($0.3 million) is due primarily to increased legal costs associated with being a public company.

In the first nine months of 2010 the Corporation issued 540,000 common shares at an average price of $2.00 per share for a total of $1.1 million in connection with the liquidity entitlement noted above. Higher interest income ($0.4 million) is the result of increased cash resources in the first nine months of 2011. The increase in the deferred income tax expense ($1.0 million) is due primarily to the re-measurement of the deferred tax liability associated with Quebec mining duties, as a result of an increase in the Quebec mining duties rate to 16% from 12% enacted in 2011, partially offset by the reduction of the liability associated with the flow through shares resulting from an increase in eligible expenditures incurred in the period as compared to the prior period.

SUMMARY OF QUARTERLY RESULTS

Summary of Quarterly Results
(expressed in thousands of dollars except per share amounts)

	2011			2010				2009[1]
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net loss	**(1,182)**	(3,068)[2]	(1,729)	(4,691)[3]	(1,834)	(6,216)[4]	(2,189)	(1,836)
Net loss per share	**(0.01)**	(0.03)	(0.02)	(0.08)	(0.03)	(0.10)	(0.04)	(0.03)
Fully diluted net loss per share	**(0.01)**	(0.03)	(0.02)	(0.08)	(0.03)	(0.10)	(0.04)	(0.03)

Notes:

(1) Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS.

(2) The higher than normal loss for the quarter of $3.1 million was primarily due to a higher deferred tax expense of $1.8 million that reflects the re-measurement of the deferred tax liability associated with Quebec mining duties, as a result of an increase in the Quebec mining duties rate to 16% from 12% enacted in the quarter.

(3) The higher than normal loss for the quarter of $4.7 million was primarily due to an increased share based payments charge of $2.6 million, which included a charge of $0.5 million as a result of the December 31, 2010 mark-to-market of DSUs and RSUs.

(4) The higher than normal loss for the quarter of $6.2 million was primarily due to an increased share based payment charge of $4.6 million, which included a charge of $3.5 million as a result of a share incentive plan amendment extending the exercise period for most previously issued options outstanding from 5 to 10 years.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash (in thousands of dollars)	**Three months ended September 30, 2011**	Three months ended September 30, 2010	**Nine months ended September 30, 2011**	Nine months ended September 30, 2010
Cash used in operations prior to changes in working capital	**$(1,700)**	$(812)	**$(4,949)**	$(2,543)
Changes in non-cash working capital	**(32)**	(423)	**(1,501)**	(158)
Cash used in operating activities	**(1,668)**	(389)	**(6,450)**	(2,701)
Cash used in investing activities	**(7,597)**	(1,712)	**(20,817)**	(5,591)
Cash provided by (used in) financing activities	**(8)**	210	**6,684**	946
Decrease in cash and cash equivalents	**$(9,273)**	$(1,891)	**$(20,583)**	$(7,346)

Operating Activities

For the three months ended September 30, 2011, cash used in operating activities, prior to changes in non-cash working capital, was $1.7 million compared to $0.8 million in the same period last year. The increase in cash used is due to higher general and administrative cash expenditures for the three months ended September 30, 2011, as outlined above under the Results of Operations section. For the three months ended September 30, 2011, non-cash working capital was essentially unchanged compared to a decrease of $0.4 million in the same period last year. The resultant net increase of $0.4 million reflects primarily a decrease in accounts payable and accrued liabilities ($0.4 million). For the three months ended September 30, 2011, cash used in operating activities was $1.7 million compared to cash used in operating activities of $0.4 million for the three months ended September 30, 2010.

For the nine months ended September 30, 2011, cash used in operating activities, prior to changes in non-cash working capital, was $4.9 million compared to $2.5 million in the same period last year. The increase in cash used is due to higher general and administrative cash expenditures for the nine months ended September 30, 2011, as outlined above under the Results of Operations section. For the nine months ended September 30, 2011, non-cash working capital increased by $1.5 million compared to an increase of $0.2 million in the same period last year. The net increase of $1.3 million reflects a decrease in accounts payable and accrued liabilities ($0.9 million) and an increase in accounts receivable and prepaids ($0.4 million). For the nine months ended September 30, 2011, cash used in operating activities was $6.5 million compared to cash used in operating activities of $2.7 million for the nine months ended September 30, 2010.

Investing Activities

For the three months ended September 30, 2011, total cash used in investment activities was $7.6 million which primarily reflects expenditures on mineral property interests ($7.0 million). For the three months ended September 30, 2010, the total cash used in investment activities was $1.7 million which reflects expenditures on mineral property interests ($2.7 million) financed in part by the draw down of short term investments ($1.0 million).

For the nine months ended September 30, 2011, total cash used in investment activities was $20.8 million, which primarily reflects expenditures on mineral property interests ($20.4 million). For the nine months ended

September 30, 2010, the total cash used in investment activities was $5.6 million, which primarily reflects expenditures on mineral property interests ($8.2 million) financed in part by the draw down of short term investments ($2.5 million).

Financing Activities

For the three months ended September 30, 2011, no cash was provided by financing activities. For the three months ended September 30, 2010, cash provided by financing activities was $0.2 million, which primarily reflects proceeds from a private placement of flow-through shares ($0.1 million) and proceeds from the exercise of 200,000 stock options ($0.1 million).

For the nine months ended September 30, 2011, cash provided by financing activities was $6.7 million, which primarily reflects proceeds of $5.9 million from the January 13, 2011 exercise of the over-allotment option in connection with the initial public offering. In addition, the Corporation received proceeds of $0.2 million from the exercise of 600,000 stock options and proceeds of $0.6 million from the exercise of 1,103,750 warrants.

For the three months and nine months ended September 30, 2011, the net change in cash and cash equivalents as a result of operating, investing and financing activities was a net cash decrease of $9.3 million and $20.6 million respectively, compared to a net cash decrease of $1.9 million and $7.3 million respectively, for the same periods last year.

The use of proceeds as at September 30, 2011 in comparison to the previously proposed use of proceeds of the Corporation's 2010 initial public offering are broken down as follows:

Use of Proceeds (in thousands of dollars)	**Use of proceeds prospectus December 2010**	**Actual use of proceeds September 30, 2011**
Exploration and drilling	$15,000	$15,281
Metallurgical testing	10,000	4,542
Preliminary feasibility study	4,000	2,757
Feasibility study	6,000	186
General and administrative costs	10,125	4,563
	$45,125	**$27,329**

Liquidity (in thousands of dollars)	**September 30, 2011**	**December 31, 2010**
Cash and cash equivalents	**$26,899**	$47,482
Working capital[1]	**$26,088**	$44,503
Mineral property interests	**$50,682**	$34,489
Total assets	**$89,119**	$86,563
Shareholders' equity	**$78,380**	$76,810

Note:
(1) Working capital is a measure of current assets less current liabilities

The mineral exploration properties in which the Corporation currently has an interest are in the exploration and evaluation stage and as a result the Corporation has no current source of operating income and is dependent on external financing to fund its continued exploration and development program. Historically, the

Corporation's principal sources of funding have been the issuance of equity securities for cash, funds from the government of Quebec with respect to mining credits received based on exploration expenditures, interest income and funds obtained from the exercise of stock options and warrants.

The Corporation's credit risk with financial instruments is minimal as, in accordance with the Corporation's investment policy, excess cash is principally invested in short-term deposits at major Canadian chartered banks. In addition, accounts receivable are composed mainly of sales tax receivables from government authorities in Canada.

As at September 30, 2011, the Corporation had working capital of $26.1 million compared to $44.5 million as at December 31, 2010. The decrease in working capital as at September 30, 2011 reflects primarily the expenditures on general and administrative activities and continued investment in the Dumont Nickel Project offset by net proceeds of $5.9 million from the January 2011 exercise of the over-allotment option.

Management anticipates that these funds will be sufficient to meet the Corporation's obligations and forecast expenditures through September 30, 2012. However, to meet the long term business plans of developing the Dumont Nickel Project, which is a key component of the Corporation's financial success, the Corporation will need to fund an anticipated work program of approximately $45–50 million to reach a full feasibility study. This funding requirement may be met in the future in a number of ways including, but not limited to, the issuance of new debt or equity instruments and the introduction of joint venture partners and/or business combinations. 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.

Capital Resources

At September 30, 2011, Royal Nickel had $26.9 million in cash and cash equivalents, of which $nil is restricted pursuant to flow-through financings, compared to $47.5 million as at December 31, 2010, of which $11.3 million was restricted pursuant to flow-through financings.

The Corporation's financing efforts may be affected by general economic conditions and volatility in the capital and commodity markets.

OUTLOOK

The Corporation's current focus is to advance the Dumont Nickel Project through the next phases of feasibility, permitting, construction and operation. The results of the optimization study, and additional metallurgical testing, that were announced in May 2011 paved the way to a simplified, lower cost and more robust flowsheet. The new flowsheet utilizes proven technologies used in other similar operations. The Corporation incorporated the results from the optimized flowsheet into the concentrator design for the pre-feasibility study. This improvement and additional technical work provided the Corporation the opportunity to evaluate additional scenarios during the pre-feasibility study stage, which resulted in the smaller 50,000 tpd startup scenario. The Corporation now plans to launch the environmental permitting process by the end of the year. The pre-feasibility study has identified additional opportunities that will be investigated in the near future which could potentially improve the project. As announced in October 2011, RNC has initiated a separate study to produce ferronickel from the Dumont concentrate. This breakthrough may provide lower processing costs, improved nickel recovery and additional partnership opportunities. RNC also has completed preliminary lab work to produce a magnetite (iron) concentrate from an existing tailings stream. With a relatively minor upgrading step, magnetite concentrate that grades up to 68% iron could be produced and sold, as an alternative to iron ore feed, to the carbon steel making industry. Additional recovery optimization work will continue to further build on the knowledge of the recovery performance of certain mineral areas of the orebody with the intent to potentially improve the overall recovery. Optimization studies will continue on the open pit design to determine the potential benefits of in-pit crushing or trolley assist to reduce overall fuel consumption and potentially rationalize the fleet of haul vehicles.

RNC will continue to work with the local community and the Community Advisory Group to maintain excellent communications and relationships throughout all phases of the project development. The Corporation will continue to add key personnel as it moves forward through the project phases.

During the fourth quarter of 2011, the Corporation will begin to advance the financing options for the development of the Dumont Nickel Project beginning with the appointment of a Project Finance Advisor by the end of 2011. With the completion of the pre-feasibility study, RNC will begin to explore options for financing through a combination of: strategic partnerships, joint venture arrangements, project finance, offtake financing and equity financing.

In addition, the Corporation will continue to investigate acquisition opportunities of highly prospective assets, preferably cash-producing, to grow the business in base and platinum group metals. The Corporation will focus on jurisdictions where it believes the risk is manageable.

RELATED PARTY TRANSACTIONS

The related party transactions during the three and nine months ended September 30, 2011 and 2010 are as follows:

	Three months ended September 30		**Nine months ended September 30**	
(in thousands of dollars)	**2011**	**2010**	**2011**	**2010**
Administrative and general expenses:				
Consulting fees to director and officer	$33	$44	$120	$140
	$33	$44	$120	$140

CONTRACTUAL COMMITMENTS

In 2011, the Corporation entered into a sub-lease agreement and a head lease agreement that obligates the Corporation for aggregate rental payments of $1.6 million for the next five years.

The Corporation is party to certain employment contracts with senior executives. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events, including contract termination or the change of control of the Corporation.

An annual advance royalty payable of $5,000 per year is required starting October 26, 2011 as discussed under the section "*The Dumont Nickel Project*".

CONTINGENCIES

The Corporation's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As at November 9, 2011, the Corporation does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when mine development commences.

Under the agreement dated March 8, 2007 pursuant to which Royal Nickel acquired a 100% interest in the Marbaw Mineral Claims, the Corporation will issue seven million Common Shares to Marbaw upon the Dumont Nickel Project being placed into commercial production or upon transfer (including through a merger, consolidation or asset purchase) of the Dumont Nickel Project to a third party.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Corporation does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Corporation. However, the Corporation continues to evaluate properties that it may acquire in the future. See "*Outlook*" above.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's critical accounting policies and critical accounting estimates in the interim financial statements for the three months ended March 31, 2011 and no material change for the three months ended September 30, 2011.

OUTSTANDING SHARE DATA

As at November 9, 2011, the Corporation had 88,876,618 Common Shares issued and outstanding.

As at November 9, 2011 the Corporation had the following securities outstanding, which are exercisable for Common Shares:

	Number of Securities	**Weighted Average Exercise Price**
Stock options	7,057,917	$1.83
Warrants	16,327,877	$2.56
Compensation Warrants	199,291	$2.25

As at November 9, 2011, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, in cash or common shares:

	Number of Securities
Deferred share units	1,157,990
Restricted share units	831,000

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Corporation's internal control over financial reporting during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISK FACTORS

The risk factors are discussed in the Corporation's most recent Annual Information Form on file with Canadian provincial regulatory authorities, available at www.sedar.com.