FPX NICKEL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2023

This Management's Discussion and Analysis ("**MD&A**") has been prepared by management as of November 28, 2023 (the "**Report Date**") with reference to National Instrument 51-102 – "*Continuous Disclosure Obligations"* of the Canadian Securities Administrators and contains information up to and including the Report Date. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 together with the audited consolidated financial statements of FPX Nickel Corp. ("**FPX Nickel**", or the "**Company**") for the year ended December 31, 2022 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

Certain dollar amounts in this MD&A have been rounded for ease of reading. All amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A contains forward-looking statements. Readers are cautioned as to the risks and uncertainties related to the forward-looking statements, the risks and uncertainties associated with investing in the Company's securities, and the risks and uncertainties associated with technical and scientific information under National Instrument 43-101 ("**NI 43-101**") concerning the Company's projects, including information about mineral resources.

Additional information relating to the Company is available for viewing under the Company's profile on the SEDAR website at www.sedar.com.

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OVERVIEW

FPX Nickel was incorporated as a junior capital pool company in the province of Alberta on February 2, 1995, and established itself as a mineral exploration company in June 1996. The Company has one wholly-owned subsidiary, First Point Mexico S.A. de C.V., incorporated in Mexico, and a majority-owned subsidiary, CO2 Lock Corp., incorporated in British Columbia.

The Company explores primarily for nickel deposits, none of which have been advanced to the point where a production decision can be made. Consequently, the Company has no producing properties, and no sales or revenues.

The Company's exploration efforts are focused on the exploration and development of properties containing awaruite (Ni_3Fe), a naturally occurring nickel-iron alloy. FPX Nickel holds a 100% interest in five awaruite properties: four in British Columbia and one in the Yukon Territory. The Company's primary project is the Baptiste deposit ("**Baptiste**" or the "**Project**") located within its flagship Decar Nickel District ("**Decar**").

The Company's shares are listed on the TSX Venture Exchange ("**TSX-V**"), trading under the symbol "FPX" and on the OTCQB under the symbol "FPOCF".

HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

Project highlights

- In September 2023, announced results from the preliminary feasibility study ("**PFS**") for Baptiste. Highlights from the PFS include:
    - After-tax $NPV_{8\%}$ of US $2.01 billion and IRR of 18.6% at US$8.75/lb Ni
    - 29-year mine life producing an average 59,100 tonnes per year of nickel
    - Phased development approach, with expansion following the 3.7-year after-tax payback period
    - Life-of-mine ("**LOM**") average C1 operating cost of US$3.70/lb Ni (US$8,150/t), assuming no byproduct credits
    - LOM average annual pre-tax cashflow of US$578 million during operating years
    - Strategic product flexibility, with a base case high-grade nickel concentrate (60% nickel) for direct feed to the stainless steel industry, plus a refinery option to produce battery-grade nickel sulphate

Corporate highlights

- In September 2023, entered into a non-binding memorandum of understanding ("**MOU**") with Japan Organization for Metals and Energy Security ("**JOGMEC**") and the Prime Planet Energy & Solutions ("**PPES**") joint venture between Toyota Motor Company and Panasonic Corporation to explore collaborative opportunities for the vertical integration of nickel production involving the development of Baptiste.
- In August 2023, announced the appointment of Tim Bekhuys, Senior Vice President, Environment & External Affairs.
- In May 2023, completed a $16,080,000 private placement financing with global stainless steel producer, Outokumpu Oyj ("**Outokumpu**"), issuing 26,800,000 common shares at a price of $0.60 per common share, for a 9.9% interest in the Company.
    - In connection with the financing, the Company's existing Corporate Strategic Investor exercised its participation right to maintain its 9.9% interest in FPX Nickel. The Company issued an additional 3,251,184 common shares at a price of $0.60 per common share and received proceeds of $1,951,000.

- In March 2023, entered into a Global Generative Exploration Alliance ("**Generative Alliance**") with JOGMEC and funded solely by JOGMEC to carry out worldwide mineral exploration activities to identify high-quality properties which are prospective for the same style of awaruite nickel mineralization as contained at the Company's Baptiste resource.
  - In June 2023, announced the appointment of Keith Patterson, Vice-President of Generative Exploration to direct the operations of the Generative Alliance.
- In March 2023, the Company was granted $725,000 in non-dilutive, non-repayable government funding from Natural Resources Canada ("**NRCan**") under the Critical Minerals Research, Development and Demonstration ("**CMRDD**") program to accelerate studies on the technical and economic viability to produce battery-grade nickel sulphate and cobalt hydroxide for the electric vehicle supply chain.

Recent Developments

- In October 2023, announced the appointment of Felicia de la Paz, Chief Financial Officer and Corporate Secretary.

PROJECTS

The Company's exploration program involves a search for disseminated nickel-iron alloy targets that occur in a very specific geological environment found within ultramafic rocks. Awaruite, the nickel-iron alloy of interest, contains approximately 77% nickel, the rest being iron with occasional minor cobalt and copper (which appear to substitute for nickel in awaruite). Awaruite is strongly magnetic and very dense, two properties which allow for its efficient physical separation, along with magnetite, into a magnetics concentrate via three stages of comminution and magnetic separation. Conventional froth flotation is then used to separate the awaruite from magnetite, resulting a very high-grade nickel concentrate (60% nickel). There is virtually no sulphur in the resource, which eliminates a number of typical environmental issues typically associated with mining, processing, and waste management for nickel sulphide deposits. Furthermore, because of the virtual absence of sulphur, the nickel concentrate produced does not require intermediate smelting or primary refining ahead of feed to either the stainless steel industry or secondary refining to produce battery-grade materials.

Decar Nickel District, British Columbia

The Company's Decar Nickel District claims cover 245 square kilometres of the Mount Sidney Williams ultramafic/ophiolite complex, located 90 km northwest of Fort St. James in central British Columbia. The Company holds a 100% interest in Decar since 2016 and has held a continuous ownership interest since first staking claims in the area in 2007.

Decar hosts a greenfield discovery of awaruite, with the resource amenable to bulk-tonnage, open-pit mining. Awaruite mineralization has been identified in four target areas within this ophiolite complex, being the Baptiste Deposit, as well as the B, Sid and Van targets, as confirmed by drilling, petrographic examination, electron probe analyses and outcrop sampling on all four. Of the four targets, the Baptiste Deposit, which was initially the most accessible and had the biggest known surface footprint, has been the focus of increasing resource definition (a total of 99 holes and 33,700 m of drilling completed). The Baptiste Deposit is located within the Baptiste watershed, on the traditional and unceded territories of Tl'azt'en Nation and Binche Whut'en, and within several Tl'azt'enne and Binche Whut'enne keyohs.

During Q3 2023, the Company announced the results from the PFS for Baptiste, with an after-tax $NPV_{8\%}$ of US$2.01 billion and IRR of 18.6% at US$8.75/lb Ni. The PFS demonstrates the potential to develop a high-margin, long-life, large-scale and low-carbon mine with unparalleled flexibility to produce either a high-grade concentrate (60% nickel) for direct feed into the stainless steel industry (the "**Base Case**") or further refining into battery-grade nickel sulphate, cobalt precipitate and copper concentrate products for the battery material supply chain (the "**Refinery Option**").

The Base Case outlines an open-pit mining project which will produce an average of 59,100 tonnes of nickel per year in concentrate over a 29-year mine life. The project will be developed in a phased approach, with an initial mill throughput rate of 108,000 tonnes per day ("**Phase 1**"), followed by an expansion to 162,000 tonnes per day ("**Phase 2**") funded from free cash flow after the initial after-tax payback period of 3.7 years. The mining strip ratio averages 0.41 in Phase 1, and 0.56 overall for life-of-mine (excluding capitalized pre-stripping).

The Project will utilize a conventional processing flowsheet with SAG-mill based grinding followed by magnetic separation, froth flotation, and a flotation tailings leach circuit. Overall Davis Tube Recoverable ("**DTR**") nickel recovery is estimated to average 88.7% for the life-of-mine, with 93% of the nickel produced contained in a high-grade flotation concentrate (60% nickel) and the balance (7% of nickel produced) contained in a mixed hydroxide precipitate ("**MHP**") produced from the tailings leach circuit.

The Project has an estimated Scope 1 and 2 carbon intensity of 2.4 t CO2/t nickel produced, placing Baptiste within the lowest decile of global nickel production. The Project will be accessed by a road system consisting of upgrades and expansions to an existing forest service road network. All mine tailings and waste rock are proposed to be managed within a single integrated facility that will utilize open pit pre-stripping material and waste rock for embankment construction.

Base Case economics are presented below, based on a US$8.75/lb nickel price.

Criteria		**Units**	**Base Case**
Initial capital cost		USD, millions	2,182
Operating cost		US$/t milled	8.15
C1 Operating cost[1]		US$/lb Ni	3.70
All-in sustaining cost ("AISC")[2]		US$/lb Ni	4.17
After-tax	$NPV_{8\%}$	USD, millions	2,010
	IRR	%	18.6
	Payback period	years	3.7
	Mine life-to-payback	ratio	7.8
	NPV-to-initial capex	ratio	0.92
Annual free cash flow, pre-tax[3]		USD, millions	578

[1]Exclusive of any byproduct credits.

[2]Inclusive of operating cost, sustaining capital, expansion capital, closure capital, and royalties.

[3]For production years

The Refinery Option outlines an off-site refinery to upgrade a portion of nickel-in-concentrate to produce 40,000 tonnes per annum of battery-grade nickel sulphate for the electric vehicle battery supply chain, with the balance of concentrate continuing to be directly supplied to the stainless steel industry. Along with battery-grade nickel sulphate, this option also supports the valorization of cobalt and copper as refinery byproducts. The Refinery Option presents incremental capital expenditure of US$448 million with an incremental operating cost of US$1.02 per pound of nickel (C1 cost of US$0.79/lb Ni, including credits for cobalt and copper byproducts), resulting in total $NPV_{8\%}$ of US$2,127 million.

The Baptiste deposit will be mined as a conventional large-scale truck and shovel operation with up to 60 Mt of material mined per year during Phase 1 and up to 120 Mt of material mined per year during Phase 2. The mining operation will feature 250 mm blast-hole electric drills, 42 m^3 electric excavators, and 300 t haul trucks working on nominal 10 m high benches. A flexible combination of dozers, graders, wheel loaders and excavators will form the core of the support equipment fleet.

The mineral resource estimate (effective November 14, 2022) is based on updated drilling from the 2021 season, informing the Baptiste deposit geological model. The Probable Mineral Reserves for the project are estimated at 1,488 Mt at an average grade of 0.13% DTR nickel (0.21% total nickel), resulting in 1,933 kt of contained DTR nickel metal (3,125 kt of total nickel metal) over the 29-year mine life. Included in waste material for the PFS are 44 Mt of inferred material at an average grade of 0.113% DTR nickel.

The Baptiste Nickel Project Reserve Estimate is as follows:

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

Notes:

1. Mineral Reserves are reported effective September 6, 2023. The Qualified Person for the estimate is Mr. Cristian Hernan Garcia Jimenez, P.Eng., and independent consultant.
2. Mineral Reserves are reported using a fixed 0.06% DTR Ni cut-off grade, which represent approximately US$9.00/t NSR value, which is above the economic cut-off grade of US$5.5/t.
3. The Mineral Reserves are supported by a mine plan, based on a pit design, guided by a Lerchs Grossmann (LG) pit shell. Inputs to that process are:
   - Metal prices of Ni US$8.75/lb.
   - Mining cost US$1.98/t moved.
   - An average processing cost of US$3.72/t milled, which includes processing and tailing storage costs.
   - General and administrative cost of US$1.10/t milled.
   - Pit overall slope angles varying from 42 to 44 degrees.
   - A fixed process recovery of 85% for all the measured and indicated blocks above 0.06% DTR nickel grade.
4. The life-of-mine strip ratio is 0.56 (w:o), excluding capitalized stripping.
5. Tonnage and contained nickel tonnes are reported in metric units and grades are reported as percentages.
6. All figures are rounded to reflect the relative accuracy of the estimate. Totals may not sum due to rounding as required by reporting guidelines.

2023 Activity and Outlook

During Q3 2023, the Company's activities were focused on the completion of the Baptiste PFS, as discussed above. Additionally, the Company commenced work on the 2023 mineral processing pilot plant. The primary objective of this work is to produce a bulk sample of awaruite concentrate to serve a feed to additional hydrometallurgical refining test work to produce nickel sulphate.

The Company's 2023 cultural and environmental baseline study programs continued on plan with progress made on summer fish and wildlife monitoring and weather station and in-stream hydrology and quality surveys.

The Company acknowledges the potential impacts of resource projects and the concerns that Indigenous communities have expressed for activities occurring on their territories. The Company has been working collaboratively and meeting with Indigenous communities to understand key valued species and habitats in order to avoid and minimize impacts, and to identify significant mitigations and enhancements that have the potential to create long-term environmental benefits for the local area. The Company is committed to ensuring the Rights of Indigenous Peoples are respected, and is focused on working collaboratively with Indigenous leadership to advance a modern mining project that is aligned with global sustainable development goals and that protects people and the environment.

For the remainder of 2023, the Company will continue to progress engagement efforts with affected First Nations as well as commence feasibility study readiness planning.

CORPORATE

Corporate Development

In September 2023, the Company entered into a non-binding MOU with JOGMEC and PPES to explore collaborative opportunities for the vertical integration of nickel production involving the development of Baptiste. Under the terms of the MOU, the Company, JOGMEC and PPES will share technical information and expertise and explore potential strategic arrangements and business structures.

It is anticipated that any potential binding agreements among the parties would provide the Company with additional funding to advance the Baptiste Project, including the preparation of feasibility study and activities relating to the environmental assessment and permitting processes. The MOU is non-exclusive and non-binding, and there can be no certainty that a binding commercial agreement among the parties will arise from this framework; further, there is no fixed timing envisioned among the parties for the execution of any binding agreements.

Strategic Investments

In May 2023, the Company closed a $16,080,000 private placement financing (the "**Private Placement**") with Outokumpu, a major global stainless steel producer. Under the terms of the Private Placement, the Company issued 26,800,000 common shares at a price of $0.60 per share. Upon completion of the Private Placement, Outokumpu owns approximately 9.9% of FPX Nickel's issued and outstanding common shares on a non-diluted basis. Proceeds from the Private Placement will be used primarily for development activities at Baptiste, including completion of the preliminary feasibility study, environmental baseline activities and feasibility study readiness, as well as general corporate and administrative purposes.

Concurrent with the closing of the Private Placement, the Company granted to Outokumpu a right of first offer to negotiate, at market terms, one or more offtake agreements with the Company for up to an aggregate of 60,000 tonnes of nickel (7,500 tonnes of nickel per year over an eight-year period) from Baptiste. The Company and Outokumpu also entered into an investor rights agreement that provides, among other things, Outokumpu with certain rights in the event it maintains minimum ownership thresholds in the Company, including the right to participate in equity financings. In addition, pursuant to the Private Placement, Outokumpu is subject to a two-year standstill with respect to the acquisition of additional securities in the Company, other than acquisitions pursuant to Outokumpu's rights under its investor rights agreement.

In connection with the Private Placement, the Company's existing Corporate Strategic Investor exercised its participation right to re-establish a 9.95% ownership in the Company. As a result of the participation of the Corporate Strategic Investor, an additional 3,251,184 common shares were issued at a price of $0.60 per share, for gross proceeds of $1,951,000.

JOGMEC Generative Exploration Alliance

On March 29, 2023, the Company and JOGMEC initiated the Generative Alliance to carry out mineral exploration activities for the identification, acquisition and development of high-quality awaruite nickel targets on a worldwide basis.

During the first phase of the Generative Alliance, JOGMEC will fund 100% of expenditures up to $650,000 per year for a minimum of two years. Each of the parties will appoint two representatives to a Management Committee to oversee exploration activities with FPX Nickel acting as operator of the joint venture, earning a fee equal to 10% of the General Alliance expenditures.

One or more specific exploration targets identified by the Generative Alliance may be advanced to a second phase to be further developed as a separate designated project ("**Designated Project**"). Each Designated Project will have its own work program and budget with the objective, including through drilling, to test and further develop the identified targets. For each Designated Project, JOGMEC and the Company will fund 60% and 40%, respectively, for approved work programs.

If a Party's beneficial interest in a Designated Project is diluted to less than 10%, the diluted party's interest will be converted to 1.5% Net Smelter Return ("**NSR**") royalty over that Designated Project, with the other party retaining a right to buy-back 1.0% of the NSR royalty for $3,500,000.

CO2 Lock Corp.

In September 2023, CO2 Lock Corp. ("**CO2 Lock**") completed its latest funding round, raising $1,097,000 through a Simple Agreement for Future Equity ("**SAFE**") from third-party investors. Proceeds of the SAFE will be used to conduct additional field work and sample collection at CO2 Lock's project site, Sam, located southwest of Prince George, utilizing ultramafic rocks and the mineral brucite for ex-situ carbon dioxide removal ("**CDR**") or for in-situ carbon dioxide storage and sequestration as part of a carbon capture and storage value chain.

During the three and nine months ended September 30, 2023, CO2 Lock advanced several technical programs to understand the key sub-surface parameters for future demonstration and pilot scale in-situ carbon dioxide mineralization programs. These programs include regional structural geology assessments and surficial terrain mapping and commencement of geophysics program to identify areas of higher porosity and permeability for groundwater flow. Groundwater characteristics for in-situ mineralization are driven in large part by faulting and fracturing of the rock mass; with this work, CO2 Lock will be able to prioritize areas with more potential for high hydraulic conductivity most suitable for injection, and to follow up with exploration well drilling for injection testing, including carbon dioxide and other trace elements to demonstrate carbon mineralization in the field.

RESULTS OF OPERATIONS

Net Loss and Comprehensive Loss for the Three and Nine Months ended September 30, 2023

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Professional fees	**$ 171,226**	$ 51,002	**$ 286,769**	$ 64,860
Insurance	**9,604**	7,215	**28,524**	18,891
Management fees and salaries	**282,442**	222,208	**880,266**	611,374
Office and administration	**37,011**	63,397	**86,376**	107,423
Share-based compensation	**184,336**	979,309	**2,090,854**	1,367,091
Travel, promotion and communications	**140,881**	106,327	**606,031**	475,293
Trust and filing fees	**9,986**	7,005	**90,020**	72,752
Total General & Administrative	**835,486**	1,436,463	**4,068,840**	2,717,684
General exploration	**11,831**	153,846	**251,184**	253,468
Depreciation	**32,011**	19,473	**89,385**	61,509
Foreign exchange loss (gain)	**(37)**	4,874	**1,634**	4,824
Interest expense	**5,767**	3,556	**11,007**	11,834
Total expenses	**(885,058)**	(1,618,212)	**(4,422,050)**	(3,049,319)
Interest income	**421,238**	33,819	**839,400**	99,187
Management fee income	**11,226**	-	**12,466**	-
Net loss and comprehensive loss	**$ (452,594)**	$ (1,584,393)	**$ (3,570,184)**	$ (2,950,132)

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company reported a loss of $453,000 compared to a loss of $1,584,000 in 2022. The decrease in net loss of $1,132,000 from the comparative period is attributable to the following significant variances:

- Decrease of $795,000 in share-based compensation due to fewer options granted in the quarter.
- Decrease of $142,000 in general exploration due to less activity for CO2 Lock as compared to the same period prior year.
- Increase of $387,000 in interest income due to higher interest earned on higher cash balances as compared to the same period in prior year.

Offset by:

- Increase of $120,000 in professional fees related to recruitment consulting for new positions and government relations consultants engaged in the period.
- Increase of $60,000 in management fees and salaries due to an increased number of staff members to support the development of Baptiste.

Nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, the Company reports a loss of $3,570,000 compared to a loss of $2,950,000 in 2022. The increase in net loss of $620,000 from the comparative period is attributable to the following significant variances:

- Increase of $724,000 in share-based compensation due to options granted to new employees hired in the year.
- Increase of $269,000 in management fees and salaries due to an increased number of staff members to support the development of Baptiste.
- Increase of $222,000 in professional fees primarily related to recruitment consulting for new positions and government relations consultants engaged in the period.
- Increase of $131,000 in travel, promotion and communications reflecting a higher level of investor relations activities in the current period.

Offset by:

- Increase of $740,000 in interest income due to higher interest earned on higher cash balances as compared to the same period in prior year.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters.

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Current assets	$32,517,822	$33,983,119	$18,802,727	$20,492,404	$10,069,929	$14,464,368	$16,341,591	$15,861,038
Exploration and evaluation assets	27,458,423	25,213,536	23,073,707	21,469,633	21,067,520	17,045,275	15,462,409	14,229,963
Total assets	60,637,526	59,622,369	42,159,177	42,266,798	31,468,776	31,860,269	32,150,444	30,459,464
Current liabilities	1,055,137	951,452	958,398	654,490	1,174,360	945,035	716,640	536,808
Working capital (deficit)	31,462,685	33,031,667	17,844,329	19,837,914	8,895,569	13,519,333	15,624,951	15,324,230
Net loss	(452,594)	(2,294,907)	(822,683)	(761,276)	(1,584,393)	(664,068)	(701,671)	(639,059)
Basic and diluted loss per share	($0.00)	($0.01)	(0.00)	($0.00)	($0.01)	($0.00)	($0.00)	($0.00)

Summary of Project Costs

The following table provides a summary of exploration expenditures on a property-by-property basis for the nine months ended September 30, 2023:

	Decar	Wale	Orca	Klow	Mich	Total
Balance, December 31, 2021	$ 13,355,358	$ 1	$ 1	$ 1	$ 874,602	$ 14,229,963
Acquisition costs	-	-	-	-	10,080	10,080
Exploration costs	8,091,075	-	-	-	-	8,091,075
Recoveries	(861,485)	-	-	-	-	(861,682)
Balance, December 31, 2022	20,584,948	1	1	1	884,682	21,469,633
Acquisition costs	-	-	-	-	10,080	10,080
Exploration costs	5,978,710	-	-	-	-	5,978,710
Balance, September 30, 2023	$ 26,563,658	$ 1	$ 1	$ 1	$ 894,762	$ 27,458,423

The following table provides a summary of the material components of exploration expenditures for the nine months ended September 30, 2023:

	Decar	Mich	General Exploration	Total
Field expenses	$ 34,467	$ -	$ -	$ 34,467
Metallurgical testing	80,385	-	174,801	255,186
Assay testing	17,925	-	-	17,925
Geological and contract services	54,083	-	31,119	85,202
Environmental baseline studies	4,085,407	-	33,616	4,119,023
Engineering	498,733	-	-	498,733
Owner's team	1,113,639	-	-	1,113,639
Other	94,071	10,080	11,647	115,798
	$ 5,978,710	$ 10,080	$ 251,183	$ 6,239,973

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at September 30, 2023, the Company had cash and cash equivalents of $31,813,000 (December 31, 2022 – $18,016,000) and working capital of $31,463,000 (December 31, 2022 – $19,838,000). None of the Company's cash is restricted. Contractual obligations at September 30, 2023, relate to accounts payable and accrued liabilities of $903,000 (December 31, 2022 – $564,000) and commitments under lease obligations for the Company's premises of $152,000 (December 31, 2022 – $90,129).

Cash Flow

During the nine months ended September 30, 2023, the Company used $1,605,000 in operations (2022 – $1,774,000). The decrease from 2022 is due to higher interest income earned, partially offset by an increase in corporate expenditures in the period.

During the nine months ended September 30, 2023, cash provided by financing activities was $19,281,000 (2022 – $1,960,000). The increase from 2022 is largely due to the investment by Outokumpu and additional investment by the Company's Corporate Strategic Investor.

During the nine months ended September 30, 2023, the Company used $3,879,000 in investing activities (2022 – $6,386,000). The decrease from 2022 is largely due to receipt of BC Mineral Exploration Tax Credits for 2021 and 2022 tax years. Exploration, development and related engineering activities at Baptiste were comparable period over period.

The Company incurred a net loss of $3,570,000 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – $2,950,000) and at September 30, 2023, had an accumulated deficit of $49,368,000 (December 31, 2022 – $45,872,000). As the Company is in the exploration stage, the recoverability of the costs incurred to date on its exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Financial Instruments

At September 30, 2023, the Company's financial instruments consist of cash, amounts receivable, reclamation deposits, and accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and interest rate risk. Details of the primary risks that the Company is exposed to are included in note 14 of the Company's interim condensed consolidated financial statements.

Outstanding Share Information

As of the Report Date, the Company has 273,881,246 common shares issued and outstanding and 19,045,000 stock options outstanding. The fully diluted outstanding share count at the Report Date is 292,926,246.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions with related parties include transactions with key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel include the Company's directors and officers and enterprises that are controlled by these individuals. A summary of the related party transactions for the three and nine months ended September 30, 2023 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Salaries and fees	$ 325,734	$ 164,124	$ 814,034	$ 534,987
Share-based compensation	184,336	-	1,470,120	385,840
	$ 510,070	$ 164,124	$ 2,284,154	$ 920,827

At September 30, 2023, included in accounts payable and accrued liabilities was $49,000 (December 31, 2022 – $23,000) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

The amounts for services provided have been determined by negotiations between the parties and are covered by a signed agreement. These services were in the normal course of operations and on a basis consistent with comparable transactions between other non-related parties.

ACCOUNTING MATTERS

Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ. In preparing the condensed consolidated interim financial statements, the Company applied the significant accounting estimates and judgments disclosed in Note 3 of its annual audited consolidated financial statements for the year ended December 31, 2022.

Changes in Accounting Policies including Initial Adoption

There are no new IFRS standards, interpretations and amendments effective for the period beginning January 1, 2023 which have impacted the Company’s condensed consolidated interim financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements; and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited interim condensed consolidated financial statements for external purposes in accordance with the issuer’s generally accepted accounting principles (IFRS).

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

As a company active in the mineral resource exploration and development industry, FPX Nickel is exposed to a number of risks.

Exploration Stage Operations

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

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

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

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

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

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

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

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

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

Our mineral claims lie within territory claimed by several Indigenous 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 provincial and federal governments have expressed a renewed commitment to implementing the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP). Both Canada and British Columbia have passed legislation to incorporate UNDRIP into the laws of British Columbia. Industry is seeing federal and provincial government agencies increasingly defer to Indigenous Nations concerns during permitting processes, which can add additional procedural steps, cost, and uncertainty to permitting.

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

Environmental and Government Regulation

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

Financial Markets

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

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

Competition

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

Inflation

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

FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act, the Alberta Securities Act and the Ontario Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under joint venture agreements to which it is a party, and reduction or elimination of its joint venture interest as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of mineral products produced from the Company's properties, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

TECHNICAL INFORMATION

Andrew Osterloh, P.Eng., Senior Vice President, Projects and Operations, is a Qualified Person as defined by NI 43-101. Mr. Osterloh has reviewed and approved the technical content of this document.