FIRST NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2014 and 2013

GENERAL

The information in this Management's Discussion and Analysis ("MD&A") is intended to assist the reader in understanding and assessing the trends and significant changes in the results of operations and financial condition of First Nickel Inc. (the "Corporation", "Company" or "FNI"). This MD&A has been prepared as of March 24, 2015 and should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the years ended December 31, 2014, and 2013 (the "financial statements"). All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario, and trades on the Toronto Stock Exchange ("TSX") under the symbol FNI.

The financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2014, the Corporation had a working capital deficit of $37.8 million, however the Corporation completed a debt restructuring in early March 2015 which reduced outstanding debt from US$37.4 million to US$28.0 million and extended the debt maturity from March 2015 to December 2016. While the Corporation had operations that generated revenue of $78.4 million and positive cash flow from operations of $8.2 million in the year ended December 31, 2014, it has not yet achieved profitable operations. The Company incurred a net loss of $20.7 million in the year ended December 31, 2014.

While the Corporation has restructured its debt and it announced and implemented a restructuring of its Lockerby mine in January 2015, significant risks exist relating to the operational success of the Lockerby mine, accordingly, the certainty of future profitability cannot be assured as at December 31, 2014. These material uncertainties may cast significant doubt about the Corporation's ability to continue as a going concern. The financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that would be necessary, should the Corporation be unable to continue as a going concern.

Securities regulators encourage listed companies to disclose forward-looking information to help investors understand a company's future prospects. This MD&A contains statements about FNI's future financial condition, results of operations and business. See the "Cautionary Note Regarding Forward-Looking Statements" section for additional information about forward-looking statements.

BUSINESS OVERVIEW

The Lockerby mine history

FNI's vision is to become a mid-tier base-metal producer through the successful mining, exploration, development and acquisition of opportunities throughout the Americas.

The Company currently owns and operates the Lockerby Mine ("Lockerby") located near Sudbury, Ontario. The mine property was originally held by the Lockerby family from 1888 to 1908 and, subsequently, by the Dominion Bank. Falconbridge Ltd. ("Falconbridge") purchased the Lockerby property in 1942 and drilled extensively throughout the 1960's. Shaft sinking at Lockerby began in 1969 and the first ore was produced from the Lockerby Main Zone in 1971. During 33 years of Falconbridge production, mining operations were suspended twice due to low nickel prices; first from 1978 to 1980, and later from 1994 to 1997. Falconbridge ultimately placed the mine on care and maintenance in December 2004.

In May 2005, FNI acquired a 100% interest in Lockerby from Falconbridge (now Glencore Canada Corporation or "Glencore"). Under FNI ownership, the mine resumed commercial production at the Lockerby Depth Zone ("LKD Zone") in January 2006. Ore from Lockerby was trucked to Glencore's Strathcona Mill for processing under an off-take agreement with Glencore. Mine operations were suspended in October 2008 due to a rapid decline in the price of nickel following the global financial crisis.

In February 2009, the Company received an independent feasibility study on the Depth Zone of Lockerby, prepared by Genivar Limited Partnership, which feasibility study was subsequently updated in November 2010. After restarting Lockerby in May 2011, the Company identified improvements that reduced waste-development requirements and enabled the generation of an updated life-of-mine plan. The revised mine design and associated production plan were completed and documented in a National Instrument 43-101 ("NI 43-101") compliant report (the "Stantec Study") that was prepared by Stantec Consultants Ltd. and was filed on SEDAR on August 3, 2012. The Stantec Study established a mineral reserve of 1.37 million tonnes grading 2.21% nickel, 1.39% copper and 0.083% cobalt and demonstrated a 4.8-year mine life with average annual production of 10.0 million pounds of payable nickel and 7.0 million pounds of payable copper at an average total estimated cash production cost of $5.56 per pound of nickel (net of by-product credits).

The Company recommenced production at Lockerby in December 2011 and, on July 1, 2012, commercial production was declared. The upper limit of the Lockerby Depth Zone deposit lies 1,990 metres (approximately 6,500 feet) below surface and the Company uses a longitudinal mining sequence to mine the ore body. In addition, the Company believes there may be tonnes of mineable ore to the east of the current mining operation and at further depth below the current ore body.

In response to the downturn in the prices of nickel and copper during 2013, in the third quarter the Company decided to modify the Lockerby Mine plan to stop the ramp at the 68 level of the Depth Zone (at a depth of approximately 2,073 metres or 6,800 feet) instead of continuing to the 70 level as envisaged in the Stantec Study. This change implied that ore from Lockerby would be depleted by the fourth quarter of 2015 and earlier than reflected by the Stantec Study, which represented an indicator of impairment, upon which the Company assessed the recoverability of its mining property, and recognized an impairment loss of $23.4 million.

On May 6, 2014, an accident occurred at Lockerby involving a fall of material and the deaths of two contract drillers. The accident triggered an investigation led by the Ontario Ministry of Labour ("MOL") and caused an immediate stoppage of mining operations. On May 8, 2014, the Company announced that the MOL had lifted the suspension of operations for all areas except the level on which the accident had occurred, and that Lockerby would resume operations. The resumption of Lockerby operations was preceded by a safety reorientation for all personnel. See the "Review of Operations" section for details about the impact on production.

2015 Lockerby Restructuring Plan

On January 12, 2015, the Corporation announced that it was restructuring the Lockerby mine in order to reduce costs, increase exploration and extend the mine life in order to counter low nickel prices (the "Lockerby Restructuring Plan").

The Lockerby Restructuring Plan aims to realize productivity improvements and is expected to allow a reduction in costs while maintaining relatively consistent nickel production. The Lockerby Restructuring Plan resulted in a 30% reduction in the Corporation's personnel and a 75% reduction in third-party contractor personnel, for an overall workforce reduction of 45%. Costs at the Toronto corporate office were also reduced as part of the Lockerby Restructuring Plan.

As part of the Lockerby Restructuring Plan, ramp development has recommenced below the 68 level and is expected to reach the 71 level in the first half of 2016. The underlying mine plan is essentially unchanged from the Stantec Study. The decision to recommence the ramp development was further supported by a depreciated Canadian dollar in 2014, which directly increases operating margins as nickel and by-product revenues are denominated in US dollars but reported in Canadian dollars. Despite near-term softness in nickel market prices, the market factors and outlook for nickel remain supportive of higher prices.

The plan also includes the restart of exploration diamond drilling at Lockerby, with a planned 6,300 metres of underground exploration drilling in 2015 and 7,200 metres in 2016, targeting increased resources/reserves and increasing mine life. Additionally, the Corporation continues to target mineral resources in the Lockerby East Zone. See "Outlook for 2015" section for details about the impact of the restructuring plan on 2015 production and operating costs.

Debt restructuring

On July 23, 2009, the Corporation completed a US$10.0 million financing agreement with Resource Capital Fund IV L.P. ("RCF IV"). The financing was structured as a US$10.0 million convertible loan (the "convertible loan") originally maturing on December 31, 2013. In May 2012, the Corporation entered into a US$10.0 million revolving credit facility with Bank of Nova Scotia (the "BNS credit facility").

In January 2013, the Company announced that it had entered into a loan facility with Resource Capital Fund V L.P. ("RCF V") in the principal amount of US$5.0 million, originally set to mature on December 31, 2013. In March 2013, the Company announced that it had entered into a loan facility with West Face Capital Inc. ("West Face"), in the principal amount of US$5.0 million, also set to mature on December 31, 2013. The loan had terms that are substantially similar to the loan entered into with RCF V, with West Face's security interest ranking *pari passu* with the security interest of RCF V.

Funds from the BNS credit facility, the convertible loan, the RCF V loan and West Face loan were used for working capital requirements of the Lockerby Mine and for general corporate purposes. On April 1, 2013, the Corporation signed amendments to restructure its outstanding indebtedness to the Bank of Nova Scotia ("BNS"), RCF IV, RCF V, and West Face. As a result of the restructuring, the December 31, 2013 maturity dates on the RCF IV, RCF V and West Face facilities were extended to March 2015. The restructuring also included an increase in the principal amount of the BNS credit facility from US$10 million to US$15 million, which was subsequently increased to US$18.0 million in November 2013, and the subordination of the convertible loan extended by RCF IV to the RCF V and West Face loan facilities. The US$3.0 million increase in November 2013 was backed by a letter of credit provided solely by RCF V.

On March 12, 2015, following approval by shareholders at a special meeting on March 11, 2015, the Corporation signed amendments to restructure its outstanding debt with RCF V and West Face. As a result of the restructuring, the RCF V loan was increased from US$5.0 million to US$15.5 million and the West Face loan was increased from US$5.0 million to US$12.5 million. Proceeds from the amended loans were used to repay the US$17.4 million balance under the BNS credit facility. These amended loans will mature on December 30, 2016, and bear interest at an annual rate of 10%. Interest on the loans may be satisfied by cash or, at the lenders' option, by common shares of the Corporation valued at the market price. The market price is determined by the volume weighted average trading price of the Corporation's common shares over the five trading days prior to the interest rate calculation date. Under the amended loans, the Corporation will be subject to an excess cash sweep, whereby every quarter the excess of the Corporation's cash balance above a minimum level will be applied as principal repayments against the loans.

The Corporation has also agreed to issue 624.2 million common shares in exchange for the settlement of RCF IV's US$10 million convertible loan. In connection with the refinancing, the Corporation issued 434 million common share purchase warrants, 240 million to RCF V and 194 million to West Face. The TSX granted its approval of the Corporation's debt restructuring on March 17, 2015.

GMV agreement

In July 2013, the Company and Glencore amended the Lockerby Ore Sales Purchase Agreement under which Lockerby operated through June 30, 2013 (the "Original Agreement"). Under the amended agreement (the "GMV Agreement"), the Company is paid for accountable gross metal value ("GMV"), which is determined based on the value of the metals contained in the ore delivered and a specified percentage based on the nickel grade of ore delivered. Given the changes to the agreement, comparisons of revenue and payable metal data to periods in the first six months of 2013 would not yield meaningful analysis.

Specifically-identified processing costs are not separately charged to the Company under the GMV Agreement. As such, the change from the Original Agreement to the GMV Agreement resulted in a change in the classification of various revenue and expense items. Under the GMV Agreement, processing costs are not included in the cost of sales, but are effectively netted against nickel and by-product revenue. All things being equal, the accounting under the GMV Agreement would result in lower revenue, lower cost of sales and lower by-product revenue than under the Original Agreement.

KEY FINANCIAL AND OPERATIONAL DATA

Canadian $, except operating highlights	For the year ended December 31, **2014**	2013	2012
FINANCIAL HIGHLIGHTS			
Revenue[1]			
Nickel	**$ 59,815,558**	$ 50,586,768	$ 23,201,415
By-product	**18,547,796**	21,057,267	12,876,898
Total revenue	**$ 78,363,354**	$ 71,644,035	$ 36,078,313
Earnings			
Net loss	**$ (20,704,966)**	$ (55,618,622)	$ (36,329,138)
Net loss per share	**$ (0.03)**	$ (0.09)	$ (0.07)
Cash flow			
Cash flow provided by (used in) operating activities before working capital adjustments[2]	**$ 7,615,793**	$ (2,273,414)	$ (5,830,301)
Financial position			
Total assets	**$ 58,502,466**	$ 68,425,965	$ 96,883,851
Total debt[3]	**$ 45,720,172**	$ 36,692,992	$ 16,686,368
OPERATING HIGHLIGHTS			
Production			
Ore tonnes	**248,573**	245,903	204,841
Nickel grade	**2.43%**	2.39%	1.94%
Contained nickel (pounds)	**13,320,436**	12,874,583	8,760,973
Net payable nickel shipped (pounds) - GMV agreement (from July 1, 2013)	**6,908,017**	3,500,393	-
Payable nickel (pounds) - Original Agreement (ended June 30,2013)	**-**	4,611,270	5,817,653
Copper grade	**1.40%**	1.41%	1.22%
Contained copper (pounds)	**7,681,836**	7,627,710	5,509,478
Net payable copper shipped (pounds) - GMV agreement (from July 1, 2013)	**3,950,539**	1,988,593	-
Payable copper (pounds) - Original Agreement (ended June 30,2013)	**-**	3,450,151	4,513,730
Development			
Waste tonnes	**62,510**	71,308	123,340
Ramp (metres)	**3**	333	486
Lateral (metres)	**1,594**	1,296	1,748
Realized metal prices (USD)			
Nickel - average- realized price[2]	**$ 7.63**	$ 6.74	$ 7.40
Cash production cost per pound[2]			
Nickel - GMV agreement[4] (from July 1, 2013) - CDN	**$ 6.69**	$ 5.15	-
Nickel - GMV agreement[4] (from July 1, 2013) - USD	**$ 6.06**	$ 5.00	-
Nickel - Original Agreement[4] (ended June 30, 2013)	**-**	$ 5.97	$ 7.97

1 For the year ended December 31, 2014, revenue is presented based on the GMV Agreement. Revenue presented for year ended December 31, 2013 includes six months based on the Original Agreement and six months based on the GMV Agreement. Commercial production was declared on July 1, 2012, therefore revenue presented for the year ended December 31, 2012 reflects the last six months of the year.

2 For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*". For a reconciliation of cash production cost per pound see the "Cash production costs" section.

3 Total debt includes the current and non-current balances of loans and borrowings and finance lease obligations.

4 For the year ended December 31, 2014, the cash cost per pound is presented based on the GMV Agreement. Cash cost per pound presented for the year ended December 31, 2013 includes six months based on the Original Agreement and six months based on the GMV Agreement.

FINANCIAL CONDITION

Canadian $, as at	**December 31, 2014**	December 31, 2013
Cash and cash equivalents	**$ 5,891,470**	$ 3,618,613
Total assets	**$ 58,502,466**	$ 68,425,965
Total liabilities	**$ 62,749,007**	$ 53,487,512
Shareholders' (deficit) equity	**$ (4,246,541)**	$ 14,938,453

HIGHLIGHTS

- **Production:** Lockerby produced 13.3 million pounds of contained nickel and 7.7 million pounds of contained copper during the year ended December 31, 2014.
- **Revenue:** Revenue for the year ended December 31, 2014 was $78.4 million.
- **Total cash production costs[1]:** Total cash production costs were $46.2 million for the year ended December 31, 2014, or $6.69 (US$6.06) per GMV-net pound of nickel shipped.
- **Operating cash flow before working capital adjustments[1]** was $7.6 million for the year ended December 31, 2014.
- **Development:** In the year ended December 31, 2014, lateral development totaled 1,594 metres.
- **Net loss:** The Company had a net loss of $20.7 million for the year ended December 31, 2014.
- At December 31, 2014, the Company's **unrestricted cash balance** was $5.9 million.
- In January 2015, the Company announced the **Lockerby restructuring plan**, reducing costs, increasing exploration and recommencing the ramp development in order to extend the mine life. Site operating costs in the first quarter of 2015 are expected to be generally consistent with the previously disclosed guidance range, however production in the first quarter is expected to be lower than plan. The Company will assess the 2015 production outlook along with its first quarter results.
- On March 12, 2015, the Company completed a **debt restructuring** that resulted in the full repayment of the US$17.4 million balance under the BNS credit facility, a reduction of outstanding debt from US$37.4 million to US$28.0 million and extension of debt maturities from March 2015 to December 2016.

REVIEW OF OPERATIONS

Safety, health & environment

The Company's directors, management, employees, and contractors continue to place the highest priority on safety, health and the environment. Lockerby had no lost-time incidents during the second half of 2014, following three lost-time incidents during the first six months of the year, including the May 6, 2014 accident. Lockerby had six medical-aid incidents in 2014.

On May 6, 2014, an accident occurred at Lockerby involving a fall of material and the deaths of two contract production drillers. The Company responded to the accident by following established protocols and emphasizing transparent communication within the bounds of those protocols, as well as counselling and supporting the families of the deceased, employees and the local community. The MOL suspended Lockerby underground operations immediately following the accident and, after its initial investigation, on May 8, 2014 lifted the suspension for all areas except for the level on which the accident had occurred, which was an under-fill heading on the 65-2 level of the mine.

The Company actively cooperated with the MOL to determine a method to safely allow workers to re-enter the 65-2 level. Although not ordered to do so by the MOL, the Company suspended its under-fill operations in all areas of the mine after the accident, until it could be satisfied that workers would not be put at risk. The Company consulted with outside engineers and developed a plan to resume work on the 65-2 level and other under-fill headings in a way that would ensure the safety of all workers. On July 17, 2014, the MOL released the accident scene to the Company and, on July 18, 2014, the MOL released the 65-2 level for mining. As at March 24, 2015, the final investigation of the accident by the MOL was pending completion.

Production

Monthly production is based on the quantity of ore hoisted to surface and the associated average grade of nickel and other contained metals, which is established by an agreed-upon third-party laboratory.
In the year ended December 31, 2014, Lockerby produced 13.3 million pounds of contained nickel, at an average head grade of 2.43% Ni and 7.7 million pounds of contained copper, at an average head grade of 1.40% Cu. In the fourth quarter of 2014, Lockerby produced 4.1 million pounds of contained nickel and 2.4 million pounds of contained copper.

Production of 4.1 million contained nickel pounds during the three months ended December 31, 2014 represents a 23% increase in nickel production over the third quarter of 2014, reflecting a 29% increase in tonnes produced, partially offset by

[1] For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures"*. For a reconciliation of total cash production costs see the "Cash production costs" section.

5% lower average nickel grades. Contained-nickel production in the fourth quarter of 2014 was 11% greater than the 3.7 million pounds produced in fourth quarter of 2013, reflecting 7% increase in ore tonnes produced and a 4% increase in average nickel head grades mined. Contained-nickel production in the year-ended December 31, 2014 was 3% greater than the 12.9 million produced in 2013, reflecting a 2% increase in average nickel head grades mined and a 1% increase in ore tonnes produced.

Total contained nickel pounds for the year was slightly below the lower end of the 2014 forecasted range of 13.5 to 15.1 million, while contained copper pounds for the year was in the middle of the 7.2 to 8.0 million forecasted range. The 2014 forecast had been updated at the end of the second quarter as a result of the May 6, 2014 accident. Development under backfill and blast-hole drilling was a key element of the Lockerby mine plan. After the May 6, 2014 accident, this stoping method was halted while an investigation was conducted. In the interim, an alternate stoping method was followed utilizing, upward-oriented drill holes from the bottom sills of stopes (“bottom-sill-drilled stopes”). Although successful, the average ore production rate from bottom-sill-drilled stopes was lower, reflecting more complicated logistics because drilling, blasting and mucking operations with bottom-sill-drilled stopes need to occur in the same place. Development under backfill was restarted on July 24, after a 78-day suspension of a key stope development activity. At that point, the Company resumed a stope extraction sequence and was less dependent on stopes drilled from the bottom sill, which contributed to higher production in the fourth quarter of 2014.

	For the year ended	
	December 31, 2014	December 31, 2013
Tonnes of ore produced	**248,573**	245,903
Production		
Contained nickel (pounds)	**13,320,436**	12,874,583
Net payable nickel shipped (pounds) - GMV Agreement (from July 1, 2013)	**6,908,017**	3,500,393
Payable nickel (pounds) - Original Agreement (ended June 30,2013)	**-**	4,611,270
Nickel head grade	**2.43%**	2.39%
Contained copper (pounds)	**7,681,836**	7,627,710
Net payable copper shipped (pounds) - GMV Agreement (from July 1, 2013)	**3,950,539**	1,988,593
Payable copper (pounds) - Original Agreement (ended June 30,2013)	**-**	3,450,151
Copper head grade	**1.40%**	1.41%
Tonnes of ore shipped	**251,236**	242,003

Revenue

Revenues are recorded based on the quantity of crushed ore that is delivered to Glencore and the associated average grade of nickel and other contained metals, which is established by an agreed-upon third-party laboratory.

The Company recorded total revenue of $78.4 million in the year ended December 31, 2014, compared with total revenue of $71.6 million in the year ended December 31, 2013. Comparisons of revenues for the year ended December 31, 2014 to the same period in 2013 are affected by accounting changes under the GMV Agreement, which was adopted in the second half of 2013. Revenues recorded under the GMV Agreement were recorded net of the deduction of processing costs and other GMV deductions, compared to gross revenues recorded under the Original Agreement in the first six months of the prior-year period. Revenues recorded under the Original Agreement were also affected by volume adjustments, following milling by Glencore. Had the GMV Agreement been in place during all of 2013, total revenues would have been lower by approximately $13.7 million. Under the Original Agreement, estimated grade was determined by the Lockerby geology department and, in the event that the Glencore milling results returned a different grade than the Company’s estimated grade, a quantity adjustment was made to revenue in the statement of comprehensive loss in the period in which the new information became available.

Adjusting for the approximate impact of the GMV agreement on revenues in the first half of 2013, revenue for the year ended December 31, 2014 is greater than adjusted 2013 revenues by approximately $20.5 million. This increase can be attributed to higher average realized nickel prices and foreign-currency translation gains in 2014, combined with an increase in tonnes of ore sold, partially offset by lower average realized copper prices in 2014. Average realized nickel prices increased by 13%, from US$6.74 in 2013 to US$7.63 in 2014. The Company realized foreign-currency translation gains from an increase in the average U.S. to Canadian dollar exchange rate from 1.03 in 2013 to 1.10 in 2014. In addition, contained nickel pounds sold in 2014 was 3% higher than 2013, while contained copper pounds sold increased by 1%. The increase in revenue was partially offset by lower average realized copper prices for the year ended December 31, 2014, which at US$3.09 was down 8% from the prior year (2013 – US$3.35).

Revenues in the fourth quarter of 2014, $19.8 million, showed a significant increase over the $17.6 million recorded in the prior-year period. The increase reflects higher average realized nickel prices in the fourth quarter of 2014 (US$7.16 compared to US$6.34), combined with higher production (7% increase in tonnes from the fourth quarter of 2013).

The Company may from time to time enter into forward sales agreements to mitigate provisional pricing exposure to changing nickel and copper prices. For additional information, see the "Forward sales agreements" heading in this section.

		For the year ended		
Canadian $,		**December 31, 2014**		December 31, 2013
Provisional net nickel revenue - GMV Agreement (from July 1, 2013)	**$**	**58,838,685**	$	21,505,949
Provisional nickel revenue - Original Agreement (ended June 30,2013)		**-**		32,562,602
Nickel final settlement		**829,089**		(4,956,255)
Nickel quantity adjustment - Original Agreement (ended June 30,2013)		**-**		1,503,217
Nickel mark-to-market adjustment		**147,784**		(1,701)
Provisional net by-product revenue - GMV Agreement (from July 1, 2013)		**19,028,209**		8,774,676
Provisional by-product revenue - Original Agreement (ended June 30,2013)		**-**		11,845,727
By-product mark-to-market and final settlement adjustment		**(480,413)**		(152,261)
By-product quantity adjustment - Original Agreement (ended June 30,2013)		**-**		564,401
Forw ard-sales-agreement losses		**-**		(2,320)
Total Revenue	**$**	**78,363,354**	$	71,644,035

Metal prices and exchange rates

		For the year ended		
US dollars,		**December 31, 2014**		December 31, 2013
Nickel - average-realized price (US$/lb)[1]	**$**	**7.63**	$	6.74
Average exchange rate (CAD/USD)		**1.1045**		1.0299

[1] For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*" .

Average-realized metal prices represent the weighted average metal price received from Glencore on final settlements in the associated period.

Low nickel prices in 2013 prompted the Company to implement a number of cost-cutting and liquidity-enhancing measures to combat the low price environment. While average nickel prices in 2014 were 13% higher than 2013, the Company remains vigilant to opportunities to reduce operating and capital costs and manage liquidity, leading to the adoption of the Lockerby Restructuring Plan.

Forward sales agreements

The Company sometimes enters into forward sales agreements and option agreements to protect against near-term changes in the prices of nickel and copper. The Company did not enter into any forward sales agreements in 2014, and therefore did not record any associated gains or losses (losses of $2,320 for the year ended December 31, 2013). Gains or losses from forward sales agreements are included in revenue in the statement of comprehensive loss.

Cost of sales

The Company's cost of sales in the years ended December 31, 2014 and 2013 is broken down by element in the following table:

	For the year ended	
Canadian $,	**December 31, 2014**	December 31, 2013
Labour	**$ 13,304,868**	$ 12,187,449
Development costs	**7,427,572**	6,696,760
Treatment costs	**-**	14,201,371
Mine operating costs	**43,525,462**	33,496,947
Defined contribution pension costs	**501,630**	473,815
	$ 64,759,532	$ 67,056,342
Tonnes of ore produced	**248,573**	245,903
Cost of sales per tonne	**$ 260.53**	$ 272.69

Cost of sales per tonne of $260.53 for the year ended December 31 2014 was $12.16 per tonne less than the prior year per tonne cost of $272.69. The decrease can be attributed primarily to an $18.87 per tonne decrease in mine operating costs, when including treatment costs in 2013, slightly offset by a $6.61 increase in development and labour costs per tonne. Cost of sales for the first six months of 2013 included $14.2 million in treatment costs which are not incurred under the GMV Agreement in 2014. On a comparative basis, excluding the $14.2 million in treatment costs from the prior-year period would result in costs of goods sold for the year ended December 31, 2014 that was $11.9 million or $45.58 per tonne greater the prior-year period, reflecting higher mine operating costs (by $10.0 million), labour (by $1.1 million) and development costs (by $0.7 million). Cost of sales for the year was $3.8 million greater than the upper-end of the 2014 outlook range ($58.1 million to $61.0 million).

Mine operating costs per tonne in the fourth quarter of 2014 was relatively consistent with the comparative period in 2013, $206.55 in the fourth quarter of 2014 compared to $202.04 in the fourth quarter of 2013. The fourth quarter of 2014 per tonne increase in mine site operating costs of $13.05 per tonne was offset by decreases in development costs of $4.76 per tonne and in labour of $3.85 per tonne. The increase in mine site operating costs can be attributed to several factors including higher backfill activity and associated costs in 2014, higher equipment maintenance costs, and the impact of mining at relatively deeper levels in 2014, which requires longer hauls and higher ventilation costs. The decrease in development costs in the fourth quarter of 2014 is a result of a focus on current operations, as the Company evaluated alternative mine plans prior to the announcement of the Lockerby Restructuring Plan in January 2015. The labour cost per tonne decrease can be attributed to fixed labour costs with a higher per tonne cost as a result of lower production.

Cash production costs[2]

Cash production costs is a non-Generally Accepted Accounting Principles ("GAAP") measure that is based on the cost of sales less by-product revenues. Cash production costs in the year ended December 31, 2014 were $46.2 million which is $0.2 million greater than the prior-year. On a unit basis, cash production costs per GMV-net pound of nickel shipped[2] were $6.69 (US$6.06) for the year which was $0.29 above the upper end of the Company's revised full-year guidance range of $5.90 to $6.40 per GMV-net pound. This increase partly reflects the volume impact of lower GMV-net nickel production in 2014, resulting in a smaller denominator in the calculation of per-pound costs, together with the impact of higher production costs, as discussed in the "Cost of sales" section. The increase includes the impact of higher energy costs during the first quarter and the May 6, 2014 accident, which led to a volume impact from postponed production.

Cash production costs were $10.4 million in the three months ended December 31, 2014, compared to $9.4 million in the same period in 2013. The increase reflected the $1.3 million cost of sales increase slightly offset by a provisional by-product revenue increase of $0.3 million. Provisional by-product revenue in the three months ended December 31, 2014 was reduced by mark-to-market and final settlement adjustments of $0.4 million. This adjustment is a result of an 8% drop in realized copper prices from the fourth quarter of 2013 (average realized price of US$2.98 compared to US$3.25 per pound).

[2] For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*".

For the year December 31, 2014, by-product revenues are 8% below the prior-year period, which demonstrates the revenue impact in the first half of 2013 of accounting changes related to the GMV Agreement, whereby the reporting of by-product revenues is net of GMV deductions (as described in the "Revenue" section above).

Canadian $, except production amounts		For the year ended **December 31, 2014**		December 31, 2013
Cost of sales[1]	**$**	**64,759,532**	$	67,056,342
Provisional by-product revenue[2]		**(19,028,209)**		(20,620,403)
By-product revenue - mark-to-market and final settlement adjustments		**480,413**		152,261
By-product revenue - quantity adjustments - Original Agreement		**-**		(564,401)
Forward sales agreements related to by-products		**-**		(24,723)
Total cash production costs[3]	**$**	**46,211,736**	$	45,999,076
Net payable nickel shipped (pounds) - GMV Agreement (from July 1, 2013)		**6,908,017**		3,500,393
Cash production cost per GMV-net pound of nickel shipped[3,4] - CDN	**$**	**6.69**	$	5.15
Cash production cost per GMV-net pound of nickel shipped[3,4] - USD	**$**	**6.06**	$	5.00
Payable nickel shipped (pounds) - Original Agreement (ended June 30, 2013)		**-**		4,611,270
Cash production cost per pound of nickel shipped[3,4] - Original Agreement	**$**	**-**	$	5.97

1 Cost of sales does not include depreciation.

2 For the year ended December 31, 2014 revenue is presented based on the GMV Agreement. Revenue presented for year ended December 31, 2013 includes six months based on the Original Agreement and six months based on the GMV agreement.

3 For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*".

4 Cash production cost per pound of nickel shipped is based on cash production cost for the year divided by associated net payable nickel shipped for the same period.

The change in accounting treatment generated by the GMV Agreement also resulted in a change to the Company's performance metrics, in order to ensure that the Company's performance is comparable to prior periods. Prior to the third quarter of 2013, the Company's performance metrics included payable nickel and copper, total cash production costs, and cash production costs per pound of payable nickel produced. Under the GMV Agreement, commencing in the third quarter of 2013, the Company's performance metrics include contained nickel and copper, net-GMV nickel and copper payable pounds, total cash production costs, and cash production costs per net-GMV pound of nickel shipped. See the "Outlook for 2015" section for details about operational metrics, and the manner in which the economic performance of Lockerby under the GMV Agreement may be compared to prior periods. Given the change to the Glencore processing agreement in mid-2013, comparisons to the year ended December 31, 2013 cash production costs and cash production cost per pound do not yield meaningful analysis.

Mine development

The development rates for the year ended December 31, 2014 averaged 4.4 metres per day, which were in line with expected productivity levels and consistent with the 4.4 metres per day achieved in the second half of 2013. Ramp development on the 68 level was completed early in January 2014. As part of the Lockerby Restructuring Plan, ramp development to the 69 level, and ultimately the 71 level, commenced in January 2015. As at December 31, 2014, development completed to date was adequate to enable scheduled ore production.

Mineral resource and reserve estimates

Mineral resource estimates

The current Mineral Resource estimate for the Lockerby Mine was prepared by Mr. Philip A. Vicker, P. Geo., FNI's Sudbury Geology Manager. This estimate was independently audited by Mr. Chester M. Moore, P. Eng., of Roscoe Postle Associates Inc. ("RPA"), who is the Qualified Person for the Mineral Resource estimate. The estimate conforms to the CIM Definition Standards for Mineral Resources and Mineral Reserves dated November 27, 2010 ("CIM definitions"). Results of the Resource Estimate were released on August 3, 2012 and comply with NI 43-101.

The Mineral Resource estimate for the Conwest Zone was prepared on October 10, 2008 by Mr. Bruce Churchill, P. Geo., associate consulting geologist with RPA. Former RPA consulting geologist Mr. Richard Routledge, M.Sc., P. Geo., visited the West Graham property on November 26, 2008 and was responsible for overall supervision of the assignment and preparation of the technical report filed on January 15, 2009 (Routledge, 2009). For the purposes of this report, RPA did not review the 2008 resource estimate on the Conwest Zone, but Mr. Moore has accepted the responsibility of Qualified Person for the estimate. The Indicated Mineral Resources converted to Mineral Reserves for the Lockerby Depth (LKD) Zone are listed in the following table:

Summary of Mineral Resources – June 30, 2012 First Nickel Inc. Lockerby Mine Project, Ontario						
Classification	**Cut-off Grade (%NiEq)**	**Tonnes (000's)**	**Ni %**	**Cu%**	**Co%**	**NiEq%**
Lockerby Depth Zone	1.50	1,161	2.27	1.63	0.104	3.30

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are inclusive of material converted to Mineral Reserves.
3. Mineral Resources are estimated using an average long-term nickel price of US$7.00/lb and a C$/US$ exchange rate of $0.90.
4. 1.5% NiEq cut-off grade used for the Lockerby Depth Zone Indicated Resource estimate (NiEq equals Ni grade + (0.32 X Cu grade) + (0.53 X Co grade)).
5. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
6. With the exception of a few uneconomic remnants, all of the LKD Zone Indicated Resources have been converted to Mineral Reserves.

The Mineral Resources exclusive of Mineral Reserves for the Lockerby Depth (LKD) Zone are listed in the following table:

Summary of Mineral Resources – 30 June 2012						
Zone	Cut-off Grade (%NiEq)	Tonnes (000s)	Ni%	Cu%	Co%	NiEq%
Indicated Resources						
East Zone	1.00	180	2.32	0.78	0.048	2.60
Upper West Zone Contact	0.80	100	0.87	0.77	0.042	1.14
Upper West Zone Hanging	0.80	100	1.04	0.81	0.048	1.32
Upper West Zone Footwall	0.80	50	0.95	1.82	0.049	1.56
Upper West Zone Total	**0.80**	**250**	**0.95**	**1.00**	**0.046**	**1.30**
Conwest Zone	0.30	8,550	0.45	0.31	0.010	0.55
Total Indicated		**8,980**	**0.50**	**0.34**	**0.012**	**0.61**
Inferred Resources						
Depth Zone	1.50	530	1.8	1.1	0.07	2.2
East Zone	1.00	40	2.9	0.8	0.06	3.2
Conwest Zone	0.30	2,000	0.4	0.3	0.01	0.5
Total Inferred		**2,570**	**0.7**	**0.5**	**0.02**	**0.9**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are exclusive of material converted to Mineral Reserves.
3. All resources are stated at 100% of the total. FNI has earned a 70% interest in the West Graham property.
4. Mineral Resources are estimated using an average long-term nickel price of US$7.00/lb. and a C$/US$ exchange rate of $0.90.
5. A 1.5% NiEq cut-off grade used for the Lockerby Depth Inferred Resource estimate (NiEq equals Ni grade + (0.32 X Cu grade) + (0.53 X Co grade)) rounded to the nearest 10,000 tonnes.
6. A 1.0% NiEq cut-off grade was used for the Lockerby East Resource estimate (NiEq equals Ni grade + (0.32 X Cu grade) + (0.53 X Co grade)) rounded to the nearest 10,000 tonnes.

7. A 0.8% NiEq cut-off grade was used for the Upper West Resource estimate (NiEq equals Ni grade + (0.32 X Cu grade) + (0.53 X Co grade)) rounded to the nearest 10,000 tonnes.
8. A 0.3% NiEq wireframe cut-off grade was used for the Conwest Zone Mineral Resource estimate (NiEq equals Ni grade + (0.32 X Cu grade) + (0.53 X Co grade)) rounded to the nearest 10,000 tonnes.
9. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

Mineral reserve estimates

Using the block model provided with indicated mineral resources the stope shapes were developed using the described mining dilution. Portions of the block model showing indicated mineral resources below the 1.5% NiEq cut-off grade were discarded. Material designated as ore in the underground stopes was derived from indicated mineral resources only. The economic analysis in Section 18 of the Lockerby Technical Report reflects that part of the indicated resources which were considered as probable mineral reserves.

The Probable Mineral Reserves for the LKD Zone were derived entirely from the Indicated Mineral Resource. Mining dilution and recovery factors were applied resulting in estimated Probable Reserves of 1.44 million tonnes as at January 1, 2012. This Reserve was then adjusted to reflect the estimated ore produced from LKD Zone that represented depletion from the Reserves during the period January 1, 2012 through June 30, 2012. As at July 1, 2012, Probable Mineral Reserve for the combined Lockerby Depth Zone Contact Zone and Hanging wall Zone totaled 1.37 million tonnes grading 2.21% Ni, 1.39% Cu, and 0.083% Co:

LKD Zone Probable Reserve As of July 1, 2012	
ORE TONNES	1,365,965
% Ni (Diluted)	2.21
% Cu (Diluted)	1.39
% Co (Diluted)	0.083
% S (Diluted)	19.1

This mineral reserve meets CIM definition standards for mineral reserves. There are very slight variations in tonnage and grade estimates used in detailed mine planning schedule since the life-of-mine production schedule had been based on planned tonnages and grades for specific stopes during the period April 1, 2012 through June 30, 2012 whereas actual tonnes, grades, and specific mix of stopes had minor variations from that plan. As well, the actual volumes excavated from stopes as of June 30, is an estimate only: final reconciliation of grades with the mill are not available until a later date, and the volume of ore in stockpiles and stopes is not reconciled with cavity surveys until stopes are completed. These differences are slight (typically less than two percent) and do not materially affect the Mineral reserve estimate. The following table presents ore production from the Lockerby Depth Zone since July 1, 2012:

Ore Production			
Periods	**Tonnes**	**Ni %**	**Cu%**
July 1 – December 31, 2012	110,570	2.06%	1.29%
January 1 – December 31, 2013	245,903	2.37%	1.33%
January 1 – December 31, 2014	248,532	2.45%	1.41%
Total	**605,005**	**2.35%**	**1.36%**

General and administrative

Canadian $,		For the year ended December 31, 2014		December 31, 2013
Salaries and wages	$	**2,054,749**	$	2,337,107
Share-based payments		**369,583**		557,910
Legal, accounting, consulting and other professional fees		**445,292**		702,175
Other general and administrative expenses		**1,194,103**		1,157,440
	$	**4,063,727**	$	4,754,632

General and administrative expenses for the year ended December 31, 2014 totaled $4.1 million compared to $4.8 million in the prior year. Legal, accounting and other professional fees in 2014 are lower than the comparative period in 2013, principally due to the prior-year impact of costs related to the April 2013 debt restructuring. Salaries and wages are $0.3 million lower as a result in compensation reductions enacted by the corporate office as part of 2014 cost-cutting measures.

Finance expense

Canadian $,		For the year ended December 31, 2014		December 31, 2013
Interest expense and accretion on loans and borrowings	$	**1,726,000**	$	1,902,283
Interest expense on finance lease obligations		**385,046**		421,889
Accretion expense on environmental rehabilitation provision		**69,135**		72,297
Foreign exchange gain on surety bond cash security		**(377,836)**		-
Foreign exchange loss on loans and borrowings		**3,760,622**		1,891,371
Net loss on financial instrument		**954,571**		1,668,667
Other finance charges		**1,245,160**		737,349
Total financing expense	$	**7,762,698**	$	6,693,856

Financing expense of $7.8 million in the year ended December 31, 2014 represents a $1.1 million increase from 2013, mainly due to the impact of foreign exchange, which reflects the fall of the Canadian dollar against the US dollar during the year ended December 31, 2014. The Company’s US-dollar-denominated debt generated a loss of $3.8 million on retranslations in 2014, compared to a loss of $1.9 million in the prior-year period. This impact is partially offset by a $0.4 million gain on restricted cash held in U.S. dollars relating to the Company’s environmental rehabilitation provision and a $0.7 million reduction in the loss on the RCF IV convertible loan.

All of the Company’s debt obligations are denominated in US dollars and are presented on the statement of financial position translated to Canadian dollars at current exchange rates as at the reporting date. If the Canadian dollar appreciates or depreciates against the US dollar, foreign-exchange gains or losses are realized in the statement of comprehensive loss. During the year ended December 31, 2014, the Canadian dollar devalued by approximately 9% versus the US dollar whereas, during the comparative period in 2013, the Canadian dollar appreciated by approximately 7%. The price effect of changes in US-Canadian dollar exchange rates was magnified by the volume effect of higher average debt outstanding in 2014, which was approximately US$11.5 million higher than the average debt outstanding in 2013, contributing to the total $1.9 million increase in foreign exchange losses during 2014.

The net loss on financial instrument of $1.0 million in 2014 mainly reflects accretion of the RCF IV convertible loan partly offset by a decrease in the value of the equity component of the loan. The equity component of the convertible loan is marked-to-market each reporting period using the Black-Scholes model, and the $0.8 million decrease in the fair value of the equity component resulted from the convertible loan nearing the end of its March 2015 term. The $0.8 million decrease included in net loss on financial instrument is net against $1.8 million in accretion of the RCF IV convertible loan in 2014.

Exploration properties

Carrying values in Canadian $, as at		**December 31, 2014**		December 31, 2013
West Graham	**$**	**20,000**	$	20,000
Lockerby South		**44,000**		44,000
Link		**95,000**		95,000
	$	**159,000**	$	159,000

The Company's exploration strategy is focused on base metals and is guided by the objectives of increasing resources and reserves in conjunction with the development and/or acquisition of quality projects, resulting in multiple mining operations. Due to the volatility in nickel prices seen through 2014, the Company has not incurred any significant exploration expenditures on its greenfield exploration properties since the first quarter of 2013, although the Company plans to recommence exploration in 2015 as described in the section '2015 Lockerby Restructuring Plan'.

SUMMARY OF QUARTERLY RESULTS

Canadian $ *For the three months ended, excluding total assets*	**Dec. 31 2014**	Sept. 30 2014	June. 30 2014	Mar. 31 2014	Dec. 31 2013	Sept. 30 2013	June. 30 2013	Mar. 31 2013
Net loss	**$ (7,598,060)**	$ (2,978,630)	$ (874,273)	$ (9,254,003)	$ (5,172,347)	$ (33,004,871)	$ (16,545,989)	$ (895,415)
Loss per share - basic and diluted	**(0.01)**	(0.01)	(0.00)	(0.01)	(0.01)	(0.05)	(0.03)	(0.00)
Total assets	**58,502,466**	62,781,861	63,283,344	67,282,738	68,425,965	62,273,854	93,539,481	107,729,851
Cash provided by (used in) operating activities	**5,568,699**	1,627,001	2,339,810	(1,359,753)	1,117,099	(4,110,037)	2,467,567	(4,036,880)
Cash from operating activities before changes in working capital	**3,107,167**	3,118,973	3,237,231	(1,847,579)	2,191,409	(2,147,602)	(5,535,871)	3,218,650

The second quarter of 2013 included an expense of $5.1 million as a result of debt restructuring. The third quarter of 2013 included an impairment charge to mining properties of $23.4 million and an impairment charge to exploration properties of $4.4 million.

OUTLOOK FOR 2015

The Company's outlook for 2015, released on January 27, 2015, is detailed in the table below as is driven by the Lockerby Restructuring Plan (discussed above in the section "Business Overview - 2015 Lockerby Restructuring Plan").

Canadian $, except metal pounds	***2015***
Contained nickel lbs (millions)	12.7 - 13.5
Contained copper lbs (millions)	6.9 - 7.4
GMV net payable nickel lbs (millions)	6.4 - 6.8
GMV net payable copper lbs (millions)	3.5 - 3.7
Mine site operating costs (millions)[1]	$40.0 - $45.0
Cash production cost per GMV-net pound of nickel shipped[2]	$3.50 - $4.50
Capital expenditures (millions)	$6.5

[1] Mine site operating costs is reflected as "Cost of Sales" in the Financial Statement of Comprehensive Loss.

[2] For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*".

Assumption: Cu per lb. US$3.30, CAD/USD 1.2:1

The cash production costs metric is calculated by subtracting GMV-settled by-product credits from mine site operating costs. The cash production costs per GMV-net pound of nickel shipped metric is calculated by dividing cash production costs by per GMV-net pound of nickel shipped (which are based on contained pounds shipped multiplied by the GMV percentage for the period, which is based on the average nickel grade of ore sold in the period, as specified by the GMV Agreement).

General and administrative expenses and exploration expenditures

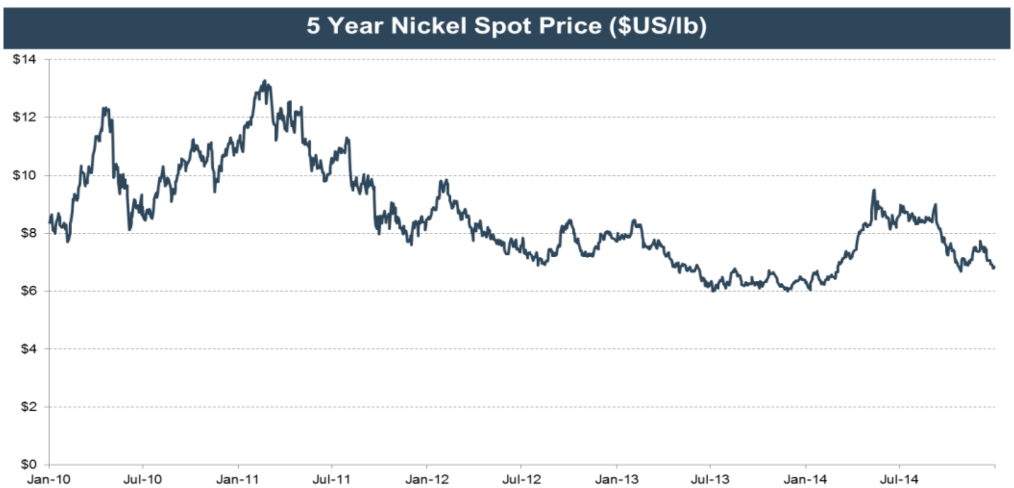
General and administrative expenses (excluding share-based compensation) and exploration expenditures are projected to be approximately $3.6 million and $0.9 million, respectively, in 2015. The increase in expected exploration expenditures is a result of the restart of exploration diamond drilling at Lockerby as part of the Lockerby Restructuring Plan.

Growth and strategy

FNI's growth strategy is to expand its current portfolio of mining operations with a view to building an intermediate base-metals producer by:

- Actively pursuing producing assets in the base-metal market;
- Identifying potential late-stage exploration and development-ready projects; and
- Advancing its existing producing property.

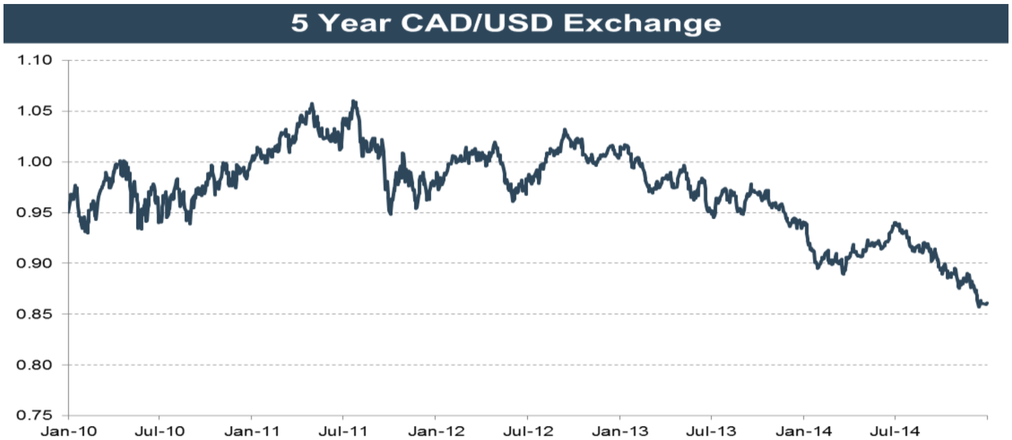
Metal prices



During the year ended December 31, 2014, the nickel price averaged US$7.66 per pound, ranging from a low of US$6.03 per pound to a high of US$9.51 per pound. As of March 24, 2015, the nickel spot price was US$6.31 per pound.

During the year ended December 31, 2014, the copper price averaged US$3.11 per pound, ranging from a low of US$2.89 per pound to a high of US$3.36 per pound. As of March 24, 2015, the copper spot price was US$2.79 per pound.

Exchange rate



During the year ended December 31, 2014, the average Canadian dollar exchange rate was $0.9057, ranging from a low of $0.8570 to a high of $0.9406 to one US dollar. The Canadian dollar closed at $0.8605 to the US dollar on December 31, 2014. As of March 24, 2015, the Canadian dollar exchange rate was $0.7999 to one US dollar.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had $5.9 million in cash. This balance represents a net increase of $2.3 million since December 31, 2013. The Company finances its operations through a combination of operating cash flows, short-term and long-term debt, and, when possible, through the issuance of shares. The Company primarily uses credit facilities, along with funds generated from operating activities to fund operational expenses, sustaining and development capital spending, and interest and principal payments on its loans and borrowings. While the Company has cash balances and cash flow from sales, these may not be sufficient to fund the Company's planned capital investment program and working capital requirements. The Company is therefore subject to liquidity risk, the risk that the Company will not be able to meet its financial obligations as they fall due. The Company continuously monitors and reviews its actual and forecasted cash flows and manages liquidity risk by maintaining adequate cash and cash equivalents, by utilizing term loans and by monitoring developments in the capital markets.

The Company's financial obligations consist of accounts payable and accrued liabilities, loans and borrowings, and finance lease obligations. The carrying value of the accounts payable and accrued liabilities balance approximates fair value as they are short term in nature. Loans and borrowings were reduced and extended as part of March 2015 debt restructuring. The carrying value of the finance lease obligations approximates fair value as the leases are generally short term in nature. In addition to financial liabilities, the Company has a $6.9 million environmental rehabilitation provision estimate that the Company is planning to settle over the period of 2017 to 2019. The following table provides a summary of liquidity commitments as at December 31, 2014:

Canadian $, as at December 31, 2014	**Total**	**Due within 1 year**	**Due between 1-2 years**	**Due between 2-5 years**
Accounts payable and accrued liabilities	$ 10,124,142	$ 10,124,142	$ -	$ -
Loans and borrowings[1]	43,172,406	43,172,406	-	-
Finance lease obligations	3,050,515	2,798,552	251,963	-
Environmental rehabilitation provision[2]	6,904,693	-	-	6,904,693
	$ 63,251,756	$ 56,095,100	$ 251,963	$ 6,904,693

[1] The US$10.0 million convertible loan is shown translated to Canadian dollars at an exchange rate of US$1 = C$1.1776, the fixed exchange rate stipulated in the loan agreement.

[2] The Company has restricted cash in the amount of $2.7 million and has posted a surety bond in the amount of $5.9 million in favour of the Ontario Ministry of Northern Development, Mines and Forestry to act as financial assurance for the Company's Mine Closure Plan and related liabilities and obligations in respect of Lockerby.

At December 31, 2014, the Company had a working capital deficit of $37.8 million compared to positive working capital of $3.5 million as at December 31, 2013. The working capital deficit as at December 31, 2014 is caused by the Company's loan and borrowing obligations, which were set to mature in March 2015 and were presented within current liabilities, prior to the debt restructuring that was finalized subsequent to December 31, 2014. Key components of the working capital deficit at December 31, 2014 included:

- *Amounts receivable* - $10.4 million, including $10.2 million accounts receivable from Glencore that will be collected in the first quarter of 2015. The Company anticipates that the remaining $0.2 million of amounts receivable will be collected in the first half of 2015.

- *Inventories* - $1.1 million, a decrease from $1.5 million held at December 31, 2013, primarily a result of the timing of ore shipments to Glencore.

- *Accounts payable and accrued liabilities* - $10.1 million, consistent with the $10.2 million outstanding balance at December 31, 2013. The balance consists of $3.7 million of trade liabilities, compared to $5.0 million at December 31, 2013. In 2014, a concerted effort was made to ensure that normal payment terms of 30 days was maintained, which contributed to the 26% decrease in outstanding trade liabilities. The 2014 balance included an HST payable of $1.0 million (nil at December 31, 2013), $0.7 million of which was paid in the first quarter of 2015 and the remainder expected to be paid early in the second quarter of $0.3 million.

- *Loans and borrowings* - $42.9 million current loans and borrowings at December 31, 2014, an increase from $33.0 million non-current loans and borrowings at December 31, 2013. The balance consists of US$17.4 million outstanding under the BNS credit facility, terms loans due to RCF and West Face of US$5.0 million each and US$9.5 million relating to the debt portion of the RCF IV convertible loan. The remaining balance relates to the equity portion of the RCF IV convertible loan, $0.1 million, and foreign exchange from the U.S. dollar to Canadian dollar conversion at December 31, 2014, $5.9 million. As part of debt restructuring finalized in March 2015, the outstanding debt was reduced from US$37.4 million to US$28.0 million while the loan terms were extended from March 2015 to December 2016. If this would have occurred at December 31, 2014, the loans and borrowings after debt restructuring[3] would be $32.5 million and included in the non-current section of the Company's balance sheet:

Canadian $, as at		December 31, 2014
Total loans and borrowings	**$**	**42,865,435**
Increase in RCF V term loan		**12,181,050**
Increase in West Face term loan		**8,700,750**
Conversion of RCF IV convertible loan		**(11,089,913)**
Repayment of BNS credit facility		**(20,174,522)**
Loans and borrowings after debt restructuring	**$**	**32,482,800**

Estimated Working Capital Requirements 2015

Minimum projected costs to maintain operations are about $40.0 million per annum. Minimum general and administrative, financing and exploration cash costs to maintain the requirements for a listed company are projected to be approximately $4.5 million per year in 2015, net of $0.1 million of non-cash share-based compensation expense. Excluding interest payments expected to be settled by the issuance of common shares, minimum working capital requirements are estimated to $44.6 million per year. Capital expenditures are projected to be $6.5 million in 2015 as the Corporation deepens to the 71 level of the Lockerby Mine. See the 'Outlook for 2015' section for further details.

[3] For additional information, see section "*Non-GAAP and Additional GAAP Financial Measures*".

Operating costs	$	40,000,000
General and administrative		3,620,000
Exploration expenditures		900,000
Cash interest and financing costs		100,000
Capital expenditures		6,500,000
	$	51,120,000

The Company's financial strategy is designed to maintain a capital structure consistent with the objective of growing production and expanding its resources and reserves and to respond to changes in economic conditions. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

Sources and uses of cash

The Company's cash flows from operating, investing and financing activities are summarized in the following table:

	For the year ended			
Canadian $,		**December 31, 2014**		December 31, 2013
Cash from operating activities before working capital adjustments[1]	**$**	**7,615,793**	$	(2,273,414)
Changes in working capital		**559,964**		(2,288,837)
Cash provided by (used in) operations	**$**	**8,175,757**	$	(4,562,251)
Cash provided by financing		**3,109,995**		16,498,823
Cash used in investing		**(9,012,895)**		(13,092,219)
Increase (decrease) in cash and cash equivalents	**$**	**2,272,857**	$	(1,155,647)

The significant items affecting the sources and uses of cash are described below:

Operating activities

The Company had a positive cash flow of $5.6 million and $8.2 million from its operating activities in the fourth quarter and for the year ended December 31, 2014, respectively. In the fourth quarter, a $4.3 million contribution from production (revenue net of cost of sales excluding depreciation) and $2.5 million generated from a change in net working capital was used primarily to fund G&A expenses and $0.6 million of interest on loans and finance lease obligations. In the year ended December 31, 2014, a $13.6 million contribution from production and $0.6 million generated from a change in net working capital was used primarily to fund G&A expenses and $2.1 million of interest on loans and finance lease obligations.

Financing activities

In the fourth quarter of 2014, the $0.5 million in cash used by financing activities reflects payments towards the Company's finance leases. In the year ended December 31, 2014 cash provided by financing activities reflects $4.9 million in additional draws on the BNS credit facility partially offset by the $1.8 million relating to repayment of principal under finance leases. A detailed description of the terms of BNS credit facility is provided in Note 11 of the Company's audited financial statements for the year ended December 31, 2014.

Investing activities

The Company invested $2.1 million and $9.0 million in mine properties and development during the three months and year ended December 31, 2014, respectively. These investments were all at Lockerby and largely consisted of underground lateral development and associated infrastructure.

Common shares

	Exercise Price	March 24, 2015
Common shares	n/a	1,325,313,591
Stock options	$0.05 - $0.20	23,009,500
Share purchase w arrants	$0.02 - $0.22	540,155,986
		1,888,479,077

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING PRONOUNCEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised. However, actual outcomes can differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date, that could result in a material adjustment, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant judgements in applying accounting policies

a) Impairment indicator analysis

Non-financial assets are tested for impairment when events or change in circumstances indicate that the carrying amount may be not recoverable. This determination requires significant judgement. Factors which could trigger an impairment review for the Corporation's Lockerby mine includes, but are not limited to, significant negative industry or economic trends, and current, historical or projected losses that demonstrate continuing losses. For the Corporation's exploration and evaluation assets, factors which could indicate an impairment review include, but are not limited to: substantive expenditure or further exploration and evaluation activities are neither budgeted nor planned, the lack of discovery of commercially viable quantities of mineral resources and a decision to discontinue exploration, or other data indicating that the carrying amount of the asset is unlikely to be recovered in full from successful development or sale.

b) Functional currency

The determination of the Corporation's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Corporation to apply significant judgement since primary and secondary factors may be mixed. In determining its functional currency the Corporation analyzed both the primary and secondary factors, including the currency of the Corporation's revenues, operating costs and sources of financing.

c) Lease classification

The classification of a lease is dependent on the substance of the transaction, specifically to where risks and rewards incidental to ownership of the leased asset lie. The Corporation is required to use significant judgement in analyzing these leases, as the contracts are often complex, with a mix of operating and finance lease indicators. The Corporation analyzes each lease independently, considering various factors such as whether there is a bargain purchase option included in the lease, the economic life of the asset when compared to the term of the lease, and the minimum lease payments when compared to the fair value of the leased asset.

d) Income taxes

The Corporation calculates deferred income taxes based upon temporary differences between assets and liabilities that are reported in its financial statements and their tax bases as determined under applicable tax legislation. The Corporation records deferred income tax assets when it determines that it is probable that such assets will be realized. The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable sales prices, production rates and production costs and can either be increased or decreased where, in the view of management, such change is warranted.

Significant accounting estimates and assumptions

a) Revenue

Under the GMV Agreement, the provisional pricing initially recorded for the metals may differ from the actual market price on the settlement date due to the changes in commodity prices and foreign exchange rates. Subsequent variations in price are recognized as revenue adjustments as they occur, until the price is finalized. As a result, revenue includes estimated prices for sales in the period, as well as pricing adjustments for sales that occurred in previous periods. These types of adjustments can have a significant impact on revenues.

b) Environmental rehabilitation obligation

The Corporation assesses its provision for reclamation and remediation on a quarterly basis or when new material information becomes available. The Corporation's operations are subject to environmental laws and regulations in Canada. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Corporation will incur to complete the reclamation and remediation work required to comply with the laws and regulations. The estimates are dependent on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect current market assessment of time value for money and the risk specific to the obligation. The Corporation also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral reserves. Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently estimated by management.

c) Property, plant and equipment

Property, plant and equipment is the largest component of the Corporation's assets and, as such, the capitalization of costs, determination of estimated recoverable amounts and the depreciation of these assets have a significant impact on the Corporation's financial results.

Certain assets are depreciated using the units-of-production basis, which involves the estimation of recoverable reserves in determining the depreciation rates of these assets. Each item's life is assessed annually for both its physical life limitations and the economic recoverable reserves of the property at which the asset is located.

d) Mineral reserves

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Corporation's mining properties. Reserve estimates are an integral component in the determination of the commercial viability of a site, depletion amounts charged to cost of sales and impairment analyses.

In calculating reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, production decline rates, metallurgical recovery rates, production costs, commodity demand, commodity prices and foreign currency exchange rates. In addition, future changes in regulatory environments, including government levies or changes in the Corporation's rights to exploit the resource, imposed over the producing life of the reserves, may also significantly impact estimates. Mineral reserve estimates are based on information compiled by or under the supervision of a Qualified Person, as defined under National Instrument 43-101, Standards of Disclosure for Mineral Projects within Canada.

RECENT ACCOUNTING PRONOUNCEMENTS

Changes in accounting policies

IAS 32 - Financial Instruments: Presentation ("IAS 32") was amended by the International Accounting Standards Board ("IASB") in December 2011 and is effective for annual periods beginning on or after January 1, 2014. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 did not have any impact on the Company's financial statements.

IFRIC 21 - Levies ("IFRIC 21"), effective for annual periods beginning on or after January 1, 2014, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. There was no impact on the Company's financial statements upon adoption of IFRIC 21 on January 1, 2014.

Recent accounting pronouncements

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB in May 2014. The standard replaces *IAS 11 - Construction Contracts*, *IAS 18 - Revenue*, *IFRIC 13 - Customer Loyalty Programmes*, *IFRIC 15 - Agreements for the Construction of Real Estate*, *IFRIC 18 - Transfer of Assets from Customers* and *SIC 31 - Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its financial statements.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in July 2014. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments. IFRS 9 also includes a substantially reformed approach to hedge accounting. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

The President and Chief Executive Officer ("CEO") and Vice President and Chief Financial Officer ("CFO") are responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Company's filings under securities legislation is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding public disclosure. They are designed to provide reasonable assurance that all information required to be disclosed in these filings is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Company regularly reviews its disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in cost-effective control systems to prevent or detect all misstatements due to error or fraud.

Management, including the CEO and the CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2014. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as at December 31, 2014.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). The Company uses the Internal Controls – Integrated Framework published by the Commission of Sponsoring Organizations of the Treadway Commission ("COSO") to design its ICFR. The Company's ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with applicable IFRS. ICFR should include those policies and procedures that establish the following:

- Maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Reasonable assurance that transactions are recorded as necessary to permit the preparation of financial reports in accordance with applicable IFRS;
- Receipts and expenditures are only made in accordance with authorizations of management and the Board of Directors; and
- Reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial reports.

Because of its inherent limitations, the Company's ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial report preparation and presentation.

Under the supervision and with the participation of the CEO and the CFO, management has used the criteria established by COSO to evaluate the effectiveness of the Corporation's internal controls over financial reporting. Based on this evaluation, management has concluded that, as at December, 31, 2014, the Corporation's internal controls over financial reporting were effective.

Changes in ICFR

National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings requires public companies in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. There have been no changes to the Company's ICFR during the three-month period ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, its ICFR.

TRANSACTIONS WITH RELATED PARTIES

According to IFRS, parties are considered to be related if one party has the ability to control (financially or by share capital) the other party or have significant influence on the other party in making financial, commercial and operational decisions. The Company's finance department assesses transactions to determine whether any meet the definition of related party transactions and work together to compose a list of potential related parties. The related party transactions during the year corresponded to the normal course of operations and were measured at fair value, which is the amount of consideration established and agreed to by the related parties and which, in the opinion of management, are considered similar to those negotiable with third parties.

In 2013, the Company had a convertible loan from and entered into a term loan with Resource Capital Fund ("RCF") and a term loan with West Face. RCF and West Face had also guaranteed the Company's BNS credit facility by letters of credit on a pro-rata basis. The Corporation issued 45,818,074 common shares in payment of $1,157,323 in interest and utilization fees to RCF during the year ended December 31, 2014 (2013 - 46,144,683 common shares issued for $1,126,132 in interest payable, in addition to 37,959,127 shares issued in connection with the April 2013 debt restructuring, including letter of credit extensions and the prepayment of term loan interest). The Corporation issued 6,554,005 common shares to West Face in payment of $153,894 in fees for the utilization of letters of credit in the year ended December 31, 2014 (2013 – issued 4,187,281 common shares for interest of $104,518 payable, in addition to 24,613,094 shares as part of the 2013 debt restructuring and prepayment of a term loan). As at December 31, 2014, RCF and West Face each owned more than 20% of the issued and outstanding common shares of the Company, which ownership percentage increased following the March 2015 debt restructuring.

RISKS AND UNCERTAINTIES

Exploration, development and production of mineral resource assets involve numerous inherent risks as a result of the economic conditions in the various areas of operation. As such, the Corporation is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Corporation assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

The aforementioned risks and uncertainties include:

- Commercial nickel deposits;
- Uncertainty in mineral resource and mineral reserve estimates;
- Changes in nickel prices;
- Production estimates;
- Increases in capital and operating cost estimates;
- Exploration for and development of mineral projects;
- History of losses;
- Liquidity risk;
- Fair value risk;
- Foreign exchange rates;
- Mining risks and hazards;
- Intense competition;
- Single purchaser of Lockerby mine production;
- Independent contractors;
- Additional capital;
- Dilution;
- Dependence on key executives;
- Significant regulation;
- Compliance with laws;
- Uninsurable risks;
- Environmental and safety regulations and risks;
- Mineral titles;
- First nations;
- Absence of dividends;
- Potential volatility of market price of common shares; and
- Sale of substantial amounts of common shares may have an adverse effect on the market price of the common shares and significant shareholders.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Corporation is currently unaware or which it considers not to be material in relation to the Corporation's business actually occur, the Corporation's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Corporation's securities could decline and investors may lose all or part of their investment.

Readers are encouraged to read and consider the risk factors more specifically described in the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2014. Such risk factors could materially affect the future operating results of the Corporation and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation.

CORPORATE GOVERNANCE

The Company's Board of Directors follows widely accepted corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the unaudited condensed interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three independent directors, meets with management and the external auditors of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

NON-GAAP AND ADDITIONAL GAAP FINANCIAL MEASURES

Non-GAAP measures

Total cash production costs, cash production cost per pound of nickel shipped (Original Agreement) cash production cost per GMV-net pound of nickel shipped and loans and borrowings after debt restructuring are non-GAAP financial measures that do not have a standardized meaning under IFRS and, as a result, may not be comparable to similar measures presented by other companies. Management uses these statistics to monitor operating costs and profitability, and believes that certain investors use this information to evaluate the Company's performance and ability to generate cash flow in addition to conventional IFRS measures. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company reported cash production costs per pound of nickel (Original Agreement) through June 30, 2013. The Company reported cash production costs per GMV-net pound of nickel shipped, subsequent to June 30, 2013. Total cash production costs under the Original Agreement with Glencore include mining costs, treatment costs, equipment operating lease costs, mine site general and administration costs, environmental costs, transportation costs, and refining costs of concentrate, less by-product revenue, forward sales gains and losses, and quantity and price adjustments from sales of copper, cobalt, and PGE's. The cash production cost per pound of nickel shipped under the Original Agreement with Glencore is the total cash production costs net of by-product revenue, by-product forward sales gains and losses, and quantity and price adjustments relating to the sale of by-products divided by pounds of payable nickel produced, under the Original Agreement. Total cash production costs under the GMV Agreement with Glencore include cost of sales less by-product revenue on a GMV-net payable basis, forward sales gains and losses, and price adjustments from sales of copper, cobalt and PGE's. The cash production cost per GMV-net pound nickel shipped under the GMV Agreement with Glencore is the total cash production costs divided by pounds of GMV-net payable of nickel shipped, under the GMV Agreement. Loans and borrowings after debt restructuring calculates the March 2015 debt restructuring (section "Business Overview – Debt restructuring") as if it had occurred as at December 31, 2014.

Additional GAAP measures

The Company has included the following additional GAAP measures in the MD&A: cash flow provided by (used in) operating activities before working capital adjustments and nickel – average-realized price. The additional cash flow measure provides useful information to investors about the Company's performance and its ability to generate cash flow in addition to the conventional cash flow from operations IFRS measure. The average-realized price of nickel provides investors further context when analyzing the Company's nickel revenue.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may contain forward-looking information about FNI. Forward-looking information can often be identified by the use of forward-looking terminology such as "anticipate", "believe", "continue", "budget", "forecast", "estimate", "schedule", "expect", "goal", "intend", "target", "potential", "objective", "may", "plan" or "will" or the negative thereof or variations thereon or similar terminology. Forward-looking information may include, but is not limited to: the continued operation of Lockerby; expectations of obtaining financing in the near term; future financial or operating performance of the Company and its projects; the future price of metals; the long term supply and demand for nickel; continuation of exploration activities; mineral reserve and mineral resource estimates; the realization of mineral resource estimates; costs of production and key supplies; capital, operating and exploration expenditures; forecasts of sales and production; costs and timing of the development of new and existing deposits; costs and timing of future exploration; the requirements for additional capital; government regulation of mining operations; environmental risks, reclamation expenses and/or title disputes or claims.

By its nature, forward-looking information is based on certain factors and assumptions which involve known and unknown risks, uncertainties and other factors which may cause the actual results, realization of mineral resources, performance or achievements of the Company, financial position or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the following: risks and uncertainties relating to commercial nickel deposits; uncertainty in mineral resource and mineral reserve estimates; uncertainty of production estimates; potential increases in capital and operating cost estimates; actual results of exploration and development of the Company's mineral projects; the Company's history of losses; changes in nickel and other metal prices in a manner unfavourable to the Company; foreign exchange rate fluctuations; risks and hazards inherent to the mining industry; intense competition; risk relating to the Company having one purchaser of metals from Lockerby; the requirement for additional capital; the potential for significant dilution to existing shareholders; risks relating to our reliance on key executives; risks regarding significant regulation of the mining industry; compliance with laws; the potential for certain risks to be uninsurable; environmental and safety regulations and risks; potential claims against title to our mineral properties; risks regarding First Nations; the Company's lack of dividend history; potential volatility of the market price of FNI's common shares; and the potential for significant sales of the Company's common shares.

The Company has made several assumptions that it believes appropriate, and these include but are not limited to: the resumption of operations at Lockerby and the continued operation thereof on terms consistent with management expectations; expectations of obtaining financing in the near term; future financial or operating performance of the Company and its projects; the future price of metals being consistent with management expectations; the long term supply and demand for nickel; continuation of exploration activities; mineral reserve and mineral resource estimates; the realization of mineral resource estimates; costs of production and key supplies; capital, operating and exploration expenditures; forecasts of sales and production; costs and timing of the development of new and existing deposits; costs and timing of future exploration; the requirements for additional capital; government regulation of mining operations; environmental risks, reclamation expenses and/or title disputes or claims.

Accordingly, actual events may differ materially from those implied by any forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information, which speak only as of the date the statements were made and readers are also advised to consider such forward-looking information while considering the risk factors set forth herein under the heading "Risks and Uncertainties" and under the heading "Risk Factors" in the Company's AIF for the year ended December 31, 2014. The Company disclaims any intention or obligation to publicly update or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

QUALIFIED PERSON

Scientific and technical information contained in this MD&A has been prepared under the supervision of, or reviewed and approved by Paul C. Davis, P.Geo., Vice-President Exploration of the Company. Mr. Davis is a "Qualified Person" within the meaning of NI 43-101.

The Company follows rigorous quality control practices and procedures in full compliance of NI 43-101, and these are described on the Company's website and in all technical press releases.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is provided in the Corporation's financial statements for the year ended December 31, 2014, it's AIF for the year ended December 31, 2014 and its most recently filed Management Information Circular. These and other documents relating to the Corporation are available on SEDAR at **www.sedar.com** and the Corporation's website at **www.fnimining.com**.