

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

FRIDAY, THE 4th DAY

JUSTICE NEWBOULD

)

OF SEPTEMBER, 2015

RESOURCE CAPITAL FUND V L.P.

Applicant

- and -

FIRST NICKEL INC.

Respondent



**ORDER
(Comeback Hearing)**

THIS APPLICATION, made by Resource Capital Fund V L.P. ("**RCF**") for an order for the relief set out below was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Catherine J. Boggs sworn August 19, 2015 and the Exhibits thereto (the "**Boggs Affidavit**"), the Pre-filing Report of KSV Kofman Inc., dated August 19, 2015 (the "**Pre-Filing Report**"), the First Report of KSV Kofman Inc., in its capacity as Court-appointed receiver (the "**Receiver**") of the assets of First Nickel Inc. (the "**Company**") dated September 3, 2015 (the "**First Report**"), the Affidavit of Robert Harrison Purdon sworn September 4th, 2015 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, the Receiver, West Face Long Term Opportunities Global Master L.P., Her Majesty the Queen in Right of Ontario as represented by the Minister of Northern Development and Mines ("**MNDM**"), Vale Canada Limited ("**Vale**"), Independent Electricity System Operator,

Atlas Copco Canada (“**Atlas**”) and ACE INA Insurance, no one else appearing although duly served as appears from the affidavit of service of Christopher Burr sworn September 3, 2015,

1. THIS COURT ORDERS that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Boggs Affidavit.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

ABANDONMENT OF MINE

3. THIS COURT ORDERS that effective at 11:59 pm (Toronto time) on Friday, September 11, 2015 (the “**Effective Time**”), the Lockerby Mine shall be, and be deemed to be, abandoned by the Receiver, and at the Effective Time any actual or deemed possession of, or responsibility with respect to, the Lockerby Mine shall be relinquished by the Receiver, and the Receiver shall not incur any liability or responsibility whatsoever in respect of the Lockerby Mine from and after the Effective Time, other than with respect to the Market Rules Obligations (as defined below); provided that nothing herein shall affect in any way whatsoever paragraph 6 or 7 of the Order of Mew J. in these proceedings dated August 20, 2015 (the “**Appointment Order**”). For greater certainty, the Receiver shall continue to have access to the Property (as defined in the Receivership Order), and no Person (as defined in the Receivership Order) may destroy any Property without the prior written consent of the Receiver or further Order of this Court.

APPROVAL OF SALES PROCESS

4. THIS COURT ORDERS that the Exploration Project Sales Process described in section 4.1 of the Pre-Filing Report is hereby approved and the Receiver is authorized and directed to carry out the Exploration Project Sales Process in accordance with its terms and this Order and is authorized and directed to take such steps as it considers necessary or desirable in carrying out its obligations thereunder.

5. THIS COURT ORDERS that in addition to the protections in favour of the Receiver as set out in the Appointment Order, the Receiver shall incur no liability or obligation, in its

personal or corporate capacity, or in its capacity as Receiver, for the exercise by the Receiver of any of its powers, or the performance by the Receiver of any of its duties, or any act or omission in connection with the carrying out of the terms of this Order, including, without limitation, its conduct of the Exploration Project Sales Process, including any solicitations, advertising, marketing, negotiation or the completion of a transaction pursuant to the Exploration Project Sales Process; save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Receiver, provided however that nothing in this Order shall derogate from the protections afforded to the Receiver in the BIA, including without limitation section 14.06.

PENSION PAYMENTS & ADMINISTRATION

6. THIS COURT ORDERS that the Receiver be and is hereby directed and authorized to cause the Company to make, when required by the *Pension Benefits Act* (Ontario) (the “**PBA**”), the minimum required monthly payments in respect of the Pension Plan, and that any such payments are hereby approved.

7. THIS COURT ORDERS and directs, subject to the power of the Superintendent of Financial Services to appoint a replacement administrator under the Pension Plan in accordance with the PBA, that the Company continue to carry out and comply with its responsibilities as administrator of the Pension Plan in accordance with the PBA and consistent with the Company’s past practices, policies and procedures relating thereto and in furtherance of such, the Receiver may cause the Company to complete and file with the Ontario pension regulator any documents required to be filed by the Company as administrator of the Pension Plan, give instructions to third parties currently engaged in the administration of the Pension Plan or the administration and investment of the assets held in relation to the Pension Plan (collectively, the “**Plan Administration Activities**”) or engage any Person to carry out any act required to be done in respect of the Plan Administration Activities.

8. THIS COURT ORDERS that the expenses relating to the Plan Administration Activities shall be paid out of the assets held in relation to the Pension Plan consistent with the Company’s past practices.

9. THIS COURT ORDERS that in addition to the protections in favour of the Receiver as set out in the Appointment Order, the Receiver shall incur no liability or obligation, in its personal or corporate capacity, or in its capacity as Receiver, for the exercise by the Receiver of any of its powers, or the performance by the Receiver of any of its duties, or any act or omission in connection with causing the Company to take the steps in respect of the Pension Plan as contemplated in this Order; save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Receiver, provided however that nothing in this Order shall derogate from the protections afforded to the Receiver in the BIA, including without limitation section 14.06.

HST PAYMENTS

10. THIS COURT ORDERS that the Receiver shall cause the Company to pay, in accordance with the Company's legal requirements, all harmonized sales taxes accrued or unremitted by the Company as of the date of the Appointment Order but not required to be remitted until on or after the date of the Appointment Order, when they become due and owing.

11. THIS COURT ORDERS that in addition to the protections in favour of the Receiver as set out in the Receivership Order, the Receiver shall incur no liability or obligation, in its personal or corporate capacity, or in its capacity as Receiver, for the exercise by the Receiver of any of its powers, or the performance by the Receiver of any of its duties, or any act or omission in connection with maintaining the Reserve or causing the Company to make payments from it on account of Sales Taxes when the same are due and owing, as contemplated in this Order; save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Receiver, provided however that nothing in this Order shall derogate from the protections afforded to the Receiver in the BIA, including without limitation section 14.06.

ELECTRICITY

12. THIS COURT ORDERS that from and after the Effective Time, MNDM shall comply with, observe and perform the obligations and duties of the Company under the Market Rules for the Ontario Electricity Market under section 32 of the Ontario *Electricity Act, 1998*, their licences and applicable law (collectively, the "**Market Rules**"), including, without limitation,

paying all of the monetary obligations incurred by the Company under the Market Rules from and after the Effective Time (collectively, the “**Market Rules Obligations**”).

13. THIS COURT ORDERS that from and after the Effective Time, Vale shall continue to have the right to access, and receive power from, the Company’s 115-5 kV substation (the “**Substation**”) subject to Vale reimbursing MNDM for the portion of power actually received by Vale from the Substation from and after the Effective Time.

ATLAS COPCO CANADA EQUIPMENT

14. THIS COURT ORDERS that Atlas shall have reasonable access to the Lockerby Mine before the Effective Time, in order for its personnel to complete the removal of a piece of equipment known as “Jumbo”, which Atlas has offered to purchase from the Company for \$100,000.

15. THIS COURT ORDERS that following the abandonment of the Lockerby Mine by the Receiver in accordance with Paragraph 3 hereof, MNDM will do all that is reasonably necessary to provide, at no cost, Atlas access to the Lockerby Mine to remove its property, including a Mt42 and a St1030.

GENERAL

16. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

17. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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LE / DANS LE REGISTRE NO.:



SEP - 4 2015

RESOURCE CAPITAL FUND V L.P.
Applicant

v.

FIRST NICKEL INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER
(Comeback Hearing)**

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