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President’s Letter

The past year has marked a transformational pivot for the operations of FPX Nickel Corp. (“**FPX**”, or “**the Company**”) and its flagship, 100%-owned Decar Nickel District (“**Decar**”, or “**the Decar Nickel District**”), in central British Columbia. After several years of measured advancement, we have accelerated activities to position Decar’s Baptiste deposit (“**the Project**”) as the premier large-scale nickel deposit in North America. The next several years promise to be the most exciting in the Company’s history, as we develop Baptiste through feasibility studies and toward an ultimate decision-to-mine.

Looking Back

Despite all the turmoil generated by the COVID-19 pandemic, the last 12 months have seen FPX Nickel take enormous strides in advancing its world-scale Baptiste project. At this time last year, the price of nickel and other base metals stood at multi-year lows and FPX had just embarked on the work necessary to complete a Preliminary Economic Assessment (“**PEA**”) on Baptiste. Within several months of initiating that work, several key developments coalesced to push FPX’s share price to new highs. First, two investment banks launched research coverage on FPX, significantly raising its profile among both retail and institutional investors. Then, as the nickel price strengthened through the second half of 2020, we completed and released the very positive Baptiste PEA, confirming the Project’s potential to be one of the world’s largest and lowest-cost nickel operations.

The Baptiste PEA demonstrates the potential for establishing a greenfield open-pit mine and an on-site magnetic separation and flotation processing plant, using conventional technology and equipment. At a throughput rate of 43.8 million tonnes per year, annual production is projected to average 99 million pounds nickel at C1 operating costs of US\$2.74 per pound of nickel. A summary of the PEA highlights is provided in Table 1.

Table 1 – Baptiste Project PEA Results and Assumptions (all in US\$)

| Results | |
|---|------------------------|
| Pre-tax NPV (8% discount rate) | \$2.93 billion |
| Pre-tax IRR | 22.5% |
| Payback period (pre-tax) | 3.5 years |
| After-tax NPV (8% discount rate) | \$1.72 billion |
| After-tax IRR | 18.3% |
| Payback period (after-tax) | 4.0 years |
| Net cash flows (after-tax, undiscounted) | \$8.73 billion |
| C1 operating costs ¹ | \$2.74/lb nickel |
| AISC costs ² | \$3.12/lb nickel |
| Assumptions | |
| Processing throughput | 120,000 tonnes per day |
| Mine life | 35 years |
| Life-of-mine stripping ratio (tonnes:tonnes) | 0.40:1 |
| Life-of-mine average annual nickel production | 99 million lbs. |
| Nickel price ³ | \$7.75/lb |

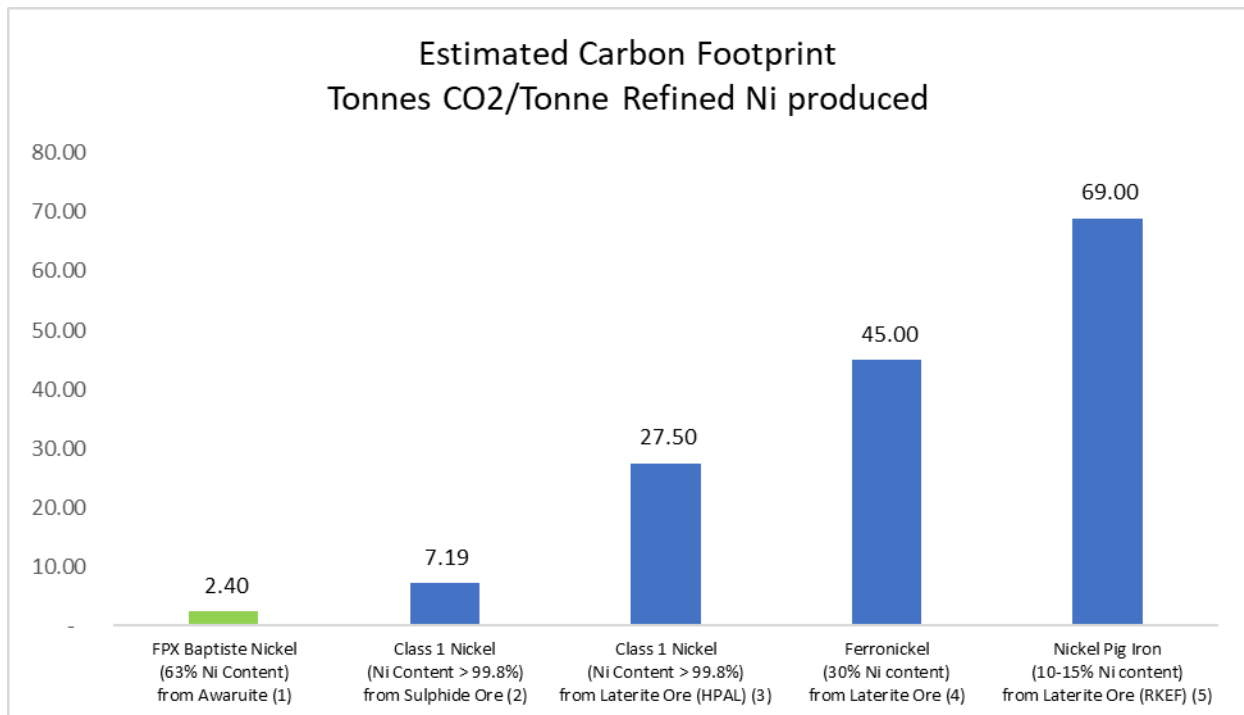
| | |
|---|----------------|
| Baptiste product payability (% of nickel price) | 98% |
| Pre-production capital expenditures | \$1.67 billion |
| Sustaining capital expenditures | \$1.11 billion |
| Exchange rate | 0.76 US\$/C\$ |

1. *CI operating costs are the costs of mining, milling and concentrating, on-site administration and general expenses, 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 nickel content of the sold product.*
2. *AISC of all-in sustaining costs comprise the sum of CI costs, sustaining capital, royalties and closure expenses. These are expressed on the basis of per unit nickel content of the sold product.*
3. *Nickel price is based on the average of six long-term analyst forecast prices.*

Note: 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. 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.

In addition to sitting within the bottom quartile of the global nickel industry cost curve, the Company has recently highlighted Baptiste’s potential to position itself low on the industry’s “carbon curve,” producing refined nickel with a significantly lower carbon footprint than other sources of production in the global nickel industry. See Figure 1 – *Estimated Carbon Footprint for Selected Global Nickel Production* on the following page:

Figure 1 – Estimated Carbon Footprint for Selected Global Nickel Production



Sources: ¹ FPX analysis based on September 2020 PEA; ² “Life Cycle Assessment of Nickel Products” (Mistry et al., 2016); ³ “Assessing the Energy and Greenhouse Gas Footprints of Nickel Laterite Processing” (Norgate et al., 2010); ⁴ “Ferronickel Life Cycle Data” (Nickel Institute, 2020), ⁵ “Energy Consumption and Greenhouse Gas Emissions of Nickel Products” (Wei et al., 2020)

These results position Baptiste as a truly disruptive project, with the potential to become a significant nickel producer at both low-cost and low-carbon intensity for the electric vehicle (“EV”) battery and stainless steel markets. Importantly, these estimates of Baptiste’s carbon footprint do not account for the potential sequestration of CO₂ in the Project’s tailings, which our ongoing research in collaboration with the University of British Columbia suggests could act as a sizeable carbon storage facility and further lower the Project’s net carbon emissions. Given the regulatory push by governments in Europe and elsewhere to impose maximum carbon footprint thresholds for EV batteries, we see the favourable positioning of Baptiste on the global nickel ‘carbon curve’ as a key differentiator for the Project going forward.

Following the publication of the PEA, the Company has taken huge steps to improve its treasury, raising equity at successively higher valuations and eliminating all remaining debt from its balance sheet. With more than \$20 million cash on-hand, we are fully funded to accelerate project activities over the next two years and to garner greater attention from investors and nickel market players, including major mining companies and consumers in the stainless steel and EV battery industries.

Looking Ahead

FPX Nickel’s activities over the next two years will be focused on advancing a dual-track strategy of (1) fundamental project development at Baptiste and (2) exploitation of greenfield discovery potential throughout the 245 square-kilometre footprint of the Decar Nickel District.

The next major milestone for the Baptiste project will be the delivery of a Preliminary Feasibility Study, which entails numerous activities aimed at materially de-risking the Project and potentially improving on the economics. The key work programs at Baptiste in 2021 will be targeted in the following areas:

- Infill drilling to convert remaining inferred tonnage to the indicated category
- Metallurgical test program and pilot testing, including optimization of key parameters and production of key products:
 - Ferronickel concentrate
 - Nickel sulphate and cobalt sulphate (EV battery products)
 - Magnetite iron ore products
- Market assessment and trade-off studies for nickel and cobalt sulphate production
- Market assessment and optimization for magnetite iron ore by-products
- Updated mineral resource estimate to incorporate iron and cobalt grades within the Baptiste deposit
- Expanded testing to demonstrate carbon sequestration in tailings
- Geotechnical and environmental evaluations
- Ongoing community engagement and consultation activities

While the PEA has shown that the Baptiste deposit is highly economic on its own, there remains considerable opportunity to discover additional large-scale nickel deposits within Decar’s footprint. The largest discovery opportunity at Decar is the Van Target, which is located 6 kilometres north of Baptiste, at similar elevations, and is accessible via logging roads. Assays of outcropping bedrock samples demonstrate that the surface expression of the Van Target is larger in area and similar in Davis Tube magnetically-recovered (“DTR”) nickel values to Baptiste, raising the possibility that Van could host a

similar or potentially larger-scale deposit than the one at Baptiste. This summer, FPX will embark on a maiden 10-hole, 3,000 metre diamond drill program at Van with the objective of delineating another world-class nickel deposit.

On the basis of Baptiste alone, we believe that the shares of FPX Nickel are undervalued when measured against the peer group of base metal exploration and development companies. With work underway to fundamentally de-risk Baptiste and to drive toward a potentially major new discovery at Van, we have defined a clear path for significant value creation at Decar in 2021 and beyond.

Conclusion

As we advance Decar, FPX Nickel's management and board of directors continue to demonstrate a strong commitment to the Company's strategy and financial position. In the past 12 months, our executives and directors have maintained their collective ownership position at 18.8% of the Company's issued and outstanding shares, affirming their fundamental alignment with the best interests of all shareholders.

I would like to thank our shareholders for their continued support. In light of the ongoing COVID-19 pandemic and consistent with public health measures enacted by the Canadian Federal and British Columbia provincial governments, the Company will host its annual meeting on 2:00 pm on May 27, 2021, on a telephonic basis only. The Company has made this decision to proactively protect the health of its shareholders, employees and service partners who participate in the annual meeting. In order to streamline the virtual meeting process, the Company encourages shareholders to vote in advance of the meeting using your Proxy or VIF form, as applicable. Shareholders wishing to attend the annual meeting may do so by contacting the Company at ceo@fpxnickel.com; the Company will then provide all interested participants with the telephone conference access number for the meeting.

Yours very truly,



Martin Turenne, President & Chief Executive Officer