

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

First Nickel Inc. ("FNI")
The Exchange Tower
130 King Street West, Suite 1600
Toronto, Ontario
M5X 1J5

Item 2. Date of Material Change

July 25, 2005

Item 3. Press Release

Press release issued by FNI on July 25, 2005 via a Canadian news wire service.

Item 4. Summary of Material Change

FNI announced continued high grade nickel intercepts from the Dundonald South Zone including 18.7% Ni over 1.1 metres.

Item 5. Full Description of Material Change

FNI announced it has completed an additional 52 diamond drill holes representing 8,309 metres of drilling on the Dundonald nickel property since the last update in February 2005.

The Dundonald South area continues to yield numerous high grade nickel intersections associated with a number of distinct mineralized horizons including Hole S05-73 that intersected 18.7% Ni, 0.4% Cu and 0.2% Co over 1.1 metres (PGE's pending). These high grade intersections are beginning to define a number of distinct pods or lenses that may have economic potential. Recent high grade nickel intercepts are summarized below and a complete table of results can be viewed on the Company's website at www.firstnickel.com.

Hole No.	From (m)	To (m)	Intersection Width (m)	Ni (%)	Pt+Pd+Au (gpt)	Zone
Dundonald South						
S05-60	78.0	79.7	1.7	4.7	n/a	G
S05-68	56.0	56.8	0.8	9.9	4.0	G
S05-70	269.7	271.0	1.3	4.7	n/a	E

Hole No.	From (m)	To (m)	Intersection Width (m)	Ni (%)	Pt+Pd+Au (gpt)	Zone
S05-70	288.5	289.5	1.0	4.6	n/a	E
S05-71	284.5	286.5	2.0	2.3	n/a	E
S05-73	162.9	164.0	1.1	18.7 (a)	n/a	G
D05-47	62.0	64.0	2.0	2.5	n/a	A
D05-49	111.8	114.5	2.7	2.5	0.8	A
Dundeal						
T05-8	103.0	105.2	2.2	1.9	n/a	Dundeal
T05-12	302.0	305.0	3.0	1.8	0.5	Dundeal
T05-13	303.5	311.5	8.0	1.6	n/a	Dundeal

a) 0.4% Cu and 0.2% Co, PGE's pending

The Dundonald South nickel sulphide mineralization is hosted in a series of east-west striking komatiitic peridotites, pyroxenites and basalts with an identified minimum mineralized strike extent of 800 metres. Recently completed magnetic and TEM surveys over the 1.2 kilometre eastern extension of the host ultramafic stratigraphy to the Dundonald South Nickel Zone have identified 5 strong conductors which will be drill tested in late July or early August.

The Dundeal Nickel Zone and adjoining Terminus base metals zone, located approximately 1.3 kilometres north of Dundonald South along the north limb of a large fold, were tested by 13 diamond drill holes. There were no significant base metal intersections in the Terminus Zone. Notable intersections on the Dundeal zone have been summarized in the table above. A characteristic of the Dundeal nickel zone is wider intercepts of moderate grade nickel sulphide mineralization. No further work on either of these zones is contemplated at this time.

First Nickel has spent in excess of the required \$1.75 million in exploration expenditures on the Dundonald Property and has therefore earned a 100% interest in the property from Falconbridge.

The surface drilling program is being supervised by Kevin Montgomery, PGeo, of MPH Consulting Limited, a qualified person under National Instrument 43-101 guidelines. Drill core of interest (NQ size) is sawed in half, with one-half sent to a commercial laboratory, Expert Laboratory of Rouyn-Noranda, Que., and the other half retained for future reference. A rigorous quality assurance/quality control program is employed which includes the insertion of standards, blanks and duplicates for each batch of samples.

Item 6. Reliance on Section 75(3) of the Act

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this Material Change Report.

Item 8. Senior Officer

The following senior officer of FNI is knowledgeable about the material change and the Report and may be contacted by the Commission as follows:

Elizabeth J. Kirkwood, President and Chief Executive Officer

Telephone: 416 364-6928

Facsimile: 416 364-0618

Internet: www.firstnickel.com

DATED as of the 4th day of August, 2005.

FIRST NICKEL INC.

"Elizabeth J. Kirkwood"

Per: _____
Elizabeth J. Kirkwood
President and Chief Executive Officer