



**First Report of
KSV Kofman Inc.
as Receiver of
First Nickel Inc.**

September 3, 2015

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COURT FILE NO: CV-15-11082-00CL

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

BETWEEN:

RESOURCE CAPITAL FUND V L.P.

Applicant

and

FIRST NICKEL INC.

Respondent

**FIRST REPORT OF
KSV KOFMAN INC.
AS RECEIVER**

SEPTEMBER 3, 2015

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as receiver (the "Receiver") of the property, assets and undertaking of First Nickel Inc. (the "Company").
2. On August 20, 2015, Resource Capital Fund V L.P. ("RCF") brought an application seeking an order (the "Receivership Order") of the Ontario Superior Court of Justice (Commercial List) ("Court") appointing KSV as the Receiver. Copies of the Receivership Order and the Endorsement of the Honourable Justice Mew dated August 20, 2015 are attached as Appendix "A".
3. Certain of the relief sought at the receivership application was deferred to August 31, 2015 (the "Comeback Hearing") so that notice could be provided to the Company's stakeholders that might be affected by the relief sought. As discussed below, on August 31, 2015, the Comeback Hearing was adjourned until September 4, 2015.
4. The primary purpose of these receivership proceedings is to facilitate a realization process for the Company's business and assets in an orderly, Court-supervised process.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and its receivership proceedings;
 - b) summarize a sale process ("Equipment Sale Process") carried out for the Company's mining equipment located at the Lockerby Mine (the "Mining Equipment");
 - c) summarize the Receiver's communications with the Ministry of Northern Development and Mines ("MNDM") since the commencement of these proceedings;
 - d) summarize the Receiver's intended next steps in these proceedings;
 - e) summarize the activities carried out by the Company at the Lockerby Mine since the commencement of the receivership proceedings;
 - f) provide information with respect to the Company's defined contribution pension plan (the "Pension Plan") registered with the Financial Services Commission of Ontario ("FSCO"); and
 - g) recommend that this Honourable Court issue an order:
 - i. authorizing the Receiver to abandon the Lockerby Mine;
 - ii. approving the sale process for the Exploration Properties (as defined below), as outlined in the Proposed Receiver's Report to Court dated August 19, 2015 (the "Proposed Receiver's Report");
 - iii. authorizing the Receiver to cause the Company to continue to: (a) make ordinary course payments to the Pension Plan; and (b) perform its duties as administrator of the Pension Plan; and
 - iv. authorizing the Receiver to pay any unremitted Harmonized Sales Tax ("HST") owing as at the date of the Receivership Order to Canada Revenue Agency ("CRA").

2.0 Background

1. The Company is a Canadian nickel mining and exploration company.
2. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "FNI". On August 26, 2015, the TSX determined to delist the Company's securities effective September 25, 2015. Trading in the Company's securities will remain suspended until that date.

3. The Company leases its head office in Toronto, Ontario.
4. Lockerby is the Company's sole mine. The Lockerby Mine is an underground mine located in the Sudbury Basin in Northern Ontario. The Company also has rights to exploration properties in Sudbury, Bancroft, Belmont Townships and Timmins (collectively, the "Exploration Properties").
5. The Company produces nickel and copper bearing mineral ore. Its principal customer is Glencore Canada Corporation ("Glencore"), which it supplies pursuant to the Lockerby Ore Sale and Processing Agreement dated May 31, 2005, as amended (the "Glencore Agreement"). As at the date hereof, amounts remain owing to the Company by Glencore under the Glencore Agreement.
6. As a result of the decline in nickel prices and the Company's significant production costs, the Lockerby Mine is no longer economic. The Company discontinued operations at the mine just prior to the receivership.
7. The weekly costs to operate the Lockerby Mine during the receivership proceedings are approximately \$200,000, excluding professional fees.
8. All of the Company's properties, assets and undertakings are encumbered in favour of the Lenders (as defined below), and there is no lending facility in place to fund these proceedings. The Company currently has a cash balance of less than \$900,000, before accrued operating and professional costs, which substantially eliminate the cash on hand; future asset recoveries are uncertain.
9. Since the commencement of the receivership, 32 individuals, including 19 unionized employees and 13 salaried employees, have continued to work for the Company to assist with the disposition of the Company's business and assets, and the orderly wind-down of the Lockerby Mine. Unionized employees are members of either the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers Local 2020, Unit 64) or the Sudbury Mine, Mill & Smelter Workers Union (Local 598/Unifor) (jointly, the "Unions").
10. There is a closure plan for the Lockerby Mine (the "Closure Plan"). In connection with a contemplated amendment to the Closure Plan, consultation was required with a nearby First Nation. The Receiver understands that a Company representative met with the First Nation on August 20, 2015. In 2012, the Company arranged a CAD\$5.9 million surety bond with ACE INA Insurance ("ACE") in respect of the Company's obligations under the Closure Plan (the "Rehabilitation Process"). ACE's obligations are partially secured by cash collateral posted by the Company in the amount of approximately US\$2.4 million. The obligee under the bond is the MNDM.
11. The Company's principal secured lenders are RCF and West Face Long Term Opportunities Global Master L.P. ("WFC") (jointly, "the Lenders"). As at the date of the receivership, RCF and WFC were owed approximately US\$15.7 million and US\$12.67 million, respectively, plus interest and costs, which continue to accrue.
12. Further information concerning the Company was provided in the Proposed Receiver's Report, a copy of which is attached as Appendix "B", and in RCF's application materials (the "Application Materials"), which are available on the Receiver's website at: <http://www.ksvadvisory.com/insolvency-cases-2/first-nickel-inc/>.

3.0 Equipment Sale Process

1. The Mining Equipment consists of the Company's: (i) redundant equipment (i.e. equipment which was not used in the Company's operations); (ii) underground mine fleet; and (iii) other equipment and supplies.
2. In June, 2015, the Company commenced a sale process for its redundant equipment. The Company solicited bids from five parties which engage in the reselling of mining equipment. Two offers were received; however, a transaction was not completed.
3. Prior to these proceedings, the Company's management believed that its underground mine fleet had more value than its other equipment. There are, however, significant costs and complexities related to the sale of this equipment, as it needs to be brought from its present underground location to the surface on a timely basis in order to be saleable, or a purchaser needs to disassemble it underground and bring it to surface. Under this latter approach, costs borne by a buyer would be factored into the value of the offers for this equipment.
4. As was set out in the Proposed Receiver's Report and the Application Materials, immediately following the commencement of the receivership, the Company and the Receiver worked together to solicit offers for the Mining Equipment on an expedited basis. A summary of the Equipment Sale Process is as follows:
 - Offers were solicited from mining companies, mining equipment resellers and liquidators, generally within close proximity to the Lockerby Mine. In total, 20 parties were contacted by management and the Receiver, including the five parties that were contacted by the Company in June, 2015.
 - The deadline for offers was August 27, 2015. The expedited realization process was driven by the Company's high cost structure and its illiquidity.
 - Interested parties were provided with a detailed list of the Mining Equipment, including pictures, model numbers and other specifications. Parties were advised that offers for some or all of the Mining Equipment would be considered.
 - Interested parties were provided with an opportunity to inspect the Mining Equipment from August 25 to 27, 2015, and nine parties did so. Tours were conducted by the Company's management and a representative of the Receiver who was onsite during the tours.
 - A form of offer was made available to prospective purchasers. Prospective purchasers were encouraged to submit offers in, or substantially in, the form of offer provided.

3.1 Sale Process Results

1. Six offers were received for the Mining Equipment. The sum of the highest offers total approximately \$600,000. The Company's management estimates that it would take at least eight weeks to complete all of the transactions. As operating costs at the Lockerby Mine total approximately \$200,000 per week (i.e. \$1.6 million over 8 weeks), it is clearly uneconomic to complete all of the transactions.

2. Rather, the Receiver intends to sell certain pieces of the Mining Equipment which can be removed expediently from the mine. The transactions are expected to generate proceeds of approximately \$150,000 in the aggregate; however all transactions are to close no later than September 4, 2015. If they do not, recoveries will be lower. The value of the transactions (both individually and in the aggregate) will not exceed the thresholds which would require the Receiver to seek the Court's approval of these transactions, and accordingly the Receiver is not seeking Court approval of the transactions. The Receiver has obtained the consent of the Lenders to the transactions. The Lenders are the only parties with an economic interest in the transactions.
3. The Receiver also provided the MNDM with a list of the Mining Equipment that it intends to sell, and the Receiver has not received any objections with respect thereto.

4.0 The MNDM and the Lockerby Mine

1. The MNDM was served with the Application Materials and the Proposed Receiver's Report on August 21, 2015. The materials highlight the possibility that if the Equipment Sale Process did not generate satisfactory results, the Receiver intended to turnover the mine to MNDM very quickly.
2. The Receiver contacted the MNDM immediately following its appointment. The Company, the Receiver and the MNDM have been in frequent communication since the commencement of these proceedings, a summary of which is as follows:
 - On August 20, 2015, the Company submitted to the MNDM a Notice of Project Status under the Mining Act, a copy of which is attached as Appendix "C". The purpose of the notice was to change the status of the Lockerby Mine from "Mine Production and Development" to "Temporary Suspension".
 - On August 21, 2015, a conference call was convened so that the Receiver could provide the MNDM with an overview of the receivership, the intended course of action vis-à-vis the sale of the Mining Equipment and the possibility that if the Equipment Sale Process results were unsatisfactory, the Receiver intended to turnover the Lockerby Mine to the MNDM.
 - On August 21, 2015, the MNDM responded to the Company's Notice of Project Status. A copy of the MNDM's letter is attached as Appendix "D". The MNDM's letter included the following comment: *"Rehabilitation should proceed as per the filed Closure Plan for the Lockerby Mine"*.
 - On August 25, 2015, the Receiver sent a letter to the MNDM, a copy of which is attached as Appendix "E". The purpose of the Receiver's response was to clarify that *"If no buyer emerges for the Lockerby Mine, the Company and the Receiver intend to turn the Lockerby Mine over to the MNDM so that the MNDM can commence the rehabilitation process. Neither the Company nor the Receiver will be implementing the Closure Plan"*.
 - On August 25, 2015, representatives of the MNDM attended at the Lockerby Mine to tour the site, gather data and request other information on the Lockerby Mine, including copies of permits, contracts, compliance reports and certifications. The Company is presently accumulating and providing this information to the MNDM.

- On August 26, 2015, the MNDM contacted RCF's legal counsel to advise that it required several weeks to settle the language of the proposed Order regarding the turnover of the Lockerby Mine to the MNDM. The MNDM, RCF and the Receiver subsequently agreed to adjourn the Comeback Hearing to September 4, 2015 to allow for further discussions with the MNDM.
- On August 28, 2015, the MNDM sent a letter to the Receiver stating, among other things, that the Receiver should not sell any equipment or other assets that the MNDM requires for the ongoing maintenance of the site, or its ultimate rehabilitation. A copy of this letter is attached as Appendix "F".
- On August 31, 2015, the Receiver sent a letter to the MNDM advising that, among other things, the MNDM should forthwith identify any assets it requires as the Receiver has not and cannot provide the MNDM with any assurances as to which assets will be available when the Lockerby Mine is turned over to the MNDM. A copy this letter is attached as Appendix "G".
- On September 1, 2015, the Receiver and its counsel participated in a call with the MNDM, its counsel, and counsel to RCF, to discuss the Comeback Hearing, and in particular the language in the proposed Order with respect to the abandonment of the Lockerby Mine. The MNDM was again advised that the Receiver intends to abandon the property on September 4, 2015.

4.1 Recommendation regarding the Lockerby Mine

1. For the following reasons, the Receiver believes it is appropriate to complete a small number of sales of Mining Equipment and then, subject to Court approval, abandon the Lockerby Mine on September 4, 2015 so the Lockerby Mine can be closed and rehabilitated by the MNDM:
 - but for a few transactions that can be completed this week, the expected proceeds from selling additional Mining Equipment are less than the costs to continue to operate the Lockerby Mine;
 - the Company is without funding – all of the assets (cash, equipment and accounts receivable) are encumbered by the Lenders. The cash on hand is being used to fund operating costs and professional fees. The current cost to operate the Lockerby Mine (excluding professional fees) is approximately \$200,000 per week. Most of the funds on hand will be used to pay accrued operating and professional costs. Future recoveries are uncertain;
 - the Company undertook efforts to refinance and/or sell its business. As detailed in the Affidavit of Catherine J. Boggs sworn August 19, 2015 (the "Affidavit"), these efforts were unsuccessful;
 - the Proposed Receiver's Report indicated that the Receiver did not intend to commence a sale process for the Lockerby Mine but that it would consider opportunities that came forward while the Mining Equipment was marketed for sale. No party has contacted the Receiver expressing an interest in the Lockerby Mine; and

- the Lenders will incur a significant shortfall on their advances to the Company. Their collateral is not available to fund the Rehabilitation Process, for which a bond is in place.
2. The Receiver has advised the MNDM and ACE that it is prepared to not abandon the Lockerby Mine provided that appropriate funding is in place to cover the operating costs and professional costs associated with the Lockerby Mine.

4.2 IESO

1. On August 26, 2015, the Receiver's counsel was contacted by counsel to the Independent Electricity System Operator ("IESO"), which supplies electricity to the Company.
2. As set out in the Application Materials, as of March 12, 2015, there was an outstanding letter of credit in favour of IESO in the amount of approximately \$436,000. Since the date of the Receivership Order, the Receiver has also discovered that FNI has pledged treasury bills in the amount of \$105,000 in favour of IESO. Accordingly, IESO has security in the approximate amount of \$541,000.
3. According to estimates provided to the Receiver's counsel by counsel to IESO (which estimates have not been verified or confirmed by the Receiver or the Company):
 - a) the Company owes IESO approximately \$219,000 in respect of charges incurred prior to the date of the Receivership Order (the "Pre-Filing IESO Charges");
 - b) the Company owes IESO approximately \$152,000 in respect of charges incurred from the date of the Receivership Order until August 31, 2015 (the "Post-Filing IESO Charges"), which amount continues to accrue.
4. IESO has requested that the Receiver make payment to IESO in respect of the Post-Filing IESO Charges. However, to date, this amount has not been paid given, among other reasons, that (a) IESO appears to have sufficient security in respect of both the Pre-Filing IESO Charges and the Post-Filing IESO Charges, and (b) as discussed, the Receiver intends to abandon the Lockerby Mine on September 4, 2015.
5. The Company and Vale Canada Limited ("Vale") are parties to a Power Allocation Agreement made as of 12th day of August, 2014, whereby, among other things, the Company agreed to allow Vale to access electrical power from the Company's breaker, and Vale agreed to pay the Company for providing such access. The Receiver has been advised by counsel to Vale that there could be significant consequences, including safety issues, for Vale if it loses access to the Company's electrical power without sufficient notice. The Receiver has advised Vale that it intends to abandon the Lockerby Mine on September 4, 2015.
6. On September 2, 2015, counsel to the Receiver wrote a letter to counsel for IESO, copying counsel for the MNDM, ACE and Vale, advising that, subject to obtaining the Court's authorization to abandon the Lockerby Mine, the Receiver intends to do so on September 4, 2015. The Receiver's counsel advised that neither the Receiver nor the Company intended to be liable for any charges incurred following the abandonment, and encouraged the recipients of the letter to arrange a call on an urgent basis to discuss electricity requirements at the Lockerby Mine following the abandonment. The Receiver offered to facilitate, and participate in, such a call, which was subsequently scheduled for September 3, 2015.

5.0 Activity at the Lockerby Mine

1. As set out in the Proposed Receiver's Report, the Company planned to complete certain work at the Lockerby Mine in order to address the safety of the mine during the receivership period. The Company retained those employees who it believed to be the most qualified to perform this work.
2. The work consists of two phases: (i) the inspection, cleaning and clearing of hazardous materials ("Phase 1"); and (ii) dealing with explosive materials that remain in the mine ("Phase 2"). Prior to commencing each phase, approval from the Ministry of Labour (Ontario) ("MOL") must be obtained.
3. On August 20, 2015, the Company received approval from the MOL to commence Phase 1. The Company expects to complete the Phase 1 work imminently. On September 1, 2015, the MOL advised the Company that MOL's preferred approach to dealing with the explosive materials is to permanently barricade off the area in which the explosives are located, but not to blast the explosives. The Company is preparing a Phase 2 work plan, which it intends to submit to the MOL shortly. The Company advises that it can complete the Phase 2 work within a couple of weeks of receiving MOL approval of its Phase 2 work plan. The MOL and MNM will be required to address this issue after the abandonment.

6.0 Other Relief Sought

6.1 Pension Plan

1. The Proposed Receiver's Report and the Affidavit included information regarding the Pension Plan. At that time, the Receiver had received limited information or documentation with respect to the Pension Plan.
2. Since the making of the Receivership Order, certain of the Pension Plan documents have been provided to the Receiver. The Receiver and its counsel have reviewed the Pension Plan documents provided and certain relevant books and records, including statements from Great West Life ("GWL"), to whom Pension Plan contributions are paid on a monthly basis. Based on the Receiver's review of the documentation:
 - the Company is the administrator of the Pension Plan; and
 - the Company's books and records indicate that the Company is current on its contributions to the Pension Plan, which the Receiver also confirmed directly with GWL.
3. The relief sought in respect of the Pension Plan was deferred to the Comeback Hearing in order to provide notice to FSCO and the Unions.
4. The Receiver supports the relief sought by RCF to authorize the Receiver to cause the Company to pay ongoing pension contributions as they become due without personal liability to the Receiver for doing so. This will provide an efficient mechanism by which the Company's pension contributions can continue to be funded. Subject to Court approval, the Receiver also intends to cause the Company to continue to fulfil its obligations as administrator of the Pension Plan.

5. Given the reduced workforce, the pension payments are not expected to be material and there is expected to be sufficient cash on hand to make these priority payments.

6.2 Sale Process for Exploration Properties

1. The Application Materials and the Proposed Receiver's Report set out a sale process for the Exploration Properties.
2. The Receiver believes the sale process is reasonable and appropriate in the circumstances as it should provide sufficient time to canvass the market for prospective purchasers and also provides the Receiver with flexibility to extend the timelines, if required. The Receiver is proposing the bid deadline to be October 5, 2015.

6.3 HST

1. The Application Materials indicated that the Company was current on its HST remittances, excluding a stub period for pre-filing HST amounts that would be required to be paid post-filing.
2. Just prior to the receivership application date, the Company paid approximately \$470,000 to CRA to satisfy its HST obligation. This amount was based on an estimate of the Company's "stub period" HST obligation.
3. Notwithstanding that it appears that there are no further pre-filing HST obligations, for the sake of administrative efficiency (including avoiding a further Court appearance), RCF is seeking an order authorizing the Receiver to pay from the funds in the receivership account any remaining pre-filing HST obligation.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an Order granting the relief detailed in section 1.1(1)(g) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS RECEIVER OF
FIRST NICKEL INC.
AND NOT IN ITS PERSONAL CAPACITY**

RESOURCE CAPITAL FUND V L.P.
Applicant

V.

FIRST NICKEL INC.
Respondent

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

Proceeding commenced at Toronto

**FIRST REPORT OF THE RECEIVER
SEPTEMBER 3, 2015**

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Appendix “A”

Court File No. CV-15-11082-00CL

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

THE HONOURABLE MR
JUSTICE MEW

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THURSDAY, THE 20th DAY
OF AUGUST, 2015

RESOURCE CAPITAL FUND V L.P.

Applicant

- and -

FIRST NICKEL INC.

Respondent



**ORDER
(Appointing Receiver)**

THIS APPLICATION made by Recourse Capital Fund V L.P. (the "**Applicant**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing KSV Kofman Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of First Nickel Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, 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 and the pre-filing report of KSV Kofman Inc. dated August 19, 2015 (the "**Pre-Filing Report**"), the confidential supplemental report of KSV Kofman Inc. dated August 19, 2015 (the "**Confidential Supplemental Report**") and on hearing the submissions of counsel for the Applicant, and KSV Kofman Inc., no one else appearing although the Respondent and West Face Long Term Opportunities Global Master L.P. ("**West Face**") were duly served as appears

from the affidavit of service of [NAME] sworn [DATE], and on reading the consent of KSV Kofman Inc. to act as the Receiver,

SERVICE

1. 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.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV Kofman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is not authorized or permitted to operate or conduct the Debtor’s mining and exploration business; provided however, that the Receiver is authorized to cause the Debtor to take such steps as are necessary to protect, preserve and secure the Lockerby Mine (as defined in the Pre-Filing Report), including such steps as are discussed at Section 7 of the Pre-Filing Report.
4. THIS COURT ORDERS that, subject to paragraph 3 of this Order, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security

personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (f) to settle, extend or compromise any indebtedness owing to the Debtor;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$150,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give

unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor’s behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all

material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

18. THIS COURT ORDERS that the Receiver shall not be liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of the Property, including as provided for in Part VII of the *Mining Act*, R.S.O. 1990, c. M. 14 or pursuant to any order or direction issued under the Environmental Legislation.

LIMITATION ON THE RECEIVER'S LIABILITY

19. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order

shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a charge on the Property in priority to the security interests of the Applicant, West Face and any affiliates of the Applicant and West Face, but second in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any other Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that, if requested by the Court, the Applicant, West Face or any other interested party, the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

22. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

23. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall

constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 22 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.ksvadvisory.com/insolvency-cases-2/filter/F>.

24. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, electronic or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery electronic or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. 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.

28. 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,

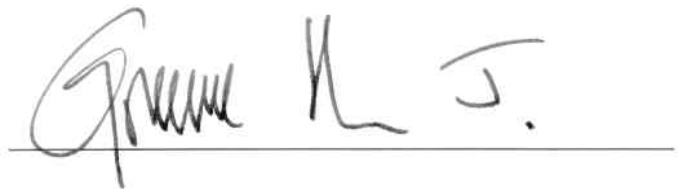
for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

31. THIS COURT ORDERS that the Confidential Supplemental Report shall remain confidential and shall not form part of the permanent court record pending further order of this Court, made on notice to the Receiver and RCF.

32. THIS COURT ORDERS that the registrar of the Court is hereby directed to file the sealed Confidential Supplemental Report separate and apart from all other contents of the Court file in a sealed envelope attached to a notice that sets out the title of these proceedings, the aforementioned description of the documents contained therein, and a statement that the contents of the envelope are sealed pursuant to this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 20 2015

NB

RESOURCE CAPITAL FUND V L.P.
Applicant

v.

FIRST NICKEL INC.
Respondent

Court File No.

CV-15-11082-00CL

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

Proceeding commenced at Toronto

**ORDER
(Appointing Receiver)**

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Lawyers for the Applicant

RESOURCE CAPITAL FUND V L.P.
Applicant

V. FIRST NICKEL INC.
Respondent

Court File No.

20 August 2015

Christopher Burr and Linc A. Rogers for applicant
Sean Zwarg for the proposed receiver.

I am satisfied that the appointment of a receiver is appropriate in the circumstances described in the ~~motion~~ ^{application} report and that the relief requested by the applicant should be granted in accordance with the terms of the draft order provided by counsel. I am also satisfied that it is appropriate to make a sealing order with respect to the Confidential Supplemental Report of KSV dated 20 August 2015, subject to the order of the court.

A comeback hearing is scheduled for 31 August 2015. Service of the application materials on the additional parties (listed in paragraph 43 of the factum of the applicant dated 19 August 2015) may be effected by email

PFO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPLICATION RECORD OF
RESOURCE CAPITAL FUND V L.P.
VOLUME I OF II
(Returnable August 20, 2015)

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Lawyers for the Applicant

2/

page of the application enclosed together with
a copy of my issued and entered order.

James R. J.
(MEXICO).

Appendix “B”



**Report of
KSV Kofman Inc.
as Proposed Receiver of
First Nickel Inc.**

August 19, 2015

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COURT FILE NO: CV-15-11082-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

RESOURCE CAPITAL FUND V L.P.

Applicant

and

FIRST NICKEL INC.

Respondent

REPORT OF
KSV KOFMAN INC.
AS PROPOSED RECEIVER

AUGUST 19, 2015

1.0 Introduction

1. Resource Capital Fund V L.P. ("RCF") and West Face Long Term Opportunities Global Master L.P. ("WFC") (jointly, the "Lenders") are secured creditors and shareholders of First Nickel Inc. (the "Company").
2. On the return date of this application, RCF is seeking an order ("Receivership Order"), among other things, appointing KSV Kofman Inc. ("KSV") as receiver of the Company's property, assets and undertaking pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended ("BIA"), and Section 101 of the Courts of Justice Act R.S.O. 1990, c. C.43, as amended (if so appointed, KSV in such capacity is referred to herein as the "Receiver"). RCF is also requesting to come back to Court for a hearing (the "Comeback Hearing") prior to the end of August to request an order (the "Comeback Order") granting certain additional relief.
3. This report ("Report") is filed by KSV as proposed receiver (the "Proposed Receiver").
4. The primary purpose of these receivership proceedings is to facilitate a realization process for the Company's business and assets in an orderly Court-supervised process.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) Provide certain background information about the Company;
 - b) Summarize the Company's pre-filing efforts to identify prospective purchasers for its sole mine, the Lockerby Mine, which is located in the Sudbury Basin in Northern Ontario ("Lockerby Mine"), as well as its mining equipment;
 - c) Detail the intended sale process for the Company's assets;
 - d) Set out the intended course of action for the Lockerby Mine, including the remaining activity required to be performed by the Company in accordance with workplan approvals to be obtained from the Ministry of Labour;
 - e) Summarize the opinion prepared by Bennett Jones LLP ("Bennett Jones"), the Proposed Receiver's legal counsel, on the security granted by the Company in favour of RCF and WFC;
 - f) Summarize the status of the Company's defined contribution pension plan registered with the Financial Services Commission of Ontario ("FSCO") (the "Pension Plan"); and
 - g) Recommend that this Honourable Court issue the Receivership Order.

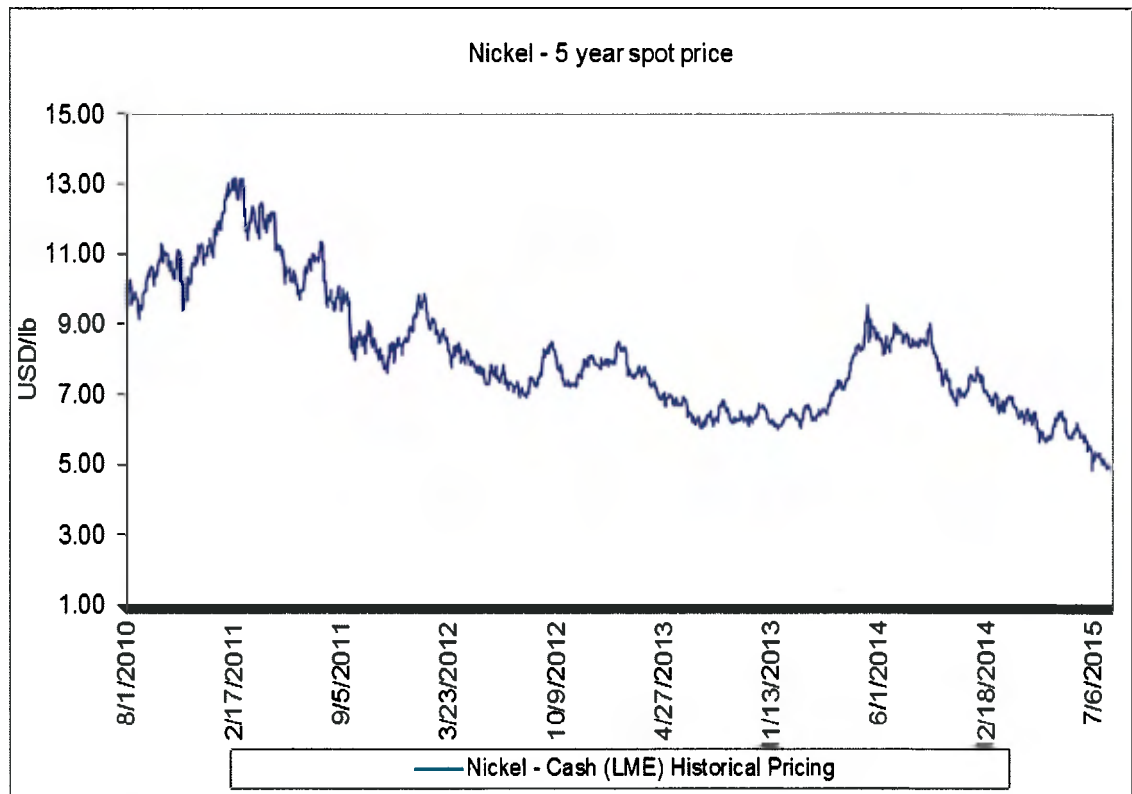
1.2 Restrictions

1. In preparing this Report, KSV has relied upon unaudited financial information prepared by the Company's management, the Company's books and records, discussions with the Company's management and its advisors, and discussions with the Lenders and their advisors. KSV has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Background

1. The Company is a Canadian nickel mining and exploration company.
2. The Company is publicly traded; its shares are listed on the Toronto Stock Exchange under the trading symbol "FNI". The Company leases its head office, which is located in Toronto, Ontario.
3. The Lockerby Mine is an underground mine. The majority of the Company's mining equipment is located at depths ranging from 4,800 feet to 6,000 feet.

4. The Company produces nickel and copper bearing mineral ore. Its principal customer is Glencore Canada Corporation ("Glencore"); the Company supplies Glencore pursuant to the Lockerby Ore Sale and Processing Agreement dated May 31, 2005, as amended.
5. The Company also has rights to exploration properties in Sudbury, Bancroft, Belmont Townships and Timmins (collectively, the "Exploration Properties").
6. As a result of the decline in nickel prices and the Company's significant production costs, the Lockerby Mine is no longer economic. The Company is discontinuing its mining operations following its night shift on August 19, 2015. A chart of Nickel prices (obtained from S&P Capital IQ) for the last five years is provided below.



7. The Company had approximately 93 active employees as at August 19, 2015, the date that operations are being discontinued. The Company's hourly workforce is unionized. Hourly employees are members of either the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers Local 2020, Unit 64) or the Sudbury Mine, Mill & Smelter Workers Union (Local 598/Unifor) (jointly, the "Unions").
8. Following the lay-offs that are expected to occur after the discontinuation of mining operations, the Company will employ 32 individuals, including 21 unionized employees. These employees are being retained by the Company to assist with the disposition of some or all of the Company's business and assets, and the orderly wind-down of any portion of the business and assets which are not saleable, including potentially the Lockerby Mine.

9. The Lockerby Mine is subject to a closure plan (the "Closure Plan"). In 2012, the Company arranged a CAD\$5.9 million surety bond with ACE INA Insurance ("ACE") in respect of the Company's obligations under the Closure Plan (the "Rehabilitation Process"). ACE's obligations are partially secured by cash collateral posted by the Company in the amount of approximately US\$2.4 million. The obligee under the bond is the Minister of Northern Development and Mines ("MNDM").
10. Further information concerning the Company is provided in the affidavit of Catherine Boggs, the Vice President and General Counsel of RCF Management L.L.C., the ultimate general partner that provides management services to RCF (the "Affidavit"). In order to avoid duplication, it has not been repeated herein. This Report is intended to be read in conjunction with the Affidavit.

3.0 The Lenders

1. Each of RCF and WFC is a lender pursuant to the loan agreements and other loan and security documents detailed in the Affidavit. As at the date of this Report, RCF and WFC were owed approximately US\$15.7 million and US\$12.67 million, respectively, plus interest and costs which continue to accrue.
2. The Lenders are expected to incur a substantial shortfall on their advances to the Company.
3. On August 19, 2015, RCF demanded repayment of its loan and issued a Notice of Intention to Enforce Security pursuant to the BIA. On August 19, 2015, the Company waived the statutory 10 day notice period and consented to the appointment of KSV as Receiver.
4. KSV has retained Bennett Jones to act as its independent counsel should the Court issue the Receivership Order and appoint KSV as Receiver. In advance of these proceedings, Bennett Jones provided KSV with a security opinion that the Lenders have validly perfected security interests in the Company's assets as set out in the security documents, subject to standard assumptions and qualifications. A copy of the opinion will be provided to the Court upon request and any interested party requesting a copy of same who confirms certain matters to the Receiver, including matters relating to privilege, reliance, liability to such party and disclosure.

4.0 Proposed Realization Process

1. KSV understands that the Company's pre-filing efforts to realize on certain of its mining equipment can be summarized as follows:
 - In June, 2015, the Company prepared and sent bid packages for its redundant equipment (i.e. those items that were not in use at that time) to five parties in the region which engage in the reselling of mining equipment;
 - Two bids were received for certain pieces of equipment;
 - The Company did not complete a transaction for the equipment at that time. It remains in communication with the bidders; and
 - The Lenders were supportive of the Company's sale process and were kept apprised of the Company's bid solicitation process, including the results thereof.

2. The Company's higher value mining equipment is its underground mobile fleet. Given that the Company was still operational at the time it solicited initial bids, it did not solicit bids for its mobile fleet.
3. The realization process needs to be completed very expediently. Urgency is driven by the Company's high cost structure and the lack of funding available for a lengthy realization process. In its present, non-operating state, the Company is projected to incur costs of approximately CAD\$800,000 per month, including professional fees.
4. Based on the foregoing, the Proposed Receiver, with the assistance of the Company's management team, intends to immediately solicit equipment bids from the parties that were approached by the Company and from additional prospective purchasers that the Company and the Proposed Receiver consider appropriate.
5. Potential bidders will be provided with a form of bidding document and requested to submit bids to the Proposed Receiver on or before August 27, 2015.
6. The value of the bids received on the equipment will determine the next steps in these proceedings. In consultation with the Lenders, the Proposed Receiver will be routinely considering the economics of continuing the realization process based on the expected recoveries versus the costs of the realization process, including maintenance costs. If and when the Proposed Receiver, in consultation with the Lenders, determines that the expected recoveries do not justify the related costs, the realization process will be discontinued.
7. Contemporaneous with the equipment sale process, the Proposed Receiver will consider any offers received for the Lockerby Mine. The timeframe to sell the Lockerby Mine will be driven by the economics of the equipment sale process. If no buyer emerges for the Lockerby Mine, the Proposed Receiver will turn the Lockerby Mine over to MNMD so MNMD can commence the Rehabilitation Process. The Proposed Receiver intends to contact ACE and MNMD at the outset of the proceedings to discuss timing, logistics and other matters related to the Rehabilitation Process.
8. As set out in the Affidavit, over the past year, the Company had been in discussions with prospective purchasers for the Lockerby Mine and maintained a data room to facilitate diligence. The Company's management has advised the Proposed Receiver that it is of the view that it is highly remote that a buyer will be identified for the Lockerby Mine. The Lenders concur with this view.

4.1 Exploration Properties Sale Process

1. Subject to Court approval to be requested at the Comeback Hearing, the Proposed Receiver intends to carry out the following sale process for the Exploration Properties:
 - a) It will compile a listing of prospective purchasers, which will include additional parties, if any, identified by the Company's management and the Lenders.
 - b) It will distribute to prospective purchasers a brief interest solicitation letter detailing this opportunity and relevant provisions of this sale process, including key milestones. Attached to the interest solicitation letter will be a confidentiality agreement ("CA"). Should a party be interested in performing due diligence, it would first be required to execute a CA.

- c) Prospective purchasers will have the opportunity to perform diligence, including the opportunity to review information in an online data room to be set up and maintained by the Receiver, with the assistance of the Company.
- d) The Proposed Receiver is of the view that the information necessary to submit a bid for the Exploration Properties will either be in the data room or available in the Company's publicly available information. A confidential information memorandum will not be prepared. The Proposed Receiver does not consider it necessary to incur the time and cost associated with preparing a confidential information memorandum.
- e) The Receiver will work with legal counsel to prepare a draft form of asset purchase agreement ("APA"). Prospective purchasers will be encouraged to submit offers in this format or substantially in this format, with any changes redlined against the original APA. The APA will also be made available in the data room.
- f) All offers will be subject to Court approval, and must not be contingent on financing or uncompleted due diligence.
- g) The bidding deadline shall be 30 days from the commencement of the sale process (unless the 30th day falls on a day that is not a business day, in which case it shall be the next business day). The Receiver will have the discretion to extend this deadline for an additional 30 days if it believes it is warranted in light of the level of interest and activity expressed by potential purchasers.
- h) The Receiver will not be required to accept the highest offer, or any offer, and will advise prospective purchasers that any transaction is subject to Court approval.
- i) The Receiver shall be entitled to have clarifying discussions with bidders regarding their bids after the bid deadline, and review and consider revised clarifying bids, provided the initial bid was submitted prior to the bid deadline.
- j) The Receiver shall be entitled to accept a single offer for all Exploration Properties, or multiple non-overlapping offers.
- k) Once an offer is accepted, the Receiver will, as soon as practical, seek Court approval of such offers.
- l) In assessing whether to accept an offer, the Receiver may consider such factors as it considers necessary and appropriate, including purchase price, cash payable on closing, conditions to closing, time to closing and the financial wherewithal of the purchaser to consummate the transaction within a reasonable time.
- m) If the proceeds of the offers received are not, in the aggregate, sufficient to pay the Lenders' claims against the Company in full, on closing, acceptance of the offers by the Receiver will be conditional on consent by both Lenders. Should no acceptable offers be received by the bid deadline (as may be extended), the Lenders reserve the right to seek to exercise remedies available to them as secured creditors.
- n) Further extensions beyond 30 days of the bid deadline and other reasonable modifications and amendments may be made by the Receiver with the consent of the Lenders, other than the requirement to obtain approval for any contemplated transaction.

5.0 Pension Plan

1. The Pension Plan is registered in Ontario and had 231 active members as at December 31, 2014.
2. Contributions to the Pension Plan are paid monthly in arrears based on wages paid in the prior month. The Company has made its August pension contribution. According to the Company's books and records, the Company's next scheduled payment is to be made in the last week of September, calculated based on wages paid in August, 2015. The Company estimates that the September contribution to the Pension Plan will be approximately CAD\$13,000.
3. KSV, Bennett Jones and the Lenders' legal counsel are in the process of reviewing issues related to the Pension Plan. If the Receiver is appointed, at the Comeback Hearing, RCF intends to seek an Order on notice to FSCO which will, *inter alia*, authorize the basis on which ongoing contributions to the Pension Plan will be funded during the Receivership Proceedings.

6.0 Comeback Hearing

1. At the initial hearing of this application, RCF is seeking only the granting of the Receivership Order, including the appointment of the Proposed Receiver (including the protections against liability for closure of the Lockerby Mine, described below), the corresponding stay of proceedings and other customary relief provided for in the model Ontario receivership order.
2. Should the Receivership Order be granted, RCF intends to re-attend at the Comeback Hearing on notice to the parties listed below, to seek the following relief:
 - Approval of the sale process described above for the Exploration Properties and, potentially, an equipment sale transaction(s) resulting from the bids to be received on August 27, 2015;
 - Authority for the Receiver to cause the Company to make the pension contributions in the normal course to the Pension Plan and related relief;
 - Authority for the Receiver to turnover the Lockerby Mine to MNDM so that MNDM can conduct the Rehabilitation Process;
 - Authority for the Receiver to establish a reserve for anticipated harmonized sales tax payments, and to cause the Company to pay harmonized sales tax from such reserve as and when such amounts are due and owing; and
 - Such other relief as RCF may consider necessary or appropriate to seek at such time.
3. The Proposed Receiver understands that the relief sought by RCF at the Comeback Hearing will be on notice to WFC, the Unions, MNDM, ACE, the Ministry of Labour, the Ministry of Environment, FSCO, Glencore, Canada Revenue Agency, the chief and council of the Atikameksheng Anishnawbek First Nation, and the other secured creditors registered against the Company's property.

7.0 Planned Activity at the Lockerby Mine

1. Based on the Proposed Receiver's discussions with the Company's mine management team, there is certain activity, including underground blasting, that will need to be undertaken at the Lockerby Mine for a short period of time after the anticipated receivership date. The Proposed Receiver understands this is a common procedure and this blasting is necessary in order to preserve the safety of the Lockerby Mine.
2. Unless the Lockerby Mine has already been turned over to MNDM, the scope of work to be performed by the Company is in an area of the Lockerby Mine known as "67-3E". The activities include inspecting, cleaning and clearing hazardous materials from that area. The process will also include the detonation of certain explosive materials.
3. The Company has retained the employees that are most familiar with and qualified to perform this scope of work. There are certain Ministry of Labour approvals that are required at various stages of this planned activity. The Company's initial workplan has been submitted to the Ministry of Labour. The planned activity will not commence until the requisite approvals are obtained from the Ministry of Labour.
4. Based on the foregoing, the Receivership Order includes a provision authorizing the Receiver to cause the Company to perform this work at the Lockerby Mine.

8.0 Protection for Receiver for certain Environmental Liabilities

1. The Proposed Receiver is requesting that the Receivership Order include the following provision:

THIS COURT ORDERS that the Receiver shall not be liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of the Property, including as provided for in Part VII of the Mining Act, R.S.O. 1990, c. M. 14 or pursuant to any order or direction issued under the Environmental Legislation.
2. As discussed above and in the Affidavit, the Company has various obligations under the Closure Plan. The Proposed Receiver understands that the Company and certain other parties may have additional obligations under the Mining Act, R.S.O. 1990, c. M. 14.
3. It is the Proposed Receiver's expectation that the Rehabilitation Process will commence by MNDM shortly following the commencement of these proceedings, unless a buyer emerges for the Lockerby Mine. The Proposed Receiver, if appointed, intends to assist in facilitating the Rehabilitation Process with the Company, ACE and the MNDM; however, the Proposed Receiver does not intend to execute any aspect of the Rehabilitation Process itself. RCF is seeking express authority for the Receiver to turn over the Lockerby Mine to MNDM for this purpose. The Proposed Receiver supports this relief.
4. Accordingly, the Proposed Receiver is seeking confirmation from the Court that it will not be liable for any environmental rehabilitation-related liabilities in respect of the Company's assets. If the Receivership Order is granted, the MNDM will forthwith receive a copy of it, as described above.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposed Receiver respectfully recommends that this Honourable Court make an Order granting the Receivership Order.

* * *

All of which is respectfully submitted,

A handwritten signature in cursive script that reads "KSV Kofman Inc".

KSV KOFMAN INC.
IN ITS CAPACITY AS PROPOSED RECEIVER OF
FIRST NICKEL INC.
AND NOT IN ITS PERSONAL CAPACITY

Court File No. CV-15-11682-QCCL

RESOURCE CAPITAL FUND V L.P.

V.

FIRST NICKEL INC.
Respondent

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

REPORT OF THE PROPOSED RECEIVER
AUGUST 19, 2015

BENNETT JONES LLP
3400 One First Canadian Place
Toronto, Ontario M5X 1A4

Sean Zweig (LSUC #573071)
Tel: (416) 777-6254
Fax: (416) 863-1716

Counsel to KSV Kofman Inc., the Proposed
Receiver

Appendix “C”

Personal information, if any, collected on this form will be used for the administration of a lawfully authorized activity, the administration of requirements under Part VII of the *Mining Act, R.S.O. 1990, c.M. 14*. Questions about this collection should be directed to the Mineral Exploration and Development Section, Ministry of Northern Development and Mines, 933 Ramsey Lake Road Sudbury ON P3E 6B5. Telephone (705) 670-5815.

Instructions

- Please type or print and submit completed form to: Director of Mine Rehabilitation, Ministry of Northern Development and Mines, 933 Ramsey Lake Road, B6, Sudbury ON P3E 6B5
- A minimum of 6 copies of this document must be provided to the Ministry of Northern Development and Mines. Additional copies may be required.
- If more than one Proponent, Mining Rights Holder, or additional space for other fields is required, please list additional information as an appendix.
- Supporting information (or Project Definition (prov) or Project Description (fed)) must accompany the submission of a Notice of Project Status:
 1. Operating plan, including:
 - (a) description of the project
 - (b) a site plan
 - (c) means and location of access to project site
 - (d) targeted minerals
 - (e) expected term of the project
 - (f) number of workers
 - (g) operating schedule
 2. Map of project boundaries
 3. Uses of adjacent land and water
 4. Identification and location of water bodies within and adjacent to property boundaries.
 5. Owners, occupants and other proponents of project lands
 6. Owners of mining and surface rights on project lands
 7. Owners and occupants of immediately adjacent lands
 8. Project schedule

Section 1 - Proponent (Existing – Corporate Proponent must provide Corporation Legal Name)

Last Name		First Name		Middle Initial	Client No.
Address Unit/Suite/Apt: 206 Street No.: 120 Street Name: Front Street East PO Box:					
Rural Route	City, Town or Village: Toronto			Province/State: Ontario	
Postal Code/Zip Code: M5A 4L9		Country: Canada			
Telephone Number: 416 362-7050	Extension:	Fax Number: 416 362-9050	Email Address:		
Corporation Legal Name: First Nickel Inc.					
Business Operating Name: First Nickel Inc.				Business No.: 869919209	

Section 2 - Mining Rights Holder (Existing - Corporate Mining Rights Holder must provide Corporation Legal Name)

Last Name		First Name		Middle Initial	Client No.
Address					
Unit/Suite/Apt 206	Street No. 120	Street Name Front Street East			PO Box
Rural Route	City, Town or Village Toronto			Province/State Ontario	
Postal Code/Zip Code M5A 4L9		Country Canada			
Telephone Number 416 362-7050	Extension	Fax Number 416 362-9050	Email Address		
Corporation Legal Name First Nickel Inc.					
Business Operating Name First Nickel Inc.				Business No. 869919209	

Section 3 - Project Details

Mining Lands Description (Twp/Area/Municipality, Lot/Conc./Patent/Lease, License of Occupation Numbers)
Lot 12, Concession 6, Graham Township; Lot 1, Concession 6, Denison Township; Lot 1, Concession 5, Denison Township; Lot 2, Concession 5, Denison Township

Project Name (Name on, or to be used on Closure Plan)

Lockerby Mine

Location Description

Denison and Graham Townships, District of Sudbury, Sudbury Ontario

Date the proposed change of status becomes effective (yyyy/mm/dd)

Is this project subject to an Order
under Part VII of the *Mining Act*? ☒ Yes ☐ No

Section 4 - Project Status

If this project **IS** presently subject to a filed Closure Plan, then indicate the Present Project Status in the left hand column below and the Proposed Project Status in right hand column.

Present Status

- ☐ Undeveloped Lands/ Past Producer - Pre 1990
☐ Advanced Exploration
☒ Mine Production and Development
☐ Temporary Suspension
☐ Inactivity
☐ Closed Out

If this project is **NOT** presently subject to a filed Closure Plan, then indicate the Proposed Project Status

Proposed Status

- ☐ Advanced Exploration
☐ Mine Production and Development
☒ Temporary Suspension
☐ Inactivity
☐ Closed Out

- ☐ Advanced Exploration
☐ Mine Production and Development
☐ Temporary Suspension
☐ Inactivity
☐ Closed Out

Section 5 - Attachments

Accompanying this Form:

- ☐ Supporting information as listed in the instructions
- ☐ Aboriginal Consultation Report (provide if you have consulted with Aboriginal Communities before submitting this form)
- ☐ List of additional Proponents
- ☐ List of additional Mining Rights holders
- ☐ Other

Section 6 - Signature and Certification

Submitted by

Thomas Boehlert, President and CEO

☒ Where I have signed on behalf of a corporation, I hereby certify that I have authority to bind the corporation

Last Name

Boehlert

First Name

Thomas

Middle Initial

Date (yyyy/mm/dd)

2015/08/20

Authorized contact person(s) for the Proponent(s) Paul Davis

Contact person is the:

- ☐ Proponent
- ☒ A principal officer of the company
- ☐ An Agent designated for the purposes of making this submission on behalf of the Proponent

Last Name

Davis

First Name

Paul

Middle Initial

Client No.

Address

Unit/Suite/Apt

206

Street No.

120

Street Name

Front Street East

PO Box

Rural Route

City, Town or Village

Toronto

Province/State

Ontario

Postal Code/Zip Code

M5A 4L9

Country

Canada

Telephone Number

416 362-7050

Extension

Fax Number

416 362-9050

Email Address

pdavis@firstnickel.com

Signature of contact person for the Proponent(s)

Date (yyyy/mm/dd)

2015/08/20

Authorized contact person(s) for the Mining Rights Holder(s)

Paul Davis

Last Name

Davis

First Name

Paul

Middle Initial

Client No.

Address

Unit/Suite/Apt

206

Street No.

120

Street Name

Front Street East

PO Box

Rural Route

City, Town or Village

Toronto

Province/State

Ontario

Postal Code/Zip Code

M5A 4L9

Country

Canada

Telephone Number

416 362-7050

Extension

Fax Number

416 362-9050

Email Address

pdavis@firstnickel.com

Signature of contact person for the Mining Rights Holder(s)

Date (yyyy/mm/dd)

2015/08/20

Appendix “D”

Ministry of Northern Development
and Mines

Ministère du Développement du Nord et
des Mines

Mineral Development and Lands Branch

Direction de l'exploitation des minéraux et de
la gestion des terrains miniers



933 Ramsey Lake Road, B6
Sudbury ON P3E 6B5
Tel.: (705) 670-5784
Fax: (705) 670-5803
Toll Free: 1-888-415-9845, Ext 5784

933, chemin du lac Ramsey, étage B6
Sudbury ON P3E 6B5
Tél.: (705) 670-5784
Téléc.: (705) 670-5803
Sans frais : 1-888-415-9845, poste 5784

August 21, 2015

File: F05

Paul Davis
Vice President Exploration
Unit 206, 120 Front Street East
Toronto ON M5A 4L9

Dear Mr. Davis:

**RE: Notice of Project Status – Closure Plan for Lockerby Mine
Denison and Graham Townships, City of Greater Sudbury**

Your Notice of Project Status for the Lockerby Mine, as required under Section 144.(1) of the *Mining Act*, R.S.O.1990, Chapter M14, was received on August 20, 2015.

This Notice indicates that the Lockerby Mine will be changing status from Mine Production to Temporary Suspension.

Rehabilitation should proceed as per the filed Closure Plan for Lockerby Mine. Please be advised, if this change in project status is expected to result in a material change to the filed closure plan, as prescribed in Section 144.(2) of the *Mining Act*, R.S.O.1990, Chapter M14, you are further required to submit a Notice of Material Change.

If you have any questions regarding this matter, please contact Suzanne Halet, Mineral Exploration and Development Consultant at 705-670-3002 or by Email at suzanne.halet@ontario.ca.

Sincerely,

Gordon MacKay,
Director of Mine Rehabilitation

ec: MOECC – Brian Cameron, District Manager
MNRF – Trevor Griffin, District Manager
MOL – Jamie Creswell, Provincial Coordinator, Mining
EC – David Laverdière, Environmental Protection Operations Division
Paul Baskcomb, Director of Planning Services, City of Greater Sudbury
Chief Steven Miller, Atikameksheng Anishnawbek First Nation
David Sieradzi – Managing Director, KSV Kofman Inc

Blind ec: D. Stephenson
S. Reitzel
C. Ralph
J. Fairchild
R. Purdon
E. Solonyka
L. Cooper
Sudbury File # F05

Appendix “E”



David Sieradzki

ksv advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

T +1 416 932 6030

F +1 416 932 6266

ksvadvisory.com
dsieradzki@ksvadvisory.com

August 25, 2015

Ministry of Northern Development and Mines
Mineral Development and Mines Branch
933 Ramsey Lake Road, B6
Sudbury, ON P3E 6B5

Attention: Mr. Gordon MacKay, Vice President Exploration

Dear Mr. MacKay:

Re: First Nickel Inc. (the "Company")

As you are aware, pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated August 20, 2015, KSV Kofman Inc. was appointed receiver (the "Receiver") of the Company's property, assets and undertakings. The Receiver is in receipt of your letter dated August 21, 2015 to Mr. Davis of the Company, which was in response to a Notice of Project Status and letter sent to you by the Company on August 20, 2015. Your August 21 letter stated that "Rehabilitation should proceed as per the filed Closure Plan for Lockerby Mine".

As per the Company's August 20th letter and as discussed on an August 21st conference call among representatives of the Company, the Receiver and the Ministry of Northern Development and Mines (the "MNDM"), the Lockerby Mine was placed in a state of Temporary Suspension during a Care and Maintenance Period to allow for a sale process under a Court-supervised process and extraction of leased and/or salvageable mobile and fixed equipment to the extent the realizable value of such equipment exceeds the realization costs. Contemporaneous with the equipment sale process, the Receiver will also consider any offers received for the Lockerby Mine, although the timeframe to sell the Lockerby Mine will be driven by the economics of the equipment sale process. If no buyer emerges for the Lockerby Mine, the Company and the Receiver intend to turn the Lockerby Mine over to the MNDM so that the MNDM can commence the rehabilitation process. Neither the Company nor the Receiver will be implementing the Closure Plan; however, the Company and the Receiver do intend to coordinate with MNDM in order to assist in facilitating the rehabilitation process.

We trust the foregoing clarifies the intentions of the Company and the Receiver with respect to the Lockerby Mine. We are available if you have any questions or would like to discuss.

Yours very truly,

**KSV KOFMAN INC.,
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FIRST NICKEL INC., AND NOT IN ITS PERSONAL CAPACITY**

Per: David Sieradzki

DS:vb

c.c. Paul Davis (First Nickel Inc.)
Bobby Kofman (KSV Kofman Inc.)

Appendix “F”

**Ministry of Northern Development
and Mines**

Mineral Development and Lands Branch

933 Ramsey Lake Road, B6
Sudbury ON P3E 6B5
Tel.: (705) 670-5784
Fax: (705) 670-5803
Toll Free: 1-888-415-9845, Ext 5784

**Ministère du Développement du Nord et
des Mines**

Direction de l'exploitation des minéraux et de
la gestion des terrains miniers

933, chemin du lac Ramsey, étage B6
Sudbury ON P3E 6B5
Tél.: (705) 670-5784
Télééc.: (705) 670-5803
Sans frais : 1-888-415-9845, poste 5784



August 28, 2015

Mr. David Sieradzki
KSV Advisory Inc.
150 King Street West, Suite 2308
Toronto, Ontario
M5H 1J9

Re: First Nickel Inc.

Dear Mr. Sieradzki:

Thank you for your letter regarding First Nickel Inc. sent on August 25, 2015.

I am pleased to hear that the Company and the Receiver intend to coordinate with MNDM in order to facilitate the rehabilitation process. Further to that intention, we expect that you will coordinate with Ministry representatives to ensure that no assets on the Lockerby Mine site that are required for the ongoing maintenance of the site, or its ultimate rehabilitation, are sold, damaged or rendered inoperable through the asset sales process. We are continuing to work to identify the assets that are required, and expect that the Company and Receiver will continue to cooperate in these efforts.

In the interim, to provide you with some guidance, MNDM will require the use of and access to the following:

- equipment, reagents and electronic records pertaining to the operation/maintenance of treatment systems;
- electrical systems (including back up power supplies);
- electronic and hard copies of records pertaining to waste rock management;
- mine engineering drawings indicating the size, depth and configuration of underground openings;
- site topographic surveys;
- technical reports relating to environmental conditions on the site.

We have already started to receive some of these materials from staff on the site, but it should be recognized that this is by no means intended to be a comprehensive list, nor have the materials received to date fully met our requirements.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. MacKay', with a long horizontal stroke extending to the right.

Gordon MacKay,
Director of Mine Rehabilitation, MNDM

- c. Paul Davis, First Nickel Inc.
Bobby Kofman, KSV Kofman Inc.
Leslie Cooper, Manager, Rehabilitation, Inspection and Compliance, MNDM

Appendix “G”



David Sieradzki

ksv advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

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F +1 416 932 6266

dsieradzki@ksvadvisory.com

August 31, 2015

Mr. Gordon MacKay
Vice President Exploration
Ministry of Northern Development and Mines
Mineral Development and Mines Branch
933 Ramsey Lake Road, B6
Sudbury, ON P3E 6B5

Dear Mr. McKay,

Re: First Nickel Inc. (the "Company")

We are in receipt of your letter dated August 28, 2015. As you are aware, pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated August 20, 2015 (the "Receivership Order"), KSV Kofman Inc. was appointed receiver (the "Receiver") of the Company's property, assets and undertakings.

As you will have seen from the court materials filed in support of the receivership application, the Company's secured creditors have security over substantially all of the Company's assets (including the Company's equipment at the Lockerby Mine), and the Receiver is now attempting to maximize realizations by, among other things, selling the equipment at the Lockerby Mine.

As you noted in your letter, the Receiver and the Company intend to continue coordinating with the Ministry of Northern Development and Mines (the "MNDM"), including facilitating the MNDM's information requests. Your letter indicated that there is equipment and other assets that the MNDM may require for the ongoing maintenance of the site, or its ultimate rehabilitation. Should the MNDM wish to acquire any Lockerby Mine assets subject to the Receivership Order, the MNDM should forthwith advise the Receiver of the manner by which the MNDM intends to acquire these assets as they are subject to a security interest in favour of the Company's secured creditors.

Please forthwith provide us with a list of the assets that MNDM believes it may require. This is time sensitive.

We are available if you have any questions or would like to discuss.

Yours very truly,

**KSV KOFMAN INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FIRST NICKEL INC.
AND NOT IN ITS PERSONAL CAPACITY**

David Sieradzki
Per: David Sieradzki /rk

DS:rk