FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

First Nickel Inc. ("**FNI**")
120 Front St. East, Suite 206
Toronto, Ontario
M5A 4L9

Item 2. Date of Material Change

August 2, 2005 and August 3, 2005

Item 3. Press Release

Press releases issued by FNI on August 2, 2005 and on August 3, 2005 via a Canadian news wire service.

Item 4. Summary of Material Change

FNI announced on August 3, 2005 that it has entered into a non-binding letter of intent (the "**Letter of Intent**") with Landore Resources Canada Inc. ("**Landore**"), setting out the terms on which Landore is prepared to grant to FNI the exclusive right and option to earn up to an undivided 85% interest in the 100% Landore-owned "West Graham" property adjoining the East Zone of FNI's Lockerby Mine near Sudbury, Ontario (the "**West Graham Property**"). The completion of the transactions contemplated by the Letter of Intent are subject to the negotiation of a definitive agreement (the "**Definitive Agreement**") and receipt of any necessary regulatory approvals.

FNI also announced on August 2, 2005 that John Haflidson, P.Eng. has been appointed the Chief Operating Officer of the corporation.

Item 5. Full Description of Material Change

Pursuant to the terms of the Letter of Intent, FNI would have the right and option (the "**Phase One Option**") to earn up to an undivided 70% interest in the West Graham Property by:

1. making cash payments to Landore totalling $150,000 over a four (4) year period following the effective date of the Definitive Agreement (the "**Effective Date**") ($10,000 on the Effective Date, $15,000 on the first anniversary of the Effective Date, $30,000 on the second anniversary of the Effective Date, $45,000 on the third anniversary of the Effective Date, and $50,000 on the fourth anniversary of the Effective Date); and

2. funding a total of $6 million in exploration and development activities over the same four (4) year period ($1 million within one year of the Effective Date, a further $1 million within two years of the Effective Date, a further $2 million within 3 years of the Effective Date, and a further $2 million within four years from the Effective Date).

Under the terms of the Letter of Intent, FNI's only firm commitments shall be those required to be completed within the first year following the Effective Date ($10,000 cash payment on the Effective Date and $1 million in funding for exploration and development activities (please see items 1 and 2 above)). All other payments and expenditures are optional and will remain at the sole discretion of FNI, pending its decision to exercise the Phase One Option. FNI will have the right to accelerate any of the payments or expenditures set out above in items 1 and 2).

In the event that FNI exercises its Phase One Option, Landore will then have the one-time option (the "**Participation Option**"), exercisable within sixty (60) days following the earlier of (a) four (4) years from the Effective Date, or (b) the exercise by FNI of the Phase One Option, to participate to the extent of its remaining 30% undivided interest the West Graham Property in the development of any mineral deposits identified by FNI. Should Landore's Participation Option not be exercised, FNI will have the further right and option (the "**Phase Two Option**") to increase its undivided interest in the West Graham Property to a maximum of 85% by funding and completing a feasibility study in respect of such property within two (2) years from expiry date of Landore's Participation Option.

Upon either of the exercise of Landore's Participation Option or FNI's Phase Two Option, FNI and Landore will automatically be deemed to have formed a joint venture (the "**West Graham Joint Venture**") for the purposes of conducting further exploration activities (if required) and bringing the property into commercial mining production. FNI will have the right to be the initial operator of the mining operations on the West Graham Property. Initially, FNI and Landore will hold interests in the West Graham Joint Venture in accordance with their respective proportionate interest in such property, with such interests to be recalculated as needed from time to time on the basis of each respective party's actual *pro rata* contribution to the total agreed upon expenditures on the West Graham Property. Should either FNI's or Landore's interest in the West Graham Joint Venture be reduced to 10% or less, then such interest will be automatically extinguished and converted to a 2% NSR.

The 130 ha West Graham Property extends for approximately 1.3 km into the footwall south of the Lockerby East portion of FNI's Lockerby Mine property. Given the copper-depleted nature of the known contact-style ores and the presence of extensive Sudbury breccia in the footwall, there is significant potential for high grade copper–PGE deposits in the footwall to the Lockerby East ore system.

The West Graham Property also contains the historic "Conwest" deposit. This contact-related deposit was estimated in the 1960's to have a mineral inventory of 4.3 million tons at 0.52% nickel and 0.33% copper. This resource should be considered non-compliant with National Instrument 43-101. The centre of the deposit lies at a depth of approximately 250 vertical metres. Of particular interest to FNI are indicated areas of much higher grade within the Conwest deposit – for example, 2.35% nickel, 0.35% copper over 15.5 feet in hole WG-27 and 2.32% nickel, 0.77% copper over 7.7 feet in hole WG-9, etc. Platinum-palladium-cobalt values are unknown. This deposit is approximately 500 metres above FNI's Lockerby East deposit, along the same ore system, suggesting that there is considerable potential to find additional contact-related mineralization along this trend.

FNI plans to mount an aggressive exploration campaign on the West Graham Property, commencing immediately. This will include deep-penetration induced polarization surveys from surface, detailed mapping of the distribution of Sudbury breccia on the property and a thorough review of past drilling on the Conwest deposit in an attempt to delineate areas of higher grade which may be accessible by a ramp from surface. FNI is also currently laying out plans for a major underground drilling program at Lockerby East to increase confidence levels in the existing resource base and to explore for more resources in the vicinity. In view of the potential acquisition of an interest in the West Graham Property, a number of these underground holes will be continued south to explore for footwall deposits.

FNI also announced that John Haflidson, P.Eng. has been appointed the Chief Operating Officer of the corporation. John has over 30 years experience in the mining industry and has positions that include: Senior Mining Consultant with McIntosh Engineering, North Bay, President of Young Davidson Mines Ltd., Manager of the Black Fox Project, Matheson, Ontario for Apollo Gold Corporation, Chief Engineer for Cementation Skanska Canada Inc. in North Bay and the General Manager of the Holt McDermott Mine in Kirkland Lake for Barrick Gold Corporation.

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

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DATED as of the 12th day of August, 2005.

FIRST NICKEL INC.

"Elizabeth J. Kirkwood"

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