# FORM 51-102F3

# MATERIAL CHANGE REPORT

## Item 1 – Name and Address of Company:

First Nickel Inc.
120 Front Street East
Suite 206
Toronto, Ontario
M5A 4L9

## Item 2 - Date of Material Change:

July 19, 2011

## Item 3 – News Release:

The news release attached hereto as Schedule "A" was disseminated over Marketwire on July 20, 2011.

## Item 4 – Summary of Material Change:

On July 20, 2011, First Nickel Inc. ("First Nickel" or the "Company") announced that it has completed its previously announced private placement (the "Offering") of units of the Company ("Units"). 31,873,750 Units were issued under the Offering at a price of $0.16 per Unit for gross proceeds of $5,099,800. Each Unit consists of one common share ("Common Share") of the Company and one-half of one common share purchase warrant (each whole warrant being a "Warrant") of the Company, with each Warrant entitling the holder thereof to purchase one Common Share at C$0.22 for a period of 24 months after the date of closing of the Offering (the "Closing Date"). Paradigm Capital Inc. and Raymond James Ltd. acted as agents for the Offering other than in respect of the Units purchased by the Direct Purchasers (as defined below).

Resource Capital Fund IV L.P. and Resource Capital Fund V L.P. (collectively, "RCF"), which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 106,127,548 Common Shares, representing approximately 22.5% of the issued and outstanding Common Shares, acquired 11,388,100 Units under the Offering. In addition, West Face Long Term Opportunities Global Master L.P., a fund advised by West Face Capital Inc. (together "West Face") which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 91,000,000 Common Shares, representing approximately 19.3% of the issued and outstanding Common Shares, acquired 12,841,900 Units under the Offering. A further 673,750 Units were purchased under the Offering by directors of the Company (such directors, together with RCF and West Face, being the "Direct Purchasers").

**Item 5 – Full Description of Material Change:**

**5.1 Full Description of Material Change**

On July 20, 2011, First Nickel announced that it has completed its previously announced Offering of Units. 31,873,750 Units were issued under the Offering at a price of $0.16 per Unit for gross proceeds of $5,099,800. Each Unit consists of one Common Share of the Company and one-half of one common share purchase Warrant of the Company, with each Warrant entitling the holder thereof to purchase one Common Share at C$0.22 for a period of 24 months after the Closing Date. Paradigm Capital Inc. and Raymond James Ltd. acted as agents for the Offering other than in respect of the Units purchased by the Direct Purchasers.

RCF, which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 106,127,548 Common Shares, representing approximately 22.5% of the issued and outstanding Common Shares, acquired 11,388,100 Units under the Offering. In addition, West Face, which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 91,000,000 Common Shares, representing approximately 19.3% of the issued and outstanding Common Shares, acquired 12,841,900 Units under the Offering. A further 673,750 Units were purchased under the Offering by directors of the Company.

The net proceeds of the Offering will be primarily for general corporate and working capital purposes, and to fulfill certain funding and hedging conditions set forth in the credit agreement with Société Générale (Canada Branch) and Commonwealth Bank of Australia, as outlined in the press release dated July 5, 2011.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

**Item 7 - Omitted Information:**

Not applicable.

**Item 8 – Executive Officer:**

William Anderson, President & CEO
Telephone: (416) 362-7050
Fax: (416) 362-9050

**Item 9 – Date of Report:**

July 27, 2011

Schedule “A”

**FIRST NICKEL INC.**

**FOR IMMEDIATE RELEASE** **No. 2011-11**

# FIRST NICKEL COMPLETES $5 MILLION PRIVATE PLACEMENT

**NOT FOR DISSEMINATION OR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES NEWSWIRE SERVICES**

**Toronto, Ontario – July 20, 2011** – First Nickel Inc. ("**First Nickel**" or the "**Company**") (TSX: FNI) is pleased to announce that it has completed its previously announced private placement (the "**Offering**") of units of the Company ("**Units**"). 31,873,750 Units were issued under the Offering at a price of $0.16 per Unit for gross proceeds of $5,099,800. Each Unit consists of one common share ("**Common Share**") of the Company and one-half of one common share purchase warrant (each whole warrant being a "**Warrant**") of the Company, with each Warrant entitling the holder thereof to purchase one Common Share at C$0.22 for a period of 24 months after the date of closing of the Offering (the "**Closing Date**"). Paradigm Capital Inc. and Raymond James Ltd. acted as agents for the Offering other than in respect of the Units purchased by the Direct Purchasers (as defined below).

Resource Capital Fund IV L.P. and Resource Capital Fund V L.P. (collectively, "**RCF**"), which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 106,127,548 Common Shares, representing approximately 22.5% of the issued and outstanding Common Shares, acquired 11,388,100 Units under the Offering. In addition, West Face Long Term Opportunities Global Master L.P., a fund advised by West Face Capital Inc. (together "**West Face**") which prior to the closing of the Offering directly or indirectly beneficially owned, or exercised control or direction over, 91,000,000 Common Shares, representing approximately 19.3% of the issued and outstanding Common Shares, acquired 12,841,900 Units under the Offering. A further 673,750 Units were purchased under the Offering by directors of the Company (such directors, together with RCF and West Face, being the "**Direct Purchasers**").

The net proceeds of the Offering will be primarily for general corporate and working capital purposes, and to fulfill certain funding and hedging conditions set forth in the credit agreement with Société Générale (Canada Branch) and Commonwealth Bank of Australia, as outlined in the press release dated July 5, 2011.

Mr. William Anderson, President and Chief Executive Officer of the Company commented: "This financing allows us to completely satisfy our lenders' requirements as to the equity contribution needed for the loan facility, as well as positioning us with funding for corporate needs and general working capital. I am particularly pleased with the strong support coming from our two largest shareholders, and also the ongoing commitment from Paradigm Capital and Raymond James"

**About First Nickel**

First Nickel is a Canadian mining and exploration company that has recently commenced restart activities at its Lockerby nickel / copper mine in the Sudbury Basin in northern Ontario. Once the Lockerby mine reaches full production (expected in 2012), it will produce approximately 10 million pounds of nickel and approximately 7 million pounds of copper annually. In addition to the Lockerby nickel mine, the Company owns exploration properties in the Sudbury Basin, the Timmins region of northern Ontario, and the Belmont region of Eastern Ontario. First Nickel's shares are traded on the TSX under the symbol.

For further information contact:

William Anderson, President & CEO First Nickel Inc.
Telephone: (416) 362-7050
Fax: (416) 362-9050
Email: wanderson@firstnickel.com

**About West Face**

West Face Capital Inc. is a Toronto-based investment management firm with assets under management of over $2.0 billion. West Face specializes in event-oriented investments where its ability to navigate complex investment processes is the most significant determinant of returns.

For further information contact:

Alexander Singh, Counsel & Secretary
Telephone: (647) 724-8900
Email: wlegal@westfacecapital.com

**About RCF**

Resource Capital Fund IV L.P. and Resource Capital Fund V L.P. are private equity funds under the Resource Capital Funds ("RCF") umbrella which has a mandate to make investments in mining companies and projects across a diversified range of commodities and geographic regions. With approximately US$2.5 billion under management, RCF is a long-term investor that has facilitated the development of a number of mining projects and the growth of a number of mining and minerals related companies that are recognized in the market place. For further information on Resource Capital Funds, please go to their website at www.resourcecapitalfunds.com.

*Some of the statements contained in this news release are forward-looking statements, such as statements concerning the anticipated use of net proceeds of the Offering and other statements that describe First Nickel's future plans, intentions, objectives or goals. In certain cases, forward-looking statements can be identified by the use of words such as "expects", "will", "enable", "anticipates", "estimated" or words of similar effect. Since forward-looking statements are not statements of historical fact and address future events, conditions and expectations, forward-looking statements inherently involve unknown risks, uncertainties, assumptions and other factors well beyond the Company's ability to control or predict. Such factors are described in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which has been filed electronically by means of the System for Electronic Document Analysis and Retrieval ("**SEDAR**") located at www.sedar.com. Actual results and developments may differ materially from those contemplated by forward-looking statements. The forward-looking statements included in this document represent First Nickel's views as of the date of this* *document and subsequent events and developments may cause First Nickel's views to change. These forward-looking statements should not be relied upon as representing First Nickel's views as of any date subsequent to the date of this document. Although First Nickel 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 not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements.*