

ROYAL NICKEL CORPORATION

Compensation Philosophy

The Compensation Committee (the “Committee”) of Royal Nickel Corporation (the “Corporation”) believes that the Corporation’s overall compensation should enable the Corporation to attract and retain qualified and experienced senior management, which are motivated to achieve the Corporation’s business plans, strategies and goals.

The Committee’s general compensation philosophy is that individual executive compensation should include base salary, annual bonus, and equity components (such as stock options and/or stock appreciate rights) and should be in the top quartile in comparison to an appropriate peer group.

The Committee believes that an executive officer’s base salary is intended to remunerate the executive officer for discharging job responsibilities and should reflect the executive’s performance over time. Individual salary adjustments should take into account performance contributions.

The Committee believes that the bonus component should be calculated according to the specific level of responsibility of the particular executive officer and/or in accordance with the terms of their employment agreements, subject to the provisions of the Corporation’s bonus incentive plan. Bonus awards should recognize and reward accomplishments in a given year measured against specific personal achievements and quantitative goals of the Corporation. Participants in the Corporation’s bonus incentive plan must be required to designate personal measurable objectives for each financial year and to consider carefully the alignment of these objectives with the Corporation’s business plan and strategic intent. The designation of these objectives is intended to create strong alignment across the management group with the direction of the Corporation. The objectives must be specific, measurable, agreed-upon by the participant and their immediate supervisor, realistic and indicate a timeframe in which the objective must be achieved.

The Committee believes that the stock option/equity component should be granted according to the specific level of responsibility of the particular executive officer and/or in accordance with the terms of an executive officer’s employment agreement, subject to the terms of the Corporation’s stock option plan. The number of outstanding options should be considered by the Corporation when determining the number of new options to be granted in any particular year due to the limited number of options which are currently available for grant under the stock option plan. Grants under the Corporation’s stock option plan are intended to provide long term rewards linked directly to the market value performance of the Corporation’s common shares. The grant of stock options effectively integrates the long-term interests of critical employees of the Corporation with those of its shareholders. The stock option plan reinforces an ownership perspective and encourages the loyalty of key executives.

The Committee believes that each component of the executive officers’ compensation has a specific role with respect to supporting the concept of pay for performance and is structured to reinforce specific job and organizational requirements.

The Committee believes that guidelines with respect to these three components should be established for particular positions based on job responsibilities and a periodic review of compensation practices for comparable positions at comparable companies should be conducted.