

First Nickel Provides Further Detail Regarding the Conversion of Interest Payments for Working Capital Facility

June 19, 2009

First Nickel Inc. ("First Nickel" or the "Company") (TSX: FNI) announces that at the request of the TSX, the Company wishes to provide further detail regarding the conversion of interest payments into shares to service the proposed US\$10 million working capital facility announced on June 16, 2009.

The Company was specifically asked by the TSX what additional equity interest would the lender, Resource Capital Fund IV L.P. ("RCF"), receive if it were to receive all of the interest over the full term as shares at the same conversion rate as the principal, namely \$0.11/share at a US/C\$ exchange rate of \$1.1776 (the prescribed currency rate for both). If the entire facility therefore were converted to shares, RCF would receive a maximum interest of 48.6% (compared to 41.2% for the principal alone) of the then issued and outstanding shares of First Nickel.

The conversion of all interest to shares at \$0.11/share, if converted at the option of RCF, would require issuing 37,825,939 shares to RCF and thereby increasing its holding by 7.4% above that solely obtained from conversion of the principal amount (41.2%).

It should be noted that the loan calls for interest payments to be converted at market price based on the weighted average of preceding 20 trading days at the end of the relevant quarter. The calculation above, for illustration, assumes that the loan would go its full term (December 31, 2013), that FNI would not exercise its right to prepay portions of the facility, and that FNI would not issue any new equity in that four and a half year period. Given that the intention of the facility is to give First Nickel time to advance its Lockerby mine development and to seek a major financing when appropriate, the likelihood of its shares outstanding remaining at the present level is remote. In addition the Company has regularly accessed the market via flow-through share issues to finance its extensive exploration projects.

The closing of the proposed facility remains subject to certain conditions, including due diligence, regulatory approval, and definitive documentation.

About First Nickel

First Nickel is a Canadian mining and exploration Company. Its current activities are primarily focused on the Sudbury Basin in northern Ontario, the location of the company's redevelopment stage property (the Lockerby Mine) and two of its exploration properties. First Nickel also has exploration properties in the Timmins region of northern

Ontario and the Belmont region of Eastern Ontario. First Nickel's shares are traded on the TSX under the symbol FNI.

Some of the statements contained in this press release are forward-looking statements, such as statements that describe First Nickel's future plans, intentions, objectives or goals, and specifically include but are not limited to completion of the proposed Facility, maintaining operating and exploration teams, continued care and maintenance of the Lockerby Mine; and the launch of the full development program on Lockerby Depth project. In certain cases, forward-looking statements can be identified by the use of words such as "expects", "will", "enable", "anticipates", "estimated" or words of similar effect. Since forward-looking statements are not statements of historical fact and address future events, conditions and expectations, forward-looking statements inherently involve unknown risks, uncertainties, assumptions and other factors well beyond the Company's ability to control or predict. Actual results and developments may differ materially from those contemplated by such forward-looking statements depending on, among others, such key factors as negotiating and entering into definitive agreements for the Facility, completion of the Facility, fluctuating metal prices, and other factors described in the Company's Annual Information Form under the heading "Risk Factors" which has been filed electronically by means of the System for Electronic Document Analysis and Retrieval ("SEDAR") located at www.sedar.com. The forward-looking statements included in this document represent First Nickel's views as of the date of this document and subsequent events and developments may cause First Nickel's views to change. These forward-looking statements should not be relied upon as representing First Nickel's views as of any date subsequent to the date of this document. Although First Nickel has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements.

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