

First Atlantic Nickel Corp. Closes \$3 Million Dollar Investment

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Through Issuance of Non-Dilutive Unsecured Debenture with Option to Defer Interest and Principal Payments for 5 Years

Vancouver, February 18, 2025 - [First Atlantic Nickel Corp.](#) (TSXV: FAN) (OTCQB: FANCF) (FSE: P21) ("First Atlantic" or the "Company") is pleased to announce that it has closed the previously announced agreement dated February 9, 2025, and it has received \$3 million in cash to advance its wholly owned district scale Atlantic Nickel Project (the "Project") through the issuance of a \$3 million senior unsecured debenture (the "Debenture") pursuant to a non-brokered debt private placement (the "Private Placement"). This strategic investment marks a significant milestone for the Company, providing a non-dilutive source of capital to support the development of the Project.

The Debenture is the largest individual capital funding transaction in First Atlantic's history and contains favourable terms, including a 5-year deferral on all interest and principal payments, with the option to convert the entire Principal Amount of the Debenture plus accrued interest to a royalty which can be repurchased. No equity securities were issued on closing the Debenture, ensuring no immediate dilution to the Company. Additionally, there were no finder's fees or warrants issued as the Company closed the transaction directly with the lender.

Highlights

- **\$3 Million in Proceeds:** The \$3 million in non-dilutive proceeds from the Debenture will fully fund the Company's Phase 2 Drill program, assays and metallurgical testing.
- **Strategic Capital:** The \$3 million in new funding from a strategic investor provides strong financial backing for the Company's Atlantic Nickel Project exploration and development.
- **No Dilution:** No equity securities are required to be issued to the lender under the Debenture.
- **No Commissions:** No commissions, finder's fees, or broker warrants were issued as the Private Placement was initiated and completed between the Company and the lender.
- **5-Year Maturity:** The Debenture is not required to be repaid until maturity in 2030 and the Company is entitled to satisfy the annual interest obligations under the Debenture by adding such amounts to the principal amount outstanding under the Debenture.

For further information, questions, or investor inquiries, please contact Rob Guzman at First Atlantic Nickel by phone at +1 844 592 6337 or via email at rob@fanickel.com.

Debenture Overview

- Non-dilutive capital, meaning no new shares issued that would dilute existing shareholders' ownership
- \$3 million senior unsecured debenture (a type of loan) with a 5-year maturity and a 9.5% annual interest rate.
- Interest payments can be deferred until maturity in 2030 when both the principal and deferred interest payments become due.
- The lender has the option to convert the combined principal and interest into a 2% net smelter return (NSR) royalty on certain claims.
- If the lender elects to convert the principal and interest into a royalty instead of receiving cash repayment of the principal & interest owed, then First Atlantic has the right to buy back the entire 2% NSR for 130% of the principal plus interest within 90 days from the conversion date, or buy back 1.5% (reducing the NSR to 0.5%) for 200% of the principal plus interest at any time after 90 days with no expiry date, including during commercial production.

The proceeds from the Debenture will fund the fully permitted Phase 2 Drilling program and preliminary metallurgical testing at the Project as detailed in the Company's news release dated January 15, 2025. Following the closing of the Private Placement, the Company anticipates an accelerated news cycle in the

coming weeks, with updates from the completed Phase 1 Drill program and the commencement of Phase 2 Drilling.

Transaction Terms

The Debenture bears interest at an interest rate of 9.5% per annum. Interest will be calculated in 12-month intervals from closing, over a term of five years.

The Company may satisfy interest payments due prior to maturity in one of three ways, by:

1. adding the interest to the principal amount of the Debenture;
2. issuing common shares ("Common Shares") to the lender; or
3. payment in cash, and interest payable on maturity may be satisfied pursuant to items (ii) or (iii).

If the Company elects to issue Common Shares to satisfy interest payments, the Common Shares will be issued at the greater of: (i) the 20-day volume-weighted average price of the Common Shares; or (ii) the minimum price permitted by the TSX Venture Exchange (the "Exchange"). The Company may not elect to issue Common Shares if such issuance would result in the lender owning or controlling more than 9.99% of the Company's outstanding Common Shares (the "Ownership Cap"), provided that the lender may, on 61 days' prior written notice, increase the Ownership Cap to a maximum of 19.99%.

The Debenture will mature five years from the date of issue (the "Maturity Date"). In the event of a change of control of the Company or a project transfer, the holder may redeem the Debenture at a price equal to 130% of the outstanding principal amount, plus all accrued and unpaid interest.

On or after the third anniversary of the issue date of the Debenture and before the fourth anniversary, the Company may elect to prepay all (but not less than all) of the principal and accrued interest under the Debenture by paying 130% of the principal amount, plus all accrued and unpaid interest. On or after the fourth anniversary of the issue date of the Debenture, the Company may prepay all (but not less than all) of the principal and accrued interest by paying 115% of the principal amount, plus all accrued and unpaid interest.

The Debenture holder may, at its option, at any time until 5:00 p.m. (Toronto time) on the Maturity Date, elect to receive a 2% net smelter return royalty (the "Royalty") on certain claims within the Atlantic Nickel Project instead of repayment of the principal amount and all accrued and unpaid interest under the Debenture.

If the lender elects to convert all of the outstanding principal and interest into a 2% NSR instead of repayment, First Atlantic has the right to buy the entire amount up to 2% NSR Royalty from the Royalty holder under the following terms: Within 90 days of the date the Company enters into the Royalty Agreement with the lender, the Company can purchase 2% of the 2% Royalty for 130% of the Principal Amount of the Debenture plus accrued interest; After 90 days, the Company can purchase 1.5% of the 2% Royalty (reducing the Royalty Rate to 0.5%) for 200% of the Principal Amount plus accrued interest.

No finder's fees were payable in connection with the Private Placement. Closing of the Private Placement remains subject to receipt of final Exchange approval. All securities issued pursuant to the Private Placement are subject to a statutory four-month hold period.

Investor Information

The Common Shares trade on the Exchange under the symbol "FAN", the American OTCQB Exchange under the symbol "FANCF" and on several German exchanges, including Frankfurt and Tradegate, under the symbol "P21".

Investors can get updates about First Atlantic by signing up to receive news via email and SMS text at www.fanickel.com. Stay connected and learn more by following us on these social media platforms:

<https://x.com/FirstAtlanticNi>
<https://www.facebook.com/firstatlanticnickel>
<https://www.linkedin.com/company/firstatlanticnickel/>

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Awaruite (Nickel-iron alloy Ni₈₃Fe₁₇, Ni₈₃Fe₁₇)

Awaruite, a naturally occurring sulfur-free nickel-iron alloy composed of Ni₈₃Fe₁₇ or Ni₈₃Fe₁₇ with approximately ~75% nickel content, offers a proven and environmentally safer solution to enhance the resilience and security of North America's domestic critical minerals supply chain. Unlike conventional nickel sources, awaruite can be processed into high-grade concentrates exceeding 60% nickel content through magnetic separation and simple floatation without the need for smelting, roasting, or high-pressure acid leaching¹. Beginning in 2025, the US Inflation Reduction Act's (IRA) \$7,500 electric vehicle (EV) tax credit mandates that eligible clean vehicles must not contain any critical minerals processed by foreign entities of concern (FEOC)². These entities include Russia and China, which currently dominate the global nickel smelting industry. Awaruite's smelter-free processing approach could potentially help North American manufacturers meet the IRA's stringent critical mineral requirements and reduce dependence on FEOCs for nickel processing.

The U.S. Geological Survey (USGS) highlighted awaruite's potential, stating, "The development of awaruite deposits in other parts of Canada may help alleviate any prolonged shortage of nickel concentrate. Awaruite, a natural iron-nickel alloy, is much easier to concentrate than pentlandite, the principal sulfide of nickel"³. Awaruite's unique properties enable cleaner and safer processing compared to conventional sulfide and laterite nickel sources, which often involve smelting, roasting, or high-pressure acid leaching that can release toxic sulfur dioxide, generate hazardous waste, and lead to acid mine drainage. Awaruite's simpler processing, facilitated by its amenability to magnetic processing and lack of sulfur, eliminates these harmful methods, reducing greenhouse gas emissions and risks associated with toxic chemical release, addressing concerns about the large carbon footprint and toxic emissions linked to nickel refining.

Figure 1: Quote from USGS on Awaruite Deposits in Canada.

To view an enhanced version of this graphic, please visit:
https://images.newsfilecorp.com/files/6963/241233_68d256185412d912_001full.jpg

The development of awaruite resources is crucial, given China's control in the global nickel market. Chinese companies refine and smelt 68% to 80% of the world's nickel⁴ and control an estimated 84% of Indonesia's nickel output, the largest worldwide supply⁵. Awaruite is a cleaner source of nickel that reduces dependence on foreign processing controlled by China, leading to a more secure and reliable supply for North America's stainless steel and electric vehicle industries.

Disclosure

Adrian Smith, P.Geo., is a qualified person as defined by NI 43-101. The qualified person is a member in good standing of the Professional Engineers and Geoscientists Newfoundland and Labrador (PEGNL) and is a registered professional geoscientist (P.Geo.). Mr. Smith has reviewed and approved the technical information disclosed herein.

About First Atlantic Nickel Corp.

First Atlantic Nickel Corp. (TSXV: FAN) (OTCQB: FANCF) (FSE: P21) is a Canadian mineral exploration company developing the 100%-owned Atlantic Nickel Project, a large-scale nickel project strategically

located near existing infrastructure in Newfoundland, Canada. The Project's nickel occurs as awaruite, a natural nickel-iron alloy containing approximately 75% nickel with no-sulfur and no-sulfides. Awaruite's properties allow for smelter-free magnetic separation and concentration, which could strengthen North America's critical minerals supply chain by reducing foreign dependence on nickel smelting. This aligns with new US Electric Vehicle US IRA requirements, which stipulate that beginning in 2025, an eligible clean vehicle may not contain any critical minerals processed by a FEOC (Foreign Entities of Concern)⁶.

First Atlantic aims to be a key input of a secure and reliable North American critical minerals supply chain for the stainless steel and electric vehicle industries in the USA and Canada. The Company is positioned to meet the growing demand for responsibly sourced nickel that complies with the critical mineral requirements for eligible clean vehicles under the US IRA. With its commitment to responsible practices and experienced team, First Atlantic is poised to contribute significantly to the nickel industry's future, supporting the transition to a cleaner energy landscape. This mission gained importance when the US added nickel to its critical minerals list in 2022, recognizing it as a non-fuel mineral essential to economic and national security with a supply chain vulnerable to disruption.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements:

This news release may include "forward-looking information" under applicable Canadian securities legislation. Such forward-looking information reflects management's current beliefs and are based on a number of estimates and/or assumptions made by and information currently available to the Company that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, statements pertaining to the use of funds from the Private Placement, receipt of final Exchange approval, the Company's objectives, goals or future plans, and statements and estimates of market conditions. Readers are cautioned that such forward-looking information are neither promises nor guarantees and are subject to known and unknown risks and uncertainties including, but not limited to, general business, economic, competitive, political and social uncertainties, uncertain and volatile equity and capital markets, lack of available capital, actual results of exploration activities, environmental risks, future prices of base and other metals, operating risks, accidents, labour issues, delays in obtaining governmental approvals and permits, and other risks in the mining industry. Additional factors and risks including various risk factors discussed in the Company's disclosure documents which can be found under the Company's profile on <http://www.sedarplus.ca>. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

The Company is presently an exploration stage company. Exploration is highly speculative in nature, involves many risks, requires substantial expenditures, and may not result in the discovery of mineral deposits that can be mined profitably. Furthermore, the Company currently has no mineral reserves on any of its properties. As a result, there can be no assurance that such forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

¹ <https://fpxnickel.com/projects-overview/what-is-awaruite/>

² <https://home.treasury.gov/news/press-releases/jy1939>

³

<https://d9-wret.s3.us-west-2.amazonaws.com/assets/palladium/production/mineral-pubs/nickel/mcs-2012-nicke.pdf>

⁴ https://www.brookings.edu/wp-content/uploads/2022/08/LTRC_ChinaSupplyChain.pdf

⁵ <https://www.airuniversity.af.edu/JIPA/Display/Article/3703867/the-rise-of-great-mineral-powers/>

⁶ <https://home.treasury.gov/news/press-releases/jy1939>

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