

FPX NICKEL CORP.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited)

(Stated in Canadian dollars, unless otherwise noted)

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Financial Position

At March 31, 2024 and December 31, 2023

Stated in Canadian dollars

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 45,040,572	\$ 28,919,936
Amounts receivable	4	1,320,541	726,530
Prepaid expenses		175,496	126,387
		46,536,609	29,772,853
Non-current assets			
Exploration and evaluation assets	5	31,096,459	29,508,787
Reclamation deposits		188,092	188,092
Right-of-use asset	6(a)	218,062	256,543
Equipment		160,667	166,927
Total assets		\$ 78,199,889	\$ 59,893,202
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,510,620	\$ 961,291
Lease liability – current portion	6(b)	160,212	156,273
RSU liability – current portion	7(b)	58,668	-
		1,729,500	1,117,564
Non-current liabilities			
Share subscriptions – CO2 Lock Corp.		1,096,865	1,096,865
Lease liability – non-current portion	6(b)	71,610	113,171
RSU liability – non-current portion	7(b)	48,966	-
Total liabilities		2,946,941	2,327,600
Shareholders' equity			
Share capital	7(a)	112,531,661	93,905,009
Reserves		11,943,520	12,363,520
Deficit		(50,706,471)	(50,212,807)
Total shareholders' equity attributable to shareholders of FPX Nickel Corp.		73,768,710	56,055,722
Non-controlling interest	8	1,484,238	1,509,880
Total equity		75,252,948	57,565,602
Total liabilities and equity		\$ 78,199,889	\$ 59,893,202

Nature and continuance of operations (note 1)

Commitments (note 9)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved and authorized by the Board of Directors

/s/ Peter M.D. Bradshaw
Director

/s/ James S. Gilbert
Director

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

	Note	March 31, 2024	March 31, 2023
EXPENSES			
Depreciation		\$ 44,741	\$ 22,018
General exploration		1,227	-
Insurance		7,249	9,126
Management fees and salaries	10	447,268	336,486
Office and administration		23,885	23,574
Professional fees		134,446	15,440
Research and development		853	197,280
Share-based compensation	7(b)	107,634	82,260
Travel, promotion and communication		220,772	246,671
Trust and filing fees		47,879	50,428
Loss before other items		(1,035,954)	(983,283)
OTHER ITEMS			
Finance costs		(6,424)	(2,752)
Foreign exchange gain (loss)		296	(1,488)
Interest income		495,213	184,627
Management fee income		27,563	-
		516,648	180,387
Net loss and comprehensive loss for the year		\$ (519,306)	\$ (802,896)
Net loss and comprehensive loss attributable to:			
Shareholders of FPX Nickel Corp.		\$ (493,664)	\$ (764,132)
Non-controlling interest	8	(25,642)	(38,764)
		\$ (519,306)	\$ (802,896)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding, basic and diluted		303,124,274	242,682,858

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

	Share Capital		Reserves	Deficit	Attributable to Shareholders of FPX Nickel Corp.	Non-Controlling Interest	Total
	Number #	Amount \$					
Balance, December 31, 2023	273,981,246	93,905,009	12,363,520	(50,212,807)	56,056,722	1,509,880	57,565,602
Private placements	39,086,459	18,761,500	-	-	18,761,500	-	18,761,500
Share issue costs	-	(794,848)	-	-	(794,848)	-	(794,848)
Options exercised	1,807,941	660,000	(420,000)	-	240,000	-	240,000
Net loss and comprehensive loss	-	-	-	(493,664)	(493,664)	(25,642)	(519,306)
Balance, March 31, 2024	314,875,646	112,531,661	11,943,520	(50,706,471)	73,768,710	1,484,238	75,252,948
Balance, December 31, 2022	241,307,863	75,319,412	10,493,703	(45,872,364)	39,940,751	1,607,616	41,548,367
Options exercised	2,522,199	640,320	(287,820)	-	352,500	-	352,500
Share-based compensation	-	-	82,260	-	82,260	-	82,260
Net loss and comprehensive loss	-	-	-	(764,132)	(764,132)	(38,764)	(802,896)
Balance, March 31, 2023	243,830,062	75,959,732	10,288,143	(46,636,496)	39,611,379	1,568,852	41,180,231

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

	Note	March 31, 2024	March 31, 2023
Cash provided by (used in):			
Operating activities			
Net loss for the period		\$ (519,306)	\$ (802,896)
Adjustments for:			
Depreciation		44,741	22,018
Share-based compensation	7(b)	107,634	82,260
Interest expense	6(b)	6,424	-
		(360,507)	(698,618)
Changes in non-cash working capital:			
Amounts receivable		(139,412)	(50,186)
Prepaid expenses		(49,109)	(22,254)
Accounts payable and accrued liabilities		186,407	56,055
		(362,621)	(715,003)
Financing activities			
Proceeds from financings	7(a)	18,761,500	-
Share issue costs	7(a)	(794,848)	-
Proceeds from exercise of stock options	7(a)	240,000	352,500
Repayment of lease liability	6(b)	(44,046)	(21,905)
		18,162,606	330,595
Investing activities			
Exploration and evaluation expenditures		(1,679,349)	(387,358)
		(1,679,349)	(387,358)
Increase (decrease) in cash and cash equivalents		16,120,636	(771,766)
Cash and cash equivalents – beginning of period		28,919,936	18,016,082
Cash and cash equivalents – end of period		\$ 45,040,572	\$ 17,244,316
<i>Supplemental disclosure of non-cash financing and investing activities:</i>			
Interest received		\$ 483,961	\$ 177,366
Increase in accounts payable related to exploration and evaluation expenditures		362,922	246,152
Increase (decrease) in accounts receivable related to exploration and evaluation expenditures		454,601	(990,351)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

FPX Nickel Corp. (the “Company” or “FPX Nickel”) was incorporated under the Business Corporations Act of Alberta and is listed on the TSX Venture Exchange. The Company’s common shares trade under the symbol “FPX” in Canada and on the OTCQB Venture Market in the US under the symbol “FPOCF”. FPX Nickel’s head office and principal address is Suite 320, 1155 West Pender Street, Vancouver, British Columbia, V6E 2P4.

The Company is principally engaged in the acquisition and exploration of mineral property interests with a focus on properties containing awaruite (Ni₃Fe), 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 within its flagship Decar Nickel District in central British Columbia. The Company has not yet determined whether its properties contain mineral reserves where extraction is both technically feasible and commercially viable.

As at March 31, 2024, the Company had net working capital of \$44,807,109 (December 31, 2023 – \$28,655,289) and incurred a loss of \$519,306 for the three months ended March 31, 2024 (three months ended March 31, 2023 – \$802,896). The Company has no operating revenue to date and no operating cash flows to support its activities. 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. With no source of operating cash flow, the Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern and do not include any adjustments relating to the recoverability and classification of assets and liabilities that would be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those followed in the most recent annual consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for annual financial statements International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on May 29, 2024.

(b) Comparative information

Certain comparative amounts have been reclassified to conform with the current year’s financial statement presentation. Such reclassifications were not considered material.

FPX NICKEL CORP.

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For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

3. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023
Cash on deposit – FPX Nickel	\$ 591,937	\$ 616,500
Cash on deposit – CO2 Lock	555,747	894,509
Liquid short-term investments	43,892,888	27,408,927
	\$ 45,040,572	\$ 28,919,936

4. AMOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023
BC mineral exploration tax credit	\$ 950,555	\$ 419,563
GST	259,829	121,258
Other	110,157	185,709
	\$ 1,320,541	\$ 726,530

5. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2024, the Company holds a 100% interest in five nickel properties, four of which are located in British Columbia (Decar, Wale, Orca, Klow), and one located in the Yukon Territory (Mich). With the exception of Decar, the Company's nickel properties are all in the early stage of exploration. Through CO2 Lock Corp. ("CLC"), the Company has a 100% interest in the Sam property, located in British Columbia.

A continuity of the Company's mineral property interests is as follows:

	Decar	Mich	Other Nickel Properties	Sam	Total
Balance, December 31, 2023	\$ 28,296,738	\$ 894,762	\$ 3	\$ 317,284	\$ 29,508,787
Acquisition costs	-	-	-	1,550	1,550
Exploration costs	2,235,734	5,247	-	14,445	2,255,426
Cost recoveries	(669,304)	-	-	-	(669,304)
Balance, March 31, 2024	\$ 29,863,168	\$ 900,009	\$ 3	\$ 333,279	\$ 31,096,459

(a) Decar Nickel District, British Columbia

Included in cost recoveries for the three months ended March 31, 2024 were \$61,083 (three months ended March 31, 2023 – \$nil) related to grant funding from the federal government under the Critical Minerals Research, Development and Demonstration program.

(b) Generative Exploration

During the three months ended March 31, 2024, generative exploration expenses totaled \$321,353 (three months ended March 31, 2023 – \$nil) which was fully funded by the Company's Generative Alliance partner, Japan Organization for Metals and Energy Security ("JOGMEC").

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6. LEASES

(a) Right-of-use asset

As at March 31, 2024, the right-of-use asset recorded for the Company's office premises was as follows:

	March 31, 2024	December 31, 2023
Balance, beginning of period	\$ 256,543	\$ 146,791
Additions	-	219,276
Depreciation	(38,481)	(109,524)
Balance, end of period	\$ 218,062	\$ 256,543

(b) Lease liability

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	March 31, 2024	December 31, 2023
Undiscounted minimum lease payments		
Less than one year	\$ 176,184	\$ 176,184
Two to three years	73,409	117,456
	249,593	293,640
Effect of discounting	(17,771)	(24,196)
Present value of minimum lease payments	231,822	269,444
Less: current portion	(160,212)	(156,273)
Non-current portion	\$ 71,610	\$ 113,171

The net change in the lease liability is as follows:

	March 31, 2024	December 31, 2023
Balance, beginning of period	\$ 269,444	\$ 154,070
Additions	-	219,276
Principal payments	(44,046)	(122,110)
Interest expense	6,424	18,208
Balance, end of period	\$ 231,822	\$ 269,444

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Notes to the Condensed Consolidated Interim Financial Statements

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Stated in Canadian dollars

7. SHARE CAPITAL

(a) Share issuances

On January 23, 2024, the Company completed a private placement financing (the "Private Placement") with Sumitomo Metal Mining Canada Ltd. ("Sumitomo"). Under the terms of the private placement, the Company issued 30,104,488 common shares to Sumitomo at a price of \$0.48 per common share for gross proceeds of \$14,450,154. On completion of the Private Placement, Sumitomo owned 9.9% of the Company's issued and outstanding common shares.

Pursuant to the investor rights agreements with the Company's existing corporate strategic investor, Outokumpu, and Sumitomo (collectively, the "Strategic Investors"), upon closing of the Private Placement, the Strategic Investors exercised in full their participation rights to re-establish their respective initial ownership interests in FPX Nickel (the "Top-Up Financing"). The Company issued a total of 8,981,971 common shares to the Strategic Investors at a price of \$0.48 per common share for gross proceeds of \$4,311,346. The Company incurred share issuance costs of \$794,848 in association with the Private Placement and Top-Up Financing.

During the three months ended March 31, 2024, the Company issued 1,807,941 common shares (2023 – 2,522,199) for options exercised in the period.

(b) Share-based compensation

On February 7, 2024, the Company granted 3,985,000 restricted share units ("RSUs") under the Company's share compensation plan to officers, employees and non-executive directors. Each RSU will entitle the holder to receive one common share of the Company or the equivalent cash value upon settlement, at the option of the Company. The RSUs will vest over three years in equal installments on the annual anniversary of the grant date.

The fair value of RSUs is recognized as share-based compensation expense over the vesting period with a corresponding increase to liabilities. The liabilities are remeasured at the end of each reporting period and at the date of settlement, based on the current quoted market price of the Company's common shares and the number of RSUs expected to vest, with any changes in fair value recognized in share-based compensation within net loss.

For the three months ended March 31, 2024, the Company recorded share-based compensation expense of \$107,634 (three months ended March 31, 2023 – \$82,260).

A summary of the Company's share-based compensation transactions is as follows:

	Number of RSUs	Number of options	Weighted average exercise price
Balance, December 31, 2023	-	18,945,000	\$ 0.47
Granted	3,985,000	-	-
Exercised/settled	-	(2,800,000)	0.20
Balance, March 31, 2024	3,985,000	16,145,000	\$ 0.52

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

7. SHARE CAPITAL (CONTINUED)

At March 31, 2024, the Company had the following number of stock options outstanding:

Range of exercise prices	Options outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
\$0.20 - \$0.39	3,100,000	\$ 0.20	0.95
\$0.40 - \$0.59	4,290,000	0.48	3.50
\$0.60 - \$0.79	8,255,000	0.64	3.20
>\$0.80	500,000	0.80	2.45
	16,145,000	\$ 0.52	2.82

8. NON-CONTROLLING INTEREST

Balance, December 31, 2023	\$ 1,509,880
Share of net loss	(25,642)
Balance, March 31, 2024	\$ 1,484,238

As at March 31, 2024, the Company has an 88.17% (December 31, 2023 – 88.17%) ownership interest in CLC on an issued and outstanding basis.

9. COMMITMENTS

	< 1 year	1-3 years	>3 years	Total
Accounts payable and accrued liabilities	\$ 1,510,620	\$ -	\$ -	\$ 1,510,620
Office lease (undiscounted)	176,184	73,410	-	249,594
	\$ 1,686,804	\$ 73,410	\$ -	\$ 1,760,214

FPX NICKEL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

Stated in Canadian dollars

10. RELATED PARTY TRANSACTIONS

The Company considers its officers to be key management personnel. Amounts paid to key management personnel during the three months ended March 31, 2024 and 2023 were as follows:

	March 31, 2024	March 31, 2023
Salaries and fees	\$ 449,995	\$ 230,900
Share-based compensation	89,132	-
	\$ 539,127	\$ 230,900

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.

At March 31, 2024, included in accounts payable and accrued liabilities was \$59,336 (December 31, 2023 – \$34,563) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

11. FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash, amounts receivable, reclamation deposits, accounts payable and accrued liabilities and share subscriptions. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy categorizes inputs to valuation techniques used in measuring fair value into the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

		March 31, 2024	December 31, 2023
Share subscriptions – CO2 Lock	Level 3	\$ 1,096,865	\$ 1,096,865

There were no amounts transferred between levels of the fair value hierarchy during the three months ended March 31, 2024.