First Nickel Reports Financial and Operating Results for the Three and Nine Month Periods Ended September 30, 2014

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TORONTO, ONTARIO--(Marketwired - Nov 10, 2014) - First Nickel Inc. ("FNI" or the "Company") (TSX:FNI) announces its results for the three and nine months ended September 30, 2014. The Company's unaudited condensed interim financial statements ("financial statements") and management's discussion and analysis ("MD&A") for the period have been filed on SEDAR and will be available at www.sedar.com and on the Company's website at www.fnimining.com. This news release should be read in conjunction with the Company's financial statements and MD&A for the period ended September 30, 2014. This news release contains forward-looking information that is subject to the risks and assumptions set out in our cautionary statement on forward-looking information, which is located at the end of this news release. (All dollar amounts herein are in Canadian funds unless otherwise indicated.)

KEY DETAILS - THIRD QUARTER OF 2014

- **Production:** The Lockerby Mine produced 3.3 million pounds of contained nickel and 2.0 million pounds of contained copper during the three months ended September 30, 2014 and 9.2 million pounds of contained nickel and 5.3 million pounds of contained copper for the first nine months of the year.
- **Revenue:** Revenue for the three and nine months ended September 30, 2014 was $20.3 million and $58.6 million, respectively.
- **Total cash production costs[1]:** Total cash production costs were $10.7 million and $35.8 million for the three and nine months ended September 30, 2014, or $6.29 (US$5.77) and $7.36 (US$6.73) per GMV-net pound of nickel produced, respectively.
- **Operating cash flow before working capital adjustments[1]** was $3.1 million and $4.5 million for the three and nine months ended September 30, 2014, respectively.
- **Development:** Lateral development totaled 399 metres and 1,427 metres for the three and nine months ended September 30, 2014, respectively.
- **Net loss:** The Company had a net loss of $3.0 million and $13.1 million for the three and nine months ended September 30, 2014, respectively.
- **Liquidity:** At September 30, 2014, the unrestricted cash balance was $3.0 million.
- The Company's **debt facilities** will mature in March 2015, creating a current-account deficit on the balance sheet at September 30, 2014. The Company's revolving credit facility with the Bank of Nova Scotia, which represents US$17.5 million of the Company's debt at September 30, 2014, is structured such that, if it is not repaid upon maturity, the amount outstanding would be converted to a shareholder term loan payable to RCF V and West Face on a pro-rata basis, maturing on March 31, 2016. As at November 10, 2014, the Company is discussing terms with its principal shareholders for the refinancing or extension of the debt before its maturity.

Summary of Financial and Operating Results

In the three months ended September 30, 2014, the Company reported revenue of $20.3 million, total cash production costs of $10.7 million and a net loss of $3.0 million. The Company reported revenue of $58.6 million, total cash production costs of $35.8 million and a net loss of $13.1 million for the nine months ended September 30, 2014.

Under the Company's gross-metal-value ("GMV") ore-processing agreement with Glencore Canada Corporation ("Glencore") (the "GMV Agreement"), the Company is paid for accountable gross metal value, which is determined based on the value of the metals contained in the ore delivered. There are no specifically-identified processing costs under the GMV Agreement given that the specified GMV percentage results in revenues that are paid and recorded net of processing costs. The GMV Agreement was adopted effective July 1, 2013, and the predecessor agreement (the "Original Agreement") required different accounting for revenues and cost of sales, which affects the comparability of certain financial statement elements between the nine months ended September 30, 2014 to the same period in 2013. All things being equal, the accounting in the current period under the GMV Agreement would result in lower revenue, lower cost of sales and lower by-product revenue than prior-period accounting under the Original Agreement.

1 Total cash production costs, cash production cost per GMV-net pound of nickel produced and cash flow provided by (used in) operating activities before working capital adjustments are non-GAAP and additional GAAP financial measures, none of which have standardized definitions under IFRS. See pages 10 and 20 of the Company's Q3 2014 MD&A for further details.

The following table presents the unaudited statements of comprehensive loss for the three and nine months ended September 30, 2014:

	For the three months ended		For the nine months ended	
Canadian $, except for share and per-share amounts,	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenue				
Revenue	$ 20,261,951	$ 12,302,948	$ 58,563,553	$ 54,063,039
Cost of sales				
Cost of sales	15,761,915	12,617,617	49,220,061	52,825,979
Depreciation	5,039,496	3,794,242	14,091,717	10,586,163
Impairment charges	-	23,352,776	-	23,352,776
Total cost of sales	20,801,411	39,764,635	63,311,778	86,764,918
Loss from mine operations	(539,460)	(27,461,687)	(4,748,225)	(32,701,879)
General and administrative	1,028,367	1,084,519	3,194,334	3,629,068
Exploration and evaluation	81,897	222,235	327,648	530,560
Impairment of mineral properties	-	4,427,529	-	4,427,529
Loss on disposal of mobile equipment	-	-	-	685,319
Loss on extinguishment of debt	-	28,634	-	5,085,990
Other income	(587,948)	-	(676,737)	-
Loss from operations	(1,061,776)	(33,224,604)	(7,593,470)	(47,060,345)
Finance expense (income)	1,916,854	(219,733)	5,513,436	3,385,930
Loss before taxes	(2,978,630)	(33,004,871)	(13,106,906)	(50,446,275)
Income & mining taxes	-	-	-	-
Net loss and comprehensive loss	$ (2,978,630)	$ (33,004,871)	$ (13,106,906)	$ (50,446,275)
Loss per share - basic and diluted	$ (0.01)	$ (0.05)	$ (0.02)	$ (0.09)
Weighted average number of common shares outstanding - basic	664,174,825	607,669,686	661,750,789	578,090,529

Lockerby Mine Operating Results

Safety, Health & Environment

The Company's directors, management, employees and contractors continue to place the highest priority on safety, health, and the environment. The Lockerby Mine had no lost-time or medical-aid incidents during the three months ended September 30, 2014. There were three lost-time incidents during the nine months ended September 30, 2014, including the May 6th accident, and seven medical-aid incidents.

On May 6, 2014, an accident occurred at the Lockerby Mine 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 Ontario Ministry of Labour ("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 reenter 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.

Production

Monthly production is based on the quantity of ore hoisted to surface and the average associated grade of nickel and other contained metals, which is established by an agreed-upon third-party laboratory.

In the three and nine months ended September 30, 2014, the Lockerby Mine produced 3.3 million pounds and 9.2 million pounds of contained nickel and 2.0 million pounds and 5.3 million pounds of contained copper, respectively. Contained- nickel production in the third quarter of 2014 is above the third quarter of 2013 by 9% reflecting a 12% increase in average nickel head grades mined during the period, partly offset by a 2% decrease in ore tonnes produced.

Production of 3.3 million contained nickel pounds during the three months ended September 30, 2014 represents a 9% increase in nickel production over the second quarter, reflecting higher average nickel grades (by 10%), partially offset by 1% fewer tonnes produced. Despite the upward production trend during the first three quarters of 2014 and the release of the 65-2 level for underground mining operations on July 18, 2014, production in the third quarter was lower than budgeted. Development under backfill is a key element of the Lockerby mine plan and stoping method, providing the production blast-hole drilling sill for stoping. After the May 6th accident, this stoping method was halted while an investigation was conducted, evaluating mining methods and assessing ground support standards. In the interim, an alternate stoping method was utilized, involving the drilling of upward-oriented blast 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. Production drilling from bottom-sill-drilled stopes was required for three of the four stopes producing during the third quarter. Development under backfill was restarted on July 24, after a 78-day suspension of a key stope development activity. With the restart of development under fill, production for the fourth quarter of 2014 will be less dependent on stopes drilled from the bottom sill.

Nickel production in the final quarter of 2014 is expected to be higher than the average of the first three quarters of the year as the Company has resumed a stope extraction sequence that is expected to maintain steady production. However, as a result of lower production levels earlier in the year, production of nickel in 2014 is expected to be at the lower end of the guidance range for 2014 (see the "Outlook for 2014" section).

The Lockerby Mine produced 58,418 tonnes and 173,340 tonnes of ore in the three and nine months ended September 30, 2014, respectively, producing approximately 1.7 million pounds and 4.9 million pounds of GMV-net payable nickel, at average head grades of 2.60% Ni and 2.41% Ni, respectively. In the same periods, Lockerby produced approximately 1.0 million pounds and 2.8 million pounds of GMV-net payable copper at average head grades of 1.54% Cu and 1.39% Cu, respectively.

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Tonnes of ore produced	58,418	59,643	173,340	175,471
Production				
Contained nickel (pounds)	3,347,719	3,059,052	9,199,485	9,046,810
Payable nickel (pounds) - Original Agreement (ended June 30,2013)	-	-	-	4,513,199
Net payable nickel (pounds) - GMV agreement (from July 1, 2013)	1,706,447	1,530,784	4,868,253	1,530,784
Nickel head grade	2.60 %	2.33 %	2.41 %	2.36 %
Contained copper (pounds)	1,982,766	1,691,837	5,296,316	5,405,993
Payable copper (pounds) - Original Agreement (ended June 30,2013)	-	-	-	3,367,544
Net payable copper (pounds) - GMV agreement (from July 1, 2013)	1,012,221	802,636	2,778,446	802,636
Copper head grade	1.54 %	1.29 %	1.39 %	1.41 %
Tonnes of ore shipped	58,115	59,501	178,894	174,471

Revenue

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

The Company recorded total revenue of $20.3 million in the three months ended September 30, 2014, compared with total revenue of $12.3 million in the three months ended September 30, 2013. Revenues in the third quarter of 2014 showed a significant increase over the prior-year period partly reflecting higher average realized nickel prices in the third quarter of 2014 (by approximately 30%), combined with higher nickel production (by 12% on higher nickel grades) and copper production (by 19% on higher copper grades). In the current year, foreign-currency translation gains, related to lower average Canadian-US dollar exchange rates, contributed to higher values for revenues presented in Canadian dollars. Revenues of $58.6 million in the nine months ended September 30, 2014 are greater than the $54.1 million reported in the first nine months of 2013, reflecting higher average realized nickel prices and average nickel grades in the nine-month period, partly offset by slightly lower tonnes processed and lower average copper grades. Comparisons of revenues for the nine months ended September 30, 2014 to the same period in 2013 are affected by accounting changes under the GMV Agreement which affected revenues recorded in the first half of 2013, resulting in lower current-year values for revenue recorded under the GMV Agreement compared to gross revenues recorded under the Original Agreement in the first six months of the prior-year period.

The amendment to the Glencore ore-processing agreement and adoption of a GMV Agreement in the second half of 2013 resulted in revenues that were recorded net of the deduction of processing costs and other GMV deductions (as described in the Company's MD&A for the year ended December 31, 2013). Revenues under the Original Agreement in the prior-year comparable period were recorded gross of processing costs. Revenues recorded under the Original Agreement in the first six months of the prior year were also affected by volume adjustments, following milling by Glencore. 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.

The Company may from time to time enter into forward sales agreements to mitigate provisional pricing exposure to changing nickel and copper prices.

	For the three months ended		For the nine months ended	
Canadian $,	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Provisional nickel revenue - Original Agreement (ended June 30,2013)	$ -	$ -	$ -	$ 32,954,156
Provisional net nickel revenue - GMV agreement (from July 1, 2013)	15,662,944	$ 8,964,285	42,514,974	$ 9,090,476
Nickel quantity adjustment	-	-	-	808,006
Nickel final settlement	6,995	(1,350,245)	3,008,594	(1,042,920)
Nickel price adjustment	(442,504)	962,812	(356,230)	(3,802,958)
Provisional by-product revenue - Original Agreement (ended June	-	-	-	12,034,074
Provisional net by-product revenue - GMV agreement (from July 1, 2013)	5,004,362	3,765,287	13,450,623	3,765,287
By-product price and quantity adjustment - current period	30,154	(39,191)	(54,408)	358,633
By-product price and quantity adjustment - prior period	-	-	-	12,722
Forw ard-sales-agreement losses	-	-	-	(114,437)
Total revenue	$ 20,261,951	$ 12,302,948	$ 58,563,553	$ 54,063,039

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 three and nine months ended September 30, 2014 were $10.7 million and $35.8 million respectively, which is above the comparative third quarter of 2013 by $1.8 million and below the comparative nine-month period of the prior year by $0.8 million. The increase in the three months ended September 30, 2014 reflect a $3.1 million increase in cost of sales partly offset by a $1.2 million increase in by-product credits. Higher cost of sales in the third quarter of 2014 mainly reflect the impact of higher backfilling activities, equipment maintenance costs and the impact of mining at relatively deeper levels than in 2013, which requires longer hauls and higher ventilation costs. The economic impact of by-product credits in the third quarter of 2014 is based chiefly on the production of 2.0 million contained copper pounds, which is 17% higher than the 1.7 million contained copper pounds produced during the prior -year comparative period. The increase in copper by-product production is partially offset by a 3% drop in realized copper prices compared to the third quarter of 2013 (average realized price[3] of $3.25 per pound in 2013 versus $3.16 per pound in 2014). By-product revenues in the nine months ended September 30, 2014 are below the prior-year period by 15%, 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 in all nine months of 2014 is net of GMV deductions (as described in the "Revenue" section above).

2 Cash production costs and cash production cost per GMV-net pound of nickel produced are non-GAAP Financial performance measures, neither of which have standardized definitions under IFRS. See pages 10 and 20 of the Company's Q3 2014 MD&A for further details.

On a unit basis, cash production costs per GMV-net pound of nickel were $6.29 (US$5.77) in the third quarter which, as forecasted, is in the upper end of the Company's revised full-year guidance range of $5.90 to $6.40 per GMV-net pound. Cash production costs of $7.36 (US$6.73) for the nine months ended September 30, 2014 is significantly above the guidance range, partly reflecting the volume impact of lower GMV-net nickel production, which results in a smaller denominator in the calculation of per-pound costs, together with the impact of higher cash production costs, as discussed above. Higher energy costs during the first quarter, combined with the May 6, 2014 accident and the resultant volume impact of resultant postponed production contribute to the expectation that cash production costs per GMV-net pound for the full year will be in the upper end of the Company's revised guidance range (see "Outlook for 2014" section).

Canadian $, except production amounts	For the three months ended September 30, 2014	For the three months ended September 30, 2013	For the nine months ended September 30, 2014	For the nine months ended September 30, 2013
Cost of sales[1]	$ 15,761,915	$ 12,617,617	$ 49,220,061	$ 52,825,979
Provisional by-product revenue[2]	(5,004,362)	(3,765,287)	(13,450,623)	(15,799,361)
By-product revenue - mark-to-market and final settlement adjustments	(30,154)	39,191	54,408	(358,633)
By-product revenue - quantity adjustments - original agreement	-	-	-	(12,722)
Forw ard sales agreements related to by-products	-	-	-	(24,723)
Total cash production costs[3] (net of by-product credits)	$ 10,727,399	$ 8,891,521	$ 35,823,846	$ 36,630,541
Payable nickel production (pounds) - Original Agreement (ended June 30,2013)	-	-	-	4,513,199
Cash production cost per pound of nickel[3,4] produced - original agreement	$ -	$ -	$ -	$ 6.10
Net payable nickel production (pounds) - GMV agreement (from July 1, 2013)	1,706,447	1,530,784	4,868,253	1,530,784
Cash production cost per GMV-net pound of nickel[3,4] produced - CDN	$ 6.29	$ 5.87	$ 7.36	$ 5.87
Cash production cost per GMV-net pound of nickel[3,4] produced - USD	$ 5.77	$ 5.59	$ 6.73	$ 5.59

1 Cost of sales does not include depreciation.

2 Revenue presented for the three and nine months ended September 30, 2014 and the three months ended September 30, 2013 is based on the GMV Agreement. Revenue presented for the nine months ended September 30, 2013 includes six months based on the Original Agreement and three months based on the GMV agreement.

3 Total cash production costs and cash production cost per pound of nickel produced are non-GAAP Financial performance measures, none of w hich have standardized definitions under IFRS. See pages 10 and 20 of the Company's Q3 2014 MD&A for further details.

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

The change in accounting treatment generated by the GMV Agreement 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[3] metrics included payable nickel and copper, total cash production costs, and cash production costs per pound of payable nickel produced. Under the GMV Agreement, 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 produced. See the "Outlook for 2014" section for details about operational metrics, and the manner in which the economic performance of the Lockerby Mine under the GMV Agreement may be compared to prior periods. Given the change to the Glencore processing agreement in mid-2013, comparisons for the nine months ended September 30, 2013 cash production costs and cash production cost per pound do not yield meaningful analysis.

3 Average realized price is an additional GAAP measure, See page 20 of the Company's Q3 2014 MD&A for further details.

Exploration

The Company's exploration strategy is focused on base metals and 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 2013 and to date in 2014, the Company has not incurred any significant exploration expenditures on its exploration properties since December 31, 2012.

Lockerby mine plan

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 Company's National Instrument 43-101 ("NI 43-101") compliant report filed on SEDAR in August 2012 (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 in the statement of comprehensive loss for the third quarter of 2013.

The modification of the Lockerby Mine plan during the third quarter of 2013 does not preclude a subsequent optimization of Lockerby, which continues to be assessed by the Company (see the "Business Overview" section of the Company's Management Discussion and Analysis for the third quarter of 2014).

OUTLOOK FOR 2014

The Company's outlook for 2014 is detailed in the table below. Based on the impact of stope-sequencing considerations and postponed production resulting from impacts of the May 6, 2014 accident, the Company expects production of nickel and copper to be in the lower ends of the respective ranges for 2014, and mine site operating costs are expected to be at the upper end of the associated range for 2014. Guidance for total capital expenditures in 2014 is unchanged from the second quarter, at approximately $7.2 million.

Canadian $, except metal pounds	*2014*
Contained nickel lbs (millions)	13.5 - 15.1
Contained copper lbs (millions)	7.2 - 8.0
GMV net payable nickel lbs (millions)	6.8 - 7.6
GMV net payable copper lbs (millions)	3.6 - 4.0
Mine site operating costs (millions)	$58.1 - $61.0
Cash production cost per GMV-net pound of nickel produced[1]	$5.90 - $6.40
Capital expenditures (millions)	$7.2

1 For additional information, see "Non-GAAP and Additional GAAP Financial Measures" section on pg. 20 of the Company's Q3 2014 MD&A.

Assumptions: Cu per lb US$3.25, CAD/USD 1:1

General and administrative expenses and exploration expenditures

General and administrative expenses (excluding share-based compensation) and exploration expenditures are projected to be approximately $4.4 million and $0.4 million, respectively, in 2014.

Qualified Person

The foregoing scientific and technical information 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 with NI 43-101, and these are described on the Company's website and in all technical press releases.

About FNI

FNI is a Canadian mining and exploration Company. The Company's mission is to be the most dynamic North American emerging base metal mining Company in which to work and invest and to be respected in the communities in which it operates. FNI owns and operates the Lockerby Mine in the Sudbury Basin in northern Ontario, which reached full production during 2013 and is expected to produce approximately 13 to 14 million pounds of contained nickel and approximately 7 to 8 million pounds of contained copper in 2014, providing a foundation from which to grow the Company. More than half of

FNI's common shares are held by institutional investors. FNI's shares are traded on the TSX under the symbol FNI.

To learn more about the Company please visit www.fnimining.com and follow us on LinkedIn and Twitter @FNI_Mining.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this news release 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 the Lockerby Mine; 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. 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 in the MD&A for the year ended December 31, 2013 under the heading "Risks and Uncertainties" and under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2013. 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.

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