First Nickel Provides Preliminary 2014 Production Results and 2015 Production and Cost Guidance

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TORONTO, ONTARIO--(Marketwired - Jan 27, 2015) - First Nickel Inc. ("FNI" or the "Company") (TSX:FNI) today provides its preliminary 2014 production results and outlook with respect to 2015 production and costs. All dollar amounts are in Canadian dollars ("CAD") unless otherwise specified.

2014 Lockerby Mine Highlights

- Produced approximately 13.3 million contained[1] and 6.9 million GMV-net payable[1] pounds of nickel, at the lower end of the 2014 guidance range.
- Produced approximately 7.8 million contained[1] and 4.0 million GMV-net payable[1] pounds of copper, at the upper end of the 2014 guidance range.
- Shipped and sold approximately 249,000 tonnes of ore to Glencore[1].
- Mine site operating costs[1] were approximately $64.5 million, 6% above the upper end of the 2014 guidance range.
- The Company had an unrestricted cash balance of $5.3 million as at December 31, 2014.

2014 full-year financial and operating results will be released in March 2015.

2015 Overview

On January 12th, the Company announced the Lockerby Restructuring Plan (the "Plan") which reduces costs to a level that will enable FNI to continue to operate the Lockerby Mine through 2016, preserving the jobs of 115 FNI employees.

The Plan is founded on productivity improvements to be realized through a strong focus on basic and essential work, and it is expected to allow a reduction in costs while maintaining a safe environment and relatively consistent nickel production. Cost reductions and productivity changes resulted in a 30% reduction in FNI personnel, and a 75% reduction in third-party contractor personnel, for an overall workforce reduction of 45%. Costs at the Toronto corporate office have also been reduced as part of the Plan.

Ramp development below the 6800 level has recommenced and is expected to reach the 7100 level in the first half of 2016, and the underlying mine plan is essentially unchanged from the 2012 Technical Report. FNI has largely followed the 2012 Technical Report since re-opening the Lockerby Mine in 2012, while managing its liquidity during volatile commodity price environments. The Company expects to file a new Technical Report on the Lockerby Mine during the first half of 2015, as previously disclosed.

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 an increased mine life beyond 2016.

Summary 2015 Outlook

- Production of between 12.7 and 13.5 million pounds of contained[1] nickel, consistent with 2014 production.
- Production of between 6.9 and 7.5 million pounds of contained[1] copper.
- GMV-net payable[1] production of between 6.4 and 6.8 million pounds of nickel, and between 3.5 and 3.7 million pounds of copper.

- Mine site operating costs[1] between $40.0 and $45.0 million, a reduction of 34% (midpoint) compared to 2014, reflecting the impact of Lockerby Restructuring Plan.
- Cash production costs between $3.50 and $4.50 per pound[2] of GMV-net[1] payable nickel.

	2015
Contained nickel lbs (millions)	12.7 - 13.5
Contained copper lbs (millions)	6.9 - 7.4
GMV-net payable[1] nickel lbs (millions)	6.4 - 6.8
GMV-net payable[1] copper lbs (millions)	3.5 - 3.7
Mine site operating costs[1] (CAD millions)	$40.0 - $45.0
Cash production costs per GMV-net[1] Ni lb[2] (CAD)	$3.50 - $4.50

Assumptions: Cu per lb US$2.75, CAD/USD 1.20

Capital expenditures

Capital expenditures, including underground development, are projected to be approximately $6.5 million in 2015.

Exploration expenditures

Exploration and evaluation expenses in 2015 are projected to be approximately $0.9 million, including 6,300 metres of exploration drilling and related costs.

General and Administrative ("G&A")

G&A expenses in 2015 are projected to be approximately $3.6 million, not including stock-based compensation or costs relating to any potential debt refinancing.

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, providing a foundation from which to grow the Company. FNI's shares are traded on the TSX under the symbol FNI.

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 regarding implementation and the effectiveness of the restructuring plan including further development and exploration and any impact on Lockerby mine life; 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 management's discussion and analysis 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.

(1) **GMV Contract and Accounting Impacts** Effective July 12, 2013, the Company signed an amended processing agreement (the "GMV agreement") with Glencore Canada Corporation ("Glencore"), replacing the Lockerby Ore Sales and Purchasing Agreement (the "Original Agreement) and resulting in ore sales that are based on the gross metal value (or "GMV") of ore shipped, net of a specified percentage. Under the GMV agreement, the Company is paid for accountable GMV, which is based on the contained metal, multiplied by a specified percentage that is determined based on the average nickel grade of 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 implementation of the GMV agreement in the second half of 2013 necessitated an adaptation of the Company's guidance, for comparability purposes. The underlying drivers of operational results that are comparable before and after the GMV agreement are: Contained metal production (pounds of nickel and copper) and Mine site operating costs (site operating costs before deducting by-product credits).

(2) **Non-GAAP Financial Measures** Cash production costs per GMV-net pound of nickel produced is a non-GAAP financial measure that does not have a standardized meaning under International Financial Reporting Standards ("IFRS") and, as a result, may not be comparable to similar measures presented by other companies. Management uses this statistic 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. 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 of payable nickel produced under the GMV Agreement with Glencore is the total cash production costs divided by pounds of GMV-net payable nickel produced, under the GMV Agreement.

Contact

First Nickel Inc.
Thomas Boehlert
President & CEO
416 362-7050 x 225
tboehlert@fnimining.com
First Nickel Inc.
Paul Davis
VP, Exploration
416 868 1079 x 226
pdavis@fnimining.com