



2023 ANNUAL INFORMATION FORM

of

FPX Nickel Corp.

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As at April 26, 2024

For the year ended December 31, 2023

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1. Important Information About This Document

This annual information form (**AIF**) for the financial year ended December 31, 2023 provides important information about FPX Nickel Corp. It describes, among other things, FPX Nickel's business including its history, exploration and development activities, Mineral Resources, the regulatory environment in which it operates, the risks it faces, and the markets for its potential products.

In this AIF, unless otherwise stated or the context otherwise requires, references to **FPX Nickel**, **FPX** and the **Company** mean FPX Nickel Corp. and its subsidiaries.

1.1 Date of Information

This AIF is dated April 26, 2024. Unless otherwise stated, all information in this AIF is provided as of December 31, 2023.

1.2 Reporting Currency

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this AIF are references to Canadian dollars. References to "C\$" or "\$" are to the lawful currency of Canada and references to "US\$" are to the lawful currency of the United States.

1.3 Incorporation of Financial Statements, Proxy Circular and Technical Reports

Specifically incorporated by reference and forming a part of this AIF are the audited consolidated financial statements for the Company for the period ended December 31, 2023 and the Management Information Circular dated April 26, 2023 prepared in connection with the Company's 2022 Annual General Meeting, held on May 25, 2023 and a National Instrument 43-101 Standards of Disclosure for Mineral Projects (**NI 43-101**) technical report titled "Baptiste Nickel Project – NI 43-101 Technical Report and Prefeasibility Study" dated October 18, 2023 (with an effective date of September 6, 2023) (**Technical Report**), prepared by Ausenco Engineering Canada Inc. (**Ausenco**).

Upon our filing of a management information circular in connection with a subsequent annual general meeting and the annual consolidated financial statements and all interim financial statements for a new financial period with applicable securities regulatory authorities during the duration of this AIF, the previous management information circular, annual consolidated financial statements and all interim financial statements filed prior to the commencement of our financial year in which the Company's AIF is file, will be deemed no longer to be incorporated into this AIF.

The Qualified Persons who prepared or supervised the preparation of the information contained in the Technical Report are Kevin Murray, P.Eng. of Ausenco, Ronald Voordouw, P. Geo. Of Equity Exploration Ltd., Jeff Austin, P. Eng. Of International Metallurgical & Environmental Inc., Cristian Garcia, P.Eng. of TechSer Mining Consultants Ltd., Duke Reimer, P.Eng. of Knight Piesold Ltd., Richard Flynn, P. Geo. Of Next Mine Consulting Ltd., David Baldwin, P. Eng of Carisbrooke Consulting Ltd., Paul Mysak, P. Eng. Of Onsite Engineering Ltd., and Harold Schmitt, P. Geo of ERM Consultants Canada Ltd. Each of the authors of the Technical Report is independent of the Company within the meaning of NI 43-101 and is a "Qualified Person", as such term is defined in NI 43-101.

The audited consolidated financial statements for the Company for the period ended December 31, 2023, the Management Information Circular dated April 26, 2023 and the Technical Report are available for download under the SEDAR+ profile of FPX Nickel at www.sedarplus.ca.

All financial information in this AIF has been prepared in accordance with International Financial Reporting Standards (**IFRS**).

FPX NICKEL CORP.
Annual Information Form

1.145 **Glossary of Terms and Measurement Conversions**

Refer to the section *Glossary of Terms* in this AIF for definitions of certain scientific or technical terms used in this AIF that may be useful for your understanding of this document.

In this AIF metric units are used throughout. Conversion rates from metric measure to Imperial and from Imperial measure to metric are provided below for convenience:

Metric Measure	Imperial Unit	Imperial Measure	Metric Unit
0.4047 hectares	1 acre	2.47 acres	1 hectare
0.3048 metres	1 foot	3.28 feet	1 metre
1.609 kilometres	1 mile	0.62 miles	1 kilometre
31.1 grams	1 ounce (troy)	0.032 ounces (troy)	1 gram
0.907 tonnes	1 ton	1.102 tons (short)	1 tonne
34.28 grams/tonne	1 ounce (troy/ton)	0.029 ounces (troy)/ton	1 gram/tonne
6.8947 kilopascals (kPa)	1 pound per sq. inch	0.145 pounds per sq. inch	1 kilopascal

CAUTIONARY NOTES REGARDING FORWARD-LOOKING INFORMATION

This AIF, including the documents incorporated by reference herein, contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation concerning the business, operations and financial performance of FPX Nickel Corp. Actual results of operations and the ensuing financial results may vary materially from the amounts set out in any future-oriented financial information or financial outlook information. Forward-looking statements and forward-looking information in this AIF or incorporated by reference in this AIF relate to, among other things: general exploration plans and activities, exploration and development expenditures; exploration and development of the Baptiste Nickel Project (as such term is defined below), the future price of nickel, and certain other commodities, the estimation of mineral reserves and resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of exploration activities, permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, and corporate social responsibility and relationships with communities.

Forward-looking statements or information generally identified by the use of the words “will”, “advance”, “achieve”, “increase”, “plan”, “improve”, “maintain”, “potential”, “intend”, “anticipate”, “expect”, “estimate”, “target”, “objective”, and similar expressions or phrases or statements that certain actions, events or results “may”, “could”, or “would”, or the negative connotation of such terms, are intended to identify forward-looking statements and information. Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, undue reliance should not be placed on forward-looking statements since the Company can give no assurance that such expectations will prove to be correct.

Estimates of mineral resources and mineral reserves are also forward-looking statements because they involve estimates of mineralization that will be encountered in the future, and projections regarding other matters that are uncertain, such as future costs and commodity prices. Mineral resource estimates and certain other technical and scientific information are based on the assumptions and parameters set out herein, in the Technical Report and on the opinion of the Qualified Person.

The Company has based these forward-looking statements and forward-looking information on the Company’s current expectations and projections about future events and these assumptions include, but are not limited to: FPX Nickel’s present and future business strategies and about the environment in which the Company will operate in the future, including a continuation of the exploration and development

activities at the Baptiste Nickel Project; that these activities will operate in accordance with public statements and achieve their stated outcomes; Mineral Reserve and Mineral Resource estimates and the assumptions on which they are based; capital and operating cost estimates; expectations regarding the impact of macroeconomic factors on the Company's operations; ability to develop infrastructure; interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of the Company's properties; that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks; all necessary permits, licenses and regulatory approvals being received in a timely manner; the ability for FPX Nickel to work productively with its Indigenous partners. While the Company considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Accordingly, readers are cautioned not to put undue reliance on these forward-looking statements.

Readers are cautioned that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of FPX Nickel to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements, and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: metal price volatility, changes in equity ownership, accidents and other risks associated with mining, exploration, development and operations, unanticipated geological factors, possible variations in mineral resources and reserves, grade or recovery rates, delays in obtaining governmental approvals, the ability to obtain financing on acceptable terms, relationships with, and claims by, local communities and Indigenous Nations, volatility in the market price of the Company's shares, risks and hazards inherent in mining and processing, increased competition in the mining industry, or in the completion of development activities and other risks of the mining industry. Although FPX Nickel has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause actual results not to be as anticipated, estimated or intended.

Forward-looking statements and information are designed to help readers understand management's views as of that time with respect to future events and speak only as of the date they are made. Forward-looking information is provided as of the date of this AIF or as of the date of the document incorporated by reference, as applicable. Except as required by applicable law, the Company assumes no obligation to publicly announce the results of any change to any forward-looking statement or information contained or incorporated by reference to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements and information. If the Company updates any one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements. All forward-looking statements and information contained in this AIF are expressly qualified in their entirety by these cautionary notes and forward-looking statements.

2. Corporate Structure

2.1 Name, Address and Incorporation

The full corporate name of the Company is FPX Nickel Corp.

FPX Nickel was incorporated in Alberta under the name “First Point Capital Corp.” on February 2, 1995, by registration of its constating documents pursuant to the *Business Corporations Act* (Alberta). On December 3, 1996, the Company changed its name to “First Point Minerals Corp.” On May 30, 2017, the Company adopted its current name, “FPX Nickel Corp.” FPX Nickel is extra-provincially registered in the Province of British Columbia and Yukon Territory and is a reporting company in the provinces of Alberta, British Columbia and Ontario.

The head office of the Company is located at Suite 320, 1155 West Pender Street, Vancouver, British Columbia V6E 2P4 and its registered and records offices are located at Bennett Jones LLP, 4500 Bankers Hall East, 855 – Second Street SW., Calgary, Alberta T2P 4K7, telephone (403) 298-3285, fax (403) 265- 7219.

2.2 Intercorporate Relationships

The following diagram provides the name, the percentage of voting securities owned, directly or indirectly by the Company and the jurisdiction of incorporation of the Company’s subsidiary, as at the date hereof:



3. General Development of the Business

3.1 Business of FPX Nickel

FPX Nickel is an exploration and development company with a focus on mineral properties containing awaruite, a naturally occurring nickel-iron mineral. Awaruite possess significant processing and downstream advantages over traditional sulphide and laterite nickel sources, presenting a tangible opportunity to produce large quantities of low-carbon nickel.

The Company’s principal mineral property is the Baptiste Nickel Project (**Baptiste**) within FPX’s 100% owned Decar Nickel District, located in central British Columbia. FPX Nickel also holds a portfolio of earlier-stage exploration projects in BC and Yukon Territory which target awaruite nickel deposits that cover significant bodies of serpentinized ultramafic rocks in a similar geological setting to those which host the Baptiste deposit.

To date, exploration and development expenditures in the Decar Nickel District have totaled approximately US\$30 million to advance the Baptiste Nickel Project from a “grass-roots” exploration project to its pre-feasibility study.

3.2 Three Year History

Year ended December 31, 2021

On January 12, 2021, the Company announced that based on information in the September 2020 preliminary economic assessment (**PEA**), Baptiste has the potential to produce a high-grade nickel product with a significantly lower carbon footprint than other sources of nickel for use by the global nickel industry.

On February 11, 2021, the Company closed a debt retirement through the issuance of 5,312,386 common shares in the capital of the Company (**Common Shares**) at a price of \$0.65 per Common Share in settlement of the \$3,453,051 principal and interest owing on a long-term loan provided to the Company by a private shareholder, thereby settling said loan.

On February 16 and June 7, 2021, the Company reported the results of phase one and phase two field tests, respectively, demonstrating the potential for tailings from Baptiste to achieve significant direct air carbon capture. These field tests, conducted by UBC researchers funded by the Company and the Government of Canada, demonstrated that the Baptiste tailings can sequester CO₂ when exposed to air through a natural process of mineral carbonation.

On April 7, 2021, the Company closed a bought deal public offering of Common Shares whereby an aggregate of 24,769,800 Common Shares were issued at \$0.65 per Common Share for gross proceeds of approximately \$16.1 million.

On October 19, 2021, November 15, 2021 and January 6, 2022, the Company announced the results of the maiden drilling program on the Van target (**Van**), located within the Decar Nickel District and approximately 6km to the north of Baptiste. The drilling confirmed a large-scale footprint of higher-grade, near-surface awaruite mineralization open for significant expansion.

On October 25, 2021, the Company announced that its Common Shares commenced trading in the United States on the Over-the-Counter Market OTXQB® platform under the symbol “FPOCF.” The Common Shares are eligible for electronic clearing and settlement through the Depository Trust Company in the United States.

Year ended December 31, 2022

On March 30, 2022, the Company announced that it had established a new subsidiary company, CO2 Lock Corp. (**CO2 Lock**), to pursue opportunities in large-scale, low-cost and permanent carbon capture and storage. CO2 Lock raised \$1.7 million in a seed round financing, leaving FPX Nickel with an approximately 76% ownership interest in CO2 Lock on a fully diluted basis. CO2 Lock is proceeding with an independent management team in developing carbon sequestration operations in geological settings worldwide with similarities to the Company’s Baptiste Nickel Project.

On April 12, 2022, the Company announced the appointment of Anne Currie to the Company's Board of Directors.

On June 21, 2022, the Company announced it had executed a Development Memorandum of Agreement for the Decar Nickel District with Binche Keyoh Bu Society, representing the Keyoh families within the Binche Whut’en in central British Columbia. The Company has had a longstanding Memorandum of Understanding for Decar with the Tl’azt’en Nation which included Binche Keyoh families, prior to the amalgamation of Binche from Tl’azt’en and the formation of the Binche Whut’en in 2019.

On December 2, 2022, the Company closed a private placement financing with a corporate strategic investor (the “**Corporate Strategic Investor**”) issuing 24,000,000 Common Shares to the Corporate Strategic Investor at a price of \$0.50 per Common Share, for gross proceeds of \$12.0 million. On completion

of the private placement, the Corporate Strategic Investor owned 9.95% of FPX's issued and outstanding Common Shares on a non-diluted basis.

Year ended December 31, 2023

On January 4, 2023, the Company announced results from the step-out drill program at Van. The drill results expanded nickel mineralization approximately 1 km to the west of previous drilling, bringing the mineralized footprint at Van to approximately 2 km in strike length, the scale of which is comparable to the Baptiste deposit.

On March 8, 2023, the Company announced receipt of approximately \$725,000 in non-repayable funding from the Government of Canada under the Critical Minerals Research, Development and Demonstration program. The funding will accelerate demonstration of the technical and commercial viability to produce nickel sulphate and cobalt precipitate for the electric vehicle battery supply chain from Baptiste.

On April 3, 2023, the Company announced it had entered into a Global Generative Exploration Alliance (**Generative Alliance**) with Japan Organization for Metals and Energy Security (**JOGMEC**). The purpose of the Generative Alliance is to carry out worldwide mineral exploration activities for the identification and acquisition of high-quality properties which are prospective for the same style of awaruite nickel mineralization as contained at Baptiste. Under the terms of the agreement, JOGMEC will solely fund the Generative Alliance's exploration activities over the next two years up to \$1.3 million, plus 60% of any agreed additional expenditures, with the remaining 40% by FPX. Concurrently with the formation of the Generative Alliance, the parties entered into an earn-in agreement which provides JOGMEC the option to earn a beneficial interest in FPX's Klow Project in central British Columbia.

On May 30, 2023, the Company closed a private placement financing with Outokumpu Oyj (**Outokumpu**), a major global stainless-steel producer. Under the terms of the private placement, the Company issued 26,800,000 Common Shares at a price of \$0.60 per Common Share, for gross proceeds of \$16.8 million. Upon completion of the private placement, Outokumpu owned 9.9% of FPX's issued and outstanding Common Shares on a non-diluted basis. Concurrent with the financing, the Company granted to Outokumpu a right of first offer to negotiate, at market terms, one or more offtake agreements with FPX for up to an aggregate of 60,000 tonnes of nickel from Baptiste.

On June 7, 2023, the Company announced that in connection with the \$16.8 million strategic investment by Outokumpu, the Company's Corporate Strategic Investor exercised its participation right in full to re-establish a 9.95% ownership of FPX's issued and outstanding Common Shares. The Company issued an additional 3,251,184 Common Shares to the Corporate Strategic Investor at a price of \$0.60 per Common Share for gross proceeds of \$1.9 million.

On September 6, 2023, the Company announced results from the prefeasibility study (**PFS**) for Baptiste, with an after-tax NPV_{8%} of US\$2.01 billion and IRR of 18.6% at US\$8.75 per lb nickel. The PFS demonstrates the potential to develop a high-margin, long-life, large-scale, and low-carbon mine with flexibility to produce either a high-grade concentrate (60% nickel) for direct feed into the stainless steel industry or further refining into battery-grade nickel sulphate, cobalt precipitate, and copper concentrate products for the battery material supply chain (See item 4.4 *Material Mineral Property – Baptiste Nickel Project, Decar Nickel District* for further details of the Baptiste Technical Report). The Technical Report was filed on SEDAR+ on October 19, 2023.

On September 23, 2023, the Company announced signing of a non-binding memorandum of understanding with JOGMEC and the Prime Planet Energy & Solutions (**PPES**) joint venture between Toyota Motor Company and Panasonic Corporation. The non-binding memorandum of understanding provides a framework for FPX and PPES to explore collaborative opportunities for the vertical integration of nickel production involving

the development of Baptiste through to the production of nickel sulphate and cathode active materials for the PPES supply chain.

FPX Nickel ended 2023 with \$28.9 million in cash and working capital of \$28.7 million.

Recent Developments

On January 23, 2024, the Company announced closing of a private placement financing with Sumitomo Metal Mining Canada Ltd. (**Sumitomo**). The Company issued 30,104,488 Common Shares at a price of \$0.48 per Common Share for gross proceeds of \$14.5 million. On completion of the private placement, Sumitomo owned 9.9% of FPX's issued and outstanding Common Shares on a non-diluted basis. Concurrent with the financing, the Company granted to Sumitomo a right of second offer that provides Sumitomo with the right to negotiate at market terms, one or more offtake agreements with FPX for up to an aggregate of 60,000 tonnes of nickel from Baptiste, with the timing and annual volume of such offtake to be negotiated at a later date.

On February 1, 2024, the Company announced that in connection with the \$14.4 million strategic investment by Sumitomo, the Company's Corporate Strategic Investor, Outokumpu and Sumitomo (collectively, the "**Strategic Investors**") exercised their participation rights in full to re-establish their respective initial ownership interests in FPX's issued and outstanding Common Shares. The Company issued a total of 8,981,971 Common Shares to the Strategic Investors at a price of \$0.48 per Common Share for gross proceeds of \$4.3 million.

On February 7, 2024, the Company announced the appointment of Kim Baird to the Company's Board of Directors.

On April 18, 2024, the Company announced an expansion of the Generative Alliance program with JOGMEC, pursuant to which FPX and JOGMEC agreed to an expanded year two budget, increasing from an initially planned \$650,000 to \$1,500,000.

4. Description of the Business

4.1 General

The principal business of the Company is to undertake activities that will advance development of the Baptiste Nickel Project.

4.1.1 *Specialized Skill and Knowledge*

Many aspects of FPX Nickel's business require specialized skills and knowledge, such as expertise in the areas of geology, metallurgy, engineering, permitting, operations, environmental, social, logistical planning, implementation of exploration programs, accounting, communications and legal. The Company retains employees and consultants who possess the necessary skills and knowledge, including its executive officers.

4.1.2 *Competitive Conditions*

Significant competition exists for mineral resource acquisition opportunities. As a result of this competition, some of which is with established mining companies with substantial capabilities and greater financial and technical resources than the Company, FPX Nickel may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional projects that would yield reserves or result in commercial mining operations.

4.1.3 *Cycles*

The mineral exploration business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

4.1.4 *Environment*

Environmental legislation is evolving in a manner such that standards, enforcement, fines and penalties for non-compliance are becoming stricter. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in government regulations has the potential to reduce the profitability of future operations. To the Company's knowledge, it is in compliance with all environmental laws and regulations in effect in all the jurisdictions where it has properties.

The Company is committed to excellence in environmental performance. We integrate environmental considerations into all aspects of project design, from exploration and development through to operations and closure planning. We aim to minimize our environmental footprint at the earliest stages of project design and planning through the identification of opportunities for the efficient use of water, energy and materials and reductions in waste generation and emissions linked with climate change. FPX calculations indicate production from Baptiste is expected to have a carbon intensity in the lowest decile of the global nickel market. Furthermore, building on the 2023 PFS which includes an electrified pit, the Company is evaluating trade-off studies for haulage decarbonization to further reduce emissions from Baptiste.

4.1.5 *Number of Employees*

At the end of the most recently completed financial year, FPX Nickel had twelve employees. The duties and responsibilities of the President & Chief Executive Office are performed pursuant to a professional services agreement with a private company controlled by one individual.

4.2 Social and Environmental Policies

4.2.1 *Health, Safety, and Environmental Policies*

The health and safety of the Company workforce is a core value for FPX Nickel. We are committed to providing leadership and resources for managing physical and psychological health and safety. Creating a

space where employees, contractors, consultants, and others feel safe is connected to many aspects of our sustainability program. Policies such as the Health and Safety Policy, Environmental Policy, Ethics and Business Conduct Policy, and Indigenous Peoples Policy, and initiatives such as mandatory cultural awareness training for all field staff, are designed to address different aspects of psychological and physical health and safety.

4.2.2 Indigenous Peoples

The Company conducts exploration and development activities on Indigenous land and is committed to ensuring that those activities respect the distinct rights of Indigenous Peoples. To achieve this, we aim to build meaningful relations with Indigenous Rights Holders and develop strategies and initiatives with guidance from local Indigenous communities. In 2023, the Company implemented an Indigenous Peoples Policy, which was guided by the Truth and Reconciliation Commission's Call to Action #92. The Indigenous Peoples Policy states that FPX Nickel is guided by the United Nations Declaration on the Rights of Indigenous Peoples, importantly, the right to free, prior, and informed consent, and affirms the Company's commitment to engage with Indigenous Peoples potentially affected by our activities to:

- Build relationships early and through inclusive processes, understanding the importance of listening;
- Provide the resources required to enable meaningful engagement;
- Integrate Indigenous knowledge and perspectives into decision-making and project planning;
- Acknowledge and respect the distinct cultures, perspectives, and aspirations of Indigenous Peoples, and work with local communities to advance self-determined goals; and

Address potential adverse impacts of any proposed activities, and optimize long-term sustainable benefits and opportunities. Through our Indigenous Peoples Policy, cultural awareness training is required for all employees and executives of FPX Nickel.

4.3 Risk Factors

FPX Nickel's ability to generate revenue and profit from its natural resource properties, or any other resource property it may acquire, is dependent upon a number of factors, including, without limitation, the following:

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for, and the development and operation of, mineral properties. The Company has implemented comprehensive safety and environmental protection measures designed to comply with government regulations and ensure safe, reliable, and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All of the Company's properties are still in the exploration stage. Mineral exploration and exploitation involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. The minerals business is characterized by long lead times from discovery to development, and few exploration projects successfully make the transition to development.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company.

There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Uncertainty Related to Unsettled First Nations Rights and Title in British Columbia

The nature and extent of First Nations rights and title remains the subject of active debate, claims and litigation in British Columbia. Indigenous Nations in British Columbia have made claims of Aboriginal rights and title to substantial portions of land and water in the province, including areas where the Company's operations are situated, creating uncertainty as to the status of competing property rights. The Supreme Court of Canada has held that Indigenous groups may have a spectrum of Aboriginal rights over lands that have been traditionally used or occupied by their ancestors. Such Aboriginal rights and title are not absolute and may be infringed by government in furtherance of a legislative objective, subject to meeting a justification test. The effect of such claims on any particular area of land will not be determinable until the exact nature of historical use, occupancy and rights to such property have been clarified by a decision of the Courts or definition in a treaty. Indigenous Nations in the province are seeking settlements including compensation from governments with respect to these claims, and the effect of these claims cannot be estimated at this time. The federal and provincial governments have been seeking to negotiate settlements with Indigenous groups throughout British Columbia in order to resolve many of these claims. Any settlements that may result from these negotiations may involve a combination of cash, resources, grants of conditional rights to undertake traditional pursuits (like hunting, gathering, trapping and fishing) on public lands, and certain rights of self-government. The issues surrounding Aboriginal title and rights are not likely to be comprehensively resolved in the near future.

In a landmark decision in 2004, the Supreme Court of Canada determined that there is a duty on government to consult with and, where appropriate, accommodate Indigenous Nations where government decisions may impact on claimed, but as yet unproven, Aboriginal rights or title. This decision also provided much needed clarification of the duties of consultation and accommodation. This decision was reinforced in a 2010 decision of the Supreme Court of Canada, in which the Court reaffirmed and restated the test for determining when the duty to consult arises. The Court has made clear that third parties are not responsible for consultation or accommodation of Indigenous interests and that this responsibility lies with government. However, government permits which have the potential to impact asserted Aboriginal rights, including environmental and mine permits, will not be granted by provincial and federal agencies unless they are satisfied that the duty to consult and accommodate has been fully met. In 2005, the Supreme Court of Canada confirmed that this duty exists with respect to treaty rights.

Additional uncertainty has arisen due to the recent decision of the Supreme Court of Canada in *Tsilhqot'in Nation v. British Columbia*, 2014 SCC 44, which recognized the Tsilhqot'in Nation as holding Aboriginal title to approximately 1,900 square kilometres of territory in the interior of British Columbia. This decision represents the first successful claim for Aboriginal title in Canada. The functional impact of this decision on natural resource development with the Tsilhqot'in Nation's Aboriginal title area is not yet fully known.

FPX Nickel currently holds mineral claims in BC and the Yukon which are located within the asserted traditional territories of many Indigenous Nations. Given the unsettled nature of land claims and treaty rights in Canada, there can be no guarantee that there will not be delays in any required approvals, unexpected interruptions in project progress, requirements for First Nations consent, cancellation of permits and licenses, or additional costs to advance the Company's projects.

In addition, the Government of Canada has expressed a renewed commitment to implementing the United Nations Declaration of the Rights of Indigenous People (**UNDRIP**). Both Canada and British Columbia have passed legislation to incorporate the UNDRIP into the laws of British Columbia. Industry is seeing federal and provincial government agencies increasingly defer to Indigenous Nations concerns during permitting processes, which can add additional procedural steps, cost, and uncertainty to permitting.

In order to facilitate mine permitting, construction, commencement and/or expansion of mining activities, we may deem it necessary and prudent to build relationships with and try to obtain the cooperation and approval of the local Indigenous Nations. Such cooperation and approval may be predicated on our committing to take measures to limit the adverse impacts of our activities on the Aboriginal rights of local Indigenous Nations and ensuring that some of the economic benefits of the construction and mining activity will be enjoyed by the local Indigenous Nations. There can be no guarantee that any of our efforts to secure such cooperation or approval would be successful or that the assertion of First Nations rights and title, or claims of insufficient consultation or accommodation, will not create delays in project approval or unexpected interruptions in project progress, cancellation of permits and licenses, or result in additional costs to advance our project.

Environmental and Government Regulation

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development activities. Amendments to current laws and regulations governing the activities of the Company, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Calculation of Reserves, Resources and Mineralization and Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves, resources and mineralization and corresponding grades proposed to be mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of mineralization and grades must be considered as estimates only. In addition, the quantity of reserves, resources and mineralization may vary depending on metal prices. Any material change in quantity of reserves, resources, mineralization, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that nickel recoveries in laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Permitting

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments from appropriate governmental authorities. Before any development on any of its properties the Company must receive numerous permits, and continued operations at the Company's mines and development properties are also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

The Company may be unable to obtain on a timely basis or in the future maintain all necessary permits required to explore and develop its properties, commence construction or operation of mining and processing facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action.

Financial Markets

The Company is dependent on the equity markets as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and by the Company's ability to attract investor support for its projects.

There is no assurance that funding will be accessible to FPX Nickel at the times and in the amounts required to fund the Company's activities, as there are many circumstances that are beyond the control of FPX Nickel. For example, the Company is dependent on investor sentiment being positive towards the mineral exploration business in general and FPX Nickel in particular. Many factors influence investor sentiment, including a positive climate for mineral exploration, the experience and caliber of a company's management and a company's track record in discovering or acquiring economically viable mineral deposits.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies with greater technical and financing resources than itself with respect to acquisition of properties of merit, and the recruitment and retention of qualified individuals to carry out its mineral exploration activities. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental contamination, liabilities arising from historic operations, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action. These factors could all have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Inflation

In the recent past, while inflation had not been a significant factor, the ongoing efforts of many governments to improve the availability of credit and stimulate domestic economic growth while incurring substantial deficits may result in substantial inflation and/or currency depreciation in the future.

Dividends

The Company has never paid cash dividends on its Common Shares and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of its business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares for the foreseeable future.

Potential Volatility of Market Price of Common Shares

The TSX Venture Exchange has, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's Common Shares. In addition, the market price of the Common Shares is likely to be highly volatile.

Factors such as the price of nickel, iron and other minerals, announcements by competitors, changes in stock market analysts' recommendations regarding the Company, and general market conditions and attitudes affecting other exploration and mining companies may also have a significant effect on the market price of the Company's Common Shares. Moreover, it is likely that during the future quarterly periods the Company's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Common Shares could be materially adversely affected.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. The Company's ability to advance its projects could be adversely affected by any inability on its part to obtain or maintain the required financial assurances.

Cyclical Nature of the Mining Business

The mining business and marketability of the products it produces are affected by worldwide economic cycles. At the present time, the significant demand for nickel, iron and other minerals in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand of mined resources in various regions throughout the work are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Legal and Litigation

In the ordinary course of the Company's business, it may become party to new litigation or other proceedings in local or international jurisdictions in respect of any aspect of its business, whether under criminal law, contract or otherwise. The causes of potential litigation cannot be known and may arise from, among other things, business activities, employment matters, including compensation issues, environmental, health and safety laws and regulations, tax matters, volatility in the Company's stock price, failure to comply with disclosure obligations or labour disruptions at its project sites. Regulatory and government agencies may initiate investigations relating to the enforcement of applicable laws or regulations and the Company may incur expenses in defending them and be subject to fines or penalties in case of any violation and could face damage to its reputation. The Company may attempt to resolve disputes involving foreign contractors/suppliers through arbitration in another country and such arbitration proceedings may be costly and protracted, which may have an adverse effect on the Company's financial condition. Litigation may be costly and time-consuming and can divert the attention of management and key personnel from the Company's operations and, if adjudged adversely to the Company, may have a material and adverse effect on the Company's cash flows, results of operations and financial condition.

4.4 Material Mineral Property – Baptiste Nickel Project, Decar Nickel District

The Decar Nickel District ("**Decar**" or the "**Decar Property**") is 247 sq. km. in size and covers part of the Mount Sidney Williams ultramafic/ophiolite complex 90 km northwest of Fort St. James in central British Columbia.

The Decar Property has significant infrastructure advantages as compared to most greenfield exploration projects. It is a two-hour drive from Fort St. James on a high-speed logging road, the first 40 minutes of which is paved. A branch line of the Canadian National Railway (currently defunct) is less than 10 km east from the Baptiste deposit and the BC Hydro power grid is within 90 km to the south of Baptiste. In addition, the right-of-way for TransCanada Corporation's proposed Prince Rupert Gas Transmission pipeline project passes through the southern portion of the Decar claims package.

Unless otherwise indicated, the information that follows relating to Baptiste is based on, derived substantially from, and in some instances is a direct extract from, the Baptiste Technical Report. The information below is based on assumptions, qualifications and procedures that are set out only in the Baptiste Technical Report and reference should be made to the full text of the Baptiste Technical Report which has been filed under the Company's SEDAR+ profile at www.sedarplus.ca and which is also available on FPX Nickel's website at www.fpxnickel.com.

Property Description, Location and Ownership

Decar comprises 62 contiguous mineral claims that cover 24,740 hectares (247 km²) in the Omineca Mining Division of central British Columbia, Canada. The claims confer title to subsurface mineral tenure only, as defined by the Mineral Tenure Act of BC. Surface rights over non-overlapping MTO claims are held by the Crown, as administered by the Government of BC.

There are some overlaps with a Provincial Park, Mineral Reserve, and legacy claims that slightly reduce the effective size of the property, but these are all at least 2.5 km away from known awaruite deposits and targets. As of August 2023, all 62 of the Decar claims are in good standing until at least July 2032.

All claims are registered in the name of and are 100% owned by FPX and are subject to a 1% net smelter return (NSR) royalty.

History

Exploration activity on or immediately adjacent to the Decar Property focused mostly on chromite and platinum group elements (PGE) from the mid-1970s to mid-1980s and listwanite-hosted gold from 1987 to 1994. The strongly magnetic and high-density awaruite was first identified at Decar in 1983 but did not become a target for mineral exploration until the mid-1990s.

In 1996, geochemical and petrographic work on ultramafic samples from what is now the centre of the Decar Property showed nickel hosted in awaruite and other low-sulphur nickel minerals, including heazlewoodite, bravoite and pentlandite. It was recognized that since awaruite, magnetite and chromite were all magnetic, a concentrate could be produced by magnetic separation. These results were followed up with sporadic rock sampling and metallurgical work till 2007 when First Point Minerals Corp. (First Point), the precursor to FPX, staked 15 claims that now form the core of the Decar Property. FPX then steadily grew the Decar Property to its current 62-claim size by 2018.

In 2009, FPX optioned the Property to Cliffs Natural Resources Inc. (**Cliffs**), who earned a 60% interest in the property by incurring approximately US\$22 million in exploration and related expenditures that included completion of the first PEA in 2013. In 2015, FPX re-acquired Cliffs' 60% ownership interest with a cash payment of US\$4.75 M, provided by a loan which has since been fully repaid.

Historical mineral resource estimates were completed by FPX in 2012, 2013, 2017, 2020, and 2022. All five of these estimates were completed in accordance with NI 43-101 reporting standards and were calculated with a cut-off grade of 0.06% DTR Ni.

Geological Setting, Mineralization and Deposit Types

The Decar Property lies entirely within the Cache Creek terrane of British Columbia, with awaruite mineralization hosted by the Trembleur ultramafite unit and correlated to increased serpentinization. This alteration is best developed in association with NW-striking shear zones defined by a core of cataclasite, mylonite, and/or fault breccia that passes symmetrically outwards into decreasing intensities of penetrative deformation fabric. The Baptiste Deposit and Van target, for example, are both elongated along a NW-SE direction and bound by subvertical, NW-SE striking, 50-100 m wide, belts of strong penetrative deformation fabric. This relationship suggests that NW-striking structures channeled the fluids that caused serpentinization of the Trembleur ultramafite and resultant awaruite mineralization. The surface expression of the Baptiste Deposit also suggests a possible secondary NE-directed control.

Serpentinization and Mg-Fe carbonate alteration are the predominant alteration types within the Trembleur ultramafite. Serpentinization is the most widespread, with all ultramafic rocks within the Trembleur unit estimated to be 60-100% serpentinized. On the Decar Property, serpentinization is defined by the replacement of olivine and orthopyroxene with antigorite and lizardite, with magnetite and awaruite forming as part of the serpentinization process.

Awaruite deposits are formed by the serpentinization of magmatic olivine that leads to the liberation of nickel and iron and subsequent formation of awaruite. Awaruite occurs as disseminated grains throughout the entire extent of the peridotite on the Decar Property, but four zones of more abundant mineralization and larger grain size have been identified and named: Baptiste, Sid, B, and Van. The Baptiste Deposit and Van target are the most advanced of these zones, with both tested by numerous drill holes.

The Baptiste Deposit is currently defined for approximately 3,000 m in a west-northwest to east-southeast direction, and for 400-1,500 m from north-northeast to south-southwest. Diamond drilling shows that mineralization typically extends to vertical depths of at least 200-300 m, with 13 of 28 holes drilled deeper than 300 m ending in mineralization. The Deposit is in fault contact with Sitlika metavolcanic rocks to the southwest and grades into massive peridotite with lower-grade mineralization to the north and northwest.

Exploration

FPX staked approximately half of what is currently the Decar Property in 2006 and then conducted four years of additional staking, geological mapping and sampling, geophysical surveys, and metallurgical testwork before optioning the project to Cliffs in 2009. Cliffs then funded exploration on the Property from 2010 to 2013, publishing a maiden resource for the Baptiste Deposit in 2012 followed by an updated resource and PEA in 2013. Since 2013, FPX has completed additional mapping and surface sampling work in addition to diamond drilling in 2017, 2021 and 2022.

Total exploration work completed by FPX and its predecessor, First Point, include 1,668 line-km of airborne magnetic survey, 29.1 line-km of ground-based induced polarization and resistivity (IP) surveys, 45 line-km of ground-based magnetic surveys, downhole geophysical surveys and physical property work, and collection of 1,206 rock samples as well as 111 stream sediments. This work has shown that magnetic surveys and rock sampling are effective methods for delineating awaruite mineralization.

Drilling

Diamond drilling for awaruite deposits on the Decar Property was initiated in 2010 with subsequent campaigns in 2011, 2012, 2017, 2021, and 2022, for a total of 40,652 m drilled in 131 holes. The bulk of these meters were allocated to the Baptiste Deposit and Van target. For Baptiste, most holes were drilled at dips of -50° to -60° through vertically oriented mineralization, so that the horizontal and vertical extents of the mineralization is equal to 50-65% and 75-85%, respectively, of their downhole length.

Approximately 60% of holes drilled in the Baptiste area returned composites >20 DTR Ni %*m (i.e., equivalent to 200 m at 0.1% DTR Ni) with the remaining 40% of holes mostly defining the periphery of the deposit. Likewise, drilling at the Van target returned approximately 50% of holes with >20 DTR Ni %*m.

Sampling, Analysis and Data Verification

Drill core sampling for the Decar Property was completed in seven campaigns, with six of these done concurrently with drilling, and one consisting of infill sampling programs of 2010 and 2011 drill core in 2012.

On-site sample preparation procedures were similar for all sampling campaigns. In each case, the selected drill core intervals were cut with a core saw, with one half placed into a plastic bag with a pre-numbered sample tag (core sample) and the other half returned to the core box for reference (as reference core). Standards (CRM, non-certified standards, replicates) and blank samples were alternately inserted as every 10th sample for a total insertion rate of approximately 10%. One core (quartered core) duplicate was also inserted in every 20 samples for the 2010, 2011, 2012, and 2017 programs; this was reduced to one in every 40 samples for the 2021 and 2022 work. Coarse core or preparation duplicates were also inserted at a rate of 1 in every 20 samples for the 2010, 2011, 2012, and 2017 programs but were dropped from the 2021 and 2022 work.

All drill core from the Decar property has been transported to Fort St. James, BC, where it is stored in a fenced compound. Core boxes are stored in racks and are generally well preserved.

All core samples have been analyzed twice, with one analysis on a whole rock pulp and another on a magnetic separate generated with a Davis Tube magnetic separator. The initial preparation stage is the same, however, with the entire core sample crushed and then split into a 250-gram sub-sample that is pulverized to a pulp with 95% of particles passing 75 µm (200-mesh). For whole rock analyses, a portion of the sub-sample is fused with lithium metaborate/tetraborate flux and analysed by inductively coupled plasma optical emission spectrometry (ICP-OES).

The magnetic separate sample is generated by running the pulverized sub-sample through a Davis Tube magnetic separator, which splits the sub-sample into magnetic and non-magnetic fractions. The magnetic fraction is then fused with lithium metaborate/tetraborate flux and analysed by X-ray fluorescence (XRF).

These analyses are more representative of the minable grade of the deposit since most recoverable nickel will be in the magnetic separate.

Quality assurance / quality control (QA/QC) of geochemical analyses was monitored with certified reference materials (CRMs), non-certified standards (NCS), replicates, blanks, and duplicates. The core cutting, bagging, and transport procedures for all programs are industry standard.

Next Mine Consulting Ltd. performed a site visit to the core yard, reviewed assays in the database and field duplicates and QA/QC data. The core yard work included a review of zones with between 0.04% to 0.23% DTR Ni from drill holes 21BAP084, 073, 085, and 087. The majority of the higher grade mineralized intervals included visible awaruite.

The data are adequate to use as the basis for the purposes of the Technical Report.

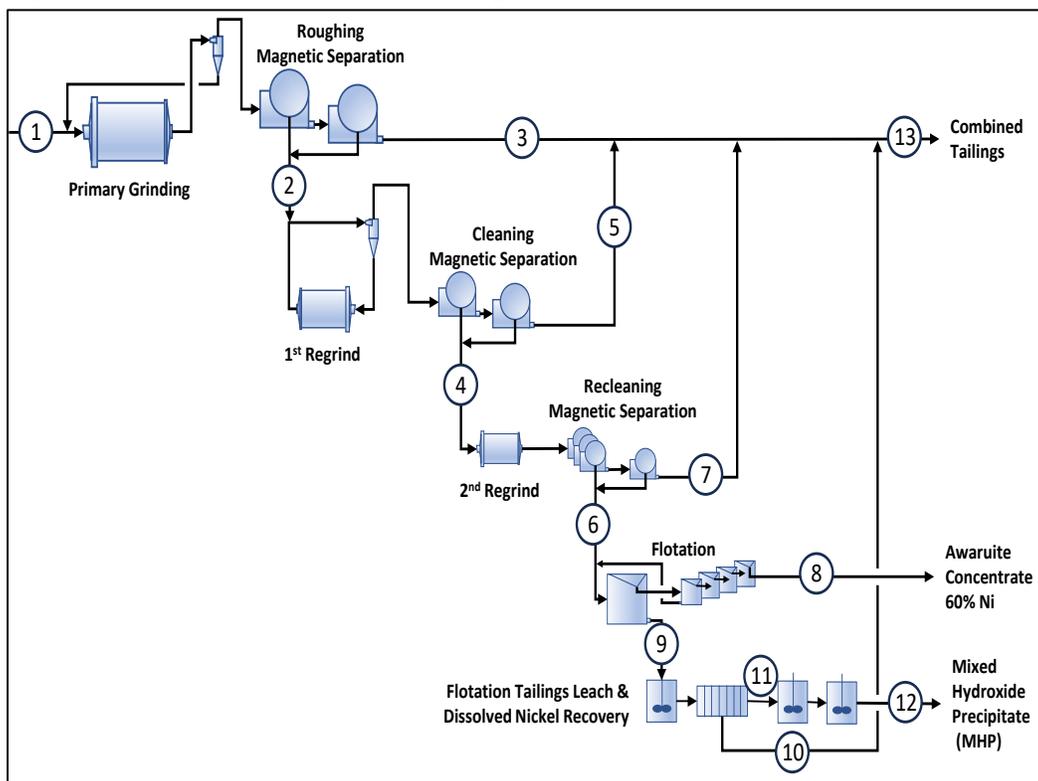
Mineral Processing and Metallurgical Testing

The understanding of the metallurgical process requirements for the recovery of nickel from the Baptiste Deposit has evolved during approximately 14 years of metallurgical testing at various facilities using several representative samples. Nickel occurs primarily as fine and very fine grained awaruite particles in a serpentine host rock.

From the outset of testing, there has been a consistent reliance on magnetic processes for the recovery of awaruite and magnetite in a cost-effective rougher stage. The upgrading of nickel from the rougher stage requires regrinding of rougher concentrates to fine size distributions and includes several stages of magnetic upgrading to produce a magnetic concentrate that is predominantly magnetite and awaruite. This magnetic concentrate can be used as feed to a flotation process to separate and recover nickel to a high-grade nickel concentrate. Minor nickel losses in the flotation tailings can be partially recovered using a simple atmospheric leach process and precipitation process. The overall process flowsheet is shown below.

The process relies on several key mineralogical characteristics of the Baptiste Deposit. Firstly, the nickel mineral awaruite is easily recovered using magnetic separation and this allows for the recovery of awaruite, even in poorly liberated particles. This characteristic allows for the use of a relatively coarse primary grind (250 µm) in the preliminary stages of nickel recovery. Secondly, the grain sizes observed for awaruite are very fine, and consistently in the range of 5-10 µm and this dictates that fine-grinding (15-25 µm) is required to properly liberate awaruite and allow for the production of high-grade nickel concentrates using flotation.

Figure 1 – Baptiste Concentrator Block Flow Diagram



A variability program was completed in 2023 which demonstrated the consistent metallurgical response of the Baptiste materials to the proposed process flowsheet.

As a low-grade, high-tonnage project, the Baptiste testwork programs relied on low-cost magnetic separation technology. The development of a successful flotation process to generate high-value magnetic nickel concentrates has added significant value to the project and places the Baptiste Deposit in a unique marketing position. Saleable concentrates of approximately 60% nickel are expected once the project is operating.

Testwork using a life-of-mine (LOM) composite sample from the Baptiste Deposit has been completed and is summarized in Table 1. This metallurgical result is consistent with other samples tested within the variability test work program. Nickel values are accounted for using both a DTR methodology and a traditional total nickel methodology and the differences reflects the magnetic responses of different nickel minerals within the Baptiste Deposit.

Table 1 – Metallurgical Results for Life-of-Mine Composite Sample

	Sample Overall Distribution (%)				Grades (%)		
	Mass	DTR Ni	Total Ni	DTR Fe	DTR Ni	Total Ni	DTR Fe
Mill Feed	100	100	100	100	0.13	0.21	2.39
Magnetic Concentrate	4.3	94.1	58.2	94.1	2.83	2.83	52.0
Non-magnetic Tailings	95.7	5.9	41.8	5.9	0.008	0.09	0.15
Flotation Concentrate	0.18	82.2	50.9	1.8	60.0	60.0	24.6
Flotation Tailings	4.1	8.92	5.5	92.2	0.28	0.28	53.2
Mixed Hydroxide Precipitate	0.02	6.5	4.0	0	45	45	0
Leach Tailings	4.1	4.5	2.8	92.2	0.14	0.14	53.8
Combined Tailings	99.8	11.3	45.1	98.2	0.015	0.09	2.35

Mineral Resource Estimates

The Baptiste Mineral Resource estimate was prepared by Richard Flynn, P.Geo of Next Mine Consulting.

The sample database supplied for the Baptiste Deposit contains results from 99 surface drillholes completed since 2010, or 96% of all metres drilled. In comparison to the 2020 Resource Estimate, the 2022 Resource Estimate incorporated an additional 17 diamond drillholes totalling 2,856 m from the 2021 drilling campaign. The average drillhole spacing in the Baptiste Deposit is 150 m.

The 2022 updated geological interpretation was provided by Equity Exploration as a model of lithology. The model was created using Leapfrog Geo using implicit modelling methods. The updated geological model of the Baptiste Deposit was drafted by Equity Exploration and consists of four mineralized and six unmineralized (or barren) domains. The mineralized domains are:

- Peridotite - Mineralized: main host of nickel mineralization, logged as “peridotite”, includes variably brecciated cataclastic and/or mylonitized peridotite.
- Dunite: grade is variable but typically lower than peridotite – mineralized, logged as “dunite”, forms layers in Peridotite - mineralized domain, marked by relatively fine grain size, locally brecciated.
- Peridotite - Massive: weakly mineralized, logged as “massive peridotite” or possibly “peridotite”, forms transition from peridotite - mineralized to - low-grade domains, more vein-controlled serpentinization as opposed to pervasive serpentinite alteration in peridotite - mineralized domain.
- Fe-Carbonate Altered Ultramafic: weakly mineralized, logged as “FeCb_AltUM”, weak to moderate (incipient) Fe-carbonate altered peridotite, forms gradation from Peridotite - Mineralized to barren Listwanite and Fe-Cb altered domains, occurs mostly along southern margin of Baptiste Deposit and around the Listwanite ellipse bounding most of the eastern margin.

Sub-domains (DTR Ni grade shells) of the provided lithological model were modeled in Leapfrog. DTR Nickel grades within the corresponding domains were estimated in two passes using ordinary kriging (OK) for grade shells and inverse distance squared (ID2) for the dikes. Model validation was done visually and using swath plots. The anisotropy conforms to the search ellipsoids derived from the variogram models. Locally varying anisotropy was used for all grade shell and dike domains. The dikes employed the central trend line derived from the Leapfrog 3D vein models. The grade shells utilized concentric patterns that honoured the shape of their ‘nested’ contacts and that samples should be paired as such for estimation. The high-grade shell also used the major axis of the variogram model.

Mineral resources were constrained by an optimized pit shell based on an exchange rate of C\$1 = US\$0.77 and a nickel price of US\$8.50/lb with 96% payability. Total operating costs, including mining, processing, G&A, and minimum profit were US\$9.37/t milled. A mining recovery of 95% and process recovery of 85% were used in the optimization. A base case cut-off grade of 0.06% DTR Nickel represents an in-situ metal value of approximately US\$9/t. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Mineral Resources at the Baptiste Deposit have been classified in accordance with CIM Definition Standards and were estimated in accordance with the CIM 2019 Best Practices Guidelines.

Table 2 provides the summary of the 2022 Baptiste Deposit pit-constrained mineral resource estimate.

Table 2 – 2022 Baptiste Deposit Pit-Constrained Mineral Resource Estimate

Category	Tonnes (Mt)	DTR Ni content		Total Ni content		DTR Fe content		DTR Co content	
		% Ni	kt Ni	% Ni	kt Ni	% Fe	kt Fe	% Co	kt Co
Indicated	1,815	0.129	2,435	0.211	3,828	2.40	43,535	0.0035	64.4
Inferred	339	0.131	444	0.212	720	2.55	8,634	0.0037	12.5

Notes:

1. Mineral resource estimate prepared by Richard Flynn, P.Geo of Next Mine Consulting using ordinary kriging within grade shell domains and inverse distance squared in dike domains; effective date of November 14, 2022.
2. Resources are reported using the 2014 CIM Definition Standards and were estimated in accordance with the CIM 2019 Best Practices Guidelines.
3. Davis Tube magnetically-recovered (DTR) nickel is the nickel content recovered by magnetic separation using a Davis Tube, followed by Fusion-XRF to determine the nickel content of the magnetic fraction; in effect a mini-scale metallurgical test. The Davis Tube method is the global, industry standard metallurgical testing apparatus for recovery of magnetic minerals.
4. Indicated mineral resources are drilled on approximately 200 x 200 m drill spacing and confined to mineralized lithologic domains. Inferred mineral resources are drilled on 300 x 300 m drill spacing.
5. A cut-off grade of 0.06% DTR Ni was applied.
6. An optimized pit shell was generated using the following assumptions: US\$8.50/lb nickel price; pit slopes between 42-44°; nickel payability of 96%, mining recovery of 97% DTR Ni, process recovery of 85% DTR Ni, exchange rate of US\$1.00=C\$0.77; and total operating cost and minimum profit of US\$9.37/t milled.
7. Totals may not sum due to rounding.
8. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. Table 3 presents the mineral resource estimate for the Baptiste Deposit at a range of cut-off grades with the applied cut-off grade of 0.06% DTR Nickel in bold face.

Table 3 – Indicated and Inferred Resources for the Baptiste Deposit

Indicated			
% DTR Ni Cut-off	Tonnes (Mt)	DTR Ni (%)	Contained Ni (kt)
0.04	1,850	0.128	2,364
0.06	1,815	0.129	2,335
0.08	1,730	0.132	2,285
0.10	1,576	0.136	2,144
Inferred			
% DTR Ni Cut-off	Tonnes (Mt)	DTR Ni (%)	Contained Ni (kt)
0.04	351	0.128	449
0.06	339	0.131	444
0.08	319	0.134	428
0.10	288	0.139	400

Notes:

1. Mineral resource estimate prepared by Richard Flynn, P.Geo of Next Mine Consulting using ordinary kriging within grade shell domains and inverse distance squared in dike domains; effective date of November 14, 2022.
2. Resources are reported using the 2014 CIM Definition Standards and were estimated in accordance with the CIM 2019 Best Practices Guidelines.
3. Davis Tube magnetically-recovered (DTR) nickel is the nickel content recovered by magnetic separation using a Davis Tube, followed by Fusion-XRF to determine the nickel content of the magnetic fraction; in effect a mini-scale metallurgical test. The Davis Tube method is the global, industry standard metallurgical testing apparatus for recovery of magnetic minerals.
4. Indicated mineral resources are drilled on approximately 200 x 200 m drill spacing and confined to mineralized lithologic domains. Inferred mineral resources are drilled on 300 x 300 m drill spacing.
5. A cut-off grade of 0.06% DTR Ni was applied.
6. An optimized pit shell was generated using the following assumptions: US\$8.50/lb nickel price; pit slopes between 42-44°; nickel payability of 96%, mining recovery of 97% DTR Ni, process recovery of 85% DTR Ni, exchange rate of US\$1.00=C\$0.77; and total operating cost and minimum profit of US\$9.37/t milled.
7. Totals may not sum due to rounding.
8. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Mineral Reserve Statement

The Baptiste Deposit is a large, near surface, bulk mineable deposit that is well suited for conventional large-scale truck and shovel operation. The Mineral Reserves for Baptiste were based on the Project’s Mineral Resource estimate. Only DTR nickel grades were used for net smelter return (NSR) calculations. Only Measured and Indicated Mineral Resources were considered for processing, with Inferred Mineral Resources treated as waste.

The estimated Mineral Reserves are reported using a metal price of \$8.75/lb Ni and cut-off grade of 0.06% DTR nickel, which is equivalent to approximately US\$ 9/t contained metal value. This results in an average NSR of \$19.80/t over the planned life of mine (LOM). The Baptiste Reserve Estimate is summarized in Table 4.

Table 4 – Baptiste Nickel Project Reserve Estimate

Category	Tonnes (kt)	DTR Ni (%)	Total Ni (%)	Contained Metal DTR Ni (kt)	Contained Metal, Total Ni (kt)
Proven	-	-	-	-	-
Probable	1,488	0.130	0.210	1,933	3,125
Total Proven and Probable	1,488	0.130	0.210	1,933	3,125

Notes:

1. Mineral Reserves are reported effective September 6, 2023. The Qualified Person for the estimate is Mr. Cristian Hernan Garcia Jimenez, P.Eng, an independent consultant.
2. Mineral Reserves are reported using a fixed 0.06% Ni DTR cut-off grade, which represent approximately US\$9.00/t NSR value, which is above the economic cut-off grade of US\$5.50/t.
3. The Mineral Reserves are supported by a mine plan, based on a pit design, guided by a Lerchs Grossman (LG) pit shell. Inputs to that process are:
 - Metal prices of Ni US\$8.75/lb.
 - Mining cost US\$1.98/t moved.
 - An average processing cost of US\$3.72/t milled, which includes processing and tailing storage costs.
 - General and administrative cost of US\$1.10/t milled.
 - Pit overall slope angles varying from 42 to 44 degrees.
 - A fixed process recovery of 85% for all the measured and indicated blocks above 0.06% DTR nickel grade.
4. The life-of-mine strip ratio is 0.56 (w:o), excluding capitalized pre-stripping.
5. Tonnage and contained Nickel tonnes are reported in metric units and grades are reported as percentages.
6. All figures are rounded to reflect the relative accuracy of the estimate. Totals may not sum due to rounding as required by the reporting guidelines.

Mineral Reserves are reported effective September 6, 2023, using CIM Definition Standards. The Qualified Person for the estimate is Mr. Cristian Hernan Garcia Jimenez, P.Eng., independent consultant.

Mining Methods

The Baptiste Deposit will be mined via bulk open pit mining operations that will be developed in two phases. Phase 1 includes the first 9 years of operation (plus the preceding 2 years of mine pre-stripping) with a nominal ore processing rate of 108 kt/d. Phase 2 begins in Operating Year 10, is 19 years in duration, and coincides with a plant expansion to a nominal ore processing rate of 162 kt/d.

The Baptiste Deposit will be mined as a conventional large-scale truck and shovel operation with up to 60 Mt of material mined per annum during Phase 1, and up to 120 Mt of material mined per annum during Phase 2. The mining operation will feature 250 mm blast hole electric drills, 42 m³ electric excavators, and 300 t class haul trucks working on nominal 10-m high benches. A flexible combination of dozers, graders, wheel loaders, and excavators will form the core of the support equipment fleet.

Two years of pre-production mining are required to carry out the following tasks:

- **Pioneering:** This includes the development of 13 km of mining roads which are mostly constructed of fill from overburden or waste rock. The roads will connect the upper elevation of the Mine Phase 1 pit to the tailings facility starter dams, the overburden stockpile, the operational ore stockpile, and the primary crusher dump area. This work will also create a platform for Mine Phase 1 and Mine Phase 2 which will be sufficient to allow the operation of the mining equipment.
- **Pre-Stripping:** This includes the stripping of 38.6 Mt of waste rock from Mine Phase 1, which will expose sufficient ore to allow continuous ore delivery to the concentrator upon start-up. During this period, 14.8 Mt of ore will be transported to the operational ore stockpile for temporary storage.

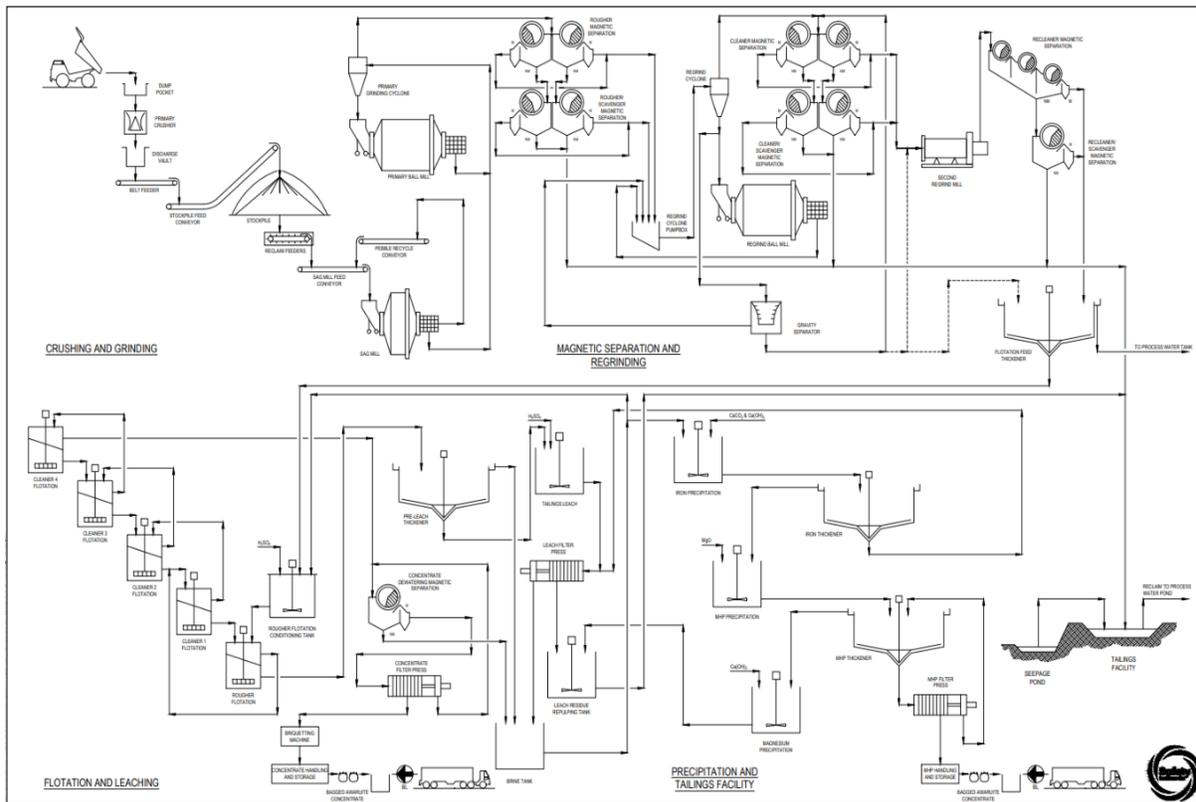
Over the project's 29-year life, the concentrator will be fed with ore directly from the mine and the operational ore stockpile. The total production for the first year is 29.6 Mt (82 kt/d), which represents 75% of the concentrator's nameplate capacity. Throughput is restricted this year as the plant commissioning is completed and throughput is ramped-up. In Years 2 through 9, the full 39.4 Mt (108 kt/d) of ore is delivered to the primary crusher. During this period, the mine ramps-up from approximately 15 Mt in Year -2 up to 50 Mt in Year 3. Then, from Year 4 through 9 the mine moves an average of 60 Mt per annum. In Year 10, a third grinding line will be commissioned, and the average annual concentrator throughput will increase to 59.1 Mt per annum (162 kt/d). During Years 10 through 29, the mine reaches a peak mining capacity of 120 Mt per annum, with an average mine capacity of 96 Mt per annum.

Processing and Recovery Methods

The process plant has been designed to recover nickel to produce a main product of an awaruite concentrate by magnetic and flotation treatment, and a MHP coproduct by precipitation of the nickel leached into solution during flotation and flotation tailings leach stages.

The selected process route is based on the metallurgical testwork performed since 2012 on samples from the Baptiste Deposit, as well as relevant industry benchmark data and Ausenco Process experience. The plant will be constructed in two phases. The initial plant capacity will be 108 kt/d ore feed, followed by an expansion for Year 10, which will be achieved by installing an additional operating line to increase the total processing capacity to 162 kt/d ore feed. A schematic of the process plant flowsheet is shown in Figure 2. Future stages of study will evaluate the opportunity to integrate the Phase 2 processes into the original concentrator facility, in whole or in part. Only the initial phase of the process plant is described in this section as the expansion follows the same flowsheet.

Figure 2 – Overall Process Flow Diagram



Run-of-mine (ROM) ore material will be crushed in a gyrotory crusher and conveyed to a covered stockpile from which the crushed ore will be reclaimed and conveyed to two parallel grinding lines, each including SAG milling followed by ball milling in closed circuit with cyclones (SAB). Overflow from the primary grinding cyclones will gravity feed to the magnetic separation circuit.

The magnetic separation circuit will consist of a three-stage separation process via low intensity magnetic separators (LIMS) and two regrind stages including:

- The magnetic concentrate from the rougher and rougher scavenger magnetic separation circuit will be reground in the first regrind circuit, which will include a ball mill in closed circuit with cyclones. A portion of the cyclone underflow will be treated in a centrifugal gravity concentrator to recover liberated nickel minerals. The gravity concentrate and first regrind cyclone overflow will be advanced to the cleaner magnetic separation circuit, while the gravity tailings will be sent back to the first regrind circuit.
- The magnetic concentrate from the cleaner and cleaner-scavenger magnetic separation circuit will be sent to the second regrind circuit, which will include a stirred mill configured in a direct-feed arrangement. The second regrind product will report to the recleaner magnetic separation circuit. The recleaner magnetic concentrate will be discharged to a thickener ahead of the flotation circuit.
- Tailings from all circuits will be combined and piped to the tailings facility.

The thickened magnetic concentrate will be further upgraded in the flotation circuit that will operate with mildly acidic conditions. The flotation circuit will include stages of conditioning, rougher flotation, and a closed 4-stage cleaner flotation circuit. Sulphuric acid will be dosed in the conditioning and cleaner flotation stages to maintain the required pH level.

The final awaruite concentrate will be dewatered via a LIMS followed by a filter press. The filtered awaruite concentrate will be compressed to produce awaruite concentrate briquettes. These briquettes are packaged into bulk bags and transported off-site via container trucks.

Nickel will also be recovered as a MHP coproduct from the nickel leached into solution in both the flotation and flotation tailings leach circuits. The flotation tailings will be treated via pre-leach thickening, acid leaching, and press filtration stages. The pre-leach thickener overflow and filter press filtrate will be combined to be reused in the flotation circuit. The excess brine will be advanced to a nickel recovery circuit which will include iron removal, MHP precipitation, and magnesium precipitation. The MHP precipitate will be thickened and filtered to produce a second saleable nickel product to be packaged and shipped off site. The magnesium precipitate will be sent to the tailings facility along with the filtered leach residue.

Infrastructure, Permitting and Compliance Activities

Site Access

The current network of existing paved public roads and gravel forestry service roads (FSR) that connect from Fort St. James to the Baptiste site are 170 km in length. This distance will be reduced to 131 km with the construction of a new bridge across the Middle River, at a more southerly point than the existing crossing. Additional road upgrades to facilitate both the shorter route and four-season site access for mine traffic are planned for the construction phase and will include the following:

- a new 7 km resource road segment;
- a 253 m overall length steel girder with composite concrete deck bridge across Middle River;
- a 12 m overall length concrete slab girder bridge;
- a 24 m overall steel girder with composite concrete deck bridge; and
- four-season upgrades to 68 km of existing FSR segments.

There will also be a 16 km realignment of the existing Austin FSR that passes through the project site.

Site Infrastructure

The process plant will be composed of several pre-engineered buildings that house the main processing circuits. The primary crusher will be located approximately 600 m east of the process plant.

The mine maintenance facilities are located within a dedicated pad adjacent to the process plant area. The Truck Shop includes four bays for mining and auxiliary equipment maintenance, with two additional bays added in Year 6. Other mine maintenance facilities include a truck wash and tire change facility, in addition to a mine dry, mine office, and mine mechanical shop.

The Project initially requires a 1,569-bed accommodation facility to support construction. The facility includes an initial 200-person early works camp followed by an additional 1,369 beds to be added progressively prior to the peak construction period. The permanent operations camp will utilize 325 of the 1,569 beds through the Phase 1 operation, with the remaining beds retained to support sustaining capital works, the Phase 2 expansion, and the increased requirements for Phase 2 operating personnel.

Site Power

The Project will require 145 MW of power in the first nine years of operations and an additional 74 MW for the remaining LOM operations to power the plant expansion to 162 kt/d. A 155 km, 230 kV overland transmission line, capable of transmission of 250 MW, will be constructed to connect to the BC Hydro grid at the Glenannan substation located 65 km west of Vanderhoof, BC. This point of interconnection has been assessed and found to be technically viable according to a formal study completed by BC Hydro in January 2023.

Tailings Facility

The proposed tailings facility is the key feature for the integrated waste and water management facilities that will be progressively developed and operated over the life of the mine. The PFS mine plan includes four waste materials to be managed within, or for use in construction of, the tailings facility, including: tailings, overburden from open pit stripping, Class A waste rock, and Class B waste rock. The tailings facility dams will be constructed to El. 1,120 masl, with a corresponding maximum dam height of approximately 190 m (measured from the crest of the dam to downstream toe) at an overall slope of 3H:1V. The tailings facility will store a total of approximately 1 Bm³ of tailings, overburden, and Class B waste rock produced through open pit mining and mineral processing.

Tailings will be conveyed by gravity from the plant site through two pipelines (diameter ranging from 36" to 48") to the tailings facility for discharge to Year 6 of operations. The total length of pipeline installed during pre-production (Year -1) is approximately 7 km. A tailings pumping system will be installed and operated starting in Year 7 to support ongoing tailing deposition as the height of the tailings facility rises to and above the elevation of the plant site. Additional tailings distribution pipelines will be added to facilitate discharge of tailings within the open pit in Year 28.

The conceptual site water management plan for mine operations includes collection of water in the tailings facility supernatant pond along with collection of contact water downstream of all other project infrastructure/disturbance and transfer to a process water pond at the plant site, where it will be reused in mineral processing. Water stored within the tailings facility pond will be reclaimed for use in mineral processing utilizing barge mounted vertical turbine pumps. Two barges each holding four pumps will be installed during the initial 108 kt/d phase of operations, with a third barge installed as the throughput increases to 162 kt/d, to manage the resulting increased water available for reclaim.

Freshwater Supply System

A range of potential water sources for the freshwater supply system were identified via a pre-screening assessment. Alternatives were selected by examining an approximately 20 km radius from the Project area and identifying major features which could potentially provide a freshwater source. Fresh water will be pumped from Trembleur Lake to a fresh water pond and gravity fed to the fresh water tank. The design of the freshwater pump and pipeline system includes a 14 km, 20" diameter, and covered on-grade steel pipeline at a constant pumping capacity year-round. The pumphouse will be constructed on the shore of the lake and a corridor comprising of a maintenance road, the pipeline and power line will connect the pumphouse to the processing plant.

Cultural & Environmental Baseline Studies

The Baptiste Nickel Project has benefited from cultural and environmental baseline studies (baseline studies) completed during two distinct periods: from 2011-2014, and 2021 to present. The 2011-2014 baseline studies were led by Cliffs Natural Resources, in parallel with project development activities at the time associated with the 2013 PEA. In 2014, Cliffs announced the intention to divest from the project, and baseline data collection ceased accordingly. In 2021, following issuance of the 2020 PEA, FPX began planning efforts to resume baseline study data collection.

Baseline studies are planned to continue for the remainder of 2024. These baseline studies are in support of future environmental assessments and permitting for the Project, however the Project has yet to formally enter the environmental assessment process. At that time, it is anticipated that future direction will be obtained on the completion of all applicable baseline studies.

Environmental Assessment and Permitting

The environmental assessment and permitting framework for mining in Canada and British Columbia is well established and prescriptive with supporting guidance documents provided by government agencies. Currently, cultural and environmental baseline studies are ongoing to provide current conditions to inform

the pending Provincial Environmental Assessment, Federal Impact Assessment, and permit applications. Individual permits to construct and operate the mine will only be approved for the project subsequent to the issuance of a provincial Environmental Assessment Certificate and the issuance of a federal Decision Statement.

Provincial Process

In BC, the Environmental Assessment Act (2018), defines whether a mine project is a reviewable project under the Act and Regulations if it exceeds certain thresholds. The Reviewable Projects Regulation (BC Reg. 67/2020), Part 3 – Mine Projects, Table 6 specifies that a new mine is a reviewable project if the annual production will exceed 75,000 t/a of mineral ore. This Project exceeds the threshold criteria and therefore is subject to review under the BC Environmental Assessment Act and Regulations. The Project must obtain an Environmental Assessment Certificate (EAC) prior to obtaining the required construction and operating permits. The BC Environmental Assessment Act review process uses a phased approach with imposed regulatory timelines. The Environmental Assessment (EA) is generally structured as follows:

- Identification and assessment of potential environmental, social, economic, cultural, and health impacts;
- Development of an acceptable scope and methodology for conducting the effects assessment of a selection of valued components (VCs);
- Characterization of residual effects potential for VCs after avoidance, mitigation measures, standard best management practices (BMPs), and monitoring programs are implemented;
- Prediction of the likelihood of significant residual effects occurring;
- Development of acceptable compensation measures to offset residual effects and maintain compliance with provincial and federal regulatory requirements as well as to effectively accommodate adversely affected Indigenous groups;
- Participation in Crown consultation proceedings to provide opportunities for Indigenous, federal, provincial, and local governments, stakeholders, special interest groups, and members of the public to learn about the Project, identify potential issues, provide input to potential avoidance/mitigation measures, and accommodate any infringement of Indigenous title and rights; and
- Incorporate economic, social, cultural, health, and environmental factors into proponent and government decision-making processes.

Key phases of the EA process in BC include:

- Early engagement phase (minimum of 90 days) occurring prior to submitting the detailed Project Description (s. 13 and s. 15 of the Act) and designed to attain consensus among participating Indigenous groups. It includes alternative dispute resolution options and leads to a Summary of Engagement and the Detailed Project Description.
- Remaining phases required to obtain an EA certificate (EAC) include:
 - EA Readiness phase and decision (s. 16(2), s. 17 or s. 18; 60 days minimum, but timeline is variable);
 - Process planning phase (120 days);
 - Application development and review phase (minimum of 180 days) and submission of final application;
 - Effects assessment and recommendation phases (150 days maximum); and
 - Decision phase (30 days maximum).

The Project will be bound by the conditions of the EAC. Post-certificate activities include mitigation effectiveness reports and may include audits, certificate amendments, extensions, and transfers.

Federal Process

The Government of Canada Impact Assessment Act, 2019 requires an Environmental Impact Assessment for federally designated projects. Projects that are not designated federally may still require screening in coordination with the provincial EA process. Government agencies responsible for coordinating the EA processes include the BC Environmental Assessment Office (EAO) and the Impact Assessment Agency of Canada (IAAC). The two agencies have put in place an agreement to address when a project falls under both provincial and federal environmental assessment responsibility, at which time the two governments will cooperate on the environmental assessment while retaining their respective decision-making powers.

The project will be assessed for whether it will require federal authorization by Fisheries and Oceans Canada (DFO) under paragraph 35(2)(b) of the Fisheries Act to commit harmful alteration, disruption, and destruction (HADD) of fish habitat or paragraph 34.4(2)(b) for any death of fish. An authorization would be required by the Minister, and habitat and/or productivity offsetting requirements acceptable to DFO and developed in consultation with participating Indigenous groups may need to be developed.

Whitebark pine and caribou are also valued components of federal legislative interest and will likely require specific studies and may require offset plans to be developed. Additional baseline survey work, including the TEM and determination of the extent of fish habitat, wetlands, and presence of listed species and ecosystems will provide information for federal regulators to consider in the EA process.

Mine Permitting

The Baptiste Nickel Project is in the pre-development stage and has only been subject to Notice of Work permitting through the BC Ministry of Energy, Mines and Low Carbon Initiatives for seasonal surface exploration and geotechnical drilling programs. A list of anticipated Provincial and Federal permits and authorizations required for the development and operation of the mine project are listed in section 20 of the Technical Report. These permits will be pursued in parallel with the EA process.

Indigenous Engagement

The Baptiste Deposit is located within the traditional territories of Tl'azt'en Nation and Binche Whut'en, and First Nation traditional territories that overlap the wider Decar mineral claims area include Takla Nation, Lake Babine Nation, and Yekooche First Nation. Enduring relationships must be built with First Nations and Indigenous Rightsholders, based on transparency, accountability, mutual understanding, and respect for Indigenous rights and title. Since 2009, FPX has maintained regular engagement with First Nations on mineral exploration and project development activities, and meaningful and consistent engagement with Rightsholders will continue to be critical to decision-making processes throughout all aspects of the Project.

Mine Design and Closure Planning

The closure phase of the project will involve both active and long-term (post-closure) phases. Closure will be completed in a manner that will satisfy physical, chemical, and biological stability of the site. The site will be progressively reclaimed towards the end of operations and at the end of mining. The primary objective of the closure and reclamation activities will be to return the site to a self-sustaining condition, in a form that respects the current watershed function. Activities that will be carried out to achieve these objectives will include:

- Overburden will be re-handled from the overburden stockpile for placement on the downstream face of the tailings facility dam and the tailings beaches.
- A closure spillway will be constructed in the left abutment of the North Dam, to safely convey extreme storm event runoff.

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Water from the tailings facility pond will be pumped to the open pit during active closure to accelerate development of an open pit lake. A spillway will be constructed at the south end of the open pit to safely convey extreme storm event runoff.

- A water treatment plant will be installed and will treat water from the open pit and/or tailings facility pond until such time that seasonal outflows meet water quality objectives for the receiving environment.
- The various water management ponds around site will only be removed when collected water meets the water quality objectives for the receiving environment.
- Mine site infrastructure (plant site, mining equipment, power line, etc.) will be removed and footprints of disturbed areas will be reclaimed.
- Instrumentation will be retained for use as long-term monitoring devices. Annual inspections of the site and ongoing evaluation of water quality, flow rates and instrumentation records will confirm design assumptions and performance of the closure activities.

FPX will continue to evaluate all aspects of the mine design, including alternatives for mine waste and water management and mine closure design, informed by future technical and environmental studies, and early engagement with First Nations.

Capital and Operating Costs

Capital Cost Estimate

The initial, expansion, and sustaining capital cost estimates all conform to Class 4 guidelines for a PFS-level estimate with a ±25% accuracy according to the Association for the Advancement of Cost Engineering International (AACE International). The closure capital cost estimate is an order-of-magnitude type. All capital cost estimates were developed in Q3 2023 US dollars (US\$ or USD) based on budgetary quotations for equipment and construction contracts, as well as Ausenco’s in-house database of projects and studies, which includes experience from similar operations.

The estimate includes mining, processing, on-site infrastructure, tailings and waste rock facilities, off-site infrastructure, project indirect costs, project delivery, owners’ costs, and contingency. The total capital cost summary is presented in Table 5. The total initial capital cost for the Baptiste Nickel Project is US\$2,182 M; the Year 10 expansion capital cost is US\$763 M; and LOM sustaining capital cost is US\$1,181 M. Closure capital costs are estimated at US\$284 M.

Table 5 – Summary of Capital Costs

WBS Level 1	WBS Description	Initial (US\$M)	Expansion (US\$M)	Sustaining (US\$M)	Closure (US\$M)	Total Cost (US\$M)
1000	Mining	325	68	643	-	1,036
2000	Process Plant	730	379	0	-	1,109
3000	Tailing Facility	115	30	421	-	566
4000	On-Site Infrastructure	106	34	0	-	139
5000	Off-Site Infrastructure	127	1	0	-	128
Subtotal Direct Costs		1,403	511	1,064	-	2,978
7000	Project Indirects	401	133	20	-	555
8000	Owner’s Costs	106	16	0	-	122
9000	Contingency	272	103	97	-	471
Subtotal Indirect Costs		779	252	117	-	1,148
Project Total		2,182	763	1,181	284	4,410

Note: Values may not sum due to rounding.

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Operating Cost Estimate

Table 6 and Table 7 summarize the overall operating cost of the project by operating phase. Table 8 summarizes the overall operating cost of the project over the LOM. The total operating cost for Phase 1 is estimated to average US\$302 M per year, or US\$7.88/t milled. For Phase 2, when the mine and concentrator throughput is increased to 162 kt/d, the annual total operating cost increases to an average of US\$484 M per year, or US\$8.24/t milled. On a LOM basis, operating costs average US\$8.15/t milled.

Table 6 – Operating Cost Summary – Phase 1 Average

Cost Area	Annual Total (US\$M/a)	US\$/t Milled	US\$/lb Ni Produced	% of Total
Mining	99	2.59	0.98	32.9
Process	144	3.75	1.42	47.6
G&A	47	1.23	0.47	15.6
Product Transportation	12	0.31	0.12	3.9
Total	302	7.88	2.99	100

Note: Values may not sum due to rounding.

Table 7 – Operating Cost Summary – Phase 2 Average

Cost Area	Annual Total (US\$M/a)	US\$/t Milled	US\$/lb Ni Produced	% of Total
Mining	195	3.31	1.32	40.2
Process	211	3.59	1.43	43.6
G&A	62	1.05	0.42	12.7
Product Transportation	17	0.29	0.12	3.5
Total	484	8.24	3.28	100

Note: Values may not sum due to rounding.

Table 8 – Operating Cost Summary – LOM Average

Cost Area	Annual Total (US\$M/a)	US\$/t Milled	US\$/lb Ni Produced	% of Total
Mining	164	3.14	1.24	38.5
Process	190	3.63	1.43	44.5
G&A	57	1.09	0.43	13.3
Product Transportation	15	0.29	0.12	3.6
Total	427	8.15	3.21	100

Note: Values may not sum due to rounding.

Economic Analysis

The economic analysis was performed assuming an 8% discount rate. The pre-tax net present value NPV8% is US\$2,923 M, the internal rate of return (IRR) is 19.1%, and payback is 4.6 years. On an after-tax basis, the NPV8% is US\$2,010 M, the IRR is 18.6%, and the payback period is 3.7 years. The after-tax payback period is shorter than the pre-tax payback period due to the inclusion of investment tax credit refunds in Year -1 to Year 2 of the Project.

Table 9 – Summary of Project LOM Cashflow Assumptions and Results

General	Unit	LOM Total / Average
Nickel Price	US\$/lb	8.75
Exchange Rate	C\$:US\$	0.76
Discount Rate	%	8
Mine Life	Years	29
Total Waste Tonnes Mined (excluding capitalized pre-stripping)	kt	837,576
Total Mill Feed Tonnes	kt	1,487,721
Strip Ratio (excluding capitalized pre-stripping)	waste:ore	0.56
Production	Unit	LOM Total / Average
Concentrator Head Grade, DTR Ni	%	0.13
DTR Ni Recovery – Awaruite Concentrate	%	82.2
DTR Ni Recovery – MHP	%	6.5
Total DTR Ni Recovery (Awaruite Concentrate + MHP)	%	88.7
Nickel Produced – Awaruite Concentrate	mlbs	3,505
Nickel Produced – MHP	mlbs	277
Total Nickel Produced – (Awaruite Concentrate + MHP)	mlbs	3,781
Total Average Annual Nickel Production (LOM)	mlbs	130
Total Average Annual Nickel Production (LOM)	kt	59.1
Nickel Payability – Awaruite Concentrate	%	95
Nickel Payability – MHP	%	87
Total Payable Nickel	mlbs	3,570
Total Payable Nickel	Mt	1.62
Operating Costs	Unit	LOM Total / Average
Mining	US\$/t milled	3.14
Processing	US\$/t milled	3.63
G&A	US\$/t milled	1.09
Concentrate Transport	US\$/t milled	0.29
Total Operating Costs	US\$/t milled	8.15
Royalties	Unit	LOM Total / Average
NSR	%	1
C1 and AISC	Unit	LOM Total / Average
C1 Cost*	US\$/lb Ni	3.70
All-in Sustaining Cost (AISC)**	US\$/lb Ni	4.17
Capital Costs	Unit	LOM Total / Average
Initial	US\$M	2,182
Sustaining	US\$M	1,181
Growth	US\$M	763
Closure	US\$M	284
Total Capital Costs	US\$M	4,410
Financials – Pre-Tax	Unit	LOM Total / Average
Pre-Tax NPV _{8%}	US\$M	2,923
Pre-Tax IRR	%	19.1
Pre-Tax Payback	years	4.6
Financials – Post-Tax	Unit	LOM Total / Average
Post-Tax NPV _{8%}	US\$M	2,010
Post-Tax IRR	%	18.6
Post-Tax Payback	years	3.7

*C1 costs consist of operating cash costs (which include transportation charges) plus treatment and refining charges.

**AISC consist of total cash costs (C1 costs) plus royalties, sustaining capital, BC Hydro integration, and closure cost.

Recent Exploration and Development

Activities to continue advancement of the Baptiste Nickel Project in 2024 prioritize critical path activities in preparation for entry into the Provincial and Federal EA in the first quarter of 2025. Critical readiness activities for the EA are focused on three key areas:

- Collaboration with Indigenous communities – achieved through building of relationships and progression towards establishment of EA agreements with potential participating Indigenous communities. This will include enshrining protocols for collaborative decision-making and consent-based processes with each community.
- Cultural and environmental baseline studies – FPX is committed to an Indigenous-led baseline program, and the Company’s ongoing and expanded program will continue to build the comprehensive dataset required for the EA process and engineering studies.
- Engineering studies and feasibility readiness – Through desktop and laboratory programs, the Company will continue to refine key Project elements, readying for the EA and feasibility study.

5. Dividends and Distributions

To date, the Company has not paid any cash dividends or distributions on its securities. The Company does not have any restriction that could prevent it from paying dividends or distributions and has no dividend or distribution policy.

6. Description of Capital Structure

6.1 General Description of Capital Structure

The authorized capital of the Company consists of an unlimited number of Common Shares without par value, and an unlimited number of first and second preferred shares, of which 273,981,246 Common Shares and no preferred shares were issued and outstanding on December 31, 2023. As of the date hereof, there are 314,875,646 Common Shares issued and outstanding.

All of the authorized Common Shares are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets. No Common Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the *Business Corporations Act (Alberta)* and the Company's constating documents.

The holders of Common Shares are entitled to one vote per Common Share held at meetings of shareholders of the Company.

As at December 31, 2023 there were 18,945,000 stock options outstanding, granted to directors, officers, employees and consultants of the Company under the Company's share compensation plan (**Plan**), at exercise prices ranging from \$0.20 to \$0.80, with terms extending to October 10, 2028. As of the date hereof, there are 15,895,000 stock options outstanding, granted to directors, officers, employees and consultants of the Company under the Plan, at exercise prices ranging from \$0.20 to \$0.80, with terms extending to October 10, 2028. If all of the stock options currently outstanding were to be exercised, the Company would receive approximately \$8,225,000.

As at December 31, 2023 there were no restricted share units outstanding. As of the date hereof, there are 3,985,000 restricted share units outstanding vesting in three equal installments on the annual anniversary of the grant date, February 7, 2024. Restricted shares units are redeemable in cash or Common Shares, at the option of the Company.

6.2 Constraints

There are no constraints imposed on ownership of securities of the Company to ensure that the Company has a required level of Canadian ownership.

6.3 Ratings

The Company has not received a security rating with respect to its Common Shares.

7. Market for Securities

7.1 Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX Venture Exchange under the symbol “FPX” and on the OTCQB Venture Market in the US under the symbol “FPOCF”. The following table outlines the share price trading range and volume of shares traded by month in 2023 and the first three months of 2024.

Month	High (\$)	Low (\$)	Volume
January 2023	0.44	0.39	2,160,221
February 2023	0.53	0.41	1,491,188
March 2023	0.53	0.44	1,729,107
April 2023	0.52	0.45	720,725
May 2023	0.51	0.40	1,524,721
June 2023	0.61	0.45	1,458,418
July 2023	0.55	0.445	776,636
August 2023	0.53	0.315	3,360,392
September 2023	0.52	0.375	2,111,212
October 2023	0.46	0.325	1,387,857
November 2023	0.37	0.29	794,212
December 2023	0.35	0.25	1,511,827
January 2024	0.345	0.26	2,725,959
February 2024	0.40	0.31	1,439,205
March 2024	0.33	0.29	1,408,035

Source: TSX Infosuite

7.2 Prior Sales

The Company does not have any class of securities which are outstanding but not listed or quoted on a marketplace

8. Escrowed Securities and Securities subject to Contractual Restriction on Transfer

As of the date hereof, no shares of the Company are subject to escrow restrictions.

9. Directors and Executive Officers

9.1 Names, Positions and Principal Occupation

The names, positions or offices held with the Company, municipality of residence, and principal occupation within the past five years of the directors and executive officers of the Company as at the date of this AIF are set out below.

Name and Location of Residence	Position with Company	Principal Occupation During the Past Five Years
Peter M.D. Bradshaw⁽⁴⁾ West Vancouver British Columbia, Canada	Director and Chairman, since Feb 13, 2012	Geologist and Mining Executive
Kim Baird Tsawwassen British Columbia, Canada	Director since Feb 7, 2024	Owner, Kim Baird Strategic Consulting; Chancellor for Kwantlen Polytechnic University; Interim Chief Administrative Officer for Tsawwassen First Nation

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Name and Location of Residence	Position with Company	Principal Occupation During the Past Five Years
Anne Currie ^(1,3,4) Victoria British Columbia, Canada	Director since Apr 11, 2022	Consultant to Canadian mining companies on ESG permitting risks, stakeholder and Indigenous engagement matters, and sustainability and ESG reporting and disclosure
James Gilbert ^(1,2,4) Fair Haven New Jersey, United States	Director since Feb 13, 2012	Business Executive; Chief Executive Officer of Calisto Cobre Resources Corp.; formerly Executive Chairman of Latin American Mining Corporation, Stellar Mining Perú Ltd. in Perú and Santiago Metals Ltda. in Chile from June 2018 to October 2019; prior thereto: Chairman & CEO, Orvana Minerals Corp. until Jan. 31, 2018
Peter Marshall ^(2,3,4) Maple Ridge British Columbia, Canada	Director since Sep 6, 2017	President, P J Marshall Consulting Ltd. since Mar 2017; prior thereto: Vice President – Project Development, New Gold Inc., Oct 2011 to Feb 2017
William Myckatyn ⁽⁴⁾ Victoria British Columbia, Canada	Director since Sep 16, 1999	Corporate Director
Robert Pease ^(1,2,3,4) White Rock British Columbia, Canada	Director since Nov 21, 2017	Semi-retired Mining Executive since Mar 2016; Chairman & director, Trek Mining Inc., Mar 31, 2017 to Dec 22, 2017 when it merged with NewCastle Gold Ltd. and Anfield Gold Corp. to form Equinox Gold Corp.
Martin Turenne ⁽⁴⁾ Vancouver British Columbia, Canada	Director since Jul 14, 2017	President & Chief Executive Officer of the Company since Dec 1, 2015
Felicia de la Paz Vancouver British Columbia, Canada	Chief Financial Officer & Corporate Secretary since Oct 10, 2023	Chief Financial Officer & Corporate Secretary of the Company since October 10, 2023; prior thereto: Finance Consultant, Jan 2023 to Oct 2023; Vice President, Finance of Vida Carbon, Feb 2022 to Jan 2023; Director, Corporate Controller of Equinox Gold Corp., Jan 2016 to Feb 2022

Notes:

- 1) Member of the Audit Committee. Mr. Gilbert is Chair of the Committee.
- 2) Member of the Compensation Committee. Mr. Pease is Chair of the Committee.
- 3) Member of the Corporate Governance & Sustainability Committee. Ms. Currie is the Chair of the Committee.
- 4) Member of the Nominating Committee.

The directors are elected at the Annual General Meeting for a period of one year. The Company's last Annual General Meeting was held on May 26, 2023.

As at the date of this AIF, 44,014,899 Common Shares are beneficially owned, directly or indirectly, by the directors and executive officers, as a group, representing 14.0% of the issued and outstanding voting securities.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this AIF, or within 10 years before the date of this AIF, none of the directors or executive officers of the Company is or was a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

except as set out below:

Mr. Pease was on the board of directors of Red Eagle Mining Corp. (Red Eagle) which is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018 for failure to file interim financial statements, management's discussion and analysis, and certification of interim filings for the period ended September 30, 2018. Mr. Pease resigned as a director of Red Eagle on November 8, 2018.

For the purposes of the foregoing, "order" means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Except as set out below, no director or executive officer of the Company, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

Mr. Pease was on the board of directors of Red Eagle, which owned and operated the Santa Rosa mine in Colombia. Due to start up issues Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018 Red Eagle obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders, but in October 2018 the third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle.

- (b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.3 Conflicts of Interest

Certain directors and officers of the Company are and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. Any conflicts which arise shall be disclosed by the directors and officers in accordance with the *Business Corporations Act* (Alberta) and they will govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

10. Promoters

No person has been a promoter of the Company during the three most recently completed financial years.

11. Legal Proceedings and Regulatory Action

11.1 Legal Proceedings

The Company is not currently a party to any legal proceedings.

11.2 Regulatory Actions

The Company is not currently a party to any regulatory actions.

12. Interest of Management and Others in Material Transactions

Since the commencement of the Company's last completed fiscal year, other than as disclosed elsewhere herein, no informed person of the Company, any proposed nominee for election as a director or any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction or in any proposed transaction which, in either case, has materially affected or would materially affect the Company. The term "informed person" as defined in National Instrument 51-102 – Continuous Disclosure Obligations, means:

- (a) a director or executive officer of a reporting Company;
- (b) a director or executive officer of a person or Company that is itself an informed person or subsidiary of a reporting Company;
- (c) any person or Company who beneficially owns, directly or indirectly, voting securities of a reporting Company or who exercises control or direction over voting securities of a reporting Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting Company other than voting securities held by the person or Company as underwriter in the course of a distribution; and
- (d) a reporting Company that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

13. Transfer Agent and Registrar

The transfer agent and registrar for the Company's Common Shares is Computershare Investor Services Inc. The register of transfers of the Company's Common Shares is maintained by Computershare at its offices in Vancouver, British Columbia.

14. Material Contracts

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts during the most recently completed financial year or before the most recently completed financial year which are still in force and effect and which may reasonably be regarded as presently material.

15. Interests of Experts

15.1 Names of Experts

The following are the names of persons or companies (a) that are named as having prepared or certified a report, valuation, statement or opinion included in or included by reference in this AIF; and (b) whose profession or business gives authority to the statement, report or valuation made by the person or the Company.

- (a) DeVisser Gray LLP provided auditor's reports dated March 13, 2024 in respect of the Company's financial statements for the years ended December 31, 2023 and 2022.
- (b) Mssrs. Kevin Murray, P.Eng., Ronald Voordouw, P. Geo., Jeff Austin, P. Eng., Cristian Garcia, P.Eng., Duke Reimer, P.Eng., Richard Flynn, P. Geo., David Baldwin, P. Eng, Paul Mysak, P. Eng., and Harold Schmitt, P. Geo., each of whom is independent of the Company and is named in this AIF as having prepared the Technical Report.
- (c) Andrew Osterloh, P.Eng., FPX's Senior Vice President, Projects & Operations has reviewed and approved the technical content in this AIF.

15.2 Interests of Experts

DeVisser Gray LLP are the auditor of FPX Nickel and have confirmed with respect to FPX Nickel that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

Except for Andrew Osterloh, none of the aforementioned persons is or is currently expected to be elected, appointed or employed as a director, officer or employee of FPX Nickel.

16. Information on the Audit Committee

The Company is required to have an audit committee (**Audit Committee**) comprised of not less than three directors. Subject to certain exemptions as set out in National Instrument 52-110 – *Audit Committees*, (**NI 52-110**) each member of the Audit Committee must be independent and financially literate.

16.1 Audit Committee Mandate

The Audit Committee operates under a written Mandate from the Board of Directors of the Company that sets out its responsibilities and composition requirements. The text of the Audit Committee Mandate is attached to this AIF as Appendix A.

16.2 Composition of the Audit Committee

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. The members of the Company’s Audit Committee are independent, as that term is defined.

16.3 Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All of the members of the Company’s Audit Committee are financially literate as that term is defined.

Based on their business and educational experiences, each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience in actively supervising one or more individuals engaged in such activities; an understanding of internal controls and procedures for financial reporting.

James S. Gilbert has over 30 years of leadership and execution experience in the mining industry. Mr. Gilbert is a director and the former President & CEO of the Company, having served in that capacity from February 2012 to November 2015. Mr. Gilbert is the Chief Executive Officer of Calisto Cobre Resources Corp. and previously was Executive Chairman of Latin American Mining Corporation, Stellar Mining Perú Ltd in Perú and Santiago Metals Ltda. in Chile from June 2018 to October 2019, prior thereto, he served as Chairman and CEO of Orvana Minerals Corp. from August 2016 to February 2018 and as the President & CEO of Minera S.A. from August 2009 to February 2012. He has also held senior positions at Gerald Metals Inc., Rothschild Inc. and Coopers & Lybrand. Mr. Gilbert holds an MBA in Finance from the Wharton School of the University of Pennsylvania and a BA degree from Bucknell University.

Anne Currie has over 35 years of experience in the mining industry, in the private and public sector. Ms. Currie is a former senior partner with Environmental Resources Management and held the positions of British Columbia’s Chief Gold Commissioner and the chief regulatory authority for the Mineral Tenure Act. Ms. Currie has extensive experience permitting major Canadian mining projects, including the KSM, Brucejack, Kemess and Blackwater projects in British Columbia. Having served in a senior executive capacity in Project Development for large, capital-intensive mining projects, she has accumulated significant knowledge and expertise in project management, budgeting and financial planning. This experience has resulted in Ms. Currie being able to fully understand accounting principles and review and evaluate the financial statements of the Company.

Robert B. Pease has 40 years of experience working as a geologist and mining company executive. He currently serves as a director of the Company, as well as of Liberty Gold and Endurance Gold Corporation. Mr. Pease founded Terrane Metals Corp. in 2006, which developed the Mt. Milligan copper- gold project, located in central British Columbia, through final feasibility and the commencement of project construction, before Terrane's acquisition by Thompson Creek Metals Company Inc. for \$650 million in 2010. He is a former Director and Strategic Advisor to Richfield Ventures Corp., which advanced the Blackwater gold project in central British Columbia., until the acquisition of Richfield by New Gold Inc. for \$500 million in 2011. Mr. Pease is the recipient of several major industry awards, having been named 2010's "B.C. Mining Person of the Year" by the Mining Association of B.C. and having received the "E.A. Sholz Award" for excellence in mine development from the Association for Mineral Exploration B.C. in 2015. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia (P. Geo.) and is a Fellow of the Geological Association of Canada. Mr. Pease holds a Bachelor of Science in Earth Sciences from the University of Waterloo.

16.4 Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

16.5 Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member) or section 3.5 (Death, Disability or Resignation of Audit Committee Member) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in subsection 3.3(2) (Controlled Companies) or section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances) or the exemption in section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

16.6 Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services that provide for the pre-approval, by the Audit Committee, of all non-audit services to be performed by the external auditor and the fees to be paid therefore, in the event that the aggregate fees for such non-audit services is expected to exceed more than five per cent of the total amount of fees to be paid by the Company to the external auditor during the fiscal year in which the services will be provided.

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16.7 External Auditor's Fees

The aggregate fees billed by the Company's external auditor in each of the last two financial years are shown in the table below:

Financial year ended Dec 31	Audit Fees ⁽¹⁾	Audit-related Fees ⁽²⁾	Tax Fees ⁽³⁾	All other Fees ⁽⁴⁾
2022	21,000	17,500	3,450	-
2023	23,000	22,750	1,750	-

Notes:

1. The aggregate audit fees as billed or accrued.
2. The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit fees".
3. The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
4. The aggregate fees billed for products and services other than as set out under the three previous headings.

16.8 Board Review Mandate

The Board of Directors reviews the adequacy of the Audit Committee's Mandate on at least an annual basis.

17. Additional Information

The following documents may be obtained upon request made to the Company or by visiting the Company's Profile on the SEDAR public documents site at www.sedarplus.ca:

- (a) This AIF and the pertinent pages of any document incorporated by reference in this document;
- (b) The Technical Report;
- (c) The audited financial statements of the Company for its most recently completed financial year ended December 31, 2023 and the interim financial statements of the Company for quarters ended in 2022 and 2023 that have been filed with the securities regulatory authorities; and
- (d) The Management Information Circular dated April 26, 2023, which contains additional information including director and officer remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans.

The Technical Report referred to in item (b) above was filed under the Company's Profile on the SEDAR+ website on October 18, 2023.

A copy of any of the above-noted documents may be obtained upon request from the head office of FPX Nickel Corp. located at Suite 320 - 1155 West Pender Street, Vancouver, BC, V6E 2P4, Telephone: 604-681-8600; e-mail: info@fpxnickel.com; website: www.fpxnickel.com. The Company may require payment of a reasonable charge if it receives a request for any of the foregoing documents from a person or Company who is not a security holder of the Company.

Glossary of Terms

Unless otherwise defined, technical terms used in this AIF or elsewhere published by the Company, have the follow meanings.

Term	Definition
Awaruite	A naturally occurring mineral consisting of approximately 76% nickel and 24% iron, found in certain ultramafic rocks. Strongly magnetic (approximately ten times more so than magnetite).
Breccia	A rock composed of angular broken fragments held together by mineral cement or a fine- grained matrix.
CIM	The Canadian Institute of Mining, Metallurgy and Petroleum.
Concentrate	A processing product containing the valuable ore mineral from which most of the waste mineral has been eliminated.
Core	Cylindrical rock cores produced by diamond drilling method that uses a rotating barrel and an annular-shaped, diamond-impregnated rock-cutting bit to produce cores and lift them to the surface to be examined.
crushing	Breaking of ore into smaller and more uniform fragments to be then fed into grinding mills.
Decar Nickel District	A group of 62 contiguous mineral claims covering 24,740 hectares located in the Mount Sidney Williams area 90 kilometres northwest of Fort St. James in central British Columbia.
Dike	An igneous mass injected into a fissure in rock. A dike can also mean a structure constructed of rock, gravel or other material for the purpose of impounding water or directing the flow of a river or stream.
DTR Nickel	Davis Tube Recoverable Nickel. The portion of nickel present in a mineral sample that is recoverable by magnetic separation methods using a Davis Tube. The procedure involves the recovery of the magnetic fraction of the sample by magnetic separation using a Davis Tube, measuring the weight of the magnetic fraction followed by assaying the total nickel content of that fraction from which the DTR nickel content is determined. The Davis Tube magnetic separation method recovers the highly magnetic awaruite mineral, as well as any other magnetic material, including magnetite. The Davis Tube is the global industry standard geometallurgical test for determining the recovery of magnetic minerals contained in a rock sample.
Dunite	A rock formed predominantly of olivine.
geophysical survey	Exploration activity mapping an area showing the physics of the earth.
Grade	The amount of metal in each tonne of ore.
grinding (milling)	Powdering or pulverizing of ore, by pressure or abrasion, to liberate valuable minerals for further metallurgical processing.
Indicated Mineral Resource	The part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Term	Definition
induced polarization or “IP”	A geophysical exploration method.
Inferred Mineral Resource	The part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
in-fill	The collection of additional samples between existing samples, used to provide greater geological detail and to provide more closely-spaced assay data.
life-of-mine or “LOM”	The plan for how the Company will mine in a particular area and for how long.
Magnetite	A form of iron oxide, and an important component in many iron ores. Strongly magnetic.
Measured Mineral Resource	The part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.
Megavolcanics	Rock of volcanic origin that has been metamorphosed.
Mineral Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are subdivided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

Term	Definition
Mineral Resource	A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.
NI 43-101	National Instrument 43-101 – <i>Standards for Disclosure for Mineral Projects</i> provides specific guidelines that mining and mineral exploration companies in Canada must follow for public disclosure of scientific and technical information relating to their mineral projects, designed to improve the accuracy and integrity of the information they provide.
Net Smelter Return or “NSR”	A royalty payment made by a producer of metals based on gross mineral production from the property, less deductions of certain limited costs that typically including smelting, refining, transportation and insurance costs.
nickel or “Ni”	A white metallic metal, very malleable and ductile, largely used in alloys such as stainless steels as well as electric vehicle batteries.
Olivine	A green mineral composed of magnesium, iron and silica.
open pit mine	A mine where materials are removed entirely from a working that is open to the surface.
Ore	Rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.
Outcrop	Bedrock which is exposed at surface and is not covered by soil or other material.
Peridotite	A dark green ultramafic rock that originally consisted of less than 90% fine-grained olivine and more than 10% medium to coarse-grained pyroxene – it is the main host rock of awaruite mineralization and is variably altered to serpentine-magnetite minerals.
Prefeasibility Study or “PFS”	Refers to the NI 43-101 technical report titled “Baptiste Nickel Project NI 43-101 Technical Report and Prefeasibility Study” dated October 18, 2023 (with an effective date of September 6, 2023), prepared by Ausenco Engineering Canada Inc. that provides, based upon the assumptions set out in the PFS, estimates of the capital and operating costs and projected revenues and net income on both a pre-tax and post-tax basis associated with the development of an open pit mining operation for the Baptiste Nickel Project.
Preliminary Economic Assessment or “PEA”	Refers to the NI 43-101 technical report titled “Preliminary Economic Assessment for the Baptiste Nickel Project” dated September 29, 2020 (with an effective date of September 9, 2020), as amended and restated on March 17, 2021, prepared by BBA Inc. that provides, based upon the assumptions set out in the PEA, estimates of the capital and operating costs and projected revenues and net income on both a pre-tax and post-tax basis associated with the development of an open pit mining operation for the Baptiste Nickel Project.

Term	Definition
Probable Mineral Reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.
quality assurance and quality control or “QA/QC”	The process of measuring and assuring product quality to meet consumer expectations.
reclamation	The restoration of a site after mining or exploration activity is completed.
reclamation and closure costs	The cost of reclamation plus other costs, including without limitation certain personnel costs, insurance, property holding costs such as taxes, rental and claim fees, and community programs associated with closing an operating mine.
recovery	A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.
refining	The final stage of product production in which impurities are removed from the mineral concentrate.
sample	A small portion of rock, or a mineral deposit, taken so that the metal content can be determined by assaying.
sediments	Rocks which are composed of various proportions of clay, silt, sand, gravel and pebbles.
sulphides	Minerals in which one prominent constituent is the element sulphur.
serpentinization	Ultramafic rock that has been metamorphosed to produce serpentine-magnetite minerals.
Technical Report	See the term NI 43-101 defined above. In this AIF, unless the context otherwise requires, the term “Technical Report” refers to the NI 43-101 technical report titled “Baptiste Nicke Project NI 43-101 Technical Report and Prefeasibility Study” dated October 18, 2023 (with an effective date of September 6, 2023), filed under the Company’s Profile on the SEDAR website.
ultramafics	A dark green to black coloured peridotite and dunite are the main host rock of the Decar mineralization.
X-Ray Fluorescence or “XRF”	A method for determining the chemical composition of a rock.

Appendix A: Audit Committee Mandate

1. Mandate

The primary function of the Audit Committee (for the purposes of this document, “the **Committee**”) is to assist the Board of FPX Nickel Corp. (the “**Company**”) in fulfilling its financial oversight responsibilities by:

- (a) ensuring that the Company’s management has designed and implemented an effective system of disclosure controls and procedures and internal controls over financial reporting;
- (b) reviewing, in accordance with applicable regulatory and statutory requirements and prior to the disclosure thereof, the Company’s annual and interim financial statements, the external auditor’s report thereon, if any, and the Company’s management’s discussion and analysis;
- (c) recommending to the Board that the annual and interim financial statements and management’s discussion and analysis be included in the Company’s securities filings;
- (d) providing oversight of other financial matters affecting the Company, including:
 - (i) reviewing the reasonableness of estimates and judgments that are material to reported financial information;
 - (ii) reviewing the adequacy of the Company’s accounting policies;
 - (iii) reviewing the investments and transactions that could adversely affect the financial capabilities of the Company;
 - (iv) identifying the risks inherent in the Company’s business and reviewing and approving management’s risk philosophy and risk management policies;
 - (v) receiving reports on the periodic findings of any regulatory authority and management’s response and observations thereon, and
 - (vi) reviewing all related-party transactions.
- (e) assessing the qualifications, independence and performance of the Company’s external auditor;
- (f) recommending to the Board the selection, compensation and where applicable, the replacement of the external auditor nominated annually for shareholder approval;
- (g) ensuring the pre-approval, by the Committee, of all non-audit services to be performed by the external auditor and the fees to be paid therefore, in the event that the aggregate fees for such non-audit services is expected to exceed more than five per cent of the total amount of fees to be paid by the Company to the external auditor during the fiscal year in which the services will be provided;
- (h) reviewing the audit plan of the external auditor prior to the commencement of the audit;
- (i) reviewing with the external auditor, upon completion of its audit:
 - (i) the contents of the audit report;
 - (ii) the scope and quality of the audit work performed;
 - (iii) adequacy of the Company’s financial and accounting personnel and the level of co-operation received from such personnel during the audit;

- (iv) significant proposed adjustments and recommendations for improving the Company’s disclosure controls and procedures, internal controls over financial reporting, accounting policies and management systems;
 - (v) significant transactions outside the normal business of the Company; and
 - (vi) the non-audit services provided by the external auditor.
- (j) providing an open avenue for communication on a regular basis among the Company’s external auditor, management and the Board;
 - (k) consulting with the external auditor at least once per year, without the presence of management, about the quality of the Company’s accounting principles, internal controls and the completeness and accuracy of the Company’s financial statements;
 - (l) reviewing any significant disagreements between management and the external auditors in connection with the preparation of the financial statements; and
 - (m) establishing and overseeing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters.

2. Membership

The Committee will consist of such number of members (at least three) the majority of whom will be independent directors and each of whom will, to the satisfaction of the Board, be “financially literate”, meaning a person who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. At least one member of the Committee will have accounting or related financial expertise (for example, able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles). In addition, at least one quarter of the members will be resident Canadians.

The Board, typically at its organizational meeting held in conjunction with each Annual General Meeting of the shareholders will annually appoint the members of the Committee. At the time of the appointment of the members, the Board will appoint a Chair of the Committee. The Chair of the Committee will: preside over all Committee meetings; monitor the Committee’s compliance with this Mandate, and provide reports concerning the activities of the Committee to the Board.

The Board may, by resolution, at any time remove any member from the Committee, with or without cause, or add to or otherwise change the membership of the Committee, provided however that the number of members of the Committee will be not less than three. A member of the Committee will cease to be a member upon ceasing to be a director.

3. Meetings

(a) General

Except as otherwise provided in this Mandate, the rules and regulations relating to the calling and holding of and proceedings at meetings of the Committee will be those, making allowance for the fact that it is a committee, that apply to meetings of the Board, subject to such modifications as may, from time to time, be determined by resolution of the Committee. Until otherwise determined by resolution of the Board:

- (i) The quorum for meetings of the Committee will be two of its members.
- (ii) Meetings of the Committee may be called by its Chair or Vice Chair, if any, or by any member of the Committee, or by the external auditor of the Company. The Committee may at any time request the attendance of any officer of the Company or any person at any meeting of the Committee. Any member of the Committee may request the external auditors of the Company to attend every meeting of the Committee held during the member's term of office.
- (iii) The external auditors of the Company will receive notice of every meeting of the Committee and may attend and be heard at any meeting.
- (iv) Meetings of the Committee will be held at least quarterly at such time and place as may be determined from time to time by the Committee or by the Chair or Vice Chair, if any, of the Committee, and notice thereof will be given in the manner and with the length of notice provided in the resolution(s) of the Board relating to notices of meetings of directors.

(b) Secretary and Minutes

The Corporate Secretary, or any other person the Committee request, acts as secretary of Committee meetings. Minutes of Committee meetings are recorded and maintained by the Corporate Secretary and subsequently presented to the Committee for approval.

(c) Meetings Without Management

The Committee may hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

4. Reporting to the Board

The Committee will report to the Board as follows:

- (a) In the case of annual statements and any returns that under applicable legislation must be approved by the Board, the Committee reports thereon to the Board before approval is given.
- (b) All significant actions of the Committee are reported to the Board whenever possible at its next succeeding regular Board meeting and are subject to revision or alteration by the Board.
- (c) Following their approval by the Committee, all minutes of the Committee are forwarded to each member of the Board by the Corporate Secretary in a timely manner.

The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

5. Authority

In discharging the foregoing duties and responsibilities, the Committee has the authority:

- (a) to communicate directly with the external auditor and to approve in advance any services to be provided by the external auditor that are not related to the audit.
- (b) to inspect, either directly or through its duly appointed representatives, all of the relevant accounting books, records and systems of the Company and to discuss with the officers, employees and external auditor such books, records, systems and other matters considered appropriate;
- (c) to ensure the attendance of the Company's CEO and CFO, other members of management and employees at meetings as appropriate;
- (d) to engage such independent counsel and other outside professional advisors and other experts as it may from time to time deem necessary or advisable for its purposes and to set and cause to be paid by the Company the fees and expenses of any such counsel or advisors;
- (e) to set and cause to be paid by the Company the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties; and
- (f) through its Chair, to contact directly any employee of the Company it deems necessary, and any employee or third party may bring before the Committee any matter involving questionable, improper or illegal practices or transactions.

6. Review of Whistle Blower Policy

The Audit Committee will review and evaluate Section 15 – *Whistle Blower Policy* on an annual basis to determine whether that policy is effective in providing a confidential and anonymous procedure to report violations or complaints regarding Accounting, Legal or Policy Matters.