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## President's Letter

Since my last letter to shareholders in April 2023, FPX Nickel Corp. (“**FPX**”, or “**the Company**”) has received external validation from three significant sources, each testifying to the technical and economic viability of our flagship Decar Nickel District (“**Decar**”, or the “**Decar Nickel District**”) and of the potential for awaruite nickel deposits like Decar’s Baptiste project (the “**Project**”) to become an important source of battery-grade nickel for the stainless steel and electric vehicle (“**EV**”) battery supply chains. This letter addresses each of these three sources of validation and discusses the next steps for the development of Baptiste as one of North America’s most “critical” of critical minerals projects.

### Validation #1 – A New Corporate Strategic Investor

In November 2022, FPX announced a cornerstone equity investment from a new corporate strategic investor (the “**Strategic Investor**”). The Strategic Investor paid a significant premium to the Company’s share price prior to the announcement, investing \$12 million to secure a 9.95% ownership in FPX’s issued and outstanding shares.

Prior to making the investment, the Strategic Investor conducted multi-functional technical reviews and a site visit to Baptiste, and we believe the investment represents a significant endorsement of the Project and our approach to project development.

With a current cash position of \$16 million, FPX is fully funded to complete a preliminary feasibility study (“**PFS**”) for Baptiste, marking the culmination of the extensive de-risking and optimization program that has been undertaken since the issuance of the 2020 preliminary economic assessment (“**2020 PEA**”).

Since completion of the 2020 PEA, we have consistently applied a major company-style mindset to project development and believe the PFS will confirm Baptiste as a peer-leading development-stage nickel project, highlighting its potential for large-scale, low-cost and low-carbon nickel production spanning multiple decades. The PFS is expected to be completed in September 2023.

The PFS will present a base case of a mine and concentrator facility to produce a high-grade awaruite concentrate (50-65% Ni) which can be directly fed to the stainless steel industry without intermediate processing. As a strategic alternative, the PFS will present an option to further refine the high-grade awaruite concentrate within a standalone, off-site refinery to produce both battery-grade nickel sulphate and cobalt-rich products for the electric vehicle battery supply chain. This highly flexible approach is due to Baptiste’s unique mineralogy and the resultant simple flowsheets for the production of high-value concentrate and sulphate products.

### Validation #2 – Funding From the Federal Government of Canada

In March 2023, FPX was awarded funding by Natural Resources Canada (“**NRCan**”) under the Government of Canada’s Critical Minerals Research, Development and Demonstration (“**CMRDD**”) program, designed to assist the development of critical minerals supply chains to contribute to Canada’s goal of being a net-zero carbon emitter.

This non-dilutive and non-repayable CMRDD funding of \$725,000 marks one of the first instances of direct funding from the Government of Canada to a development-stage mining company under the government's new Canadian Critical Minerals Strategy. The grant will allow FPX to accelerate demonstration of the technical and economic viability to produce battery-grade nickel sulphate and cobalt hydroxide for the EV battery supply chain from Baptiste awaruite concentrate.

FPX was honoured to be the only junior mining company in attendance at the December 2022 launch event for Canada's critical mineral strategy and for NRCan's invitation to attend Minister Jonathan Wilkinson's January 2022 trade mission to Japan.

We see tremendous opportunity for partnership and collaboration between industry and the federal government and First Nations on critical minerals projects such as Baptiste and look forward to scaling up the production of battery-grade nickel sulphate and cobalt hydroxide from Baptiste, which is expected to be more environmentally sustainable than traditional production methods, including lower carbon emissions, power consumption, and waste generation.

### **Validation #3 – Joint Venture Partnership with the Japanese Government**

In April 2023, FPX entered into a Global Generative Exploration Alliance (the “**Generative Alliance**”) with Japan Organization for Metals and Energy Security (“**JOGMEC**”), the Japanese government's energy and mineral exploration agency.

The purpose of the Generative Alliance, which will be solely funded by JOGMEC, is to carry out worldwide mineral exploration activities for the identification and acquisition of high-quality properties which are prospective for the same style of awaruite nickel mineralization as contained at the Baptiste Project. The Generative Alliance will benefit from the extensive global database developed by FPX during the 2010-14 period, when the Company performed reconnaissance exploration activities for awaruite nickel targets in over a dozen countries across four continents.

JOGMEC's interest in forming a Generative Alliance represents a significant endorsement of the technical and economic viability of awaruite nickel deposits, which we believe represent a disruptive new source of low-carbon nickel supply for the electric vehicle battery supply chain. The Generative Alliance has the potential to expose FPX's shareholders to numerous exploration discoveries on a global scale, with the costs of the Alliance to be borne entirely by JOGMEC over the next two years.

### **Conclusion**

As we advance our development activities at Decar, FPX Nickel's management and board of directors continue to demonstrate a strong commitment to the Company's strategy and financial position, maintaining a collective ownership position of 18% of the Company's issued and outstanding shares.

I would like to thank our shareholders for their continued support. The Company will host its annual meeting in-person at 2:00 pm on May 25, 2023. The Company encourages shareholders to vote in advance of the meeting using your Proxy or VIF form, as applicable. Shareholders wishing to attend the annual meeting may do so by contacting the Company at [ceo@fpxnickel.com](mailto:ceo@fpxnickel.com).

Yours very truly,



Martin Turenne, President & Chief Executive Officer