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

November 10, 2005 and November 21, 2005.

Item 3. Press Release

Press release issued by FNI on November 21, 2005 via a Canadian news wire service.

Item 4. Summary of Material Change

FNI announced on November 21, 2005 a new potentially significant nickel sulphide discovery at the Morgan-Lumsden exploration property, located on the North Range of the Sudbury Basin (the "**Morgan-Lumsden Property**").

FNI also announced that it has entered into a definitive option agreement with Falconbridge Limited ("**Falconbridge**") with respect to the Morgan-Lumsden Property. The definitive option agreement was entered into on November 10, 2005 with an effective date of August 2, 2005.

Item 5. Full Description of Material Change

NEW POTENTIALLY SIGNIFICANT NICKEL SULPHIDE DISCOVERY AT MORGAN-LUMSDEN PROPERTY

FNI announced that Falconbridge, the operator of First Nickel's exploration program at the Morgan-Lumdsen Property, has reported the discovery of potentially significant nickel sulphide mineralization in a greenfield area of the property.

Three widely spaced exploration diamond drill holes, targeting the base of the Sudbury Igneous Complex, have been completed by Falconbridge to date on First Nickel's behalf. One such hole, M-055, intersected two zones of semi-massive to massive sulphide mineralization at approximately 800 m vertical depth containing 1.15 feet (0.35 m) grading 1.72% Ni and 0.03% Cu from 789.45 m to 789.80 m, and 0.8 feet (0.25 m) grading 2.14% Ni and 0.10% Cu from 813.30 m to 813.55

m. The intersections are hosted in rock units associated with the basal contact of the Sudbury Igneous Complex.

The sulphide zones in hole M-055 are unconstrained both up- and down-plunge. The very low copper to nickel ratios enhances potential for footwall mineralization associated with the system. Downhole geophysics has not identified any strong conductors proximal to the hole. A conductive trend has, however been identified that extends away from M-055 in a south-south-easterly direction. A follow-up diamond drill hole is currently in progress to test this trend and should be completed during December 2005.

The Morgan-Lumsden Property is located on the North Range of the Sudbury Basin, approximately fifteen kilometres east of Falconbridge's Strathcona Mill facility. First Nickel has acquired an option from Falconbridge to earn a 50% interest in the Morgan-Lumsden Property on the terms previously announced in First Nickel's March 22, 2005 press release. Previous exploration on the property by Falconbridge had been limited to airborne geophysics, surface geological mapping and three historic drill holes completed during the 1960's.

The Morgan-Lumsden exploration program is being carried out under the direction of Alger St. Jean, P.Geo., a Falconbridge Senior Project Geologist, and a "qualified person" as defined in National Instrument 43-101.

SIGNING OF DEFINITIVE MORGAN-LUMSDEN OPTION AGREEMENT WITH FALCONBRIDGE

The terms upon which Falconbridge was prepared to grant to FNI an option to acquire an interest in the Morgan-Lumsden Property (the "**Morgan-Lumsden Option**") were previously announced by FNI in its press release dated March 22, 2005. The grant of such option was subject to, among other things, the negotiation of a definitive agreement setting out the terms of the option. FNI has now entered into a definitive option agreement with Falconbridge relating to the Morgan-Lumsden Property (the "**Morgan-Lumsden Option Agreement**"). The Morgan Lumsden Option Agreement was entered into on November 10, 2005, with an effective date of August 2, 2005. In September 2005, FNI entered into definitive option agreements with Falconbridge in respect of each the Bowell Property and the Foy Mouth Property, also located on the North Range of the Sudbury Basin (for details regarding those agreements, please see FNI's press release dated September 6, 2005).

Summary of Terms of Morgan-Lumsden Option Agreement

Pursuant to the terms of the Morgan-Lumsden Option Agreement, FNI has the right to earn from Falconbridge a 50% interest in the Morgan-Lumsden Property by:

1. funding $1.0 million in exploration expenditures by December 31, 2005;

2. funding a minimum of an additional $0.5 million in each of the four (4) calendar years following December 31, 2005, pending:

   (a) delivery to Falconbridge of a feasibility study in respect of a deposit of not less than fifty (50) million pounds of nickel or nickel equivalent metal; and

   (b) making a one-time payment of $2.0 million to Falconbridge.

Under the terms of the Morgan-Lumsden Option, FNI's only firm commitment would be to fund no less than $1.0 million in exploration expenditures on or before December 31, 2005 (the "**Morgan-Lumsden Firm Commitment**"). The funding of an additional $0.5 million in exploration expenditures per year during calendar-year 2006, 2007 and 2008, the completion and delivery of a feasibility study and the one-time payment of $2.0 million (see items 2(a) and 2(b), above) are optional and will remain at the sole discretion of FNI, pending the decision to exercise the Morgan-Lumsden Option. FNI's decision to exercise the Morgan-Lumsden Option will be made following a detailed analysis of the exploration results arising from the expenditure of the $1.0 million Morgan-Lumsden Firm Commitment.

For greater certainty, the funding of an additional $0.5 million in exploration expenditures per year on the Morgan-Lumsden Property during 2006, 2007 and 2008 (see item 2, above) will only be required should FNI wish to maintain the Morgan-Lumsden Option in good standing while continuing to prospect for a deposit of sufficient size to enable the completion of the feasibility study mentioned in item 2(a). Upon completion and delivery of the feasibility study and the one-time payment of $2.0 million (see item 2(b), above) to Falconbridge, the requirement of such additional $0.5 m in annual funding of exploration expenditures will cease.

Falconbridge will be the operator of exploration programs at the Morgan-Lumsden Property.

If, at any time prior to the expiration, termination or exercise of the Morgan-Lumsden Option, FNI elects to develop a deposit on the Morgan-Lumsden Property containing more than ten (10) million but less than fifty (50) million pounds of nickel or nickel equivalent metal, then an area specific to such deposit (a "**Carve-Out Area**") may be "carved-out" from the property (the size and shape of the Carve-Out Area to be agreed to by the representatives of FNI and Falconbridge), and FNI shall have the sole, exclusive and irrevocable option (the "**Carve-Out Option**") to earn the 100% interest in such Carve-Out Area. In order to exercise its Carve-Out Option, FNI must, among other things: (i) fund and incur all expenditures on the Carve-Out Area (which expenditures will not be taken into account in calculating FNI's Morgan-Lumsden Firm Commitment, (ii) become the operator of all programs in the Carve-Out Area, (iii) deliver to Falconbridge a feasibility study and bring the Carve-Out Area into commercial production within twenty four (24) months from the date the Carve-Out Area is agreed upon.

Description of Morgan-Lumsden Joint Venture Terms

In the event that the Morgan-Lumsden Option is exercised, FNI and Falconbridge will automatically be deemed to have formed a joint venture (the "**Morgan-Lumsden Joint Venture**") for the purposes of conducting further exploration activities (if required) and bringing the property into commercial mining production. Falconbridge will have the right to be the initial operator of the mining operations on the Morgan-Lumsden Property. Initially, FNI and Falconbridge will each be deemed to hold a 50% interest in the Morgan-Lumsden Joint Venture, 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 Morgan-Lumsden Property.

In the event that a feasibility study completed in respect of the Morgan-Lumsden Property defines a deposit with proven and probable reserves plus measured and indicated mineral resources greater than 150,000,000 pounds of nickel or nickel equivalent metal, Falconbridge will have the option (the "**Bump-Up Option**") to increase its interest in the Morgan-Lumsden Joint Venture from 50% to 70%, exercisable by funding the implementation of the feasibility study until such funding equals 150% of FNI total expenditures under the Morgan-Lumsden Option Agreement and the Morgan-Lumsden Joint Venture. Falconbridge's implementation of the feasibility study must occur within three (3) years of the exercise of the Bump-Up Option, failing which such option shall terminate and be of no further force or effect and the Morgan-Lumsden Joint Venture interests of FNI and Falconbridge will be deemed to be and have always remained equal.

Should either FNI's or Falconbridge's interest in the Morgan-Lumsden Joint Venture be reduced to 15% or less, then such interest will be automatically extinguished and converted to a 1.5% NSR, and the Morgan-Lumsden Joint Venture shall be terminated, with the surviving party becoming the sole owner of the of the 100% interest in the Morgan-Lumsden Property.

Falconbridge shall retain the right to purchase all or part of the concentrates or other such mineral products produced from the Morgan-Lumsden Property on terms acceptable to FNI and Falconbridge acting in good faith and with due regard to competitive market rates. Should Falconbridge not purchase all or part of the concentrate, it shall have the right to market and sell all concentrates and mineral products produced from the Morgan-Lumsden Property on terms acceptable to FNI and Falconbridge acting in good faith and with due regard to competitive market rates, minus a marketing fee payable to Falconbridge equal to 0.5% of payable metals, to be paid from the actual proceeds of sale.

Disinterested Shareholder Consent

As Falconbridge is a "related party" of FNI under Toronto Stock Exchange rules, FNI obtained the written consent of a majority of its common shareholders, excluding Falconbridge, to the terms of the Bowell, Foy Mouth and Morgan-Lumsden options. Such disinterested shareholders further authorized FNI to enter into three separate definitive agreements with Falconbridge in respect of such options. The details of the consent provided by the disinterested shareholders were announced by FNI in its press release dated August 15, 2005.

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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Internet: www.firstnickel.com

DATED the 21st day of November, 2005.

FIRST NICKEL INC.

Per: ________"*Elizabeth J. Kirkwood*"_____________
Elizabeth J. Kirkwood
President and Chief Executive Officer

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