MATERIAL CHANGE REPORT

1. **Name and Address of Company**

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

2. **Date of Material Change**

January 3, 2013

3. **News Release**

A news release relating to the material change was disseminated via Marketwire on January 3, 2013.

4. **Summary of Material Change**

On January 3, 2013, FNI announced preliminary fourth quarter and full year payable metal production for the company's Lockerby Mine in Sudbury Ontario.

5. **Full Description of Material Change**

On January 3, 2013, FNI announced preliminary fourth quarter and full year payable metal production for the company's Lockerby Mine in Sudbury Ontario.

FNI disclosed that payable nickel production from the Lockerby Mine is expected to be below the previously disclosed guidance range for the full year and fourth quarter by approximately 10% and 38%, respectively. FNI now expects payable nickel and copper to be as follows:

2012	Previous Guidance		Expected Actual	
	Q4	Full Year	Q4	Full Year
Nickel lbs (millions)	2.1 – 2.5	6.3 – 7.4	1.3	5.7
Copper lbs (millions)	1.4 – 1.6	4.5 – 5.0	1.0	4.5

Fourth quarter production was primarily impacted by two factors:

1. November nickel production of approximately 310,000 pounds was approximately 35% of the planned production rate. The shortfall was primarily the result of slower than planned development preparation of two ore sources. Both of these sources produced ore as expected during the subsequent month of December.

2. December nickel production was approximately 65% of the planned production rate as a result of unplanned rehabilitation work at a main ramp intersection which was completed in 2008. Five days of rehabilitation work was required, during which time ore production and development were suspended since the intersection was located above current production levels. The rehabilitation work was completed, and operations recommenced on December 29th.

As a result of the shortfall in fourth quarter production, FNI now expects Lockerby to complete the ramp up and achieve full production in the first quarter of 2013, instead of in the fourth quarter of 2012.

In the third quarter, FNI reported that it expected to be within the production guidance range for the full year. In addition to the items identified above, during the fourth quarter, Xstrata processed approximately 60,000 tonnes of Lockerby ore, which had been previously delivered in the third quarter. That processing resulted in lower than expected nickel and copper grades, and lower than expected nickel recovery, reducing year to date nickel production by approximately 460,000 pounds. Both ore grades and metal recoveries for lots processed prior to the fourth quarter performed within an acceptable variance range. An investigation into both the lower than predicted ore grade and lower than plan recovery is in progress.

Forward-Looking Statements

This material change report contains forward-looking statements, which are subject to certain risks, uncertainties and assumptions, including the cash flows, metal prices, decrease costs, increase output, expected production, and expected exploration expenditures. A number of factors could cause actual results to differ materially from the results discussed in such statements, and there is no assurance that actual results will be consistent with them. Such factors include fluctuating metal prices, lower unit costs and other factors described in FNIs most recent 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. Such forward-looking statements are made as at the date of this news release, and FNI assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances, except as may be required under applicable securities law.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

Thomas Boehlert, President & CEO, (416) 362-7050.

9. **Date of Report**

January 14, 2013