First Nickel Reports Financial and Operating Results for the Three and Six Month Periods Ended June 30, 2015

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TORONTO, Aug 14, 2015 - First Nickel Inc. ("FNI" or the "Company") (TSX:FNI) announces its results for the three and six months ended June 30, 2015. 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 June 30, 2015. 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 - SECOND QUARTER OF 2015

- Production: The Lockerby Mine produced 2.6 million pounds of contained nickel and 1.5 million pounds of contained copper during the three months ended June 30, 2015 and 4.8 million pounds of contained nickel and 2.8 million pounds of contained copper for the first six months of the year.
- Revenue: Revenue for the three and six months ended June 30, 2015 was $12.9 million and $22.6 million, respectively.
- Total cash production costs[1]: Total cash production costs were $5.9 million and $14.7 million for the three and six months ended June 30, 2015, or $4.31 (US$3.51) and $5.87 (US$4.75) per gross-metal-value ("GMV")-net pound of nickel shipped, respectively.
  [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.
- Development: During the three months ended June 30, 2015, ramp and lateral development totaled 131 metres and 71 metres, respectively (244 metres and 218 metres respectively, in the first half of 2015). Ramp development was stopped effective June 8, 2015, principally as a result of low nickel market prices.
- The Company recorded an impairment charge of $26.7 million in the three months ended June 30, 2015, for the impact of a shortened mine life and lower production now expected from the Lockerby Mine.
- Net loss: The Company had a net loss of $31.1 million and $48.1 million for the three and six months ended June 30, 2015, respectively.
- At June 30, 2015, the Company's unrestricted cash balance was $2.6 million.

Summary of Financial and Operating Results

In the three months ended June 30, 2015, the Company reported revenue of $12.9 million, cost of sales of $9.6 million and total cash production costs of $5.9 million.

Canadian $, except for share amounts,	For the three months ended June 30, 2015	June 30, 2014	For the six m June 30, 2015
Revenue			
Revenue	$ 12,903,601	$ 21,514,327	$ 22,612,200
Cost of sales			
Cost of sales	9,588,535	16,592,153	21,167,127
Depreciation	5,318,662	4,822,540	10,117,596
Impairment charges	26,675,988	-	26,675,988
Total cost of sales	41,583,185	21,414,693	57,960,711

(Loss) income from mine operations	(28,679,584)	99,634	(35,348,511
General and administrative	945,216	1,053,044	1,989,471
Exploration and evaluation	83,470	106,796	169,315
Loss on extinguishment of debt	-	-	4,475,794
Other expense (income)	722,059	477,950	244,126
Loss from operations	(30,430,329)	(1,538,156)	(42,227,217
Finance expense	640,022	(663,883)	5,854,565
Loss before taxes	(31,070,351)	(874,273)	(48,081,782
Income & mining taxes	-	-	-
Net loss and comprehensive loss	$ (31,070,351)	$ (874,273)	$ (48,081,782
Loss per share - basic and diluted	$ (0.02)	$ (0.00)	$ (0.04
Weighted average number of common shares outstanding - basic	1,373,376,874	654,369,788	1,111,682,83

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. Lockerby had no lost-time incidents during the three or six months ended June 30, 2015.

On April 28, 2015, the Company received eight charges served by the Ontario Ministry of Labour relating to the accident at Lockerby in May 2014. The Company continues to work through a legal discovery process, to develop a response to each charge, in coordination with its legal counsel.

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.

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Tonnes of ore produced	44,442	58,880	92,070	114,922
Production				
Contained nickel (pounds)	2,640,756	3,080,310	4,836,771	5,824,371
Net payable nickel shipped (pounds)	1,359,130	1,624,076	2,499,642	3,161,806
Nickel head grade	2.70 %	2.37 %	2.38 %	2.30 %
Contained copper (pounds)	1,476,887	1,707,750	2,849,251	3,293,624
Net payable copper shipped (pounds)	761,926	910,678	1,477,716	1,766,225
Copper head grade	1.51 %	1.32 %	1.40 %	1.30 %
Tonnes of ore shipped	45,766	63,910	95,526	120,779

In the three and six months ended June 30, 2015, Lockerby produced 2.6 million pounds and 4.8 million pounds of contained nickel, and 1.5 million pounds and 2.8 million pounds of contained copper, respectively. Contained-nickel production in the second quarter of 2015 was 14% lower than the 3.1 million pounds produced in the second quarter of 2014, reflecting a 23% decrease in ore tonnes produced, partly offset by a 14% increase in average nickel grades mined. Contained nickel production In terms of the trend through the first half of 2015, contained nickel production in the second quarter was 20% higher than the first quarter, based on 29% higher nickel grades partly offset by 7% fewer tonnes produced. Tonnes mined remained low during the second quarter mainly reflecting lower equipment availabilities including remnant effects of the Lockerby Restructuring Plan implemented early in the year. The decision to stop ramp development, which was announced on June 8, 2015, will result in the end of production, expected in the third quarter (see the section "Outlook for 2015").

Revenue

All of the Company's production is sold to Glencore Canada Corporation ("Glencore") under a gross-metal-value ("GMV") ore-processing agreement with (the "GMV Agreement"). Under 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 and a specified percentage based on the nickel grade of ore delivered.

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. Monthly revenue is initially recorded provisionally, and settled via a final payment from Glencore approximately 90 days after the month of delivery.

The Company recorded total revenue of $12.9 million in the three months ended June 30, 2015, compared to $21.5 million in the prior-year comparative quarter. Lower revenues in the second quarter were driven by lower nickel market prices (approximately a $3.9 million impact partly offset by the $1.1 million impact of a lower Canadian dollar and higher translated revenues in the current quarter) and lower production and GMV-net payable nickel (approximately a $5.2 million impact). Lower market nickel prices in the first half of 2015 reduced revenue on final-settlement by $2.9 million and resulted in a mark-to-market charge of $0.2 million as at June 30, 2015. The final settlement and mark-to-market adjustment difference can be attributed to the movement of the nickel market price from March to June 2015, a period of provisional revenue. The average nickel market price over second quarter decreased by 7%; from a March average of US$6.23 to a June average of US$5.80. During the second quarter of the prior year, nickel market prices rose by 19%.

The Company may from time to time enter into forward sales agreements to mitigate provisional pricing exposure to changing nickel and copper prices. The Company did not enter into any forward sales agreements in the first half of 2015 or in the first half of the prior year.

	For the three months ended		For the six months ende	
	June 30,	June 30,	June 30,	June 30
Canadian $,	2015	2014	2015	2014
Provisional net nickel revenue	$ 9,891,798	$ 15,070,427	$ 19,152,741	$ 26,566,
Nickel final settlement	(905,209)	2,749,824	(2,826,128)	3,279,9
Nickel mark-to-market adjustment	190,902	(639,592)	(214,446)	93,443
Provisional net by-product revenue	3,731,515	4,313,764	7,020,140	8,454,6
By-product mark-to-market and final settlement adjustment	(5,405)	19,904	(520,107)	(92,919
Total revenue	$ 12,903,601	$ 21,514,327	$ 22,612,200	$ 38,301,

Cash production costs[2]

[2] Cash production costs and cash production costs per GMV-net pound of nickel shipped are non-GAAP Financial performance measures, neither of which has standardized definitions under IFRS. See page 19-20 of the Company's June 30, 2015 MD&A for further details.

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 six months ended June 30, 2015 were $5.9 million and $14.7 million, respectively, which is below the second quarter prior-year amount by $6.4 million and below the six-month prior-year amount by $10.4 million. Cash production cost per GMV-net pound of nickel shipped was $4.31 in the second quarter of 2015, compared to $7.55 in the second quarter of 2014.

	For the three months ended		For the six r
Canadian $, except	June 30,	June 30,	June 30,
production amounts,	2015	2013	2015
Cost of sales (excluding depreciation)	$ 9,588,535	$ 16,592,153	$ 21,167,127
Provisional by-product revenue	(3,731,515)	(4,313,764)	(7,020,140
By-product revenue - mark-to-market and final settlement adjustments	5,405	(19,904)	520,107
Total cash production costs (net of by-product credits)	$ 5,862,425	$ 12,258,485	$ 14,667,094
Net payable nickel shipped (pounds)	1,359,130	1,624,076	2,499,642

Cash production cost per GMV-net pound of nickel[1] shipped - CDN	$ 4.31	$ 7.55	$ 5.87
Cash production cost per GMV-net pound of nickel[1] shipped - USD	$ 3.51	$ 6.92	$ 4.75

[1] Cash production cost per pound is based on cash production cost for the commercial production period divided by as payable nickel shipped for the same period.

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 aimed to realize productivity improvements and was 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 recommenced below the 68 level and was expected to reach the 71 level in the first half of 2016. The underlying mine plan was essentially unchanged from the Stantec Study.

The plan also included 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 continued 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, operating costs and the impact of lower nickel market prices seen through the second quarter of 2015.

O**UTLOOK FOR 2015**

As disclosed on June 8, 2015, worsening nickel prices contributed to the Company's decision to discontinue Lockerby ramp development, which means that economic ore accessible on or above the 6800-foot level is expected to be mined out in the third quarter of this year, following which it is expected that the Lockerby Mine will either be put on care and maintenance or closed. The Company also chose not to start the planned exploration drilling. This is a significant change from the Lockerby Restructuring Plan and it requires the Company to retract the guidance previously disclosed for production, costs, general and administrative expenses and exploration expenditures in 2015. The closure of the Lockerby Mine may result in the Corporation's secured lenders taking actions that would result in the Corporation ceasing to operate as a going concern or under its existing capital structure.

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. FNI'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 provides a foundation from which to grow the Company. 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, 2014 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, 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.

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