FPX NICKEL CORP.

Management's Discussion and Analysis

For the three months and year ended December 31, 2024

This Management's Discussion and Analysis ("MD&A") of FPX Nickel Corp. ("FPX Nickel", or the "Company") has been prepared by management as of March 14, 2025 (the "Report Date") with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators and contains information up to and including the Report Date. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2024 and the related notes thereto, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

This MD&A contains forward-looking statements. Readers are cautioned as to the risks and uncertainties related to the forward-looking statements, the risks and uncertainties associated with investing in the Company's securities, and the risks and uncertainties associated with technical and scientific information under National Instrument 43-101 ("NI 43-101") concerning the Company's projects, including information about mineral resources.

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

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OVERVIEW

FPX Nickel was incorporated as a junior capital pool company in the province of Alberta on February 2, 1995, and established itself as a mineral exploration company in June 1996. The Company has one majority-owned subsidiary, CO2 Lock Corp. ("CO2 Lock"), incorporated in British Columbia.

The Company explores primarily for nickel deposits, none of which have been advanced to the point where a production decision can be made. Consequently, the Company has no producing properties, and no sales or revenues.

The Company's exploration efforts are focused on the exploration and development of properties containing awaruite, a nickel-iron mineral. 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 ("Baptiste" or the "Project") located within its flagship Decar Nickel District ("Decar").

FPX Nickel has offices in Vancouver and Fort St. James, with employees across British Columbia. Exploration and development work is conducted on the lands of many Indigenous peoples globally.

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

2024 HIGHLIGHTS

Project highlights

- In October 2024, the Company acquired from an arm's length party (the "Vendor") a 100% interest in various mineral claims adjacent to the Company's Decar and Klow properties for cash consideration totalling $235,000. Through additional staking throughout the year and the acquisition of claims from the Vendor, the Company expanded its Decar claims from 245 km^2 to approximately 451 km^2.
- In October 2024, the Company completed its pilot-scale hydrometallurgy refinery testwork, producing battery-grade nickel sulphate from awaruite concentrate produced from Baptiste material and marking the completion of the campaign funded by a grant from Natural Resources Canada ("NRCan") under the Government of Canada's Critical Minerals Research, Development and Demonstration ("CMRDD") program awarded to the Company in 2023. The Company announced that a standalone scoping study will be prepared for an off-site refinery to process awaruite concentrate, with the study incorporating the pilot-scale testwork and value engineering results.
- In September 2024, the Company announced that Baptiste was selected by the Province of British Columbia to be included in the province's Critical Minerals Office concierge service initiative, a foundational action to enable the prioritization of critical minerals projects in B.C.
- In July 2024, the Company and Yekooche First Nation signed a Memorandum of Understanding related to exploration, consultation agreement support and collaboration meetings.
- In June 2024, the Company received confirmation of funding support from BC Hydro that will enable Baptiste to commence interconnection studies in 2025, advancing electrification of the Project and supporting British Columbia's and Canada's critical minerals strategy.
- In June 2024, the Company announced the opening of a community office in Fort St. James and hiring of a locally based Community Manager to support ongoing and increased engagement with First Nation governments and local businesses and communities for Baptiste.

- In the second quarter of 2024, the Company announced results from several value engineering studies focused on mineral processing, infrastructure and the mine plan for Baptiste, with the following notable achievements:
  - Mineral processing and infrastructure studies achieved significant value creation through facility optimization, flowsheet refinement, enhanced operability and improvements to the project build strategy and execution basis.
  - Mine plan studies identified improvements to project economics and mine operability and a significant reduction to Baptiste's greenhouse gas emissions estimate to 1.2 tCO_2e/tNi, which is in the lowest decile of current global nickel production and 50% below the amount reported in the 2023 preliminary feasibility study ("PFS").
- In the first quarter of 2024, the Company completed its large-scale mineral processing pilot testing campaign. Results from this campaign confirmed the 2023 PFS basis, and thereby validated the Company's processing strategy, flowsheet, and key metallurgical criteria, including estimated recoveries.

Exploration highlights

- In November 2024, the Company announced results of a grid-based rock sampling program at the Mich property in the Yukon Territory. Based on the expanded database of Mich rock sampling results, the grade profile of surface rock samples at Mich is now considered comparable with similar samples at Baptiste, and a new zone of awaruite mineralization was discovered. Additionally, the footprint of Mich Central Zone was increased.
- In June 2024, the Company re-initiated exploration activities and expanded its claims at the Company's Mich property in the Yukon Territory. The Company received a $37,000 non-repayable exploration grant from the Yukon Mineral Exploration Program ("YMEP") to support the 2024 field activities at Mich.
- In April 2024, the Company announced the expansion of the Company's Global Generative Alliance (the "Generative Alliance") with Japan Organization for Metals and Energy Security ("JOGMEC"), with an increased year two budget of $1,500,000 from the initial budget of $650,000.
  - In accordance with the terms of the Generative Alliance agreement, after JOGMEC has funded a cumulative total of $1,300,000, the parties will fund ensuing exploration activities on a pro-rata basis (40% FPX Nickel and 60% JOGMEC).

Corporate highlights

- In December 2024, the Company received approval from the TSX-V to commence a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 5,000,000 common shares ("Common Shares") of the Company for a period of 12 months, beginning December 5, 2024.
- In May 2024, the Company released its inaugural Sustainability Report, providing an introduction to the sustainability initiatives FPX Nickel has implemented to-date and outlining the commitments the Company has made for 2024.
- In February 2024, the Company announced the appointment of Kim Baird to the Company's Board of Directors.
- In February 2024, the Company granted 3,985,000 restricted share units ("RSUs") 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.
- In January 2024, the Company completed a $14,450,000 private placement financing with a new cornerstone strategic investor, Sumitomo Metal Mining Canada Ltd. ("Sumitomo"). Under the terms of the private placement, the Company issued 30,104,488 common shares at a price of $0.48 per common share, for a 9.9% interest in the Company.

  - In connection with the financing, the Company's existing corporate strategic investor, Outokumpu Oyj ("Outokumpu") and Sumitomo (collectively, the "Strategic Investors") exercised their participation rights to maintain their respective interests in FPX Nickel. The Company issued an additional 8,981,971 common shares at a price of $0.48 per common share for proceeds of $4,311,000.

Recent Developments

- In February 2025, the Company announced results from an Awaruite Refinery Scoping Study (the "Study") which demonstrates a compelling business case for the development of a standalone refinery to refine awaruite concentrate into battery-grade nickel sulphate for the electric vehicle industry, along with producing valuable cobalt, copper, and ammonium sulphate by-products. The Study demonstrated strong economics (after-tax $NPV_{8\%}$ of US$455 and IRR of 20%), including operating costs and carbon intensity in the lowest decile of global production.
- In January 2025, the Company announced the results of an Economic Impact Study completed for Baptiste, demonstrating the economic value of the Project to central British Columbia, the province and Canada with the potential to contribute over the life-of mine:
  - $45.6 billion in Gross Domestic Product;
  - $17.5 billion in labour income;
  - Direct, indirect and induced tax revenues totalling $15.5 billion; and
  - Total employment of 208,000 job-years including direct, indirect and induced jobs.

PROJECTS

Decar Nickel District, British Columbia

The Company's Decar Nickel District claims cover approximately 451 square kilometres of the Mount Sidney Williams ultramafic/ophiolite complex, located 90 km northwest of Fort St. James in central British Columbia. The Company has held a 100% interest in Decar since 2015 and has held a continuous ownership interest since first staking claims in the area in 2007.

Decar hosts a greenfield discovery of awaruite, with the resource amenable to bulk-tonnage, open-pit mining. Awaruite mineralization has been identified in four target areas within this ophiolite complex with the Baptiste deposit being the most accessible and having the largest known surface footprint.

In 2023, the Company released a PFS for Baptiste, with an after-tax $NPV_{8\%}$ of US$2.01 billion and IRR of 18.6% at US$8.75/lb Ni. The PFS demonstrates the potential to develop a high-margin, long-life, large-scale and low-carbon mine with unparalleled flexibility to produce either a high-grade concentrate (60% nickel) for direct feed into the stainless-steel industry or be further refined into battery-grade nickel sulphate, cobalt precipitate and copper concentrate products for the battery material supply chain.

The PFS outlines an open-pit mining project which will produce an average of 59,100 tonnes of nickel per year in concentrate over a 29-year mine life. The Project will be developed in a phased approach, with an initial mill throughput rate of 108,000 tonnes per day ("Phase 1"), followed by an expansion to 162,000 tonnes per day ("Phase 2") funded from the free cash flow after the initial after-tax payback period of 3.7 years. The mining strip ratio averages 0.41 in Phase 1, and 0.56 overall for the life-of-mine ("LOM").

2024 Activities

During 2024, the Company progressed a number of value engineering and metallurgical studies for Baptiste which improved Project economics and further validated the processing strategy, flowsheet and metallurgical basis of Baptiste's awaruite mineralization.

The Company completed a pilot-scale concentrator feasibility study ("FS"), testing multiple optimization opportunities. Flowsheet optimizations tested the production and upgrading of a gravity concentrate by using a centrifugal concentrator to recover coarse, liberated awaruite. This produced gravity concentrates grading 20-40% Ni which was successfully upgraded to the final concentrate grade of 60% Ni using magnetic separation and flotation steps.

Mineral processing and infrastructure value engineering studies completed during the year highlighted three primary opportunities to add value to the Project:

- The use of mineral sizers for primary crushing versus a gyratory-type primary crusher considered in the PFS would reduce earthwork and structural quantities, increase operating availability, and eliminate the second primary crushing line for the Phase 2 mine expansion.

- An integrated concentrator approach, which entails an expansion of the Phase 1 processing facility rather than the construction of a new standalone facility for Phase 2, would reduce the process and infrastructure footprint, improve Phase 2 operability, and reduce Phase 2 work force requirements.

- Accelerating the Phase 2 expansion to Year 6 from Year 10 would generate improved project economics.

Mine value engineering studies completed in the year were focused on optimization of the PFS mine plan. These studies identified opportunities to improve mine operability and reduce operating costs, all while having minimal impact on the initial capital:

- *Design criteria and equipment selection*: Increasing bench heights to 15 m from 10 m in the PFS and using 400-ton class haul trucks versus 300-ton class in the PFS improved project economics and provided tangible carbon intensity reductions. These changes in design criteria and equipment result in improved loading equipment efficiency, reduced haul truck counts and optimization of ore and waste quantities on a year-to-year basis. Additionally, further engagement with haul truck vendors on benchmarkable diesel consumption rates indicated the PFS considered an overly conservative diesel consumption rate, noting the average life of mine ("LOM") diesel consumption could be reduced by approximately 20%.

- *Autonomous haulage technology*: With the increased mining rate in Phase 2, implementation of an autonomous haulage system ("AHS") and deferring adoption of AHS to Phase 2 operations will allow personnel serving as haul truck operators in Phase 1 to be uptrained for positions within the expanded Phase 2 operations, thereby providing new opportunities to the Phase 1 mine haulage workforce while also mitigating the expanded work force requirements.

- *Lower-carbon haulage technology*: The optimal scenario of an in-pit system for operating year 5 and an ex-pit system for operating year 8 results in an approximately 30% reduction in total LOM diesel consumption.

Following the results of the mine value engineering studies, the Baptiste carbon intensity has been reduced to a LOM average of 1.2 tCO_2e/tNi, representing a 50% reduction from the reported PFS value of 2.4 tCO_2e/tNi. This value would place Baptiste within the lowest decile of current global nickel production.

During 2024, the Company completed its 2024 hydrometallurgy program, the final metallurgical program associated with the CMRDD funding provided by NRCan. The program was successful in confirming the refinery flowsheet and generated the expected low-impurity leach solution for downstream purification and crystallization testwork. In addition, the testwork led to flowsheet improvement through the removal of unit operations in the leaching area that proved redundant during continuous, steady-state piloting. The program included bench-scale testing of solution purification and crystallization unit operations which was successful in the production of nickel sulphate. This further demonstrates the Company's ability to produce battery-grade nickel sulphate crystals from Baptiste's awaruite concentrate.

During 2024, the Company executed on its cultural and environmental baseline program, including completion of water sampling for hydrology and water quality, sampling of existing groundwater monitoring wells, vegetation, aquatics and wildlife surveys, and stewardship activities with First Nations in the mine site area targeting key risk species, such as whitebark pine conservation training. A technical table was established to develop further stewardship plans for key species of environmental concern with the BC Ministry of Land, Water and Resource Stewardship, targeting resolution of issues ahead of entering the Environmental Assessment Process.

2025 Outlook

2025 activities at Baptiste will build on the strong progress made in 2024, prioritizing the advancement of further engineering studies, engineering field investigations, baseline environmental data collection, and continued positive engagement with First Nations and the Provincial and Federal governments in preparation for anticipated entry into the environmental assessment process in the second half of the year.

Mich, Yukon Territory

The Company's Mich claims cover 105 km^2 of serpentinized ultramafic rocks of the Cache Creek Terrane, the same belt of rocks that host the awaruite mineralization at the Baptiste Project in central British Columbia. The Mich property is located 50 km southeast of Whitehorse, just 18 km off the Alaska Highway and are located on the territories of the Ta'an Kwach'an Council, the Kwanlin Dun First Nation and the Carcross/Tagish First Nation.

2024 Activities

During 2024, the Company conducted a grid-based sampling program, expanding beyond the previously explored Mich Central Zone. In total, 363 rock samples were collected from an area of approximately 25 km^2, complementing the Company's historic DTR nickel database of samples collected from 2012 to 2014 and two drillholes completed in 2014. As a result of this sampling program, the footprint of known awaruite mineralization was expanded and new areas of awaruite mineralization beyond the previous claims boundary were identified.

Within the Mich Central Zone, 175 rock samples define the expanded mineralized footprint, which now measures 2.2 km in length by up to 575 m in width. This mineralized footprint is defined by DTR nickel grades generally in excess of 0.06%, the Baptiste cut-off grade. Within this footprint, values ranged from below detection up to 0.16% DTR nickel with 44% of samples returning values greater than 0.10% DTR nickel, and 83% of samples returning values greater than 0.06% DTR nickel. This grade profile is comparable to Baptiste, where 37% of historic surface samples within the preliminary feasibility study ("PFS") pit footprint measure greater than 0.10% DTR nickel and 79% of samples measure greater than 0.06% DTR nickel.

Generative Exploration

The Generative Alliance continues to strategize on additional mineral tenure acquisitions within British Columbia, elsewhere in Canada and in multiple jurisdictions internationally; one or more of such land packages may ultimately be selected as a designated project for the purposes of the Generative Alliance.

CORPORATE

Sumitomo Private Placement

In January 2024, the Company closed a $14,450,000 private placement financing (the "Sumitomo Private Placement") with Sumitomo. Under the terms of the Sumitomo Private Placement, the Company issued 30,104,488 Common Shares at a price of $0.48 per share. Upon completion of the Sumitomo Private Placement, Sumitomo owned approximately 9.9% of FPX Nickel's issued and outstanding Common Shares on a non-diluted basis. Proceeds from the Sumitomo Private Placement will be used primarily for exploration and development activities at Baptiste, continuance of ongoing environmental baseline activities, feasibility study readiness activities and general corporate and administrative purposes. The Company paid financing fees of $578,000 in association with the Sumitomo Private Placement.

Concurrent with the closing of the Sumitomo Private Placement, the Company granted to Sumitomo a right of second offer to negotiate, at market terms, one or more offtake agreements with the Company for up to an aggregate of 60,000 tonnes of nickel from Baptiste, with the timing and annual volume of such offtake to be negotiated at a later date. Sumitomo's offtake right will rank secondary to the offtake right granted to Outokumpu. The Company and Sumitomo also entered into an investor rights agreement that provides, among other things, Sumitomo with certain rights in the event it maintains minimum ownership thresholds in the Company, including the right to participate in equity financings. In addition, pursuant to the Sumitomo Private Placement, Sumitomo is subject to a two-year standstill with respect to the acquisition of additional securities in the Company, other than acquisitions pursuant to Sumitomo's rights under its investor rights agreement.

In connection with the Sumitomo Private Placement, the Company's Strategic Investors exercised in full, their participation rights to re-establish their respective initial ownership interests in the Company. FPX Nickel 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 paid financing fees of $17,000 in association with the top-up financing.

JOGMEC Generative Exploration Alliance

In April 2024, the Company and announced the expansion of the Generative Alliance with JOGMEC whereby the year two budget was increased from $650,000 to $1,500,000, covering the period from April 1, 2024 to March 31, 2025. Under the terms of the Generative Alliance agreement for year two, after JOGMEC has funded a cumulative total of $1,300,000, the parties will fund ensuing exploration activities on a pro-rata basis (FPX Nickel 40% and JOGMEC 60%).

During the year ended December 31, 2024, total expenditures under the Generative Alliance exploration programs were $1,438,597 (2023 – $272,878), including $58,737 (2023 – $nil) incurred in respect of Klow. The Company recovered $1,255,518 (2023 – $272,878) from JOGMEC, with the remaining expenditures paid by FPX Nickel.

RESULTS OF OPERATIONS

Net Loss and Comprehensive Loss for the Three months and Year ended December 31, 2024

	Three months ended December 31, **2024**	Three months ended December 31, 2023	Year ended December 31, **2024**	Year ended December 31, 2023
Depreciation	**$ 68,517**	$ 48,878	**$ 250,713**	$ 138,892
General exploration	**92,175**	4,525	**184,306**	4,525
Insurance	**10,363**	8,673	**38,077**	37,197
Management fees and salaries	**843,856**	792,212	**2,081,392**	1,672,478
Office and administration	**23,684**	36,048	**124,100**	121,705
Professional fees	**106,228**	192,534	**455,323**	479,303
Research and development	**-**	6,443	**1,813**	208,022
Share-based compensation	**84,298**	81,784	**685,487**	2,172,637
Travel, promotion and communications	**235,782**	135,299	**940,110**	741,331
Trust and filing fees	**6,194**	6,778	**80,623**	96,798
Total Expenses	**(1,471,097)**	(1,313,174)	**(4,841,944)**	(5,672,978)
Dilution gain on investment in CO2 Lock	**-**	1,429	**-**	1,429
Foreign exchange gain (loss)	**(351)**	(1,389)	**2,069**	(3,023)
Finance costs	**(11,857)**	(11,977)	**(32,943)**	(34,201)
Interest income	**414,795**	395,335	**1,965,918**	1,234,735
Management fee income	**13,539**	14,822	**102,277**	27,288
Total Other items	**416,126**	398,220	**2,037,321**	1,226,228
Net loss and comprehensive loss	**$ (1,054,971)**	$ (914,954)	**$ (2,804,623)**	$ (4,446,750)

Three months ended December 31, 2024 and 2023

For the three months ended December 31, 2024, the Company reported a loss of $1,055,000 compared to a loss of $915,000 in 2023. The increase in net loss of $140,000 from the comparative period is attributable to the following significant variances:

- Increase of $100,000 in travel, promotion & communications in part due to the appointment of market makers in 2024 to support liquidity of the Company's stock as well as increased travel expenses for marketing.
- Increase of $88,000 in general exploration due to FPX's contributions to the Generative Alliance exploration program. Expenditures in the prior year were fully funded by JOGMEC.
- Increase of $52,000 in management fees and salaries due to an increased number of full-time staff members to support the development of Baptiste.

Offset by:

- Decrease of $86,000 in professional fees due to less consulting fees incurred for recruitment of senior management.
- Increase of $19,000 in interest income due to higher interest earned on higher cash balances as compared to the same period in prior year.

Year ended December 31, 2024 and 2023

For the year ended December 31, 2024, the Company reported a loss of $2,805,000 compared to a loss of $4,447,000 in 2023. The decrease in net loss of $1,642,000 from the comparative period is attributable to the following significant variances:

- Decrease of $1,487,000 in share-based compensation expense due to graded vesting of RSUs granted in 2024 versus the immediate vesting of options granted in the prior year.
- Decrease of $206,000 in research and development expenditures for CO2 Lock due to nominal research and development activity in the period.
- Increase of $731,000 in interest income due to higher interest earned on higher cash balances as compared to prior year.

Offset by:

- Increase of $409,000 in management fees and salaries due to an increased number of full-time staff members to support the development of Baptiste.
- Increase of $199,000 in travel, promotion & communications in part due to the appointment of market makers in 2024 to support liquidity of the Company's stock as well as increased travel expenses for marketing.
- Increase of $180,000 in general exploration related to the Company's contributions to the Generative Alliance, in accordance with its agreement with JOGMEC.
- Increase of $112,000 in depreciation due to the expansion of the Company's corporate office location and an addition of office space in Fort St. James.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Current assets	$36,799,410	$39,274,950	$44,039,877	$46,536,609	$29,772,853	$32,517,822	$33,983,119	$18,802,727
Exploration and evaluation assets	39,923,313	38,206,145	34,274,970	31,096,459	29,508,787	27,458,423	25,213,536	23,073,707
Total assets	77,270,877	78,053,085	78,954,131	78,199,889	59,893,202	60,637,526	59,622,369	42,159,177
Current liabilities	2,525,515	2,537,414	2,834,797	1,729,500	1,117,564	1,055,137	951,452	958,398
Working capital	34,273,895	36,737,536	41,205,080	44,807,109	28,655,289	31,462,685	33,031,667	17,844,329
Net loss	(1,054,971)	(776,480)	(453,866)	(519,306)	(926,171)	(440,763)	(2,276,920)	(802,896)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.01)	($0.00)

Summary of Project Costs

The following table provides a summary of exploration expenditures on a property-by-property basis for the year ended December 31, 2024:

	Decar	Mich	Sam	Other Nickel Properties	Total
Balance, December 31, 2022	$ 20,584,948	$ 884,682	$ -	$ 3	$ 21,469,633
Acquisition costs	-	10,080	7,337	-	17,417
Exploration costs	8,645,387	-	387,175	-	9,032,562
Cost recoveries	(933,597)	-	(77,228)	-	(1,010,825)
Balance, December 31, 2023	28,296,738	894,762	317,284	3	29,508,787
Acquisition costs	**187,890**	**123,673**	**1,550**	**62,486**	**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**	**$ 453,522**	**$ 3,752**	**$ 39,923,313**

The following table provides a summary of the material components of exploration expenditures for the year ended December 31, 2024:

	Decar	Other Nickel Properties	Sam	General Exploration	Total
Claims, licenses and permits	$ 187,890	$ 186,159	$ 1,550	$ 9,336	$ 384,935
Assay testing	300	39,069	1,164	37,467	78,000
Geological and contract services	157,264	152,953	133,524	55,876	499,617
Environmental baseline studies	6,198,444	-	-	-	6,198,444
Engineering	1,466,408	-	-	-	1,466,408
Metallurgical testing	1,433,129	-	-	-	1,433,129
Owner's team	3,369,600	22,330	-	80,394	3,472,324
Other	47,738	1,284	-	1,233	50,255
	$ 12,860,773	$ 401,795	$ 136,238	$ 184,306	$ 13,583,112

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at December 31, 2024, the Company had cash and cash equivalents of $34,066,000 (December 31, 2023 – $28,920,000) and working capital of $34,274,000 (December 31, 2023 – $28,655,000). None of the Company's cash is restricted. Contractual obligations at December 31, 2024, relate to accounts payable and accrued liabilities of $2,071,000 (December 31, 2023 – $961,000), commitments under lease obligations for the Company's premises of $209,000 (December 31, 2023 – $269,000), and obligations to settle restricted share units of $495,000 (December 31, 2023 – $nil).

Cash Flow

During the year ended December 31, 2024, the Company used $1,884,000 in operations (2023 – $1,970,000). The decrease from 2023 is due to higher interest income earned on higher cash balances held.

During the year ended December 31, 2024, cash provided by financing activities was $18,264,000 (2023 – $19,268,000). The decrease in cash provided by financing activities is due to higher share issue costs incurred in the 2024 financings as well as fewer proceeds received by CO2 Lock under a simple agreement for future equity ("SAFE").

During the year ended December 31, 2024, the Company used $11,234,000 in investing activities (2023 – $6,393,000). The increase is due to significant activities at Baptiste in the year, including expansive baseline environmental studies and value engineering studies and a corresponding increase in owner's team expenditures as a result of higher headcount to support development activities.

The Company incurred a net loss of $2,805,000 for the year ended December 31, 2024 (2023 – $4,447,000) and at December 31, 2024, had an accumulated deficit of $52,926,000 (December 31, 2023 – $50,213,000). 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. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Financial Instruments

At December 31, 2024, the Company's financial instruments consist of cash, amounts receivable, reclamation deposits, and accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and interest rate risk. The Company's exposures to financial risks and the Company's objectives, policies and processes for managing those risks are described in note 19 of the Company's consolidated financial statements for the year ended December 31, 2024.

Outstanding Share Information

As of the Report Date, the Company has 315,040,112 common shares issued and outstanding, 13,385,000 stock options and 2,563,330 RSUs outstanding. The fully diluted outstanding share count at the Report Date is 330,988,442.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions with related parties include transactions with key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel include the Company’s directors and officers and enterprises that are controlled by these individuals. A summary of the related party transactions for the three months and year ended December 31, 2024 was as follows:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year vended December 31, 2024	Year vended December 31, 2023
Salaries and fees	**$ 1,063,097**	$ 941,253	**$ 2,407,592**	$ 1,755,536
Share-based compensation	**74,409**	81,783	**451,781**	1,551,898
	$ 1,137,506	$ 1,023,036	**$ 2,859,373**	$ 3,307,434

At December 31, 2024, included in accounts payable and accrued liabilities was $15,000 (December 31, 2023 – $35,000) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

The amounts for 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 on a basis consistent with comparable transactions between other non-related parties.

ACCOUNTING MATTERS

Basis of Preparation and Accounting Policies

The Company’s consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. Details of material accounting policies are disclosed in note 3 of the Company’s consolidated financial statements for the year ended December 31, 2024. The impact of future accounting changes is disclosed in note 3 to the Company’s consolidated financial statements.

Critical Accounting Estimates and Judgments

In preparing the Company’s condensed consolidated financial statements in conformity with IFRS, 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 expense. 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. The critical accounting estimates and judgments that have the most significant effect are disclosed in note 4 of the Company’s consolidated financial statements for the year ended December 31, 2024.

DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements; and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the audited consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

As a company active in the mineral resource exploration and development industry, FPX Nickel is exposed to a number of risks.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for, and the development and operation of, mineral properties. The Company has implemented comprehensive safety and environmental protection measures designed to comply with government regulations and ensure safe, reliable, and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All of the Company's properties are still in the exploration stage. Mineral exploration and exploitation involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. The minerals business is characterized by long lead times from discovery to development, and few exploration projects successfully make the transition to development.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company.

There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Uncertainty Related to Unsettled First Nations Rights and Title in British Columbia

The nature and extent of First Nations rights and title remains the subject of active debate, claims and litigation in British Columbia. Indigenous Nations in British Columbia have made claims of Aboriginal rights and title to substantial portions of land and water in the province, including areas where the Company's operations are situated, creating uncertainty as to the status of competing property rights. The Supreme Court of Canada has held that Indigenous groups may have a spectrum of Aboriginal rights over lands that have been traditionally used or occupied by their ancestors. Such Aboriginal rights and title are not absolute and may be infringed by government in furtherance of a legislative objective, subject to meeting a justification test. The effect of such claims on any particular area of land will not be determinable until the exact nature of historical use, occupancy and rights to such property have been clarified by a decision of the Courts or definition in a treaty. Indigenous Nations in the province are seeking settlements including compensation from governments with respect to these claims, and the effect of these claims cannot be estimated at this time. The federal and provincial governments have been seeking to negotiate settlements with Indigenous groups throughout British Columbia in order to resolve many of these claims. Any settlements that may result from these negotiations may involve a combination of cash, resources, grants of conditional rights to undertake traditional pursuits (like hunting, gathering, trapping and fishing) on public lands, and certain rights of self-government. The issues surrounding Aboriginal title and rights are not likely to be comprehensively resolved in the near future.

In a landmark decision in 2004, the Supreme Court of Canada determined that there is a duty on government to consult with and, where appropriate, accommodate Indigenous Nations where government decisions may impact on claimed, but as yet unproven, Aboriginal rights or title. This decision also provided much needed clarification of the duties of consultation and accommodation. This decision was reinforced in a 2010 decision of the Supreme Court of Canada, in which the Court reaffirmed and restated the test for determining when the duty to consult arises. The Court has made clear that third parties are not responsible for consultation or accommodation of Indigenous interests and that this responsibility lies with government. However, government permits which have the potential to impact asserted Aboriginal rights, including environmental and mine permits, will not be granted by provincial and federal agencies unless they are satisfied that the duty to consult and accommodate has been fully met. In 2005, the Supreme Court of Canada confirmed that this duty exists with respect to treaty rights.

Additional uncertainty has arisen due to the recent decision of the Supreme Court of Canada in Tsilhqot'in Nation v. British Columbia, 2014 SCC 44, which recognized the Tsilhqot'in Nation as holding Aboriginal title to approximately 1,900 square kilometres of territory in the interior of British Columbia. This decision represents the first successful claim for Aboriginal title in Canada. The functional impact of this decision on natural resource development with the Tsilhqot'in Nation's Aboriginal title area is not yet fully known.

FPX Nickel currently holds mineral claims in BC and the Yukon which are located within the asserted traditional territories of many Indigenous Nations. Given the unsettled nature of land claims and treaty rights in Canada, there can be no guarantee that there will not be delays in any required approvals, unexpected interruptions in project progress, requirements for First Nations consent, cancellation of permits and licenses, or additional costs to advance the Company's projects.

In addition, the Government of Canada has expressed a renewed commitment to implementing the United Nations Declaration of the Rights of Indigenous People (UNDRIP). Both Canada and British Columbia have passed legislation to incorporate the UNDRIP into the laws of British Columbia. Industry is seeing federal and provincial government agencies increasingly defer to Indigenous Nations concerns during permitting processes, which can add additional procedural steps, cost, and uncertainty to permitting.

In order to facilitate mine permitting, construction, commencement and/or expansion of mining activities, we may deem it necessary and prudent to build relationships with and try to obtain the cooperation and approval of the local Indigenous Nations. Such cooperation and approval may be predicated on our committing to take measures to limit the adverse impacts of our activities on the Aboriginal rights of local Indigenous Nations and ensuring that some of the economic benefits of the construction and mining activity will be enjoyed by the local Indigenous Nations. There can be no guarantee that any of our efforts to secure such cooperation or approval would be successful or that the assertion of First Nations rights and title, or claims of insufficient consultation or accommodation, will not create delays in project approval or unexpected interruptions in project progress, cancellation of permits and licenses, or result in additional costs to advance our project.

Environmental and Government Regulation

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development activities. Amendments to current laws and regulations governing the activities of the Company, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Calculation of Reserves, Resources and Mineralization and Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves, resources and mineralization and corresponding grades proposed to be mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of mineralization and grades must be considered as estimates only. In addition, the quantity of reserves, resources and mineralization may vary depending on metal prices. Any material change in quantity of reserves, resources, mineralization, grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that nickel recoveries in laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Permitting

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments from appropriate governmental authorities. Before any development on any of its properties the Company must receive numerous permits, and continued operations at the Company's mines and development properties are also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

The Company may be unable to obtain on a timely basis or in the future maintain all necessary permits required to explore and develop its properties, commence construction or operation of mining and processing facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action.

Financial Markets

The Company is dependent on the equity markets as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and by the Company's ability to attract investor support for its projects.

There is no assurance that funding will be accessible to FPX Nickel at the times and in the amounts required to fund the Company's activities, as there are many circumstances that are beyond the control of FPX Nickel. For example, the Company is dependent on investor sentiment being positive towards the mineral exploration business in general and FPX Nickel in particular. Many factors influence investor sentiment, including a positive climate for mineral exploration, the experience and caliber of a company's management and a company's track record in discovering or acquiring economically viable mineral deposits.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies with greater technical and financing resources than itself with respect to acquisition of properties of merit, and the recruitment and retention of qualified individuals to carry out its mineral exploration activities. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental contamination, liabilities arising from historic operations, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action. These factors could all have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Inflation

In the recent past, while inflation had not been a significant factor, the ongoing efforts of many governments to improve the availability of credit and stimulate domestic economic growth while incurring substantial deficits may result in substantial inflation and/or currency depreciation in the future.

Dividends

The Company has never paid cash dividends on its Common Shares and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of its business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares for the foreseeable future.

Potential Volatility of Market Price of Common Shares

The TSX Venture Exchange has, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's Common Shares. In addition, the market price of the Common Shares is likely to be highly volatile.

Factors such as the price of nickel, iron and other minerals, announcements by competitors, changes in stock market analysts' recommendations regarding the Company, and general market conditions and attitudes affecting other exploration and mining companies may also have a significant effect on the market price of the Company's Common Shares. Moreover, it is likely that during the future quarterly periods the Company's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Common Shares could be materially adversely affected.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. The Company's ability to advance its projects could be adversely affected by any inability on its part to obtain or maintain the required financial assurances.

Cyclical Nature of the Mining Business

The mining business and marketability of the products it produces are affected by worldwide economic cycles. At the present time, the significant demand for nickel, iron and other minerals in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand of mined resources in various regions throughout the work are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Legal and Litigation

In the ordinary course of the Company's business, it may become party to new litigation or other proceedings in local or international jurisdictions in respect of any aspect of its business, whether under criminal law, contract or otherwise. The causes of potential litigation cannot be known and may arise from, among other things, business activities, employment matters, including compensation issues, environmental, health and safety laws and regulations, tax matters, volatility in the Company's stock price, failure to comply with disclosure obligations or labour disruptions at its project sites. Regulatory and government agencies may initiate investigations relating to the enforcement of applicable laws or regulations and the Company may incur expenses in defending them and be subject to fines or penalties in case of any violation and could face damage to its reputation. The Company may attempt to resolve disputes involving foreign contractors/suppliers through arbitration in another country and such arbitration proceedings may be costly and protracted, which may have an adverse effect on the Company's financial condition. Litigation may be costly and time-consuming and can divert the attention of management and key personnel from the Company's operations and, if adjudged adversely to the Company, may have a material and adverse effect on the Company's cash flows, results of operations and financial condition.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation concerning the business, operations and financial performance of FPX Nickel Corp. Actual results of operations and the ensuing financial results may vary materially from the amounts set out in any future-oriented financial information or financial outlook information. Forward-looking statements and forward-looking information in this MD&A relate to, among other things: general exploration plans and activities, exploration and development expenditures; exploration and development of the Baptiste Nickel Project, the future price of nickel, and certain other commodities, the estimation of mineral reserves and resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of exploration activities, permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, and corporate social responsibility and relationships with communities.

Forward-looking statements or information generally identified by the use of the words "will", "increase", "plan", "maintain", "potential", "anticipate", "estimate", "target", "objective", and similar expressions or phrases or statements that certain actions, events or results "may", "could", or "would", or the negative connotation of such terms, are intended to identify forward-looking statements and information. Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, undue reliance should not be placed on forward-looking statements since the Company can give no assurance that such expectations will prove to be correct.

The Company has based these forward-looking statements and forward-looking information on the Company's current expectations and projections about future events and these assumptions include, but are not limited to: FPX Nickel's present and future business strategies and about the environment in which the Company will operate in the future, including a continuation of the exploration and development activities at the Baptiste Nickel Project; that these activities will operate in accordance with public statements and achieve their stated outcomes; Mineral Reserve and Mineral Resource estimates and the assumptions on which they are based; capital and operating cost estimates; expectations regarding the impact of macroeconomic factors on the Company's operations; ability to develop infrastructure; interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of the Company's properties; that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks; all necessary permits, licenses and regulatory approvals being received in a timely manner; the ability for FPX Nickel to work productively with its Indigenous partners. While the Company considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Accordingly, readers are cautioned not to put undue reliance on these forward-looking statements.

Readers are cautioned that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of FPX Nickel to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements, and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: metal price volatility, changes in equity ownership, accidents and other risks associated with mining, exploration, development and operations, unanticipated geological factors, possible variations in mineral resources and reserves, grade or recovery rates, delays in obtaining governmental approvals, the ability to obtain financing on acceptable terms, relationships with, and claims by, local communities and Indigenous Nations, volatility in the market price of the Company's shares, risks and hazards inherent in mining and processing, increased competition in the mining industry, or in the completion of development activities and other risks of the mining industry. Although FPX Nickel has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause actual results not to be as anticipated, estimated or intended.

Forward-looking statements and information are designed to help readers understand management's views as of that time with respect to future events and speak only as of the date they are made. Forward-looking information is provided as of the date of this MD&A. Except as required by applicable law, the Company assumes no obligation to publicly announce the results of any change to any forward-looking statement or information contained or incorporated by reference to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements and information. If the Company updates any one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements. All forward-looking statements and information contained in this MD&A are expressly qualified in their entirety by these cautionary notes and forward-looking statements.

TECHNICAL INFORMATION

Andrew Osterloh, P.Eng., Senior Vice President, Projects and Operations, is a Qualified Person as defined by NI 43-101. Mr. Osterloh has reviewed and approved the technical content of this document.