



FPX Nickel Corp.
TSX-V:FPX

REVISED ANNUAL INFORMATION FORM

of

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August 26, 2021

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TABLE OF CONTENTS

	<u>Page No.</u>
ITEM 1	IMPORTANT INFORMATION ABOUT THIS DOCUMENT..... 1
1.1	Date of Information..... 1
1.2	Reporting Currency..... 1
1.3	Incorporation of Financial Statements, Proxy Circular and Technical Reports..... 1
1.4	Glossary of Terms and Measurement Conversions 2
	CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION 2
ITEM 2:	CORPORATE STRUCTURE..... 3
2.1	Name and Incorporation 3
ITEM 3:	GENERAL DEVELOPMENT OF THE BUSINESS..... 4
3.1	Historical Overview..... 4
3.2	Three-Year History 6
3.3	Significant Acquisitions..... 8
ITEM 4:	THE BUSINESS..... 10
4.1	General..... 10
4.2	Risk Factors 10
4.3	Principal Mineral Property – The Decar Nickel District, British Columbia..... 15
4.4	Other Mineral Properties..... 36
ITEM 5:	DIVIDENDS AND DISTRIBUTIONS 39
5.1	Dividends and Distributions 39
ITEM 6:	DESCRIPTION OF CAPITAL STRUCTURE 39
6.1	General Description of Capital Structure..... 39
6.2	Constraints 40
6.3	Ratings 40
ITEM 7:	MARKET FOR SECURITIES 40
7.1	Trading Price and Volume 40
7.2	Prior Sales 41
ITEM 8:	ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER 42
8.1	Escrowed Securities and Securities Subject to Contractual Restriction on Transfer 42
ITEM 9:	DIRECTORS AND executive OFFICERS..... 42
9.1	Names, Positions and Principal Occupation 42
9.2	Cease Trade Orders, Bankruptcies Penalties or Sanctions..... 43

9.3	Conflicts of Interest.....	45
ITEM 10:	PROMOTERS	45
10.1	Promoters	45
ITEM 11:	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	45
11.1	Legal Proceedings	45
11.2	Regulatory Actions	45
ITEM 12:	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	45
12.1	Interest of Management and Others in Material Transactions	45
ITEM 13:	TRANSFER AGENTS AND REGISTRARS	46
13.1	Transfer Agents and Registrars.....	46
ITEM 14:	MATERIAL CONTRACTS.....	46
ITEM 15:	INTERESTS OF EXPERTS	46
15.1	Names of Experts	46
15.2	Interests of Experts	46
ITEM 16:	INFORMATION ON AUDIT COMMITTEE.....	46
16.1	Audit Committee Mandate.....	46
16.2	Composition of the Audit Committee.....	47
16.3	Relevant Education and Experience	47
16.4	Audit Committee Oversight.....	48
16.5	Reliance on Certain Exemptions.....	48
16.6	Pre-Approval Policies and Procedures.....	48
16.7	External Auditor’s Fees	48
16.8	Board Review of Mandate	48
ITEM 17:	ADDITIONAL INFORMATION	49
17.1	Additional Information	49
APPENDIX A	AUDIT COMMITTEE MANDATE.....	A-1
APPENDIX B	GLOSSARY OF TERMS	B-1

**REVISED ANNUAL INFORMATION FORM
FPX NICKEL CORP.**

ITEM 1 IMPORTANT INFORMATION ABOUT THIS DOCUMENT

This revised annual information form for the Company's financial year ending December 31, 2020, together with the documents incorporated herein by reference (**AIF**), amends and supersedes the annual information form of the Company previously filed on SEDAR and dated April 21, 2021.

This AIF 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" and "Company" mean FPX Nickel Corp.

1.1 Date of Information

This AIF is dated August 26, 2021. Unless otherwise stated, all information in this AIF is provided as of December 31, 2020.

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. On August 25, 2021, as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars, the rate was US\$1.00 equals C\$1.2619.

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, 2020 and the Management Information Circular dated April 28, 2021 prepared in connection with the Company's 2021 Annual General Meeting, held on May 27, 2021 and a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) technical report titled "*NI 43-101 Technical Report – Preliminary Economic Assessment – Baptiste Nickel Project, British Columbia, Canada*" dated September 29, 2020 (with an effective date of September 9, 2020), as amended and restated on March 17, 2021 (**Technical Report**), prepared by BBA Inc. (**BBA**), Equity Exploration Consultants Ltd. (**EEC**), GeoSim Services Inc. (**GeoSim**), Stantec Consulting Ltd. (**Stantec**), and International Metallurgical and Environmental Inc. (**IME**).

The Qualified Persons who prepared or supervised the preparation of the information contained in the Technical Report are Angelo Grandillo, P. Eng. of BBA, Ronald Voordouw, P. Geo. of EEC, Ronald G. Simpson, P. Geo. of GeoSim, Gordon Chen, P. Eng. and Sean Ennis, P. Eng. of Stantec, and Jeff Austin, P. Eng. of IME. 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, 2020, the Management Information Circular dated April 28, 2021 and the Technical Report were filed under the Company's profile on the SEDAR website and with the British Columbia, Alberta and Ontario Securities Commissions.

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

1.4 Glossary of Terms and Measurement Conversions

Refer to the Appendix B - 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 NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF, including the documents incorporated by reference herein, contains “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws (collectively, “**forward-looking information**”). Forward-looking information is provided as of the date of this AIF and the Company does not intend and does not assume any obligation to update this forward-looking information, except as required by applicable law.

All information, other than statements concerning historical fact, included and incorporated by reference herein that address events or developments that we expect to occur in the future is forward-looking information. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- risks related to the Company’s limited operating history and losses;
- resource exploration and development risks, including with respect to the early exploration and development stage of the Company;
- risks and hazards inherent in mining and processing;
- risks related to the Company’s financing requirements and ability to continue as a going concern;
- volatility in the price of minerals;
- the imprecision of mineral resource estimates;
- dependence on key management personnel;
- volatility in the market price of the Company’s shares;
- risks related to the competitive nature of the business of the Company;
- risks related to the Company’s compliance with environmental laws and liability for environmental

- contamination; and
- risks related to the COVID-19 pandemic.

Forward-looking statements included or incorporated by reference in this AIF include, but are not limited to, statements regarding:

- general exploration plans and activities;
- exploration and development expenditures
- exploration and development of the Baptiste Nickel Project (as such term is defined below);
- drilling and sampling results, geology and mineral resource estimates and metallurgical recoveries
- expectations relating to the receipt of regulatory approvals, permits and licenses under governmental and regulatory regimes;
- corporate social responsibility and relationships with communities;
- reclamation costs;
- future royalty and tax payments and rates;
- cash flows and their uses;
- expected working capital requirements; and
- future sources of liquidity and access to financing.

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 Persons.

Forward-looking information is based on assumptions management believes to be reasonable, including but not limited to assumptions underlying 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, and such other assumptions and factors as set out therein; assumptions made in determining the mineral resource and mineral reserve estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions; capital and operating cost estimate; and general marketing, political, business and economic conditions, as applicable; ability to develop infrastructure; assumptions made in the 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; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

ITEM 2: CORPORATE STRUCTURE

2.1 Name 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 620, 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.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

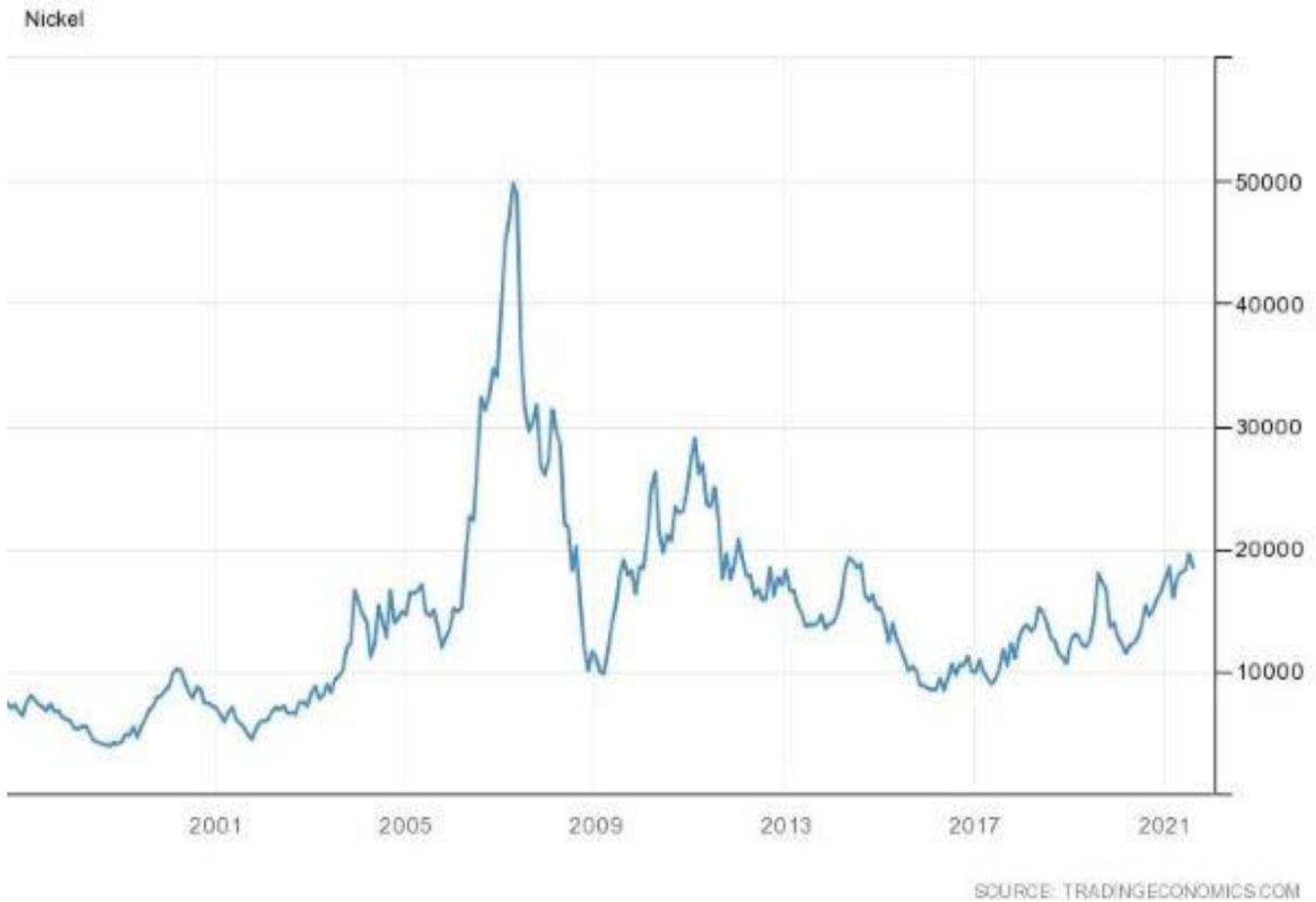
3.1 Historical Overview.

Dr. Peter Bradshaw was appointed as President and Chief Executive Officer of the Company in June 1996 while it was still a Junior Pool Company listed on the Alberta Stock Exchange. He directed the activities of the Company toward the exploration and development of base and precious metal properties. One such activity was entering into an option agreement with a third party to acquire mineral claims in the vicinity of Mt. Sidney Williams, northwest of Fort St. James in central British Columbia.

During their field examination of the Mt. Sidney Williams property, the Company’s geologists learned of a 1983 PhD. thesis by P.J. Whittaker (Carleton University), in which he noted the presence of the nickel mineral awaruite (a naturally occurring nickel-iron alloy) at several widely distributed locations over a 4.5 square kilometre area on the slopes of Mt. Sidney Williams. The widely spaced occurrences suggested the possibility of a very large bulk tonnage target, prompting FPX Nickel to collect samples for petrographic examination and metallurgical testing. Scanning electron microscopy confirmed the presence of grains of awaruite. The total nickel assays were 0.24 to 0.26% nickel. With the prevailing nickel price at US\$3.50 per pound (approximately US\$7,720 per tonne) even if all the nickel was present as awaruite, the target was not economically attractive and the property was returned to the optionor.

For most of the next decade FPX Nickel directed its exploration activities on precious and base metal prospects and properties mainly in Central America. During that time period, the price of nickel gradually increased from a low of US\$3,875 per tonne in the fall of 1998, climbing to US\$11,945 per tonne in early October 2005.

In 2007, the Company’s management revisited the Mt. Sidney Williams area and located a new group of mineral claims that ultimately became the Decar Nickel District. While management was making its plans for the upcoming field season, the nickel price surged to unprecedented levels, reaching US\$54,000 per tonne (US\$24.50 per pound) in May 2007. The price then began an equally rapid descent and the bursting of the housing bubble in the United States followed by the bankruptcy of Lehman Brothers and the ensuing financial crisis drove the nickel price to a low of US\$9,500 per tonne in March 2009.



Coordinated stimulus actions launched by the central banks of the World's largest economies to counter the turmoil in the financial markets resulted in a commodities boom, during which the nickel price reversed direction and climbed sharply once again from the March 2009 low, peaking at above US\$29,000 per tonne in June 2011. Over the next 56 months it descended to a low of US\$7,825 per tonne in February 2016. Since then, the nickel price has been trending upwards once again, albeit with some volatility around the trend line. Currently, the nickel price is about US\$18,500 per tonne (US \$8.40 per pound).

In the period from early November 2009 through mid-November 2015, the Decar Nickel District was under option to subsidiaries of Cliff Natural Resources Inc., a large producer of iron ore and coking coal, headquartered in Cleveland, Ohio (see Item 3.3 – *Significant Acquisitions*).

FPX Nickel's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. Consequently, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. The Company's share price usually correlates with movements in the price of nickel, which itself moves in response to changes in economic conditions generally, as these drive metal prices and can affect the willingness of individual qualified investors to subscribe to the Company's sale of its common shares.

Over much of the period from mid-2014 through mid-2018, the FPX Nickel share price was less than ten cents, trading volumes were very low and there were few opportunities to raise any significant amounts of capital. Due to the prevailing conditions in that period, the Company implemented measures to reduce general and administrative expense, and exploration activities were severely curtailed.

Investor sentiment began improving in 2018, which enabled the Company to close modest non-brokered private placement financings in 2018, 2019 and early 2020. The funds raised were spent on activities directed at optimizing the economic results obtained in prior studies of the Baptiste Deposit; in particular, a metallurgical testwork program whose objectives were to improve nickel recovery and product quality. Those activities culminated in the preparation of the Technical Report for a proposed large open pit mining and processing operation on the Baptiste Deposit. On September 29, 2020, a NI 43-101 technical report titled “*NI 43-101 Technical Report – Preliminary Economic Assessment – Baptiste Nickel Project, British Columbia, Canada*” dated September 29, 2020 (with an effective date of September 9, 2020) was filed under the Company’s profile on the SEDAR website. On March 17, 2021, the Company filed the Technical Report, which amended and restated the technical report the Company filed on September 29, 2020, under the Company’s profile on the SEDAR website. (See Item 4.3 - *Principal Mineral Property – The Decar Nickel District, British Columbia*).

To date, exploration and development expenditures in the Decar Nickel District have totaled approximately US\$24 million to advance the Baptiste Nickel Project from a “grass-roots” exploration project through geologic mapping, sampling, drilling, assaying, metallurgical testwork and other studies to the point where a Pre-Feasibility Study can be launched for the Project.

3.2 Three-Year History

Year ending December 31, 2018.

On January 15, 2018, the Company announced new assay results of bedrock samples from the Van Target at the Decar Nickel District. DTR nickel analysis of 54 bedrock samples, taken at intervals of 50 to 350 meters at the Van Target, has defined an area of approximately 2.9 square kilometres. The defined area compares very favourably with the area identified in the initial surface outcrop sampling undertaken on the Baptiste Deposit in 2009, which identified a target measuring approximately 2 square kilometres. The results from the bedrock sampling demonstrate that the surface expression of the Van target is larger in area and similar in DTR nickel values to the Baptiste Deposit.

Additional information on the assay results of the bedrock samples from the Van Target is set out under the heading “*Other Prospects in the Decar Nickel District*” commencing on page 34.

On February 26, 2018 the Company announced an updated NI 43-101 mineral resource estimate for the Baptiste Deposit that incorporated the data generated from the eight-hole, 2,000-metre drilling campaign in the Southeast Extension Area completed in late 2017.

On March 19, 2018, the Company announced that it had closed a non-brokered private placement with the issuance of 12,250,000 shares at \$0.12 per share for gross proceeds of \$1,470,000. Finder’s fees of \$33,181 were paid on a portion of the proceeds. Officers and directors of the Company subscribed for 2,535,667 shares for gross proceeds of \$304,280. The proceeds raised from the Offering were used to fund the Company’s ongoing internal trade-off studies on the Baptiste Deposit and for general working capital purposes.

During 2018, the Company incurred deferred exploration expenditures of \$296,474 in advancing work on the Baptiste Nickel Project and received a cash payment of \$243,663 under the Mineral Exploration Tax Credit program of the government of the Province of British Columbia for eligible exploration expenditures previously incurred.

FPX Nickel ended 2018 with \$1,449,593 in cash and working capital of \$1,360,163.

Year ending December 31, 2019.

On February 25, 2019, the Company announced positive results from metallurgical testing on the Baptiste Deposit. This testing achieved meaningful improvements over the results of previous metallurgical testwork, demonstrating

significant increases in estimated nickel recovery and final concentrate quality, using conventional processing technologies.

The highlights of the metallurgical test program announced were as follows:

- Conventional flowsheet based on grinding, magnetic separation and flotation processes.
- Consistent production of nickel concentrates with improvements in grade and recovery.
- Consistent production of iron ore concentrates grading up to 64% iron content, the first successful generation of a potentially commercial by-product in the Project's testing history.

Following the release of the metallurgical test program results on February 25th, FPX Nickel commissioned further tests to optimize the results of the metallurgical program. The optimization work was carried out during the March - July 2019 period and the results were announced on August 6th. They confirmed an estimated 4% enhancement in the projected nickel recoveries in the production of high-grade nickel and iron ore concentrates using a conventional flowsheet based on grinding, magnetic separation and flotation. A comparison of the results of the mid-2019 metallurgical optimization program with the results previously reported by the Company on February 25, 2019, is provided in Table 3.1.

Table 3.1 – Comparison of Expected Metallurgical Performance – Baptiste Composite Sample

Primary Grind Size (P ₈₀ microns)	Overall Process Nickel Recovery (% of Davis Tube Recoverable [“DTR”] Nickel Feed Grade)	
	Results reported on February 25	Results reported on August 6
90	90%	94%
120	89%	93%
240	84%	88%
360	80%	83%

In addition to the 4% improvement in nickel recoveries, the optimization testing program also achieved consistent production of clean nickel concentrates grading 63 – 65% Ni and consistent production of by-product iron ore concentrates grading 60 – 65% Fe.

On September 17, 2019, the Company closed a private placement of common shares at a price of \$0.15 per share for gross proceeds of \$1.25 million. Officers and directors of the Company subscribed for 1,300,067 shares for gross proceeds of \$195,010 and Finder's fees of \$2,700 were paid on a portion of the proceeds. The Company received a further \$56,250 as the result of the exercise of stock options during the year.

During 2019, the Company incurred deferred exploration expenditures of \$350,237 in advancing the Baptiste Nickel Project and recovered \$29,146 of property costs in association with activities on its B.C. and Yukon projects.

FPX Nickel ended 2019 with \$1,728,445 in cash and working capital of \$1,567,797.

Year ending December 31, 2020.

On January 7, 2020, the Company announced it had achieved recoveries of up to 99.5% of the nickel contained in a high grade awaruite concentrate that had been leached in sulphuric acid for 3 hours under moderate temperature and pressure leaching conditions. The nickel was recovered as a high-concentration, high-purity nickel sulphate (NiSO₄) solution, with potential advantages over sulphide and lateritic nickel ores as a feedstock for the production of NiSO₄ for use in the electric vehicle (EV) battery supply chain. The manufacture of EV batteries containing nickel is expected to represent a substantial growth area for nickel consumption in the coming years, in parallel with the growing share of the automotive sector captured by electric vehicles (see *Awaruite Concentrate Leach Test Program* commencing on page 31 for additional information on the leaching testwork).

On March 11, 2020, the Company closed a private placement of common shares at a price of \$0.18 per share for gross proceeds of \$1.50 million. Directors of the Company subscribed for 2,306,112 shares for gross proceeds of \$415,100 and Finder's fees of \$22,140 were paid on a portion of the proceeds.

Subsequent to the closing of the private placement, the Company made a payment to the Knoche Living Trust in the amount of US\$500,000 for accrued but unpaid interest.

On September 9, 2020, the Company announced positive results from the NI 43-101 technical report titled "*Preliminary Economic Assessment – Baptiste Nickel Project, British Columbia, Canada*" dated September 29, 2020 (with an effective date of September 9, 2020) for a proposed large open pit mining and processing operation on the Baptiste Deposit.

On October 20, 2020, the Company closed a private placement of 8,963,636 shares at a price of \$0.55 per share, for gross proceeds of \$4,930,000. Finders' fees of \$135,210 were paid on a portion of the proceeds.

On October 20, 2020, the Company issued 7,750,037 common shares of the Company at a price of \$0.55 per share in settlement of the \$4,262,521 principal and interest owing on the Bradshaw Loan, thereby settling the loan.

During the year, the Company issued 1,200,000 common shares for cash proceeds of \$145,000 as the result of a like number of options being exercised.

During the year, the Company incurred deferred exploration expenditures of \$762,955 in advancing the Baptiste Nickel Project and recovered \$34,657 of property costs in association with activities on its B.C. and Yukon projects.

FPX Nickel ended 2020 with \$5,835,074 in cash and working capital of \$5,702,379.

Period ending August 26, 2021

On February 11, 2021, the Company issued 5,312,386 common shares at a price of \$0.65 per share in settlement of the \$3,453,051 principal and interest owing on the Amended Private Shareholder Loan, thereby settling said loan.

On March 17, 2021, the Company filed the Technical Report under the Company's Profile on the SEDAR website (See Item 4.3 - *Principal Mineral Property – The Decar Nickel District, British Columbia*).

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

During the period, the Company issued 2,500,000 common shares for cash proceeds of \$337,500 as the result of a like number of options being exercised.

3.3 Significant Acquisitions

FPX Nickel currently owns a 100% beneficial interest in the Decar Nickel District, located 90 km northwest of Fort St. James in central British Columbia.

In November 2009, FPX Nickel entered into a four-stage option agreement (**Decar Option Agreement**), with two wholly owned subsidiaries of Cliffs Natural Resources Inc., (**Cliffs**) a large producer of iron ore and coking coal, headquartered in Cleveland, Ohio. Under the terms of the agreement, in the first stage, Cliffs could earn an initial 51% interest (**First Option**) in the Decar Property. If the First Option was earned, Cliffs could proceed to earn three incremental options, exercisable in stages, which, if all four options were to be exercised, would have resulted in Cliffs' interest in the Decar Property increasing to 75%.

Cliffs subsequently exercised the First and Second options, and thereby acquired a 60% interest in the Decar Property. On September 9, 2013, the Company announced that Cliffs had elected to proceed with the Third Option,

being the preparation of a Pre-Feasibility Study (**PFS**) for the Baptiste Deposit. By sole funding the completion and delivery of a NI 43-101 compliant PFS by August 2015, Cliffs would have earned an additional 5% interest in the Decar Property, which, if earned, would have increased Cliffs' interest to 65%.

In August 2014 Cliffs informed FPX Nickel that, following a strategic decision to divest its non-core mineral assets in order to concentrate on its iron ore mining operations in the United States, Cliffs' anticipated divesting its entire interest in the Decar Property. Following Cliffs' decision, FPX Nickel's senior management met with representatives of Cliffs on several occasions to discuss possible terms by which FPX Nickel would be able to acquire Cliffs 60% interest in the Property.

On September 8, 2015, FPX Nickel announced that, subject to the approval of its disinterested minority shareholders, it had entered into a binding agreement with Cliffs to purchase the latter's 60% interest in the Decar Property (on which Cliffs had spent in excess of US\$22 million) for US\$4.75 million (**Transaction**). At a Special Meeting held on November 16, 2015 the Company's disinterested minority shareholders voted 99.96% in favour of the Transaction, which closed on November 18, 2015. Upon such closing, the Company became the sole owner of a 100% interest in the Decar Property, subject only to a 1.0% NSR royalty payable on all production from the Decar Property.

To fund the Transaction, FPX Nickel entered into an arm's-length loan agreement (**Private Shareholder Loan**) on September 4, 2015 with the Knoche Living Trust. The Trustee, Mr. Allyn T. Knoche, is a major shareholder in the Company. Pursuant to the terms of the Private Shareholder Loan, the Knoche Living Trust lent US\$5.0 million to the Company for a five-year period at a 6.5% headline interest rate. Of this, 1.5% was to be paid currently, on a semi-annual basis, and the remaining 5% was accrued and was to be payable at the end of the loan term. In addition, the Knoche Living Trust received a drawdown fee equal to 4% of the loan amount, the 1% NSR royalty referenced above and a security interest in the Decar Property mineral claims.

Concurrent with, and as a condition precedent to the closing of the Transaction, Cliffs disposed of all 14,353,190 FPX Nickel common shares it owned in a series of private transactions at a price of \$0.0515 per share. Of the total number of shares disposed of by Cliffs in these private transactions, insiders of the Company purchased a total of 8,953,190 shares, representing 8.5% of the issued and outstanding shares of the Company. The private transactions created no new insiders of the Company and did not result in any change of control of the Company.

On March 25, 2019, the Company announced it had entered into two loan agreements which were scheduled to close on September 4, 2019.

- The first agreement involved an amendment to certain terms of the Private Shareholder Loan agreement. The amendments included a partial prepayment of US\$3 million (US\$2.5 million of principal and US\$0.5 million of accrued interest), increases in the interest rates on the two interest components to 2.0% and 5.5% respectively, and a two-year extension to the maturity date (to September 4, 2022) on the Amended Private Shareholder Loan.
- The second agreement was for a new loan facility (**Bradshaw Loan**) with the Longhedge Joint Partnership Trust #1 (**Longhedge Trust**). The Company's Chairman, Peter Bradshaw is a Trustee of the Longhedge Trust. The amount of the Bradshaw Loan was \$4 million, the proceeds of which were used to make the US\$3 million prepayment on the Private Shareholder Loan. The Bradshaw Loan had a maturity date of September 4, 2025, with interest rates that matched those applicable to the Amended Private Shareholder Loan.

Closing of the two loan agreements took place, as scheduled, on September 4, 2019.

In March 2020, the Company made a payment of US\$0.5 million for interest that had accrued on the US\$2.5 million portion of the Private Shareholder Loan that was not repaid on September 4, 2019.

On October 20, 2020, the Company issued 7,750,037 common shares at a price of \$0.55 per share in settlement of the \$4,262,521 principal and interest owing on the Bradshaw Loan, thereby settling that loan, except for a continuing obligation to make a payment to the Longhedge Trust in the event a Change of Control of the Company occurs on or prior to September 4, 2025. If the Change of Control occurs on or prior to September 4, 2022, the payment will be \$300,000. If the Change of Control occurs after that date but on or before September 4, 2025, the payment will be \$400,000. The obligation to make a payment will expire on September 4, 2025 if a Change of Control has not occurred on or prior to that date.

On February 11, 2021, the Company issued 5,312,386 common shares at a price of \$0.65 per share in settlement of the \$3,453,051 principal and interest owing on the Amended Private Shareholder Loan, thereby settling that loan, except for a continuing obligation to make a payment in the amount of US\$187,500 to the Knoche Living Trust in the event of a Change of Control of the Company occurs on or prior to September 4, 2022. The obligation to make a payment will expire on September 4, 2022 if a Change of Control has not occurred on or prior to that date. The Knoche Living Trust's right to receive the 1% NSR royalty will continue in full force and effect thereafter.

ITEM 4: THE BUSINESS

4.1 General

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

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.

Research and Development Expenditures

FPX Nickel is not in the research and development business.

Environmental Protection

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.

Number of Employees

As of the date hereof, FPX Nickel has four employees. Currently, the Company's management and administrative functions activities including the duties and responsibilities of the President & Chief Executive Officer and Chief Financial Officer & Corporate Secretary are performed pursuant to professional services agreements with private companies controlled by two individuals.

4.2 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:

Stage of Development

FPX Nickel is in the early development phase of the minerals business and none of its properties have been advanced to the point where the economic feasibility of advancing any of such properties to production can be carried out.

Metal Price Fluctuations

The profitability of any of the Company's operations will be dependent, in part, upon the market price of nickel. The prices of nickel and other metals have fluctuated considerably and are affected by numerous factors beyond the control of the Company. These factors include international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of nickel substitutes, nickel stock levels maintained by producers and others and inventory carrying costs. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or the investment retaining its value.

Exploration and Development

There is no known body of commercial ore on the Company's mineral properties. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop, in the case of nickel properties, metallurgical processes to extract nickel from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

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 small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other

conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of metallic minerals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for pollution, cave-ins or other hazards, and the payment of such liabilities may have a material adverse effect on the Company's financial position.

Title to Assets

Although the Company may receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Government Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by government regulations relating to such matters as: environmental protection; health, safety and labour; mining law reform; restrictions on production; price controls; tax and tariff increases; maintenance of claims; tenure; and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

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. First 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 in 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. First 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 some rights of self-government. The issues surrounding aboriginal title and rights are not likely to be 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 First 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, 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 claimed 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 and may lead other First Nations in British Columbia to pursue aboriginal title in their traditional land-use areas. Our mineral claims lie within territory claimed by First Nations. Given the unsettled nature of land claims and treaty rights in British Columbia, 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 licences, 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), and more recently, the Government of British Columbia passed legislation to incorporate the UNDRIP into the laws of British Columbia. The UNDRIP requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. In order to facilitate mine permitting, construction, commencement and/or expansion of mining activities, we may deem it necessary and prudent to try to obtain the cooperation and approval of the local First Nations groups. Any cooperation and approval may be predicated on our committing to take measures to limit the adverse impacts on local First Nations groups and ensuring that some of the economic benefits of the construction and mining activity will be enjoyed by the local First Nations groups. 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, requirements for First Nations consent, cancellation of permits and licences, or result in additional costs to advance our project.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than it. 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.

FPX Nickel may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Dependence on Key Executives

FPX Nickel is dependent on the continued involvement and services of its corporate officers. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain other highly skilled individuals may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on its officers. The Non-executive Chairman is knowledgeable of and has expertise in exploring for the unique style of nickel-iron mineralization that the Company is seeking, but he and the other directors of the Company devote only part of their time to the affairs of the Company.

Country Risk

The Company's exploration and development activities are carried out in jurisdictions with well established policies, laws and regulations concerning mineral title, exploration, development and operating activities. As the Company broadens its activities to include projects in other countries, considerable weight will be given to conducting its exploration and development programs in countries whose governments provide for similar protections for long-term investments.

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.

COVID-19

COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. Since then, the pandemic has had, and will continue to have, a negative impact on global financial conditions. Almost all countries globally are experiencing restrictions and negative impacts as the result of COVID-19, including Canada. A sustained slowdown in economic growth could have an adverse effect on the price and/or demand for nickel. Further, as the prevalence of COVID-19 continues, governments may continue to implement regulations and restrictions regarding the flow of labour, services and products. Consequently, the Company's proposed field activities for the summer of 2021 could be impacted, including through limited availability of labour, suppliers and distribution channels as well as a result of COVID-19 government-mandated restrictions and labour constraints.

The Company is actively monitoring the evolution of the COVID-19 pandemic. Stringent operational and safety procedures for the proposed field activities will be implemented in accordance with guidelines outlined by Provincial Health Officer for British Columbia.

Global Warming

One manifestation of global warming is the spread of the Mountain Pine Beetle, a parasite that has infested large tracts of lodgepole pine throughout central British Columbia as well as in Alberta and the adjoining areas in the western United States. Warmer summers and milder winters play a role in both insect survival and the continuation and strength of the infestation. Adverse weather conditions (such as a period of several weeks during the winter when the temperature reaches below -40°C) can reduce the beetle populations and slow the spread of the infestation. However, in recent years, winters with prolonged periods with temperatures that low have become much less frequent. Consequently, the Mountain Pine Beetle has killed large tracts of forest and the dead and dying trees can result in forest fires so large as to be unmanageable. Such fires are a threat to buildings, inhabitants and wildlife alike. The presence of such a fire in the vicinity of the Decar Nickel District could result in mandatory evacuation orders and damage to structures and equipment, potentially adversely affecting the Company's operations.

Additional Capital

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. The development and exploration of the Company's properties may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised by the Company through the issuance of securities from treasury, control of the Company may change and security holders may suffer additional dilution.

Dilution

In the event the Company seeks to procure additional financing through the sale and issuance of its securities, or in

the event that current stock option holders exercise their options, the then shareholders of the Company may suffer immediate and substantive dilution in their percentage ownership of the issued and outstanding shares of the Company. As of the date hereof 16,550,000 stock options granted to directors, officers, employees and service providers of the Company pursuant to the Company's stock option plan are outstanding. In addition, there are 1,486,188 broker warrants outstanding.

As of the date hereof, there are 213,557,863 common shares outstanding, meaning that the exercise of all of the existing stock options and the broker warrants would result in approximately an 5% dilution to the existing shareholders. Should such stock options and broker warrants be exercised, the increase in the number of common shares issued and outstanding, and the possibility of sales of such shares may have a depressive effect on the price of the common shares. In addition, the voting power of the Company's existing shareholders will be diluted.

Absence of Dividends

FPX Nickel has no dividend record and since it intends to employ available funds for mineral exploration and development it does not intend to pay any dividends in the immediate or foreseeable future. Future dividend policy will be determined by the board of directors of the Company.

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.

4.3 Principal Mineral Property – The Decar Nickel District, British Columbia

The Decar Nickel District is 245 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 Nickel District, which is comprised of 62 mineral claims, has significant infrastructure advantages as compared to most "green-field" 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 a paved road. A branch line of the Canadian National Railway (currently inactive) is less than 5 km east from the Baptiste deposit and the BC Hydro power grid is within 110 km to the south of the Property. In addition, the right-of-way for TransCanada Corporation's proposed Prince Rupert Gas Transmission pipeline project passes within 2 to 3 km south from the Property.

On September 29, 2020, FPX Nickel received a NI 43-101 technical report titled "*NI 43-101 Technical Report – Preliminary Economic Assessment – Baptiste Nickel Project, British Columbia, Canada*" dated September 29, 2020 (with an effective date of September 9, 2020). This technical report filed on September 29, 2020 was amended and restated by the Technical Report filed on March 17, 2021 under the Company's profile in the SEDAR website.

The Summary chapter from the Technical Report has been reproduced in its entirety below:

“1. SUMMARY

1.1 Introduction

The following Technical Report (the “Report”) presents a summary of the Preliminary Economic Assessment (PEA) conducted for the FPX Nickel Corp. (FPX) Baptiste Nickel Project (the “Project”), within the Decar Nickel District (the “District” or the “Property”) in the Omineca Mining Division, British Columbia. In February 2020, FPX retained the services of BBA Inc. (BBA) to lead this Study. This Report was prepared at the request of Mr. Martin Turenne, President and CEO of FPX.

This Technical Report titled “Preliminary Economic Assessment of the Baptiste Nickel Project”, concerning the development of the Baptiste Deposit, was prepared by Qualified Persons (QP) following the guidelines of the “Canadian Securities Administrators” National Instrument 43-101 (effective June 30, 2011), and in conformity with the 2014 guidelines of the Canadian Mining, Metallurgy and Petroleum (CIM) Standard on Mineral Resources and Reserves.

Since the current study is a PEA, NI 43-101 Guidelines do not permit the disclosure of Mineral Reserves. NI 43-101 Guidelines do allow for Inferred resources to be included in an economic analysis for a PEA, as long as the appropriate cautionary language is used to qualify such an analysis. Mineral resources which are not mineral reserves do not have demonstrated economic viability. It is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. It should also be noted that a Preliminary Economic Assessment is preliminary in nature and there is no certainty that the Project described in this PEA Report will be realized.

1.1.1 Background and History

An initial Preliminary Economic Assessment on the Baptiste Project was completed in March 2013 and the NI 43-101 Technical Report was filed on Sedar in August 2013. The study was performed under the guidance of Cliffs Natural Resources (Cliffs), the previous majority owner of the Project. In November 2015, First Point Minerals Corp. (now FPX Nickel Corp.) purchased Cliffs’ share of the Project and established 100% ownership of the Project.

In February 2018, FPX filed an updated Mineral Resource Estimate Technical Report following the completion of a 2,000-metre drilling program.

In September 2018, a metallurgical testwork program was initiated. The objectives of the program were to improve nickel recovery and product quality (compared to the 2013 PEA) using conventional mineral processing technologies.

1.1.2 Scope of Study

The Baptiste Project scope covered in this PEA is based on the construction of a facility having an annual throughput of 120,000 tpd or 43,800,000 tpa. Initially, during Phase 1 of the Project, covering Year 1 to Year 21 of operations, the run of mine (ROM) material is processed at a primary grind size P_{80} of 300 μm , as dictated by the tailings deposition strategy. In Project Phase 2, starting in Year 22 when in-pit tailings deposition is implemented, the primary grind size is reduced to a P_{80} of 170 μm in order to achieve improved Ni recoveries.

1.2 Tenure, Geological Setting and Exploration

The Property is situated approximately 90 km northwest of Fort St. James, BC (population 1,510) and is situated within the Decar Nickel District which consists of 62 mineral claims covering 24,740 hectares that are 100% owned by FPX. The Property is road accessible from Fort St. James via a network of province-maintained paved roads and forestry-maintained gravel roads. The Canadian National Railway company

owns an inactive railway line that passes through the northeastern-most part of the Property.

The Property is underlain by bedrock of the Cache Creek terrane, which includes an obducted Upper Paleozoic and Lower Mesozoic ophiolite sequence referred to as the Trembleur ultramafite unit. Other rocks underlying the Property include metasedimentary and metavolcanic rocks of the Sitlika assemblage and Sowchea succession. Ultramafic rocks of the Trembleur unit are variably serpentinized and are host to multiple occurrences of disseminated awaruite on the Property. Awaruite is a nickel-iron alloy (formula Ni_{2-3}Fe) that forms under low oxygen and sulphur fugacity during serpentinization of nickeliferous olivine in peridotite. Awaruite is strongly ferro magnetic and exhibits a high density compared to associated gangue minerals that include serpentine, pyroxene, and magnetite.

The earliest publicly available reports of exploration on and around the Property date from 1974 and were focused on evaluating the potential of the area to contain chromite and gold-hosted listwanite mineralization. Awaruite was first discovered in the area as part of an academic thesis in 1983, followed by sporadic assessment through rock sampling and petrographic work between 1996-2005. In 2006, FPX staked 33 claims to establish the Property, focusing on exploration of awaruite mineralization in what are now the Baptiste Deposit and the Sid, Target B, and Van showings.

From 2006-2009, FPX conducted staking, property-scale airborne geophysics, prospect-scale ground-based induced polarization and resistivity (IP) surveys, rock sampling, geological mapping, petrography and scanning electron microprobe (SEM) analysis. This work identified Baptiste as the primary exploration target, with the Target B, Sid and Van targets also returning positive results.

On 12 November 2009, FPX entered into an option agreement with Cliffs Natural Resources Limited (“Cliffs”) pursuant to which Cliffs could earn up to a 75% undivided interest in the Property.

During the option earn in, Cliffs incurred approximately US\$22 million of expenditures, on or for the benefit of the Property, that culminated in a Preliminary Economic Assessment (“PEA”) on the development of the Baptiste Deposit. Upon completion of the PEA, Cliffs secured a 60% undivided interest in the Property. In August 2014, Cliffs informed FPX that it would divest its 60% undivided interest in the Property and, on 8 September 2015, FPX announced that it had entered into a binding agreement with Cliffs to purchase Cliffs’ 60% undivided interest in the Property for US\$4.75 million. The repurchase of Cliffs’ 60% was financed through a loan agreement that saw the lender receive a 1% NSR royalty. Following approval of the purchase by FPX shareholders on 15 November 2015, FPX re-acquired 100% ownership of the Property subject to a 1% NSR effective 18 November 2015.

Work funded by Cliffs on the Property included drilling a total of 30,223 m in 80 holes. Drilling was completed predominantly on the Baptiste Deposit (27,670 m), with lesser drilling on the Sid Target (847 m) and Target B (305 m). Drilling of 1,401 m of hydrogeological monitoring wells at the Baptiste Deposit was also completed to help inform an environmental baseline study. Drilling results yielded a maiden mineral resource estimate for the Baptiste Deposit published on 25 May 2012, an updated mineral resource estimate for the Baptiste Deposit on 23 January 2013 which later formed the basis of a PEA on 22 March 2013. Other work undertaken by or on behalf of Cliffs included downhole geophysical rock property surveys as well as mineral processing and metallurgical testing.

The sample database supplied for the Baptiste Deposit contains results from 83 surface drillholes completed since 2010, or 96% of all metres drilled on the Property. In comparison to the 2013 resource estimate (Ronacher et al., 2013), the 2020 resource estimate incorporates an additional eight diamond drillholes (totaling 1,917 metres) completed during the summer of 2017, one hole drilled during the 2012 drilling campaign (which was not included in the 2013 resource estimate), and an additional 2,053 samples from core re-sampling of 2010 and 2011 drillholes completed in 2012. The average drillhole spacing in the Baptiste Deposit is 150 metres to a vertical depth of 540 metres.

1.3 Mineral Resource Estimate

An updated resource estimate for the Baptiste Deposit includes all data from the 83 surface drillholes completed since 2010 and 2,053 samples from a re-sampling program of 2010/2011 drill core that was carried out in 2012. The estimate is geologically constrained within four mineralized domains and is reasonably comparable among different estimation methods (i.e. ordinary kriging, inverse distance squared weighting, nearest neighbour).

The 2018 resource model comprises a large, delta shaped volume that measures approximately 3.0 km in length and 150 to 1,080 m in width and extends to a depth of 540 m below the surface. The Baptiste Deposit remains open at depth over the entire system and is covered by an average of 12 metres of overburden.

Table 1-1 presents the mineral resource estimate for the Baptiste Deposit at a range of cut-off grades with the base case, at a cut-off grade of 0.06% DTR Ni, in bold face.

Table 1-1: Indicated and inferred resources for the Baptiste Deposit

INDICATED				INFERRED			
% DTR Ni Cut-off	Tonnes 000's	DTR Ni (%)	Contained Ni (Tonnes)	% DTR Ni Cut-off	Tonnes 000's	DTR Ni (%)	Contained Ni (Tonnes)
0.06	1,995,873	0.122	2,434,965	0.06	592,890	0.114	675,895
0.08	1,871,412	0.126	2,357,979	0.08	499,993	0.122	609,991
0.10	1,617,364	0.131	2,118,747	0.10	399,801	0.130	519,741

Notes:

1. Mineral resource estimate prepared by GeoSim Services Inc. using ordinary kriging with an effective date of September 9, 2020.
2. Indicated mineral resources are drilled on approximate 200 x 200 metre drill spacing and confined to mineralized lithologic domains. Inferred mineral resources are drilled on approximate 300 x 300 metre drill spacing.
3. An optimized pit shell was generated using the following assumptions: US\$6.35 per pound nickel Price; a 45° pit slope; assumed mining recovery of 97% DTR Ni and process recovery of 85% DTR Ni, an exchange rate of \$1.00 CAN = \$0.76 US; and mining costs of US\$2.75 per tonne, processing costs of US\$4.00 per tonne. A US\$1.00 per tonne minimum profit was also imposed to exclude material close to the break-even cut-off.
4. A base case cut-off grade of 0.06% DTR Ni represents an in-situ metal value of approximately US\$7.00 per tonne which is believed to provide a reasonable margin over operating and sustaining costs for open-pit mining and processing.
5. Totals may not sum due to rounding.
6. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

1.4 Mining Methods

A conceptual mine plan was developed in this PEA, based on the mineral resource estimate and its underlying geological block model. The mine plan is based on a three-phase open pit mine development. The first phase of the proposed mine plan uses an external tailings storage facility (TSF) for disposing of tailings generated while mining the Phase 1 pit which will be mined for the first 21 years. After the Phase 1 pit is mined out, the tailings produced from Phase 2 and Phase 3 of the mine plan will be placed in the mined-out Phase 1 pit. A pit rim dam will be constructed in Year 25 to accommodate the additional tailings that will be stored in the Phase 1 and Phase 2 pits. The Phase 2 and Phase 3 pits will be mined from Year 22 to Year 35.

Mining will be conducted using conventional truck and shovel methods. Large-scale open pit mining will

provide the mineral processing plant feed at a rate of 120,000 t/d, or 43.8 Mt/a which was based on processing capacity inputs provided. Annual mine production of mill feed and waste will peak at 80.1 Mt/a with a life-of-mine (LOM) stripping ratio of 0.40:1 including preproduction (0.32 during the first 10 years of operation, and 0.22 over the first 16 years of operations). Ultimate pit quantities with corresponding Davis Tube Recoverable (DTR) Ni grades are shown in Table 1-2.

Table 1-2: Ultimate Design Pit Quantities

Material Classification	Tonnage (Mt)	Grade (% DTR Ni)
Indicated	1,326	0.124%
Inferred	177	0.102%
Total for processing	1,503	0.121%
Waste Rock	540	
Overburden	55	
Total Waste	596	
Total material mined	2,098	
Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.		

1.5 Metallurgy and Mineral Processing

The metallurgical testwork performed for this PEA was focused on the following:

- Magnetic separation tests at a range of primary grind sizes (P_{80} from 57 μm to 360 μm);
- Magnetic cleaning tests to 25 μm final regrind size;
- Flotation testwork on the magnetic cleaner concentrate under various conditions and reagent additions;
- Mineralogical assessment of the head sample and some products generated in the testwork.

The testwork was performed on a composite sample representing the first seven years of the mine life. A limited amount of grindability data was generated on this sample and grinding circuit conceptual design was largely based on assumptions derived from similar minerals.

The testwork results indicated that at a primary grind of 300 μm , it is possible to produce a 63.4% Ni concentrate with a DTR NI recovery of 84.7%. In Year 22, when in-pit tailings deposition is implemented, a finer primary grind of 170 μm can be achieved through the addition of a third ball mill resulting in a Ni recovery of 89.5%. A conceptual mineral processing flowsheet was developed as the basis for this PEA Study. The process flowsheet can be summarized as follows:

- ROM material crushing takes place in a single primary gyratory crusher located in the vicinity of the open pit;
- Secondary crushing takes place in two cone crushers operating in closed circuit with classification screens;
- Crushed material is stored in a stockpile;
- The crushed material from the stockpile is reclaimed and conveyed to two separate and independent processing lines starting with a high-pressure grinding roll (HPGR) circuit operating in closed circuit with classification screens;
- The screened product from the HPGR circuit is subsequently conveyed to a primary grinding ball mill circuit, in closed circuit with hydrocyclones where the product is ground to a P_{80} of 300 μm ;
- The O/F from the hydrocyclones is directed to a rougher / scavenger low intensity magnetic separation (LIMS) circuit and the products are treated as follows:

- The LIMS magnetic concentrate is directed to an open-circuit vertical stirred mill regrind circuit to generate a product at P₈₀ of 25 µm and,
- The LIMS non-magnetic tailings are pumped to hydrocyclone clusters where coarse sand tailings (hydrocyclone U/F) are produced and ultimately pumped to the TSF for sand cell dike construction whereas the fine tailings fraction (hydrocyclone O/F) are directed to the tailings thickener;
- The reground product from the vertical stirred mills circuit is then processed through a cleaner magnetic separation LIMS circuit whereby:
 - The LIMS fine magnetic concentrate from the two processing lines is directed to the flotation circuit and,
 - The LIMS fine non-magnetic tailings are directed to the tailings thickener;
- The awaruite flotation circuit produces:
 - A high-grade Ni concentrate that is dewatered using dewatering LIMS, filtered to a filter cake and briquetted into the final saleable product;
 - A magnetite rich tailings stream having the potential to be subsequently valorized as a saleable product that is dewatered using dewatering LIMS and, for this PEA, assumed to be disposed of as tailings;
 - The water from the dewatering LIMS is recirculated to the head of the flotation circuit.
- The U/F from the tailings thickener, consisting of fine tailings, is pumped to the TSF for disposal.

1.6 Project Infrastructure

Project infrastructure is classified as off-site and on-site. The three major elements of off-site infrastructure are:

- The site access road, having a total length of 121 km, consisting of an existing paved road segment and an existing forestry service road (FSR) requiring a new 110-m span bridge, a new 4.5 km FSR segment and upgrades to a 20-m span bridge and to about 11.5 km of existing FSR;
- A rail terminal to be constructed in the vicinity of the existing CN main rail line in Fort St. James used exclusively for transloading containerized FeNi briquettes onto railcars for transportation to the Prince Rupert port terminal and for receiving, storing and transloading rail tankers containing sulphuric acid used in the flotation process at the mine site;
- A 120 MW, 230 kV power transmission line with an approximate length of 98 km.

A conceptual site plot plan was developed for this PEA showing the location of the major on-site infrastructure. The ultimate footprints for the open pit, the waste piles, the external TSF and the pit rim dam were first incorporated into the site plan and the rest of the major site infrastructure was then located. The main site infrastructure is summarized as follows:

- The ultimate life-of-mine open pit footprint for the Baptiste Deposit, as developed by Stantec;
- The waste dumps designed to store waste materials generated during the mine life;
- The external TSF, serving for Years 1 to 21 of the mine life, as conceptually designed by Stantec;
- The mine services area pad, which includes the mine garage, truck wash, warehouse and mine employee facilities as well as the emergency response team facility;
- The explosives plant pad is in an isolated area to the east of the open pit;
- The primary crusher building and pad, is in a designated area in the vicinity of the initial open pit ramp

exit;

- The secondary crushing and screening, crushed material stockpile and HPGR and screening buildings, all connected by a conveyor system, are located within a cleared corridor (incorporating an access road, power line and other services) connecting these facilities to the concentrator area;
- The main process plant area pad includes the concentrator building housing all mineral processing equipment and FeNi briquette storage and the thickeners as well as the main 230 kV electrical substation;
- The fresh water pumphouse is located at Trembleur Lake, about 7 km to the south of the concentrator;
- Mine road network dedicated to heavy traffic and controlled for other vehicles;
- Site road network for general infrastructure access and access to the FSR;
- The camp for employees and administration building pad is located to the southeast of the concentrator, on the FSR road accessing the Property.

1.7 Market Study

Metallurgical testwork performed for this PEA Study has shown that the Baptiste Deposit can produce a clean, high-grade, ferronickel (FeNi) concentrate through a conventional mineral processing flowsheet. The concentrate, agglomerated in briquette form, constitutes the final saleable product generated by the Project for consumption by stainless steel producers. Preliminary tests have also shown that the Baptiste FeNi concentrate can potentially be used to produce nickel sulphate for the electric vehicle battery value chain. The projected product specification for the Baptiste briquettes is presented in Table 1-3.

Table 1-3: Projected product specification for the Baptiste FeNi briquetted concentrate

Projected Product Specification	
Ni	60% - 65%
Fe (total)	30% - 32%
Awaruite (Ni ₃ Fe metallic alloy)	77% - 83%
Metallic Fe in Awaruite	19% - 21%
Magnetite (Fe ₃ O ₄)	13% - 18%
Co	1% typical
Cu	0.7% typical
P	0.02% typical
S	0.6% typical
MgO	1% typical
SiO ₂	1.5% typical
Cr ₂ O ₃	0.4% typical

The selling price to be obtained from the sale of the Baptiste FeNi briquette to stainless steel melt shops will generally be a function of two variables: 1) the LME nickel price; and 2) a discount or premium to the LME nickel price, based on the market positioning of the Baptiste FeNi briquette in relation to competing sources of nickel feedstock to stainless producers, being primarily stainless steel scrap, nickel pig iron (“NPI”), standard FeNi and Class 1 Ni. The selling price determined by the analysis of these two components is the price used for the Economic Analysis performed for this PEA Study.

FPX provided long term projected Ni price data published by several reputable analysts. The most current update of this data is dated August 2020. A long-term LME base nickel price assumption of \$17,070 per tonne (\$7.75 per pound) is assumed in this PEA Study which is consistent with the average long-term nickel price of forecasts given by six base metals analysts.

In order to assess the potential payability for the Baptiste FeNi product, stated as a % of the LME base price, the following sources of information were considered:

- The results of the FPX’s preliminary product market testing undertaken with stainless steel and ferronickel producers;
- Preliminary market feedback based on informal discussions with nickel consumers and traders, including an independent consultant to FPX and representatives of large international trading houses specializing in nickel products;
- Benchmarking with typical specifications for standard FeNi and nickel pig iron (“NPI”) products from various producers;
- The author’s technical knowledge of the steelmaking process based on his over 20 years of experience in a steel smelter;
- Historic premium / discount data for standard FeNi.

The analysis, in consideration of the aforementioned information sources, concluded that a discount of 2% applied to the base LME price provides a reasonable assumption for determining the selling price to be used for the Economic Analysis for this PEA Study. The assumed selling price is \$16,743/t of contained Ni.

1.8 Environmental, Permitting and Community Relations

1.8.1 Provincial Regulatory Framework

In British Columbia, reviewable mining projects must attain an Environmental Assessment Certificate (EAC) prior to obtaining the required construction and operating permits. As a principal planning tool, reviewable projects are subject to the revitalized BC Environmental Assessment Act of 2018, currently in force, using a phased approach with imposed regulatory timelines. The 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;
- 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 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.

1.8.2 Federal Regulatory Framework

The EA process also takes place under the Impact Assessment Act, 2019 for federally designated projects. Projects that are not designated federally may still require a 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 project will likely 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 will be issued by the Minister under the new paragraphs in the amended Act (2019). Habitat and/or productivity offsetting requirements must be acceptable to DFO and seek to accommodate participating Indigenous groups.

Additional EBS work, including the Terrestrial Ecosystems Mapping and determination of the extent of fish habitat, wetlands, and presence listed species and ecosystems will provide information for federal regulators to consider in the EA process.

1.8.3 Permitting

If a project receives an EAC, the proponent must obtain the required authorizations for activities such as water use, timber cutting, access roads, stream crossings, and other mine-related permits. In general, provincial and federal EA processes are finalized before permits can be issued.

1.8.4 Closure and Reclamation

BC Ministry of Energy, Mines and Petroleum Resources (EMPR) will provide the regulatory framework for FPX's obligations for decommissioning, closure, reclamation and rehabilitation for the Project. Acceptable practices will result from effective Crown consultation, ongoing engagement with indigenous groups, and effective planning throughout the EA process.

The Mines Act permit requires a closure plan with the appropriate reclamation security paid. Annual reclamation reports are filed with EMPR as a permit condition under the Health, Safety and Reclamation Code for Mines in BC. The security is collected upon initial permit issuance and adjusted through operational lifespan of the mine to accurately cover the cost of the liability. It must be acceptable to the Mines Inspector determining the appropriate bond amount over time.

A Regional Reclamation Bond Calculator provides the Regional Inspector with a means of assessing reclamation liability that avoids undue financial risk and liability to the public. The assessed security represents the cost of mine reclamation to the Province while promoting transparency to Indigenous groups and the public. The security is returned once the mine site has been reclaimed to a satisfactory level and no longer requires monitoring or maintenance. It ensures that mine sites do not leave an ongoing legacy or require public funds for clean-up activities.

FPX's mine closure and reclamation plan will aim to reclaim and rehabilitate the Project footprint to ensure that, upon termination of mining, land, watercourses and cultural heritage resources will be returned to a safe and environmentally sound condition and to an acceptable end land use that considers previous and potential uses.

1.8.5 Community Relations

Local perspectives and opinions are critical to FPX's decision-making process throughout all aspects of the Project and are an integral part of ongoing consultation and engagement with local communities and First Nations. Enduring relationships must be built with Indigenous groups and community stakeholders. It is based on trust: transparency, accountability, mutual understanding and respect for rights and title, continuous active engagement, and a long-term commitment to shared value.

The Project lies exclusively in the traditional territory of the Tl'azt'en Nation, which has been the focus of Indigenous engagement and consultation activities to date. FPX signed an exploration Memorandum of Understanding (MOU) for the Project on May 22, 2012. On March 12, 2019, Binche Whut'en was constituted as a newly recognized First Nation by the Canadian government, officially separating from the Tl'azt'en Nation. Of the four Keyoh families who are signatories to the MOU, two are associated with Tl'azt'en Nation, and two are associated with the newly-formed Binche Whut'en Nation. FPX is engaged in discussions with Tl'azt'en Nation, Binche Whut'en and the four constituent Keyoh families to amend the MOU to reflect the new administrative structure entailed by the separation of Binche Whut'en from Tl'azt'en Nation.

The MOU formalizes protocols for continuing the cooperative working relationship established between the Tl'azt'en Nation and the Binche Whut'en Nation, including constituent Keyoh families, regarding exploration activities for the Project. The MOU confirms the Tl'azt'en Nation's and Binche Whut'en Nation's support for the exploration activities and acknowledges, as well as describes, how project activities will be managed with respect to:

- Cultural and environmental interests of the Tl'azt'en and Binche Whut'en communities;
- Ongoing engagement and internal community consultation activities;
- Socio-economic benefits to the Tl'azt'en Nation and the Binche Whut'en Nation communities through community contribution funds and business opportunities.

The MOU also establishes processes for the future negotiation of a comprehensive Impact and Benefits Agreement (IBA) for when the Project proceeds to mine development. This IBA emphasizes mutual respect and positive long-term relationship between the parties during all phases of the Project.

1.9 Capital and Operating Costs

Capital, sustaining capital and operating cost estimates were developed for this PEA Study. Costs relating to mineral processing, site infrastructure, G&A and product handling and transport were developed by BBA. Costs relating to mining, the TSF and surface water management were developed by Stantec. All costs are presented in USD. The exchange rate used is \$1.00 CAN = \$0.76 US. The base date for the cost

estimate is Q3-2020. Table 1-4 presents a summary of the estimated capital cost for initial pre-production, in-pit tailings deposition and sustaining capital.

Table 1-4: Summary of capital cost estimate (US\$)

Category	Pre-Production M\$	In-Pit Deposition M\$	Sustaining M\$	Total LOM M\$
Direct Costs				
Mobile Equipment	\$155.1	\$0.0	\$353.5	\$508.6
TSF	\$137.9	\$14.5	\$534.3	\$686.6
Mine and TSF Site Preparation	\$95.5	\$0.0	\$90.4	\$185.9
Mineral Processing	\$610.0	\$88.4	\$18.2	\$716.6
Off-Site Infrastructure	\$64.4	\$0.0	\$0.0	\$64.4
On-Site Infrastructure	\$66.4	\$0.0	\$6.8	\$73.2
Total Direct Costs	\$1 129.3	\$102.9	\$1 003.2	\$2 235.4
Indirect Costs	\$291.8	\$0.0	\$8.2	\$300.1
Contingency	\$253.7	\$0.0	\$0.0	\$253.7
TOTAL PROJECT CAPITAL COST	\$1 674.8	\$102.9	\$1 011.5	\$2 789.2

The total initial capital cost, including direct costs, indirect costs and contingency was estimated at **\$1,674.8M**. This represents the pre-production capital expenditure required to support start-up of operations in Year 1. The capital cost related to the in-pit tailings deposition implementation was estimated at \$102.9M. This is the capital expenditure specifically required to allow for finer primary grinding (resulting in improved Ni recovery) and for pumping tailings to the mined-out pits for in-pit deposition, starting in Year 22 of the mine life. This cost also includes the cost for constructing the pit rim dike for containing tailings to the end of the mine life. Sustaining capital costs (which excludes the capital cost related to the implementation of finer primary grinding and in-pit deposition) were estimated at \$1,011.5M. These costs include items such as mine equipment fleet additions and replacements, facilities additions and improvements and costs relating to TSF sand cell construction and surface water management which are incurred over the LOM starting at Year 1 of operation. It should be noted that closure and reclamation costs are excluded from the stated capital costs but are included as a separate item in the Economic Analysis.

Table 1-5 presents a summary of the estimated average operating costs for the initial Phase 1 (Years 1 to 21), Phase 2 (Years 22 to 35) and for the Life-of-mine (LOM), expressed in USD/t of dry material processed (milled). Averages include ramp-up years (Year 1 and Year 22).

Table 1-5: Total estimated phase and average LOM operating cost (US\$/t milled)

Estimated Average LOM OPEX	Phase 1	Phase 2	Total
	Yr 1 - 21	Yr 22 - 35	LOM
Mining	\$2.28	\$2.66	\$2.43
Mineral Processing	\$2.71	\$2.91	\$2.79
Briquette Transport	\$0.19	\$0.18	\$0.19
Rail Terminal and Access Road	\$0.05	\$0.05	\$0.05
General Site Services	\$0.62	\$0.62	\$0.62
General and Administration	\$0.25	\$0.25	\$0.25
TOTAL Opex	\$6.09	\$6.66	\$6.32

It should be noted that royalties and working capital are not included in the operating cost estimate presented but are treated separately in the Economic Analysis.

Table 1-6 presents additional metrics of costs incurred annually over the operating years of the mine and include the following:

- ‘C1’ cost defined as follows: “The costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal product treatment charges, and freight and marketing costs less the net value of by-product credits, if any. These are expressed on the basis of ‘per unit Ni content’ of the sold product.”
- ‘AISC’ or ‘all-in sustaining costs’ defined as follows: “These costs comprise the sum of C1 costs, sustaining capital, royalties and closure expenses. These are expressed on the basis of ‘per unit Ni content’ of the sold product.”

Table 1-6: C1 costs and AISC costs (US\$)

	Phase 1	Phase 2	Total
	Yr 1-21	Yr 22-35	LOM
C1 costs (\$/lb Ni)	\$2.61	\$2.94	\$2.74
C1 cost (\$/metric tonne Ni)	\$5,753	\$6,488	\$6,038
AISC cost (\$/lb Ni)	\$3.13	\$3.11	\$3.12
AISC cost (\$/metric tonne Ni)	\$6,897	\$6,867	\$6 885

1.10 Economic Analysis

Table 1-7 presents the results of the Economic Analysis for the Project. Taxation calculations were provided by FPX. Table 1-8 presents the results of the post-tax economic analysis. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Inferred mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the conclusions or results as reported in the PEA will be realized.

Table 1-7: Economic analysis results (pre-tax) (US\$)

IRR = 22.5% Payback = 3.5 years Discount Rate	NPV (M\$)
0%	\$13,656 M
5%	\$5,003 M
8%	\$2,927 M
10%	\$2,069 M

Table 1-8: Economic analysis results (post-tax) (US\$)

IRR = 18.3% Payback = 4.0 years Discount Rate	NPV (M\$)
0%	\$8,725 M
5%	\$3,091 M
8%	\$1,721 M
10%	\$1,149 M

1.11 Other Relevant Information

1.11.1 Opportunity for FeNi in EV Battery Application

As part of its product development program, FPX mandated Sherritt Technologies to perform scoping-level, batch pressure leach tests on a sample of Baptiste FeNi flotation product. Two batch pressure leach tests were conducted in an autoclave (pressure chamber) with conditions designed to approximate proposed commercial production conditions.

The quality of the nickel chemical solution generated from the batch tests was excellent, with the low acid and iron content indicating relatively low downstream requirements for neutralization and iron removal. Recovery of nickel was rapid in the batch tests, with over 98% extraction achieved in 60 minutes toward ultimate extractions of 98.8% and 99.5% in 180 minutes. The iron (Fe) in the concentrate feedstock was almost entirely precipitated, resulting in low iron content in the pregnant leach solution.

It is expected that the nickel-cobalt solution produced from the Baptiste concentrate will be an ideal feedstock for the production of nickel sulphate and cobalt sulphate. Downstream processing of the Baptiste nickel-cobalt solution would conceptually entail neutralization (to remove acid and other impurities) and solvent extraction to produce nickel sulphate and cobalt sulphate as two separate products. The low levels of impurities (such as acid and iron) in the Baptiste nickel-cobalt solution suggest that downstream refinement into sulphate products is achievable within conventional operating parameters. Additional test work is required to further evaluate the optimization of any downstream hydrometallurgical processing requirements.

This positive result provides FPX with an opportunity to pursue an alternative marketing route for part of its Baptiste FeNi production. This would allow FPX to become a player in the EV battery value chain. As the Project advances, this opportunity would need to be supported with more testwork and a validation of process economics.

1.11.2 Opportunity for Sale of Iron Concentrate

The process flowsheet developed in this PEA Study generates a flotation tailing with a high Fe content (in the form of magnetite), which can potentially be marketable as a magnetite iron ore concentrate and generate additional financial benefit to the project. The annual production of this co-product would be in the order of 2.0 Mt. A high-level assessment to evaluate the economic viability of this product was performed based on various scenarios for adding value to the product to improve its marketability.

The 'as-is' flotation co-product has a total Fe content of about 61%. The product contains a relatively high level of MgO and SiO₂ as well as a high level of Cr. Testwork will need to be performed to evaluate mineral processing requirements to reduce MgO and SiO₂ levels. The major constraint with this Fe concentrate is its high Cr content. Initial indications are that Cr may not be amenable to removal by mineral processing. If this is shown to be the case, this concentrate may be used in the carbon steel value chain but only in limited quantities and possibly with payability discounts. This concentrate, however, should be usable in the stainless steel value chain, which is a much smaller market than that of carbon steel. It should be noted that the concentrate cannot be used directly by steel smelters and will need a reduction step to make an intermediate iron product (blast furnace or direct reduction). As a next step, a more detailed logistics and marketability analysis to further develop this opportunity would be required.

1.11.3 Project Execution Plan

Following this PEA Study for the Baptiste Project, it is expected that FPX will proceed with a pre-feasibility study of the Baptiste Deposit to further develop the concepts presented in this PEA Study and to further de-risk the project. This should logically then be followed by a feasibility study. Concurrently, FPX

will also need to proceed with environmental assessment, studies, community relations development and other permitting activities. This will also likely be complemented by additional infill drilling, metallurgical sampling and testwork and geotechnical surveys. A duration of about 2.5 years should be planned for these activities, to completion of the feasibility study, after which FPX can proceed directly to detailed engineering procurement and construction. After award of permits, about three years will be required to complete engineering, procurement and construction and for commercial production to begin.

1.12 Conclusions and Recommendations

The Project, as presented in this PEA Report, is conceptual in nature and needs to be further developed at a PFS level.

1.12.1 Project Risks

A high-level risk register was initiated during this PEA for FPX to use as an internal planning and risk management tool to be carried through and developed in more detail during the next study stages. The following list describes the key risks that were identified which can have a significant impact on the results of this PEA Study. Recommendations for mitigating these risks are proposed in Chapter 26 of this Report.

- Designs of the external TSF, pit rim dike, waste dumps, open pit mine, surface water management infrastructure and process plant areas were not supported by any foundation geotechnical data. For this PEA, typical dike slopes for engineered fill were assumed, with a nominal sub-excavation, but poor foundation conditions could significantly increase cost or cause the relocation of the structure. Conversely, good foundation conditions could lead to reduced excavation and fill requirements and therefore reduced costs.
- There is currently no geotechnical data for the pit area. For the PEA, an overall pit wall angle of 45 degrees is assumed for the ultimate pits which may need to be adjusted based on the results of the geotechnical data. The change in pit wall angle will have an impact to the overall costs, footprint area, and strip ratio.
- Borrow material for the construction of the external TSF starter dike and the pit rim dike were assumed to be sourced from within the open pit mine. This study assumed that 80% of the material excavated from the pit (overburden and waste rock) is suitable for TSF starter dike construction. Should more material (or less material) be suitable, development costs will be impacted.
- Coarse sand generated from cycloning the tailings produced by the primary magnetic separation circuit (300 μm primary grind size), was assumed to be of sufficient quantity and quality to be used in the construction of the external TSF sand cells. Should this material not be suitable, the TSF retention capacity and/or the primary grind size could be impacted resulting in higher costs and lower Ni recovery if a coarser grind is required.
- The process design criteria for grinding and primary magnetic concentration at 300 μm was based on limited testwork data. Ore hardness is a critical parameter for estimating grinding power and circuit design which can have a significant impact on throughput, capital and operating costs.
- The conceptual project execution schedule presented in Chapter 24 of this Report was based on an optimized environmental permitting process based on minimum statutory timelines. Should there be delays in compiling data or permit related activities take longer than planned, there is a risk that environmental permitting will be on the critical path of the schedule.

1.12.2 Recommendations

Based on the results of this PEA Study, BBA recommends that a Pre-Feasibility Study (PFS) be undertaken on the Baptiste Project in order to advance the Project to its next phase. The proposed PFS would serve as a stage-gate for FPX to determine if the Project should be subsequently advanced further. The PFS is intended to confirm the results of this PEA, to a higher level of resource definition and cost estimation accuracy, supported by more developed engineering and design and so de-risking the Project to the next study stage. The following recommendations are made for work to be undertaken as part of the PFS Study in order to reduce Project uncertainty and to mitigate risks, as well as to evaluate opportunities to improve the Project. Work related to environmental permitting is also recommended in parallel to the PFS in order to maintain the targeted overall project implementation schedule.

Geology and Drilling

Database maintenance: Review of the Baptiste Project drilling database for the purposes of this report recognized that the QA/QC and re-assay results for drill core have not been incorporated into the Project's database and exist as stand-alone spreadsheets. The recommended improvements to the database include rebuilding the Project's drillhole database from original assay certificates and incorporating existing QA/QC data into the Project's drillhole database.

QA/QC: Assays of CRMs used on the Project averaged 0.5 to 1 standard deviation higher than their certified mean, suggesting that calculated DTR Ni grades for the Baptiste Deposit could have inaccuracies of up to 4%. A re-assay program is recommended to evaluate positive bias seen in CRM assays in addition to determining the data adequacy of DTR Fe and Co for future use in resource estimates.

Drilling: Additional drilling on the Property is recommended for the Baptiste Deposit to improve the certainty of near surface Inferred Resources greater than 0.13% DTR Ni. A total of 2,725 m of drilling on ten holes is recommended.

Metallurgical Testwork

Grindability: Specific testwork on representative composite samples related to grindability (crushing, HPGR, ball milling and regrinding) should be performed.

Concentration: Magnetic concentration and flotation testwork should be undertaken on representative composite samples in order to confirm grade/recovery relationship. This should include testwork to confirm DTR Ni recovery at various primary grinds with varying magnetic intensity. Magnetic concentration testwork should be performed with a complete DTR Ni and Fe balance. Also, an analysis of primary magnetic tailings PSD and characteristics of sand tailings and fine tailings (compaction, hydraulic conductivity, strength parameters, ML/ARD potential) should be undertaken in order to confirm TSF sand dike design parameters.

Leaching: More detailed leaching tests should be performed to evaluate metallurgical performance and costs related to production of Ni sulphate.

Additional testwork: Thickening, rheology and filtration testwork should be undertaken.

Variability assessment: To assess the deposit's heterogeneity, variability sampling should be completed. Approximately 25 samples are recommended to assess potential variability within the Baptiste Deposit with respect to crushing, grinding and recovery.

Product marketability sample: The metallurgical testwork should be undertaken in consideration that a 5 to 10 kg representative final FeNi product sample needs to be generated. This will allow FPX to undertake more meaningful and credible discussions with potential users.

Geotechnical

Site surveys: A test pit / geotechnical drilling program is recommended to be carried out in the area of the external TSF, waste dumps, pit, water management dams and area surrounding the pit to collect geotechnical data in order to mitigate risks associated with lack of data on foundation conditions.

Pit slope stability: There is currently no geotechnical and hydrogeology data for the pit area. The projected pit walls are very high (700 m) and therefore small changes in angle could have a significant impact on the mine plan. Core logging and characterization is required to allow for development of rock mass strength models and development of pit wall designs including bench configurations. The hydrogeology data will help determine the amount of ground water the mine will need to manage during operation as well as potential requirements for dewatering related to wall stability. Geotechnical and hydrological information on the pit walls will be required for the PFS.

Other: Geotechnical data from the pit and tailings footprint areas will be required to more accurately determine borrow material suitability for construction of the TSF starter dam and other site infrastructure. Also, additional surveys for site infrastructure such as process plant location and roads are recommended.

Environmental, Permitting and Community

Baseline studies: Further environmental baseline studies should be completed, as recommended in Chapter 20 of this Report. This activity is a critical element of the EA and permitting process and project implementation schedule.

EA planning: A gap analysis (current status vs final requirements) should be performed and a comprehensive action plan should be developed to undertake the permitting process in parallel to the PFS.

Community Engagement: It is recommended that FPX pursue engagement activities with Indigenous groups early in the PFS as a parallel activity.

Product Marketing

FeNi briquette: FPX should undertake a more formal product marketability analysis and directly approach potential users to validate assumptions made in this PEA regarding payability and potential impact of deleterious elements.

Fe concentrate: FPX should undertake exploratory discussions with potential users of the Fe concentrate in order to evaluate product value. This can help guide metallurgical testwork aimed at upgrading the product to enhance value. A more detailed logistics / cost analysis for getting the product to market should be included.

Studies and Other PFS Elements

Trade-off studies: Early in the PFS risks and opportunities identified in the PEA should be reviewed and required trade-off studies should be performed to carry more optimal solutions into the PFS.

Third-party discussions: Early in the PFS, it is recommended that FPX begin exploratory discussions with any potential third party related to off-site infrastructure.

1.12.3 Budget for Next Project Stage

The estimated budget for undertaking the work required to complete the PFS is summarized in Table 1-9. FPX should obtain firm pricing for these activities based on a specific scope of work in order to better estimate its next project phase financing requirements. The PFS, and related activities, are expected to take about 12 to 18 months to complete. The budget estimate excludes costs related to maintaining claims as

well as other corporate costs.

Table 1-9: Estimated required budget for next study phase

Activity	Description	Cost (K\$ US)
Geology and Drilling	Improve the Project's database, update near-surface inferred resources	\$ 880
Metallurgical Testwork	Drilling and sample collection, grindability/magnetic/flotation recovery, leaching, variability assessment, thickening, FeNi product sample	\$ 1,400
Geotechnical	External TSF, waste dumps, pit walls, site	\$ 980
Environmental and Community	Baseline study, community engagement activities	\$ 2,300
Studies	Pre-Feasibility Study	\$ 1,500
Owner	PFS owner's team costs and expenses	\$ 1,140
TOTAL Opex		\$ 8,200

The discussion that follows is not part of the Technical Report.

Awaruite Concentrate Leach Test Program

On January 7, 2020, the Company announced that the testing of sulphuric acid leaching of nickel from the high-grade Baptiste awaruite concentrate samples produced in a flotation optimization test program carried out in 2019 resulted in nickel recoveries of up to 99.5% in producing a high concentration nickel-cobalt chemical solution suitable for the electric vehicle (EV) battery supply chain. These results suggest that the Baptiste Nickel Project could become a potentially significant supplier of nickel for the EV battery market, in addition being a supplier to the ferronickel and stainless steel markets.

Highlights

- Established that high-grade awaruite concentrate produced from the Baptiste Deposit is an excellent feedstock with potential advantages over sulphide and lateritic nickel ores in the production of nickel sulphate and cobalt sulphate for the electric vehicle battery market.
- Confirmed the amenability of the Baptiste high-grade awaruite concentrate to autoclave leaching with sulphuric acid, achieving nickel recoveries of 98.8% to 99.5% in the production of high-purity chemical solution containing 69.4 to 70.1 grams/litre (g/l) nickel.
- Demonstrated rapid nickel extraction from the awaruite concentrate (over 98% extraction in under 60 minutes) which suggests that on a commercial-scale operation, the extraction could be achieved with a much smaller processing facility with significantly lower equipment sizes, power consumption and operating conditions (moderate pressure and temperature) as compared to the high pressure acid leach (HPAL) process which is used commercially to recover nickel from lateritic ores.

Description of Leaching Test Work

As disclosed above, metallurgical testing conducted during 2018 and 2019 confirmed that a conventional processing flowsheet using grinding, magnetic separation and flotation of awaruite mineralization will consistently produce clean awaruite concentrates containing high levels of nickel and low level of impurities. Table 4.1

provides an analysis of the elements present in Baptiste awaruite concentrate that was used as the feedstock for the leach testing program described below.

Table 4.1 – Analysis (in %) of the Baptiste Awaruite Concentrate Feedstock

Ni	Fe	Al	Co	Cr
59.0	23.8	0.01	0.90	0.22
Cu	Mg	Mn	S	Si
0.75	0.62	0.03	0.70	0.51

Two batch pressure-leach tests of the awaruite concentrate were undertaken using a small autoclave at Sherritt Technologies testing facilities in Fort Saskatchewan, Alberta. The tests were conducted at 150 °C with the pressure controlled to a modest 750 kPa (g) with oxygen addition. Recovery of nickel from the awaruite was rapid, with over 98% extraction achieved in 60 minutes, increasing with leaching time toward ultimate extractions of 98.8% and 99.5% in 180 minutes. The iron present in the awaruite was almost entirely precipitated during the leaching process, resulting in low iron content in the pregnant leach solution (0.77 g/l in the Test 2 product). The conditions and results of the batch tests are summarized in Table 4.2.

Table 4.2 – Summary of Batch Leach Testing Conditions and Results

	Test One	Test Two
Charge		
Awaruite concentrate (g)	40	40
Retention time (minutes)	180	180
Discharge (Pregnant Leach) Solution Analysis (g/l)		
H ₂ SO ₄	21.5	12.1
Ni	69.4	70.1
Co	1.14	1.08
Fe	2.45	0.77
Nickel extraction (% recovery)	99.5	98.8

The quality of the nickel-bearing solution generated from the batch tests was excellent, with the low acid and iron content confirming relatively low downstream requirements for neutralization and iron removal. Detailed analysis of the pregnant nickel sulphate solution produced in Test 2 is provided in Table 4.3.

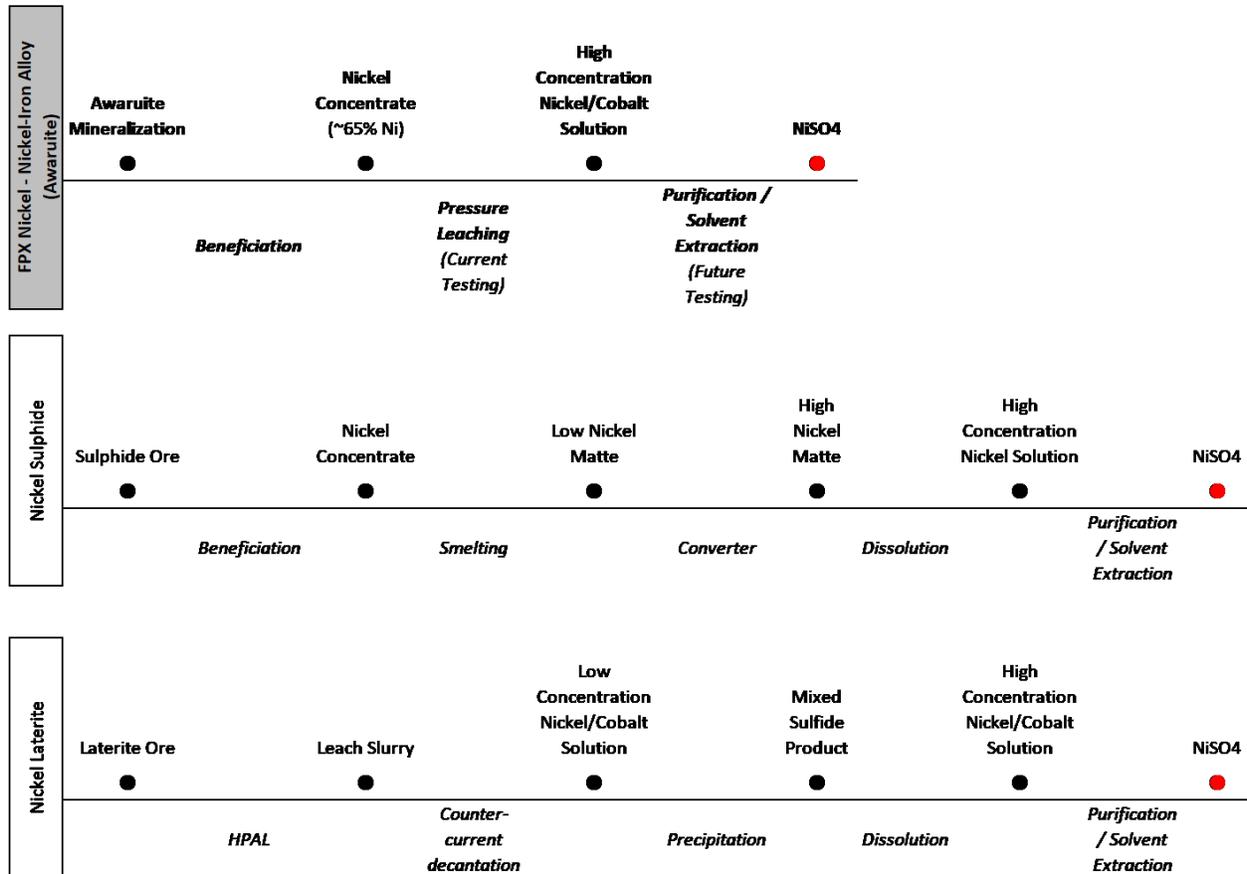
Table 4.3 - Summary of Elements in Nickel Sulphate Solution
(Test 2 Pregnant Leach Solution, g/l)

Ni	Fe	Co	Cu
70.1	0.77	1.08	0.97
Mg	S	Si	Zn
0.50	45.3	0.10	0.03

It is expected that the pregnant nickel-cobalt solution produced from the Baptiste awaruite concentrate will be an ideal feedstock for the production of nickel sulphate and cobalt sulphate. Downstream processing of this solution would conceptually entail neutralization (to remove acid and other impurities) and solvent extraction to produce nickel sulphate and cobalt sulphate as two separate products. The low levels of impurities (such as acid and iron) in the pregnant solution suggest that downstream processing into marketable sulphate products is achievable within conventional operating parameters. Additional test work is required to further evaluate the optimization of any downstream hydrometallurgical processing requirements.

Chart 4.1 shows the steps involved in the production of NiSO₄ from three alternate sources: awaruite mineralization, sulphide ores and lateritic ores.

Chart 4.1 – Processing Alternatives for the Production of Nickel Sulphate (NiSO₄)



Sources: Company test work results; Company reports,

- Compared to the production of NiSO₄ from the processing of nickel sulphide concentrates, the direct dissolution of nickel from the high-grade Baptiste awaruite concentrate eliminates the need for smelting the sulphide concentrate in order to produce a low grade nickel matte, followed by converting to produce a higher grade nickel matte which is then leached to produce a high concentration nickel sulphate solution.
- Compared to the production of NiSO₄ from the HPAL processing of nickel laterite ores, processing the high-grade Baptiste awaruite concentrate feedstock which would have consistent mineral content, moisture level and particle size would entail lower potential operational risks than those associated with a typical HPAL facility that processes “whole ore” with inconsistent grades sourced from inherently variable run-of-mine laterite deposits, having nickel grades that range from 0.7% to 1.7%.

The operating parameters for the leaching of Baptiste awaruite concentrates to produce nickel-cobalt solution are potentially favourable because they are based on significantly smaller operating footprint and equipment sizes plus lower electrical power, pressure and temperature requirements than typical HPAL operations treating laterite ore, such as the Ramu Nickel Cobalt Operation in Papua New Guinea (“**Ramu**”). Table 4.4 below provides a comparison of autoclave pressure leaching parameters for the treatment of Baptiste awaruite concentrate (based on the scoping test work described herein) and laterite ore at Ramu (which has been in operation since 2012).

Table 4.4 – Comparison of Pressure Leaching Autoclave Parameters for Baptiste Awaruite Concentrate and Ramu Nickel-Cobalt Operation

Autoclave Parameters	Baptiste Concentrate (Conceptual Based on Test Work Results)	Ramu Nickel-Cobalt Operations (Note 1)
Feedstock type	Flotation concentrate	Whole ore
Feedstock grade (% nickel)	59 - 65	1.09
Pressure (kPa)	750	4,300
Temperature (°C)	150	250
Target extraction (% recovery)	>98	>95
Target residence time (minutes)	60	60

Note 1 – Source: Design parameters for Ramu Nickel-Cobalt Project in Cobalt 27 Capital Corp., NI 43-101 technical report (July 19, 2019)

Future activities

The Company will undertake internal trade-off studies to define the optimal product mix to be derived from the Decar Project for the ferronickel, stainless steel and EV battery markets. Further bench-scale testing is required to evaluate and refine the process for pressure leaching Baptiste awaruite concentrates, including additional tests under diverse conditions to determine optimal parameters for acid consumption, pressure and temperature, among other considerations. Additional test work would generate nickel products for evaluation by potential offtakers. The market evaluation process is expected to generate collaborative opportunities with a variety of nickel market participants.

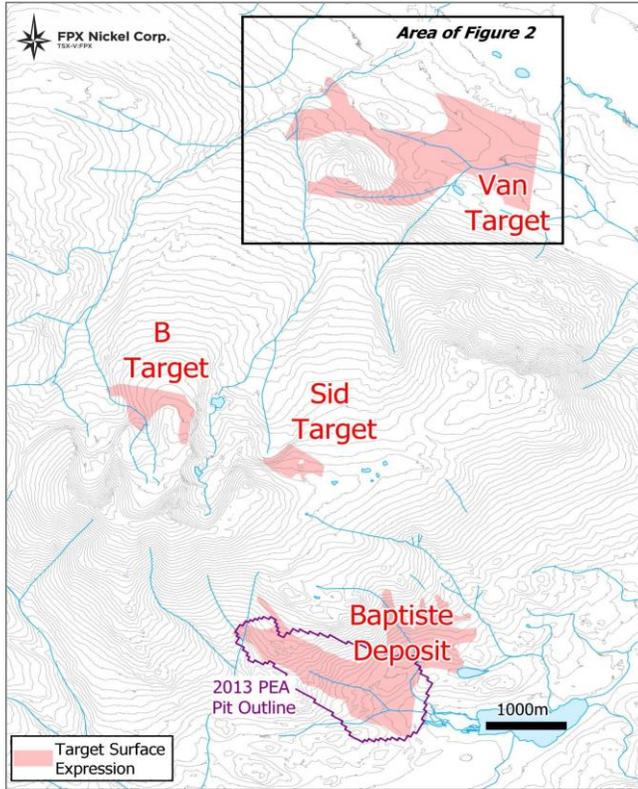
Qualified Person

The technical content of the disclosure set out in the *Awaruite Concentrate Leach Test Program* section of Item 4.3 of this AIF has been prepared in accordance with Canadian regulatory requirements set out in NI 43-101 and was supervised, reviewed and approved by Jeffrey B. Austin, P.Eng., President of International Metallurgical and Environmental Inc., a “Qualified Person” as defined by NI 43-101 and the person who oversees metallurgical developments for the Company. Mr. Austin is independent of the Company.

Other Prospects in the Decar Nickel District

The limited amount of exploration drilling and bedrock sampling in the Decar Nickel District completed to date clearly indicates there is substantial potential for additional discoveries. This potential is illustrated by the assay results announced in mid-January 2018 on bedrock samples from the Van prospect as well as limited drilling completed on the Sidney and Target B prospects in 2010 and 2011, respectively. The location of these three prospects relative to the Baptiste deposit are shown in Figure 4.1.

Figure 4.1 - Location Map for Prospects in the Decar Nickel District



DTR nickel analysis of 54 bedrock samples, taken at intervals of 50 to 350 metres at the Van Target, has defined an area of approximately 2.9 square kilometres shown in Figure 4.2. This compares very favorably with the area defined by initial surface outcrop sampling undertaken at the Baptiste deposit in 2009, which identified a target measuring approximately 2 square kilometres. Subsequent drilling completed from 2010 to 2017 at Baptiste has now defined mineralization along a 3.2 kilometre strike length with widths of 150 to 1,080 metres.

A summary of the DTR nickel assays from the 54 bedrock samples collected within the target area at Van is shown in Table 4.5. As elsewhere in the Decar Nickel District, the mineralization is coincident with sheared peridotite, while numerous samples from the massive peridotite are very largely unmineralized or low grade. These results are notable for the high proportion of samples grading over 0.06% DTR nickel, the cut-off grade employed in the 2013 mineral resource estimate for the Baptiste deposit. In particular, 10 samples returned grades over 0.14% DTR nickel, representing some of the highest-grading surface samples ever taken from any target at the Decar Nickel District.

Figure 4.2 - Van Target Bedrock Sampling Map

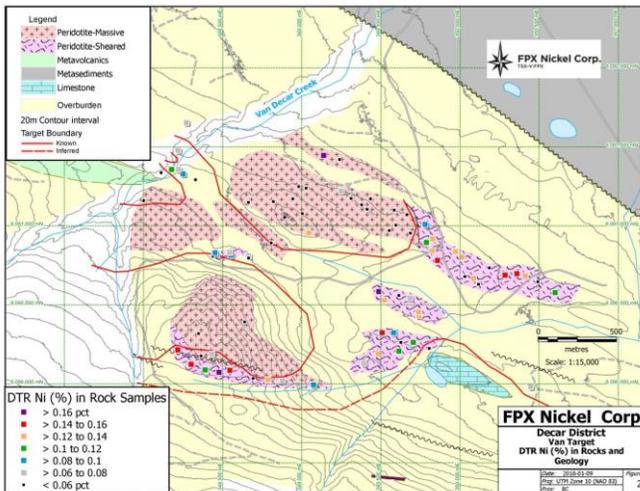


Table 4.5 - Results of Bedrock Samples in Van Target Area

DTR Ni (%)	Number of samples
< 0.06	10
> 0.06 to 0.08	10
> 0.08 to 0.10	6
> 0.10 to 0.12	7
> 0.12 to 0.14	11
> 0.14 to 0.16	8
> 0.16	2
Total	54

Field mapping at the time of sample collection indicated that the mineralized area at Van occupies generally recessive areas commonly covered by glacial till which has the potential to cover strong mineralization. The target area coincides with a high total magnetic signature based on airborne magnetic geophysical data.

The **Sidney** target area is located three km north of Baptiste on a broad ridge at approximately 600 m higher elevation. The Sidney target currently measures 500 by 400 m as identified by surface mapping and is open to the northwest and southeast, where it is covered by overburden. The target was tested with two core holes in 2010 that intersected a previously reported 0.129% nickel-in-alloy across 163 m in the lower half of hole 10SID-09 and 0.143% nickel-in-alloy across 282 m in hole 10SID-10.

Target **B**, located about five km north of Baptiste, was tested with a single core hole during the 2011 drilling campaign. Hole 11B-01 cut 258 m averaging 0.138% DTR nickel.

Qualified Person

The technical content of the disclosure set out under the heading “*Other Prospects on the Decar Nickel District*” section of Item 4.3 of this AIF has been prepared in accordance with Canadian regulatory requirements set out in NI 43-101 and was supervised, reviewed and approved by Dr. Peter Bradshaw, a Qualified Person under NI 43-101. Dr. Bradshaw is the Company’s Non-Executive Chairman and thus is not independent of the Company.

Environmental studies and Community Relations

Environmental baseline studies at the Decar Project, which commenced in May 2011, are continuing in order to assess surface and ground water quality, meteorological conditions, archeological significance, vegetation, fish and wildlife habitats.

The Company is actively engaged in the community with all stakeholders to provide social and economic benefits from responsible mineral exploration and mining in a way that also safeguards the health of people and the local environment. A Memorandum of Understanding regarding exploration activities at the Decar Property was signed in May 2012 with the Tl’atz’en First Nation, which formalizes protocols for continuing the working relationship between Cliffs, the Company and the Tl’atz’en and its constituent Keyoh families. During the exploration phase, the focus has been on local training, in partnership with the College of New Caledonia in Fort St. James, to maximize future employment opportunities.

4.4 Other Mineral Properties

The Company’s exploration efforts are focused on the exploration and development of properties containing awaruite, a naturally occurring nickel-iron alloy. The alloy typically contains approximately 75% nickel, is widely disseminated and represents a bulk tonnage target that would potentially be mineable by open pit methods should a mineral reserve be delineated.

As of the date of this AIF, in addition to the Decar Property, the Company holds a 100% interest in four early-stage exploration properties that are prospective for awaruite: the Mich property in the Yukon Territory and the Wale, Orca and Klow properties in northwestern British Columbia.

The properties are hosted in ultramafic belts within the Cache Creek Terrane and span a total distance of 820 km between the Decar Nickel District in the southeast and the Mich Project in the northwest.

In the three-year period ending December 31, 2020 the Company’s gross exploration expenditures on its property interests (which were capitalized and incurred almost exclusively on the Decar Property) and reconnaissance exploration activities (which were expensed) on its other mineral properties, were as shown in Table 4.6:

Table 4.6 – Exploration Expenditures in Three Most Recent Years

	Properties	Reconnaissance
2018	\$307,000	\$5,100
2019	\$361,629	\$2,900
2020	\$762,955	\$1,300

As of the date of this AIF, the Company does not hold any awaruite properties in any foreign jurisdictions.

Investors are cautioned that the Company’s exploration properties are early-stage prospects, conceptual in nature, defined by surface rock sampling and ground-based geophysical surveys, and either very limited or no drilling on the properties. There has been insufficient exploration to define a mineral resource on any of the properties and it is uncertain if further exploration will result in any target being delineated as a mineral resource.

The Wale, Orca and Klow properties are carried on the Company’s books at a nominal value of \$1.00. The Company has no current plans to carry out further exploration on these properties.

Mich Nickel Property, Yukon Territory

The Mich property is situated in south central Yukon approximately 55 km southeast from Whitehorse and 18 km northeast from the community of Marsh Lake. (See Figure 4.3). The property consists of 96 contiguous quartz claims that are owned 100% by the Company. The entire property measures 2.7 km by 7.2 km in size, encompassing 1,932 hectares. The Company staked the Mich property after discovering a large anomalous zone of disseminated awaruite mineralization based on a first pass of wide-spaced reconnaissance sampling during the summer 2011 regional exploration program.

Figure 4.3 - Location of the Mich Property



The property covers a portion of the Cache Creek Terrane, the same belt of rocks that host the awaruite mineralization at the Company’s Decar, Wale, Orca and Klow awaruite properties in British Columbia. The main zone of mineralization at Mich is well exposed on a northwest trending ridge and measures 1.3 km long, ranges from 150 to 570 m wide and is open to the southeast, northeast and northwest of the key target area (“**Key Target**”) that was drill tested during the 2014 field season to a depth of 345 m.

The Key Target area coincides with a moderate ground magnetic geophysical response, which lies on the shoulder of a well-defined, ground magnetic high response, measuring 5.5 km long. This magnetic high feature extends along strike 3.5 km to the southeast of the Key Target into overburden covered areas. The overburden is estimated to be less than 25 m thick and covers a potential extension of the mineralized zone. The magnetic signature also extends the width of the Key Target area a further 675 metres to the northeast beyond the end of the second hole completed in the 2014 drilling campaign; this area represents a future priority drill target. The Key Target area is characterized as a wide diffuse structural domain where ultramafic rocks are strongly serpentinized and have both brittle and ductile textures.

Exploration work completed by the Company during the 2012 and 2013 field seasons involved geological mapping, analysis of 306 rock samples, and 130 line-km of ground-based magnetic geophysical surveys. DTR nickel values for 75 rock samples collected in 2012 and 2013 from the Key Target area range from 0.046% to 0.143%. The mineralization consists of disseminated coarse-grained awaruite that ranges from 200 to 500 microns (0.2 to 0.5 mm) in maximum size in individual rock samples. The Company believes that

surface sample assay results of greater than 0.08% DTR nickel and awaruite grain sizes larger than 50 microns (0.5 mm) are significant parameters to evaluate early-stage awaruite prospects; as mineralization containing a higher percentage of coarse awaruite grains will have improved recovery in both magnetic and gravity processing.

Exploration work conducted in 2014 included follow up analysis using DTR Ni values to quantify magnetically recoverable nickel from archived samples and reject material. Other field work included detailed geological mapping and channel sampling to determine the controls of mineralization, to establish the continuity of structurally controlled mineralization between the Key Target and mineralized zones or anomalies to the northwest and to confirm point outcrop sampling with continuous sampling over 4 to 5 m intervals.

An 873 m drill program was completed in October with two holes drilled from a common set-up at minus 50 degrees in opposing directions (to the southwest and northeast) along section, as shown in Figure 4.4. The mineralized zone encountered averages 0.087% DTR nickel (using a cut-off grade of 0.06% DTR nickel), extends over 345 m vertically from surface, measures 463 m along section and remains open to the northeast beyond the surface trace of the second drill hole.

Results include 156.1 m averaging a grade of 0.096% DTR nickel from 3.0 to 159.1 m in hole 1, and virtually the entire 456.3 m length of hole 2, which averaged 0.087% DTR nickel from 2.7 to 456.3 m. The best results were 32.2 m of 0.123% DTR nickel at the end of hole 2, which indicates the significance of higher grade extensions towards the northeast that warrant additional drill testing to track the main mineralization trend by stepping out to the southeast and northwest. The results from the two drill holes are summarized in the Table 4.7.

The compilation of all results to date indicates that the Key Target shows many similarities to the Company's flagship Baptiste Nickel Project in central British Columbia. The main similarities between Mich and Baptiste are evident in recoverable nickel grades, high temperature environment of emplacement and structural controls on mineralization.

Figure 4.4 - Drillhole section looking northwest.

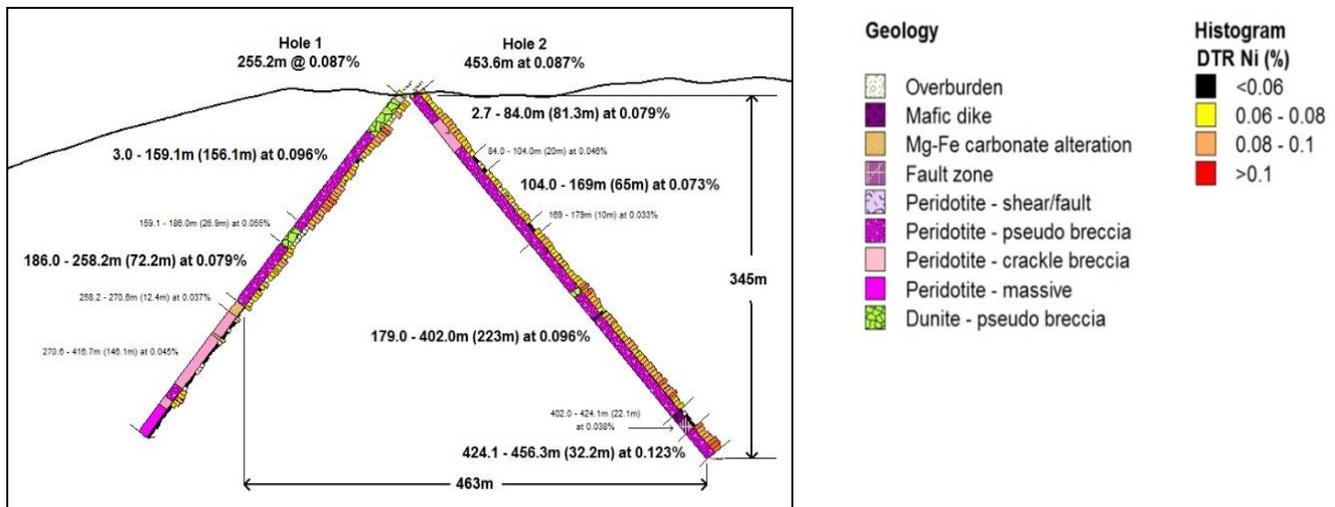


Table 4.7 - 2014 Mich Drill Result

	Intersection (m)			DTR Nickel	Comments
	From	To	Intercept	(%)	Rock Type – Textures
Hole #1					
	3.0	258.2	255.2	0.087	Peridotite – pseudo breccias
including	3.0	159.1	156.1	0.096	Peridotite – pseudo breccias
including	159.1	186.0	26.9	0.055	Dunite – pseudo breccias
including	186.0	258.2	72.2	0.079	Peridotite – pseudo breccias
and	258.2	270.6	12.4	0.037	Mg-Fe carbonate alteration
and	270.6	416.7	146.1	0.045	Peridotite – cracked to massive
Hole #2					
	2.7	456.3	453.6	0.087	Peridotite – pseudo breccias
including	2.7	84.0	81.3	0.079	Peridotite – pseudo breccias
including	84.0	104.0	20.0	0.046	Peridotite – pseudo breccias
including	104.0	169.0	65.0	0.073	Peridotite – pseudo breccias
including	169.0	179.0	10.0	0.033	Fine-grained ultramafic
including	179.0	402.0	223.0	0.096	Peridotite – pseudo breccias
including	402.0	424.1	22.1	0.038	Peridotite – post mineralization alteration & faults
including	424.1	456.3	32.2	0.123	Peridotite – pseudo breccias

Qualified Person

The technical content of the disclosure set out under the heading “*Mich Nickel Property, Yukon Territory*” in section of Item 4.4 of this AIF has been prepared in accordance with Canadian regulatory requirements set out in NI 43-101 and was supervised, reviewed and approved by Dr. Peter Bradshaw, a Qualified Person under NI 43-101. Dr. Bradshaw is the Company’s Non-Executive Chairman and thus is not independent of the Company.

ITEM 5: DIVIDENDS AND DISTRIBUTIONS

5.1 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.

ITEM 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 180,975,677 common shares and no preferred shares were issued and outstanding on December 31, 2020. As of the date hereof, there are 213,557,863 common shares issued and outstanding.

All of the authorized common shares of the Company 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.

Stock Options

As at December 31, 2020 there were 14,850,000 stock options outstanding, granted to directors, officers, employees and consultants of the Company under the Company's stock option plan (**Plan**), at exercise prices ranging from \$0.10 to \$0.45, with terms extending to August 14, 2025. As of the date hereof, there are 16,550,000 stock options outstanding, granted to directors, officers, employees and consultants of the Company under the Plan, at exercise prices ranging from \$0.10 to \$0.80, with terms extending to April 9, 2026. If all of the stock options currently outstanding were to be exercised, the Company would receive approximately \$4,995,000.

Warrants

As at December 31, 2020 there were Nil warrants outstanding. As of the date hereof, there are 1,486,188 broker warrants outstanding, exercisable at \$0.65 per warrant, with an expiry date of April 7, 2023. If all of the warrants currently outstanding were to be exercised, the Company would receive approximately \$966,000.

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.

ITEM 7: MARKET FOR SECURITIES

7.1 Trading Price and Volume

Since Monday, October 17, 2016, the common shares of the Company have been listed and posted for trading on the TSX Venture Exchange under the trading symbol "FPX". In the period from November 1, 2012 through the close of trading on Friday, October 14, 2016, the common shares were listed and posted for trading on the TSX. Prior to November 1, 2012, the Company's common shares were listed and posted for trading on the TSX Venture Exchange.

The monthly trading prices and volumes since January 2020 are summarized in Table 7.1.

Table 7.1 – Summary of Monthly Trading Prices and Volumes

Year	Month	High (\$)	Low (\$)	Volume
2020	January	0.175	0.135	922,687
	February	0.230	0.150	1,287,215
	March	0.220	0.110	1,982,833
	April	0.160	0.125	751,632
	May	0.150	0.130	371,441
	June	0.200	0.140	1,525,887
	July	0.390	0.175	3,762,634
	August	0.750	0.345	3,515,289
	September	0.840	0.580	4,660,387
	October	0.690	0.450	2,940,224
	November	0.760	0.485	5,099,445
	December	0.720	0.580	3,313,994
2021	January	0.880	0.600	4,826,680
	February	0.940	0.680	5,872,054
	March	0.910	0.650	3,799,945
	April	0.770	0.610	2,613,440
	May	0.700	0.630	1,532,854
	June	0.670	0.540	5,976,024
	July	0.610	0.420	2,862,990
	August 1 - 20	0.650	0.455	1,359,298

7.2 Prior Sales

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

Common Shares

The following table summarizes details of the Common Shares issued by the Company since January 1, 2020.

Date of Issuance	Number of Common Shares	Reason for Issuance	Issue Price (\$)
March 9, 2020	250,000	Option Exercise	\$0.10
July 28, 2020	500,000	Option exercise	\$0.15
September 10, 2020	450,000	Option exercise	\$0.10
January 12, 2021	250,000	Option exercise	\$0.45
February 11, 2021	100,000	Option exercise	\$0.10
February 22, 2021	400,000	Option exercise	\$0.10
February 26, 2021	150,000	Option exercise	\$0.10
March 8, 2021	300,000	Option exercise	\$0.10
April 7, 2021	150,000	Option exercise	\$0.10
March 11, 2020	8,333,332	Private placement	\$0.18
October 20, 2020	8,963,636	Private placement	\$0.55
October 20, 2020	7,750,037	Shares for Debt Conversion	\$0.55
February 10, 2021	5,312,386	Shares for Debt Conversion	\$0.65
April 7, 2021	24,769,800	Public offering	\$0.65
April 23, 2021	500,000	Option exercise	\$0.10

Date of Issuance	Number of Common Shares	Reason for Issuance	Issue Price (\$)
May 3, 2021	400,000	Option exercise	\$0.10
May 6, 2021	250,000	Option exercise	\$0.10
TOTAL:	58,829,191		

Stock Options

The following table summarizes details of the stock options issued by the Company since January 1, 2020.

Date of Issuance	Number of Stock Options	Issue Price (\$)
March 11, 2020	3,100,000	\$0.20
August 14, 2020	250,000	\$0.45
February 10, 2021	250,000	\$0.80
April 9, 2021	3,100,000	\$0.70
June 21, 2021	600,000	\$0.60
July 19, 2021	250,000	\$0.50
TOTAL:	7,550,000	

Warrants

On April 7, 2021, the Company issued 1,486,188 broker warrants exercisable at \$0.65 per warrant until April 7, 2023.

ITEM 8: ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

8.1 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.

ITEM 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 West Vancouver British Columbia Canada	Director and Chairman, since Feb 13, 2012	Geologist and Mining Executive

Name and Location of Residence	Position with Company	Principal Occupation During the Past Five Years
James S. Gilbert ^(1,2) Vienna Virginia United States	Director since Feb 13, 2012	Business Executive; Executive Chairman of Latin American Mining Corporation, Stellar Mining Corp. 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; prior thereto: President & CEO of the Company, Feb 13, 2012 to Dec 1, 2015
Peter J. Marshall ⁽¹⁾⁽²⁾ 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 H. Myckatyn ⁽²⁾ Victoria British Columbia Canada	Director since Sep 16, 1999	Corporate Director.
Robert B. Pease ^(#,1) 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 Vancouver British Columbia Canada	Director since July 14, 2017	President & Chief Executive Officer of the Company since Dec 1, 2015.
J. Christopher Mitchell Tsawwassen British Columbia Canada	Chief Financial Officer & Corporate Secretary	President, Adera Company Management Inc.

(1) Member of the Audit Committee. Mr. Gilbert is Chair of the Committee.

(2) Member of the Compensation Committee. Mr. Myckatyn is Chair of the Committee.

(#) Every director is a member of the Corporate Governance Committee, of which Mr. Pease is the Chairman.

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 27, 2021.

As at the date of this AIF, 39,790,515 common shares of the Company are beneficially owned, directly or indirectly, by the directors and executive officers, as a group, representing 18.6% of the issued and outstanding voting securities (common shares).

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.

ITEM 10: PROMOTERS

10.1 Promoters

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

ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

12.1 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.

ITEM 13: TRANSFER AGENTS AND REGISTRARS

13.1 Transfer Agents and Registrars

Registrar:

Computershare Investor Services Inc.
510 Burrard Street
Vancouver, B.C., V6C 3B9

Transfer Agent:

Computershare Investor Services Inc.
510 Burrard Street
Vancouver, B.C., V6C 3B9

Co-Transfer Agent

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, ON M5J 2Y1

ITEM 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.

ITEM 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 April 21, 2021 in respect of the Company's financial statements for the years ended December 31, 2020 and 2019.
- (b) Messrs. Angelo Grandillo, P. Eng., Ronald Voordouw, P. Geo., Ronald G. Simpson, P. Geo., Gordon Chen, P. Eng., Sean Ennis, P. Eng., and Jeff Austin, P. Eng., each of whom is independent of the Company and is named in this AIF as having prepared the Technical Report.
- (c) Dr. Peter Bradshaw, P. Eng., the Company's Chairman, has reviewed and approved the technical content in this AIF.

15.2 Interests of Experts

Except for Dr. Bradshaw, none of the experts named in the foregoing section held, at the time they prepared or certified such statement, report, opinion or valuation, or received after such time or will receive any registered or beneficial interest, direct or indirect, in any securities or other property of the Company. As of the date of this AIF, Dr. Bradshaw holds 31,115,078 Common Shares or 14.66% of the Company's currently issued and outstanding Common Shares.

ITEM 16: INFORMATION ON 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 (**Board**) 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 as President & CEO of the Company from February 2012 to November 2015. Mr. Gilbert was Executive Chairman of Latin American Mining Corporation, Stellar Mining Corp. in Perú and Santiago Metals Ltda. in Chile from June 2018 to October 2019, and previously 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.

Peter J. Marshall has over 30 years of experience in the mining industry and is a Professional Engineer registered in the Province of British Columbia. Mr. Marshall is the former Vice President Project Development, New Gold Inc. and Senior Vice President Project Development, Terrane Metals Corp. Having served in a senior executive capacity in Project Development for large, capital intensive mining projects, he has accumulated significant knowledge and expertise in project management, budgeting and financial planning. This experience has resulted in Mr. Marshall 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, Pure Gold Mining, Libero Copper 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.

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;

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 Table 16.1:

Table 16.1 – Auditor’s Fees

Financial Year ending Dec. 31	Audit Fees⁽¹⁾	Audit-related Fees⁽²⁾	Tax Fees⁽³⁾	All other fees⁽⁴⁾
2019	\$20,000	Nil	Nil	Nil
2020	\$20,000	\$4,000	Nil	Nil

- (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 of Mandate

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

ITEM 17: ADDITIONAL INFORMATION**17.1 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.sedar.com:

- (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, 2020 and the interim financial statements of the Company for quarters ended in 2020 and 2021, that have been filed with the securities regulatory authorities; and
- (d) The Management Information Circular dated April 28, 2021, 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 March 17, 2021.

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 620 - 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.

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**, or **FPX Nickel**) 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) all 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, will act as secretary of Committee meetings. Minutes of Committee meetings will be recorded and maintained by the Corporate Secretary and subsequently presented to the Committee for approval.

(c) Meetings Without Management

The Committee will 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 will report thereon to the Board before approval is given.
- (b) All significant actions of the Committee will be reported to the Board whenever possible at its next succeeding regular Board meeting and will be subject to revision or alteration by the Board.
- (c) Following their approval by the Committee, all minutes of the Committee will be 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 will have 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 Chief Executive Officer and Chief Financial Officer, 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.

APPENDIX B GLOSSARY OF TERMS

Certain terms used throughout this AIF are defined below.

“Awaruite”	A naturally occurring metallic alloy consisting of approximately 75% nickel and 25% iron, found in certain ultramafic rocks.
“Breccia”	A rock composed of angular broken fragments held together by mineral cement or a fine-grained matrix.
“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
“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 nickel-iron alloy, as well as any other magnetic material, including magnetite, a primary ore mineral in many iron ores. 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
“Dyke”, or “Dike”	An igneous mass injected into a fissure in rock.
“Gabbro”	A coarse grained mottled dark and white igneous rock.
“Geochemistry”	The measurement of elements in naturally occurring rocks, soils and stream sediments as a means of detecting mineralization.
“Grab Sample”	Sample of selected fresh or weathered rock collected at random from within a restricted area of interest.
“g/t”	Grams per metric tonne.
“g/l”	Grams per litre
“HQ”	Diameter of core from diamond drilling, approximately 97mm.
“Intrusive”	Rock mass formed below the earth’s surface from magma which has intruded into a pre-existing rock mass.
“IP”	Induced polarization - a geophysical exploration method.
“LOM”	Life-of-Mine
“Mafic-ultramafic”	A dark coloured igneous rock.
“Magnetite”	A form of iron oxide, and an important component in many iron ores. Strongly magnetic.
“Metamorphism”	A natural process of heat and pressure that changes the minerals present in rocks and generally involves the addition of water.
“Metagabbro”	A gabbro that has been metamorphosed.
“Metavolcanics”	Rock of volcanic origin that has been metamorphosed.
“Micron”	A metric unit of length, being one-one millionth of a metre, or one-one thousandth of a millimetre.
“NI 43-101”	National Instrument 43-101 - <i>Standards of 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”	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 include 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 because of its corrosion resisting property.
“Nickel-in-alloy assay”	The nickel content of a sample of awaruite, expressed as a percentage of the weight of the sample, determined using a partial extraction analytical method that is proprietary to the Company. The procedure selectively dissolves the nickel that is present in the form of awaruite contained within the rock sample without dissolving the nickel present within the silicate minerals also present in the sample. The analytical method was developed by Acme Analytical Laboratories Ltd. (an ISO certified laboratory) under contract with the Company. Independent studies confirmed the reliability of this method, which was then certified by Smee & Associates Consulting Ltd. The proprietary assaying procedure provides the Company with a significant competitive advantage in exploring for awaruite deposits.
“NSR”	Net Smelter Return.
“Olivine”	A green mineral composed of magnesium, iron and silica.
“Outcrop”	Bedrock which is exposed at surface and is not covered by soil or other material.
“oz/ton”	Ounces per ton of 2,000 pounds.
“PEA”	Preliminary Economic Assessment. Refers to the NI 43-101 technical report titled “ <i>Preliminary Economic Assessment for the Baptiste Nickel Project</i> ” dated September 29, 2020 (with an effective date of September 9, 2020), as amended and restated on March 17, 2021, prepared by BBA Inc., Equity Exploration Consultants Ltd., GeoSim Services Inc., Stantec Consulting Ltd. and International Metallurgical and Environmental 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.
“PFS”	Pre-Feasibility Study – a technical and economic report prepared for a proposed project in which alternative mining and processing methods, product characteristics, infrastructure requirements, sales and marketing issues and other matters are evaluated, with a view to selecting those alternatives that result in an optimum combination of capital and operating costs and revenues,
“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.
“ppm” or “bbp”	Parts per million, or parts per billion, as applicable.
“Pyrite”	A gold coloured mineral composed of iron and sulphur.
“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 “*NI 43-101 Technical Report – Preliminary Economic Assessment – Baptiste Nickel Project, British Columbia, Canada*” dated September 29, 2020 (with an effective date of September 9, 2020), as amended and restated on March 17, 2021, filed under the Company’s profile on the SEDAR website. The Summary chapter from the Technical Report is reproduced in Item 4.3 above.

“Transaction”	Refers to the Sale and Purchase Agreement dated September 7, 2015 between the Company and affiliated companies of Cliffs Natural Resources Inc. whereby the Company purchased Cliffs’ 60% interest in the Decar Property. The Transaction closed on November 18, 2015. Upon such closing, the Company’s interest in the Decar Property increased to 100%. See Item 3.3 – Significant Acquisitions.
“Ultramafics”	A dark green to black coloured peridotite and dunite are the main host rock of the Decar mineralization.
“XRD”	X-Ray Diffraction, a method for determining the type and structure of minerals in a rock.
“XRF”	X-Ray Fluorescence, a method for determining the chemical composition of a rock.