



FIRST NICKEL INC.
LOCKERBY MINE,
GORDON LAKE ROAD S.
CHELMSFORD, ON.
P0M 1L0

TO ALL EMPLOYEES

Update on Lockerby Mine Status - September 30, 2010

First Nickel has secured early financing through a \$5M loan from Resource Capital Funds which is being utilized to continue with the Care & Maintenance program, cover administration costs and begin to take on Capital re-commissioning projects.

FNI has been working for approximately one year on financing opportunities for its Lockerby Depth Project. The process has been exhaustive as banks and financial institutions carry out due diligence programs that are extremely stringent prior to rendering a decision to finance a project.

The Company is now embarked on the final phase of securing the required financing for the project which is targeted at \$69.8 M. This has several components and will take time, but the Company is very confident that things are coming together as planned.

During the re-commissioning phase which is targeted to last approximately five months, capital funding will be directed towards addressing key areas of the ore / waste conveyance handling system, ventilation system refurbishing, mine electrical distribution required for project start up and addressing general mine infrastructure items.

The recall of employees began in May as P&M employees have been more involved with the Care & Maintenance work. This effort will continue on a small scale as the projects identified above take place.

As per the understanding of the new collective agreement, once full funding has been received, the mine development expansion project will begin and accordingly, there will be a systematic recall of P&M employees who will participate in supporting various aspects of the project.

The present outlook on start up date for the project is Q1. We appreciate that everyone is anxious to see a re-start and we will endeavor to keep people informed when there are significant developments.

**Gerry Bilodeau
Vice President Operations
First Nickel Inc.**