

FPX NICKEL CORP.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Stated in Canadian dollars, unless otherwise noted)

Independent Auditor’s Report

To the Shareholders of FPX Nickel Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FPX Nickel Corp. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor’s report:

Key audit matter:	How our audit addressed the key audit matter:
<p>Assessment of impairment indicators of Exploration and evaluation assets.</p> <p><i>Refer to note 3 (c) – Material accounting policy information: Exploration and evaluation assets; note 4 – Significant accounting judgments and estimates; and note 8 – Exploration and evaluation assets</i></p> <p>Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company’s share price; (ii) changes in the Company’s assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <p>Evaluated the reasonableness of management’s assessment of impairment indicators, which included the following:</p> <ul style="list-style-type: none"> • Assessed the Company’s market capitalization in comparison to the Company’s net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company’s right to explore the properties had not expired.

are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.

- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 26, 2026

FPX NICKEL CORP.

Consolidated Statements of Financial Position

At December 31, 2025 and 2024

Stated in Canadian dollars

	Note	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 16,231,897	\$ 34,066,002
Amounts receivable	6	7,486,274	2,432,159
Prepaid expenses	7	206,761	301,249
		23,924,932	36,799,410
Non-current assets			
Exploration and evaluation assets	8	48,326,904	39,923,313
Reclamation deposits	8, 9	214,044	235,270
Right-of-use asset	10(a)	129,545	196,035
Equipment		81,795	116,849
Total assets		\$ 72,677,220	\$ 77,270,877
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8, 17	\$ 1,209,998	\$ 2,071,408
Lease liability – current portion	10(b)	133,427	184,186
RSU liability – current portion	11(e)	693,796	269,921
		2,037,221	2,525,515
Non-current liabilities			
Share subscriptions – CO2 Lock Corp.	13(b)	1,685,879	1,435,879
Lease liability – non-current portion	10(b)	-	25,071
RSU liability – non-current portion	11(e)	473,029	225,282
Total liabilities		4,196,129	4,211,747
Shareholders' equity			
Share capital	11	112,736,237	112,477,676
Reserves	12	12,427,122	12,089,004
Deficit		(58,491,464)	(52,925,919)
Total shareholders' equity attributable to shareholders of FPX Nickel Corp.		66,671,895	71,640,761
Non-controlling interest	13(a)	1,809,196	1,418,369
Total equity		68,481,091	73,059,130
Total liabilities and equity		\$ 72,677,220	\$ 77,270,877

Nature and continuance of operations (note 1)

Commitments (note 16)

Subsequent events (notes 8(d) and 21)

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

Approved and authorized by the Board of Directors

/s/ Peter M.D. Bradshaw

Director

/s/ James S. Gilbert

Director

FPX NICKEL CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2025 and 2024

Stated in Canadian dollars

	Note	2025	2024
EXPENSES			
Depreciation	10	\$ 263,957	\$ 250,713
General exploration	8(d)	706,155	184,306
Insurance		41,282	38,077
Management fees and salaries	17	2,119,456	2,081,392
Office and administration		182,543	124,100
Professional fees		169,651	455,323
Research and development		25,611	1,813
Share-based compensation	11(f)	1,753,201	685,487
Travel, promotion and communication		875,454	940,110
Trust and filing fees		89,710	80,623
Loss before other items		(6,227,020)	(4,841,944)
OTHER ITEMS			
Finance costs		(22,488)	(32,943)
Foreign exchange (loss) gain		(1,963)	2,069
Interest income		851,112	1,965,918
Management fee income	8(d)	225,641	102,277
		1,052,302	2,037,321
Net loss and comprehensive loss for the year		\$ (5,174,718)	\$ (2,804,623)
Net loss and comprehensive loss attributable to:			
Shareholders of FPX Nickel Corp.		\$ (5,061,339)	\$ (2,713,112)
Non-controlling interest	13(a)	(113,379)	(91,511)
		\$ (5,174,718)	\$ (2,804,623)
Basic and diluted loss per share		\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding, basic and diluted		314,967,267	311,949,813

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

FPX NICKEL CORP.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

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)	56,055,722	1,509,880	57,565,602
Private placement	39,086,459	18,761,500	-	-	18,761,500	-	18,761,500
Share issue costs	-	(795,383)	-	-	(795,383)	-	(795,383)
Options exercised	1,807,941	660,000	(420,000)	-	240,000	-	240,000
Shares cancelled under Normal Course Issuer Bid ("NCIB")	(220,000)	(53,450)	-	-	(53,450)	-	(53,450)
Share-based compensation	-	-	145,484	-	145,484	-	145,484
Net loss and comprehensive loss	-	-	-	(2,713,112)	(2,713,112)	(91,511)	(2,804,623)
Balance, December 31, 2024	314,655,646	112,477,676	12,089,004	(52,925,919)	71,640,761	1,418,369	73,059,130
Options exercised	669,466	435,860	(435,860)	-	-	-	-
Shares cancelled under Normal Course Issuer Bid ("NCIB")	(655,000)	(172,825)	-	-	(172,825)	-	(172,825)
Share repurchase costs	-	(4,474)	-	-	(4,474)	-	(4,474)
Share-based compensation	-	-	773,978	-	773,978	-	773,978
Dilution of interest in CO2 Lock	-	-	-	(504,206)	(504,206)	504,206	-
Net loss and comprehensive loss	-	-	-	(5,061,339)	(5,061,339)	(113,379)	(5,174,718)
Balance, December 31, 2025	314,670,112	112,736,237	12,427,122	(58,491,464)	66,671,895	1,809,196	68,481,091

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

FPX NICKEL CORP.

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
Stated in Canadian dollars

	Note	2025	2024
Cash provided by (used in):			
Operating activities			
Net loss for the year		\$ (5,174,718)	\$ (2,804,623)
Adjustments for:			
Depreciation		263,957	250,713
Share-based compensation	11(f)	1,445,599	640,687
Interest expense	10(b)	21,396	26,924
Gain on lease modification		(9,642)	-
		(3,453,408)	(1,886,299)
Changes in non-cash working capital:			
Amounts receivable		68,098	(78,911)
Prepaid expenses		94,488	(174,862)
Accounts payable and accrued liabilities		(256,709)	255,907
		(3,547,531)	(1,884,165)
Financing activities			
Proceeds from financings – FPX Nickel Corp.	11(b)	-	18,761,500
Share issue costs – FPX Nickel Corp.	11(b)	(4,474)	(795,383)
Purchase of treasury shares	11(b)	(172,825)	(53,450)
Proceeds from exercise of stock options	11(b)	-	240,000
Proceeds from financings – CO2 Lock Corp.	13	250,000	-
Subscriptions advanced – CO2 Lock Corp.	13	-	339,014
Repayment of lease liability	10(b)	(249,996)	(227,238)
		(177,295)	18,264,443
Investing activities			
Exploration and evaluation expenditures		(14,130,505)	(11,231,716)
Decrease (increase) in reclamation deposits		21,226	(2,496)
		(14,109,279)	(11,234,212)
(Decrease) increase in cash and cash equivalents		(17,834,105)	5,146,066
Cash and cash equivalents – beginning of year		34,066,002	28,919,936
Cash and cash equivalents – end of year		\$ 16,231,897	\$ 34,066,002
<i>Supplemental disclosure of non-cash financing and investing activities:</i>			
Interest received		\$ 851,112	\$ 1,965,918
(Decrease) increase in accounts payable related to exploration and evaluation expenditures		(604,701)	826,910
Increase in accounts receivable related to exploration and evaluation expenditures		5,122,213	1,626,718

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

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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 OTCQX Best 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 nickel-iron material. 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.

As at December 31, 2025, the Company had net working capital of \$21,887,711 (December 31, 2024 – \$34,273,895) and incurred a loss of \$5,174,718 for the year ended December 31, 2025 (2024 – \$2,804,623). 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 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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 26, 2026.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these consolidated financial statements have been prepared using the accrual method of accounting.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. Subsidiaries are entities controlled by the Company. Control is defined as the Company having power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align with the policies adopted by the Company. All intercompany transactions and balances are eliminated on consolidation.

At December 31, 2025, the Company had one subsidiary, CO2 Lock Corp. (“CO2 Lock”), and held a 37.56% (December 31, 2024 – 88.17%) equity interest on an issued and outstanding basis.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Stated in Canadian dollars

2. BASIS OF PREPARATION (CONTINUED)

(d) Functional currency, presentation currency and foreign currency transactions

(i) Functional and presentation currency

The functional currency of the Company and its subsidiary is determined by the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(ii) Foreign currency transactions

Transactions in currencies other than the functional currency of an entity ("foreign currencies") are initially recognized in the functional currency by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period: (i) monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the statement of financial position; and (ii) non-monetary assets and liabilities denominated in foreign currencies are translated at historical exchange rates, unless the item is measured at fair value, in which case it is translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in net loss. Foreign currency gains and losses are reported on a net basis.

(e) Comparative information

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Financial instruments

(i) Recognition and measurement

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. On initial recognition, all financial assets and liabilities are recorded by the Company at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL") for which transaction costs are expensed in the period in which they are incurred.

Subsequent to initial recognition, financial assets and financial liabilities are classified and measured as follows:

Financial assets and financial liabilities at amortized cost

Financial assets are classified as and subsequently measured at amortized cost if both of the following criteria are met: (i) the objective of the Company's business model for managing the financial assets is to collect their contractual cash flows; and (ii) the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI").

The Company's financial assets that are classified as and subsequently measured at amortized cost are as follows: cash and cash equivalents, amounts receivable and reclamation deposits.

Accounts payable and accrued liabilities are classified and subsequently measured at amortized cost.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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Stated in Canadian dollars

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The amortized cost of a financial asset or financial liability is the initial recognition amount minus principal repayments, plus the cumulative amortization using the effective interest method of any difference between the initial recognition amount and the maturity amount. For financial assets, the amortized cost includes the adjustment for any credit loss allowance.

Financial assets at FVTPL

Financial assets are classified and subsequently measured at FVTPL, with changes in fair value recognized in net income or loss, if they are not held within a business model whose objective includes collecting the financial assets' contractual cash flows or the contractual cash flows of the financial assets do not represent SPPI.

The Company does not have any financial assets classified at FVTPL.

Equity instruments at fair value through other comprehensive income ("FVTOCI")

At initial recognition, the Company may irrevocably elect to present in OCI subsequent changes in the fair value of particular investments in equity instruments (on an individual instrument basis) that otherwise would be measured at FVTPL. This election is not permitted on investments in equity instruments that are held for trading. The cumulative gain or loss recognized in OCI is reclassified to retained earnings or deficit upon disposition of the investment in equity instrument.

The Company does not have any financial assets classified as FVTOCI.

Derivative assets and liabilities at FVTPL

A derivative is defined as having the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

A derivative, other than a derivative that meets the definition of an equity instrument, is initially recognized as a financial asset or financial liability at its fair value on the date the derivative contract is entered into and the related transaction costs are expensed. The fair values of the derivatives are remeasured at the end of each reporting period with changes in fair values recognized in net income or loss.

The Company classifies the share subscriptions for CO2 Lock (note 13) as derivative financial liabilities measured at FVTPL.

(ii) Derecognition of financial assets and liabilities

The Company derecognizes a financial asset or a part of the financial asset when, and only when (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the Company transfers the financial asset and the transfer qualifies for derecognition. Transfers of a financial asset, either by (i) transferring the contractual rights to the financial asset, or (ii) retaining the contractual rights to receive the cash flows of the financial asset, but assuming a contractual obligation to pay the cash flows collected to one or more recipients without material delay and whereby the Company is prohibited from selling or pledging the financial asset other than as security to the eventual recipients, qualify for derecognition if the Company transfers substantially all the risks and rewards of ownership of the financial asset or control of the financial asset.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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Stated in Canadian dollars

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The Company derecognizes a financial liability or a part of the financial liability when, and only when, it is extinguished. A financial liability is extinguished when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition of a financial asset or financial liability, the difference between the carrying amount derecognized and the consideration received or paid, respectively, is recognized as a gain or loss in net loss.

(iii) Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments having maturity dates of one year or less from the date of acquisition, which are readily convertible to known amounts of cash (note 5).

(c) Exploration and evaluation assets

Costs directly related to acquiring the legal right to explore a mineral property including addition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to exploration and evaluation assets. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities, including but not limited to conducting geological studies, exploration drilling and sampling, and payments made to contractors and consultants in connection with the exploration and evaluation of the property are capitalized.

Costs not directly attributable to exploration and evaluation assets, including general administrative costs, are expensed in the period in which they occur.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation asset expenditures in excess of estimated recoveries are written off to the statements of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Stated in Canadian dollars

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The Company may enter into option agreements, whereby the Company will transfer part of its interest in a mineral property, as consideration, for an agreement by the optionee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on the Company's behalf. Any cash or other consideration received from the optionee is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

(d) Government assistance

Government assistance received in respect to exploration and evaluations asset expenditures is offset against the costs incurred, or included in income if the costs applicable to such properties have been written off.

(e) Leases

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for remeasurements of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs and, if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments during the lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease term is the non-cancellable period of a lease together with periods covered by extension options that the Company is reasonably certain to exercise and periods covered by termination options that the Company is reasonably certain not to exercise. The incremental borrowing rate reflects the rate of interest that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest on the lease liability, measured using the discount rate, and decreased by lease payments made. The lease liability is remeasured using an unchanged discount rate when there is a change in future lease payments arising from a change in an index or rate, or a change in the amount expected to be payable under a residual value guarantee. The lease liability is remeasured using a revised discount rate when there is a change in future lease payments resulting from changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The revised discount rate in this case is the interest rate implicit in the lease for the remainder of the term or the Company's incremental borrowing rate at the date of reassessment.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to net loss on a straight-line basis over the lease term.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Provisions

(i) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets.

The provision is calculated as the present value of the expenditures required to settle the obligation. Upon initial recognition of the provision, a corresponding amount is added to the carrying amount of the related asset. Following the initial recognition of the provision, the carrying amount is increased for the unwinding of the discount and for changes to the discount rate and the amount or timing of cash flows required to settle the obligation. The unwinding of the discount is recognized as interest expense in net loss while the effect of the changes to the discount rate and the amount or timing of cash flows are recognized as an adjustment to the carrying amount of the related mineral property, plant or equipment.

(ii) Other provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as accretion expense.

(g) Share capital

The Company's common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of issuance.

(h) Share-based payments

(i) Stock options

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Restricted share units

The grant-date fair values of equity-settled restricted share units ("RSUs") are recognized as share-based compensation expense over the vesting period, with a corresponding increase to shareholders' equity within reserves.

The fair values of cash-settled RSUs are recognized as share-based compensation expense over the vesting period, with a corresponding increase to liabilities. The liabilities for cash-settled RSUs are remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in net loss for the period.

(i) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) New and amended IFRS standards not yet effective

(i) Amendments to the classification and measurement of financial instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* which amended IFRS 9, *Financial Instruments* (“IFRS 9”) and IFRS 7, *Financial Instruments: Disclosures* (“IFRS 7”). Under the current IFRS 9 standard, the Company derecognizes a financial liability when it is extinguished, which is when the obligation specified in the contract is discharged or cancelled or expires. The amendments to IFRS 9 introduced an election that permits the Company, when settling a financial liability or part of a financial liability in cash using an electronic payment system, to deem the financial liability or part of it, to be discharged before the settlement date if the Company has initiated a payment instruction that resulted in: (a) the Company having no practical ability to withdraw, stop or cancel the payment instruction; (b) the Company having no practical ability to access the cash to be used for settlement as a result of the payment instructions; and (c) the settlement risk associated with the electronic payment system being insignificant. The amendments clarify that unless the above election applies, a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires.

The amendments to IFRS 7 amended the disclosure requirements for investments in equity instruments designated at FVOCI to include separate disclosure of the change in fair values presented in OCI of investments derecognized during the reporting period and investments held at the end of the reporting period.

The amendments to IFRS 9 and IFRS 7 are effective for the Company’s annual reporting period beginning on January 1, 2026. Earlier application is permitted. The Company is in the process of assessing the impact of the amendments on the Company’s consolidated financial statements.

(ii) Presentation and disclosure in financial statements

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements* (“IFRS 18”), which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 sets out requirements for the presentation of information in the primary financial statements and disclosure of information in the notes to the primary financial statements. IFRS 18 introduces the following new requirements: (a) classifying income and expenses included in the statement of income or loss into one of the following five categories: operating, investing, financing, discontinued operations and income tax; (b) presenting subtotals for operating income or loss, and income or loss before financing and income taxes, which includes all income and expenses classified in the investing category, in the statement of income or loss; and (c) disclosure of management-defined performance measures in the notes to the primary financial statements. IFRS 18 also adds new principles of aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes to the primary financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is in the process of assessing the impact of IFRS 18 on the Company’s consolidated financial statements.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates and assumptions made as the estimation process is inherently uncertain. All estimates and assumptions are reviewed on an ongoing basis based on relevant facts and circumstances, and new reliable information or experience. Revisions to estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at December 31, 2025, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the determination that the Company exercises control over CO2 Lock;
- the recoverability and probability of future economic benefits of amounts capitalized as exploration and evaluation assets;
- the estimate of British Columbia mineral exploration tax credits receivable;
- the measurement of the lease liability does not include the two-year extension option included in the lease extension agreement because management is not reasonably certain that the option will be exercised;
- the incremental borrowing rate used in the measurement of the lease liability was based on prevailing market rates at the time of the lease extension; and
- the inputs used in determining the fair value of CO2 Lock share subscriptions.

5. CASH AND CASH EQUIVALENTS

	2025	2024
Cash on deposit – FPX Nickel	\$ 993,484	\$ 3,252,547
Cash on deposit – CO2 Lock	57,138	485,479
Liquid short-term investments	15,181,275	30,327,976
	\$ 16,231,897	\$ 34,066,002

6. AMOUNTS RECEIVABLE

	2025	2024
BC mineral exploration tax credits	\$ 6,823,308	\$ 2,183,756
GST	163,863	182,437
Other	499,103	65,966
	\$ 7,486,274	\$ 2,432,159

FPX NICKEL CORP.

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7. PREPAID EXPENSES

	2025	2024
Insurance	\$ 13,813	\$ 13,505
Vendor prepayments	121,738	55,176
Other prepaid expenses	71,210	232,568
	\$ 206,761	\$ 301,249

8. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2025, 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, 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	187,890	123,673	62,486	1,550	375,599
Exploration costs	12,672,883	215,636	-	134,688	13,023,207
Cost recoveries	(2,925,543)	-	(58,737)	-	(2,984,280)
Balance, December 31, 2024	38,231,968	1,234,071	3,752	453,522	39,923,313
Acquisition costs	-	9,240	22,756	4,838	36,834
Exploration costs	13,326,409	17,342	122,579	19,114	13,485,444
Cost recoveries	(5,068,687)	(50,000)	-	-	(5,118,687)
Balance, December 31, 2025	\$ 46,489,690	\$ 1,210,653	\$ 149,087	\$ 477,474	\$ 48,326,904

(a) Acquisition of Mineral Claims

On October 28, 2024, the Company acquired from an arm's length party a 100% interest in various mineral claims adjacent to the Company's Decar and Klow properties. The Company determined the acquired assets and assumed liabilities did not constitute a business and accordingly the transaction was accounted for as an asset acquisition. Total consideration of \$252,619, including \$17,619 in transaction costs, was allocated to the assets acquired and liabilities assumed on the following basis:

Acquisition values recognized	
Decar mineral property	\$ 163,870
Klow mineral property	53,749
Reclamation bond	44,681
Accounts payable and accrued liabilities	(9,681)
	\$ 252,619

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For the years ended December 31, 2025 and 2024

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8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(b) Decar Nickel District, British Columbia

In September 2025, the Company was awarded up to \$3.5 million from Natural Resources Canada (“NRCan”) under the Critical Minerals Infrastructure Fund (“CMIF”). The funding is non-repayable and covers 50% of eligible costs to develop feasibility studies and environmental and cultural baseline studies for the access road and electrical transmission line required for Baptiste.

Included in the cost recoveries for the year ended December 31, 2025 was \$499,104 related to grant funding from NRCan in respect of the CMIF projects. Cost recoveries for the year ended December 31, 2024 included \$133,566 in grant funding from NRCan under the Critical Minerals Research, Development and Demonstration program.

(c) Mich, Yukon Territory

Cost recoveries for the year ended December 31, 2025 of \$50,000 (2024 - \$nil) related to a grant received from the Government of Yukon for the Company’s mineral exploration program completed in 2024.

(d) JOGMEC Generative Alliance

(i) Generative Exploration and Klow Option

On March 29, 2023, the Company entered into a Global Generative Exploration Alliance (“Generative Alliance”) with Japan Organization for Metals and Energy Security (“JOGMEC”) to carry out worldwide mineral exploration activities for the identification, acquisition and development of high-quality awaruite nickel targets on a worldwide basis.

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% 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.

Concurrent with the Generative Alliance agreement, the Company granted to JOGMEC a right to acquire a 60% interest in the Klow project (the “Klow Option”) by funding \$1,000,000 in exploration expenditures at Klow by no later than March 31, 2026.

On April 1, 2025, the Company and JOGMEC entered into an amended and restated agreement to extend the Generative Alliance to an open-ended term. In addition, commencing April 1, 2025, the Company assumed a majority position in the Generative Alliance, contributing 60% of expenditures going forward and thereby securing a 60% ownership in new joint venture projects generated by the Generative Alliance. In connection with the extension of the Generative Exploration program, the Klow Option was amended to extend the earn-in period for JOGMEC to earn a 60% interest in Klow by one-year, to March 31, 2027.

Subsequent to year end, the Company and JOGMEC extended the Klow Option by mutual agreement to March 31, 2028.

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Notes to the Consolidated Financial Statements

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8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(ii) Advocate Designated Project

On January 7, 2025, the Company entered into an option agreement to earn up to 100% interest in the Advocate property, a greenfield awaruite exploration project located in Newfoundland. The Company will earn an 80% interest in the property by making cash payments to the optionor totaling \$210,000 and incurring exploration expenditures of \$2,500,000, in aggregate, over a three-year period. If exercised in full, the Company has the right to acquire the remaining 20% interest in the property for a cash payment of \$6,000,000 within five years of exercise of the option. The property has been identified as a Designated Property under the Generative Alliance program, with FPX and JOGMEC holding 40% and 60% beneficial interests, respectively.

Expenditures for generative exploration, Klow and Advocate options for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Generative exploration	\$ 1,290,935	\$ 1,379,860
Klow	370,463	58,737
Advocate	346,538	-
Total expenditures	2,007,936	1,438,597
Less: JOGMEC funding	(1,159,137)	(1,255,518)
FPX Nickel expenditures under the Generative Alliance program	\$ 848,799	\$ 183,079

Recognized in the consolidated financial statements as follows:

Additions to Other Nickel Properties	\$ 145,335	\$ -
Exploration expenses	703,464	183,079
	\$ 848,799	\$ 183,079

9. RECLAMATION DEPOSITS

The Company has provided deposits as security against potential future reclamation work relating to its mineral properties. As at December 31, 2025, a total of \$214,044 (December 31, 2024 – \$235,270) has been provided in the form of cash and Guaranteed Investment Certificates posted with the Minister of Finance for the Province of British Columbia for the benefit of the provincial Ministry of Mining and Critical Minerals.

10. LEASES

(a) Right-of-use asset

As at December 31, 2025, the right-of-use assets recorded for the Company's office premises was as follows:

	2025	2024
Balance, beginning of year	\$ 196,035	\$ 256,543
Additions	252,202	140,127
Disposals	(89,790)	-
Depreciation	(228,902)	(200,635)
Balance, end of year	\$ 129,545	\$ 196,035

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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10. LEASES (CONTINUED)

(b) Lease liability

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

	2025	2024
Undiscounted minimum lease payments		
Less than one year	\$ 137,444	\$ 194,037
Two to three years	-	25,527
	137,444	219,564
Effect of discounting	(4,017)	(10,307)
Present value of minimum lease payments	133,427	209,257
Less: current portion	(133,427)	(184,186)
Non-current portion	\$ -	\$ 25,071

The net change in the lease liability is as follows:

	2025	2024
Balance, beginning of year	\$ 209,257	\$ 269,444
Additions	252,202	140,127
Disposals	(99,432)	-
Principal payments	(249,996)	(227,238)
Interest expense	21,396	26,924
Balance, end of year	\$ 133,427	\$ 209,257

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11. SHARE CAPITAL

(a) Authorized capital

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of first and second preferred shares. None of the preferred shares have been issued.

(b) Share issuances

During the year ended December 31, 2025, the Company issued 669,466 common shares (2024 – 2,622,199) for options exercised in the period. The weighted average share price on the date of exercise was \$0.26 (2024 – \$0.31)

On January 23, 2024, the Company completed a private placement financing with Sumitomo Metal Mining Canada Ltd. (“Sumitomo”) (the “Sumitomo Financing”). Under the terms of the Sumitomo Financing, 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 Sumitomo Financing, 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 (the “Strategic Investor”), Outokumpu Oyj (“Outokumpu”), and Sumitomo (collectively, the “Strategic Investors”), upon closing of the Sumitomo Financing, the Strategic Investors exercised in full their participation rights to re-establish their respective initial ownership interests in the Company (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 Sumitomo Financing and Top-Up Financing.

(c) Share repurchases

On December 3, 2024, the Company announced that the TSX Venture Exchange had accepted a notice filed by the Company of its intention to make a normal course issuer bid, to be transacted through the facilities of the TSX-V. The notice provides that the Company may, during the 12-month period commencing December 5, 2024, purchase up to 5,000,000 common shares of the Company in total, being approximately 2% of the total number of shares outstanding as at December 3, 2024.

During the year ended December 31, 2024, the Company purchased 220,000 common shares which have been cancelled. The shares were acquired at an average price of \$0.24 per share, with prices ranging from \$0.23 to \$0.26 per share. The total cost of \$53,450, plus \$535 of transaction costs, was deducted from shareholders’ equity.

For the period of January 1, 2025 to December 5, 2025, the Company purchased 655,000 common shares under its NCIB, which were subsequently cancelled. The shares were acquired at an average price of \$0.26 per share, with prices ranging from \$0.23 to \$0.42 per share. The total cost of \$172,825, plus \$4,474 of transaction costs, was deducted from shareholders’ equity.

On December 9, 2025, the Company renewed its NCIB (the “Renewed NCIB”) for a 12-month period. No common shares were purchased under the Renewed NCIB during the year ended December 31, 2025.

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL (CONTINUED)

(d) Stock options

The Company has an incentive stock compensation plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board.

During the year ended December 31, 2025, the Company granted to directors, officers and employees a total of 5,305,000 stock options (2024 – 775,000) to purchase shares with a weighted average exercise price of \$0.30 per share (2024 – \$0.35 per share), all of which vested on their grant date. The fair value of options granted was \$773,978 (2024 – \$145,484), determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025	2024
Share price on grant date (\$)	0.26	0.29
Expected dividend yield (%)	0.0	0.0
Risk-free interest rate (%)	2.9	2.8
Volatility (%)	71.5	84.6
Forfeiture rate (%)	0.0	0.0
Expected life (years)	5.0	5.0

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

A summary of the Company's stock option transactions is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2023	18,945,000	\$ 0.47
Granted	775,000	0.35
Forfeited	(435,000)	0.57
Exercised	(2,800,000)	0.20
Balance, December 31, 2024	16,485,000	\$ 0.51
Granted	5,305,000	0.30
Exercised	(3,100,000)	0.20
Balance, December 31, 2025	18,690,000	\$ 0.50

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL (CONTINUED)

At December 31, 2025, 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)
<\$0.40	6,080,000	\$ 0.31	4.43
\$0.40 - \$0.59	4,040,000	0.47	1.79
\$0.60 - \$0.79	8,070,000	0.64	1.43
>\$0.80	500,000	0.80	0.70
	18,690,000	\$ 0.50	2.46

(e) Restricted share units ("RSUs")

Under the terms of the Company's stock compensation plan, the Board of Directors, may, from time to time, grant to directors, officers and employees, RSUs in such numbers and for such terms as may be determined by the Board of Directors.

During the year ended December 31, 2025, the Company granted 750,000 RSUs to officers of the Company (2024 – 3,985,000 RSUs granted to directors, officers and employees). 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 weighted average grant date fair value of RSUs granted during the year ended December 31, 2025 was \$0.26 (2024 – \$0.38).

During the year ended December 31, 2025, the Company settled 1,281,670 (2024 – 140,000) RSUs in cash for total proceeds of \$307,601 (2024 – \$44,800).

A summary of the Company's RSU transactions is as follows:

	Number of RSUs	Weighted average exercise price
Balance, December 31, 2023	-	\$ -
Granted	3,985,000	-
Settled	(140,000)	0.32
Balance, December 31, 2024	3,845,000	-
Granted	750,000	-
Settled	(1,281,670)	0.24
Balance, December 31, 2025	3,313,330	\$ -

FPX NICKEL CORP.

Notes to the Consolidated Financial Statements

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11. SHARE CAPITAL (CONTINUED)

(f) Share-based compensation

The following table summarizes the Company's share-based compensation recognized during the years ended December 31, 2025 and 2024:

	2025		2024	
Stock options	\$	773,978	\$	145,484
RSUs		979,223		540,003
Total share-based compensation expense	\$	1,753,201	\$	685,487

12. RESERVES

The following table summarizes the changes in the Company's reserves during the years ended December 31, 2025 and 2024:

	Share-based compensation		Other		Total	
Balance, December 31, 2023	\$	11,438,701	\$	924,819	\$	12,363,520
Exercise of stock options		(420,000)		-		(420,000)
Share-based compensation		145,484		-		145,484
Balance, December 31, 2024		11,164,185		924,819		12,089,004
Exercise of stock options		(435,860)		-		(435,860)
Share-based compensation		773,978		-		773,978
Balance, December 31, 2025	\$	11,502,303	\$	924,819	\$	12,427,122

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13. NON-CONTROLLING INTEREST

In December 2024, CO2 Lock (“CLC”) closed the first tranche of a simple agreement for future equity (“SAFE”) financing and received proceeds of \$339,014. In April 2025, CLC completed the second tranche of its SAFE and received proceeds of \$250,000. Proceeds of the SAFE will be used for further evaluation of carbon storage methods.

As the number of shares of CO2 Lock that will be issued on conversion of the SAFE is variable based on a future financing price, the share subscriptions are recorded as a non-current liability on the consolidated statement of financial position.

Pursuant to an agreement between the Company and CLC, on June 27, 2025, the Company surrendered 15,750,000 common shares (the “Share Surrender”) in CLC for cancellation. As a result of the Share Surrender, the Company’s interest in CLC was reduced to 38% (December 31, 2024 – 88%) on an issued and outstanding basis.

The Company determined that the Share Surrender does not result in loss of control over CLC due to the composition of the CLC Board. The Company therefore continues to consolidate the results of CLC.

(a) Non-controlling Interest Continuity

		CO2 Lock
December 31, 2023	\$	1,509,880
Share of net loss		(91,511)
December 31, 2024		1,418,369
Dilution of interest in CLC		504,206
Share of net loss		(113,379)
December 31, 2025	\$	1,809,196

(b) Summarized Financial Information of CLC

Summarized Statements of Financial Position

	2025		2024	
Current assets	\$	123,804	\$	523,234
Non-current assets		559,269		599,171
Total assets		683,073		1,122,405
Current liabilities		104,177		308,815
Non-current liabilities		1,685,879		1,435,879
Total liabilities	\$	1,790,056	\$	1,744,694

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13. NON-CONTROLLING INTEREST (CONTINUED)

Summarized Statements of Loss

	2025	2024
Net loss and comprehensive loss	\$ 484,696	\$ 773,553

Summarized Statements of Cash Flows

	2025	2024
Net cash used in operating activities	\$ (676,999)	\$ (569,505)
Net cash provided by financing activities	250,000	339,014
Net cash used in investing activities	(1,342)	(178,540)
Net (decrease) increase in cash and cash equivalents	\$ (428,341)	\$ (409,031)

14. INCOME TAXES

Income tax expense during the years ended December 31, 2025 and 2024 differs from the amounts that would result from applying the combined Canadian federal and provincial income tax rate of 27% (2023 – 27%) to loss before income taxes. These differences result from the following items:

	2025	2024
Loss before income taxes	\$ (5,174,718)	\$ (2,804,624)
Expected income tax rate	27%	27%
Expected income tax recovery	(1,397,174)	(757,248)
Net effect of deductible and non-deductible amounts	977,417	177,902
Deferred tax assets not recognized	394,063	594,889
Other items	25,694	(15,543)
Income tax expense for the year	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are:

	2025	2024
Equipment	\$ 111,774	\$ 125,334
Exploration and evaluation assets	-	500,243
Share issue costs	148,950	230,222
Capital losses	233,020	233,020
Non-capital losses	8,132,620	6,983,114
	8,626,364	8,071,933
Unrecognized deferred tax assets	(8,197,779)	(7,978,811)
Total deferred tax assets	\$ 428,585	\$ 93,122
Right-of-use asset	\$ 34,977	\$ 52,929
Exploration and evaluation assets	315,146	37,411
Lease liability	78,462	2,782
Total deferred tax liabilities	\$ 428,585	\$ 93,122
Net deferred tax asset (liability)	\$ -	\$ -

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14. INCOME TAXES (CONTINUED)

The Company's deductible temporary differences, unused tax losses and unused tax credits at December 31, 2025 and 2024 for which deferred income tax assets have not been recognized were as follows:

	2025	2024
Equipment	\$ 413,978	\$ 464,199
Exploration and evaluation assets	-	1,714,193
Share issue costs	551,667	852,673
Capital losses	1,726,072	1,726,072
Non-capital losses	30,120,817	25,863,385
	\$ 32,812,534	\$ 30,620,522

As at December 31, 2025, the Company has Canadian non-capital losses of approximately \$30,121,000 (December 31, 2024 – \$25,863,000) which may be carried forward to reduce taxable income of future years, and which, if unused, expire in 2026 through 2045.

15. SEGMENTED INFORMATION

The Company operates in one reportable segment, the exploration and evaluation of exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Canada, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

16. COMMITMENTS

	< 1 year	1-3 years	>3 years	Total
Accounts payable and accrued liabilities	\$ 1,209,998	\$ -	\$ -	-
Office lease (undiscounted)	137,444	-	-	-
	\$ 1,347,442	\$ -	\$ -	-

17. RELATED PARTY TRANSACTIONS

The Company considers its officers to be key management personnel. Amounts paid to key management personnel during the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Salaries and fees	\$ 2,540,524	\$ 2,407,592
Share-based compensation	1,344,827	451,781
	\$ 3,885,351	\$ 2,859,373

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 December 31, 2025, included in accounts payable and accrued liabilities was \$nil (December 31, 2024 – \$15,322) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

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18. 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:

			2025		2024
Share subscriptions – CO2 Lock	Level 3	\$	1,685,879	\$	1,435,879

There were no amounts transferred between levels of the fair value hierarchy during the years ended December 31, 2025 and 2024.

19. FINANCIAL INSTRUMENT RISKS AND RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is limited to the carrying amount on the consolidated statements of financial position and arises from the Company's cash and cash equivalents, receivables, excluding GST receivable and British Columbia mineral exploration tax credits receivable, and reclamation deposits.

The Company limits its exposure to credit risk on its cash and cash equivalents and reclamation deposits by investing in high credit quality instruments and maintaining its cash balances in financial institutions with strong credit ratings.

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19. FINANCIAL INSTRUMENT RISKS AND RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due. As at December 31, 2025, the Company had cash and cash equivalent balances of \$16,231,897 (December 31, 2024 – \$34,066,002) to settle accounts payable and accrued liabilities of \$1,209,998 (December 31, 2024 – \$2,071,408). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

The Company is not subject to any financial covenants. The Company monitors its financing requirements through cash forecasting, consideration of current economic conditions and reviews of economic and political commentaries in respect of future developments. Financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

(c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in the market interest rates.

The Company is exposed to interest rate risk on its cash and cash equivalents and reclamation deposits that earn variable interest.

20. CAPITAL MANAGEMENT

The Company manages its cash and 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 Board of 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.

21. SUBSEQUENT EVENTS

On February 7, 2026, 1,311,670 RSUs vested and were settled via the issuance of 701,333 common shares and cash totalling \$347,892.

Subsequent to year end, 250,000 stock options with an exercise price of \$0.80 expired unexercised.