FPX NICKEL CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FORM 51-102F1 for the year ended December 31, 2022

This Management's Discussion and Analysis ("**MD&A**") has been prepared as of March 30, 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. It should be read in conjunction 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.

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

The audited consolidated financial statements for the year ended December 31, 2022 are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

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

1. Overview

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

FPX Nickel explores primarily for nickel deposits, none of which have been advanced to the point where a production decision can be made. As a consequence, 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,** a naturally occurring **nickel-iron alloy**. The alloy typically contains approximately 77% 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. FPX Nickel holds a 100% interest in five awaruite properties: four in British Columbia, and one in the Yukon Territory. During the year ended December 31, 2022, FPX Nickel incurred costs of approximately $8,091,000 (2021 - $5,080,000) in exploring and developing its nickel properties in Canada. For summaries of exploration expenditures by property and by material component, see Section 2 of this MD&A.

FPX Nickel holds a 100% interest in its flagship Decar Nickel District in British Columbia ("**Decar**" or the "**Project**") as of the Report Date.

On September 9, 2020, the Company announced the positive results of a Preliminary Economic Assessment ("**PEA**") for the Baptiste Project at the Decar Nickel District. The PEA was prepared by BBA Inc. of Montreal, Canada with work on mine planning and tailings by Stantec Inc. of Vancouver, Canada. The PEA results and assumptions are as follows:

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

Results	
Estimate Date	Fourth Quarter of 2020
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 [1,3]	$2.74/lb nickel
AISC costs [2,3]	$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 [4]	$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. *C1 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 or all-in sustaining costs comprise the sum of C1 costs, sustaining capital, royalties and closure expenses. These are expressed on the basis of per unit nickel content of the sold product.*
3. *The PEA includes certain performance measures that do not have any standardized meaning prescribed by international financial reporting standards (**"IFRS"**) including C1 operating costs and all-in sustaining costs. The presentation of these non-IFRS measures is intended to provide an improved ability to evaluate the underlying performance of the Baptiste Nickel Project and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these non-IFRS measures differently. Note these figures have not been audited and are subject to change.*
4. *Nickel price based on the average of six long-term analyst forecast prices.*

Cautionary Statement: 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. Furthermore, there is no certainty that the conclusions or results as reported in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In January 2023, the Company announced that it commenced a preliminary feasibility study ("**PFS**") for the Baptiste Nickel Project; the PFS is expected to be completed in the third quarter of 2023.

On March 30, 2022, the Company announced that it has established a new subsidiary company, CO2 Lock Corp. ("**CLC**"), to pursue opportunities in carbon capture and storage. The Company holds 17 million shares of CLC. As of December 31, 2022, CLC has raised $1.7 million from third party investors, issuing 2,286,344 shares at $0.75 per share, leaving the Company with an approximately 88.2% ownership interest in CLC on an issued and outstanding basis. Given its majority ownership position, the Company controls and consolidates CLC in its consolidated financial statements.

2. Exploration Projects

Nickel Projects:

FPX Nickel'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 two 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 (60-65% 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.

The following table provides a summary of exploration expenditures on a property-by-property basis for the year ended December 31, 2021:

	Balance, December 31, 2020	Acquisition Costs	Exploration Costs	Recoveries	Costs Written Off	Balance December 31, 2021
Canada						
Decar	$ 9,358,387	$ -	$ 5,079,659	$ (1,082,688)	$ -	$ 13,355,358
Wale/Polar	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	864,522	10,080	-	-	-	874,602
Total	**10,222,912**	**10,080**	**5,079,659**	**(1,082,688)**	**-**	**14,229,963**

The following table provides a summary of the material components of exploration expenditures for the year ended December 31, 2021:

	Decar	Mich	General Exploration	Total
Drilling	$ 1,330,990	$ -	$ -	$ 1,330,990
Helicopters	130,519	-	-	130,519
Field Expenses	885,685	-	68,349	954,034
Metallurgical Testing	460,103	-	-	460,103
Assay Testing	157,955	-	-	157,955
Wages and Benefits	406,288	-	-	406,288
Geological and Contract Services	919,516	-	-	919,516
Geological and Contract Services	-	-	-	-
Engineering	786,140	-	-	786,140
Claim Staking	-	10,080	-	10,080
Other	2,464	-	-	2,464
Total	$ 5,079,659	$ 10,080	$ 68,349	$ 5,158,088

The following table provides a summary of exploration expenditures on a property-by-property basis for the year ended December 31, 2022:

	Balance, December 31, 2021	Acquisition Costs	Exploration Costs	Recoveries	Costs Written Off	Balance December 31, 2022
Canada						
Decar	$ 13,355,358	$ -	$ 8,091,075	$ (861,485)	$ -	$ 20,584,948
Wale/Polar	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	874,602	10,080	-	-	-	884,682
Total	**14,229,963**	**10,080**	**8,091,075**	**(861,485)**	**-**	**21,469,633**

The following table provides a summary of the material components of exploration expenditures for the year ended December 31, 2022:

	Decar	Mich	General Exploration	Total
Drilling	$ -	$ -	$ -	$ -
Helicopters	-	-	-	-
Field Expenses	366,019	-	-	366,019
Metallurgical Testing	1,322,858	-	49,507	1,372,365
Assay Testing	17,385	-	-	17,385
Wages and Benefits	-	-	-	-
Geological and Contract Services	735,648	-	351,461	1,087,109
Environment Baseline Studies	2,252,312	-	3,686	2,255,998
Engineering	786,662	-	-	786,662
Owner's Team	1,395,362	-	-	1,395,362
Other	1,214,828	10,080	38,778	1,263,686
Total	$ 8,091,075	$ 10,080	$ 443,432	$ 8,544,586

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 Decal Nickel District is a two-hour drive from Fort St. James on a high-speed logging road.

In 1996, the Company entered into an option agreement with a third party to acquire mineral claims in this area. The Company examined the property, collecting several samples for petrographic study and confirming the presence of observed grains of awaruite in serpentine by microprobe analysis. Upon completion of preliminary investigations, the Company dropped the option. In 2007, the Company conducted renewed investigations of nickel mineralization in this region; the Company has held a continuous ownership interest in Decar since first staking claims in the area in 2007.

Decar hosts a greenfield discovery of nickel mineralization in the form of a naturally occurring nickel-iron alloy called awaruite (Ni_3Fe), which is amenable to bulk-tonnage, open-pit mining. Awaruite mineralization has been identified in four target areas within this ophiolite complex, being the Baptiste Deposit, and the B, Sid and Van targets, as confirmed by drilling, petrographic examination, electron probe analyses and outcrop sampling on all four. Since 2010, approximately US$33 million has been spent on the exploration and development of Decar.

Of the four targets in the Decar Nickel District, the Baptiste Deposit, which was initially the most accessible and had the biggest known surface footprint, has been the focus of diamond drilling since 2010, with a total of 99 holes and 33,700 m of drilling completed. The Sid target was tested with two holes in 2010 and the B target had a single hole drilled in 2011; all three holes intersected nickel-iron alloy mineralization over wide intervals with DTR nickel grades comparable to the Baptiste Deposit. In 2021, the Company executed a maiden drilling program at Van, which has returned promising results comparable with the strongest results at Baptiste. In 2022, the Company executed a step-out drilling program at Van, which demonstrated a tangible increase in the mineralized footprint.

FPX Nickel 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.

The Decar Nickel District is located on provincial Crown land, in the Stuart-Trembleur Lake area, within the boundaries of four *Keyohs*. A Keyoh is a traditional land holding led by a *Keyohwudachun* or "Keyoh holder" and is a significant aspect of the Dakelh people of the Stuart-Trembleur Lake area Indigenous traditional governance system.

In acknowledgement of the significance of the keyoh governance system, FPX has engaged directly with four Keyoh holders and their families, in addition to the First Nations to which they belong. Collaboration and support for the exploration activities has been captured in a Memorandum of Understanding ("**MoU**") exploration agreement established in 2012 between FPX, the four Keyoh holders, and Tl'azt'en Nation.

In March 2019, Binche Whut'en First Nation was constituted as a newly recognized First Nation by Crown-Indigenous Relations and Northern Affairs, officially separating from Tl'azt'en Nation. FPX negotiated the terms of a new exploration and development Memorandum of Agreement ("**MoA**") with the Binche Whut'en First Nation through their traditional governance entity the Binche Keyoh Bu Society (Society). The MoA was signed at a ceremony in the community of Binche in June 2022.

Baptiste Nickel Project – 2020 PEA

The 2020 Baptiste PEA demonstrates the potential for establishing a greenfield open-pit mine and an on-site mineral concentrator using conventional magnetic separation and froth flotation technology. At a throughput rate of 120,000 tonnes per day (43.8 million tonnes per year), annual production is projected to average 99 million pounds nickel contained in a nickel concentrate at C1 operating costs of US$2.74 per pound of nickel.

Table 2 – Baptiste Project PEA Results and Assumptions (all in US$)

Results	
Estimate Date	Fourth quarter of 2020
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 [1,3]	$2.74/lb nickel
AISC costs [2,3]	$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 [4]	$7.75/lb
Baptiste product payability (% of nickel price)	98%
Pre-production capital expenditures	$1.67 billion
Sustaining capital expenditures	$1.11 billion
Exchange rate	0.76S$/C$

1. *C1 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 or all-in sustaining costs comprise the sum of C1 costs, sustaining capital, royalties and closure expenses. These are expressed on the basis of per unit nickel content of the sold product.*
3. *The PEA includes certain performance measures that do not have any standardized meaning prescribed by international financial reporting standards (**"IFRS**") including C1 operating costs and all-in sustaining costs. The presentation of these non-IFRS measures is intended to provide an improved ability to evaluate the underlying performance of the Baptiste Nickel Project and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these non-IFRS measures differently. Note these figures have not been audited and are subject to change.*
4. *Nickel price based on the average of six long-term analyst forecast prices.*

Cautionary Statement: 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. Furthermore, there is no certainty that the conclusions or results as reported in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

For further discussion of the PEA results, see the Company's news release dated September 9, 2020.

Baptiste Nickel Project – Mineral Resource Estimate

In November 2022, the Company reported an updated mineral resource estimate for the Baptiste Nickel Project. The 2022 mineral resource estimate incorporates results from 2021's in-fill drilling program and is based on a new geological modelling approach and newly improved dike model, all of which contribute to improved DTR nickel grades.

As seen in Table 3, along with updated tonnage and DTR nickel grades, the 2022 mineral resource estimate now includes total nickel, DTR cobalt, and DTR iron, which may provide new value sources for Baptiste. In addition, the reporting of total nickel grade facilitates more accurate benchmarking with other large-scale nickel projects.

Table 3: 2022 Baptiste Deposit Pit-constrained Mineral Resource Estimate*

Category	Tonnes (Mt)	Grade				Contained Metal			
		DTR Ni (%)	Total Ni (%)	DTR Co (%)	DTR Fe (%)	DTR Ni (kt)	Total Ni (kt)	DTR Co (kt)	DTR Fe (Mt)
Indicated	**1,815**	**0.129**	**0.211**	**0.0035**	**2.40**	**2,435**	**3,828**	**64.4**	**43.5**
Inferred	**339**	**0.131**	**0.212**	**0.0037**	**2.55**	**444**	**720**	**12.5**	**8.6**

**Notes for Table 3:*

1. *Mineral Resource estimate prepared by Richard Flynn, P.Geo of NMC using ordinary kriging within grade shell domains and inverse distance squared in dike domains.*
2. *Resources are reported using the 2014 CIM Definition Standards and were estimated in accordance with the CIM 2019 Best Practices Guidelines.*
3. *Davis Tube magnetically-recovered ("DTR") nickel is the nickel content recovered by magnetic separation using a Davis Tube, followed by fusion XRF to determine the nickel content of the magnetic fraction; in effect a mini-scale metallurgical test. The Davis Tube method is the global, industry standard metallurgical testing apparatus for recovery of magnetic minerals.*

4. *Indicated resources are drilled on approximate 200 x 200 metre drill spacing and confined to mineralized lithologic domains. Inferred resources are drilled on approximate 300 x 300 metre drill spacing.*
5. *A cut-off grade of 0.06% DTR Ni was applied.*
6. *An optimized pit shell was generated using the following assumptions: US $8.50 per pound nickel price; pit slopes between 42-44°; nickel payability of 96%; mining recovery of 97% DTR Ni; process recovery of 85% DTR Ni; exchange rate of US$1.00 = C$0.77; and total operating cost and minimum profit of US$9.37 per tonne.*
7. *Totals may not sum due to rounding.*
8. *Mineral resources are not mineral reserves and do not have demonstrated economic viability.*

Mineral resources are not mineral reserves and do not have demonstrated economic viability. The Baptiste deposit remains open at depth over the entire system, which provides future potential to significantly increase the size of the resource in the future.

<u>Baptiste Nickel Project – Preliminary Feasibility Study</u>

In January 2023, the Company announced the commencement of a preliminary feasibility study ("**PFS**") for the Baptiste Project. The PFS will mark the culmination of the extensive de-risking and optimization program that has been undertaken since the issuance of the 2020 PEA.

The PFS will present two strategic options, including:

- Base Case – production of a high-grade awaruite concentrate (50-65% Ni) for direct feed to the stainless steel market, utilizing a simple and robust concentrator flowsheet that is only possible due to Baptiste's awaruite mineralization.
- Option – further upgrading of the high-grade awaruite concentrate to produce battery-grade nickel sulphate and cobalt-rich products for the electric vehicle battery supply chain, utilizing moderate leaching conditions and standard hydrometallurgical unit operations.

The PFS will be prepared by a team of industry-leading consultants, all of whom have meaningfully contributed to the Project's de-risking and optimization program since the 2020 PEA, thus maintaining strong continuity in the ongoing development of Baptiste. The PFS is expected to be completed in September 2023.

<u>Van Target</u>

The limited amount of exploration drilling elsewhere within the Decar Nickel District clearly indicates there is substantial potential for additional discoveries. On January 15, 2018, the Company announced new assay results of bedrock samples from the Van Target, which is located 6 kilometres north of Baptiste at similar elevations, and is also accessible via logging roads.

From October 2021 to January 2022, the Company released the results of the maiden 2021 drilling program at the Van Target. The results of these holes confirm a significant new nickel discovery at Van, highlighted by hole 21VAN-001, which intersected 101 m grading 0.150% DTR nickel (0.207% total nickel), starting at an approximate vertical depth of 27 m below surface, among the 8 highest-grading, near-surface intervals in the history of Decar.

In December 2022 and January 2023, the Company announced drill results from a follow-up drilling program in 2022 confirming the significant lateral extension of the new nickel discovery at the Van Target. The 2022 drill results expanded nickel mineralization approximately 1 km to the west of previous drilling, bringing the mineralized footprint at Van to approximately 2 km in strike length by 1 km in width. Based on the first two drilling campaigns completed to-date, the scale of nickel mineralization at Van is trending toward being comparable to the Baptiste Deposit, which has a strike length of approximately 3 km with an average width of approximately 1 km.

Other North American Nickel Projects:

In the Yukon, the **Mich** property is located 50 km southeast of Whitehorse and covers an area 11.5 sq km in size. The property lies 15 km off the Alaska Highway and is accessible by an all-terrain vehicle trail. 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. The Mich claims cover 1,932 hectares and are underlain by serpentinized ultramafic rocks of the Cache Creek Terrane, the same belt of rocks that host the awaruite mineralization at the Company's Orca, Wale and Decar properties in B.C.

On November 13, 2014, the Company announced the results of its first diamond drilling campaign at Mich, which tested the central portion of the key target area with two angled holes drilled at minus 50 degrees in opposite directions from the same set-up, for a total of 873 metres of drilling. Results include 156 metres averaging a grade of 0.096% DTR nickel from 3.0 to 159.1 metres in hole 1, and the entire 453.6-metre length of hole 2 averaging 0.087% DTR nickel from 2.7 to 456.3 metres. The results from this first drill program at Mich provide encouraging confirmation of the project's potential to host a significant nickel-iron alloy mineralized system.
The drilling intersected a disseminated nickel-iron alloy mineralized zone hosted in ultramafic rocks. Using a cut-off grade of 0.06% DTR nickel, the zone measures 345 metres vertically from surface, is an estimated 463 metres wide on the drill section and remains open to the northeast, beyond the end of the second drill hole, which bottomed in 32.2 metres of 0.123% DTR nickel.

Geological mapping and rock sampling have defined a 2-kilometre-long, northwest-southeast trending zone of disseminated awaruite mineralization marked by a number of strong rock anomalies grading better than 0.08% DTR nickel. The key target is located on the southeastern end of a low ridge and measures 540 metres long and 290 to 570 metres wide. It remains open to the southeast towards the valley floor where overburden covers the bedrock.

Investors are cautioned that each of the Company's exploration targets is an early-stage exploration prospect, conceptual in nature, defined by surface rock sampling and ground-based geophysical surveys. With the exception of the Decar Property, there has been insufficient exploration to define a mineral resource on any of the Company's other exploration properties and it is uncertain if further exploration will result in any target being delineated as a mineral resource.

All technical information included in this MD&A was prepared under the supervision of the Company's Vice-President, Projects, Andrew Osterloh, P. Eng., a qualified person under NI 43-101.

3. Results of Operations

For the year ended December 31, 2022

The Company recorded a net loss and comprehensive loss of $3,711,408 (2021 – $3,838,952) during the year ended December 31, 2022.

The following table provides a summary of general and administrative expenses for the years ended December 31, 2022 and 2021.

	2022	2021
Accounting, legal and audit	$ 102,393	$ 116,218
Insurance	26,106	17,367
Interest expense	14,992	35,372
Management fees and salaries	1,052,390	734,418
Office and administration	81,044	39,572
Share-based compensation	1,367,091	2,276,855
Travel, promotion & communications	576,647	539,539
Trust and filing fees	116,160	101,208
Total General & Administrative	**3,336,823**	**3,860,549**
General exploration	443,432	68,349
Depreciation	88,075	50,690
Foreign exchange (gain) loss	4,838	(7,201)
Total Expenses (Income)	**$ 3,873,168**	**$ 3,972,387**

Expenses in 2022 of $3,873,168 were $99,219 lower than the $3,972,387 incurred in 2021, with the year-over-year change largely attributable as follows:

- A $317,972 increase in management fees and salaries reflecting an increased number of staff members compensation increases to the Company's officers and employees;
- A $909,764 decrease in stock-based compensation reflecting a lower number of stock options issued to management and directors; and
- A $375,083 increase in exploration expenditures reflecting a higher level of exploration activities, particularly with respect to the Company's partially-owned subsidiary, CO2 Lock Corp.

For the three months ended December 31, 2022

The Company recorded a net loss and comprehensive loss of $761,275 in the Fourth Quarter 2022 (2021 – $639,060).

Expenses in the Fourth Quarter 2022 were $122,216 higher than those incurred in the 2021 period, with the year-over-year increase largely attributable to a $143,849 increase in exploration expenditures, particularly with respect to the Company's partially-owned subsidiary, CO2 Lock Corp.

4. 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.

Quarter Ended: / Year:	Dec. 31 2022	Sep. 30 2022	Jun. 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021	Jun. 30 2021	Mar. 31 2021
Net sales or total revenue ($000s)	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	$(761)	$(1,584)	$(664)	$(702)	$(639)	$(477)	$(2,263)	$(460)
(ii) per share(1)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net income (loss):								
(i) in total (000s)	$(761)	$(1,584)	$(664)	$(702)	$(639)	$(477)	$(2,263)	$(460)
(ii) per share(1)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.

Quarterly results can vary significantly depending on whether the Company realized a gain or loss on sale of its investments, abandoned any properties, incurred exploration expenditures funded by flow through monies, or granted stock options in a particular quarter. See "Results of Operations".

5. Selected Annual Information

Selected annual information from the audited consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 is summarized in the table below.

		2022	**2021**	**2020**
(a)	Net sales or total revenues	$Nil	$Nil	$Nil
(b)	Income (loss) from continuing operations:			
	(i) In total	$(3,711,408)	$(3,838,952)	$(1,811,109)
	(ii) on a per share basis (1)	$(0.02)	$(0.02)	$(0.01)
(c)	Net income (loss):			
	(i) In total	$(3,711,408)	$(3,838,952)	$(1,811,109)
	(ii) on a per share basis (1)	$(0.02)	$(0.02)	$(0.01)
(d)	Total assets	$42,266,798	$30,459,464	$16,324,257
(e)	Total long-term financial liabilities	$Nil	$Nil	$Nil
(f)	Cash dividends declared per share	N/A	N/A	N/A

(1) Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

6. Liquidity and Capital Resources

The Company manages its cash, cash equivalents and common shares as capital. The Company's objectives in managing its capital are to:

- Maintain sufficient cash and cash equivalents to last a minimum of one year;
- Have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- Minimize dilution to existing shareholders.

The Directors have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

Cash and Financial Conditions

The Company's cash position was $18,016,082 at December 31, 2022 (2021 - $14,535,024) while its working capital was $19,837,914 (2021 - $15,324,230).

Financing Activities

During the year ended December 31, 2022, the Company received $12,505,000 (2021 – $16,482,870) from the issuance of shares of the Company in an equity financing and from the exercise of stock options, and incurred $63,823 (2021 – $1,281,349) in related share issue costs. During the year ended December 31, 2022, the Company received $1,714,758 (2021 – nil) from the issuance of shares of its partially-owned subsidiary CO2 Lock Corp., and incurred $31,837 (2021 – nil) in related share issue costs. During the year ended December 31, 2022, the Company paid $83,636 (2021 – $48,610) of its lease liability. During the year ended December 31, 2022, the Company received nil in proceeds from its CEBA loan (2021 – $20,000). During the year ended December 31, 2022, the Company repaid nil (2021 – $40,000) in long-term debt and interest payable.

Investing Activities

During the year ended December 31, 2022, the Company incurred acquisition and deferred exploration cash costs of $7,317,809 (2021 - $4,768,142) on its exploration and evaluation assets.

Outlook

The Company's working capital position at December 31, 2022 was $19,837,914.

It is anticipated that the Company will have sufficient working capital to fund its anticipated 2023 activities, currently budgeted at approximately $11,000,000. Nevertheless, if an opportunity arises that would allow FPX Nickel to raise additional equity on reasonable terms, the Company would be prepared to complete a financing. It will also consider entering into joint venture arrangements with third parties to advance the exploration and evaluation of one or more of its 100% owned nickel properties.

Outstanding share data as at the Report Date

As of the Report Date, the Company has 243,907,863 common shares outstanding (259,234,051 shares fully diluted). There are 13,840,000 stock options outstanding under the Company's incentive stock option plan. The stock options are exercisable at prices ranging from $0.20 to $0.80 per share, with expiry dates ranging to January 9, 2028. If the Company were to issue the 13,840,000 shares issuable upon exercise of all incentive stock options outstanding, it would receive $6,000,000. There are 1,486,188 broker warrants, exercisable at $0.65 per share, expiring on April 7, 2023. If the Company were to issue the 1,486,188 shares issuable upon exercise of all incentive stock options outstanding, it would receive $966,022.

7. Transactions with related parties

At December 31, 2022, liabilities included $22,669 (2021 – $61,232) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

During the year ended December 31, 2022, the Company entered into the following related party transactions:

- paid or accrued $475,000 (2021 - $480,833) in fees and bonuses to Martin Turenne Consulting Ltd., a private company controlled by Martin Turenne, the Company's President and Chief Executive Officer, for management and administrative services.

- paid or accrued $118,081 (2021 - $126,288) in fees and bonuses to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, the Company's Chief Financial Officer and Corporate Secretary, for management and administrative services.

- paid or accrued $381,000 (2021 – $202,192) in salary and bonuses to Andrew Osterloh, the Company's Vice-President, Projects.

- paid or accrued $103,500 (2021 - $32,025) in fees to independent directors for director's fees and services.

- recorded share-based compensation of $538,640 (2021 - $956,890) for 1,290,000 (2021 – 1,700,000) stock options granted to independent directors.

The amounts charged to the Company for the 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 management believes that they were incurred on a basis consistent with comparable transactions between other non-related parties.

The Company considers its Officers to be key management personnel. Amounts paid to the key management personnel during the year ended December 31, 2022 and 2021 are shown in the following table:

	2022	2021
Salaries or fees	$ 974,081	$ 809,313
Share-based payments	385,840	728,800
Total key management personnel	$ 1,459,921	$ 1,538,113

8. Standards, Amendments and Interpretations

There are no new IFRS standards, interpretations and amendments effective during the year ended December 31, 2022, which are of potential significance to the Company.

9. Risk Factors Relating to the Company's Business

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".

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.

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 minerals 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.

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.

Title to Properties, First Nations Issues

While the Company has investigated the title to all of the properties on which it holds mineral claims or other forms of mineral rights or concessions or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

Negotiations with First Nations' groups can add an additional layer of risk and uncertainty to efforts to explore and develop mineral deposits in many areas of Canada. This is particularly true in British Columbia, where protracted negotiations of land claims have resulted in settlement of only a fraction of the claims. The slow pace of resolving these claims is frustrating to both the First Nations peoples and explorers and could result in actions that would hinder timely execution of exploration programs.

Foreign Currency

The Company' loan payable and a portion of the Company's expenses are denominated in foreign currencies. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on our business, financial condition and results of operations. The Company does not hedge against foreign currency fluctuations.

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 Statements

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.