

TECHNICAL REPORT ON MINERAL PROPERTIES IN

THE SUDBURY BASIN, ONTARIO

FOR

FNX MINING COMPANY INC.

AN UPDATE TO 30 APRIL, 2003

Report Prepared by

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Executive Summary

On 10 January, 2002, **Fort Knox Gold Resources Inc.**(the predecessor company to **FNX Mining Company Inc.** (the “**Company**” or “**FNX**”), a public Company trading on the Toronto Stock Exchange (FNX), signed an Option to Purchase Agreement with Inco Limited (Inco) whereby FNX can acquire a 100% interest in five Sudbury Basin mineral properties.

The property package includes former producing mines known as the Victoria, McCreedy West, Levack, Norman and Kirkwood mines. A Joint Venture was formed, effective 10 January, 2002, between the Company and Dynatec Corporation Inc. The Joint Venture, owned as to 75% by the Company and as to 25% by Dynatec, will explore, develop and, if economically appropriate, mine these properties.

Dr. James M. Patterson, BA Hons Geology, Ph.D., P.Geo., D.I.C., Vice President of the Company, prepared the original Technical Report, dated 7th November, 2001, while an independent consultant, prepared the update report dated 31st May, 2002 and is the Qualified Person under NI 43-101 responsible for this current technical report.

The subject properties, comprising some 4,500 acres (1,820 hectares), are all located within 35 km of the City of Sudbury. Located in Northeastern Ontario some 400 km from Toronto and with a population of 165,000, Sudbury is the major centre in northeastern Ontario for mining, medicine, education, business and commerce, and government administration. Access is excellent with the city being well served by air, rail and road.

The area has a history of nickel and copper mining stretching back over 100 years with two of the world’s major nickel producers, Inco Limited and Falconbridge Limited having been active in the area since 1902 and 1928 respectively. These companies have extensive mining, smelting and refining operations in the area and these constitute the largest fully integrated mining complex in the world. The nickel-copper-platinum group metals (Ni-Cu-PGM) orebodies at Sudbury constitute the world’s largest known

concentration of Ni-Cu sulphides. Platinum Group Metals, gold and cobalt are among important byproducts recovered from these ores.

The Sudbury Basin, the major topographic feature of the area and forming an elliptical ring some 60 km in the northeast direction by 28 km wide, is also the most important feature of economic interest. This Basin, also referred to as the Sudbury Structure, is the geological expression of events triggered by the impact of a giant meteorite approximately 1.8 billion years ago and which led to the formation of the well known and economically important Ni-Cu-PGM deposits upon which Sudbury has been built.

Modeling of the Sudbury Structure suggests that the original crater caused by the meteorite was more than 150 km in diameter. Erosion has exposed the smaller, lower portion of the crater and tectonic squeezing and thrusting has deformed the once circular structure into the elliptical shape of today. Extensive thrusting of the South Range exposes a deeper level of the Sudbury Igneous Complex (SIC) compared to the North and East Ranges.

All five of the project areas lie within the confines of the Sudbury Structure that straddles the boundary between the Archean Superior Province and the Early Proterozoic Southern Province. The Late Proterozoic Grenville Province and its northern limit, the Grenville Front, lie some 10 km south of the Sudbury Structure.

The Superior Province Archean rocks to the north of the Sudbury Structure consist mainly of granitic plutons and gneisses and minor volcanic rocks of the Levack Gneiss Complex which has been dated at 2.7 billion years and which were subsequently deformed and metamorphosed.

South of the Superior Province is the younger Southern Province of Early Proterozoic age represented by metavolcanic and metasedimentary rocks deposited between 2.49 billion and 2.2 billion years ago. These rocks are extensively intruded by younger sills and dykes of Nipissing Diabase, (approximately 2.2 billion years).

The **Mineral Deposits** associated with the Sudbury Structure constitute the largest known concentration of nickel-copper sulphides in the world. Total reserves and production are estimated at approximately 1.6 billion tonnes of ore. Metal production to date from these deposits exceeds 8.5 million tonnes of nickel and 8.4 million tonnes of copper. By-products from this production include cobalt, platinum, palladium, gold, silver, osmium, iridium, rhodium and ruthenium.

The vast bulk of sulphides in the Sudbury ores consists essentially of varying proportions of pyrrhotite, chalcopyrite and pentlandite with varying amounts of other Cu-, Ni-, Co-, PGM-bearing minerals and gold.

Three main types of ore deposits, Contact, Footwall and Offset Dyke types are recognized.

The **Contact Deposits** occur along the lower contact of the SIC in areas where Sublayer is preserved in embayments in the footwall contact. These embayments are the topographic expression of what were originally troughs or rills in the wall of the impact crater (major lunar craters commonly exhibit this feature) and, having acted as traps for Sublayer material, they account for the pipe-like geometry of many of the Sudbury orebodies. Terraces in the crater wall have also acted as Sublayer traps and many ore zones occur at sites where there is a flattening of the footwall to form ledges or terraces where sulphides are concentrated.

Contact deposits on the South Range have little interaction with the footwall rocks. The footwall contact is generally sharp and inclusions of footwall material in the sublayer are minor. On the North Range the contact deposits commonly penetrate into the brecciated granitic footwall forming a granite breccia-type ore below the sublayer. Copper and precious metals tend to concentrate in the granite breccia-type ore. All the properties within the Company's Sudbury Project include contact type Cu-Ni deposits.

Footwall Deposits are offshoots of Contact deposits. They tend to occur more on the North Range than the South Range. Brecciated footwall rocks adjacent to contact Ni-Cu sulphide deposits can act as a conduit for mineralizing fluids and as a medium for deposition of sulphides. A distinct metal zoning occurs between Contact Deposits and the Footwall Deposits in that the Contact Deposits have low Cu/Ni ratios and low PGM content compared to the high Cu/Ni ratios and enriched PGMs in the Footwall Deposits. These observations can be applied in exploration. A contact deposit with low Cu/Ni ratios and PGM content indicates the possible presence of a high Cu high PGM footwall deposit in adjacent footwall breccia. Footwall deposits occur on the North Range in the McCreedy West and Levack properties.

The **Offset Deposits** are located in the radial and concentric quartz diorite offset dykes and occur as thin, steeply dipping sheets to steeply plunging pipes in barren to weakly mineralized quartz diorite. The deposits consist of cores of inclusion-bearing sulphide ore surrounded by quartz diorite with variable sulphide dissemination and confined within the width of the offset, which is commonly less than 100 m. Offset-type mineralization occurs on the Norman and Victoria properties.

The properties included in the package have all been mined by Inco. Two of the deposits, McCreedy West (15.8 million tons mined) and Levack (60.6 million tons), were substantial mines. The other properties each had total production less than 6 million tons.

Inco accumulated a vast amount of data (over 8,000 boreholes) during their exploration and mining of the subject properties and these data were made available for examination by FNX. The information reviewed consists primarily of diamond drillholes and associated sampling, assaying, plans and sections. The essential details of these data are not in the public domain and originate exclusively from Inco data files. Review of data has focused primarily on the mineralized areas at each of the properties.

The original Patterson Report (dated November, 2001) was based solely on information generated and provided by Inco Limited. Inco has not guaranteed or warranted the

accuracy or completeness of the data and information that it provided to FNX and expressly disclaims any and all liabilities for any representations, warranties or omissions in the written information or oral communications made to FNX and any subsequent communications made by FNX regarding the data or the properties.

FNX and its consultants have independently verified the drill assay data received from Inco. The Company has also completed comprehensive studies of the detail assay records, has re-graded portions of the boreholes that intersected the mineralized zones of interest and produced longitudinal cross sections of the mineralized zones. Dr. Patterson conducted a detailed audit of the Company's borehole grading calculations and confirmed that the results accurately represent the graded assay intersections.

Spiteri Geological and Mining Consultants Inc. (SGM) was retained by FNX to review Inco's information and procedures and to conduct an independent check sampling and assay program of Inco's assay methods and results. The SGM reports, dated 27 July, 2001 and 1 November, 2001, have been filed.

Since inception of the FNX-Dynatec Company Sudbury Joint Venture exploration program a significant amount of new data has been generated on the Properties. During the period March 2002 to 30 April 2003, FNX completed 360 surface diamond drillholes (423,430 ft) on four of the five Properties. In addition a further 67,130 ft were completed in 133 holes from underground locations in the reconditioned McCreedy West mine workings.

Since signing of the agreements with Inco and Dynatec on January 10, 2002, the Company very quickly mobilized the program. During the past year the Sudbury staff has grown rapidly to the current level of 33, comprising 21 geoscientists, 8 technicians and 4 support staff. The initial office space (3500 sq. ft.) has been expanded and a second office set up at Levack to service the exploration at the McCreedy Mine property and the Levack and North Range Footwall projects.

Two core logging and sampling facilities are now in operation with the initial Kelly Lake Rd., facility in Sudbury, now dedicated to Norman and Victoria core, being supplemented by a new facility at Levack to handle the increasing core and sample load from the McCreedy West mine underground operations.

Both Sudbury Project offices have been equipped with the necessary computer software and hardware required to manage an aggressive exploration program such as that being undertaken by the Company.

Our Joint Venture partners, Dynatec Corporation Inc, have set up an office, warehouse, machine shops and other required facilities at the McCreedy West mine site and employ some 68 persons.

FNX has relocated its corporate head office to more suitable premises and anticipates that the current staff of six persons will be supplemented by two or three additional key appointees.

Since inception of the drilling programs in late March 2002, a total of 423,430 ft of surface diamond drilling has been completed in 360 drill holes. At peak activity in late 2002, 13 surface and two underground drill rigs were in operation. As access has been gained to the underground workings, more of the drilling at McCreedy West has been carried out from underground locations. To date 133 underground holes have been completed for 67,127 ft. The current rig disposition is seven surface rigs and five underground rigs.

Recognizing the near-term production potential of the Properties, the Company has initiated environmental studies. The McCreedy West property took precedence and an amendment to the Inco/Falconbridge closure plan for the property was approved by the Ministry of Environment. All necessary approvals are either in place or under application and all required monitoring programs to establish base levels have been initiated. This

will be the basis for distinguishing between existing liabilities due to historic mining activity and any incremental liabilities resulting from FNX activities.

The **Victoria Property**, (1,282.9 acres, 519.3 ha) is located 30 km southwest of Sudbury in Denison Township. Copper and nickel sulphide mineralization was discovered in 1886 and the property has been mined intermittently since 1900. The total historical production for the Victoria property was **1,543,000 tons grading 2.26% Cu and 1.57% Ni, + approximately 2 g/t Total Precious Metals (TPM)**. TPM refers to platinum + palladium + gold. Infrastructure remaining at Victoria consists of a three-compartment vertical shaft measuring 5.0 ft by 13.5 ft, sunk to a depth of 3000 ft., with development on 18 Levels. The property was abandoned by Inco, the underground workings flooded, and the shaft capped. No surface infrastructure remains.

The property is situated at the junction of the SIC and the Worthington quartz diorite offset dyke, approximately 6.5 km northeast of Inco's Totten property for which resources in excess of 10 million tonnes and grading approximately 2.0% Cu, 1.5% Ni and 4.8 g/t PGM have been announced. The Cu-Ni-PGM sulphide mineralization at the Victoria property is characterized by a complex assemblage of irregular lenses of chalcopyrite, pentlandite and pyrrhotite. The lenses dip and plunge steeply and are typically pipe-like.

The FNX exploration program is designed to confirm and delineate near surface potential for ores mineable by open pit, and to explore and evaluate deeper known zones and their possible extensions. To April 30, 2003, 144 drillholes had been completed and one was in progress for a total of 81,822 ft.

The FNX program has focused on investigating the potential of the near surface mineralization on the No.2 West deposit and on testing Contact and Offset dyke-hosted targets.

FNX has completed 77 holes (32,479 ft.) on the No. 2 West Zone with drilling on approximately 50 ft. centers over a strike length of 900 ft and down to the 200 ft vertical

level. This program has outlined a broad envelope of low grade mineralization with a massive sulphide core of high grade containing Cu, Ni and PGM values. The massive sulphide core of the zone has been extended down-plunge, to the 800 ft vertical level and within 400 ft of the previously mined portion of the No. 2 West zone. The combination of the historical and current drill results is enhancing the open pit possibilities of this Zone. Geological interpretation and detailed 3-D modeling are being completed in preparation for resource estimation.

The other highlight of the Victoria exploration program was the discovery of the new Powerline Deposit. The Powerline is located near a major electrical powerline which had interfered with previous geophysical surveys. Historical work completed in the vicinity of the Powerline Deposit, consisted of trenching, shallow drilling and a shallow exploration adit which intersected narrow zones of stringer to disseminated mineralization.

Near surface drilling by FNX in 2002 intersected similar lower grade, stringer sulphide mineralization above the 100 ft level. Deeper drilling on the zone (>100 ft) resulted in the discovery of high-grade, massive to semi-massive sulphide mineralization extending to depth, the high grade core of which assayed **6.7 % Cu, 1.3% Ni, 13.3 g/t TPM over 42.3 ft**

The mineralization has been defined down-plunge for approximately 600 ft where it is structurally offset by an olivine diabase dyke within a fault zone and work is continuing to locate the deposit across the fault.

Proposed exploration expenditures for the 2003 Victoria program are budgeted at \$1.4 million.

The **McCreedy West Mine Property** (804 acres, 325.4 ha) is located 34 km northwest of Sudbury in Levack Township. The property has been explored since the early 1900s and mining commenced in 1974. Production to mine closure in 1998 totaled **15,758,000**

tons averaging 1.70% Cu, 1.44% Ni, 1.3 g/ton TPM. The Mine is located at the western limit of an extensively mineralized 8.5 km long portion of the North Range of the SIC. This part of the North Range encompasses all of the major Inco and Falconbridge past and current producing mines of the North Range (Strathcona, Coleman, Levack, McCreedy East, Onaping, McCreedy West, Hardy).

The infrastructure at McCreedy West includes an accessible –20% grade 20 ft x 16 ft ramp decline to the 1,600 ft Level with average level development spaced at 150 ft intervals. During 2002 this ramp was completely reconditioned by the Joint Venture and all necessary ventilation, electrical and pumping facilities made operational. The 1600 Level track haulage drift to Levack Mine has been reconditioned for 3000 ft and reconditioning of the 950 Level together with development of a new exploration cross-cut on the 950 Level completed. Our JV mining partner, Dynatec Company have constructed all the necessary office, machine shops and an electrical substation to support the exploration and mining activity.

Mineralization occurs as **Contact-** and **Footwall-type** deposits. Previous operations exploited both Contact Cu-Ni mineralization along the base of SIC and within the granite breccia-filled embayment, and Footwall Cu-Ni-PGM mineralization in the footwall Sudbury Breccia environment.

The **Contact Deposits** are related to a suite of sulphide and inclusion-rich sublayer norites and leucocratic granitic breccias. The orebodies occupy embayment structures that penetrate into the footwall of the SIC. These contact deposits are typified by Ni contents much higher than the Cu content, and contain negligible precious metal values. The depletion in Cu and PGMs in these zones is reflected in the high Cu and PGM values in the adjacent Footwall Deposits and may be a useful exploration guide.

The exploration program has focused on testing and upgrading the previously identified near-term production targets through a diamond drilling program. This program has been successful in that resource estimates have been established, and subsequently

independently audited, for four of the previously known zones and also for a new discovery.

The **Upper Main** Ni-Cu Deposit was previously mined from the 250 ft Level to the 600 Level but mineralization extends 100 to 150 ft below the 600 Level, and was the target of FNX drilling. This drilling established an indicated resource of 48,000 tons grading 1.9% Ni and 0.5% Cu with a further 128,000 tons grading 1.4% Ni and 0.4% Cu in the inferred category. This deposit is being prepared for mining.

The **East Main** Ni-Cu Zone occurs between 200 and 920 ft levels, east of the main ramp. It is characterized by massive to inclusion-rich massive sulphide situated at or near the base of the SIC contact. A portion of this zone was mined above the 950 Level in 1997. FNX drilling has outlined an indicated resource of 167,000 tons grading 2.5% Ni and 0.4% Cu with a further 76,300 tons grading 1.3% Ni, 0.5% Cu in the inferred category. Preparations are being made to start mining during 2003.

The **Boundary** Ni-Cu Deposit was mined to the 1450 ft Level. Wide-spaced drilling below this level suggests that it may extend 1500 ft down plunge and down dip towards the property boundary. The mineralization occurs along the basal contact of the SIC and consists of disseminated to massive chalcopyrite, pentlandite and pyrrhotite. The Cu-Ni mineralization ranges in thickness from 6.5 ft. to 46 ft and dips from 35 to 60° south. Limited FNX drilling has confirmed the Inco data and further drilling will be undertaken.

The highlight of the McCreedy West program in 2002 was the discovery of a new contact-type deposit- the **Inter Main**. The deposit is located east of the mined out areas and between the up-dip East Main and the down-dip Boundary deposits in an area of widely spaced historic holes.

The first hole drilled by FNX into this previously undefined zone, intersected **52.3 ft of 3.17% Ni and 0.37% Cu**. Follow-up drilling of this intersection was the main focus for

drilling on the McCreedy West property during 2002 and drilling continues from underground in 2003.

A total of 37 surface drillholes (58,590 ft) has been completed with a further 22 holes (14,350 ft) from underground, primarily from drill platforms on the 1600 Level. To date 57 mineralized intersections have been reported from the Inter Main Deposit, 35 of which are greater than 10 feet.

The main body of mineralization appears to be controlled by a series of south-easterly trending valleys in the floor of the Sudbury Basin extending over a strike length of at least 1,000 feet and down dip for 700 feet. The axis of each individual valley contains the thickest and highest grade sulphides. The dominant host rock for all mineralization is either Granite Breccia or Sublayer Norite.

FNX has estimated an indicated resource (independently audited) of 866,000 tons grading **0.24% Cu, 2.02 % Ni** for the Inter Main and potential for discovering additional mineralized embayments is along the up dip, down dip and eastern margins of the Inter Main, where previous drilling has intersected encouraging results.

The deposit is quickly advancing towards production with the initiation of a ramp from the 950 Level and a drift from 1450 Level to access the ore. It is planned to have production from the Inter Main in the latter part of 2003.

The **Footwall Type** Cu-Ni-PGM vein deposits are represented by the 700; 950 and PM Deposits.

The **700 Deposit**, located between the 500 and 700 Levels, is part of an eastward-plunging and south-dipping structural zone contained within an area of footwall Sudbury Breccia that extends from surface to a depth of 3000 ft. The zone was partially mined in 1997 prior to the mine being closed and production from narrow veins totalled 41,000 tons averaging **5.35% Cu, 0.56% Ni, 4.0 g/t TPM**.

The average grade of the massive sulphide veins, as determined from historic Inco drilling, is **25.5% Cu, 2.2% Ni, 14.9 g/t TPM**. Individual veins, ranging in thickness from several inches up to 13 ft, are composed of massive chalcopyrite with accessory pentlandite and pyrrhotite, and have strike and dip lengths ranging from 25 to 350 ft.

An interpretation combining FNX drilling and historic Inco data has resulted in a measured and indicated resource of 139,000 tons grading **6.1% Cu, 0.8% Ni, 5.6 g/t TPM**. Five exploration raises have been driven on this deposit and production has commenced.

The **950 Deposit** is located to the east of the 700 deposit and consists of a zone of massive chalcopyrite, pentlandite and pyrrhotite veins ranging in thickness from 4 inches to 6.5 ft. The veins appear to have the same grade and physical characteristics as the 700 veins. The FNX program has culminated in a resource estimate of 520,000 tons grading **1.4% Cu, 0.3% Ni, 5.3 g/t TPM** in the indicated category.

The **PM Zone** occurs in footwall Sudbury Breccia located between the 1,450 and 2,500 ft Levels. It consists of a zone (33 ft to 200 ft. thick) of narrow, irregular Cu-PGM stringers, joint fillings and disseminations hosted within a wider zone of Sudbury Breccia. The deposit dips to the south at 35-45° and has a strike length of approximately 900 ft. A plunge direction has yet to be confirmed but appears to be to the east at 35°.

FNX has completed some 25,000 ft of drilling from surface and underground and has discovered a new style of low sulphide-high TPM mineralization. Currently drilling is from the 1600 Level with two to three rigs. The broad zone of narrow, irregular stringers, joint fillings and disseminations makes the PM Zone potentially amenable to bulk mining.

The objective at McCreedy West is to achieve production prior to the end of Quarter 2 and to focus the exploration program on upgrading the resources already established and to develop resource estimates for the other targets.

The planned exploration program for 2003 is estimated at \$5.7 million.

The **Levack Mine Property** (811 acres, 328.4 ha) is located 34 km northwest of Sudbury in Levack Township and immediately adjacent to the McCreedy West property. Access is via a year round highway and a rail spur passes within 1 km of the property site.

The Levack Mine, the first deposit discovered on the North Range, was discovered in 1887. Production started from the No.1 inclined shaft in 1915. Following reopening in 1937 the three-compartment No. 2 Shaft was sunk to a depth of 4,050 ft. During the 1930s and 40s additional orebodies were discovered. The Mine operated continuously from 1937 until closing in 1997. The total ore production was **60,500,000 tons grading 1.31% Cu, 2.00% Ni, 1.3 g/t TPM.**

The No. 2 Shaft remains accessible and usable to approximately the 3,600 ft Level. A ventilation system using the available raises, drifts and shafts is in use to service the McCreedy East Mine return air. Most necessary surface infrastructure is available and hydroelectric power is currently available to the project site.

The orebodies at the Levack Mine are contained within terrace structures that have acted as traps for the sublayer material that hosts sulphide mineralization. Brecciated granodiorite, granodiorite gneiss and migmatites of the Levack complex form the footwall to the deposits and are referred to as megabreccia.

Cu-Ni-PGM sulphide mineralization occurs in several zones which penetrate the footwall rocks to varying degrees. The orebodies consist of thick lenses and stringers of massive Cu-Ni sulphide situated at or near the contact between granite breccia and the Levack

footwall complex. Each zone has an area of associated Cu-PGM-rich sulphides that occurs as a stockwork of massive stringers in the footwall Sudbury Breccia.

In 2002, FNX completed 23 holes, testing both the 1300 and 1900 zones.

The **Contact – Type** Deposit targets include the **1300 Zone** which has a strike length of 650 ft., a dip length of 590 ft and dips 45° to the south. It is characterized by massive to inclusion-rich massive sulphide stringers consisting of pyrrhotite, pentlandite and chalcopyrite, and is hosted by sublayer norite and granite breccia sublayer. Significant FNX intersections in the 1300 zone include **0.5% Cu, 2.1% Ni over 56.7ft** and **0.7% Cu, 1.6% Ni over 79.1ft**

The Zone remains untested down dip where it could connect to the **1900 Ni-Cu-PM Zone** around a large ultramafic to mafic body.

The **No.7 Zone** is an area of unmined Ni-Cu contact-type mineralization located mainly above the 1600 Level, below and west of the Levack Main Orebody. It is an elongate, trough-like zone approximately 200 ft wide and extending approximately 1000 ft down dip.

The **Footwall – Type** Deposit mineralization is represented by the No.3 Orebody, which is situated 3,600 ft. east of the No. 2 shaft and up dip from the Levack No.3 Orebody. It has been explored by two historic surface drill holes and several underground exploration drill holes.

The **1900 Zone** is regarded as a hybrid of the Contact and Footwall deposit types. It is hosted by granite breccia and partially by footwall Sudbury Breccia, has a strike length of 900 ft., a dip length of 1300 ft. and dips to the south at up to 60°. The zone is characterized by massive to inclusion-rich massive sulphide stringers consisting of pyrrhotite, pentlandite, chalcopyrite and minor millerite. The 1900 Zone contains significant PGM mineralization with values in excess of 3 g/ton. It should also be noted

that in the lower parts of some of the boreholes there are narrow (<3 ft) mineralized intercepts with enriched Cu and PGM values typical of the footwall, vein- type Cu-PGM mineralization.

At 30 April, 2003, 35 drillholes had been completed and one was in progress at Levack for a total of 73,260 ft. Drilling is continuing with one rig.

The prime objective of the Levack Mine program continues to be to evaluate the known targets and to investigate footwall targets generated during the 2002/3 program

The proposed exploration expenditures for this program are budgeted at \$1.3 million.

The **Norman Property** (1,111 acres, 449.8 ha), is located in Norman Township 32 km north-northeast of Sudbury.

The property has been intermittently explored since 1971 by surface drilling and geological mapping. The former Whistle open pit mine is located on the property and interrupted mining between 1988 and 1997 produced **5.71 million tons grading 0.33% Cu, 0.95%Ni and 0.034% Co**. The Whistle contact-type deposit was located in an embayment from which the Whistle Offset (formerly referred to as the Parkin Offset) trends in a northeastward direction away from the SIC.

The Offset extends north-eastward from the Whistle embayment as a vertically dipping dyke varying in thickness from 50 ft. to greater than 300 ft., and consisting of irregular, discontinuous lenses of quartz diorite within a wider zone of Sudbury Breccia.

Three zones of Cu-Ni- PGM mineralization have been discovered along the Whistle Offset. The mineralization occurs as discontinuous and irregular veins and lenses of massive chalcopyrite as well as chalcopyrite stringers, fracture fillings and disseminations. Intersections as high as 19% Cu over 19 ft. have been returned from historic drillholes. Mineralization outcrops in the North Zone, and this may be connected

to the South Zone. Depth potential is demonstrated by the 2000 Zone, located 2,000 ft further to the southwest and at a depth of 2,000 ft vertically below the Whistle open pit.

The **North Deposit** has been exposed at surface over a 100ft by 300ft area. Mineralization occurs as a set of sub-parallel, north-east trending, sub-vertical lenses hosted within the like-trending Whistle Offset dyke. Lenses consist of a concentration of Cu-PGM-Ni-bearing veins and lesser disseminated mineralization within inclusion quartz-diorite and metabreccia. Sulphide veins range from inches to 15 feet wide and can be generalized into two types: more continuous breccia veins with matrix chalcopyrite (+PGM+Ni) and discontinuous extensional veins of massive chalcopyrite (+PGM+Ni). Veins anastomose around blocks contained within the offset dyke and structures, most commonly N-S trending, result in oblique offsets to their overall north-east trend.

FNX's exploration program on the North Deposit to the end of April 2003 consisted of geophysical surveying, overburden stripping, geological mapping and diamond drilling.

An airborne electromagnetic geophysical survey was flown in early 2002 to aid in geological interpretation and to identify conductive mineralized bodies to an estimated 200 meter depth. Also, ground based EM-31 surveying was completed to better define the near surface conductivity within the Whistle Offset.

A total of 50 diamond drill holes (24,610 ft) was completed on the North Deposit at 50 ft to 100 ft spacing. The objectives of this drilling program were to confirm the mineralization reported by Inco, extend the known mineralized envelope and improve the confidence in the geological model.

The mineralized envelope has been increased to approximately 625 ft strike length and 625 ft vertical depth extent. A new geological interpretation and 3-D model of the mineralization have been completed by year end 2002.

Near term work on the North Deposit will consist of detailed resource estimation and pre-feasibility study. Some additional drilling may be required to verify grade continuity, increase confidence in the model and resource estimate, and to follow-up possible areas for expansion of the North Deposit.

The **South Zone** is located within the Whistle Offset dyke and some 350 ft. southwest and along strike from the North Deposit.

Exploration on the South zone by FNX to date has been limited to geophysical surveying and two diamond drill holes (1675 ft) beneath the known mineralization. The area was covered by the airborne EM survey as well as the ground EM-31 survey in conjunction with the North Zone surveying.

The diamond drilling did not intersect significant mineralization. Future exploration on the South zone will consist of detailed geological modeling, interpretation and diamond drilling, if warranted.

The **2000 Deposit** lies at a vertical depth of 2000 ft below the Whistle Open Pit which hosted the Ni-rich contact mineralization mined in the Whistle pit. The 2000 Deposit mineralization consists of Cu – TGM + Ni rich chalcopyrite veins, stringers, fracture fillings and disseminations within a larger meta-breccia zone believed to be an expression of the Whistle Offset dyke below the sublayer embayment.

Seven historical drillholes yielded 70 intersections ranging from 0.4 ft to 50.1 ft, with 20 intersections being greater than 10 ft.

To April 30, 2003 FNX had completed 22 holes (64,021ft) and demonstrated the potential for a significant mineral deposit. Intersections include **2.0% Cu, 0.3% Ni, 2.5 g/t TPM over 526.2ft** in hole FNX4089, including **3.8% Cu, 3.5 g/t TPM / 199.9ft.** and **1.8% Cu, 1.1% Ni, 6.1 g/t TPM / 52.6 ft**

FNX drilling has extended the mineralization over an 800 ft by 600 ft area and has helped to establish the controls on the mineralization, demonstrate the continuity of the mineralization and facilitate 3-D geological modeling of the Deposit. Future exploration will include

- 1 diamond drilling within the confines of the area outlined in order to upgrade confidence in the geological model and continuity of mineralization in order to permit a resource estimate to be made
- 2 drilling to establish the limits of the known mineralized envelope
- 3 exploration drilling along the dyke between the 2000 Deposit and the North Deposit to test for additional mineralization.

The main emphasis of the 2003 exploration program is dedicated to drilling on the 2000 Deposit and testing the offset dyke between the 2000 and North Zone.

The Norman property includes approximately 2 kilometres of Sudbury Igneous Complex contact which has seen limited exploration in the past. Two zones of significant mineralization have been identified by Inco along the contact (Whistle West and Wildcat zones). FNX plans to investigate this contact.

The program is budgeted at \$ 4.8 million.

The **Kirkwood Property** (473.0 acres, 191 ha) is located in Garson Twp., some 11 km northeast of Sudbury.

Copper and nickel sulphide mineralization was discovered in 1892 and in 1969 a new vertical, three-compartment shaft was excavated to a depth of 2,100 ft. The total historical production from the Kirkwood property was **2,695,000 tons grading 1.00% Cu and 0.90% Ni.**

Underground exploration outlined extensive contact mineralization and also mineralization associated with a quartz diorite dyke. There has been limited surface

exploration drilling and mapping completed at Kirkwood since the mine closure and flooding in 1977.

Infrastructure at Kirkwood consists of a three-compartment vertical shaft to a depth of 2100 ft. The underground workings are flooded and the shaft is capped. There are open pits and associated auxiliary buildings as well as mine water settling ponds on the site. Hydroelectric power is currently available to the project site.

The Kirkwood property is located towards the southeast end of the Sudbury Basin at the contact between the SIC and the Elsie Mountain metavolcanics. The contact strikes east-west and dips steeply to the south.

Cu-Ni-PGM sulphide mineralization has been defined in six distinct zones. The higher-grade Main and East orebodies were mined during the period 1969 to 1976, leaving unrecoverable remnant pillars of mineralization. The West, Lower East and 3800 zones contain unmined low-grade Cu-Ni-PGM mineralization. Additional evaluation of these zones is warranted to determine if there is potential for mineable zones of higher-grade material with possible PGM enrichment.

The **3800 Zone** of Cu-Ni-PGM mineralization consists of a vertical zone of disseminated and inclusion massive Cu-Ni sulphide along the contact between the SIC and metamorphosed volcanic and sedimentary rocks. The 3800 Zone has a 330 ft strike length, a dip length of 660 ft, and a true thickness of 10-50 ft.

All the exploration targets at Kirkwood are deep (below the 2000 level) with existing drill intersections, for the most part, of marginal economic grade. Though this project does not warrant a substantial exploration effort at this time it is proposed to examine the data in detail to ensure that more favourable targets have not been missed.

Though funds have not been allocated in the 2003 budget, it is anticipated that expenditures will be in the order of \$100,000.

The **North Range Footwall Exploration Project** offers an early stage exploration opportunity with potential to host significant footwall Cu-Ni-PGM deposits similar to those mined in the North Range of the Sudbury Basin. As noted above, both the McCreedy West and Levack Properties contain Footwall Deposits which have been mined. Footwall targets have been identified for follow up on both of the Properties. Of special interest is the high precious metal content of these Footwall deposits

All of the major Inco and Falconbridge past and current producing mines of the North Range (Strathcona, Coleman, Levack, McCreedy East, Onaping, McCreedy West, Hardy) occur within an extensively mineralized 8.5 km-long portion of the North Range of the SIC. Obviously this is an important exploration target. The McCreedy West and Levack Properties cover some 50% of this target area.

Limited exploration to date in the footwall rocks to the north of the McCreedy West and Levack properties has demonstrated the potential of this belt which is approximately 4 km long by 1 km wide.

The aim of the Footwall Project drill program is to test the footwall rocks along the entire strike length of the contact, up to 1 km into the footwall. As well as testing the geology, these holes, ideally spaced at 400 m intervals, will serve as platforms for in-hole UTEM surveys to locate off-hole anomalies. The program has been modified in that shallower holes have been drilled closer to the contact to assist in determining the geometry of the host Sudbury Breccia package.

As of April 30, 2003, 10 footwall holes, varying in length from 950 to 4950 feet, had been completed and one was in progress on the Footwall Project project for a total of 31,580 ft. . Down – hole UTEM geophysical surveys completed on six of the holes did not identify any significant anomalies that could be attributed to sulphides.

Local mapping of the footwall environment and ground and airborne geophysics have added to the data compilation for the Footwall Project. IP data collected from the ground geophysical program has suggested the presence of at least one significant anomaly in the footwall to the SIC on the Levack Property.

Part of the 2003 footwall program will be focused on drilling the geophysical anomalies identified in the 2002 program. In addition, zones of extensive Sudbury Breccia will be given higher priority for interpretation and follow-up drilling.

The North Range Footwall Project has been budgeted 30,000 feet of drilling in 2003 to complete the proposed program. In addition, further ground and borehole IP surveys and geological mapping are planned.

The 2003 program is budgeted at \$1.3 million.

FNX has completed resource estimates for five deposits at McCreedy West and have announced resources in the measured and indicated categories totaling 1.74 million tons, with a further 0.38 million tons in the inferred category.

These in-house resource estimates have been audited and verified by independent consultants, Roscoe Postle Associates Inc.

It is anticipated that mining will commence in the second Quarter of 2003.

The total work program as outlined above is budgeted at \$14.4 million.

1. INTRODUCTION

On 10 January, 2002, Fort Knox Gold Resources Inc., the predecessor company to **FNX Mining Company Inc.**, (the Company or FNX), signed an Option to Purchase Agreement with Inco Limited (Inco) by which FNX can acquire a 100% interest in five Sudbury Basin mineral properties for which, as previously indicated, Inco has no current mining or development plans.

The property package includes former producing mines known as the Victoria, McCreedy West, Levack, Whistle (Norman Property) and Kirkwood mines (Figure 1). The Option requires continuing exploration and, if warranted, development of the subject properties under a 52 month program within which the Company must spend \$30.0 million to earn its interest. In addition, the Company has committed to spend \$14.0 million within the first 16 months of the Agreement. Upon signing the Agreement with Inco, the Company formed a Joint Venture with Dynatec Company. This Joint Venture, owned as to 75% by the Company and as to 25% by Dynatec, will explore, develop and, if economically appropriate, mine these properties.

The following Table demonstrates the longevity, scope and grade of the operations on the properties acquired.

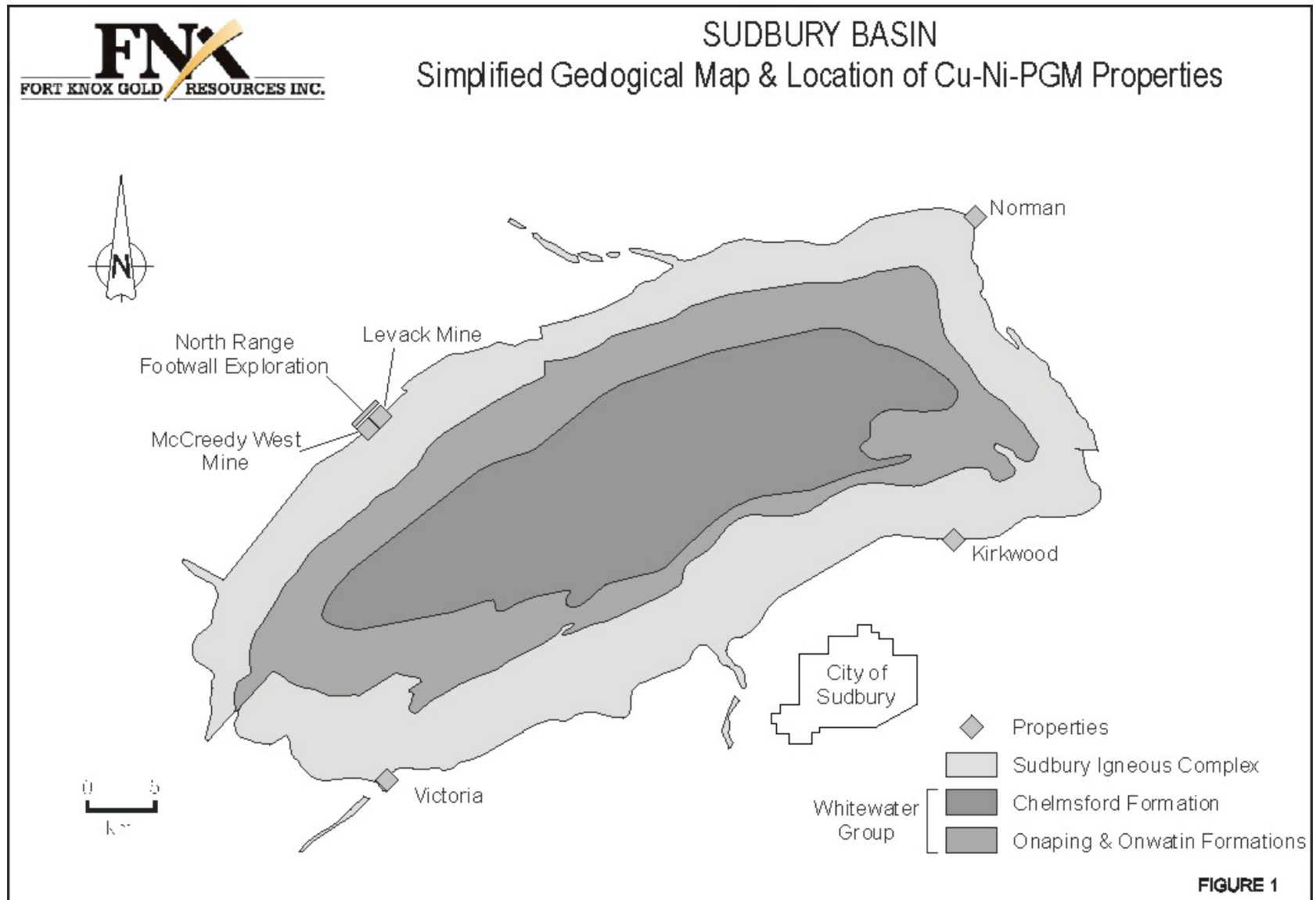
TABLE 1: Sudbury Project Properties – Production History

Property	Years	Tons	%		oz/t				g/t
			Cu	Ni	Pt	Pd	Au	TPM	TPM
Victoria	1900-23	890,000	2.99	2.12	Na	na	na	na	
	1973-78	<u>650,000</u>	<u>1.26</u>	<u>0.83</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>0.07</u>	
	Total	1,540,000	2.26	1.57	na	na	na	+0.06 ¹	+2.0
McCreedy West	1974-98	15,800,000	1.70	1.44	0.02	0.02	0.01	0.05	1.5
Levack	1915-29	na							
	1937-97	60,560,000	1.31	2.00	0.02	0.02	0.01	0.05	1.5
Norman ²	1988-91	na							
	1994-97	5,710,000	0.33	0.95	na	na	na	0.01	0.3
Kirkwood	1914-16	71,600	1.53	2.81	na	na	na	na	
Open Pit	1969-76	2,488,000	0.99	0.87	na	na	na	na	
	1970-72	<u>134,800</u>	<u>0.96</u>	<u>0.53</u>	na	na	na	na	
	Total	2,694,400	1.00	0.90	na	na	na	na	

Notes: ¹Total PMs estimated in line with production data from 1973-1978 (JMP)

²Production from the Whistle Mine.

na: Not assayed or assays unavailable for these elements



2. THE SUDBURY AREA

2.1 General

The Inco properties covered by this report are located in close proximity to the City of Sudbury, in northeastern Ontario, and approximately 400 km north of Toronto. With a population of some 165,000, Sudbury is the major centre in northeastern Ontario for mining, medicine, education, business and commerce, and government administration.

The area has a history of nickel and copper mining stretching back over 100 years with two of the world's major nickel producers, Inco Limited and Falconbridge Limited having been active in the area since 1902 and 1928 respectively. These companies have extensive mining, smelting and refining operations in the area and these constitute the largest fully integrated mining complex in the world. The nickel-copper-platinum group metals (Ni-Cu-PGM) orebodies at Sudbury constitute the world's largest known concentration of Ni-Cu sulphides. Total reserves and historic production are estimated at 1.66 billion tonnes of ore with production in excess of 8.5 million tonnes of nickel metal and 8.4 million tonnes of copper metal. Platinum Group Metals, gold and cobalt are among important byproducts recovered from these ores.

2.2 Physiography and Climate

The area is located in the Canadian Shield with a typical topography of low, rocky hills interspersed with numerous lakes and swamps. Elevations range from 230 to 460 m above sea level with local relief in the order of 30 to 60 m. The major topographic feature of the area is the Sudbury Basin which forms an elliptical ring some 60 km in the northeast direction by 28 km wide. The topographically higher outer portions of the Basin are formed by igneous rocks of the Sudbury Igneous Complex (SIC). The northern, southern and eastern parts of the rim are referred to as the North Range, South Range and East Range respectively. The central part of the Basin is occupied by low-lying, flat agricultural land.

The dominant vegetation type is temperate boreal forest which, before the onset and growth of the mining industry, supported a thriving lumber industry. The climate is northern temperate with warm summers and cold winters. Average temperatures range from 24.8° C in the summer to minus 8.4° C in winter and with annual precipitation of 62.2 cm of rain and 247.5 cm of snow.

3. GEOLOGY OF THE SUDBURY AREA

All five of the project areas lie within the confines of the Sudbury Structure (Figure 1). This structure straddles the boundary between the Archean Superior Province and the Early Proterozoic Southern Province. The Late Proterozoic Grenville Province and its northern limit, the Grenville Front, lie some 10 km south of the Sudbury Structure.

The Superior Province Archean rocks to the north of the Sudbury Structure consist mainly of granitic plutons and gneisses and minor volcanic rocks of the Levack Gneiss Complex which has been dated at approximately 2700 Ma and which were deformed and exposed to peak metamorphic conditions by a 2640 Ma tectonic event.

South of the Superior Province is the Early Proterozoic Southern Province of metavolcanic and metasedimentary rocks deposited between 2490 and 2200 Ma. These rocks are extensively intruded by sills and dykes of Nipissing Diabase dated at approximately 2200 Ma.

3.1 The Sudbury Structure

Superimposed on the rocks of the Superior and Southern Provinces is the Sudbury Structure. This is the geological expression of events triggered by the impact of a giant meteorite approximately 1850 Ma ago, followed by deposition of fallback material and Whitewater Group sediments, intrusion of the Sudbury Irruptive Complex (SIC), and formation of the well known and economically important Ni-Cu-PGM deposits.

Modeling of the Sudbury Structure suggests that the original crater caused by the meteorite was more than 150 km in diameter. Erosion has exposed the smaller, lower portion of the crater and tectonic deformation and thrusting has deformed the once circular structure into the elliptical shape of today. Extensive thrusting of the South Range exposes a deeper level of the SIC compared to the North and East Ranges.

There are three main lithological components recognizable within the Sudbury Structure:

- 1) Sudbury Breccia- brecciated rocks surrounding the structure,
- 2) Sudbury Igneous Complex (SIC) and
- 3) The Whitewater Group sediments occupying the centre of the basin.

3.1.1 Sudbury Breccia

An important feature of an impact site is the extensive brecciation of the rocks around the point of impact. This is particularly evident in the host rocks to the Sudbury Structure that form the footwall to the SIC. This impact-derived brecciation is commonly referred to as “Sudbury Breccia” and is concentrated in the country rocks close to the SIC and decreases in intensity outward for a distance of up to 80 km.

Sudbury Breccia occurs as erratic and irregular zones of brecciated country rock, characterized by extreme variability in distribution, size and geometry. Zones of Sudbury Breccia vary from many meters across to thin veins. Angular to semi-rounded clasts of country rock, varying in size from minute fragments to massive boulders, occur in a finely-comminuted, dark, locally flow-banded matrix. The matrix is thought to have formed by the rapid injection of locally crushed and frictionally melted material created by the passage of the shock wave caused by impact and is referred to as pseudotachylite. Close to the SIC, the Sudbury Breccia matrix commonly displays thermal metamorphic effects and is locally termed meta-Sudbury Breccia.

Of vital importance for ore formation is that Sudbury Breccia, adjacent to Ni-Cu sulphide deposits at the SIC footwall contact, has provided an environment conducive to the

migration of copper and precious metals into the footwall to form Cu/PGM-rich orebodies.

3.1.2 Whitewater Group

Occupying the centre of the Sudbury Structure is the Whitewater Group of sediments formed by the fallback into the crater of impact debris and the subsequent erosion of surrounding debris fields into the basin created by the impact. The Whitewater Group consists of the Onaping, Onwatin and Chelmsford formations. The Onaping and Onwatin formations show a fining upwards sequence from very coarse debris deposits at the base to very fine muddy sediments at the top. The Onaping formation is interpreted as representing fallback of impact debris into the crater. Many clasts in the Onaping Formation display shock (impact) metamorphic effects.

Overlying the Onwatin slate is the Chelmsford sandstone, a well-bedded and gently folded turbidite sequence of greywacke sandstones.

3.1.3 Sudbury Igneous Complex (SIC)

The 1850 Ma SIC is divided into a lower unit of norite overlain by transitional quartz gabbro and micropegmatite and was intruded between the base of the impact crater and the overlying Onaping formation.

Many of the Ni-Cu-PGM deposits of the Sudbury Basin are hosted by the Sublayer, a stratigraphic unit defined by the Sublayer Norite and Footwall (or Granite) Breccia. The Sublayer Norite is a sulphide-rich, igneous-textured, xenolith-bearing quartz norite. The Footwall Breccia matrix is variably-textured and granodioritic. The Sublayer occurs as a discontinuous layer up to several hundred metres thick in depressions or embayments between the footwall and the overlying main mass norite. The xenoliths in the Sublayer are dominantly of gabbroic, noritic, gneissic, and ultramafic composition.

Radiating from and concentric to the SIC are dyke-like bodies of quartz diorite termed “offsets” that have been interpreted to infill major impact-derived fracture zones. Radial offsets connect to the SIC, whereas the concentric dykes commonly show no physical connection to the SIC. The radial offset dykes average less than 100 m wide, and become narrower with increasing distance from the junction with the SIC.

The offsets host Ni-Cu-PGM deposits and have spawned a number of very productive mining operations (Copper Cliff North, Copper Cliff South, Totten).

3.2 Mineral Deposits

The orebodies associated with the Sudbury Structure constitute the largest known concentration of nickel-copper sulphides in the world. Total reserves and production are estimated at approximately 1.6 billion tonnes of ore. Metal production to date from these deposits exceeds 8.5 million tonnes of nickel and 8.4 million tons of copper. By-products from this production include cobalt, platinum, palladium, gold, silver, osmium, iridium, rhodium and ruthenium.

The bulk of sulphides in the Sudbury ores consists essentially of varying proportions of pyrrhotite, chalcopyrite and pentlandite with varying amounts of other Cu-, Ni-, Co-, PGM-bearing minerals and gold.

Three main types of ore deposits are recognized: Contact, Offset Dyke and Footwall.

3.2.1 Contact Deposits

The Contact Deposits occur along the lower contact of the SIC in areas where Sublayer is preserved in embayments in the footwall contact. The embayments are interpreted to be the topographic expression of what were originally troughs or rills in the wall of the impact crater (major lunar craters commonly exhibit this feature). These troughs have acted as traps for Sublayer material and account for the pipe-like geometry of many of the Sudbury orebodies. Terraces in the crater wall have also acted as Sublayer traps and many ore zones occur at sites where there is a flattening of the footwall to form ledges or terraces where sulphides are concentrated.

All the properties within the Company's Sudbury Project include contact type Cu-Ni deposits.

3.2.2 Offset Deposits

The Offset Deposits are located in the radial and concentric quartz diorite offset dykes and occur as thin, steeply dipping sheets to steeply plunging pipes in barren to weakly mineralized quartz diorite. The deposits consist of massive, semi-massive and stringer sulphide ore hosted by inclusion-bearing quartz diorite and inclusion-free quartz diorite with variably disseminated sulphide. They are typically confined within the width of the offset, which is commonly less than 100 m.

Offset-type mineralization occurs on the Norman and Victoria project areas.

3.2.3 Footwall Deposits

Footwall deposits may be offshoots of contact deposits although the connection is not always well-defined. Brecciated footwall rocks adjacent to contact Ni-Cu sulphide deposits may have acted as a conduit for mineralizing fluids and as a medium for the deposition of sulphides. Where connected there is a distinct metal zoning between Contact Deposits and the accompanying Footwall Deposits in that the Contact Deposits

have low Cu/Ni ratios and low total PGM content compared to the high Cu/Ni ratios and enriched total PGM content in the Footwall Deposits. These observations can be applied in exploration.

Footwall deposits occur on the North Range in the McCreedy West and Levack properties.

4. SOURCES, HANDLING AND VERIFICATION OF DATA

4.1 Data Sources

Inco accumulated a vast amount of data (over 8,000 boreholes) during their exploration and mining of the subject properties. These data were made available for examination by FNX. The information reviewed consists primarily of diamond drillholes and associated sampling, assaying, plans and sections. The essential details of these data are not in the public domain and originate exclusively from Inco data files. Review of data has focused primarily on the mineralized areas at each of the properties.

The original Patterson Report (dated November, 2001) was based solely on information generated and provided by Inco Limited. Inco has not guaranteed or warranted the accuracy or completeness of the data and information that it provided to FNX and expressly disclaims any and all liabilities for any representations, warranties or omissions in the written information or oral communications made to FNX and any subsequent communications made by FNX regarding the data or the properties.

FNX and its consultants have independently verified the drill assay data received from Inco. The Company has also completed comprehensive studies of the detail assay records, has re-graded portions of the boreholes that intersected the mineralized zones of interest and produced longitudinal cross sections of the mineralized zones.

Since inception of the FNX-Dynatec Company Sudbury Joint Venture exploration program a significant amount of new data has been generated on the Properties. During the period March 2002 to 30 April 2003, FNX completed 360 surface diamond drillholes (423,430 ft) on four of the five Properties. In addition a further 67,130 ft were completed in 133 holes from underground locations in the reconditioned McCreedy West mine workings. (Table 2).

In sections of this report dealing with the presentation of data on the five properties the Imperial System is used. Activity on the project properties dates back to the early part of the 20th Century and a large database relating to surveying, exploration, development and production had been generated prior to the introduction of the metric system to Canada. To avoid errors in translating such a vast amount of data into the Metric System and to facilitate reference to the large existing database, it was decided to continue with the Imperial System when presenting the data. Borehole coordinates and intersection lengths are recorded in feet. Historic Inco assays for precious metals (Pt, Pd, Au and Total Precious Metals) were reported in troy ounces/short ton. Precious Metal assays for the current FNX program are reported by the laboratory in grams/metric tonne and these are maintained as such in the database. Conversion is made to Imperial Units for consistency during resource estimation calculations.

4.2 Data Verification

As previously reported, FNX and its consultants reviewed in detail the assay records of all Inco boreholes that intersected the mineralized zones and calculated weighted grade averages for the portions of the boreholes that intersected the mineralized zones. Dr. Patterson conducted a detailed audit of the Company's borehole grading calculations and confirmed that the results accurately represent the graded assay intersections.

Spiteri Geological and Mining Consultants Inc. (SGM) was retained by FNX to review Inco's information and procedures and to conduct an independent check sampling and

assay program of Inco's assay methods and results. The SGM reports, dated 27 July, 2001 and 1 November, 2001, have been filed.

Roscoe Postle Associates Inc., an independent consultant Company of geologists and engineers, was retained by FNX to undertake an independent audit of the FNX in-house resource/reserve estimates on part of the McCreedy West resource inventory. This audit, to National Instrument 43-101 standards, included a review of sample preparation and laboratory practices and procedures. The RPA report has been filed with SEDAR and the following comments have been made by RPA on FNX Data Verification procedures:

“The FNX staff surveyor spots the hole collars and does the final coordinate pick up at the casings after hole completion. Some checking and verification has been done by a registered Ontario land surveyor.

All FNX surface holes have been surveyed down-hole under contract by Sperry-Sun Drilling Services of North Bay, ON. A gyro-based instrument is used to take azimuth and dip measurements at nominal 50 ft. or 100 ft. intervals with a final recording at the toe. Drilling is monitored while in progress using Reflex EZ-Shot instrumentation at 100 ft. intervals.

FNX routinely assays for Ni, Cu, Co, Pt, Pd, Au, Fe, S, Pb, Zn and As and has established quality assurance and quality control (QA/QC) procedures according to best practices as established by the OSC/TSE Mining Standards Task Force (1999). Review by RPA confirms that QA/QC is followed to ensure good assaying quality. Repeat assays for QA/QC precision and accuracy monitoring are kept in separate digital files but are not averaged with original values in the database. Assay values less than detection limit are entered at one half the detection limit.

RPA has reviewed Inco proprietary drilling, data collection and assaying procedures and found them to be industry standard or better and is of the opinion that the FNX drilling and assay database is adequate for resource and reserves estimation.”

4.3 Sampling Method and Approach

Roscoe Postle describe the sampling protocols employed by FNX as follows:

“The sampling method is NQ (surface) and BQ (underground) diameter diamond coring, halving the core that has intersected Ni-Cu mineralization by diamond sawing, and shipping the core for assay at an independent, accredited, commercial laboratory.

Standard logging and sampling conventions have been used for the recording of drill hole information and data. FNX has developed a detailed exploration sampling

procedures manual (FNX, 2002). The manual outlines core alignment and scribing by China marker, core recovery and RQD measurements, lithologic and mineralization logging, sample interval preparation, core photography, data entry by laptop computer, upload/download procedures for digital assay reports and digital drill logs to the Central Database.

Geological data recorded includes lithology, sulphide minerals and percentage of each, alteration minerals and abundance, veining type and orientation, and structures. Sample intervals are defined on the basis of lithology and sulphide abundances by the geologist and are marked at each end with China markers and the sample indicated, by convention, at the start of each sample. Drill logs are entered directly into DH Logger (Century Systems Software) on a laptop computer at each logging station. All mineralized intersections are digitally photographed, both for wet and dry core.”

4.4 Sample Preparation, Analyses and Security

Roscoe Postle have also described FNX procedures re sample preparation, analyses and sample security as follows;

“The marked core sample is sawed in half with half returned to the core box and half placed in a cloth sample bag. Diamond saw coolant water is continually flushed at the Sudbury core facility to avoid any sample carry-over in the fluid. At Levack, water is recycled but the bath is changed frequently to avoid contamination. A sample tag from the sample tag booklet is stapled into the core box at the beginning of the sample interval and another tag is placed in the sample bag with the core for shipment. The third tag remains in the book for reference.

Sample numbers are independent of the hole number and clearly marked on sample bags in keeping with best practices but the hole number is also put on the bag. Although the latter is done to facilitate administration given the high volume of assay reports from the lab, there is some risk, albeit low, of a third party being able to link good assay results to a particular hole before public release. RPA recommends use of a separate numbering system to cross reference bag lot/batch file numbers to hole numbers.

Core samples are shipped by via a commercial trucking Company to the assay lab in locked cubical plastic containers on palettes.”

4.5 Sample Preparation and Analyses

Roscoe Postle describe the sample preparation and analytical procedures

“Sample preparation and assaying are done by ALS Chemex under contract to FNX. ALS Chemex holds ISO9002 accreditation and participates in the proficiency testing

that is required to achieve ISO17025 accreditation. Sample preparation is done in Mississauga and analyses are completed in Vancouver.

The sample preparation and analytical methods are industry standard. FNX core is crushed to 75% -2 mm (10 mesh) in a Rhino jaw crusher, and riffle split to 200 g to 225 g. Crushers are cleaned with coarse quartz after high sulphide samples. The sample split is milled to 90% -63 microns (200 mesh) in one of three Essa or one of three T.M. Engineering ring pulverizers. Because of multiple use of the mills, samples are not ground in sequence. The pulp is rolled and then split to a 100 g packet by taking four scoops of the homogenized material; the residual ± 125 g are retained in Mississauga.

In Vancouver, 0.2 g of the pulp packet are fused with 2.6 g of sodium peroxide at 650°C. When cooled, the resulting melt is dissolved in 250 ml of 10% HCl and the solution analysed by ICP-AES spectrometry for Ni, Cu, Co, Pb, Zn, As, Fe and S. Detection limits are 0.005% for Ni and Cu; 0.002% for Co.

For Pt, Pd and Au determinations, 30 g (1 assay ton) are fused by fire assay furnace with lead collection. The lead matte is cupelled to a precious metal bead. After digestion of the bead in 2% HCL, the solution is analyzed by ICP-AES. Detection limits are 0.03 g/t (0.001 oz/ton) for Pt, Pd and Au.

FNX stores all pulps but keeps coarse rejects only for mineralized sections, the rest are discarded. Inco currently employs the same assay procedures.”

4.6 Assay Quality Control/Quality Assurance

Roscoe Postle describe the FNX QA/QC procedures as follows:

“Analytical Solutions Inc. was contracted by FNX to review and audit FNX’s assaying and make improvements to QA/QC procedures where warranted (Bloom, 2003). The FNX QA/QC procedures include the insertion of control blank core samples (1 per 100 samples) and reference standards (1 per 40 samples) for both precious and base metals. Pulp check assaying and limited rejects assaying has been done at Lakefield Research, Lakefield, Ontario and Activation Laboratories, Ancaster, Ontario (ACTLAB).

ALS Chemex performs standard internal QA/QC to ensure reliable results. Bloom (2003) reports pulp assay precision of $\pm 5\%$ for Cu and Ni. For 80% to 99% of the precious metals assays precision is $\pm 50\%$. This reproducibility is within expected ranges for these metals. Check assays at Lakefield Research (pyrosulphate fusion and XRF) and indicates an accuracy of $\pm 5\%$ with exceptional agreement for Pd (Bloom, 2003). A minor bias to low Cu reporting was discovered from check assaying by FNX (Bloom, 2003) and 548 pulp samples (<5% of total) are being re-run by ALS Chemex.

Sixteen sample rejects from hole FNX 3022 in the low sulphide PM precious metals zone were assayed at ACTLAB. The differences from original assays were within $\pm 25\%$ for Pt, Pd and Au and similar to variances for pulps indicating that splitting rejects does not introduce significant bias (Bloom, 2002).

Core duplicates (quarter splits) are not routinely assayed, however, assay results for eight quartered samples are available. Nickel is within 10% and low grade copper within 25% of the mean assay grade of original and quarter split, or within 21% and 60% for absolute differences respectively. Nickel in quartered core was somewhat lower (4%) but this is not statistically significant given the few samples and may relate to oxidation.

Bloom (2003) has recommended additional test work on rejects and core duplicates for precious metals zones. RPA agrees with this recommendation.”

4.7 Sample Security

Roscoe Postle describe the FNX procedures as follows:

“At the drill site core box and lids are fibre taped shut after filling and core boxes are retrieved by FNX technicians on a timely basis and delivered to the core logging facility.

After core processing, sulphide-mineralized intersections key to resource estimation remain racked in the core facility buildings that are locked when unattended by FNX personnel. Footwall and hanging wall sublayer core is stored in outside racks enclosed within barbed wire-topped chain link fence compounds under lock and key. Permanent core storage is at the Inco Frood-Stobie core farm. Core for upper sections of holes intersecting barren Upper and Middle layer SIC units (waste) is dumped at Inco’s core disposal site at Frood-Stobie.

Bagged samples, and container-packed samples tamper-proof sealed for shipping to ALS Chemex, are kept within the core facility buildings until loaded for commercial trucking. The high level of digital integration and software verification for data transfer eliminates most human error and makes tampering of sample results difficult.”

4.8 Data Verification

“RPA checked original assay certificates with a number of drill logs and corresponding database entries and found no errors in the FNX work. Sampled intervals of core in core boxes for resource intercepts were checked against drill logs for seven holes and RPA’s visual estimates of Cu and Ni grades in core were in line with recorded assays. Core sampling is well-managed to reduce sample length measurement error at the primary data collection stage. Core recovery is generally very good with broken, ground or lost core in sulphide sections infrequent. The

sampling is better than industry standard, in RPA's opinion. Only one error of 0.1 ft. in a recorded sample interval was noted and this was due to a smeared footage block "

In this report the term PGM refers to Platinum Group Metals and includes Platinum (Pt), Palladium (Pd), which comprise the major part of the PGMs, $\pm$ Ruthenium, Rhodium, Osmium and Iridium. The term TPM refers to Total Precious Metals and includes the PGMs + gold.

A list of abbreviations and conversion factors is included in Appendix 1.

All intersection lengths referred to in this report are lengths of drill core and should not be interpreted as being true widths.

5. FNX MINING - SUDBURY PROJECT

5.1 Infrastructure & Staffing

Following the January 10, 2002 effective date of the Option to Purchase Agreement with Inco and the signing of the Sudbury Joint Venture with Dynatec, also on January 10, 2002, the Company very quickly mobilized the program.

During the past year the Sudbury staff level has grown rapidly to the current level of 33 comprising 21 geoscientists, 8 technicians and 4 support staff. The initial office space (3500 sq. ft.) has been expanded and a second office set up at Levack to service the exploration at the McCreedy Mine property and the Levack and North Range Footwall projects.

Two core logging and sampling facilities are now in operation with the initial Kelly Lake Rd., facility in Sudbury, now dedicated to Norman and Victoria core, being supplemented by a new facility at Levack to handle the increasing core and sample load from the McCreedy West mine underground operations. Both Sudbury Project offices have been equipped with the necessary computer software and hardware required to manage an aggressive exploration program such as that being undertaken by the Company.

Our Joint Venture partners, Dynatec Corporation, have set up an office, warehouse, machine shops and other required facilities at the McCreedy West mine site and employ some 68 persons.

FNX has relocated its corporate head office to more suitable premises and anticipates that the current staff of six persons will be supplemented by two or three additional key appointees.

5.2 Exploration Statistics

Since inception of the drilling programs in late March 2002, a total of 423,430 ft of surface diamond drilling has been completed in 360 drill holes. At peak activity in late 2002, 13 surface and two underground drill rigs were in operation. As access has been gained to the underground workings, more of the drilling at McCreedy West has been carried out from underground locations. To date 133 underground holes have been completed for 67,127 ft. The current rig disposition is seven surface rigs and five underground rigs. Our surface drilling operations are split between Bradley Bros., with one rig at each of McCreedy West surface, Levack, and North Range Footwall Projects and Major Drilling who are drilling at Norman (3 rigs) and Victoria (1 rig). Our underground drilling has been contracted to Boart Longyear with 5 rigs drilling various deposits in the McCreedy West mine.

Table 2 Drilling Program From Inception to April 30, 2003

Property	Holes		Footage Drilled		
	Completed	Current	Completed	Current	Totals
McCreedy West - S	70	1	111,806	2,155	113,961
“ “ - U/G	133	5	67,127	568	67,695
Levack	35	1	71,375	1,889	73,264
Norman	101	3	117,617	5,192	122,809
Victoria	144	1	80,007	1,815	81,822
North Range F/W	10	1	29,855	1,722	31,577
TOTALS	493	12	477,787	13,341	491,128

S = Surface Drilling

U/G = Underground Drilling

Approximately 113,560 ft (23%) of core have been sampled and 25,672 samples have been sent out for assay.

6. FNX MINING SUDBURY PROJECT – PROPERTIES

All of the subject properties are located within 35 km of Sudbury (Figure 1), and are 100% owned by Inco (Table 2). Ownership is primarily by patent but two are mining leases renewable in 2007.

Table 3: Sudbury Project Properties

PROPERTY	TWP	AREA Acres	OWNER Inco %	Km from Sudbury	MINE	PATENTS	LEASES
Victoria	Denison	1,282.90	100	30	Yes	2	-
McCreedy West	Levack	804.24	100	34	Yes	7	-
Levack	Levack	811.37	100	34	Yes	6	-
Norman North	Norman	1,111.33	100	32	Yes	-	2*
Kirkwood	Garson	473.00	100	11	Yes	3	-
TOTALS		4,482.84				18	2

Note *: 5 mining parcels held under 2 leases (287 & 288) renewable April 1, 2007

For each of the projects described the following are included:

- a locational map,
- brief review of historic exploration and mining activity
- description of the work carried out by FNX Mining since February 2002
- longitudinal sections and plans identifying
 - the separate zones identified within a deposit
 - the relationships of these zones
 - geological structure
 - drillhole pierce points
- tables showing the graded assays for holes in each zone with weighted assays for each
- exploration targets

The graded assays, both historic and those generated by FNX personnel, have been audited by the writer. The method employed for the historic assays was to regrade the complete set of assays for the Victoria Property and carry out spot checks on the other

properties by recalculating a selection of the sections graded by FNX. Both calculations compare very favourably and certainly within acceptable limits for the requirements of this report. The graded sections prepared by FNX have also been checked by the writer in the normal course of verifying data for release to the public. References to resources and/or reserves are based on in-house estimates which have been independently audited by Roscoe Postle Associates Inc. (RPA), an independent consulting firm with considerable expertise and experience in undertaking such studies. Excerpts from the RPA report are included verbatim.

6.1 Victoria Property

6.1.1 Location, History, Infrastructure & Environment

The Victoria project comprising 1,282.9 acres (519.3 ha) of mining rights contained in two patented mining parcels is located 30 km southwest of Sudbury in Denison Township (Figure 2). Access is via paved roads and a rail spur from the main CPR line is located 2.5 km south of the property.

Copper and nickel sulphide mineralization was discovered in 1886. Following the 1899 acquisition of the property by the Mond Nickel Company, ore production and shaft sinking continued from 1900 to 1918. In 1918 a vertical three-compartment production shaft was sunk to a depth of 3,012 ft. During the period 1900-1923, 888,000 tons of ore averaging 2.99% Cu and 2.12% Ni were produced. Following cessation of mining in 1923 the mine was flooded. The property was acquired by Inco in 1931 following the merger with Mond Nickel.

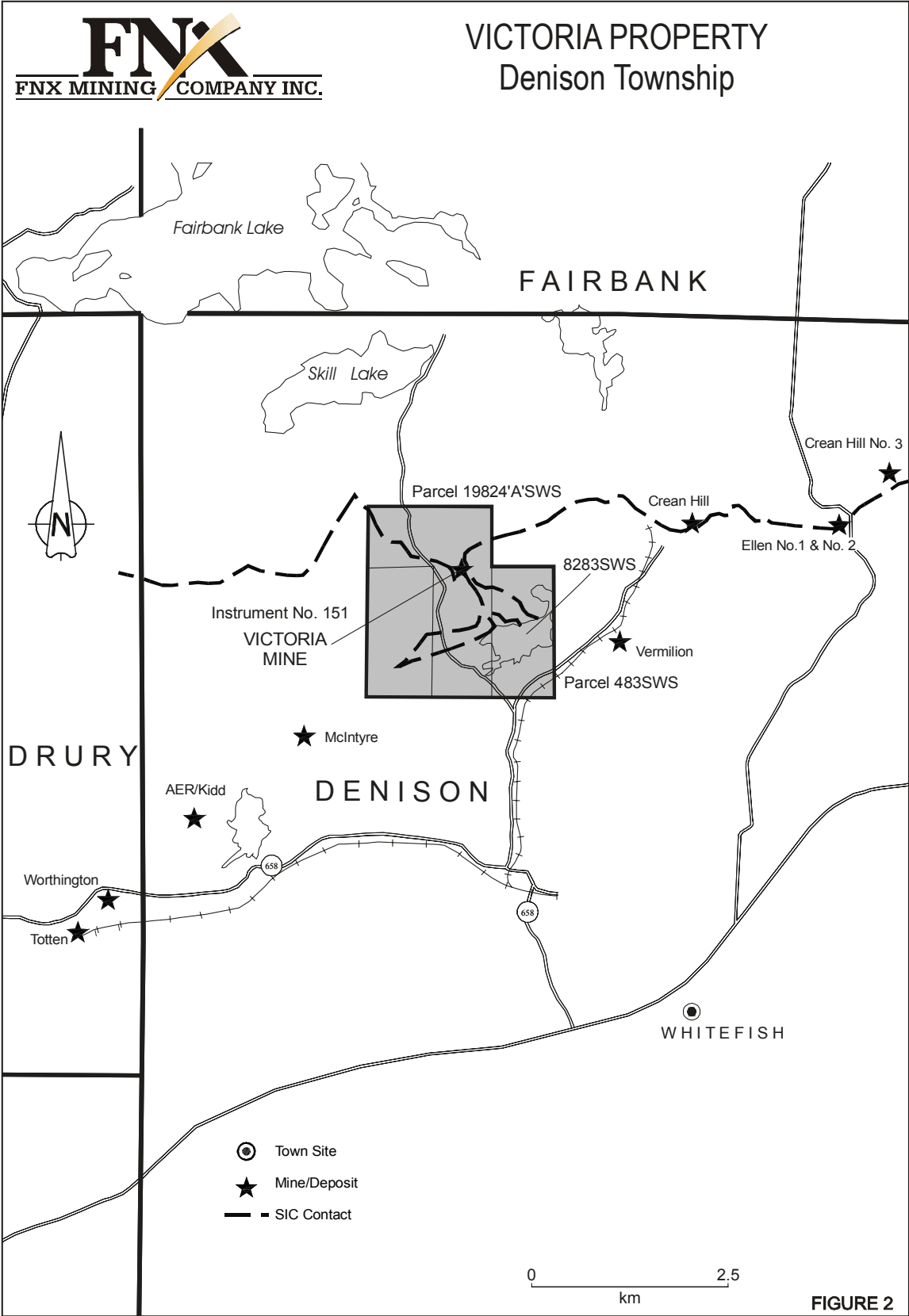
During the period 1945-1964, 175 surface exploration holes were drilled to delineate the Victoria West low-grade zone. The mine was dewatered in 1969 and production resumed in 1973. A total of 649,000 tons of ore averaging 1.26% Cu, 0.83 % Ni, 0.067 oz/ton Pt-Pd-Au was produced between 1973 and 1978 when the mine was closed and flooded. The principal extraction methods at that time were shrinkage and long-hole mining. The total historical production for the Victoria property was **1,543,000 tons grading 2.26% Cu and 1.57% Ni, + TPM.** (Table 1). The TPMs, in the order of + 2 g/t, are extrapolated from the production data for 1973-78.

Infrastructure at Victoria consists of a three-compartment vertical shaft measuring 5.0 ft by 13.5 ft, sunk to a depth of 3000 ft., with development on 18 Levels. Exploration drifts were driven on the 1350 and 3000 ft Levels.

The property has now been abandoned, the underground workings flooded, and the shaft capped. No surface infrastructure remains. Some closure work has been done on the site

under Inco's ongoing environmental reclamation program. The site of the old shaft has been fenced off and grassed over.

FNX has implemented environmental monitoring programs at the property in order to collect the data required to support operational permit applications and define existing environmental liabilities. The on-going surface water monitoring and the aquatic biological assessment conducted in autumn 2002 will promote early compliance with the federal *Metal Mining Effluent Regulations* when mine operation commences. A surface hydrology study has been initiated to focus assessment work, define flow directions at the property and estimate water volumes in the surrounding environment. Surface water, groundwater and biological monitoring programs are being designed and initiated to support an eventual certified Closure Plan submission to the Ministry of Northern Development and Mines. A terrestrial assessment to define any biological values or biological constraints to development at the property has been initiated



6.1.2 Property Geology & Mineralization

The Victoria property is situated at the junction of the SIC and the Worthington quartz diorite offset dyke, approximately 6.5 km northeast of Inco's Totten property. Other mineralized locations are known along the Worthington Offset between the Victoria property and the Totten Mine. Two of these, the adjacent McIntyre deposit and the AER/Kidd Copper property, located 3 km further southwest from the Victoria property, were the objects of small mining operations.

Within the property, both the footwall contact of the SIC and the Worthington Offset dyke dip steeply about the vertical. Both intrude sheared and metamorphosed mafic volcanic and sedimentary rocks of the Stobie Formation. Zones of Sudbury Breccia occur throughout the property as discontinuous lenses. Late quartz diabase and olivine diabase dykes cross-cut all lithologies. Two dominant structural shear directions, one set trending northwest-southeast and the other trending northeast-southwest, have been defined and these control the distribution of mineralization on the property.

The Cu-Ni-PGM sulphide mineralization at the Victoria property is characterized by a complex assemblage of irregular lenses of chalcopyrite, pentlandite and pyrrhotite. The lenses dip and plunge steeply and are typically pipe-like (Figure 3). The complex structural features of the property have caused remobilization of the sulphides and control the lateral extent and dimensions of the mineralization.

6.1.3 Targets

Numerous zones of Cu-Ni-PGM mineralization are present on the Victoria property and four of these, the No. 4 Zone; West Zone; No. 1 West and No. 2 West Zones have been mined or partially mined in the past. In addition to the above, there are several other known mineralized zones on the property which have not been the focus of historical production. These include the Far West Zone, the East Zone, the Dyke Zone, and the newly discovered Powerline Zone. The main focus of the FNX exploration program has been the shallow, previously unmined portions of the No. 1 and No. 2 West Zone, the Far

West zone, and the down-plunge potential of the No. 4 zone. In addition, limited exploration has been completed on the numerous quartz diorite offset dykes bodies on the property, resulting in the discovery of the Powerline Zone in late 2002.

6.1.3.1 **No. 4 Zone**

The **No. 4 Zone** (Figure 4), lies 820 ft east of the Victoria shaft and contains Cu-Ni-PGM bearing sulphides hosted by diorite, quartz diorite, metagabbro and metasedimentary rocks. The zone lies along a southeast striking trend of discontinuous quartz diorite and Sudbury Breccia, which is host to both the West and No.4 zones. The No. 4 zone was mined above 750 ft Level. The possible down dip extension of the No.4 Zone represents an area of 400 by 2200 ft. Two historical drill holes cut the zone immediately below 750 Level and returned the following grades:

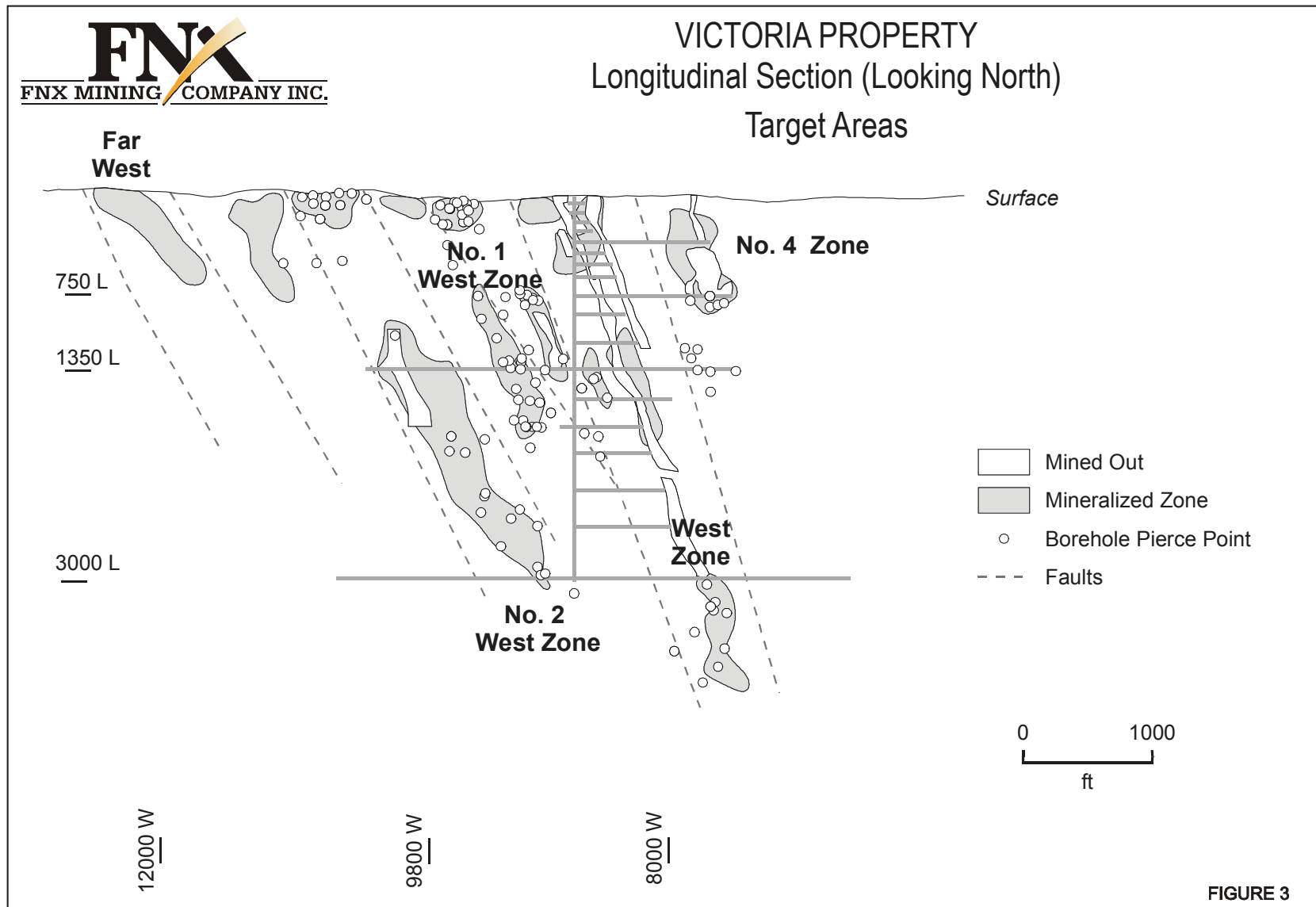
4.69% Cu, 0.42% Ni, 0.30 oz/t TPM over 59.4 ft. in hole 537360

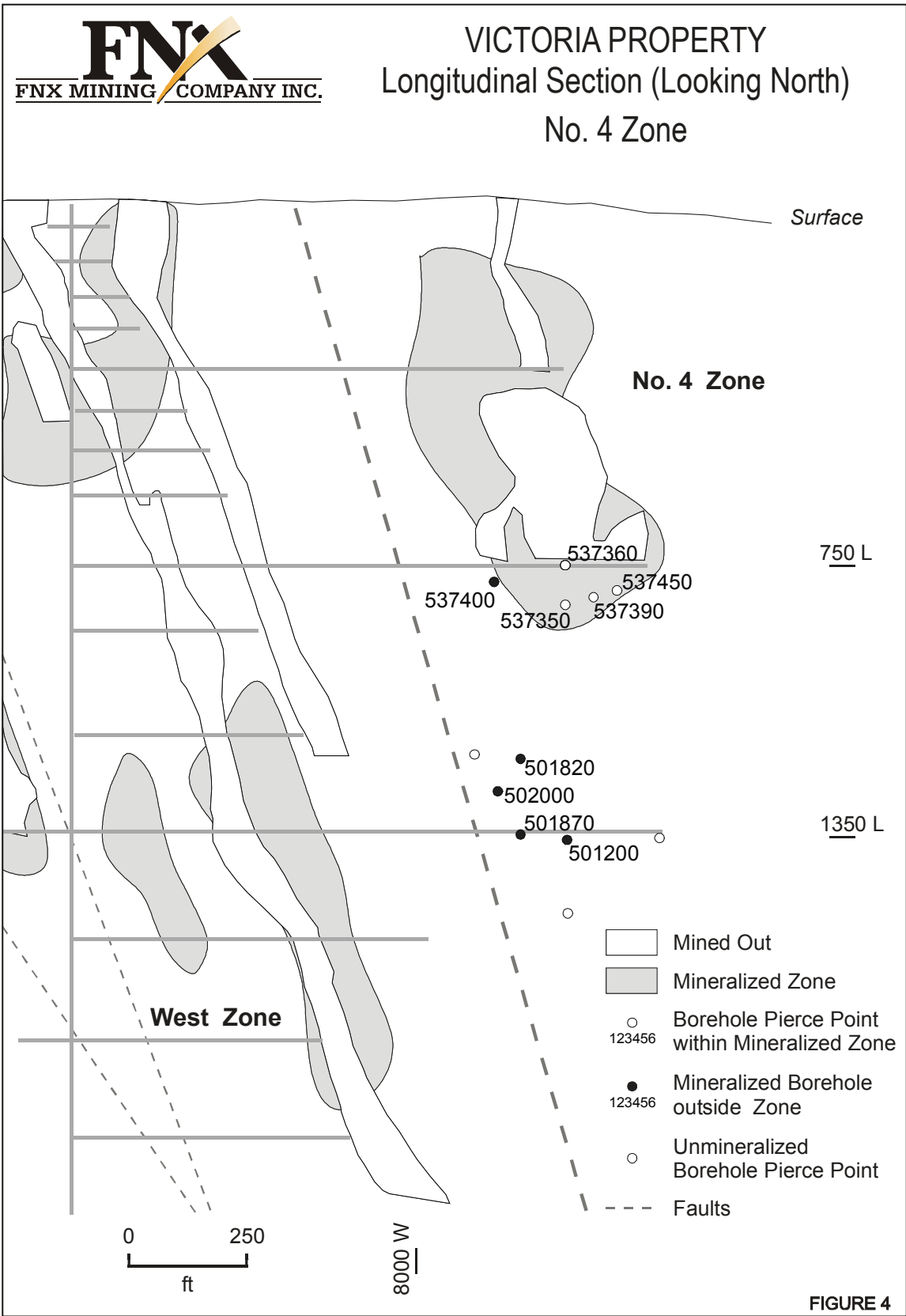
7.11% Cu, 0.23% Ni, 0.96 oz/t TPM over 5.2 ft. in hole 537350 and
approximately 100 ft below the 750ft Level.

To date FNX Mining has drilled four holes in the vicinity of the No 4 Zone (5689.4 ft.) to test the down plunge extension, beneath the known mineralization. Though all holes intersected the prospective stratigraphy, either quartz diorite or Sudbury Breccia, no significant assays were returned. UTEM-4 borehole geophysical surveys were completed on all four holes, with responses from three of the holes indicating conductivity back towards the mined out portion of the No. 4 zone. The interpreted response from the fourth hole (FNX1003), indicates an off-hole anomaly directed further to the south-east, towards an interpreted pinch in the quartz diorite offset dyke. Historical Inco drilling in this area returned two significant intersections as follows:

- **1.57% Cu, 1.19% Ni, 42 g/t TPM over 9.7ft** in drillhole 139420
- **0.78% Cu, 1.07% Ni, 2.5 g/t TPM over 10.5ft** in drillhole 700100

Future exploration within the area of the No. 4 zone will include compilation and 3-D modeling of the Quartz Diorite to the east and follow-up diamond drilling of the off-hole UTEM response in hole FNX1003.





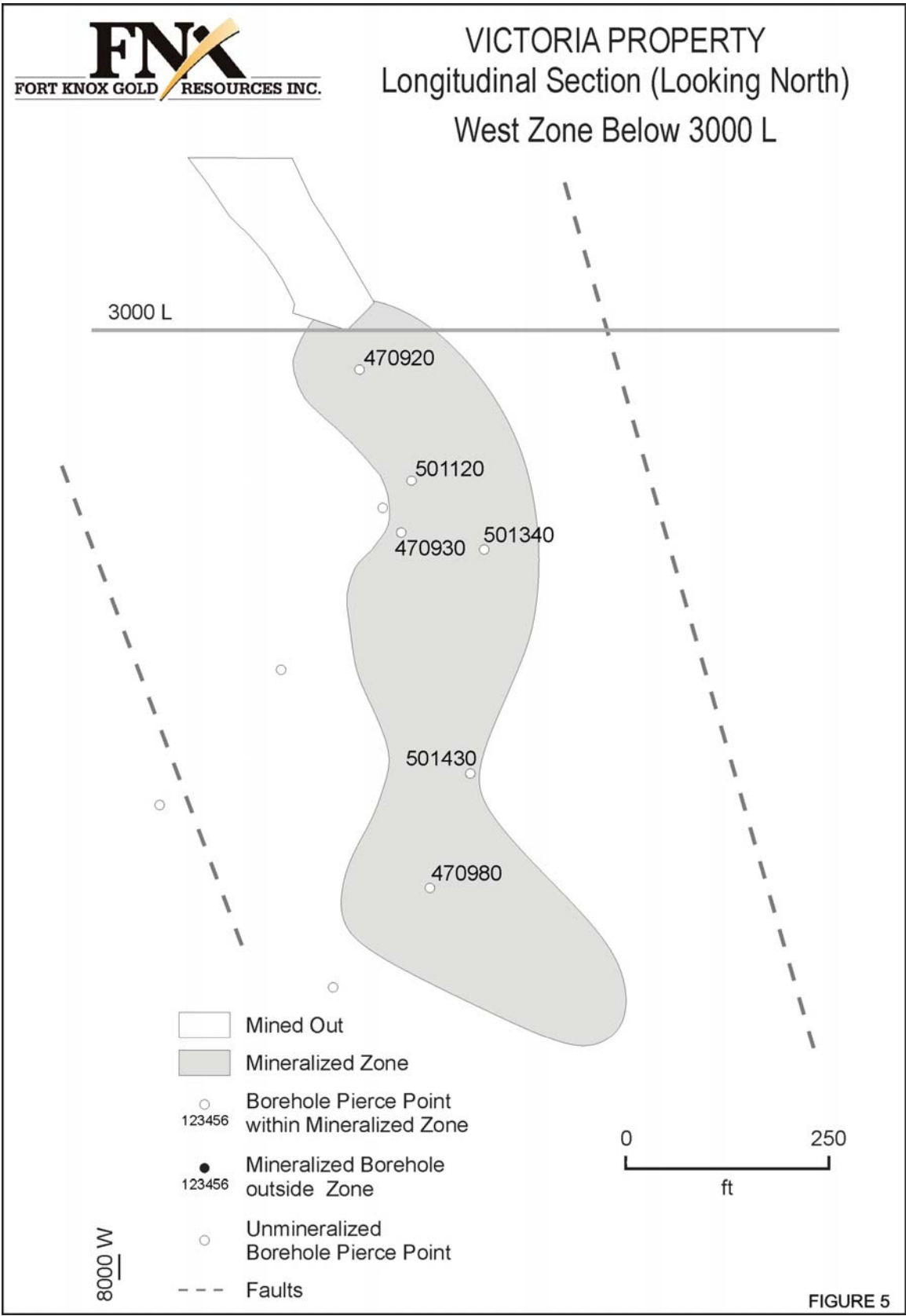
6.1.3.2 **West Zone**

The **West Zone**, (Figure 3), was the focus of previous production at Victoria and was mined to a depth of 3,000 ft. Cu-Ni-PGM sulphide mineralization occurs as structurally controlled massive to inclusion-rich massive sulphide adjacent to the SIC contact and graded assays for representative historic holes drilled below the mined-out area are as follows:

- **2.6% Cu, 1.0% Ni, 3.6 g/t TPM over 5.2 ft** in drillhole 470920
- **1.1% Cu, 0.5% Ni, 1.9 g/t TPM over 18.0 ft** in drillhole 470930
- **2.1% Cu, 1.3% Ni, 4.6 g/t TPM over 21.4 ft** in drillhole 501340

These holes (Figure 5) confirm that the mineralization extends at least a further 700 ft below the 3000 Level. The intersection in DDH 501340 is located some 250 ft below 3000 Level, while the downward continuation of the mineralization to at least 3700 L was confirmed by drillhole 470980. These holes are widely spaced and more detailed drilling is required to further explore this zone.

Surface exploration drilling and borehole UTEM-4 is recommended to test the down-plunge extension of the West Zone.



6.1.3.3 **No. 1 West Zone**

The **No.1 West Zone**, (Figures 3 & 6), is located 330 ft. west of the Victoria shaft and consists of a structurally controlled, steeply plunging, zone of Cu-Ni sulphides. The zone has been traced from surface to approximately the 2000 Level where it is still open to depth.

The zone may be best divided into shallow and deep sections. Both sections have been explored primarily by diamond drilling from both surface and underground with a drift on the 1350 Level serving as a drilling platform for the deeper section (Figure 6).

6.1.3.3.1 **No. 1 West Zone – Shallow**

Historical drillholes 244390 and 251770, intersecting good values in Cu, Ni and Total Precious Metals, demonstrate the potential of this near surface zone.

- **0.5% Cu, 0.8% Ni, over 74.2 ft** in drillhole 62110
- **0.4% Cu, 0.8% Ni, over 49.0 ft** in drillhole 527940

FNX Mining completed 20 diamond drillholes, totalling 6,087ft. within the shallow part of the No. 1 West Zone. The drilling was completed on approximately 50ft centers and the assay results are presented in Table 4. Assay results are consistent with historical Inco drilling and have defined the mineralization over a 350ft strike length and down to the -200ft vertical level, including a thicker core with 100-150ft strike length. Intersections from the core of the zone include:

- **0.6% Cu, 0.8% Ni, 2.7 g/t TPM over 90.7 ft** in hole FNX1075
including **0.8% Cu, 1.9% Ni, 9.6 g/t TPM over 17.4 ft**
- **0.8% Cu, 0.7% Ni, 1.9g/t TPM over 68.0 ft** in hole FNX1074

FIGURE 6

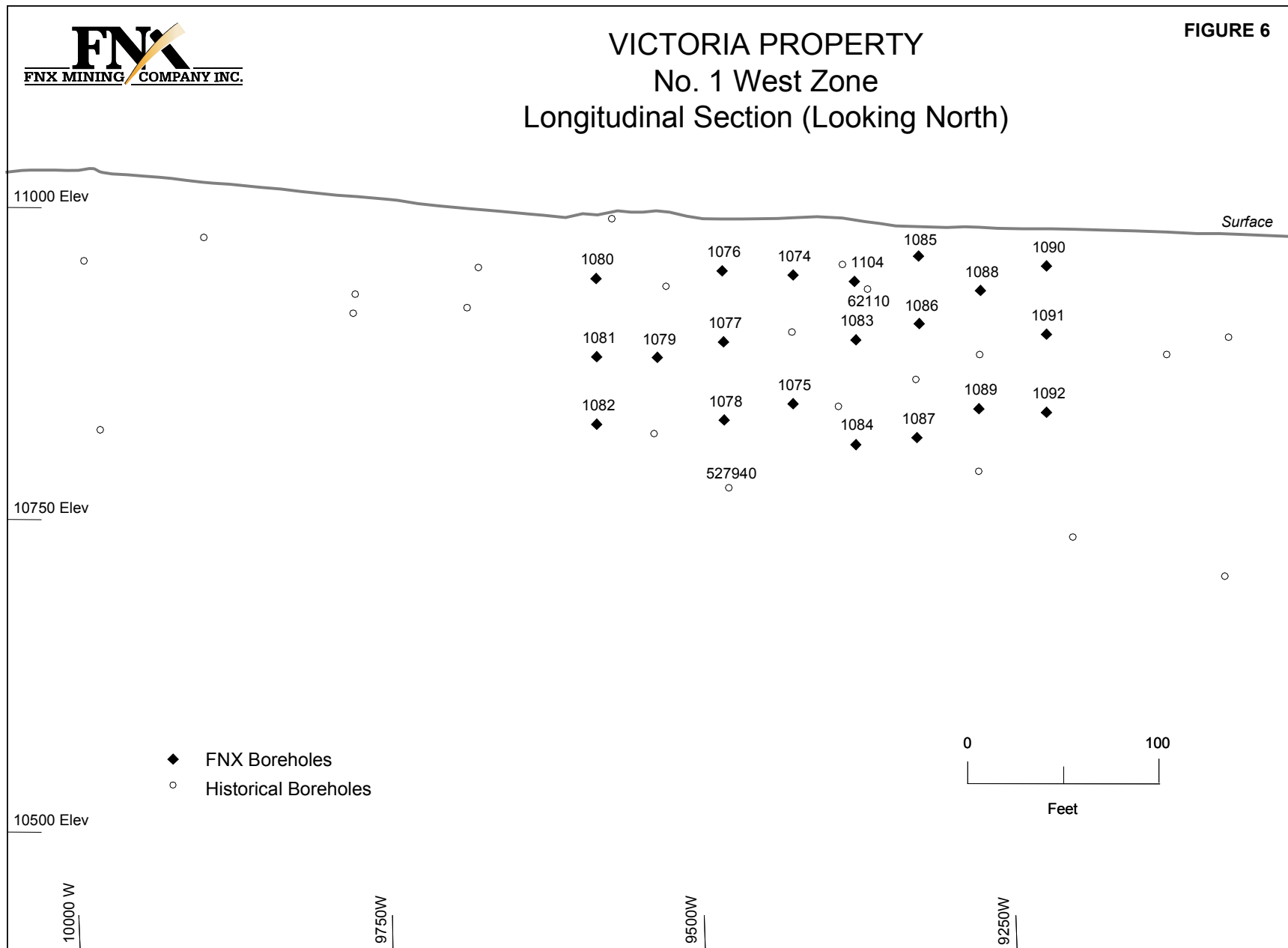


Table 4: No. 1 West Zone - Shallow

DDH		Feet			%		TPM
		FROM	TO	LENGTH	Cu	Ni	g/t
FNX1104		64.00	129.60	65.60	0.52	0.61	0.97
	incl.	97.00	129.60	32.60	0.54	0.71	1.46
FNX1074		28.00	96.00	68.00	0.76	0.72	1.89
	incl.	61.00	96.00	35.00	0.56	0.88	1.69
FNX1075		121.30	212.00	90.70	0.57	0.77	2.68
	incl.	140.00	187.00	47.00	0.79	1.08	4.36
	incl.	165.00	182.40	17.40	0.79	1.88	9.57
FNX1076		89.60	109.10	19.50	0.26	0.64	0.60
FNX1077		132.10	136.00	3.90	0.11	0.47	0.30
FNX1078		117.10	136.40	19.30	0.38	0.59	1.21
FNX1079		104.00	144.20	40.20	0.56	0.67	1.58
	incl.	124.00	144.20	20.20	0.60	0.79	2.47
FNX1080		122.00	156.10	34.10	0.51	0.51	1.93
	and	179.75	187.00	7.25	0.64	0.89	2.60
FNX1081		258.00	274.00	16.00	0.17	0.23	1.37
FNX1082		248.00	258.00	10.00	0.23	0.26	0.26
FNX1083		138.60	201.00	62.40	0.45	0.41	1.72
	incl.	160.00	201.00	41.00	0.48	0.43	2.24
	incl.	160.00	178.80	18.80	0.77	0.45	3.04
FNX1084		158.00	208.00	50.00	0.69	0.66	0.82
FNX1085		56.00	63.80	7.80	0.34	0.56	0.73
FNX1086		116.00	151.00	35.00	0.44	0.59	1.03
FNX1087		214.25	262.00	47.75	0.73	0.72	1.51
FNX1088		85.60	93.00	7.40	0.30	0.83	0.73
FNX1089		184.20	200.00	15.80	0.59	0.61	1.11
FNX1090		158.35	161.35	3.00	0.31	0.51	0.60
FNX1091		195.90	200.00	4.10	0.40	0.62	1.34
FNX1092		217.10	223.35	6.25	0.55	1.07	1.41

Future work on the shallow No.1 West zone will include detailed 3-D modeling and resource estimation.

6.1.3.3.2 No. 1 West Zone – Deep

The results from historic drilling the deeper part of this zone show significant mineralization over substantial intersection lengths and holes demonstrating potential are as follows:

- **1.56% Cu, 2.55% Ni, 0.16 oz/t TPM over 20.4 ft** in drillhole 501300
- **0.68% Cu, 0.51% Ni, 0.01 oz/t TPM over 14.9 ft** in drillhole 537920
- **0.89% Cu, 0.19% Ni, 0.21 oz/t TPM over 11.4 ft** in drillhole 615550

These intersections suggest the presence of a mineralized envelope within which local higher values are present and it should be noted that drillhole 615550 is open down dip. Though FNX has not tested this Zone, the zone warrants additional exploration drilling, as it appears to be open down dip and down plunge towards the 3000 ft Level

Analogies with other deposits along the Worthington Offset suggest that significant PGM mineralization could occur at increased depth in this geological environment.

6.1.3.4 **No.2 West Zone**

The **No.2 West Zone**, (Figures 3 & 7), is adjacent to and some 400 ft. west of the No.1 West Zone.

The mineralization in the No. 2 West zone consists of variable widths of blebby to locally massive sulphides hosted within sublayer norite, forming an overall low grade envelope within the sublayer. Within this a discontinuous zone of higher grade stringer to massive sulphide occurs near the base of the sublayer, at the contact with the footwall mafic volcanic rocks. These semi-massive to massive zones are subvertical, steeply plunging lenses, commonly occurring near the intersection of the southwest-northeast trending shears and the SIC-Footwall contact. The No. 2 West zone is similar to the No. 1 West zone in that historically, a shallow, near-surface, zone has been outlined by drilling. Part of the deeper section has been mined from the 1300 L and drilling has shown the zone to extend to the 3000 L where it is still open.

Historic drill intersections demonstrating the potential of this near surface part of the #2 West Zone include

- **1.09% Cu, 0.58% Ni over 16.5 ft** in drillhole 92030
- **1.98% Cu, 0.58% Ni, 2.5 g/t TPM over 19.6 ft** in drillhole 244280
- **1.35% Cu, 1.09% Ni, 4.2 g/t TPM over 24.1 ft** in drillhole 994070

Since commencement of the FNX exploration program in March 2002, 77 holes (32,479 ft.) have been completed with the main objective being to assess the potential of the near surface portion of the No. 2 West zone. The zone has been drilled on approximately 50 ft. centers over a strike length of 900 ft and down to the 200 ft vertical level. Drilling by FNX has outlined a broad envelope of low grade mineralization with a high grade, Cu, Ni, PGM- rich, massive core. The assay result from all of FNX's drilling on the No. 2 West zone are given in Table 7. Examples of significant intersections within the massive core include:

3.12% Cu, 2.03% Ni, 4.11 g/t TPM over 44.4 ft in hole FNX1046

0.7% Cu, 2.0% Ni, 2.0 g/t TPM over 53.2 ft in hole FNX1043

1.5% Cu, 1.1% Ni, 3.2 g/t TPM over 50.0 ft in hole FNX1073

The massive core of the zone was extended down-plunge, to the 800 ft vertical level, within 400 ft of the previously mined portion of the No. 2 West zone. The combination of the historical and current drill results is enhancing the open pit possibilities of this Zone. Geological interpretation and detailed 3-D modeling are being completed in preparation for resource estimation.

FIGURE 7



Table 5 : No.2 West Zone - Shallow

BHID		Feet			%		g/t
		FROM	TO	LENGTH	Cu	Ni	TPM
FNX1006		35.80	86.00	50.20	0.67	0.71	1.36
FNX1007		86.00	151.90	65.90	0.51	0.71	1.28
FNX1008		108.70	149.50	40.80	0.50	0.78	2.20
FNX1009		171.70	180.50	8.80	0.29	1.99	1.61
FNX1010		266.50	278.20	11.70	0.65	0.85	2.01
FNX1011		114.70	119.00	4.30	0.23	0.18	0.44
FNX1012		236.65	284.50	47.85	0.41	1.01	2.05
	incl.	236.65	264.90	28.25	0.29	1.51	1.49
FNX1013		364.30	398.40	34.10	1.28	0.95	2.93
FNX1014		110.00	121.70	11.70	0.57	0.74	0.63
FNX1015		161.70	206.00	44.30	1.03	1.29	4.04
FNX1016		65.07	82.55	17.48	0.84	0.62	0.47
		113.30	123.40	10.10	0.20	0.69	2.23
		267.50	299.00	31.50	1.13	2.09	4.50
FNX1017		220.50	266.00	45.50	1.27	1.65	2.26
FNX1018		86.40	89.35	2.95	1.29	2.48	5.06
		106.10	110.60	4.50	0.56	1.08	2.36
FNX1019		68.60	120.85	52.25	0.75	1.41	1.69
FNX1019		150.00	169.75	19.75	0.43	0.69	1.33
FNX1021		64.50	84.10	19.60	0.38	1.44	2.04
		225.00	232.90	7.90	0.65	0.52	1.59
FNX1022		65.40	80.75	15.35	0.08	0.58	0.40
FNX1023		179.00	188.20	9.20	0.37	2.09	1.55
		222.20	232.70	10.50	1.10	0.50	1.36
		242.20	266.85	24.65	0.48	0.56	1.07
FNX1024		193.00	203.00	10.00	0.30	0.97	0.73
		253.50	290.15	36.65	0.62	1.36	10.78
FNX1025		139.50	151.30	11.80	1.40	0.38	1.89
FNX1027		31.00	59.55	28.55	0.51	0.88	1.40
FNX1028		129.50	166.25	36.75	0.85	1.14	1.43
FNX1029		172.45	206.00	33.55	0.96	1.33	1.00
		195.10	206.00	10.90	0.98	2.78	1.38
FNX1030		269.50	297.00	27.50	0.83	1.75	3.53
FNX1031		149.30	157.00	7.70	0.40	0.76	0.73
		187.00	200.35	13.35	0.86	2.03	1.55
FNX1032		194.50	218.30	23.80	0.20	0.58	0.32
		255.00	268.60	13.60	0.58	2.30	1.62
		261.75	268.60	6.85	0.98	3.94	2.68
FNX1033		89.20	104.75	15.55	0.54	0.99	1.51
		113.00	131.25	18.25	0.64	1.69	2.42
FNX1034		133.00	156.00	23.00	0.28	1.56	1.81
FNX1035		196.20	209.00	12.80	0.69	0.87	0.51
		238.00	259.80	21.80	0.66	1.11	1.09
FNX1036		189.00	198.00	9.00	0.30	0.68	0.38

BHID		Feet			%		g/t
		FROM	TO	LENGTH	Cu	Ni	TPM
		272.40	276.40	4.00	0.34	1.26	1.08
FNX1037		113.00	122.70	9.70	0.72	0.86	0.67
		153.00	176.35	23.35	0.29	0.71	1.11
FNX1038		141.30	149.00	7.70	1.11	0.85	0.66
		177.90	183.90	6.00	0.20	0.53	1.00
FNX1039		162.00	167.00	5.00	0.52	0.91	0.42
		221.70	228.70	7.00	0.20	0.59	0.91
FNX1040		74.70	79.00	4.30	0.41	0.57	0.42
		116.80	117.65	0.85	0.99	1.44	1.71
		133.70	142.40	8.70	0.46	0.55	1.59
FNX1041		224.20	227.80	3.60	0.23	2.42	2.02
FNX1042		253.50	263.00	9.50	0.56	0.63	0.60
FNX1043		109.00	136.00	27.00	0.57	0.87	0.61
		155.90	191.80	35.90	0.46	1.13	1.39
		207.00	260.20	53.20	0.68	2.03	2.03
FNX1044		422.90	444.70	21.80	0.40	0.72	1.40
		527.00	556.40	29.40	2.03	2.29	5.40
FNX1045		464.50	489.65	25.15	0.52	1.11	2.05
FNX1046		548.85	593.20	44.35	3.12	2.03	4.11
FNX1047		100.90	115.00	14.10	0.65	0.80	0.53
		167.70	173.50	5.80	2.56	1.71	2.82
FNX1048		160.00	184.80	24.80	0.48	0.78	0.37
		242.50	249.00	6.50	1.06	0.63	0.98
FNX1049		78.40	91.25	12.85	0.43	1.60	1.76
FNX1050		120.25	141.00	20.75	0.86	0.66	0.83
FNX1051		138.00	148.00	10.00	0.43	0.46	0.18
FNX1051		203.20	205.70	2.50	0.19	5.77	3.20
FNX1052		159.00	175.80	16.80	0.49	0.72	0.50
		221.00	226.00	5.00	0.20	0.51	1.14
FNX1053		99.00	129.00	30.00	0.55	0.77	0.52
		300.80	319.00	18.20	0.31	0.66	1.16
FNX1053		355.20	362.90	7.70	0.80	2.57	3.05
FNX1054		394.80	439.05	44.25	0.66	1.06	1.62
		540.20	542.20	2.00	0.50	1.34	4.30
FNX1055		382.00	404.00	22.00	2.77	1.03	8.07
FNX1057		293.90	303.00	9.10	0.30	1.36	0.46
		346.00	375.20	29.20	0.69	1.27	2.35
FNX1059		662.00	686.30	24.30	0.85	0.57	4.47
FNX1060		150.00	181.00	31.00	0.89	0.77	1.71
		245.00	274.80	29.80	0.81	1.27	1.26
		394.00	410.00	16.00	0.60	0.93	1.57
FNX1061		636.00	662.00	26.00	0.54	1.06	1.57
		712.00	742.60	30.60	1.71	0.57	1.90
FNX1062		487.35	509.20	21.85	0.33	1.19	1.33
FNX1063		696.00	707.35	11.35	0.20	1.41	1.92
FNX1064		480.00	483.00	3.00	0.68	2.68	1.62

BHID		Feet			%		g/t
		FROM	TO	LENGTH	Cu	Ni	TPM
		539.40	549.00	9.60	0.34	0.44	4.31
FNX1065		278.00	287.00	9.00	1.07	1.49	1.14
		387.85	421.00	33.15	0.78	0.83	1.96
FNX1066		273.00	304.20	31.20	0.42	0.63	1.31
FNX1067		831.60	898.60	67.00	1.12	0.62	5.46
FNX1068		153.00	186.00	33.00	0.52	0.45	0.28
		221.70	226.45	4.75	0.75	0.69	1.38
FNX1069		56.50	75.00	18.50	0.51	0.50	0.36
		95.00	98.70	3.70	0.77	0.62	0.81
FNX1070		56.20	81.20	25.00	0.41	0.44	0.20
		123.00	144.80	21.80	0.71	1.88	0.87
FNX1071		251.00	278.40	27.40	0.32	1.41	0.62
FNX1072		12.20	26.00	13.80	0.57	0.71	0.40
		46.50	74.00	27.50	0.75	1.52	0.55
FNX1073		798.00	843.75	45.75	0.79	0.64	2.70
		909.05	959.00	49.95	1.50	1.05	3.23
FNX1093		34.00	58.00	24.00	0.28	0.33	0.15
		204.00	208.00	4.00	1.21	2.42	0.86
FNX1094		58.40	72.60	14.20	0.67	0.65	0.45
FNX1095		93.50	114.00	20.50	0.67	0.96	0.95
		180.40	189.00	8.60	0.82	1.19	1.13
FNX1096		290.10	293.80	3.70	1.00	0.94	1.09
FNX1097		851.00	867.60	16.60	1.94	0.89	3.75
		918.00	933.00	15.00	1.05	0.94	2.44
FNX1098		117.00	121.10	4.10	0.61	0.62	0.46
		159.85	167.00	7.15	0.38	0.62	0.69
		182.00	192.50	10.50	0.28	1.18	0.50
FNX1099		147.00	159.00	12.00	0.46	1.14	0.35
		185.00	207.10	22.10	0.48	0.74	0.83
		243.50	258.40	14.90	0.44	1.21	1.22
FNX1100		66.40	84.60	18.20	0.68	0.67	0.74
FNX1101		131.00	141.85	10.85	0.48	0.50	0.39
		172.70	191.00	18.30	0.33	1.34	2.64
FNX1102		60.90	80.35	19.45	0.42	0.58	0.27
FNX1103		185.00	190.00	5.00	0.28	0.98	0.47

Historic drilling has tested the No. 2 West Zone to below the 3000 L (Figure 3) and two holes demonstrate the potential of this deep part of the zone.

- **2.03% Cu, 0.35% Ni, 1.6 g/t TPM over 34.6 ft** in hole 615170 at the 1900 L
- **1.11% Cu, 0.66% Ni, 3.6 g/t TPM over 162.7 ft** in hole 92230 immediately below the 3000 L

6.1.3.5 Far West Zone

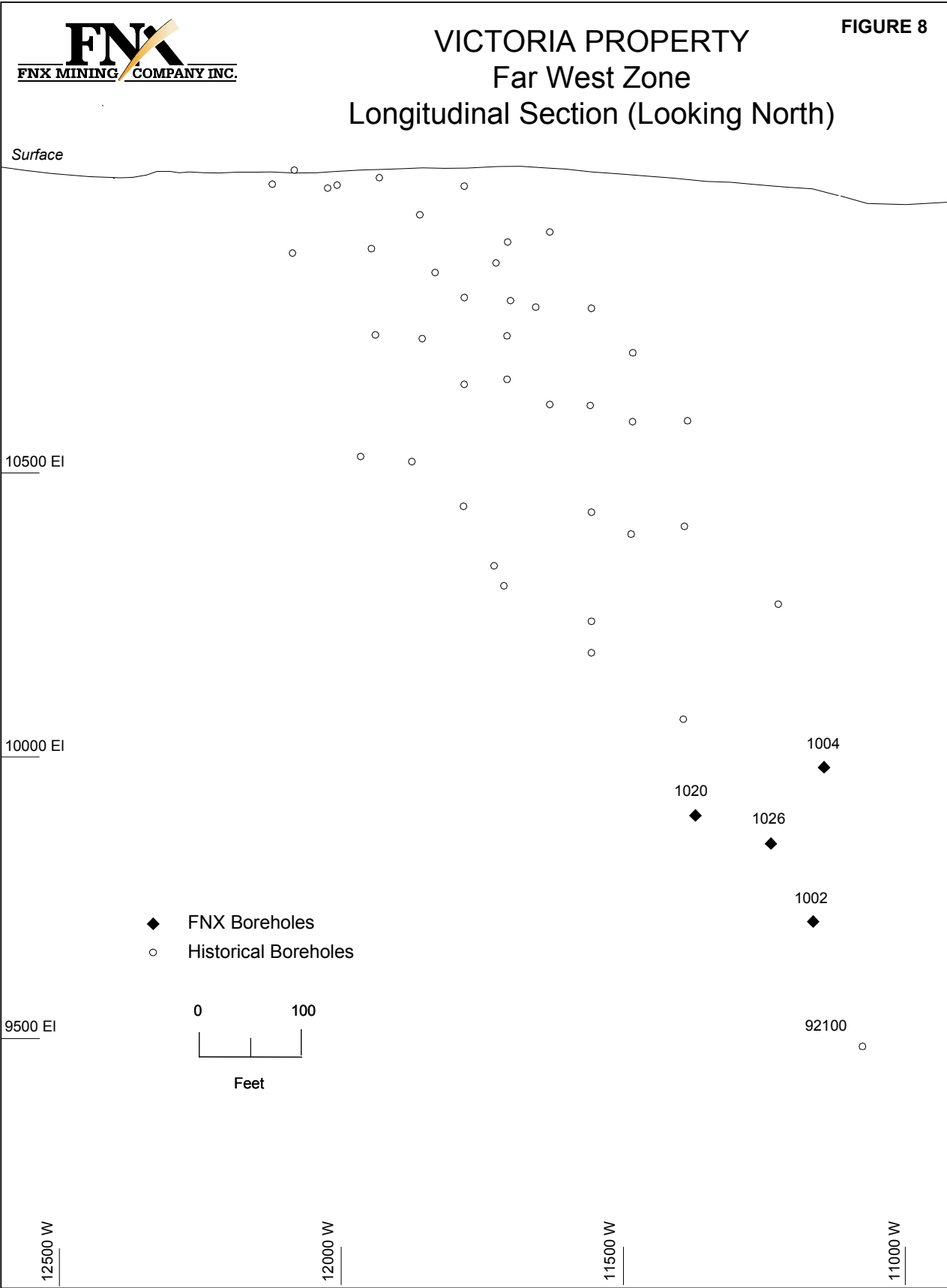
Historical drilling by Inco on the Far West zone identified significant widths of low grade Cu-Ni mineralization within sublayer rocks at the contact of the Sudbury Igneous Complex. As part of the 2002 FNX exploration program, 4 holes were drilled on the down-plunge trend of the historical drilling to explore for a higher grade core within the low grade sulphide zone. Results are summarized in Table XX. Mineralized intervals of similar width to those reported from historical drilling were intersected:

0.34% Cu, 0.43% Ni, 0.22 g/t TPM over 250ft in hole FNX1002
including **1.2% Cu, 1.1% Ni, 0.7 g/t TPM over 9.7 ft**

However, no high-grade or massive sulphide zones of economic significance are indicated from the FNX drilling. Borehole UTEM surveys were completed and the responses indicate a broad zone of weak conductivity.

Table 6: Far West Zone – Assay Results

BHID		Feet			%		g/t
		FROM	TO	LENGTH	Cu	Ni	TPM
FNX1002		1347.00	1597.00	250.00	0.34	0.43	0.22
	incl.	1347.00	1537.00	190.00	0.42	0.50	0.25
	incl.	1527.30	1537.00	9.70	1.22	1.09	0.70
FNX1004						nsa	
FNX1020						nsa	
FNX1026		1353.00	1516.00	163.00	0.57	0.58	0.36
	incl.	1456.60	1469.55	12.95	0.72	1.71	0.11



6.1.3.6 Powerline Deposit

The Powerline Deposit is a new discovery made by FNX Mining in 2002. The zone is located approximately 1,100 ft south of the No. 4 Zone at the western termination of an east-west striking quartz diorite body. The mineralization is associated with a narrowing of the host quartz diorite Offset Dyke where the wallrocks of the dyke comprise zones of intensely sheared Sudbury Breccia. The zone is located near a major electrical powerline which interferes with geophysical surveys. However, detailed analysis of the AeroTEM airborne survey conducted by FNX in early 2002, indicated the presence of a substantial conductive body at depth near the powerline. Historical work completed in the vicinity of the Powerline Deposit, consisted of trenching, shallow drilling and a shallow exploration adit which intersected narrow zones of stringer to disseminated mineralization.

Near surface drilling by FNX in 2002 intersected similar lower grade, stringer sulphide mineralization above the 100 ft level. Deeper drilling on the zone (>100 ft) resulted in the discovery of high-grade, massive to semi-massive sulphide mineralization extending to depth. Results are given in Table 7. The high grade core of the zone returned the following assays:

- **6.7 % Cu, 1.3% Ni, 13.3 g/t TPM over 42.3 ft** in hole FNX1113
including **7.7% Cu, 1.5% Ni, 15.5 g/t TPM over 35.8ft.**
- **4.6 % Cu, 1.6% Ni, 9.1 g/t TPM over 23.9 ft** in hole FNX1114

Detailed geological interpretation, 3-D modeling and borehole UTEM surveys have been completed to guide the subsequent drilling on the Powerline Zone. The mineralization has been defined down-plunge for approximately 600 ft where it is structurally offset by an olivine diabase dyke within a fault zone.

Future work on the Powerline Deposit will include exploration for the possible fault displaced extension of the zone as well as detailed 3-D modeling and resource estimation.



VICTORIA PROPERTY
Powerline Deposit
Longitudinal Section (Looking South West)

FIGURE 9

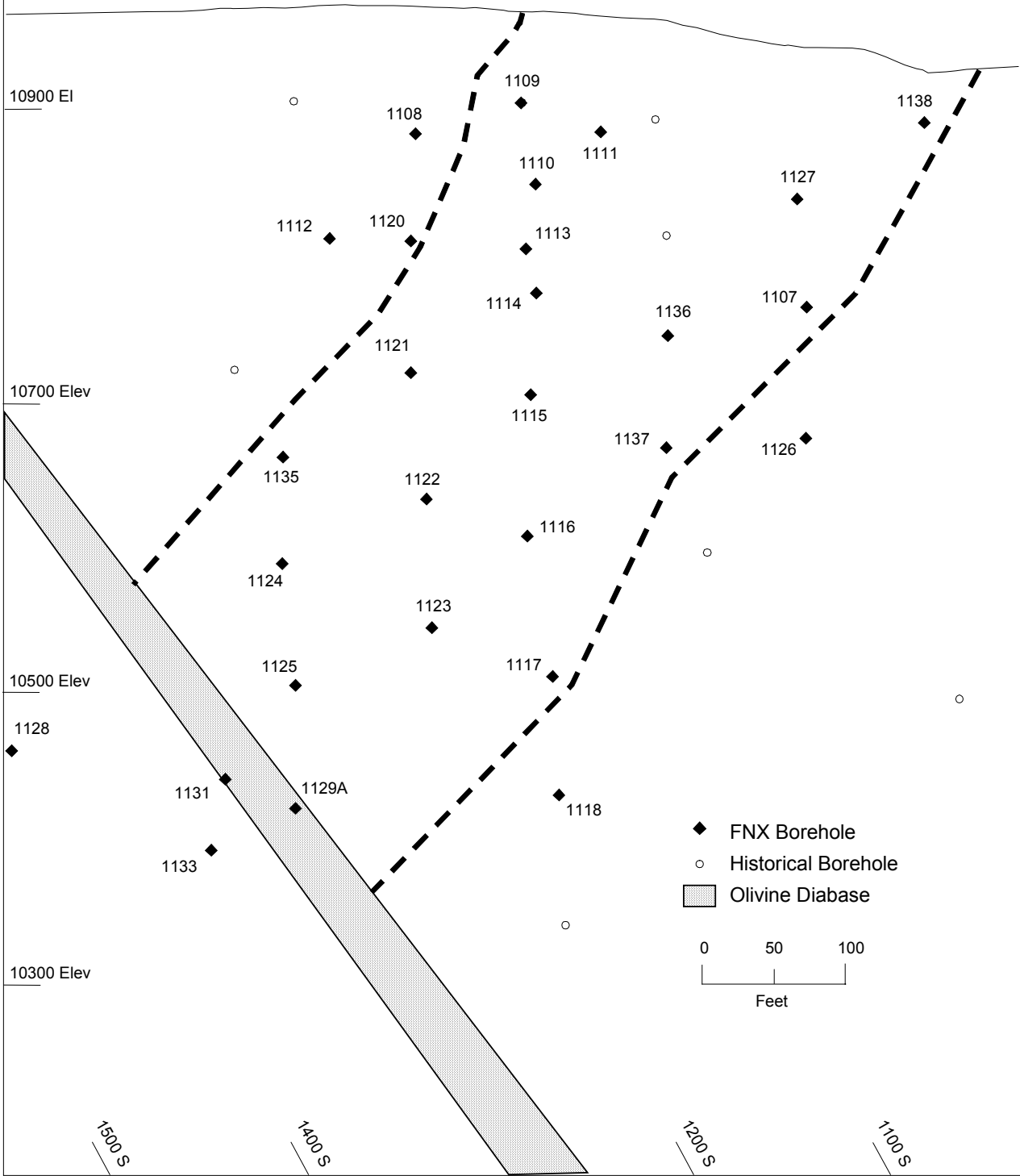


Table 7 : Powerline Deposit – Graded Assays

BHID		Feet			%		g/t
		FROM	TO	LENGTH	Cu	Ni	TPM
FNX1107		215.85	226.70	10.85	1.28	0.93	2.58
FNX1108		147.60	152.85	5.25	0.01	0.00	0.04
FNX1109		94.55	121.30	26.75	0.86	0.47	2.22
	and	140.90	145.00	4.10	0.65	0.76	1.80
	and	162.40	168.80	6.40	0.58	0.59	0.98
	and	184.85	186.60	1.75	1.62	0.96	3.52
FNX1110		128.50	210.80	82.30	1.54	0.81	2.00
	incl.	128.50	147.15	18.65	0.56	1.64	5.02
	and	160.45	175.60	15.15	2.27	1.36	2.08
	and	178.70	210.80	32.10	2.36	0.47	1.14
FNX1111		144.35	168.80	24.45	1.02	0.42	3.71
FNX1112		274.00	279.10	5.10	0.41	0.65	4.60
FNX1113		212.25	254.55	42.3	6.74	1.31	13.25
	incl.	212.25	248.00	35.75	7.72	1.51	15.50
FNX1114		219.80	243.70	23.90	4.59	1.59	9.13
FNX1115		310.35	318.75	8.40	2.88	1.79	7.94
FNX1116		360.20	372.30	12.10	1.06	1.07	3.65
FNX1117		472.10	477.00	4.90	1.88	0.72	2.51
FNX1118		565.71	571.00	5.29	0.02	0.00	0.04
FNX1120		278.40	282.00	3.60	2.60	0.40	1.68
FNX1121		317.10	336.50	19.40	1.37	0.78	2.09
FNX1122		369.80	392.80	23.00	2.28	0.80	3.82
FNX1123		475.90	477.40	1.50	1.35	0.84	3.92
	and	486.00	487.10	1.10	0.47	1.03	6.53
FNX1124		443.75	452.80	9.05	0.97	0.95	2.33
FNX1125		509.35	518.00	8.65	1.74	1.23	2.38
FNX1126		268.15	269.60	1.45	1.81	0.32	1.36
FNX1127		80.05	82.20	2.15	1.08	1.10	1.49
FNX1127	and	106.00	111.70	5.70	0.76	0.38	0.85
FNX1128		646.80	647.40	0.60	0.09	0.01	0.05
FNX1129		568.14	570.55	2.41	0.00	0.00	0.00
FNX1131		715.97	718.25	2.28	0.00	0.00	0.00
FNX1133		709.59	709.84	0.25	0.00	0.00	0.00
FNX1135		384.20	387.50	3.30	2.64	0.84	6.40
FNX1136		232.75	233.70	0.95	1.34	0.32	1.70
FNX1137		289.25	290.60	1.35	6.22	0.47	1.83

6.1.4 Recommended Work Program and Budget

As noted above the Victoria property is in-board from the Totten deposit which is also on the Worthington Offset dyke. A new deposit with published resources in excess of 10 million tonnes and grading approximately 2.0% Cu; 1.5% Ni and 4.8 g/t PGM has been announced by Inco. It is anticipated that the announced resources will be increased significantly. The important point of this analogy is that this new deposit has been found below and adjacent to an older deposit which was mined during the 1960s.

The 2003 exploration program at Victoria will focus on the extensive, under explored, quartz diorite Offset Dyke environment. In addition to continued exploration on the Powerline Zone, there are several other Offset Dyke related quartz diorite bodies which have received limited drilling in the past. Of particular interest is the continuation of the offset dyke southeast of the No.4 Orebody. FNX drilling near the No. 4 zone has identified a UTEM anomaly, coincident with significant mineralization intersected in historical drillholes within this southeastern extension. 3-D modeling of these bodies has helped to identify potential exploration targets. Selected historical INCO drillholes will be located and surveyed with downhole EM methods. This will detect conductive bodies that are located near the historical drilling and help to focus exploration efforts in these areas.

A budget of \$1.4 million has been approved for the 2003 Victoria exploration program.

6.2 **McCreedy West Mine Property**

6.2.1 Location, History, Infrastructure & Environment

The McCreedy West Mine project area, (Figure 1), comprising 804.24 acres (325.4 ha) of mining rights contained in seven mining patents, is located 34 km northwest of Sudbury in Levack Township (Figure 8). Road access is excellent and the site is served by an active rail spur.

The Mond Nickel Company purchased the McCreedy West (formerly Levack West) property in 1913 and Inco acquired the property in 1929 following the merger with Mond. In 1939 surface diamond drilling discovered the Main zone. In 1970 development of the access ramp from surface and the haulage drift from Levack 1600 Level was initiated. Mining of the orebodies commenced in 1974, and production came from the Upper Main, Middle Main, Lower Main and Footwall orebodies. Production to 1998 totaled **15,758,000 tons** averaging **1.70% Cu, 1.44% Ni, 1.3 g/t TPM**.

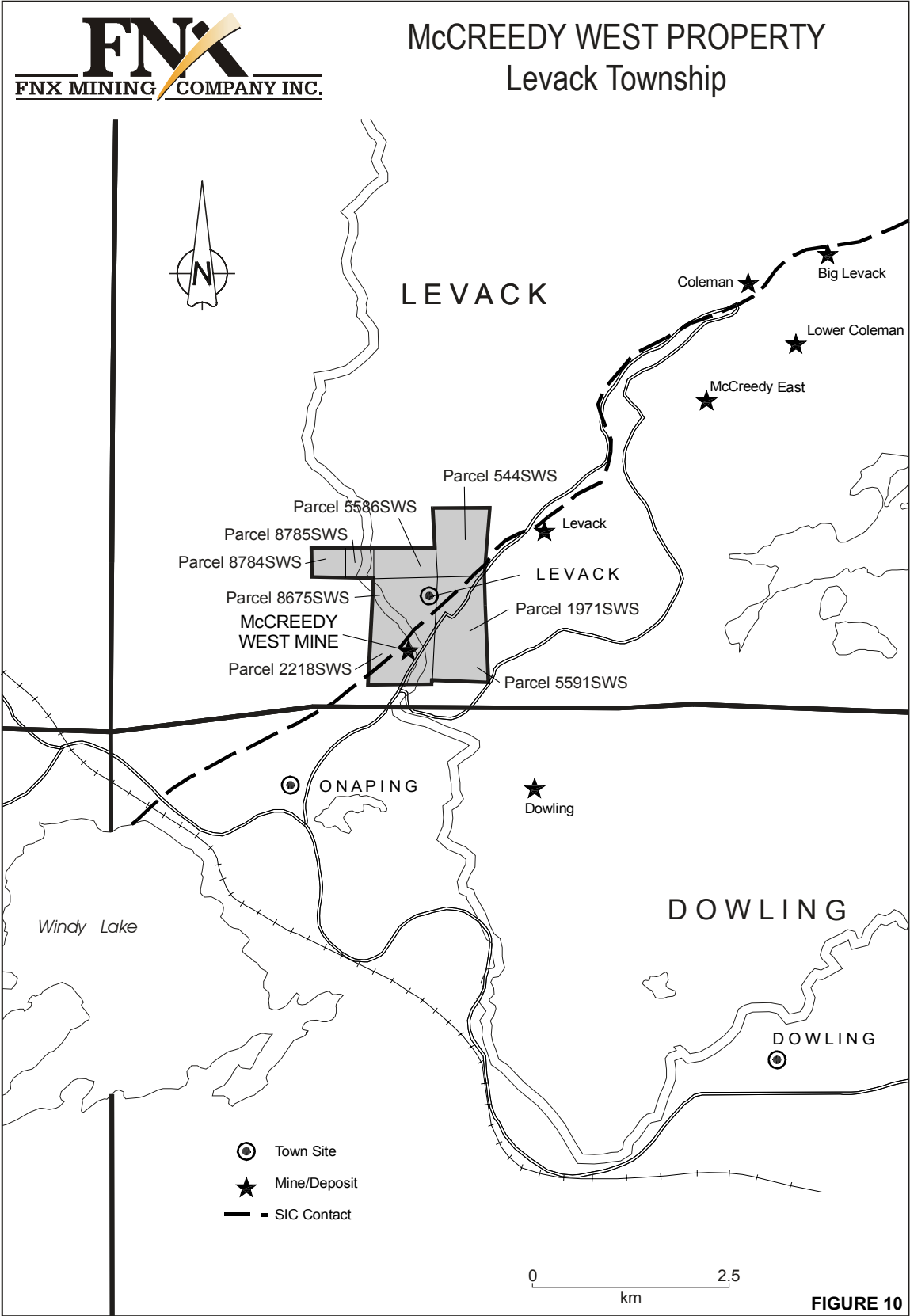
During the last two years of production, mining of the high grade Cu-PGM-Au-Ni veins of the 700 Footwall Vein Complex was initiated, yielding 40,965 tons grading 5.35% Cu, 0.56% Ni and 4.0 g/ton TPM. This operation was used as a test site for narrow vein mining techniques.

The infrastructure at McCreedy West includes an accessible –20% grade 20 ft x 16 ft ramp decline to the 1,600 ft Level with average level development spaced at 150 ft intervals. Since inception of the Joint Venture in January 2002, this ramp has been reconditioned and made safe to the 1600 Level and 3000 ft of the 1600 Level track haulage drift to Levack Mine has also been reconditioned. The 950 L has been reconditioned and a drill cross cut excavated. Mining development is continuing and exploration raises have been completed on the 700 Zone veins. Water, electricity and air systems in the mine have been reconditioned and are operating efficiently. At the present

time there are five underground drill rigs in operation and all underground activities are supported by the required surface facilities. Mine water is being drained to Levack Mine along the 1600 Level drift and pumped through the McCreedy East/Coleman Mine shaft.

The property is covered by a joint Inco-Falconbridge environmental closure plan which is being continually updated.

A Closure Plan amendment has been filed with the Ministry of Northern Development and Mines and the necessary public consultation has been completed to allow the re-commencement of commercial production. Annual open houses are being held in the town of Levack to increase community awareness of activities at the site. A Permit to Take Water is in place to provide process water to equipment at the site. Rock handling is performed on an engineered containment pad and storm water is directed to the underground mine workings. Sanitary sewage is handled in accordance with a Certificate of Approval (Sewage) and all mine water reports to the Strathcona effluent treatment facility. A Certificate of Approval (Air) application has been submitted to the Ministry of the Environment in order to approve the grandfathered air emissions from the site. On-going monitoring is performed at the site to maintain compliance with regulatory requirements and to distinguish between existing and incremental liabilities.



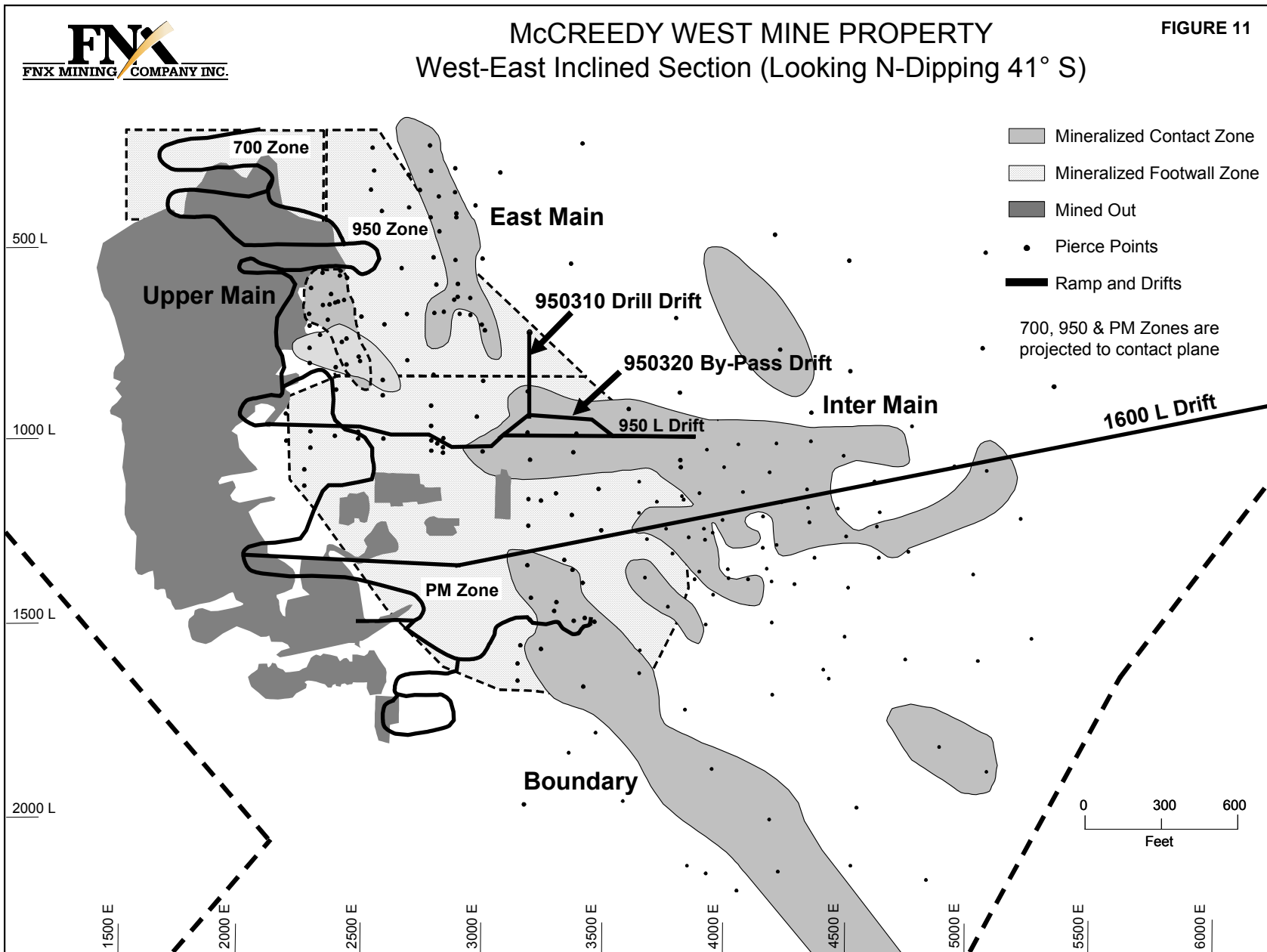
6.2.2 Property Geology

The McCreedy West Mine occurs at the western limit of an extensively mineralized 8.5 km long portion of the North Range of the SIC. This part of the North Range encompasses all of the major Inco and Falconbridge past and current producing mines of the North Range (Strathcona, Coleman, Levack, McCreedy East, Onaping, McCreedy West, Hardy).

The contact style ore zones are hosted in a suite of sulphide and inclusion-rich sublayer norites and leucocratic breccias. The footwall zones are hosted within a fine grained pseudotachlytic unit known as the Sudbury Breccia. Hangingwall rocks comprise basal mafic norite with the felsic norite of the main SIC overlying the mineralized zones. Brecciated rocks of the Levack Complex, consisting of granodiorite, granodiorite-gneiss and migmatites, form the footwall to the deposits. The ore-hosting sublayer phase consists dominantly of granite breccia with subordinate sublayer norite and xenolithic norite.

6.2.3 Deposit Types

At the McCreedy West Mine, mineralization occurs as Contact and Footwall Deposits. Previous operations exploited both **Contact Cu-Ni** mineralization along the base of SIC within Sublayer Norite and granite breccia-filled embayments, and **Footwall Cu-Ni-PGM** mineralization in the footwall Sudbury Breccia environment.



The **Contact Deposits** on the property (Inter Main, Upper Main, East Main and Boundary/Lower Main), (Figure 11), are related to a suite of sulphide and inclusion-rich sublayer norites and leucocratic granitic breccias. The orebodies occupy embayment structures that penetrate into the footwall of the SIC. These embayment structures are characterized by significant thickening of the mafic norite and sublayer units accompanied by thicker zones of footwall breccia. Hangingwall rocks composed of basal mafic norite and felsic norite of the main SIC overlie the contact mineralized zones. Brecciated rocks of the Levack complex consisting of granodiorite, granodiorite gneiss and migmatites form the footwall to the deposits.

These contact deposits are typified by Ni contents much higher than the Cu content, and contain negligible precious metal values. The depletion in Cu and PGMs in these zones is reflected in the high Cu and PGM values in the adjacent Footwall Deposits.

The **Footwall Type** Cu-Ni- PGM vein deposits are represented by three deposits known as 700 Vein Complex; 950 Vein Complex; and the PM Zone.

6.2.4 Contact-Type Deposits

6.2.4.1 Upper Main Ni-Cu Zone

The Upper Main Zone is made up of two mineralized lenses; a contact and a hanging wall lens. Both lenses consist of disseminated to massive pyrrhotite-pentlandite-chalcopyrite-pyrite predominately hosted within Granite Breccia. The higher grade contact lens is between 8 and 18 feet in width, and occurs over a strike extent of 300 feet, and a down dip extent of 250 feet within Sublayer Norite and Granite Breccia. The volumetrically larger but lower grade hanging-wall lens ranges from 10 to 25 feet in width, and occurs over a strike extent of 650 feet, and a down dip extent of 180 feet. This latter lens is strictly contained within a narrow Granite Breccia package. Unlike other known contact zones at McCreedy West, the location of the mineralization does not appear to be controlled by the morphology of the lower contact. The contact lens occurs along a

topographically unremarkable hanging-wall – footwall contact at a dip of approximately 38°, whereas the hanging-wall lens occurs up to 130 feet away from the contact at a sub-horizontal orientation

Prior to FNX's involvement at the McCreedy West Property, Inco Ltd. had mined the Upper Main Zone, between the 250 ft Level and the 600 ft Level, and completed 5 holes in the un-mined section of the hanging-wall lens and 13 holes in the contact lens. FNX has completed a further 14 holes on the Upper Main from both surface (2,018. feet) and underground (2,782 feet). The pierce points of these holes are shown in Figure 12 and the assays presented in Table 8. These holes have helped to define the limits of the contact lens, as well as to provide additional internal and extensional data for the hanging-wall lens. A typical intersection on the contact lens is represented by borehole FNX 0008 (**0.5% Cu, 2.1% Ni over 17.7 ft**), whereas a typical intersection on the hanging-wall lens is contained in FNX 3000 (**0.55% Cu, 1.73% Ni over 25.0 ft**).

Eight of the Upper Main intersections were in excess of 10 ft with the following examples best demonstrating potential:

- **0.53% Cu, 2.12% Ni, over 17.7 ft.** in drillhole FNX0008.
- **0.40% Cu, 1.90% Ni, over 16.0 ft.** in drillhole FNX0030
- **0.55% Cu, 1.74% Ni, over 35.0 ft.** in drillhole FNX3000.

Currently there are no plans to carry out any further drilling on the Upper Main Zone during 2003. The contact lens has received sufficient drilling and mining will commence on this zone during 2003. The hanging-wall lens will require further infill drilling prior to the formulation of any mining plan.

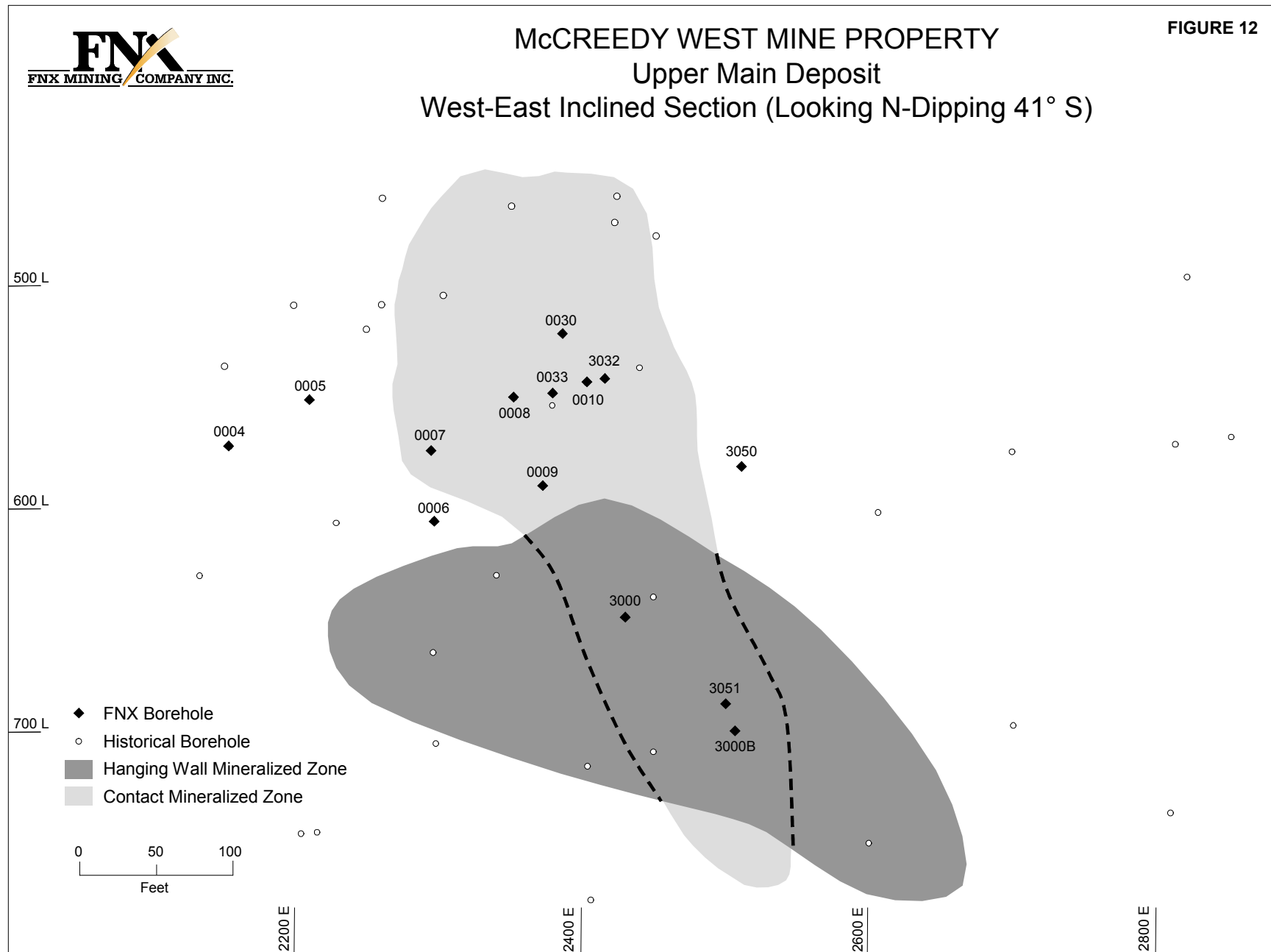
In February 2003, the FNX estimated an indicated resource of 48,000 tons on the contact lens which graded **0.46% Cu, 1.87% Ni**. An inferred resource of 128,000 tons in the hanging-wall lens graded **0.31% Cu, 1.44% Ni**. These figures have been independently verified and audited by consultants Roscoe Postle Associates (RPA). The Upper Main is

one of the most advanced ore zones at McCreedy West Mine and will be the first contact type zone mined.

Table 8: McCreedy West: Upper Main Zone – Graded Assays

DDH	Feet			%	
	FROM	TO	LENGTH	Cu	Ni
FNX3000	725.5	760.5	35.0	0.5	1.7
FNX3051	763.8	776.4	12.6	0.3	2.3
FNX0030	158.0	174.0	16.0	0.4	1.9
FNX0031	177.3	191.2	13.9	0.3	1.9
FNX0032	173.7	181.6	7.9	0.2	1.6
FNX0033	156.8	172.5	15.7	0.5	1.7
FNX0005	104.5	107.0	2.5	0.4	1.9
	135.8	138.1	2.3	0.3	1.6
FNX0007	75.0	82.8	7.8	0.3	2.7
FNX0008	115.6	133.3	17.7	0.5	2.1
FNX0009	119.0	129.2	10.2	0.6	1.9
FNX0010	159.3	175.3	16.0	0.5	1.7

FIGURE 12



6.2.4.2 Inter Main Deposit

The Inter Main Deposit consists of nickel-rich, Sudbury Basin contact-type and hanging-wall mineralization. This zone is situated between the un-mined East Main and Boundary zones (Figure 11). The main body of mineralization appears to be controlled by a series of south-easterly trending valleys in the floor of the Sudbury Basin extending over a strike length of at least 1,000 ft and down dip for 700 ft. The axis of each individual valley contains the thickest and highest grade sulphides. The area between the valleys usually contains thinner, but still significant mineralization. A hanging-wall lens occurs 15 to 35 ft above the main contact ore over a strike length of 150 ft, and a down dip extent of 350 ft. The dominant host rock for all mineralization is either Granite Breccia or Sublayer Norite.

The contact and hanging-wall style sulphides consist of pyrrhotite-pentlandite-chalcopryrite-pyrite, and are characterized by various textural styles; the most common include: inter granular disseminations, blebs, blocks, fragments, laminated semi-massive and massive sulphides, and uniform massive sulphides with net textured pentlandite. The style of mineralization is highly dependent upon rock type association, as well as proximity to troughs along the contact. The greatest potential for discovering additional mineralized embayments is along the up dip, down dip and eastern margins of the Inter Main, where previous drilling has intersected encouraging results.

Prior to FNX's involvement at the McCreedy West Property, Inco Ltd. had completed 6 variably spaced (approx. 400 ft spacing) holes through the area now defined as the Inter Main Deposit. The first hole drilled by FNX into this previously undefined zone, intersected **52.3 feet of 3.17% Ni and 0.37% Cu**. Follow-up drilling of this intersection was the main focus for drilling on the McCreedy West property during 2002 and drilling continues from underground in 2003. A total of 37 surface drillholes (58,590 ft) have been completed on the Inter Main Deposit with a further 22 holes (14,350 ft) from underground, primarily from drill platforms on the 1600 Level. The majority of the underground holes have been drilled at 50 to 80 ft centres in order to better define the

deposit. Downhole geophysics (UTEM) played an important role in guiding drilling at the Inter Main, with 30 surface holes being surveyed.

In February 2003, FNX estimated an indicated resource of 866,000 tons grading **0.24% Cu, 2.02 % Ni** for the Inter Main. This estimate was verified by independent consultants Roscoe Postle Associates. The immediate objective is to complete the required infill drilling for ore definition purposes and to expand the known resource along the eastern, up-dip and down dip margins. It is anticipated that most of the drilling on the Inter Main will be completed before the end of the third quarter of 2003.

The deposit is quickly advancing towards production with the initiation of a ramp from the 950 Level and a drift from 1450 Level to access the ore.

To date 57 mineralized intersections have been drilled in the Inter Main Deposit, 35 of which are greater than 10 ft (Table 9). The following examples best demonstrate the potential of this Deposit:

- **0.37% Cu, 3.17% Ni, over 52.3 ft.** in drillhole FNX3020.
- **0.19% Cu, 3.28% Ni, over 25.2 ft.** in drillhole FNX3040
- **0.20% Cu, 2.42% Ni, over 34.1 ft.** in drillhole FNX3052.
- **0.22% Cu, 3.18% Ni, over 33.8 ft.** in drillhole FNX0123.

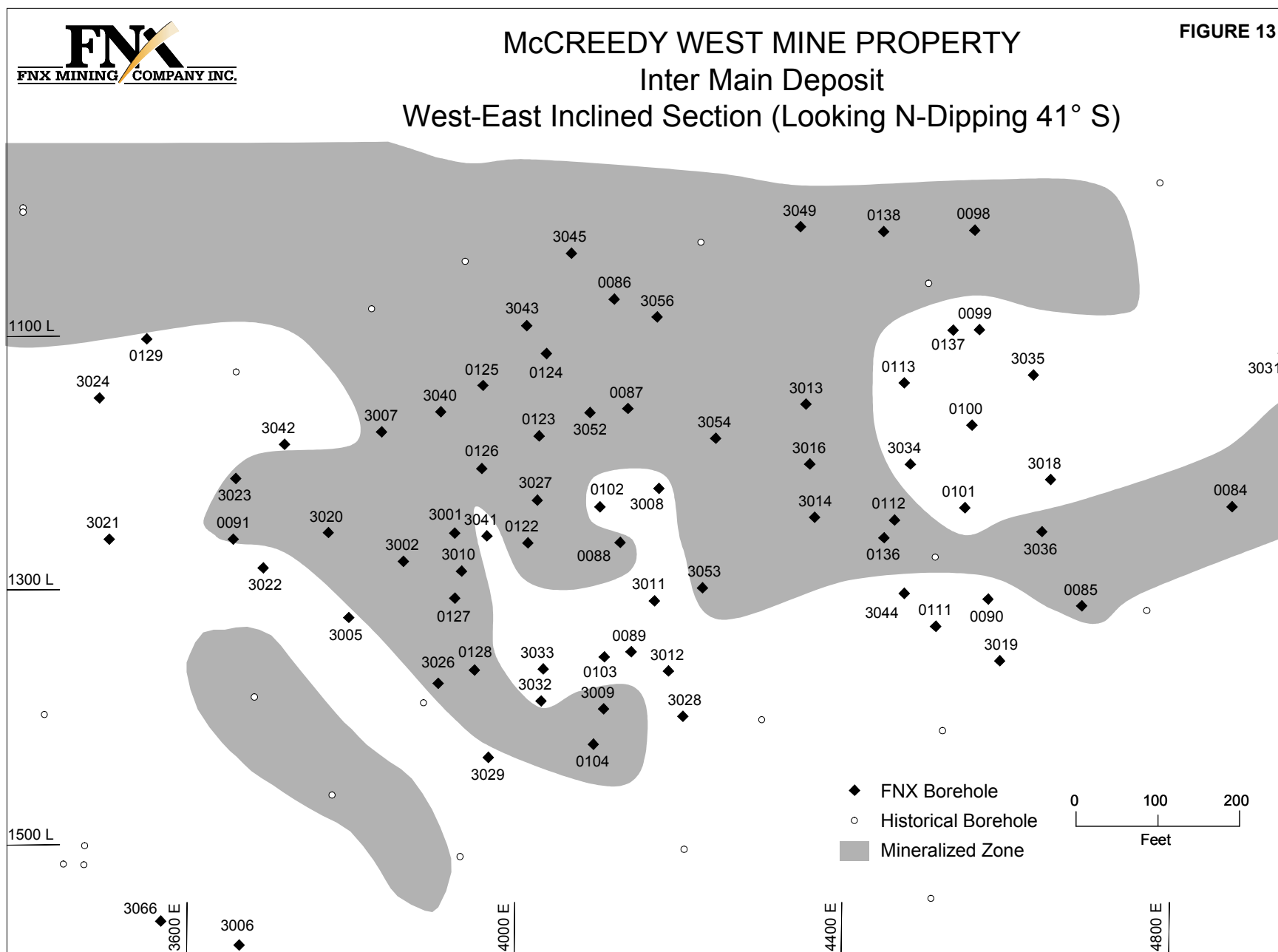
Table 9 presents significant intersections for those Inter Main holes for which assays have been released.

Table 9: McCreedy West: Inter Main Deposit – Graded Assays

DDH	Feet			%	
	FROM	TO	LENGTH	Cu	Ni
FNX3001	1299.2	1339.2	40.0	0.12	1.51
<i>Including</i>	1329.0	1339.2	10.2	0.28	3.15
FNX3002	1317.0	1393.1	76.1	0.28	1.71
<i>Including</i>	1346.1	1357.2	11.1	0.39	3.29
<i>and</i>	1372.0	1393.1	21.1	0.58	2.96
FNX3005	1351.5	1361.4	9.9	0.30	0.96
FNX3007	1232.3	1239.8	7.5	0.20	1.13
	1270.3	1283.4	13.1	0.18	1.56
FNX3008	1337.9	1345.5	7.6	0.13	1.04
FNX3009	1502.9	1531.5	28.6	0.28	3.07
FNX3010	1467.4	1522.7	55.3	0.19	1.55
FNX3012	1462.3	1463.6	1.3	0.20	2.54
FNX3013	1234.7	1240.3	5.6	0.55	3.06
FNX3014	1281.1	1311.3	30.2	0.28	2.73
FNX3016	1276.2	1303.4	27.2	0.17	2.31
FNX3020	1326.7	1379	52.3	0.37	3.17
FNX3021	1250.1	1272.6	22.5	0.06	0.79
	1305.1	1311.2	6.1	0.67	0.78
FNX3022	1330.75	1337	6.25	0.38	1.31
FNX3023	1281.3	1294.7	13.4	0.61	1.00
FNX3025	1189.5	1190.7	1.2	0.98	3.09
	1264	1265.3	1.3	0.92	1.63
FNX3026	1583.1	1646.7	63.6	0.31	1.87
<i>Including</i>	1615.3	1646.7	31.4	0.29	2.59
FNX3027	1433.8	1464.3	30.5	0.28	1.11
FNX3028	1478.6	1483.7	5.1	1.04	1.65
FNX3029	1632.6	1638.4	5.8	0.22	1.79
FNX3034	1233.8	1234.9	1.1	0.24	2.81
	1280.8	1282.3	1.5	0.08	1.63
FNX3036	1292.0	1334.8	42.8	0.18	1.31
FNX3040	1531.4	1556.6	25.2	0.19	3.28
FNX3041	1449.3	1451.9	2.6	0.40	3.56
FNX3042	1577.2	1580.5	3.3	0.22	3.10
FNX3043	1527.5	1532.1	4.6	0.30	3.19
FNX3044	1307.0	1308.1	1.1	0.22	4.39
FNX3045	1493.5	1503.9	10.4	0.07	0.98
	1521.1	1526.0	4.9	0.24	2.98
FNX3049	1429.6	1437.6	8.0	0.10	2.13
FNX3052	1511.2	1545.3	34.1	0.20	2.42
FNX3053	1607.5	1614	6.5	0.25	3.18
FNX3054	1506	1527.2	21.2	0.34	1.72

DDH	Feet			%	
	FROM	TO	LENGTH	Cu	Ni
FNX3056	1405.6	1415.8	10.2	0.12	1.16
	1438.2	1452.3	14.1	0.09	1.27
<i>Including</i>	1438.2	1443.9	5.7	0.14	2.06
	Underground Drillholes				
FNX0084	551.7	577.8	26.1	0.16	1.79

FIGURE 13



6.2.4.3 East Main Deposit

The East Main Deposit (Figure 14) occurs between surface and 920 Level and to the east of the main ramp. It consists of semi-massive to massive pyrrhotite-pentlandite-chalcopyrite-pyrite contact-style mineralization. The central portion of the zone occupies a south easterly trending embayment that extends from surface, down dip to a depth of at least 600 ft below surface. The mineralized zone is typically between eight to 25 ft thick and predominantly occurs near the base of the Granite Breccia horizon adjacent to the gneissic footwall rocks. In the southern down dip extension of the East Main, the mineralization splays into two narrow zones each between eight and 15 ft wide, separated by 12 – 30 ft of weakly mineralized granite breccia and sublayer. A portion of this zone was mined above the 950 Level in 1997.

The East Main Deposit is located close to surface infrastructure which has made the logistics of drilling more complex. However, during 2002, ten holes were completed on the deposit and confirmed the trough-like nature of the contact, as well as the thickness and grades of the mineralization (**0.41% Cu, 3.43% Ni over 25.4 ft** in FNX3037). In mid April 2003, a near term production drilling program was completed. This program consisted of 6,803 ft of drilling in 11 holes, at 50 to 80 ft centres. Opportunities exist to extend the mineralization down dip and to the east towards the Inter Main Deposit..

In February 2003, FNX estimated an indicated resource of 167,000 tons for the East Main which graded **0.35% Cu, 2.54 % Ni**. This estimate was verified by Roscoe Postle Associates.

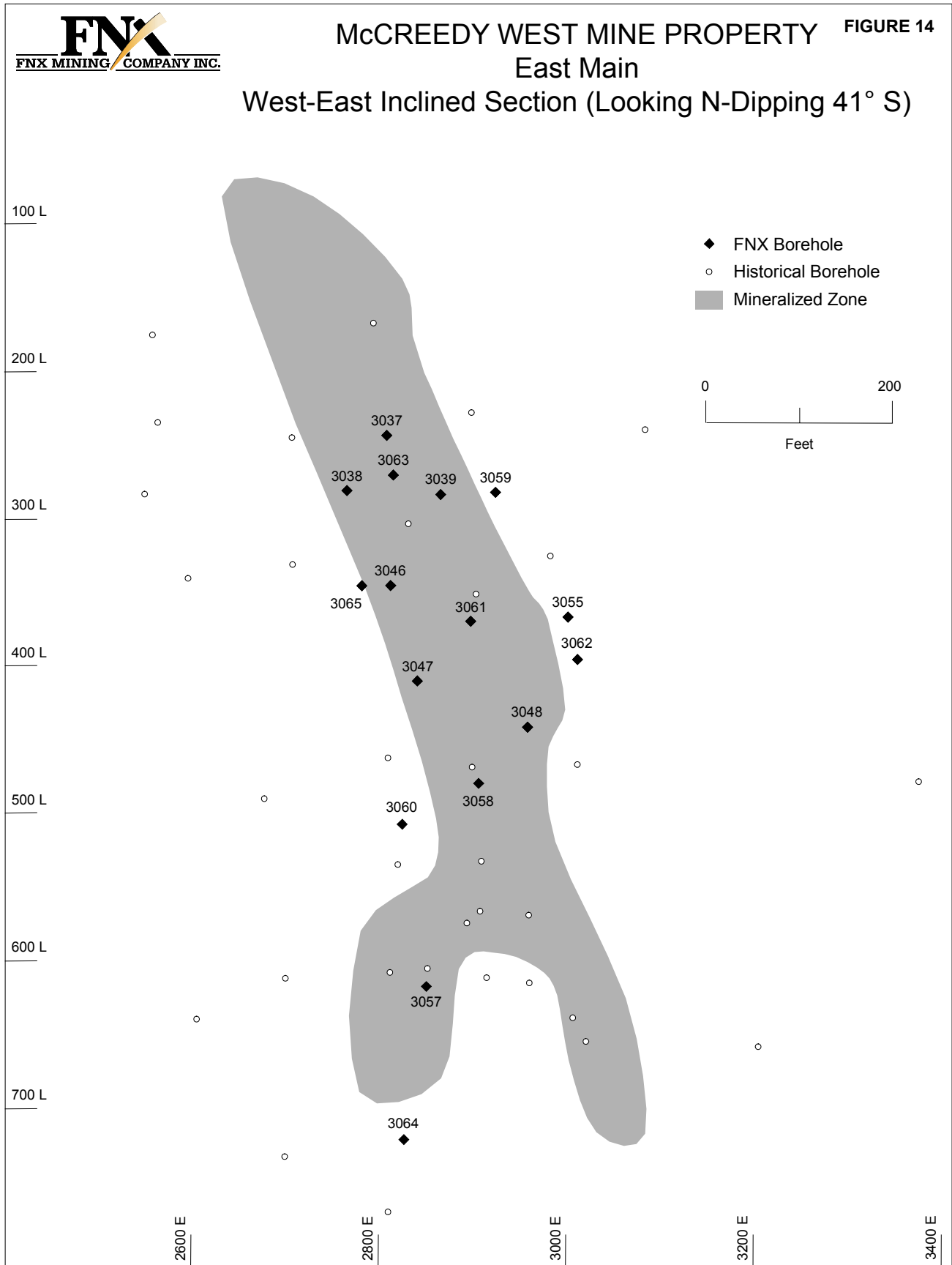
A 10,000 ft program of advanced exploration drilling has been planned from a new exploration drift on the 950 Level underground. This drilling is designed to intersect contact-style mineralization at 150 to 200 ft centres along the eastern and down dip margins of the East Main, directly underneath the town of Levack. It is anticipated that this drilling will be complete by the end of the second quarter of 2003.

To date, fifteen drillholes (Figure 14) cut 10 significant intersections with eight of these being in excess of 10 ft., (Table 10). As is typical with contact style deposits, precious metal values are negligible. Intersections demonstrating the potential of this zone are:

- **0.85% Cu, 3.05% Ni over 14.1 ft.** in drillhole FNX3058
- **0.83% Cu, 2.70% Ni, over 21.8 ft.** in drillhole FNX3063
- **0.41% Cu, 4.67% Ni, over 18.8 ft.** in drillhole FNX3048
- **0.41% Cu, 3.43% Ni, over 25.4 ft.** in drillhole FNX3037

Table 10: McCreedy West: East Main Deposit – Graded Assays

BHID	Feet			%	
	FROM	TO	LENGTH	Cu	Ni
FNX3037	272.8	298.2	25.4	0.41	3.43
FNX3038	286.4	300.2	10.6	0.37	3.63
FNX3039	263.4	284.8	21.4	0.24	2.52
FNX3046	320.2	352.6	32.4	0.26	1.64
FNX3047	381.7	397.2	15.5	0.56	1.62
FNX3048	448.3	467.1	18.8	0.41	4.67
FNX3055	333.7	337.4	3.7	0.83	3.76
FNX3058	542.8	556.9	14.1	0.85	3.05
FNX3061	304.9	310.4	5.5	0.28	1.48
FNX3063	276.1	297.9	21.8	0.83	2.70



6.2.4.4 Boundary Zone

The Boundary Zone (Figure 15) occurs within a deep trough structure located down-dip and to the south-west of the Inter Main Deposit and to the east of the mined-out Lower Main zone. There is the potential that this mineralized zone extends down dip 2400 ft, from the 1300 level to the 2800 level, with a strike extent of 200 to 400 ft. Inco mined this zone at the 1450 level, and carried out variably spaced drilling (200 to 300 ft spacing) over most of the zone. The Cu-Ni mineralization ranges in thickness from 6.5 ft to 76.6 ft and dips from 35° to 60° south. Forty intersections, of which 20 are in excess of 10 ft., were cut in 25 historical drill holes below the 1450 L. Intersections demonstrating potential are

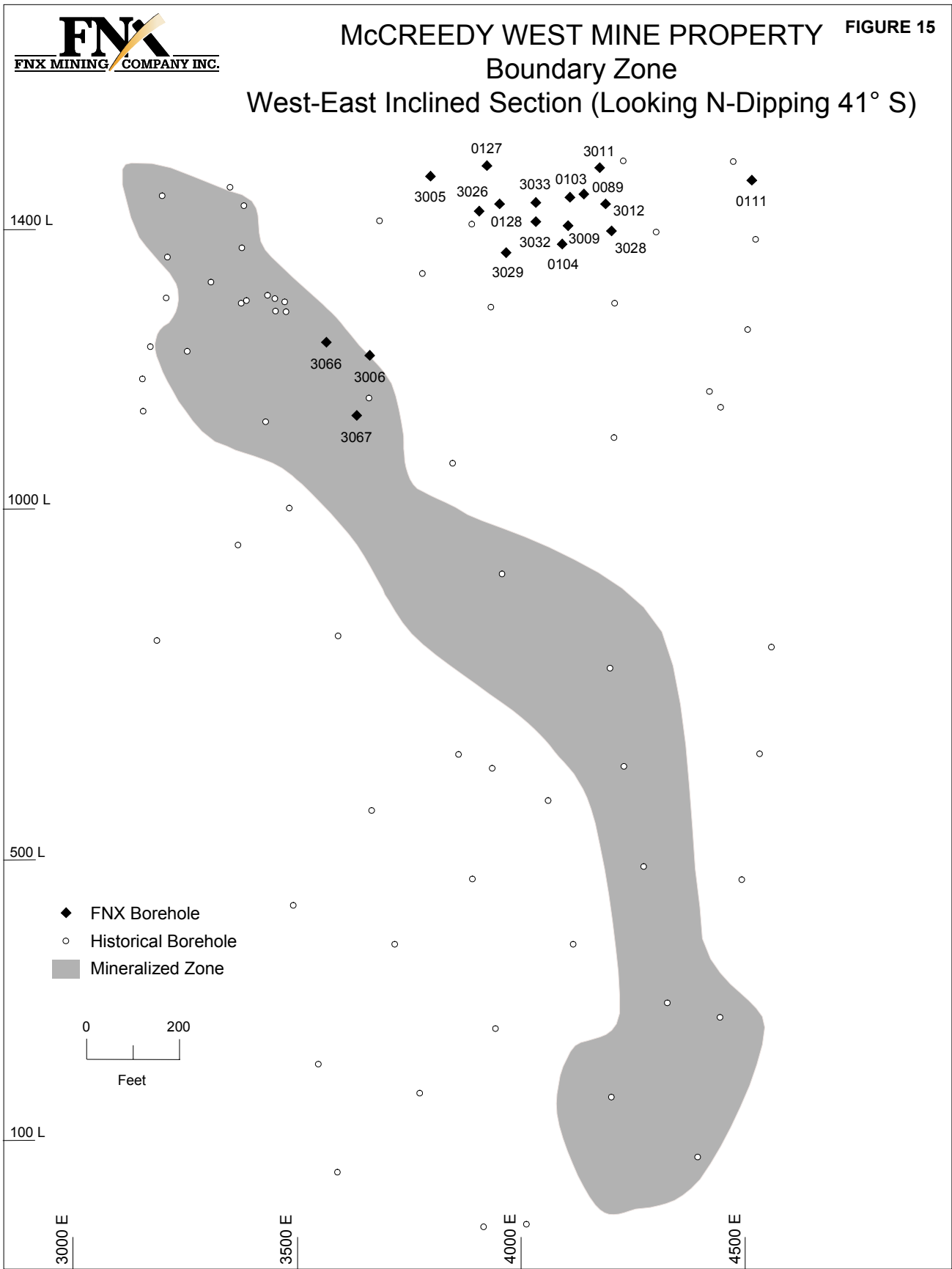
- **0.32% Cu, 2.02% Ni, over 27.9 ft.** in drillhole 596880
- **1.08% Cu, 4.68% Ni over 8.8 ft.** in drillhole 857280
- **0.31% Cu, 2.47% Ni over 23.5 ft.** in drillhole 321700

FNX has completed four holes near the northern margin of this zone, one of which has been reported and which intersected significant intersections as follows:

Table 11: McCreedy West: Boundary Zone – Graded Assays

BHID	Feet			%	
	FROM	TO	LENGTH	Cu	Ni
FNX3066	1568.0	1575.1	7.1	0.15	1.79
	1681.2	1757.8	76.6	0.18	1.41
Including	1681.2	1715.5	34.3	0.15	1.69
and	1748.5	1757.8	9.3	0.54	3.38

Additional surface diamond drilling and borehole UTEM-4 is recommended to test the known zone of mineralization as well as to explore the entire SIC contact environment below 1450 Level towards the property boundary to the south.



6.2.5 Footwall-Type Deposit Targets

The **Footwall Type** Cu-Ni- PGM vein deposits are represented by three deposits known as 700 Deposit; 950 Deposit; and the PM Deposit. The relationships of these are shown on Figure 11.

6.2.5.1 700 Deposit

This Zone, located between the 500 and 700 Levels, is part of an eastward-plunging and south-dipping structural zone contained within an area of footwall Sudbury Breccia that extends from surface to a depth of 3000 ft. The zone was partially mined in 1997 prior to the mine being closed and production from narrow veins totalled 41,000 tons averaging **5.35% Cu, 0.56% Ni, 4.0 g/t TPM.**

As previously disclosed 198 historic drillholes with 437 significant intersections have been reported from this zone. One hundred–twenty eight (29.3%) of the intersections are in excess of 15.0 g/t TPM, with the highest being 110.0 g/t over 0.4 ft. Individual veins, ranging in thickness from several inches up to 13 ft, are composed of massive chalcopyrite with accessory pentlandite and pyrrhotite, and have strike and dip lengths ranging from 25 to 350 ft. (Figure 16). The average grade of the massive sulphide veins is **25.5% Cu, 2.2% Ni, 14.9 g/t TPM.** Historic Intersections demonstrating potential include

- **13.50% Cu, 17.4% Ni, 17.7 g/t TPM over 2.5 ft.** in drillhole 321990
- **13.93% Cu, 2.20% Ni, 15.9 g/t TPM over 14.5 ft.** in drillhole 857060
- **5.50% Cu, 0.16% Ni, 6.2 g/t TPM over 27.2 ft.** in drillhole 857940
- **28.60% Cu, 4.46% Ni, 32.3 g/t TPM over 2.4 ft.** in drillhole 899950
- **13.35% Cu, 3.80% Ni, 18.7 g/t TPM over 11.8 ft.** in drillhole 908370
- **30.60% Cu, 0.30% Ni, 20.8 g/t TPM over 4.0 ft.** in drillhole 916470
- **1.00% Cu, 0.18% Ni, 5.0 g/t TPM over 117.2 ft.** in drillhole 916500
- **31.10% Cu, 0.36% Ni, 18.4 g/t TPM over 3.0 ft,** in drillhole 942040



McCREEDY WEST MINE PROPERTY Footwall Deposits - 700 Deposit Typical Cross Section

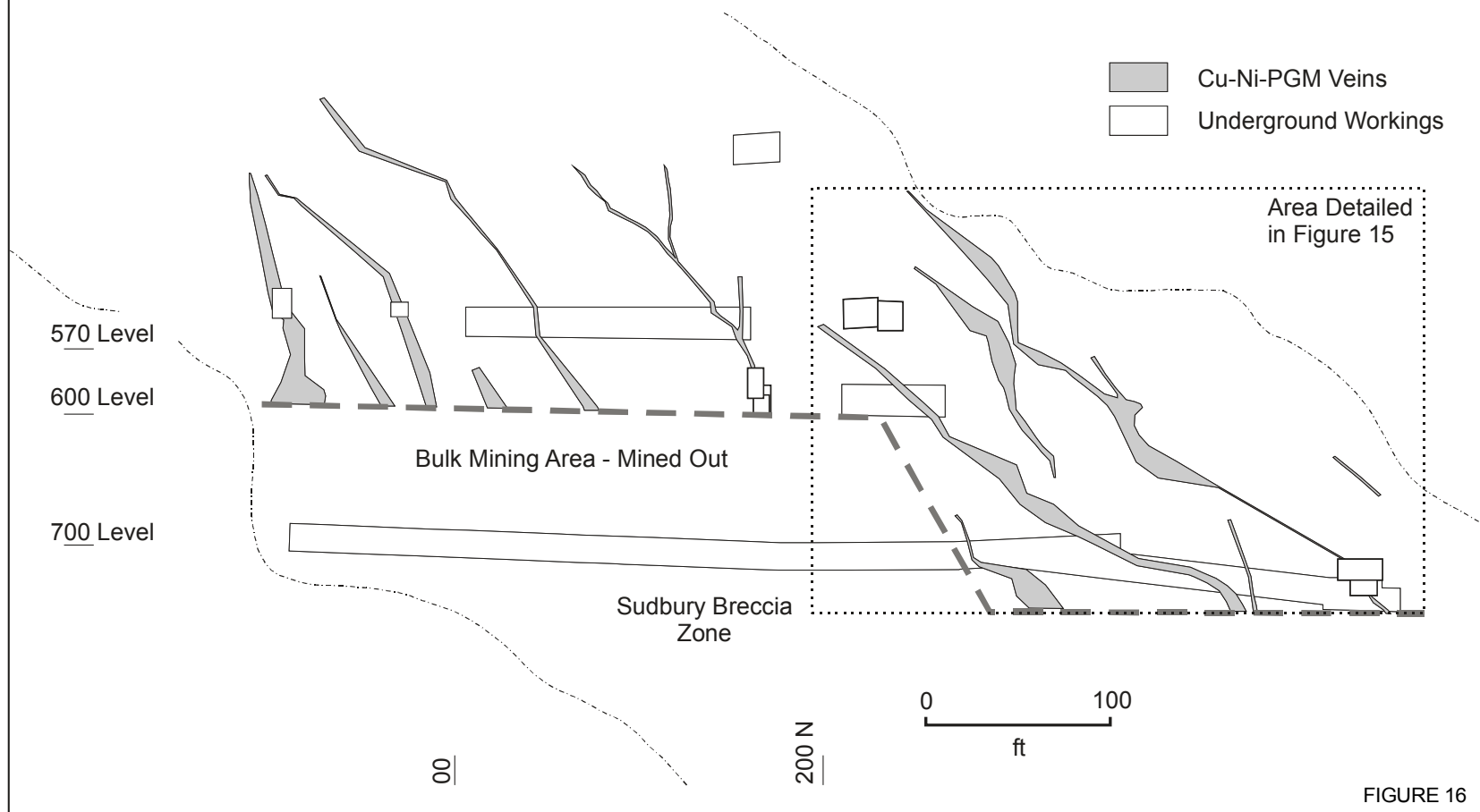


FIGURE 16



McCREEDY WEST MINE PROPERTY Footwall Deposits - 700 Deposit - 1900 E Section Typical Vein Intersections

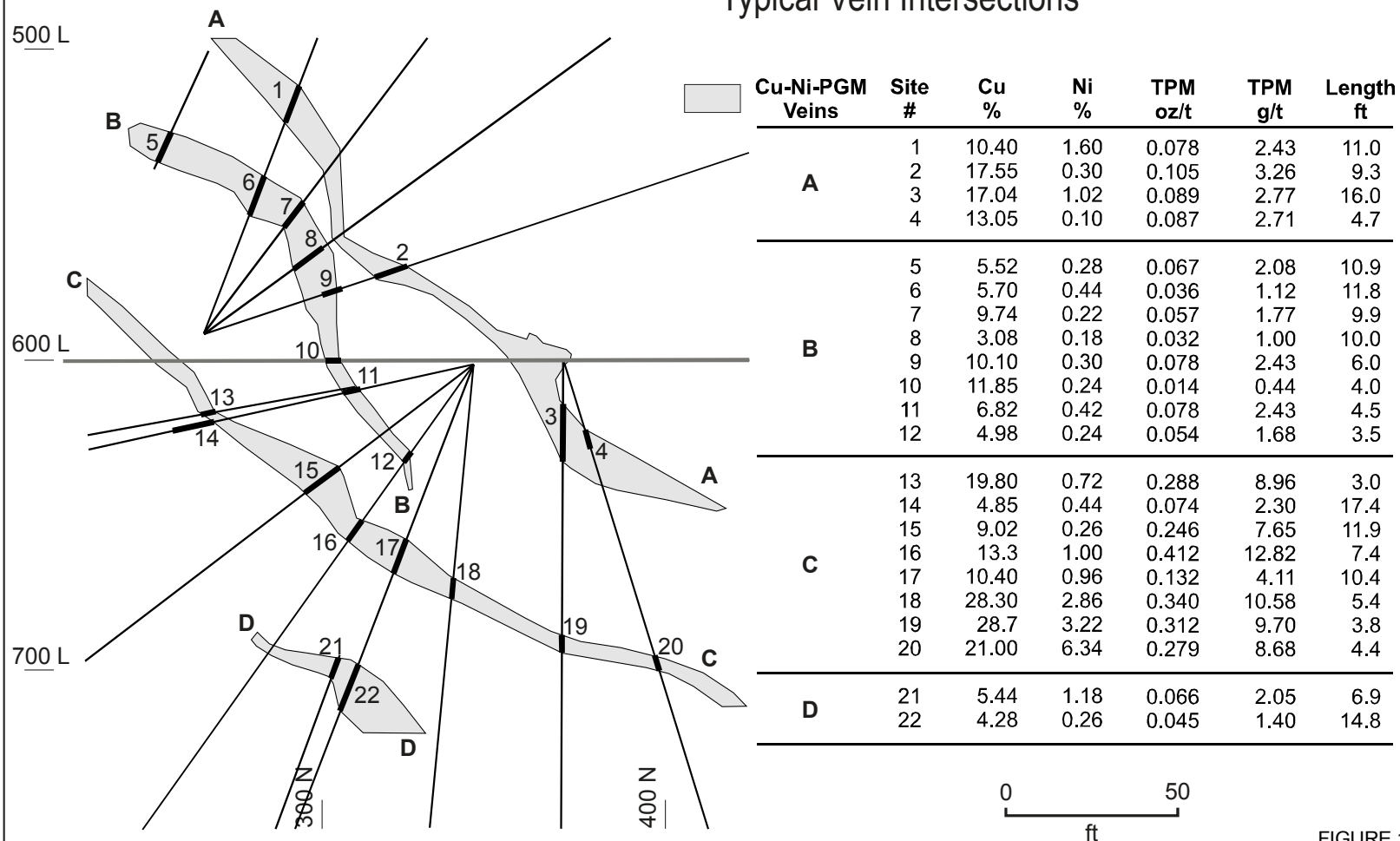


FIGURE 17

A simple analysis of the graded historic intersections shows the following:

Table 12: 700 Deposit: Length of Graded Intersections

	Feet								Total
Length	< 3	3 – 5	5- 10	10-15	15 –30	30 – 50	50–100	> 100	#
#	175	75	102	46	29	7	2	1	437
%	40	17.2	23.3	10.5	6.6	1.6	0.5	0.3	100%

while the distribution of Total Precious Metal values is as follows:.

Table 13: 700 Deposit: Graded Sections: –Distribution of TPM Values

oz/t TPM	<0.1	0.1-0.3	0.3 – 0.5	0.5 – 1.0	> 1.0 oz/t	Totals
<i>g/t TPM</i>	<i><3.1</i>	<i>3.1 – 9.3</i>	<i>9.3 – 15.6</i>	<i>15.6 – 31.1</i>	<i>> 31.1 g/t</i>	
# Graded Sections	5	181	123	105	23	437
%	1.1	41.4	28.2	24.0	5.3	100%

Figure 16 shows the cut and fill mining method employed to generate the 41,000 tons recovered from this section by Inco and demonstrates the potential for this zone to be selectively mined. Figure 17 shows the veins and drill intersections on 1900 E section.

Table 14: McCreedy West: 700 Deposit – Graded Assays (> 2.0 g/t TPM)

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
FNX0001	3.00	4.40	1.40	12.55	0.22	3.39	7.24	6.65	17.28
	112.20	132.5	20.3	3.56	0.53	1.84	2.42	0.63	4.90
	150.50	156.65	6.15	0.20	0.03	1.72	0.68	0.31	2.71
FNX0001B	3.00	4.20	1.20	17.97	0.46	6.02	7.03	12.20	25.25
	95.90	105.90	10.00	0.38	0.31	0.34	0.26	1.76	2.36
	113.20	130.90	17.7	3.11	0.74	2.27	2.16	0.76	5.19
FNX0002	2.50	5.05	2.55	7.23	0.21	2.18	3.98	0.91	7.07
	55.00	60.00	5.00	2.41	0.16	0.63	0.99	0.66	2.28
	67.00	68.90	1.90	3.17	1.91	1.62	1.20	0.64	3.46
	118.80	120.70	1.90	1.20	0.19	0.69	0.69	0.78	2.16
	129.05	130.60	1.55	10.18	0.16	4.15	6.17	4.14	14.46
FNX0003	59.30	60.85	1.55	18.19	5.43	4.20	6.38	4.66	15.24
	107.45	111.90	4.45	0.27	0.05	1.54	0.79	0.34	2.67
FNX0034	50.10	53.70	3.6	17.07	0.28	1.12	3.01	1.14	5.27
	169.10	170.10	1.00	11.50	1.22	0.54	2.70	0.06	3.3
FNX0035	28.60	29.60	1.00	5.56	0.34	0.59	1.51	0.52	2.62
	37.40	39.40	2.00	3.00	0.20	8.79	0.52	0.45	9.76
FNX0036	91.10	92.30	1.20	0.83	0.13	2.30	2.60	0.09	4.99
FNX0037	147.60	150.80	3.20	24.20	0.92	1.81	2.89	0.86	5.56
FNX0038	8.70	9.70	1.00	10.70	1.55	1.24	0.64	0.80	2.68
	29.80	30.80	1.00	11.40	0.69	1.46	1.52	4.05	7.03
FNX0039	32.10	33.10	1.00	15.80	0.19	1.90	0.68	0.72	3.3
FNX0040	43.50	45.20	1.70	28.90	0.35	1.24	2.63	0.11	3.98
FNX0041	24.00	25.00	1.00	3.73	5.60	0.38	1.51	0.69	2.58
	29.70	30.70	1.00	20.20	0.19	0.88	2.29	0.33	3.5
FNX0043	35.90	37.10	1.20	31.40	0.38	1.24	3.51	0.16	4.91
	68.10	69.10	1.00	20.50	0.34	0.84	3.87	0.96	5.67
FNX0044	20.50	22.00	1.50	20.30	0.27	1.21	4.03	0.47	5.71
FNX0045	24.70	26.70	2.00	7.59	0.43	0.57	0.84	0.79	2.2
	48.80	54.30	5.5	14.37	2.50	0.80	1.73	1.39	3.91
	58.80	61.00	2.20	3.23	0.97	0.22	1.07	0.83	2.12
FNX0051	92.50	94.20	1.70	25.50	0.50	1.12	1.00	0.90	3.02
	124.20	125.70	1.50	25.40	0.21	1.06	3.32	1.24	5.62
	131.20	133.70	2.50	3.34	2.55	0.36	1.94	1.11	3.41
	139.70	142.20	2.50	25.70	0.85	1.12	4.37	3.84	9.33
FNX0052	111.50	112.50	1.00	4.92	0.16	0.11	3.38	0.05	3.54
	118.35	119.60	1.25	0.75	0.93	1.47	0.56	0.21	2.24
	192.20	193.90	1.70	27.20	0.38	2.84	7.91	3.41	14.16
FNX0053	154.10	156.10	2.00	10.20	0.13	0.45	1.86	0.16	2.47
	249.50	251.50	2.00	0.83	0.32	1.13	1.57	0.25	2.95
FNX0054	25.90	29.60	3.70	6.26	0.58	0.86	0.94	3.37	5.17

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
	62.60	64.40	1.80	28.10	0.07	3.29	6.95	0.83	11.07
	188.00	189.00	1.00	19.45	1.75	1.94	5.28	0.61	7.83
	234.30	235.80	1.50	1.80	3.56	0.46	1.30	39.50	41.26
FNX0055	114.20	115.20	1.00	8.30	0.54	0.86	4.13	0.90	5.89
	232.20	233.20	1.00	16.50	0.04	4.07	0.48	0.36	4.91
FNX0080	71.70	77.00	5.30	17.50	0.61	1.08	2.95	1.93	5.95
FNX0081	8.30	9.30	1.00	4.88	0.04	1.23	2.41	0.84	4.48
	57.00	60.00	3.00	28.50	0.59	1.34	4.63	0.42	6.39
	69.40	70.40	1.00	14.00	1.21	0.64	2.13	0.38	3.15
FNX0082	36.00	40.50	4.5	18.78	2.11	1.14	3.88	1.59	6.60
	97.00	100.50	3.50	20.00	1.25	1.45	3.01	0.55	5.01
	130.60	133.00	2.40	13.55	1.74	0.86	0.81	0.51	2.18
	159.70	161.00	1.30	6.47	0.59	0.31	5.57	0.80	6.68
FNX0083	26.80	30.70	3.90	25.20	3.80	1.30	4.34	28.80	34.44
	74.00	75.80	1.80	22.20	2.71	1.00	4.20	0.32	5.52
	187.90	193.10	5.20	0.05	0.01	0.02	0.02	78.30	78.33

In February 2003, FNX estimated an indicated and measured resource on the 700 Deposit of 139,000 tons at a grade of 6.1% Cu, 0.81% Ni, 5.6 g/t TPM. This estimate was verified by independent consultants Roscoe Postle Associates. The 700 Deposit is one of the most advanced ore zones at McCreedy West Mine and will be the first into production. In anticipation of production, five exploration raises were completed along some of the better veins within this zone.

6.2.5.2 **950 Deposit**

The 950 Deposit is located to the east of the 700 deposit described above (Figure 11). This deposit comprises two distinct styles of mineralization: massive chalcopyrite, pentlandite and millerite veins ranging in thickness from 3 inches to 3.0 ft., and a broader zone of irregular stringers and disseminated chalcopyrite blebs. The veins exhibit a steep southerly apparent dip on geological cross-sections, while the more disseminated mineralization appears to dip more shallowly to the south, sub-parallel to the orientation of a broad zone of Sudbury Breccia.

Preliminary drilling on the 950 Deposit by Inco Ltd. had suggested the potential for a sizeable high grade mineralized deposit. Twenty-one drillholes (Figure 18) yielded 54 significant intersections, 22 of which were greater than 10 ft. In many cases shorter sections of better grade are included in longer sections. Intersections demonstrating potential are:

- **31.90% Cu, 1.68% Ni, 36.7 g/t TPM over 2.8 ft.** in drillhole 942530
- **0.81% Cu, 0.26% Ni, 3.1 g/t TPM over 196 ft.** in drillhole 943000
- **3.06% Cu, 0.46% Ni, over 20.3 ft.** in drillhole 321890
- **0.86% Cu, 0.22% Ni, 6.2 g/t TPM over 53.2 ft.** in drillhole 942990

Beginning in October of 2002, FNX began a short underground exploration program from the rehabilitated 550-600 levels of the McCreedy West Mine. Fifteen diamond drill holes were completed between 2450 and 2600 sections for a total of 10,832 ft. This drilling helped to define the 950 Deposit over a strike length of 200 ft with a down dip extent of 600 ft on 50 to 80 ft centres. Intersections demonstrating potential from the recent 950 Deposit drilling include:

- **2.4% Cu, 0.3% Ni, 5.1 g/t TPM over 24.0 ft** in hole FNX0016
- **1.2% Cu, 0.6% Ni, 4.8 g/t TPM over 33.6 ft.** in hole FNX0017
- **5.1% Cu, 0.1% Ni, 6.8 g/t TPM over 37.1 ft.** in hole FNX0019

Inclined longitudinal sections through the 950 Deposit mineralization show that there are untested areas to the east and down dip to the east-southeast, where there is a possibility that the 950 Deposit is linked to the PM Deposit along a shallowly southeast plunging body of mineralization.

In February, 2003, an indicated resource of 520,000 tons, grading **1.44% Cu, 0.27% Ni and 5.28 g/t TPM**, was estimated for the 950 Deposit. This estimation, by FNX, was verified by independent consultants Roscoe Postle Associates.

Table 15: McCreedy West: 950 Deposit – Graded Assays (> 2.0 g/t TPM)

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
FNX0016	237.70	239.50	1.80	0.81	0.09	0.97	1.26	0.11	2.34
	319.30	320.30	1.00	3.31	0.65	1.29	2.81	0.11	4.21
	382.60	413.50	30.90	0.27	0.08	1.46	1.13	0.31	2.89
	432.50	439.80	7.30	1.55	1.30	2.13	1.90	0.61	4.64
	451.90	455.60	3.70	0.27	0.06	3.14	1.35	0.58	5.07
	472.80	496.80	24.00	2.43	0.26	1.87	2.36	0.82	5.05
	507.50	518.90	11.40	2.83	0.25	2.12	2.65	0.96	5.74
	534.30	535.40	1.10	1.94	0.11	1.07	1.70	1.27	4.04
	592.10	608.50	16.40	0.34	0.07	4.84	3.14	0.23	8.20
FNX0017	250.10	251.90	1.80	8.42	0.25	0.84	1.74	0.63	3.21
	300.60	302.30	1.70	0.73	0.19	0.76	1.13	0.13	2.02
	483.60	505.20	21.60	0.74	0.15	0.95	1.18	0.31	2.43
	539.00	572.60	33.60	1.20	0.56	1.59	2.08	1.15	4.82
<i>including</i>	539.00	545.40	6.40	4.68	2.41	5.85	7.85	4.23	17.93
FNX0018	335.10	337.30	2.20	12.60	3.60	10.95	0.96	4.99	16.90
	345.60	347.40	1.80	7.82	0.88	0.83	2.55	0.26	3.64
	370.00	373.00	3.00	1.14	0.75	0.88	1.73	0.20	2.81
	494.00	500.00	6.00	0.74	0.11	2.04	0.87	0.37	3.28
	535.50	538.20	2.70	1.75	0.11	2.28	1.85	1.65	5.78
	542.00	549.60	7.60	0.94	0.28	2.08	1.58	0.47	4.14
	556.80	557.80	1.00	3.53	0.43	0.62	1.70	1.68	4.00
	590.00	595.80	5.80	2.54	0.54	1.60	2.38	0.48	4.46
	642.20	649.70	7.50	0.18	0.05	2.19	1.45	0.27	3.91
FNX0019	261.90	265.00	3.10	4.63	1.56	0.66	1.40	0.40	2.46
	276.30	280.90	4.60	3.81	0.37	0.54	1.19	0.28	2.00
	328.40	329.00	0.60	4.56	2.62	1.39	3.61	0.39	5.39
	353.50	366.10	12.60	1.53	0.07	0.90	0.49	0.61	2.00
	372.90	410.00	37.10	5.13	0.10	2.19	3.45	1.15	6.79
<i>including</i>	383.20	388.30	5.10	32.50	0.16	10.55	18.20	5.53	34.28
	431.40	435.00	3.60	1.07	0.30	1.64	0.62	0.93	3.19
	445.00	515.00	70.00	0.65	0.28	1.68	1.29	0.53	3.50
<i>including</i>	453.10	470.00	16.90	0.94	0.32	3.50	2.29	0.94	6.73
FNX0020	217.70	221.00	3.30	2.68	0.37	0.79	1.30	0.53	2.62
	239.80	245.20	5.40	1.46	0.74	3.21	1.92	0.55	5.68
	267.20	268.90	1.70	0.26	0.05	1.17	1.09	0.15	2.41
	366.60	384.00	17.40	1.34	0.09	0.76	1.06	0.37	2.18
	408.50	409.50	1.00	2.17	0.12	0.59	1.60	0.21	2.40
	417.20	438.40	21.20	4.15	1.44	1.42	2.23	0.67	4.33
	457.20	495.50	38.30	1.00	0.19	1.92	1.53	0.40	3.84
<i>including</i>	457.20	468.00	10.80	0.97	0.42	1.38	1.39	0.31	3.08
<i>including</i>	484.70	495.50	10.80	1.78	0.08	4.45	2.96	0.75	8.16
	507.20	510.00	2.80	0.33	0.07	3.07	2.14	0.55	5.76

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
	513.80	517.10	3.30	0.32	0.18	1.02	1.04	0.21	2.27
FNX0021	237.00	251.10	14.10	5.59	0.93	1.08	2.70	0.77	4.55
	265.00	295.40	30.40	0.67	0.05	1.67	1.72	0.17	3.56
	320.00	325.00	5.00	0.37	0.11	1.19	2.75	0.14	4.08
	345.00	346.10	1.10	0.18	0.03	1.71	1.05	0.36	3.12
	381.60	383.00	1.40	10.80	0.06	4.95	9.35	3.93	18.23
	404.30	420.40	16.10	0.55	0.05	2.83	2.06	0.51	5.40
	430.00	442.80	12.80	1.58	0.18	4.88	2.05	0.99	7.92
	475.00	480.00	5.00	1.39	0.08	1.10	1.48	0.30	2.87
	485.10	490.00	4.90	0.27	0.02	0.89	1.10	0.09	2.08
	515.00	516.10	1.10	16.25	1.64	6.03	31.30	0.65	37.98
	534.20	535.50	1.30	0.03	0.09	2.20	9.87	0.22	12.29
	550.00	554.90	4.90	0.05	0.02	1.77	0.86	0.05	2.69
FNX0022	106.00	107.00	1.00	0.20	1.25	0.41	2.38	0.02	2.81
	221.50	223.40	1.90	0.20	0.04	1.37	1.10	0.27	2.74
	246.80	248.20	1.40	1.70	0.08	1.06	1.50	0.26	2.82
	350.00	355.00	5.00	0.32	0.07	1.58	0.92	0.21	2.71
	375.00	378.00	3.00	1.15	0.15	2.30	3.31	0.32	5.93
	399.50	403.40	3.90	1.47	0.07	0.83	2.25	0.48	3.56
	413.10	417.00	3.90	0.56	0.06	1.16	1.04	0.43	2.63
	425.00	429.40	4.40	1.06	0.09	1.03	1.74	0.64	3.41
	465.40	507.10	41.70	0.96	0.16	1.86	2.34	0.63	4.83
<i>including</i>	470.00	484.00	14.00	1.69	0.24	1.19	3.01	4.44	8.63
FNX0023	328.40	330.90	2.50	3.95	2.89	1.76	3.36	1.40	6.52
	360.40	361.40	1.00	0.80	1.96	0.59	1.86	0.17	2.62
	365.00	375.00	10.00	0.29	0.04	1.08	0.71	0.35	2.14
	388.00	390.00	2.00	0.64	0.34	1.23	0.77	0.31	2.31
	404.50	409.60	5.10	0.39	0.04	0.44	0.39	1.31	2.14
	455.00	470.00	15.00	1.48	0.18	1.41	2.40	2.18	5.99
	520.20	521.30	1.10	5.16	0.51	8.47	9.83	3.26	21.56
FNX0024	207.40	208.40	1.00	5.72	1.89	2.13	4.45	0.49	7.07
	425.30	426.50	1.20	0.95	0.11	1.28	1.59	0.34	3.21
	432.35	433.40	1.05	0.74	0.05	2.16	1.41	0.25	3.82
	444.20	447.20	3.00	1.74	0.08	2.29	1.90	2.66	6.85
	499.50	509.20	9.70	0.59	0.09	1.15	1.06	0.45	2.67
	524.80	545.50	20.70	1.24	0.24	2.52	3.33	0.55	6.40
<i>including</i>	527.60	530.00	2.40	2.62	0.77	4.53	9.50	0.81	14.84
<i>including</i>	544.55	545.50	0.95	9.11	0.02	14.50	19.75	0.19	34.44
	582.60	588.60	6.00	0.37	0.33	4.25	5.33	0.18	9.76
FNX0025	28.10	29.20	1.10	2.66	0.39	0.61	1.79	0.55	2.95
	334.60	338.30	3.70	1.18	0.16	1.93	5.82	0.32	8.07
	537.80	539.30	1.50	1.78	0.26	5.22	9.82	5.45	20.49
	576.90	583.00	6.10	2.12	0.23	4.22	4.57	2.02	10.82
	597.50	600.70	3.20	0.45	0.03	1.13	1.35	0.97	3.45
	635.70	640.60	4.90	0.89	0.12	2.18	3.28	2.69	8.15

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
FNX3046	882.10	882.60	0.50	4.39	1.22	1.48	3.13	0.33	4.94
	893.60	905.80	12.20	0.76	0.49	1.06	2.12	0.21	3.39
	941.80	944.10	2.30	0.64	0.06	1.46	3.19	1.81	6.45
	956.80	959.00	2.20	1.13	0.14	0.91	1.36	0.52	2.79
	991.60	1025.30	33.70	0.40	0.07	1.25	1.16	0.38	2.79
	1049.40	1054.60	5.20	1.41	0.23	2.59	3.54	0.78	6.91
	1062.70	1065.00	2.30	0.55	0.07	1.03	1.73	0.32	3.08
	1109.00	1117.60	8.60	0.17	0.08	1.78	1.59	0.47	3.84
	1148.20	1151.10	2.90	0.09	0.03	0.95	0.80	0.29	2.04



McCREEDY WEST MINE PROPERTY
950 Deposit
Inclined Section (Looking NW at 331°-Dipping 35° SE)

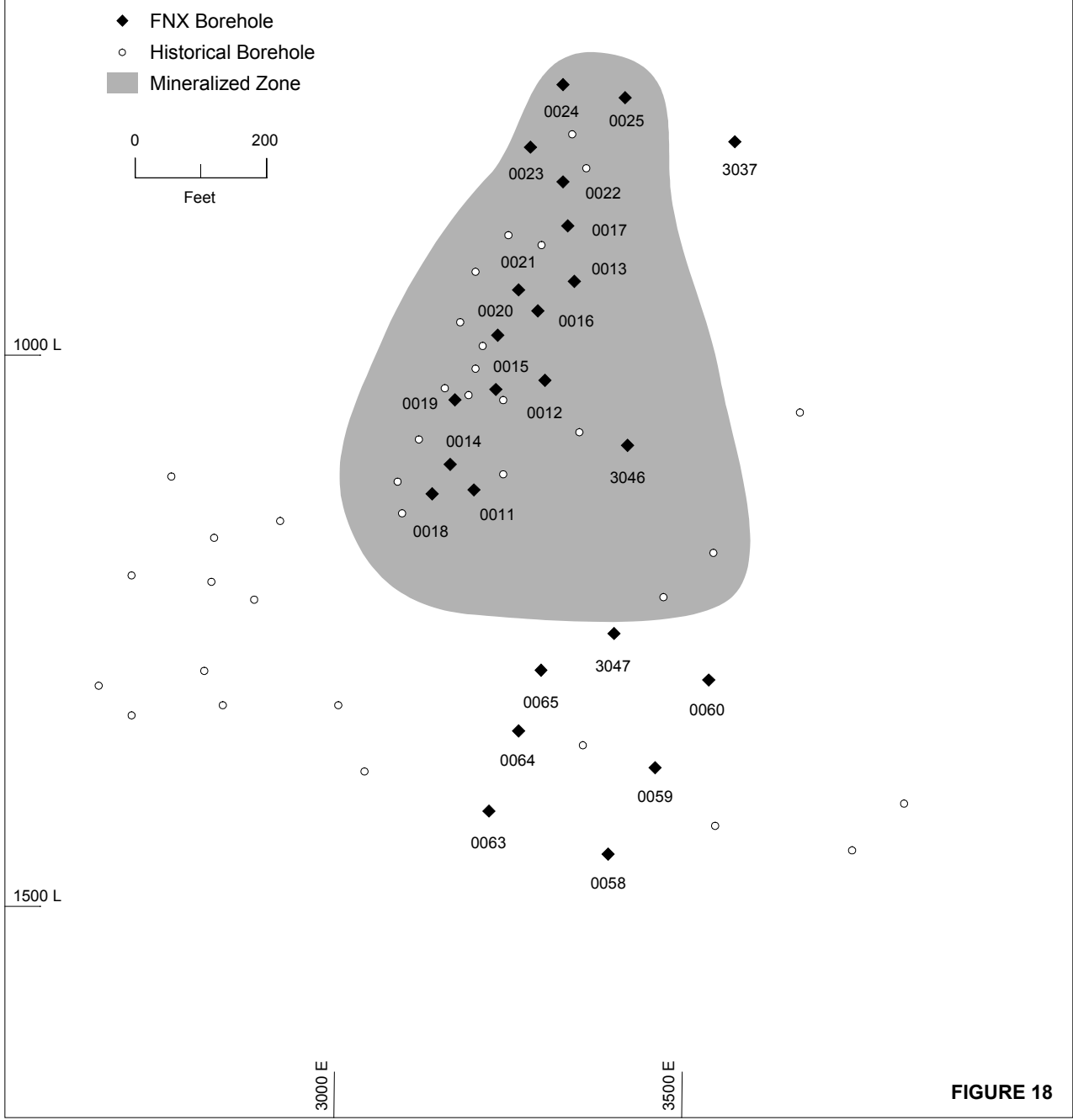


FIGURE 18

6.2.5.3 PM Deposit

The PM Deposit is hosted in a broad package of Sudbury Breccia within the Levack Gneiss, below the 1450 level at McCreedy West Mine. Mineralization occurs as

1. massive chalcopyrite +/- millerite veins filling steeply south dipping fractures, ranging from three to four inches up to several ft in width,
2. very fine, disseminated sulphides (chalcopyrite) and
3. as blebs and stringers of chalcopyrite and millerite.

Vein and stringers tend to occur within, or along the contacts of gneissic clasts within the Sudbury Breccia, while deposits of disseminated mineralization are concentrated in the matrix of the Sudbury Breccia.

The combination of narrow, irregular stringers, joint fillings and broad deposits of disseminated sulphide make the PM Deposit potentially amenable to bulk mining. However, evidence is emerging that suggests there may be high grade cores of mineralization within the PM Deposit, the exact geological controls of which have yet to be defined. There appears to be a strong spatial association between deposits of high sulphide (high Cu and PGE) mineralization and an apparent flexure in the lower contact of the Sudbury Breccia and the Levack gneiss.

Mineralization in the PM Deposit exhibits an overall plunge of roughly 30° to the southeast. Underground drilling is currently testing the possibility that high grade shoots within the PM plunge more shallowly, 10-15°, to the east southeast.

Prior to FNX's involvement at McCreedy West Mine, Inco Ltd. had completed 44 drill holes in the PM Deposit. These yielded 44 significant intersections, 34 of which are greater than 20 ft. thick. Intersections demonstrating the potential of the PM Deposit are

- **0.66% Cu, 0.27% Ni, 4.0 g/t TPM over 136.7 ft. in drillhole 596720**
- **10.75% Cu, 2.81% Ni, 121.9 g/t TPM over 7.5 ft. in drillhole 665080**
- **0.72% Cu, 0.29% Ni, 4.4 g/t TPM over 97.5 ft. in drillhole 665450**

- **0.85% Cu, 0.20% Ni, 3.4 g/t TPM over 136.2 ft. in drillhole 665830**

The first hole drilled on the property by FNX, (FNX3000), intersected **250.7 ft (150 ft true width) of 1.17% Cu, 0.22% Ni and 6.24 g/t TPM**. This hole transected the heart of the PM Deposit, with the mineralization style consisting of narrow fracture fill and replacement veins and disseminations. Other holes drilled closer to the eastern margins of the Deposit encountered “noseum” type mineralization consisting of low sulphide content in veinlets and disseminations which were difficult to observe in unpolished core. One of these holes (FNX3022), intersected **64.10 ft grading 0.07% Cu, 0.05% Ni, and 15.15 g/t TPM**.

Table 16: McCreedy West: PM Deposit Assays

Borehole	Feet			%		g/t				
	From	To	Length	Cu	Ni	Pt	Pd	Au	TPM	
FNX3000	1941.0	2191.7	250.7	1.2	0.2	2.1	3.4	0.7	6.2	
incl	1975.4	2000.0	24.6	2.1	0.5	7.5	13.6	3.5	24.6	
FNX3021	1936.4	2001.2	64.8	1.1	0.1	1.8	2.1	0.5	4.4	
	1978.1	2001.2	23.1	2.7	0.1	3.9	4.5	1.1	9.5	
FNX3022	2224.3	2288.4	64.1	0.1	0.1	7.6	7.0	0.6	15.2	
FNX3024	1846.1	1960.0	113.9	0.6	0.1	1.5	2.1	0.5	4.1	
	1895.4	1960.0	64.6	0.9	0.2	2.1	3.2	0.7	5.9	

- In the first quarter of 2003, FNX completed 25 new drillholes into the PM Deposit for a total of 16,421 feet. Though no assays have been released, this drilling, primarily from underground, continues to confirm the potential of the deposit.

Immediate work plans for the PM Deposit include the increased definition of higher grade sections on 50 to 80 feet centres. In addition, an exploration drift into a high grade portion of the PMZ is being planned. This will allow a detailed examination of controls on mineralization and effectively provide a small stockpile of high grade material, from which assay and metallurgical samples can be drawn.



McCREEDY WEST MINE PROPERTY
PM Deposit
Inclined Section (Looking NW at 331°-Dipping 35° SE)

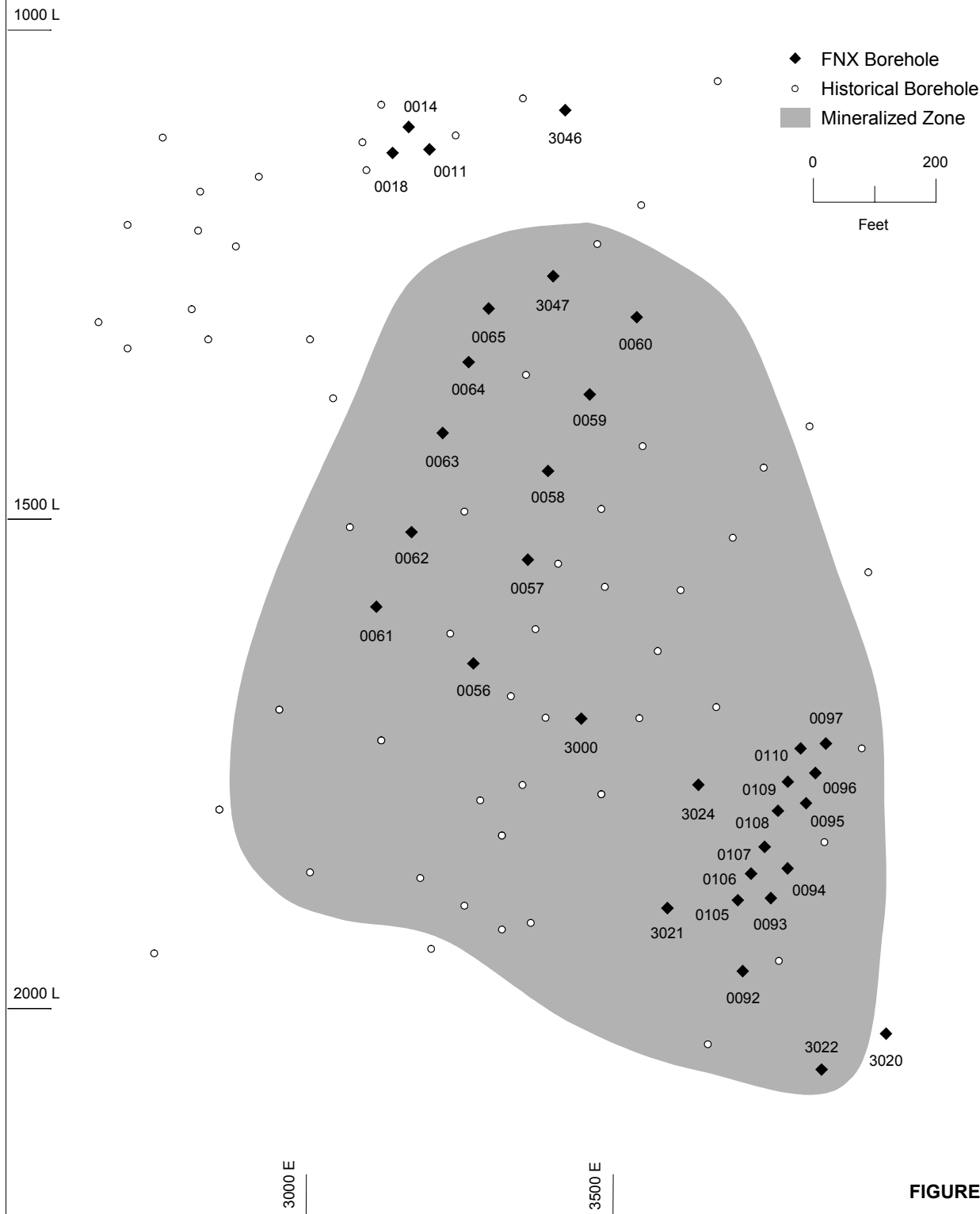


FIGURE 19

6.2.6 Resources and Reserves

In a news release dated February 24, 2003, FNX announced that resource estimates for five of the seven known deposits at McCreedy West Mine totalled 1,740,000 tons in the measured and indicated categories and a further 376,000 tons in the inferred category.

Roscoe Postle Associates Inc., a Toronto based firm of independent geological consultants and engineers were retained to review the Company's internally generated resource estimates for several of the McCreedy West near-term production targets. This report entitled "Review of the Mineral Resources of the McCreedy West Mine Property, Sudbury Area, Ontario", and dated March 5, 2003 was authored by Richard Routledge, M.Sc (Appl.), P.Geol.

In addition to auditing and verifying the resource estimates generated by FNX, the report reviews the practices and procedures employed by the Company, comments on the Quality Assurance/Quality Control procedures employed by the Company and, while noting that FNX meets or exceeds Industry Standards in all important aspects of the QA/QC, makes recommendations as to how some of these procedures could be further improved. The complete report was filed with SEDAR on March 26, 2003.

Following is the Summary as contained in the Roscoe Postle Report:

"SUMMARY

Roscoe Postle Associates Inc. (RPA) was requested by FNX Mining Company Inc. (FNX) to review and audit FNX-prepared resource estimates for the McCreedy West Mine property nickel-copper-cobalt-Pt-Pd-Au-bearing deposits and to prepare an independent report conforming to National Instrument (NI) 43-101 and Form 43-101F1 reporting requirements.

FNX has an option agreement with Inco Limited (Inco) under which FNX may undertake exploration and mining of five Inco properties in the Sudbury area. FNX has formed a joint venture with Dynatec Company of Richmond Hill, Ontario (75% and 25% interests respectively) to carry out exploration, mining development and

eventually mining on the Inco properties on behalf of the joint venture. FNX is responsible for exploration and resource estimation. A separate, non-public, agreement between FNX and Inco, the "Off-Take Agreement", grants Inco the right to purchase FNX/Dynatec mine production and defines the payment terms. In essence, FNX accountable metals (content subject to Inco payment) are defined based on Clarabelle mill and Inco smelting and refining recoveries in addition to LME metal prices. FNX is carrying out metallurgical testing for each deposit..

The McCreedy West Mine property is located in Levack Township within the Sudbury Mining District on the North Range of the Sudbury Intrusive Complex (SIC), some 34 km northwest of the city of Sudbury and about 400 km northwest of Toronto. The property encloses the town of Levack and totals 804.24 acres (325.46 hectares) held under eight freehold patented parcels: 544SWS, 1971SWS, 5586SWS, 5591SWS, 8675SWS, 8784SWS, 8785SWS and 22185SWS. The patents include surface and mining rights.

The five deposits and associated zones for which FNX and Dynatec have estimated Mineral Resources to date on the McCreedy West Mine property include "Contact" and "Footwall Vein" deposits typical of others mined by Inco from 1970 to 1997 on the property and elsewhere at mines located along the SIC North Range. Combined past production by Inco from the McCreedy West Mine to 1997 totals 15.76 million tons (14.3 million tonnes) averaging 1.44% Ni, 1.70% Cu, and 0.043 oz/ton total precious metals (Pt, Pd, Au). Cobalt and rhenium were also recovered.

The Mineral Resources are located from 200 ft. depth to about 1,450 ft. depth. They are delineated in pipe-like, lenticular and tabular "contact deposits" occurring along the SIC footwall contact hosted by sublayer dark norite and late granitic breccias, or in "Foot Wall Vein Complexes" located in the Archean footwall rocks and hosted in Sudbury Breccias and brecciated Levack Complex granitic gneisses. The Contact deposits are the Inter Main, Inter Main West, East Main, Upper Main and Upper Main Hanging Wall. The footwall vein deposits are the 950 Complex and the 700 Complex.

Inco has mined portions of the Upper Main, 700 Complex and the 950 Complex. Dynatec has rehabilitated the McCreedy West Mine decline and recently completed five raises on veins in the 700 Complex.

FNX estimated Indicated and Inferred Mineral Resources for the contact deposits and the 950 Foot Wall Vein Complex from mid January to mid February 2003. Dynatec estimated Measured, Indicated and Inferred Mineral Resources for the 700 Footwall Vein Complex in late 2002.

In RPA's opinion the data collection (drilling, sampling, assaying) and quality control and assurance (QA/QC) work by FNX is above industry standard and conforms to best practices guidelines set by the OSC/TSE Mining Standards Task Force (1999). The FNX QA/QC program has been reviewed, and a report prepared,

by Ms. Lynda Bloom, M.Sc., P.Geo., of Analytical Solutions Inc. (Bloom, 2003). RPA has reviewed the Bloom report, has examined the data used in the report and agrees with its conclusions and recommendations. RPA has also reviewed an earlier report, dated July 27, 2001, prepared by Spiteri Geological & Mining Consultants (SGM) entitled "Fort Knox Project Sudbury, Ontario Independent Check Sampling and Assaying Program". RPA has accepted and relied on the Bloom (2003) and SGM reports for the assaying QA/QC information described in this report.

The drilling and assay database, consisting of past Inco surface and underground drilling and recent FNX holes, is extensive and adequate for Mineral Resource estimation, and supports the classification assigned to the resources by FNX and Dynatec. Assaying core for precious metals and cobalt was not done for some Inco holes used in the resource estimation of contact deposits. Historically, precious metals and cobalt values have been low in contact deposits and are not significant in terms of mine viability. Consequently these metals are not reported in the contact deposits' resources.

McCreedy West Mine property Mineral Resources, as estimated by FNX and Dynatec, are summarized in Tables 1 and 2.

**TABLE 1 SUMMARY OF MCCREEDY WEST MINE PROPERTY
RESOURCES**

FNX Mining Company – Dynatec Joint Venture Sudbury Project

Resource Category	Short Tons	% Ni	% Cu	Pt (oz/ton)	Pd (oz/ton)	Au (oz/ton)
Contact Deposits						
Indicated	1,081,000	2.09	0.27	-	-	-
Inferred	376,000	1.75	0.40	-	-	-
Footwall Deposits						
Measured*	59,900	0.62	5.52	0.054	0.089	0.046
Indicated*	599,000	0.36	2.12	0.064	0.068	0.026
Measured & Indicated*	659,000	0.38	2.43	0.063	0.070	0.028
Inferred*	16,000	0.70	4.36	0.050	0.068	0.042

*Includes 700 Complex Resources that are diluted

**TABLE 2 SUMMARY OF MCCREEDY WEST MINE PROPERTY RESOURCES
BY DEPOSIT**

FNX Mining Company – Dynatec Joint Venture Sudbury Project

Deposit/Zone	Resource Category	Short Tons	%Ni	%Cu	Pt oz/ton	Pd oz/ton	Au oz/ton
Inter Main & HW	Indicated	866,000	2.02	0.24	-	-	-
	Inferred	60,500	2.00	0.20	-	-	-
Inter Main West	Inferred	112,000	2.31	0.53	-	-	-
East Main	Indicated	167,000	2.54	0.35	-	-	-
	Inferred	76,300	1.26	0.51	-	-	-
Upper Main	Indicated	48,000	1.87	0.46	-	-	-
Upper Main HW	Inferred	128,000	1.44	0.31	-	-	-
700 Footwall Complex	Measured*	59,900	0.61	5.52	0.054	0.089	0.046
	Indicated*	78,900	0.97	6.62	0.049	0.083	0.047
	Inferred*	16,000	0.70	4.36	0.050	0.068	0.042
950 Footwall Complex	Indicated	520,000	0.27	1.44	0.066	0.066	0.022

*Uncut and diluted

The contact and 950 Complex deposits were wireframed and 3-D block modelled using Datamine software in a conventional fashion. Inverse distance (ID² and ID⁴ respectively) was employed for block grade interpolation using specific gravity and length-weighted assay composites. Nearest neighbour interpolation validated the models. The resource estimation database consists of Inco and FNX surface and underground drilling, core sampling and assaying. The resource modelling is based on a 1% Ni cut-off grade and a minimum mining width of 8.0 ft. true width for the contact deposits. For the 950 Complex, the cut off grade is 0.75% Ni equivalent over the same minimum mining width. These cut-off grades and widths are reasonable in RPA's opinion.

The 700 Complex was modelled on 25 ft. spaced cross sections with resources estimated by the cross sectional polygon method employing ACAD software for area measurement on section. Minimum mining width is 5.0 ft. true width. The Measured Resources are based on drilling and some underground development and sampling. The Indicated and Inferred Resources are based on drilling alone.

Cut-off grades were determined from anticipated costs of applicable mining methods in conjunction with the Inco Off-Take Agreement and 2003 and late 2002 metal prices as outlined in this report.

The FNX estimation of Mineral Resources for the contact deposits and the 950 Footwall Vein Complex, by 3 –Dimensional computer block modelling, has been done to industry standards and is reasonable, in RPA's opinion.

The resource block modelling and estimation methodology and parameters are reasonable for global estimation of Indicated and Inferred Resource grade and tonnage for the contact deposits and the 950 Complex. Some refinements to the modelling should be considered for future resource updates

Dynatec estimated the 700 Complex Measured, Indicated and Inferred Resources in keeping with industry standards by the cross sectional polygonal method. Grades are uncut in keeping with past Inco practice in mining the down dip portion of the zone and the resource is diluted. In RPA's opinion the 700 Complex estimate is reasonable, however the impact of grade capping should be investigated for future estimation of Mineral Resources and Mineral Reserves.

RPA has minor concerns that do not affect the Mineral Resource estimates in any material way. RPA's recommendations concerning resource estimation are discussed in the various sections of this report. They are summarized as follows:

General and Contact Deposits

- RPA recommends more regularized core sampling with a maximum interval of 5 ft. or less in potential resources intercepts. This will facilitate compositing for block modelling and offer better local grade resolution in the grade block model.
- Instead of marking actual drill hole numbers on sample bags to facilitate administration of assay results, RPA recommends use of a separate administrative numbering system for sample bags to cross reference bag lot/batch file numbers to hole numbers.
- Within the wireframe models there are substantial drill intercepts of sub cut-off low grade/waste that may represent discrete zones distinct from the main bodies. Practice elsewhere in the Sudbury Camp is to consider that selective mining can leave a waste interval of 10 ft. and distinct footwall or hanging wall zones orphaned by this waste interval maximum are modelled separately. RPA recommends that FNX consider this practice for future resource estimates.
- RPA notes that two intercepts in the Inter Main deposit do not make grade-width minimums and recommends that future resource updates remodel the wireframes to eliminate these intercepts, if this action is still warranted after completion of the ongoing fill-in drilling.

- In order to improve the reliability of SG weighting in resource estimation at McCreedy West Mine, RPA recommends that SG tests be done routinely for core samples where higher Ni and Cu grades are anticipated and for semi massive to massive sulphides mineralization.
- The maximum number of samples for block interpolation at 10 to 20 combined with ID² interpolation may over smooth grade somewhat. Interpolation parameters, lower number of maximum samples/octant search etc., should be examined for future resource and reserves estimation where better local grade resolution will be required for mine planning.
- Additional test work on rejects and core duplicates for precious metals zones recommended to improve QA/QC work.

950 Footwall Vein Complex

- RPA recommends that additional studies be undertaken to determine how sensitive the block model grade estimate is to capping levels, and what capping levels would be appropriate for this deposit. In RPA's opinion, the Pt and Pd grades in the 950 Complex should probably be capped at something closer to 15 g/t, while for Au the cap should be in the order of 10 g/t.
- RPA recommends that additional work be carried out to refine the grade interpolation search parameters employed. Variography for PGEs and Au within the 950 Complex may be warranted and should be considered by FNX in future resource updates.
- RPA notes that the search orientation is not optimal for some portions of the 950 Complex volume model owing to the variations in dip of the mineralization and will result in poor local grade estimation, even though the global resource estimate may not be affected too much. RPA recommends that this be rectified as soon as possible. One possible means of correcting the problem would be to divide the wireframe model into a number of smaller, less complex, domains, each with their own search ellipsoid and sample dataset.
- RPA recommends that, unless some resource classification scheme is tied to the use of the 50 ft. x 50 ft. x 5 ft. grade interpolation search, that this ellipsoid be discarded. RPA further suggests that the minimum sample number constraint of 5 seems somewhat restrictive, while the maximum sample limit at 20 seems a bit too high. RPA recommends that additional work be carried out to refine the search parameters employed.

- RPA agrees with the Mineral Resource classification for the 950 Complex currently made on a purely geologic basis but recommends that further work be done on the estimation parameters to develop a more formal set of criteria.

700 Footwall Vein Complex

- RPA recommends further work to examine the impact of grade capping on resource estimation for the 700 Complex.
- Pt, Pd and Au prices have increased substantially since the Inco resource estimate of 2001 and subsequent Dynatec resource estimate in 2002. RPA recommends that the resource/economic potential of sub cut-off resource polygons be re-assessed based on current metal prices.”

End of RPA Summary

6.2.7 Recommended Work Program and Budget

The prime objective is to bring the indicated and measured resources of the various McCreedy West ore zones to a reserve status. This will be achieved by a program of detailed evaluation of FNX and Inco data, together with a program of diamond drilling, which should be sufficient to provide strong geological confidence in the various zones.

During 2003, this diamond drill program will mostly originate from underground on the 950 and 1600 levels, and will consist of 69,600 feet of near term production drilling on 50 to 80 foot centres, and 57,900 feet of advanced exploration drilling. In addition, 25,000 feet of surface drilling is planned with 6,000 feet destined for near term production, and 17,000 feet for testing under-explored areas. With the definition of the various deposits it will be possible to begin production at McCreedy West Mine in the second quarter of 2003. The initial deposits to be mined include the Cu-Ni-PGE rich 700 Vein Complex and the Ni rich Upper Main Deposit. With production initialized, there will be increased emphasis on completing the infrastructure required to access the other near term deposits of interest, including the Inter Main, East Main and 950 Deposits. Exploration of the PM Zone through an access drift across the main axis of the Zone is also being planned. Such a drift would allow FNX the opportunity to very quickly gain a better understanding of the geology, structures and mineral distribution in this potentially very large Cu-Ni-PGE rich resource.

The planned 2003 exploration budget for the McCreedy West property is estimated at \$5.7 million.

6.3 Levack Mine Property

6.3.1 Location, History, Infrastructure & Environment

The Levack Mine property, comprising 811.37 acres in six mining patents, is located 34 km northwest of Sudbury (Figure 1) in Levack Township and immediately adjacent to the McCreedy West property described above (Figure 18). Access is via a year round highway and a rail spur passes within 1 km of the property site.

The Levack Mine, the first deposit discovered on the North Range, was discovered in 1887 and patented in 1889. The Mond Nickel Company acquired the property in 1912 and production started from the No.1 inclined shaft in 1915. Following the merger with Inco in 1929 the surface plants were destroyed by fire and the mine was closed. Following reopening in 1937 the three-compartment No. 2 Shaft was sunk to a depth of 4,050 ft. In 1939 the No.1 and No.2 East Orebodies were discovered and the No.3 and No.4 Orebodies were discovered by diamond drilling in 1947. The No.3 internal shaft was collared in 1950.

The Levack Mine operated continuously from 1937 until closing in 1997. The total ore production was **60,500,000 tons grading 1.31% Cu, 2.00% Ni, 1.5 g/t TPM.**

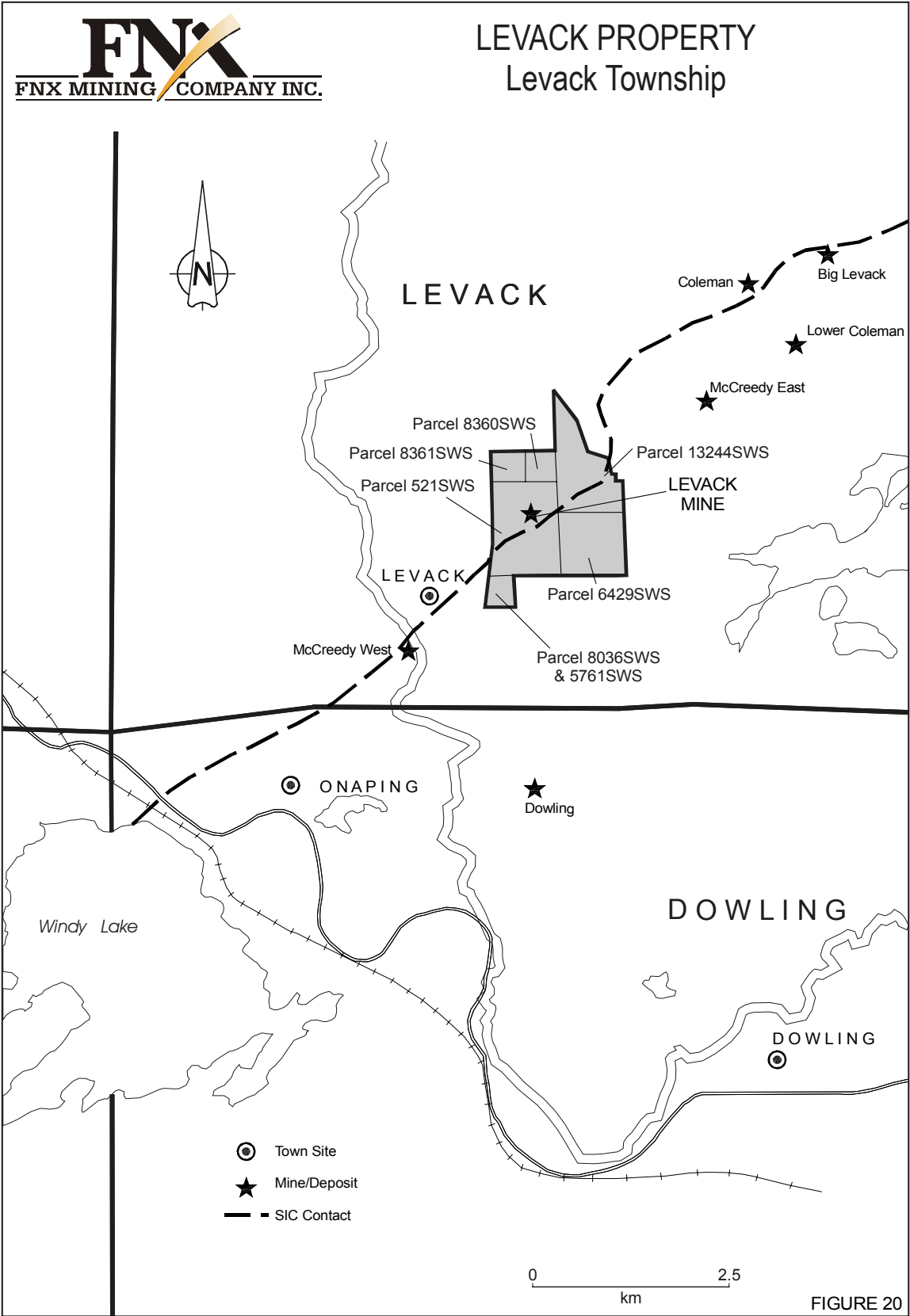
FNX Mining Company began exploration on the Levack property in March, 2002. During 2002, FNX focused on the 1300 and 1900 zones and in the first quarter of 2003, exploration drilling targeted under-explored contact zones near the #3 and #7 Orebodies. Extensive airborne EM and magnetic surveys, downhole UTEM, and ground IP and magneto-telluric surveys completed during 2002 were followed up in early 2003 by further ground and downhole IP surveys, and continuing downhole UTEM surveys of current drilling.

Much of the infrastructure at Levack Mine remains accessible. The No. 2 Shaft remains accessible and usable to approximately the 3,600 ft Level. A ventilation system using the available raises, drifts and shafts is in use to service the McCreedy East Mine return air.

The surface infrastructure includes the collar house, hoist room with hoist and miscellaneous surface buildings including the sand plant. Some of these buildings are scheduled for demolition. Hydroelectric power is currently available to the project site. The surface load out and rail car loading area are functional. Re-entry to the Levack workings will not conflict with the current McCreedy East operations of Inco.

This property is covered by the joint Inco-Falconbridge environmental closure plan, which also covers McCreedy West. A revised closure plan would have to be prepared as required by the Ontario Mining Act prior to commencing an advanced exploration program or mine development.

FNX has initiated site reconnaissance in order to design environmental monitoring programs that will maintain compliance with regulatory requirements once site development proceeds and also to distinguish between existing and incremental liabilities. A Certificate of Approval (Sewage) is in place to handle sanitary sewage and all mine water reports to the Strathcona effluent treatment facility.



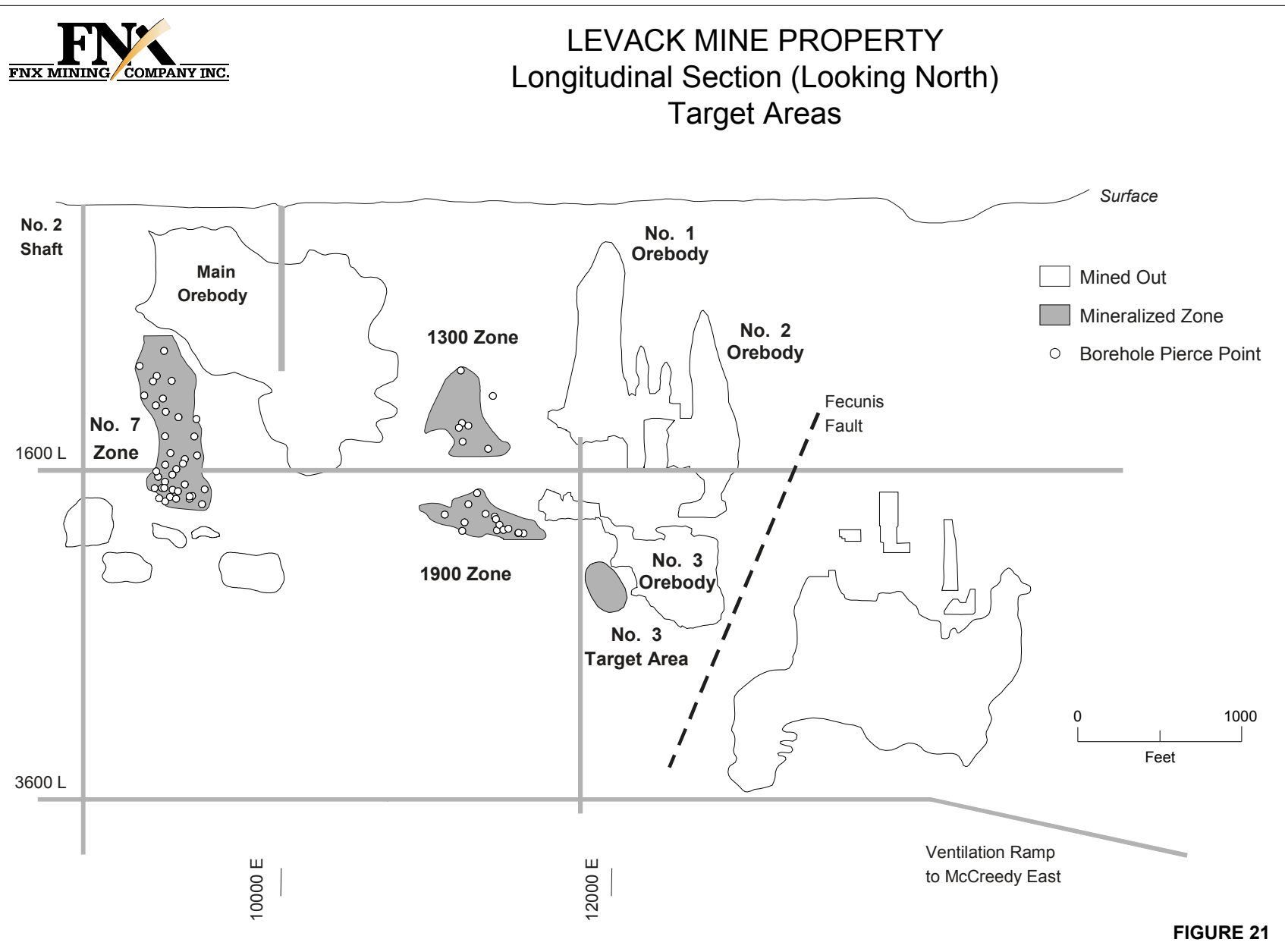
6.3.2 Property Geology & Mineralization

The Levack Mine is located on the northwest margin of the SIC. It is situated within the Levack trough, an 8.5 km long structure that generally strikes northeast, dips at 40-45° southeast and contains all of the major North Range deposits.

The Contact-type orebodies at the Levack Mine are contained within terrace structures that have acted as traps for the sublayer material that hosts sulphide mineralization. In these terrace environments the thickened sequence of sublayer, consists dominantly of granite breccia with sublayer norite containing sulphide mineralization. The orebodies comprise thick lenses and stringers of massive Cu-Ni sulphide situated at or near the contact between granite breccia and the Levack footwall complex. The sulphides in the granite breccia are typically disseminated, blebby or inclusion massive sulphides consisting of pyrrhotite, pentlandite, chalcopyrite and minor pyrite.

In addition each of the contact-type zones (including the Levack Main, No. 1, No. 2, No. 3 and No. 4 Zones) has an area of associated Cu-PGM-rich sulphides, occurring as a stockwork of massive stringers in the footwall Sudbury Breccia.

Hangingwall rocks consist of a basal mafic norite overlain by felsic norite of the SIC. Brecciated granodiorite, granodiorite gneiss and migmatites of the Levack complex form the footwall to the deposits and are referred to as megabreccia. The sulphide mineralization and the host rocks have been disrupted by northwest-trending faults.



6.3.3 Deposit Types

The **Contact Type** deposits are represented by the 1300 Zone & No. 7 Zone, which are primarily Ni-Cu deposits with minor PGM content. The 3 Orebody is of the Cu-Ni-PGM **Footwall Type**, while the 1900 Zone, can be regarded as a **hybrid-type** exhibiting features of both Contact- and Footwall-types.

The remaining two areas are high priority targets. The first is a UTEM anomaly located between the 1300 and 1900 Zones and which could indicate Ni-Cu contact type mineralization linking the two zones. The second target area, located in the footwall area extending north from the SIC contact, is a prime target for high grade Cu-Ni PGM vein-type mineralization.

Four of the six target areas outlined (Figure 19) contain known mineralization and are considered to have production potential.

6.3.4 Contact – Type Deposit Targets

6.3.4.1 1300 Zone

The 1300 Zone is more or less typical of the contact style mineralization observed on the North Range. The best part of the Ni – rich mineralization within this 300 by 450 foot zone consists of massive, semi-massive, blocky and blebby sulphides comprised of pyrrhotite-pentlandite-chalcopyrite-pyrite. Located directly adjacent to the contact with the ultramafic-gabbroic footwall, the dominant host rocks for this mineralization are Granite Breccia and Sublayer Norite.

In this zone the nickel values generally exceed the copper values by a ratio of at least 2:1, while PGM values are depleted. This, combined with the low copper values is considered to suggest possible migration of copper and PGMs into an adjacent footwall environment.

Prior to FNX's involvement on the Levack Property, Inco had completed 7 holes into the 1300 zone with the following intersections demonstrating the potential;

- **1.10% Cu, 3.33% Ni, over 65.7 ft.** in drillhole 971410
- **0.80% Cu, 3.63% Ni over 5.8 ft.** in drillhole 28320
- **0.48% Cu, 1.30% Ni, over 74.5 ft.** in drillhole 971450

In 2002, FNX completed 23 holes, testing both the 1300 and 1900 zones. Significant FNX intersections in the 1300 zone include:

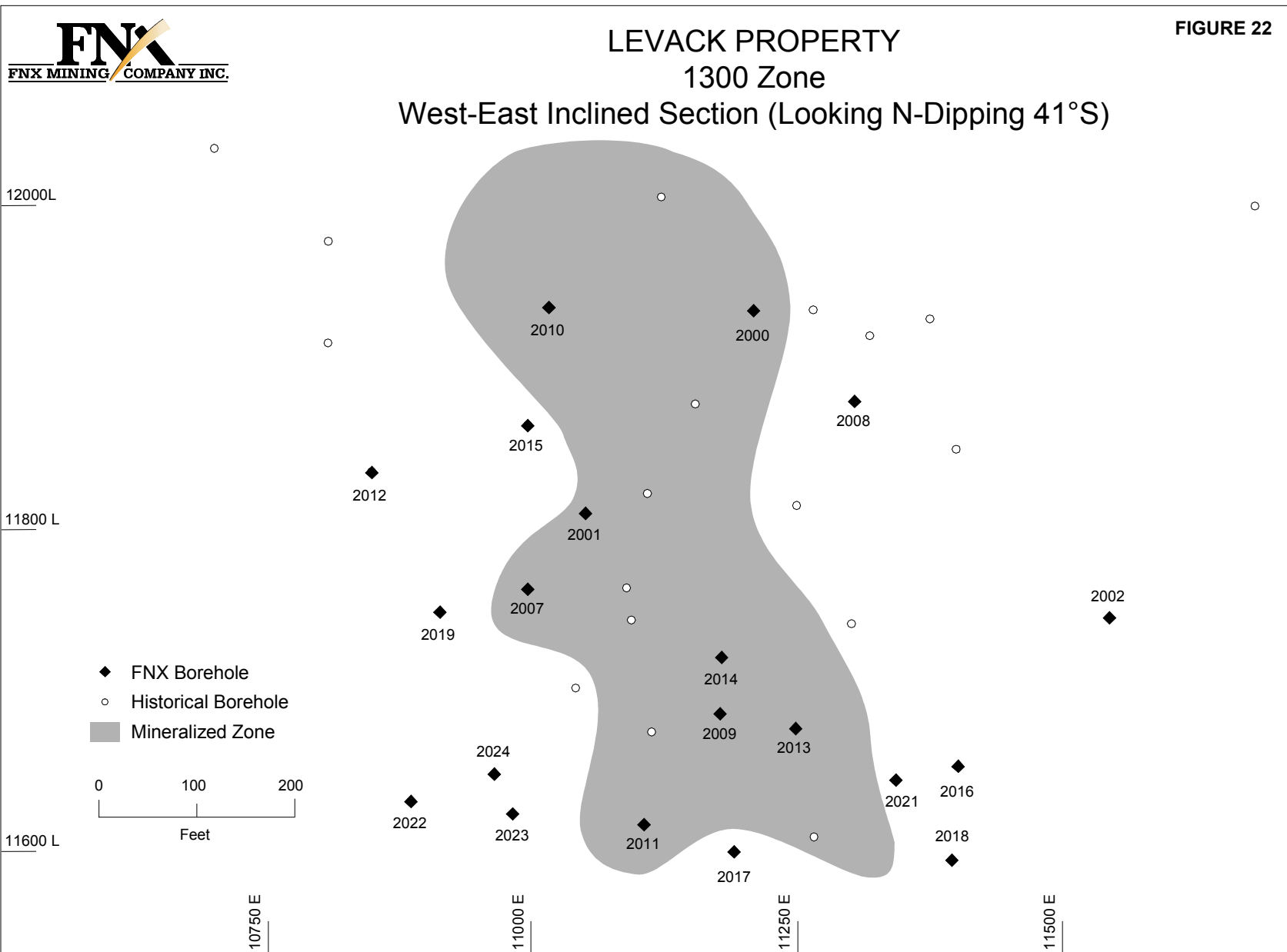
- **0.5% Cu, 2.1% Ni over 56.7ft** in drillhole FNX2013
- **0.6% Cu, 1.8% Ni over 61.1ft** in drillhole FNX2007
- **0.7% Cu, 1.6% Ni over 79.1ft** in drillhole FNX2009

Table 17: Levack Property: 1300 Zone - Graded Assays

DDH	Feet			%		g/t			
	FROM	TO	LENGTH	Cu	Ni	Pt	Pd	Au	TPM
FNX2001	1470.0	1505.7	35.7	0.64	1.98	0.39	0.36	0.05	0.80
FNX2002	1465.9	1470.9	5.0	3.48	0.41	1.03	6.71	0.68	8.42
FNX2007	1330.3	1388.5	58.2	0.54	1.79	0.33	0.33	0.03	0.69
FNX2009	1412.9	1492.7	79.8	0.68	1.57	0.14	0.15	0.03	0.31
FNX2010	1202.8	1210.9	8.1	0.59	2.07	0.25	0.22	0.07	0.54
FNX2011	1483.7	1511.2	27.5	0.33	0.78	0.11	0.15	0.02	0.28
FNX2013	1438.0	1480.2	42.2	0.69	2.73	0.25	0.18	0.13	0.56
FNX2014	1455.6	1471.0	15.4	0.51	1.40	0.15	0.21	0.03	0.39
FNX2020	1529.0	1535.0	6.0	0.10	1.87	0.03	0.02	0.02	0.06

As of March 31st, 2003, 23 drillholes totalling approximately 54,000ft were drilled on both the 1300 and 1900 zones with each hole averaging about 2,350ft. Overall, approximately 2,000 samples were assayed, which comprised 6% of the core.

The main focus for the 1300 Zone in 2003 will be to complete a good geological interpretation followed by strategic drilling. Currently, 3 holes (6000 ft) have been planned for this zone. UTEM surveys from FNX's western-most drilling of the 1300 zone have suggested the presence of a significant conductive body to the west of the 1300 and 1900 zones and southeast of the Main Orebody. This area represents a good exploration target.



6.3.4.2 No.7 Zone

This is an area of unmined Ni-Cu contact-type mineralization located mainly above the 1600 Level, below and west of the Levack Main Orebody (Figure 19). It is an elongate, trough-like zone (Figure 21) approximately 200 ft wide and extending approximately 1000 ft down dip. Thirty-seven Inco boreholes with 48 intersections, twenty-six of which are greater than 10 ft., cut the zone and assays (Table 20) show that Ni values exceed copper values by a ratio of at least 2:1 and PGM values are very depleted. This depletion in Cu and PGMs suggests the migration of these elements into a footwall environment.

Intersections demonstrating potential are

- **0.93% Cu, 1.64% Ni over 78.7 ft.** in drillhole 886930
- **0.54% Cu, 5.78% Ni over 3.2 ft.** in drillhole 900460
- **0.48% Cu, 1.53% Ni over 36.0 ft.** in drillhole 466820

FNX has only recently started drilling on this zone to confirm and expand on the data generated by Inco and presented in Figure 23 and Table 18 .

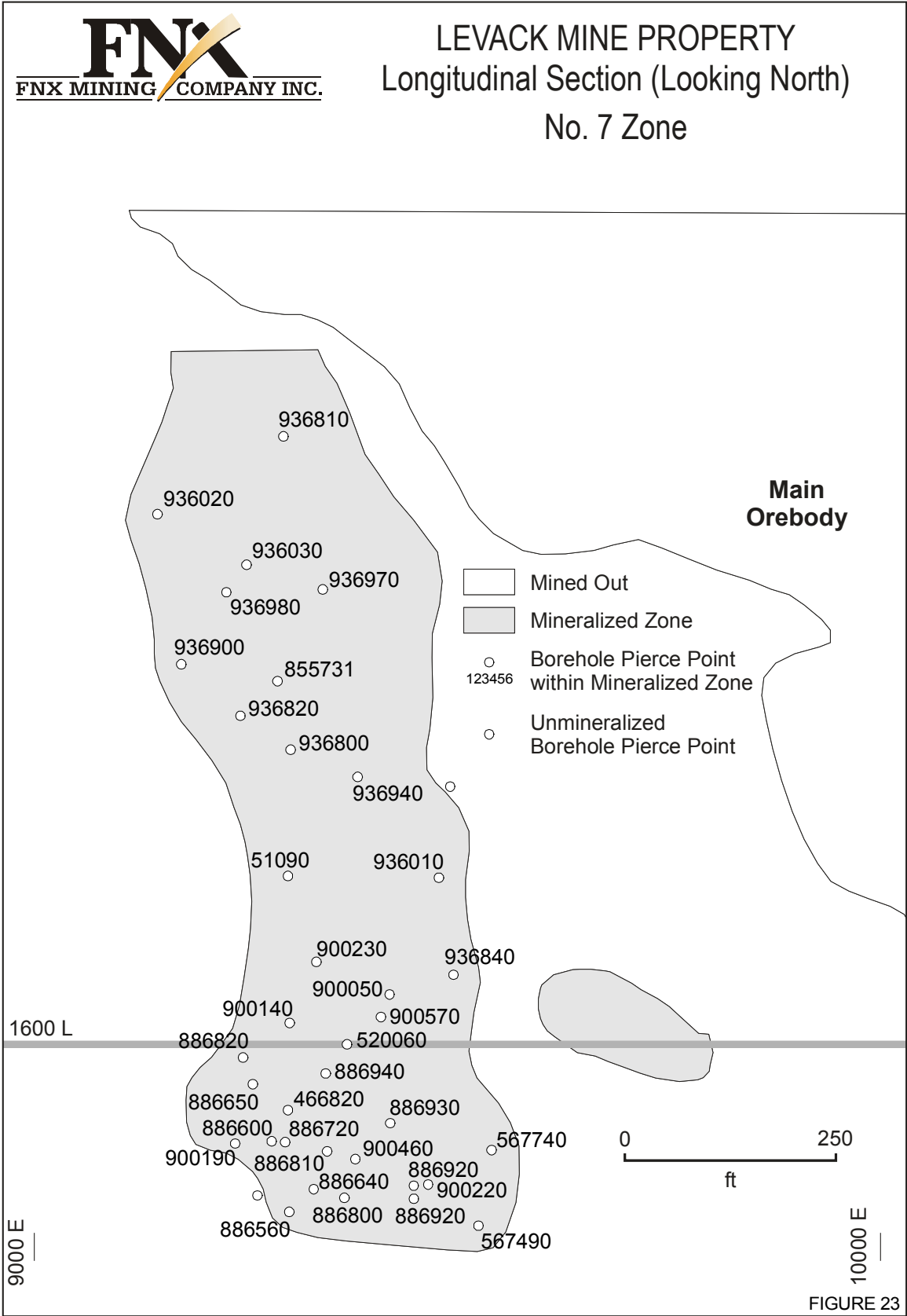


Table 18: Levack Property: No.7 Zone - Graded Assays (Historic Data)

DDH	Feet			%	
	From	To	Length	Cu	Ni
51090	1373.5	1378.5	5.0	0.99	1.18
	1402.5	1405.4	2.9	1.24	3.61
466820	810.8	846.8	36.0	0.48	1.53
520060	970.4	985.0	14.6	0.39	1.45
	1039.5	1044.8	5.3	0.67	1.00
567490	942.0	948.2	6.2	0.14	0.43
567740	977.8	980.8	3.0	1.34	3.54
855731	1140.0	1164.0	24.0	1.01	2.68
886560	200.0	236.5	36.5	0.24	1.45
<i>including</i>	200.0	210.7	10.7	0.52	3.94
886600	199.7	204.6	4.9	0.42	2.12
886640	203.0	227.0	24.0	0.19	1.14
886650	204.6	214.0	9.4	0.74	1.80
886720	187.7	207.5	19.8	0.45	2.43
	226.2	245.2	19.0	0.17	1.31
886800	213.4	227.2	13.8	0.60	1.82
	243.8	273.8	30.0	0.50	1.79
886810	224.4	283.6	59.2	0.40	1.16
<i>including</i>	224.4	232.0	7.6	0.58	2.57
<i>including</i>	273.8	283.6	9.8	0.62	1.85
886820	227.7	253.5	25.8	0.35	1.17
	282.0	313.0	31.0	0.17	0.94
886930	295.7	374.4	78.7	0.93	1.64
886940	260.0	281.9	21.9	0.54	2.53
900050	370.0	383.5	13.5	0.54	2.03
900140	302.8	388.3	85.5	0.38	1.62
<i>including</i>	302.8	323.0	20.2	0.50	2.15
<i>including</i>	342.5	354.8	12.3	0.40	2.58
900190	186.0	194.0	8.0	0.20	1.79
900220	292.0	332.7	40.7	0.62	2.13
<i>including</i>	292.0	317.0	25.0	0.86	2.79
900230	355.0	362.5	7.5	0.32	1.25
	372.9	389.8	16.9	0.65	1.45
900460	223.8	227.0	3.2	0.54	5.78
	263.1	281.0	17.9	0.76	2.13
900570	359.6	364.6	5.0	0.64	2.18
936010	1383.0	1399.4	16.4	0.16	1.36
936020	969.4	974.2	4.8	0.15	1.50
	994.6	1000.1	5.5	0.34	1.98
	1005.7	1014.0	8.3	0.93	2.53
936030	1008.4	1039.7	31.3	0.61	2.14
<i>including</i>	1028.5	1035.3	6.8	0.28	4.33

DDH	Feet			%	
	From	To	Length	Cu	Ni
936800	1216.3	1241.6	25.3	0.14	1.80
including	1233.0	1237.2	4.2	0.09	3.95
936810	886.5	893.0	6.5	0.38	1.68
936820	1192.0	1195.6	3.6	0.18	1.47
	1250.6	1259.6	9.0	0.60	1.65
936840	1508.0	1510.3	2.3	0.37	2.40
936900	1130.9	1131.5	0.6	0.42	1.75
936940	1257.5	1271.2	13.7	0.10	1.08
	1285.5	1291.8	6.3	0.11	1.48
	1293.8	1310.6	16.8	0.13	1.27
936970	1050.4	1063.0	12.6	0.58	1.44
936980	1022.3	1079.5	57.2	0.64	1.62

6.3.5 Footwall – Type Deposit Targets

6.3.5.1 No. 3 Zone

The **Footwall Type** of mineralization is represented by the No.3 Zone, which is situated 3,600 ft. east of the No. 2 shaft and up dip from the Levack No.3 Orebody (Figure 19). It has been explored by two recent surface drill holes and several underground exploration drill holes. As is typical of the footwall environment, the mineralized intersections are Cu and PGM enriched.

In-hole UTEM-4 surveys indicate that the zone may be open along strike and dip. The potential is high for this style of mineralization to occupy the open area of over 800 by 800 ft. The zone can be accessed from the Levack Mine 2050 Level drift where narrow Cu-PGM stringers similar to those intersected in the diamond drill holes are present.

Further exploration consisting of surface drilling and borehole UTEM-4 is recommended. As of March 31st, 2003, one borehole of 3,900 feet had been completed by FNX Mining below and to the south of the No.3 Orebody. About 200 samples were collected comprising about 5% of the core.

The main focus in 2003 will be to complete a geological interpretation of the No.3 Orebody and the immediate footwall rocks. Currently, 3 holes for a total of 10,000 feet have been budgeted for this area. In-hole UTEM-4 surveys indicate that the No.3 Orebody may be open along strike and dip. Further exploration consisting of surface drilling and borehole UTEM-4 is recommended.

6.3.5.2 1900 Zone

The **1900 Zone** (Figures 19 & 20) is regarded as a hybrid of the Contact and Footwall deposit types. The 1900 Zone is hosted in a granite breccia overlain by a 450 foot wide meta-gabbroic-ultramafic block. Below the zone, the footwall rocks are composed of granodiorite gneiss and Sudbury Breccia. Mineralization within this zone occurs as narrow, fracture controlled veinlets, and locally massive zones consisting of chalcopyrite-pyrrhotite-pentlandite with minor millerite. Moderate to intense potassium feldspar-epidote-albite alteration are often associated with 1900 Zone mineralization. The 1900 Zone contains significant PGE mineralization with values in excess of 3.4 g/t. It should also be noted that in the lower parts of some of the boreholes there are narrow (<3 ft) mineralized intercepts with enriched Cu and PGM values typical of the footwall, vein- type Cu-PGE mineralization.

Inco previously completed 15 drillholes that returned 18 intersections in the zone, with 7 being greater than 10 ft. Intersections demonstrating potential include

- **1.94% Cu, 2.60% Ni, 4.4 g/t TPM over 87.4 ft.** in drillhole 971390
- **1.28% Cu, 0.35% Ni, 14.3 g/t TPM over 8.1 ft.** in drillhole 971420
- **3.32% Cu, 4.87% Ni, 10.6 g/t TPM over 5.3 ft.** in drillhole 971430

Table 19: Levack: 1900 Zone – Graded Assays (Historic Data)

BHID	Feet			%		oz/t				g/t
	From	To	Length	Cu	Ni	Pt	Pd	Au	TPM	TPM
924610	496.5	518.2	21.7	0.75	1.50					
<i>incl.</i>	514.2	518.2	4.0	0.40	7.40					

924870	564.6	566.1	1.5	2.48	3.62					
924880	552.0	555.0	3.0	0.37	1.75					
971350	1809.4	1812.2	2.8	1.21	2.41	0.05	0.05	0.05	0.15	4.5
	1835.0	1836.2	1.2	0.35	2.92	0.06	0.05	0.04	0.14	4.5
	1842.4	1843.8	1.4	0.78	2.39	0.04	0.04	0.02	0.11	3.3
	1861.6	1863.8	2.2	5.90	0.09	0.02	0.05	0.09	0.16	4.9
971390	1934.0	2021.4	87.4	1.94	2.60	0.07	0.05	0.01	0.14	4.4
incl.	1934.0	1947.6	13.5	1.41	5.43	0.10	0.12	0.10	0.31	9.7
incl.	1967.0	1974.0	7.0	4.31	5.28	0.12	0.16	0.06	0.35	10.8
incl.	1981.0	1997.0	16.0	2.70	4.04	0.09	0.12	0.10	0.31	9.6
incl.	1998.6	2003.0	4.4	5.38	4.02	0.07	0.13	0.11	0.31	9.7
incl.	2015.3	2017.5	2.2	4.77	4.82	0.07	0.16	0.07	0.29	9.1
971400	2098.0	2101.0	3.0	6.08	0.32	0.01	0.18	0.00	0.19	6.0
971410	1869.0	1949.6	80.6	0.59	0.39	0.01	0.02	0.00	0.03	1.0
incl.	1869.0	1872.2	3.2	1.92	1.71	0.04	0.04	0.06	0.14	4.2
incl.	1914.0	1916.3	2.3	1.52	1.62	0.036	0.030	0.000	0.07	2.1
incl.	1946.5	1949.6	3.1	2.76	2.74	0.02	0.09	0.20	0.31	9.8
971420	2138.9	2170.0	31.1	0.57	0.31	0.07	0.07	0.03	0.17	5.3
incl.	2138.9	2147.0	8.1	1.28	0.35	0.24	0.14	0.11	0.46	14.3
incl.	2169.0	2170.0	1.0	5.60	5.59	0.08	0.14	0.22	0.45	13.9
971430	1944.8	2030.5	85.7	0.72	0.65	0.02	0.03	0.00	0.06	1.8
incl.	2025.2	2030.5	5.3	3.32	4.87	0.11	0.10	0.13	0.34	10.7
971440	2193.0	2207.3	14.3	0.57	0.65	0.02	0.06	0.00	0.08	2.5
incl.	2205.2	2207.3	2.1	1.51	0.41	0.030	0.258	0.009	0.30	9.2
971450	1965.1	1965.8	0.7	5.74	0.72	0.05	0.02	0.01	0.08	2.5
971470	1902.5	1914.3	11.8	1.13	2.12	0.03	0.04	0	0.07	2.2
971490	2013.4	2014.4	1.0	1.34	0.21	0.04	0.06	0.01	0.11	3.4
993110	532.5	536.5	4.0	3.80	0.51					
993120	550.5	552.0	1.5	0.80	2.26	0	0	0	0	0

During 2002, FNX completed a further 23 holes testing both the 1300 and 1900 zones.
Significant FNX intersections in the 1900 Zone include:

- 2.2% Cu, 1.0% Ni, 2.7g/t TPM over 21.1ft in drillhole FNX2015
- 0.8% Cu, 2.0% Ni, 1.4g/t TPM over 19.8ft in drillhole FNX2004
- 0.6% Cu, 1.1% Ni, 2.6g/t TPM over 21.5ft in drillhole FNX2001

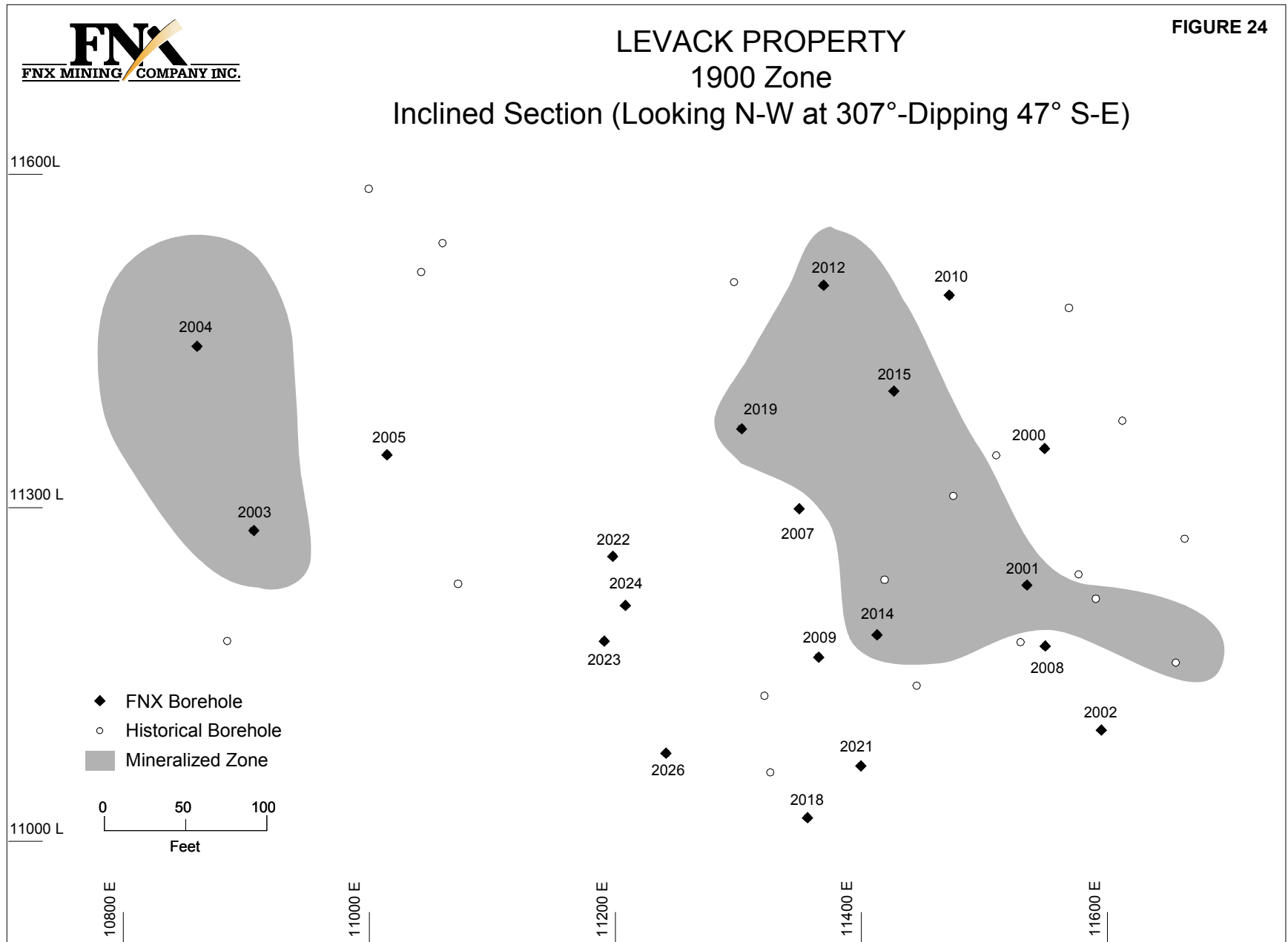
Table 20: Levack: 1900 Zone – Graded Assays

DDH	Feet			%		g/t			
	FROM	TO	Length	Cu	Ni	Pt	Pd	Au	TPM
FNX2000	1,797.7	1,813.0	15.3	0.81	0.52	0.57	1.96	0.07	2.61
FNX2001	2,067.8	2,150.4	82.6	0.96	0.97	0.84	0.89	0.06	1.79
incl.	2,130.5	2,150.4	19.9	2.81	1.95	1.67	1.15	0.18	3.00

incl.	2,141.7	2,150.4	8.7	5.28	4.35	3.08	1.87	0.13	5.07
FNX2003	1,963.1	1,969.2	6.1	2.14	4.18	1.26	1.59	0.37	3.22
FNX2004	1,721.9	1,749.7	27.8	0.69	1.67	0.53	0.72	0.03	1.28
FNX2009	1,993.1	2,000.0	6.9	0.77	0.96	1.46	0.96	0.34	2.76
FNX2012	1,781.1	1,794.6	13.5	1.42	1.41	1.24	2.20	0.28	3.72
FNX2014	2,008.0	2,037.3	29.3	1.19	1.25	0.98	1.17	0.10	2.26
incl.	2,015.0	2,037.3	22.3	1.33	1.37	1.09	1.28	0.10	2.47
FNX2015	1,769.2	1,790.3	21.1	2.25	0.97	1.07	1.43	0.18	2.68
	1,829.6	1,836.8	7.2	0.56	2.63	1.68	2.21	0.09	3.98

The main focus in 2003 will be to complete a thorough geological interpretation of the 1900 Zone, which will be followed by drilling. The three holes budgeted to test the 1300 Zone will also test the 1900 Zone. These three holes will total about 6,000 feet of drilling. As previously described, UTEM-4 surveys from FNX's western drilling of the 1300 and 1900 zones have suggested the presence of a significant conductive body to the west and upwards toward the Levack Main Orebody. Drilling in this area is sparse and the untested area to the west, measuring 400ft by 300 ft is an excellent target. The exploration program consisting of drilling and borehole UTEM-4 is recommended.

As previously noted the 1900 Zone may have a connection to the 1300 Zone, and possibly with the Levack No. 3 Orebody which is located some 800 ft. to the east. This untested area measures 800 by 500 ft and an exploration program consisting of surface drilling and borehole UTEM-4 is recommended.



6.3.6 Recommended Work Program and Budget

The prime objective is to determine, as quickly as possible, if the established mineralized zones described above can be upgraded to ore reserve category. This will be achieved by a program of detailed evaluation of Inco data, together with diamond drilling.

Thirteen surface drill holes have been budgeted in order to achieve the outlined program objectives. After completion of a more thorough data compilation, detailed program planning will determine the most practical locations from which to drill all targets. UTEM-4 will be utilized where appropriate. Metallurgical testing will be completed for all zones being contemplated for mining.

Proposed exploration expenditures for this program are estimated at \$1.3 million.

6.4 Norman Property

6.4.1 Location, History, Infrastructure & Environment

The Norman property, comprising 1,111.33 acres (449.8 ha), is located in Norman Township 32 km north-northeast of Sudbury (Figures 1). The mining rights are held under ten-year mining and surface rights leases, 287 and 288, and are renewable April 1, 2007. Excellent road access is available and the main Ontario line of the CNR passes approximately 6.5 km west of the project site.

The property has been intermittently explored since 1971 by surface drilling and geological mapping. The former Whistle open pit mine is located on the property and was in production between 1988 and 1991 and again between 1994 and 1997. The mine produced **5.71 million tons grading 0.33% Cu, 0.95% Ni, 0.034% Co**. The Whistle contact-type deposit was located in an embayment from which the Whistle Offset trends in a north-eastward direction away from the SIC. Three zones of PGM-Cu-Ni mineralization (North, South and 2000 Zones) have been partially delineated in the Whistle Offset, northeast of the Whistle open pit.

The former Whistle open pit mine site is currently being reclaimed under a conceptually approved closure plan. FNX has implemented monitoring programs at the property in order to collect the data required to support operational permit applications and define existing environmental liabilities. The on-going surface water monitoring and the aquatic biological assessment conducted in autumn 2002 will promote early compliance with the federal *Metal Mining Effluent Regulations* when mine operation commences. A surface hydrology study has been initiated and surface water, groundwater and biological monitoring programs are being designed and initiated to support an eventual certified Closure Plan submission to the Ministry of Northern Development and Mines. A terrestrial assessment to define any biological values or biological constraints to development at the property has been initiated.

Due to the limited size of the stripped area at the North Deposit, a Closure Plan for an advanced exploration project is not required at this time. A Clearance Letter from the Department of Fisheries and Oceans is in place for the surface stripping that has been conducted at the North Deposit. An application for a license to harvest Crown timber in the vicinity of the North Deposit has been submitted to the Ministry of Natural Resources in order to clear an area large enough to accommodate a site development.

Consultation with Wahnapiatae First Nation has been on-going and economic opportunities for the community are being jointly explored..

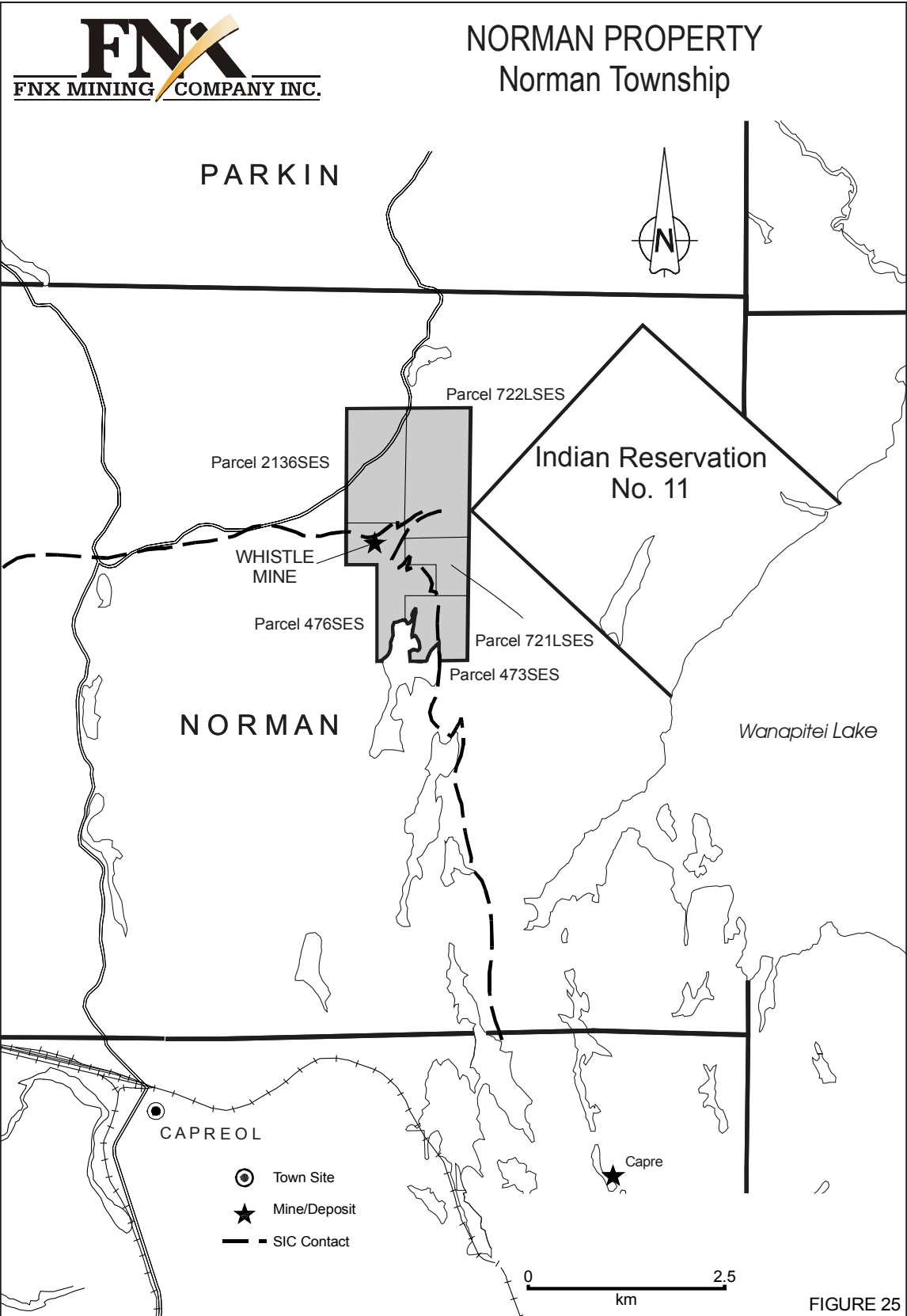
6.4.2 Property Geology & Mineralization

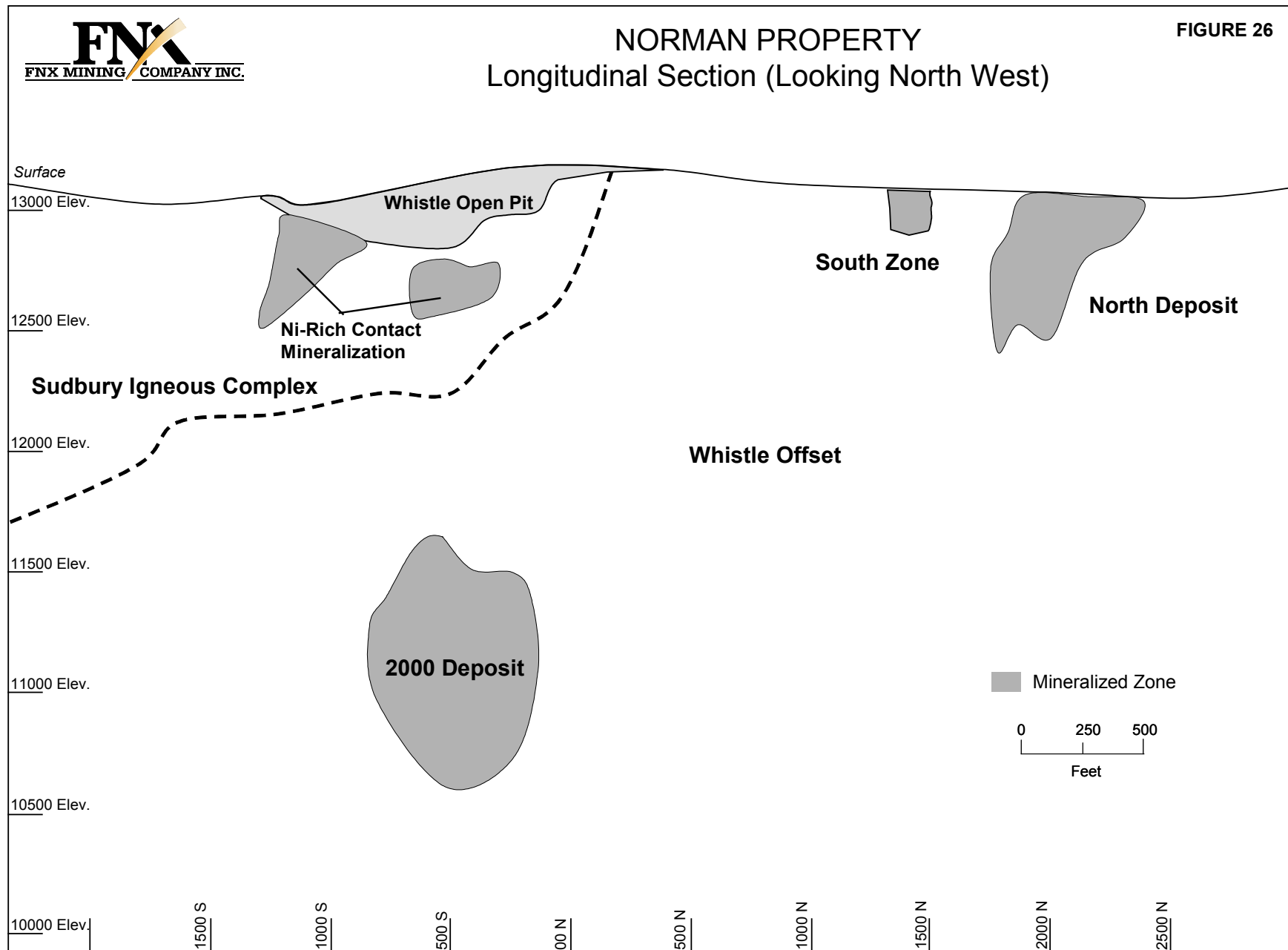
The Norman property is located (Figure 25) at the northeast apex of the SIC where the strike of the SIC changes from the east-west direction of the North Range to the north-south direction of the East Range. The property includes the Whistle embayment and the southern portion of the Whistle Offset dyke.

The Offset extends north-eastward from the Whistle embayment into the gneissic footwall rocks as a vertically dipping dyke varying in thickness from 50 ft. to greater than 300 ft., and consisting of irregular, discontinuous lenses of quartz diorite within a wider zone of Sudbury Breccia.

6.4.3 Targets

Within the Norman Property, three zones of PGM-Cu-Ni mineralization have been discovered along the Whistle Offset (Figure 26).





6.4.3.1 North Deposit

The North Deposit has been exposed at surface over a 100ft by 300ft area where the overburden has been stripped exposing the offset dyke. Mineralization occurs as a set of sub-parallel, north-east trending, sub-vertical lenses hosted within the like-trending Whistle Offset dyke. Lenses consist of a concentration of Cu-PGM-Ni-bearing veins and lesser disseminated mineralization within inclusion quartz-diorite and metabreccia. Sulphide veins range from inches to 15 feet wide and can be generalized into two types: more continuous breccia veins with matrix chalcopyrite (+PGM+Ni) and discontinuous extensional veins of massive chalcopyrite (+PGM+Ni). Veins anastomose around blocks contained within the offset dyke and structures, most commonly N-S trending, result in oblique offsets to their overall north-east trend.

Sixteen historical drillholes yielded 25 intersections ranging from 2.6 ft to 85.6 ft., and with 17 intersections greater than 10 ft. Significant intersections include

- **5.91% Cu, 0.25% Ni, 9.3 g/t TPM over 3.0 ft.** in drillhole 779980
- **5.49% Cu, 0.92% Ni, 3.1 g/t TPM over 80.3 ft.** in drillhole 779800
- **12.38% Cu, 0.74% Ni, 6.2 g/t TPM over 12.0 ft.** in drillhole 779820

FNX's exploration program on the North Deposit up to the end of April 2003 consisted of geophysical surveying, overburden stripping, geological mapping and diamond drilling. An area approximately 100 x 300 feet was stripped, mapped and channel sampled to help advance the understanding of the distribution and controls on the mineralization. An airborne electromagnetic geophysical survey was flown in early 2002 to aid in geological interpretation and to identify conductive mineralized bodies to an estimated 200 meter depth. Also, ground based EM-31 surveying was completed to better define the near surface conductivity within the Whistle Offset.

A total of 50 diamond drill holes (24,610 ft) was completed on the North Deposit at 50 ft to 100 ft spacing. The objectives of this drilling program were to confirm the mineralization reported by Inco, extend the known mineralized envelope and improve the confidence in the geological model. The mineralized envelope (Figure 27) has been increased to approximately 625 ft strike length and 625 ft vertical depth extent. A new geological interpretation and 3-D model of the mineralization have been completed by year end 2002. Near term work on the North Deposit will consist of detailed resource estimation and pre-feasibility study. Some additional drilling may be required to verify grade continuity, increase confidence in the model and resource estimate, and to follow-up possible areas for expansion of the North Deposit.

Table 21: Norman: North Deposit Assays

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
FNX4010		230.00	235.00	5.00	0.60	0.08	4.50
	and	295.00	297.00	2.00	2.34	0.40	6.96
	and	330.00	332.00	2.00	1.78	0.47	1.55
	and	414.50	420.00	5.50	1.78	0.09	2.86
	and	437.00	439.40	2.40	12.55	1.12	8.22
	and	460.00	463.40	3.40	3.91	0.25	6.34
	and	594.80	597.50	2.70	1.00	0.07	2.79
FNX4011		129.40	133.90	4.50	2.75	0.88	4.09
	and	197.30	207.90	10.60	3.74	0.33	4.26
	and	238.00	240.00	2.00	6.29	0.09	5.00
	and	270.00	275.00	5.00	1.02	0.58	1.86
	and	293.00	323.40	30.40	1.92	0.47	1.91
	incl.	293.00	295.90	2.90	7.70	0.17	4.29
	and	303.90	305.90	2.00	8.27	4.00	9.31
	and	313.50	315.50	2.00	0.80	0.84	6.43
	and	321.40	323.40	2.00	7.14	1.73	3.56
FNX4012		307.15	327.60	20.45	2.60	0.74	5.05
	incl	307.15	308.65	1.50	21.30	1.18	18.17
	and	318.40	320.70	2.30	3.05	5.01	29.81
	and	326.10	327.60	1.50	7.20	0.88	0.51
	and	403.80	406.80	3.00	3.86	1.39	4.02
	and	412.85	416.85	4.00	0.53	0.05	3.55
	and	444.85	453.50	8.65	0.65	0.10	5.81
	and	468.15	469.20	1.05	29.00	0.10	17.20
	and	544.00	550.00	6.00	2.49	0.31	9.07
FNX4013		126.20	128.50	2.30	19.10	0.08	11.48
	and	165.00	167.10	2.10	21.90	0.69	6.70
	and	286.80	293.80	7.00	5.12	0.43	4.25

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
FNX4013A		109.30	174.10	64.80	3.77	0.26	3.34
	incl.	120.00	130.40	10.40	12.76	0.16	12.06
	and	158.50	174.10	15.60	6.51	0.90	4.35
FNX4014		210.00	328.50	118.50	3.54	0.50	4.51
	incl.	210.00	220.00	10.00	9.81	1.84	6.51
	and	248.70	260.70	12.00	14.23	0.23	30.75
	and	277.30	293.40	16.10	8.68	2.20	5.03
	and	326.40	328.50	2.10	1.06	0.53	4.72
FNX4015	and	250.00	253.70	3.70	0.43	0.05	1.87
	and	395.30	396.30	1.00	0.66	0.08	5.56
	and	624.00	626.00	2.00	0.66	0.08	7.16
FNX4016		76.70	82.10	5.40	1.86	0.98	2.35
		84.40	87.30	2.90	2.87	0.35	2.56
	and	93.00	94.60	1.60	3.38	0.34	3.11
	and	166.70	177.50	10.80	3.16	0.12	2.97
	incl.	166.70	168.00	1.30	19.80	0.60	6.83
	and	175.90	177.50	1.60	3.51	0.10	11.49
FNX4017		88.00	90.00	2.00	4.52	0.45	1.41
	and	199.60	236.00	36.40	1.56	0.23	5.24
	incl.	199.60	203.40	3.80	7.87	0.63	37.95
FNX4017	and	230.00	236.00	6.00	2.32	0.16	2.22
FNX4018		115.50	117.70	2.20	1.93	1.23	13.70
	and	150.60	181.20	30.60	2.30	0.28	3.63
	incl.	150.60	164.20	13.60	4.82	0.59	5.91
	and	179.50	181.20	1.70	0.57	0.09	10.44
	and	215.50	217.80	2.30	0.51	3.00	0.55
	and	226.00	227.30	1.30	1.54	0.92	5.50
FNX4019		240.00	248.50	8.50	1.01	0.05	3.46
		151.50	185.40	33.90	3.93	0.26	1.67
	incl.	151.50	153.80	2.30	10.70	2.39	8.85
	and	167.90	173.20	5.30	18.72	0.29	5.49
	and	184.00	185.40	1.40	3.06	0.48	1.95
FNX4021		142.60	279.20	136.60	1.77	0.36	3.50
	incl.	145.60	160.50	14.90	4.07	0.24	6.98
	incl.	155.50	160.50	5.00	11.04	0.58	18.45
	and	166.10	174.10	8.00	2.77	0.44	8.93
	and	186.80	279.20	92.40	1.54	0.42	2.92
	incl.	186.80	188.60	1.80	3.22	1.57	2.02
	and	198.40	228.60	30.20	2.86	1.08	4.99
	and	242.80	257.50	14.70	1.32	0.09	3.04
	and	271.20	279.20	8.00	1.88	0.13	4.04
FNX4022		167.60	197.50	29.90	2.17	0.24	2.46
	incl.	167.60	177.60	10.00	1.62	0.36	3.54
	and	180.60	182.30	1.70	4.92	1.72	5.34
	and	195.40	197.50	2.10	16.70	0.11	5.71
	and	224.00	225.20	1.20	28.20	1.29	9.15
	and	250.90	252.20	1.30	6.50	0.07	5.15

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
	and	324.80	349.00	24.20	0.28	0.04	2.76
FNX4023		41.40	100.20	58.80	1.99	0.03	1.77
	incl.	43.60	44.20	0.60	31.80	0.01	23.97
	and	64.80	68.00	3.20	0.62	0.04	6.64
	and	81.90	84.00	2.10	6.86	0.12	15.01
	and	98.10	100.20	2.10	33.30	0.06	11.59
FNX4024		23.00	55.40	32.40	1.73	0.13	6.35
	incl.	26.10	30.20	4.10	4.04	0.24	16.14
	and	50.00	52.20	2.20	1.64	0.06	4.78
FNX4025		197.60	200.20	2.60	0.25	0.04	4.24
	and	231.30	233.50	2.20	1.32	0.22	1.81
FNX4026		38.80	67.60	28.80	3.75	0.39	2.21
	incl.	38.80	46.20	7.40	1.51	0.99	1.62
	and	50.00	54.00	4.00	0.60	0.75	1.47
	and	63.00	67.60	4.60	20.22	0.12	9.07
FNX4027		54.60	152.60	97.60	2.02	0.06	2.33
	incl.	54.60	63.00	8.40	1.10	0.04	5.96
	and	89.00	94.00	5.00	0.45	0.05	4.54
	and	102.00	104.00	2.00	5.71	0.37	4.58
	and	124.00	134.60	10.60	0.72	0.08	6.80
	and	146.40	152.60	6.20	25.60	0.19	10.43
FNX4028		70.00	83.00	13.00	4.99	1.14	10.78
FNX4029		155.50	157.70	2.20	3.82	0.27	3.41
	and	183.70	217.30	33.60	1.88	0.15	1.54
	incl.	191.40	201.50	10.10	3.23	0.09	2.55
	and	210.20	217.30	7.10	2.54	0.09	2.41
	and	278.10	280.00	1.90	4.18	0.12	0.45
FNX4031		257.20	262.70	5.50	1.23	0.17	2.09
	and	270.00	273.50	3.50	2.11	0.23	1.33
	and	316.60	317.80	1.20	17.00	0.12	14.20
	and	328.40	335.80	7.40	3.97	0.37	5.40
	and	390.30	393.10	2.80	2.45	3.14	2.01
	and	405.60	409.60	4.00	1.56	0.07	2.18
	and	460.70	465.00	4.30	13.08	0.28	5.02
FNX4032		326.60	335.00	8.40	3.09	0.43	2.24
	and	355.00	360.00	5.00	0.27	0.01	2.47
	and	409.90	422.80	12.90	5.20	0.50	4.19
	and	461.60	479.40	17.80	1.63	0.19	2.94
	incl.	470.30	477.20	6.90	3.35	0.29	4.10
	and	504.70	513.70	9.00	4.96	0.15	3.47
	incl.	504.70	506.30	1.60	20.30	0.25	5.07
	and	512.70	513.70	1.00	10.20	0.69	17.70
	and	536.10	546.80	10.70	2.87	0.25	4.40
	and	574.00	585.20	11.20	2.03	0.26	2.33
	incl.	574.00	575.60	1.60	4.84	0.81	7.57
	and	581.40	585.20	3.80	3.37	0.34	3.44
FNX4033		549.60	567.50	17.90	2.22	0.17	1.82

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
	incl.	549.60	552.40	2.80	6.30	0.70	4.45
	and	564.10	567.50	3.40	5.91	0.19	5.55
	and	582.20	604.10	21.90	1.72	0.80	4.39
	incl.	582.20	585.60	3.40	3.48	1.91	17.46
	and	601.10	604.10	3.00	6.03	2.77	5.85
	and	648.40	756.70	108.30	1.69	0.33	2.60
	incl.	648.40	681.70	33.30	4.00	0.66	4.37
	and	656.50	660.00	3.50	9.93	2.89	3.88
	and	666.20	671.00	4.80	16.67	0.59	6.76
	and	671.00	681.70	10.70	0.61	0.55	4.58
	and	716.30	719.70	3.40	0.80	0.74	12.90
	and	743.90	756.70	12.80	1.87	0.57	3.74
	incl.	746.30	747.60	1.30	10.30	4.85	15.65
	and	755.70	756.70	1.00	7.86	0.09	2.83
FNX4034		577.00	578.00	1.00	2.44	0.20	3.16
	and	736.20	738.70	2.50	2.63	0.13	5.47
	and	746.10	747.90	1.80	2.75	0.11	2.75
FNX4035		106.60	113.00	6.40	2.61	0.11	2.01
	and	151.00	155.80	4.80	1.72	0.15	1.18
FNX4036		308.50	309.80	1.30	2.52	0.30	2.83
	and	335.00	336.90	1.90	1.83	0.10	1.65
	and	369.50	370.70	1.20	19.70	0.24	3.31
	and	424.00	431.30	7.30	2.19	0.14	1.70
FNX4037		396.00	398.20	2.20	4.26	0.10	2.09
	and	442.60	444.50	1.90	1.91	0.11	1.28
	and	479.30	480.90	1.60	3.75	0.31	4.55
FNX4038		545.60	555.00	9.40	1.84	1.85	2.67
	incl.	545.60	547.00	1.40	2.65	0.79	2.72
	and	553.10	555.00	1.90	5.37	7.63	8.54
	and	581.00	582.00	1.00	4.12	0.38	1.18
	and	630.70	653.20	22.50	2.98	0.29	3.45
	incl.	630.70	635.70	5.00	7.67	0.93	9.03
	and	643.30	644.30	1.00	8.13	0.10	9.16
	and	651.50	653.20	1.70	9.85	0.82	12.46
FNX4039		669.20	671.30	2.10	0.70	0.04	2.70
FNX4040		386.00	388.00	2.00	0.48	0.08	2.14
FNX4040	and	677.60	680.20	2.60	1.17	0.08	3.44
	and	691.60	696.00	4.40	0.27	0.04	4.40
FNX4041							nsa
FNX4042		857.60	878.70	21.10	1.20	0.19	1.65
	incl.	857.60	862.60	5.00	2.30	0.33	2.30
	and	873.90	878.70	4.80	2.19	0.23	2.90
FNX4043		612.60	616.10	3.50	2.37	0.12	0.93
		640.50	649.90	9.40	1.21	0.17	1.14
FNX4044		468.10	471.10	3.00	1.15	0.06	10.15
		507.10	512.10	5.00	1.90	0.04	2.05

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
FNX4045		57.80	60.90	3.10	1.98	0.22	1.76
FNX4046					nsa		
FNX4107		385.30	426.30	41.00	2.39	0.14	1.51
	incl.	385.30	387.80	2.50	3.52	0.30	0.76
	and	395.20	402.20	7.00	9.26	0.12	6.42
	and	413.50	414.50	1.00	2.63	0.30	1.56
	and	420.90	426.30	5.40	3.30	0.63	1.57
FNX4108		13.20	46.20	33.00	1.85	0.47	1.31
	incl.	13.20	14.20	1.00	3.36	2.62	1.71
	and	27.30	30.00	2.70	11.04	3.81	8.83
	and	44.80	46.20	1.40	10.25	0.29	5.17
	and	79.00	80.40	1.40	27.90	0.56	28.27
FNX4109		10.00	17.30	7.30	4.21	0.27	1.32
	incl.	10.00	11.00	1.00	26.80	0.79	6.31
	and	16.30	17.30	1.00	2.86	0.94	2.24
	and	46.40	51.60	5.20	2.45	0.12	2.45
	and	58.80	59.80	1.00	2.15	0.09	2.97
	and	72.50	74.50	2.00	4.43	0.19	7.64
FNX4110		91.40	214.40	123.00	1.59	0.26	1.32
	incl.	91.40	102.60	11.20	15.68	0.40	8.51
	and	179.50	180.50	1.00	2.42	0.13	16.58
	and	212.00	214.40	2.40	3.73	10.90	12.47
FNX4111		10.30	76.00	65.70	5.07	1.36	5.03
	incl.	10.30	14.60	4.30	24.10	0.39	16.16
	and	26.30	27.60	1.30	20.60	2.44	8.81
	and	31.30	33.50	2.20	27.30	1.58	27.11
	and	35.50	40.90	5.40	16.37	1.87	10.51
	and	56.70	57.70	1.00	5.23	0.67	2.16
	and	59.20	61.80	2.60	6.41	4.86	10.71
	and	59.20	70.70	11.50	2.62	5.70	8.26
	and	75.00	76.00	1.00	9.35	1.84	13.69
FNX4112		5.00	49.50	44.50	2.52	0.72	2.51
	incl.	5.00	6.40	1.40	2.16	0.26	4.07
	and	19.00	23.60	4.60	2.18	0.16	2.01
	and	32.00	42.90	10.90	8.12	2.14	6.22
	and	48.50	49.50	1.00	3.22	6.59	7.02
FNX4113		43.20	76.10	32.90	5.03	1.99	5.28
	incl.	43.20	50.80	7.60	3.47	2.17	8.30
	and	56.40	60.30	3.90	25.60	0.18	17.41
	and	70.70	76.10	5.40	6.61	8.71	6.56
FNX4114		33.10	50.50	17.40	5.17	0.52	4.33
FNX4115		7.00	68.50	61.50	4.31	0.22	3.61
	incl.	7.00	13.80	6.80	31.70	0.34	25.35
	and	31.00	40.60	9.60	2.04	0.92	2.25
	and	56.10	57.20	1.10	3.19	0.08	1.04
	and	65.70	68.50	2.80	3.96	0.16	2.02

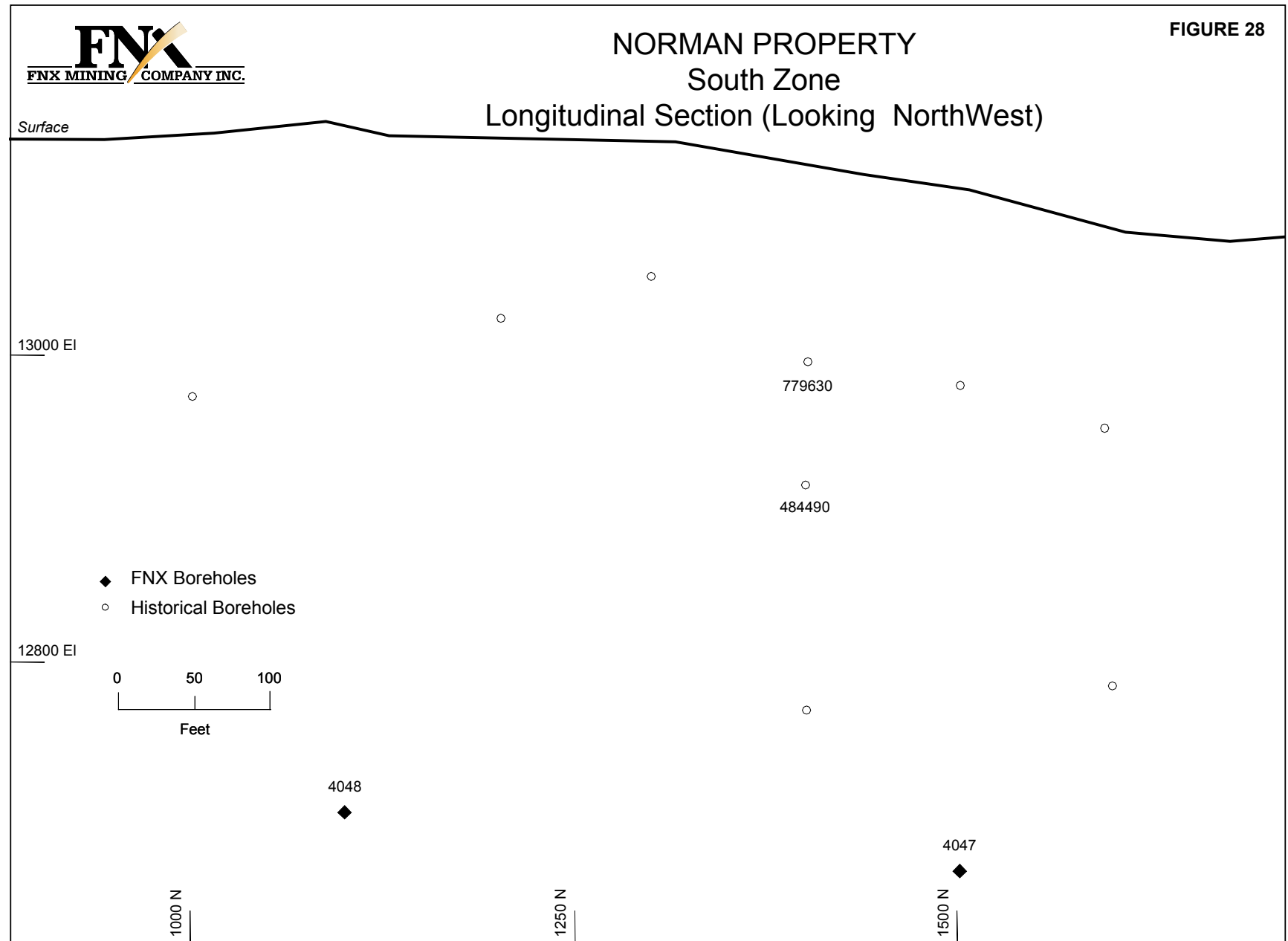
		Feet			%		g/t
DDH		From	To	Length	Cu	Ni	TPM
FNX4116		6.00	14.00	8.00	6.77	0.11	9.21
	incl.	12.40	14.00	1.60	32.50	0.19	34.92
	and	39.60	41.30	1.70	15.00	1.16	18.95
	and	70.60	71.70	1.10	2.48	0.02	0.31
FNX4117		0.00	5.00	5.00	25.10	1.09	7.76
	and	47.00	48.40	1.40	2.72	0.28	2.71
FNX4118		0.00	9.00	9.00	23.97	0.42	19.97

6.4.3.2 **South Zone**

The **South Zone**, (Figure 28) is also located within the Whistle Offset dyke and some 350 ft. southwest and along strike from the North Zone. Mineralization, which has a confirmed strike length of 200 ft. and a dip length of 250 ft., is similar to that in the North Zone. The mineralization appears to be open down dip, along strike and down plunge to the west. Six drill holes yielded 12 intersections with only three being greater than 10 ft in length. Intersections demonstrating potential include

- **8.32% Cu, 0.26% Ni, 5.0 g/t TPM over 6.5 ft.** in drillhole 779630
- **2.73% Cu, 0.14% Ni, 7.2 g/t TPM over 6.4 ft.** in drillhole 484490

Exploration on the South zone by FNX to date has been limited to geophysical surveying and two diamond drill holes (1675 ft) beneath the known mineralization. The area was covered by the airborne EM survey as well as the ground EM-31 survey in conjunction with the North Zone surveying. The diamond drilling did not intersect significant mineralization. Future exploration on the South zone will consist of detailed geological modeling, interpretation and diamond drilling, if warranted.



6.4.3.3 2000 Deposit

The **2000 Deposit** (Figure 26) lies at a vertical depth of 2000 ft below the Whistle embayment, which hosted the Ni-rich contact mineralization mined in the Whistle pit. The 2000 Deposit mineralization consists of Cu – TGM + Ni rich chalcopyrite veins, stringers, fracture fillings and disseminations within a larger meta-breccia zone believed to be an expression of the Whistle Offset dyke below the sublayer embayment.

Seven historical drillholes yielded 70 intersections ranging from 0.4 ft to 50.1 ft, with 20 intersections being greater than 10 ft. Historical intersections demonstrating potential assayed:

- **19.97% Cu, 0.26% Ni, 0.42 oz/t TPM over 19.2 ft.** in drillhole 855760
- **0.83% Cu, 0.30% Ni, 0.10 oz/t TPM over 49.0 ft.** in drillhole 855780
- **11.54% Cu, 0.46% Ni, 0.21 oz/t TPM over 20.0 ft.** in drillhole 855790

A significant proportion of FNX's exploration efforts up to the end of March 2003 were dedicated to the 2000 Deposit. A total of 22 holes (64,021ft) have been completed by FNX, yielding impressive intersections including:

2.0% Cu, 0.3% Ni, 2.5 g/t TPM over 526.2ft in hole FNX4089
including **3.8% Cu, 3.5 g/t TPM / 199.9ft**
and **1.8% Cu, 1.1% Ni, 6.1 g/t TPM / 52.6 ft**

Borehole geophysical surveys have been completed using both the UTEM and Crone BHPM systems to help direct the drilling. FNX drilling has extended the mineralization over an 800 ft by 600 ft area and has helped to establish the controls on the mineralization, demonstrate the continuity of the mineralization and facilitate 3-D geological modeling of the Deposit. Future exploration will include

- diamond drilling within the confines of the area outlined in order to upgrade confidence in the geological model and continuity of mineralization in order to permit a resource estimate to be made
- drilling to establish the limits of the known mineralized envelope
- exploration drilling along the dyke between the 2000 Deposit and the South and North Zones to test for additional zones.

Table 22: Norman: 2000 Deposit - Assays

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
FNX4000					nsa		
FNX4001		2119.60	2331.10	211.50	2.30	0.14	3.16
	including	2119.60	2266.30	146.70	0.64	0.12	0.98
	and	2266.30	2331.10	64.80	6.07	0.17	8.10
	and	2306.00	2331.10	25.10	11.54	0.26	16.14
	and	2046.00	2055.40	9.40	1.85	0.12	1.51
FNX4002		2171.70	2326.20	154.50	2.95	0.46	2.99
	including	2210.30	2326.20	115.90	3.28	0.56	3.13
	and	2171.70	2194.50	22.80	3.16	0.25	4.21
	Incl.	2210.30	2227.10	16.80	7.43	2.22	7.28
	and	2252.80	2266.60	13.80	8.60	0.41	8.94
	and	2313.50	2326.20	12.70	6.88	1.11	3.17
FNX4003		678.70	686.50	7.80	3.49	0.76	23.41
	and	2196.00	2330.40	134.40	3.61	0.36	3.76
	including	2196.00	2238.90	42.90	5.99	0.33	6.40
	incl.	2196.00	2219.50	23.50	8.93	0.49	9.82
	and	2263.80	2289.00	25.20	6.19	0.39	5.85
	and	2311.20	2330.40	19.20	2.83	1.03	3.39
	and	2480.30	2496.00	15.70	1.85	0.34	3.44
	and	2556.50	2587.30	30.80	0.70	0.06	4.54
FNX4004		2114.10	2299.90	185.80	2.15	0.18	2.53
	including	2114.10	2130.00	15.90	10.86	1.35	6.64
	and	2199.70	2216.10	16.40	4.88	0.15	11.50
	and	2267.90	2299.90	32.00	3.23	0.07	3.43
	incl.	2289.30	2299.90	10.60	9.17	0.14	7.86
	including	2114.10	2216.10	102.00	2.65	0.25	2.98
FNX4005		2186.40	2303.00	116.60	1.29	0.26	1.28
	including	2190.70	2208.00	17.30	1.33	1.06	0.97
	and	2237.10	2242.80	5.70	11.21	0.43	5.92
	and	2273.60	2303.00	29.40	1.46	0.20	3.00
	incl.	2273.60	2285.40	11.80	2.45	0.40	3.77
FNX4006		351.40	364.90	13.50	4.96	0.36	0.77
	and	418.50	451.10	32.60	6.75	0.17	0.46
	and	2207.80	2228.20	20.40	1.47	0.16	3.37
FNX4007		466.90	468.70	1.80	0.99	0.19	4.36
	and	645.10	647.90	2.80	2.36	0.65	3.62
		1866.50	2230.10	363.60	2.26	0.27	1.50
	including	1866.50	1921.70	55.20	10.63	1.50	7.31
	incl.	1897.20	1921.70	24.50	21.71	2.98	14.65
	and	2014.40	2029.00	14.60	3.39	0.19	2.22
	and	2189.50	2191.00	1.50	23.10	0.23	10.22
	and	2215.90	2230.10	14.20	6.44	0.36	3.49
	incl.	2226.40	2230.10	3.70	18.31	0.13	11.67

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
FNX4008		2234.20	2696.90	462.70	2.24	0.26	3.49
	including	2257.20	2630.60	373.40	2.73	0.32	4.14
	Incl.	2296.40	2597.00	300.60	3.14	0.34	4.76
	and	2340.90	2597.00	256.10	3.45	0.38	5.14
	and	2340.90	2529.30	188.40	3.81	0.49	6.36
	and	2377.70	2529.30	151.60	3.68	0.43	7.00
	and	2381.30	2493.70	112.40	3.67	0.38	8.41
	and	2296.40	2321.40	25.00	2.32	0.15	4.51
	and	2340.90	2372.80	31.90	4.97	0.78	4.03
	and	2575.60	2597.00	21.40	6.95	0.17	4.53
FNX4009		600.30	604.80	4.50	1.42	0.13	3.62
	and	698.50	706.50	8.00	2.11	0.43	2.59
	and	761.80	765.70	3.90	0.98	0.15	3.19
	and	1486.10	1490.60	4.50	3.98	1.19	2.79
	and	1804.60	1807.20	2.60	4.97	0.47	1.63
	and	1858.10	1859.20	1.10	7.40	0.14	0.90
		2056.60	2058.10	1.50	1.45	1.95	1.64
FNX4080		2144.10	2450.30	306.20	2.27	0.16	3.53
	including	2144.10	2170.00	25.90	5.23	0.12	4.21
	and	2186.00	2205.00	19.00	0.96	0.95	2.44
	and	2229.80	2450.30	220.50	2.40	0.12	4.13
	incl.	2229.80	2252.30	22.50	2.24	0.16	6.21
	and	2313.00	2315.80	2.80	29.60	0.28	35.11
	and	2329.40	2354.40	25.00	6.60	0.14	16.57
	and	2399.70	2450.30	50.60	4.42	0.32	4.81
FNX4081		2375.30	2378.00	2.70	1.22	0.07	4.79
	and	2542.50	2546.50	4.00	3.86	0.06	1.39
	and	2596.60	2597.60	1.00	1.34	0.22	4.97
	and	2609.20	2611.90	2.70	13.58	0.27	8.46
	and	2934.20	2939.20	5.00	1.10	1.70	0.92
FNX4082		2491.60	2738.90	247.30	0.40	0.29	0.79
	including	2491.60	2510.60	19.00	0.77	0.08	5.86
	and	2564.60	2587.50	22.90	1.22	1.34	1.81
	and	2648.30	2672.30	24.00	1.43	1.16	0.69
	and	2738.40	2744.70	6.30	1.10	0.97	1.32
FNX4083		2132.80	2371.40	238.60	2.53	0.17	1.92
	including	2132.80	2161.50	28.70	4.49	0.58	3.75
	and	2202.50	2236.30	33.80	2.14	0.18	2.34
	incl.	2202.50	2204.10	1.60	6.34	0.18	3.70
	and	2219.00	2236.30	17.30	3.48	0.30	4.08
	and	2293.40	2371.40	78.00	4.75	0.11	3.09
	incl.	2293.40	2296.60	3.20	29.00	0.26	32.27
	and	2332.20	2335.00	2.80	27.80	0.12	15.23
	and	2354.50	2371.40	16.90	11.27	0.27	4.65
FNX4084		2311.00	2623.00	312.00	1.64	0.18	1.91

DDH		Feet			%		g/t
		From	To	Length	Cu	Ni	TPM
	including	2368.80	2449.50	80.70	2.30	0.45	2.86
	and	2512.00	2571.60	59.60	3.87	0.53	3.63
	and	2512.00	2519.10	7.10	18.93	0.16	15.64
	and	2553.00	2571.60	18.60	4.77	0.09	5.33
	and	2609.90	2623.00	13.10	1.86	0.23	2.71
FNX4085		1929.80	2105.90	176.10	2.06	0.25	0.92
		1929.80	1930.80	1.00	4.36	2.66	8.38
	and	1952.30	1953.50	1.20	3.28	0.35	4.23
	and	1961.80	1962.80	1.00	8.47	0.20	6.12
	and	1998.60	2077.00	78.40	3.39	0.46	1.39
	and	2008.60	2018.40	9.80	5.18	0.73	1.02
	and	2040.70	2042.50	1.80	9.16	0.97	1.50
	and	2058.30	2077.00	18.70	10.14	1.31	4.51
	and	2104.20	2105.90	1.70	32.20	0.05	11.10
FNX4086		2366.60	2624.10	257.50	3.40	0.26	4.17
		2366.60	2443.20	76.60	2.73	0.43	4.25
	and	2366.60	2397.30	30.70	4.74	0.51	7.61
	and	2429.20	2443.20	14.00	2.40	0.69	5.69
	and	2496.10	2498.10	2.00	6.01	0.02	2.39
	and	2518.80	2624.10	105.30	6.07	0.31	6.98
	and	2518.80	2536.30	17.50	5.67	0.15	13.40
	and	2550.40	2563.90	13.50	8.19	0.13	7.00
	and	2574.40	2610.60	36.20	9.35	0.51	8.37
FNX4087		2483.90	2607.50	123.60	0.80	0.10	4.10
	including	2483.90	2490.20	6.30	0.60	0.40	3.90
	and	2514.40	2533.30	18.90	0.90	0.10	6.30
	and	2568.50	2602.80	34.30	1.60	0.20	6.60
FNX4088		1963.80	2105.30	141.50	2.80	0.30	2.00
	including	1963.80	1970.70	6.90	9.80	1.20	5.10
	and	2020.60	2051.10	30.50	3.70	0.70	2.40
	and	2083.30	2105.30	22.00	8.50	0.40	5.30
FNX4089		2153.80	2680.00	526.20	2.00	0.30	2.50
	including	2153.80	2163.20	9.40	2.00	0.50	1.10
	and	2190.80	2201.00	10.20	1.20	0.80	2.20
	and	2229.50	2235.70	6.20	4.10	0.10	5.50
	incl.	2292.50	2492.40	199.90	3.80	0.30	3.50
	incl.	2292.50	2301.70	9.20	3.40	0.80	2.00
	and	2358.80	2492.40	133.60	5.10	0.30	4.70
	and	2509.30	2542.20	32.90	1.50	0.10	2.00
	and	2627.40	2680.00	52.60	1.80	1.10	6.10

FIGURE 29

6.4.4 Recommended Work Program and Budget

The main emphasis of the 2003 exploration program is dedicated to drilling on the 2000 Deposit and testing the offset dyke between the 2000 and North Zone.

In addition to continued exploration of the known zones, a number of other exploration targets have been identified on the Norman property. The Norman property includes approximately 2 kilometres of Sudbury Igneous Complex contact which has seen limited exploration in the past. Two zones of significant mineralization have been identified by Inco along the contact (Whistle West and Wildcat zones). These warrant detailed compilation and assessment and follow-up diamond drilling on identified targets. Airborne Geophysical surveying completed by FNX has identified four additional EM anomalies along the contact which will also be evaluated. Other potential areas of interest include

- 1 the extensive Sudbury Breccia zones which can host footwall style mineralization,
- 2 extensions of the Ni rich contact style mineralization below the Whistle Pit,
- 3 the northeast extension of the Whistle Offset dyke.

The program is budgeted at \$ 4.8 million.

6.5 Kirkwood Property

6.5.1 Location, History, Infrastructure & Environment

The Kirkwood property, comprising 473.0 acres in three patented mining parcels, is located in Garson Twp., some 11 km northeast of Sudbury, (Figure 1). The property is easily accessible by road and a rail line passes approximately 1.0 km south of the project area.

Copper and nickel sulphide mineralization was discovered 1892 and the property was purchased by the Mond Nickel Company. During the period 1914-1916, three shallow shafts (38 m; 61 m; & 18 m) were excavated and production totalled 71,600 tons grading 1.53% Cu and 2.81% Ni. The mine was closed and flooded in 1916. The property was acquired by Inco following the acquisition of Mond Nickel and exploration drilling was carried out during the period 1947-1964.

In 1969 a new vertical, three-compartment shaft was excavated to a depth of 650 m. A total of 2,488,000 tons of ore averaging 0.99% Cu and 0.87% Ni was produced from the Main and East orebodies between 1969 and 1976. A total of 134,000 tons of ore grading 0.96% Cu and 0.53% Ni was produced from a small open pit between 1970-1972. The total historical production from the Kirkwood property was **2,695,000 tons grading 1.00% Cu and 0.90% Ni.**

Exploration drifts were driven on the 1,000 and 2,000 ft levels and underground drilling was carried out to the east and west of the shaft. This program outlined extensive contact mineralization in the West Zone and contact mineralization in the 3800 Zone to the east. In addition, mineralization associated with a quartz diorite dyke was also outlined to the east of the shaft. There has been limited surface exploration drilling and mapping completed at Kirkwood since the mine closure and flooding in 1977.

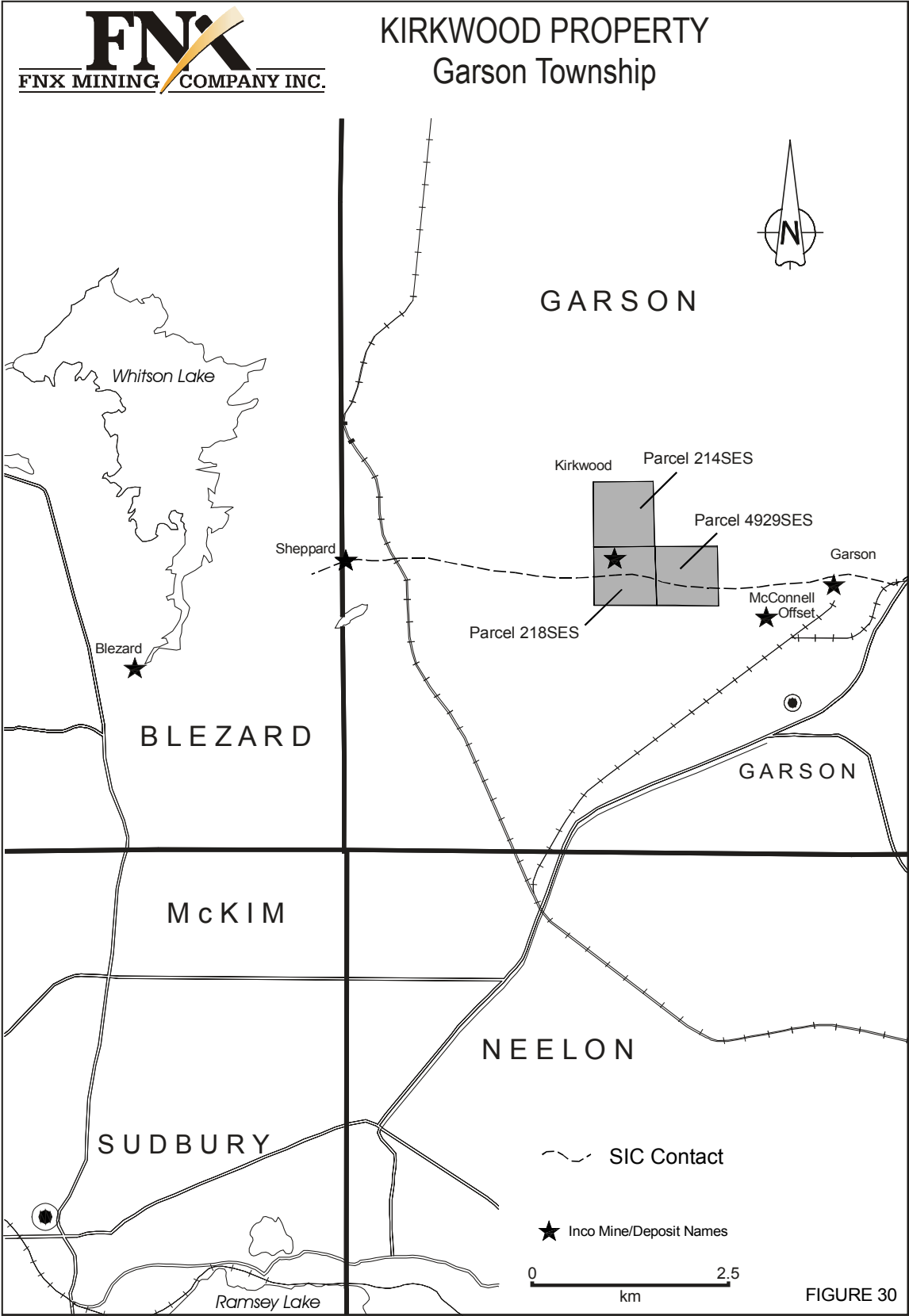
Infrastructure at Kirkwood consists of a three-compartment vertical shaft measuring 9 ft by 18 ft, excavated to a depth of 2100 ft. Level development occurs on the 100, 200, 300, 400, 600, 800, 1,000, 1,200, 1,600 and 2,000 ft levels. The underground workings are flooded and the shaft has been capped. There are open pits and a head frame with associated auxiliary buildings as well as mine water settling ponds on the site. Hydroelectric power is currently available to the project site.

Site reconnaissance is being performed in order to design monitoring programs that will be implemented to collect the necessary data to support operational permit applications. Once development proceeds at the site, the monitoring programs will evolve in order to maintain compliance with regulatory requirements and to distinguish between existing and incremental liabilities

6.5.2 Property Geology & Mineralization

The Kirkwood property is located towards the southeast end of the Sudbury Basin at the contact between the SIC and the Elsie Mountain metavolcanics (Figure 30). The contact strikes east-west and dips steeply to the south. The footwall norite is medium-grained and generally sheared at and adjacent to the contact. The hangingwall consists of a series of metamorphosed sediments and volcanics with minor schist zones.

An east-trending quartz diorite dyke occurs south of the norite contact within a zone of Sudbury breccia, which parallels the norite contact.

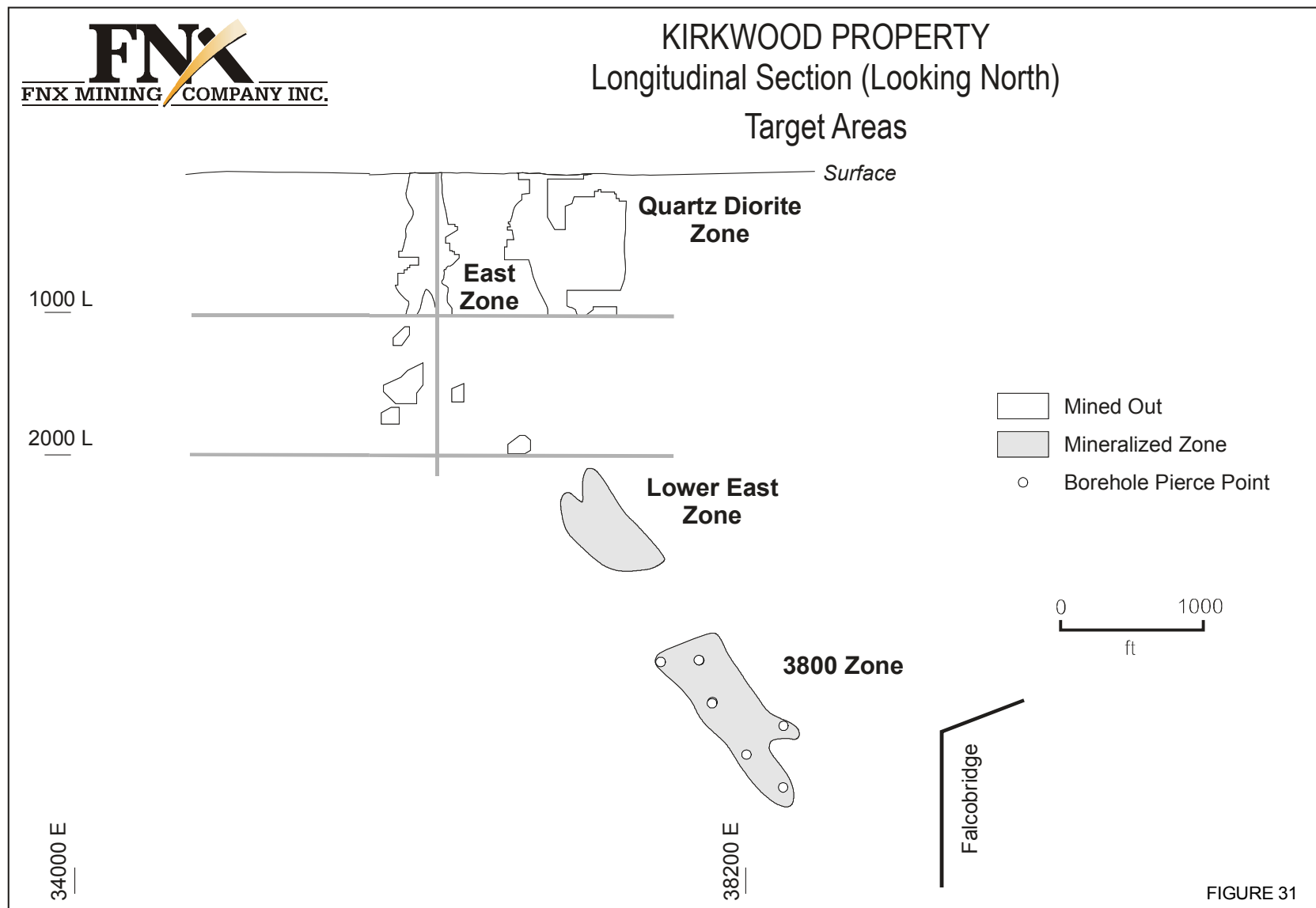


6.5.3 Targets

Cu-Ni-PGM sulphide mineralization at Kirkwood has been defined in six distinct zones. These are the Main, East, West, Lower East, Quartz Diorite and 3800 zones. Four of these zones are shown in Figure 30. The higher-grade Main and East orebodies were mined during the period 1969 to 1976, leaving unrecoverable remnant pillars of mineralization. The West, Lower East and 3800 zones contain low-grade Cu-Ni-PGM mineralization, which has not been mined. Additional evaluation of these zones is warranted to determine if there is potential for mineable zones of higher-grade material with possible PGM enrichment.

6.5.3.1 West Zone

The **West Zone**, lying to the west of the shaft and down dip from the East Zone, consists of a large mass of disseminated sulphides with minor massive sulphide bands within norite adjacent to the contact with the volcanics and sediments. The Zone extends 2000 ft west of the main shaft, dips steeply south and has an average thickness of 30 ft. Cu-Ni-PGM mineralization has been defined from surface to a depth of 4,300 ft. Below this level the zone is unexplored. Two areas of elevated PGM values (>1.5 g/ton) have been defined within the larger West Zone mineral envelope and a digital assessment and compilation of the available diamond drilling results and possible follow up diamond drilling is recommended.



6.5.3.2 Lower East/3800 Zones

The **Lower East and 3800 Zones** (Figure 31) can be combined, as one is probably a continuation of the other. They occur within a broader zone of elevated PGM mineralization (>0.044 oz/ton) that plunges to the east at 55°. Both zones have been partially defined by underground drillholes.

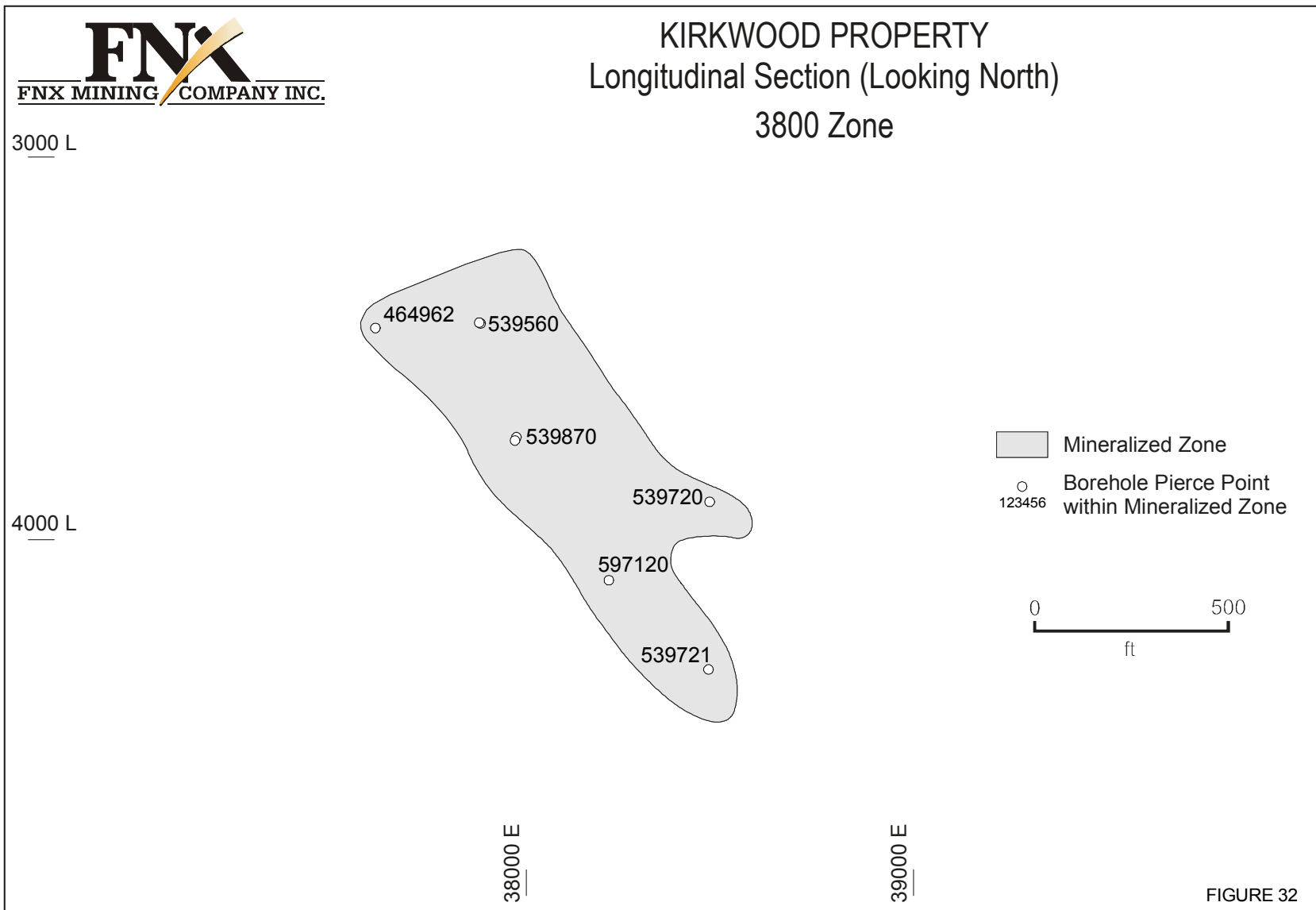
The Lower East Zone lies between the 2000 and 3000 Levels and up-plunge from the 3800 Zone. It consists of disseminated sulphides within norite adjacent to the contact with the volcanics and sediments. It dips steeply south, has a strike length of 500 ft and an average thickness of 50 ft.

The **3800 Zone** of Cu-Ni-PGM mineralization (Figure 32) is situated on the 3800 Level and centred on section 38200 E. It consists of a vertical zone of disseminated and inclusion massive Cu-Ni sulphide along the contact between the SIC and metamorphosed volcanic and sedimentary rocks. The 3800 Zone has a 330 ft strike length, a dip length of 660 ft, and a true thickness of 10-50 ft. Six drillholes yielded 7 intersections, five of which are greater than 10ft, ranging from 2.9 to 81.2 ft. Intersections include

- **3.98% Cu, 2.51% Ni, 0.04 oz/t TPM over 2.9 ft.** in drillhole 539721
- **2.31% Cu, 1.28% Ni, 0.09 oz/t TPM over 29.0 ft.** in drillhole 539720
- **0.99% Cu, 1.19% Ni, 0.05 oz/t TPM over 81.2 ft.** in drillhole 539870

Table 23: Kirkwood Property: 3800 Zone – Graded Assays (Historic Data)

BHID	Feet			%		oz/t				g/t
	From	To	Length	Cu	Ni	Pt	Pd	Au	TPM	TPM
464962	1471.0	1475.0	4.0	0.12	0.52	0.03	0.02	0.00	0.06	0.2
539560	1532.0	1576.0	44.0	0.92	1.15	0.02	0.03	0.02	0.06	1.9
539560	1556.0	1576.0	20.0	1.10	1.66	0.02	0.02	0.03	0.07	2.2
539720	2019.0	2048.0	29.0	2.31	1.28	0.02	0.06	0.01	0.09	2.8
539721	2494.1	2497.0	2.9	3.98	2.51	0.03	0.02	0.00	0.04	1.3
539870	1769.0	1850.2	81.2	0.99	1.19	0.02	0.03	0.00	0.05	4.1
including	1797.0	1811.5	14.5	2.00	0.73	0.03	0.02	0.00	0.05	1.6
597120	2203.2	2223.8	20.6	0.99	1.05	0.01	0.04	0.02	0.07	2.2



A digital compilation of the Lower East and 3800 Zones and the elevated PGM envelope is required. If warranted, follow-up exploration drilling with UTEM-4 surveys will explore the two zones, in particular covering the area between the two zones and the untested area below the 4000 level.

6.5.4 Recommended Work Program and Budget

All the exploration targets at Kirkwood are deep (below the 2000 level) with existing drill intersections, for the most part, of marginal economic grade. Success at depth will require a substantial tonnage (>10 million tons) at grades in excess of 3% Cu+Ni to justify underground development. Though this project does not warrant a substantial exploration effort at this time it is proposed to examine the data in detail to ensure that more favourable targets have not been missed on this property.

6.6 North Range Footwall Exploration

As noted above all of the major Inco and Falconbridge past and current producing mines of the North Range (Strathcona, Coleman, Levack, McCreedy East, Onaping, McCreedy West, Hardy) occur within an extensively mineralized 8.5 km-long portion of the North Range of the SIC. Obviously this is an important exploration target and some 50% of this prolific area is included in the Sudbury Project Properties subject to this agreement. (Figure 33). Of particular interest is the extent of high-grade Footwall C-PGM deposits on the east side of the Fecunis Fault compared with that on the west (FNX) side. There is no compelling reason why such deposits should not occur on the FNX ground and the Footwall exploration program is designed to test this hypothesis.

The McCreedy West Mine and Levack Mine properties cover some 4 km of this strike and limited exploration to date in the footwall rocks to the north of the mines has demonstrated potential for this belt.

Within the McCreedy West property previous wide-spaced drilling has indicated favourable zones of Sudbury Breccia with trace Cu-PGM sulphide mineralization. On the adjacent Levack property the brecciated footwall rocks have been tested by a small drilling program and surface mapping has identified large zones of footwall Sudbury Breccia. These findings suggest that a significant zone of Cu-PGM mineralization could occur in this area proximal to surface and that an exploration program is warranted to test this relatively unexplored area.

The aim of the Footwall Project drill program is to test the footwall rocks along the entire strike length of the contact, up to 1 km into the footwall. As well as testing the geology, these holes, ideally spaced at 400 m intervals, will serve as platforms for in-hole UTEM surveys to locate off-hole anomalies. The program has been modified in that shallower holes have been drilled closer to the contact to assist in determining the geometry of the host Sudbury Breccia package.

As of April 30th 2003, 10 footwall holes, varying in length from 950 to 4950 feet, were completed on the Levack and McCreedy properties for a total of 30,500 feet. Down – hole UTEM geophysical surveys completed on six of the holes did not identify any significant anomalies that could be attributed to sulphides. Local mapping of the footwall environment and ground and airborne geophysics have added to the data compilation for the Footwall Project. IP data collected from the ground geophysical program has suggested the presence of at least one significant anomaly in the footwall to the SIC on the Levack Property.

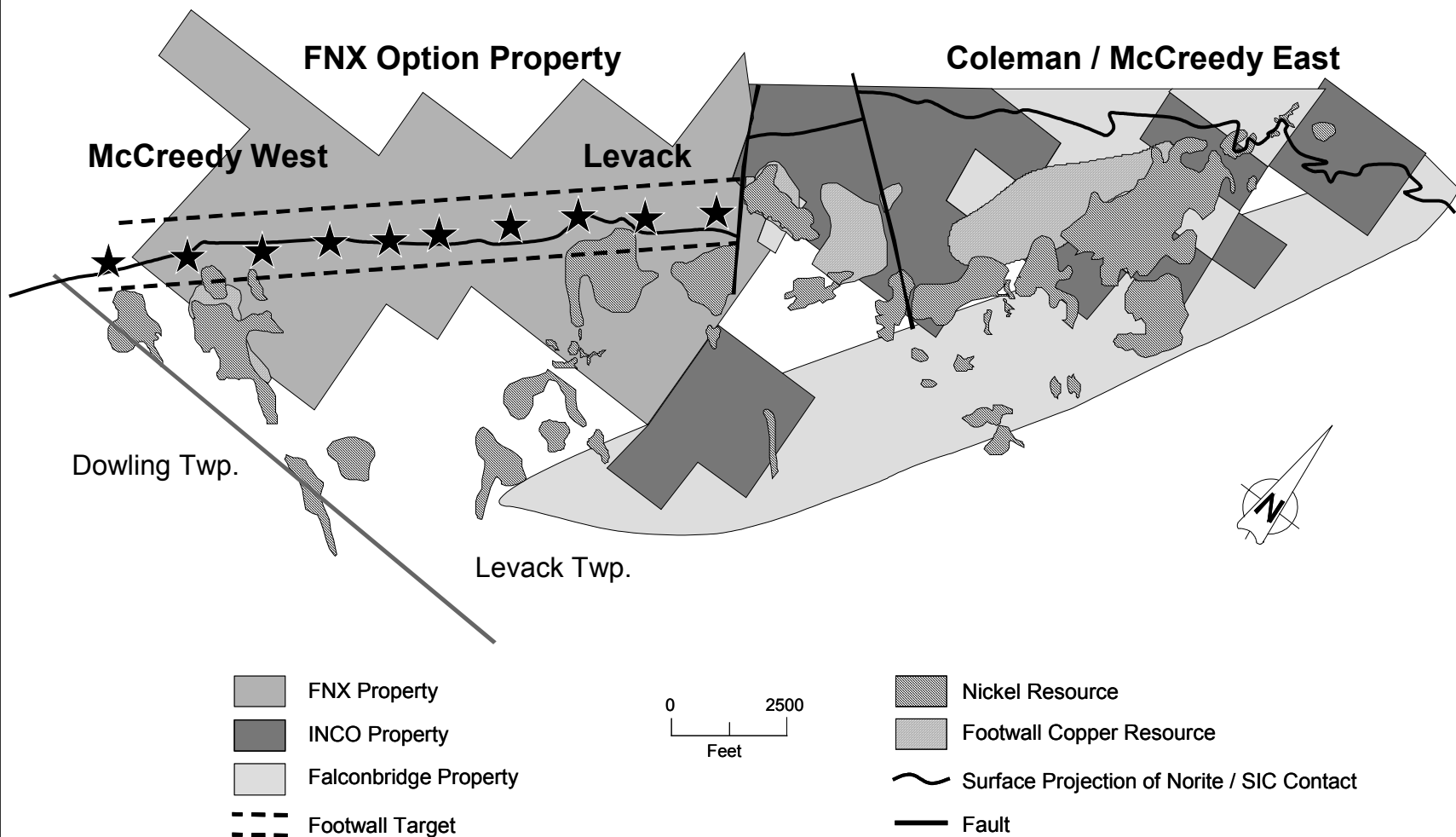
Part of the 2003 footwall program will be focused on drilling the geophysical anomalies identified in the 2002 program. In addition, zones of extensive Sudbury Breccia will be given higher priority for interpretation and follow – up drilling. The North Range Footwall Project has been budgeted 30,000 feet of drilling in 2003 to complete the proposed program. In addition, further ground and borehole IP surveys and geological mapping are planned.

The 2003 program is budgeted at \$1.3 million.



NORTH RANGE FOOTWALL PROJECT Levack Embayment Longitudinal Section

FIGURE 33



NOTE: Unsurveyed Property Boundaries

7. CONCLUSIONS & RECOMMENDATIONS

FNX Mining Company Inc., has acquired five highly regarded mineral properties (all former producers) in the Sudbury Mining Camp. These properties offer the potential for near-term production and also for significant exploration success.

The infrastructure available in the Sudbury Area (mills, smelters and refineries) together with the mining culture and ready availability of all services required by an exploration and mining Company makes this acquisition very attractive for a junior.

The high value of Sudbury ores together with the variety of metals is more beneficial than reliance on one or two metals. The precious metal content of the Sudbury ores is also attractive.

A very large historic database has been made available by the vendor, Inco Limited, and FNX has built significantly on this. Cooperation at all levels with Inco has helped the project advance at a very rapid pace.

In the 13 months since field operations began the Company has completed 423,430 ft of diamond drilling in 360 holes from surface and a further 67,130 ft in 133 holes from underground locations. Approximately 113,560 ft (23%) of this core have been sampled and 25,672 samples sent for assay.

The independent resource audit by consultants Roscoe Postle Associates (RPA) also confirmed that FNX practices and procedures meet or exceed industry standards as required by NI 43-101.

Up to 13 surface drill rigs and two underground rigs were in operation during the year and this has now been reduced to seven surface rigs and five underground rigs.

Four of the five optioned properties have been drilled resulting in the discovery of three new deposits.

An in-house resource estimate, independently audited, demonstrates resources in the McCreedy West Mine of 1.74 million tons in the indicated and inferred categories. This is sufficient to support a 1000 tpd operation for in excess of five years.

The McCreedy West ramp has been reconditioned to the 1600 Level and reconditioning of the 950 and 1600 Levels has permitted underground drill platforms to better explore and delineate the deposits.

Test mining has been carried out on the 700 Deposit at McCreedy West and ore has been stockpiled underground.

The required crusher set up and sample tower have been installed on a new containment pad and regular mining operations are imminent.

A review of the properties leads to the following conclusions & recommendations:

Victoria:

- 144 holes have been completed by FNX for 80,000 ft.
- Both Contact and Offset - type deposits have been confirmed.
- The shallow drilling has confirmed the presence of significant shallow mineralization with open-pit potential in the #2 West Zone Contact Zone and has discovered a high grade massive sulphide core to the zone.
- A new deposit, the Powerline, contains significant Cu, Ni and TPM values.
- The extent of favourable Quartz Diorite dyke targets has been increased significantly and these require drilling.
- The presence of significant TPM values will enhance the value of any ore produced.

It is recommended that exploration continues to test for the extension of the Powerline Deposit; that the testing of the Quartz Diorite dykes continues with special attention to the identified Worthington Offset dyke (the host to the Totten Deposit some 6 km to the

SW); and a resource estimate be made of the #2 West Zone in order to determine the economic feasibility of this deposit.

McCreedy West

- The property is located within the 8.5 km-long North Range mineralized belt which has hosted 16 current and past producers.
- Contact and Footwall deposits have been mined at McCreedy West (16 million tons) and the differing mineralogy offers the ability for selective mining as metal prices vary.
- 70 surface holes (111,806 ft) and 133 underground holes (67,127 ft) have been completed on the property since inception of the FNX program. Drilling has focused on remnants and known deposits.
- A new contact-type deposit, the Inter Main has been discovered and a significant resource, in the order of 1.0 million tons grading 2.0% Ni, outlined.
- The potential of the previously known PM Deposit is being enhanced and a new type of high grade TPM mineralization with low sulphide content (“noseum type”) has been identified.
- An in-house resource estimate, independently audited, demonstrates resources in the McCreedy West Mine of 1.74 million tons in the indicated and inferred categories for five of the known deposits. This is sufficient to support a 1000 tpd operation for in excess of five years.
- The McCreedy West ramp has been reconditioned to the 1600 Level and reconditioning of the 950 and 1600 Levels has permitted underground drill platforms to better explore and delineate the deposits. Five underground rigs are currently in operation.
- Five raises and a sill drift have been driven on the 700 Cu – TPM deposit and ore has been stockpiled underground.
- Underground development and exploration drifts are being driven with a view to increasing the initial projected mining rate of 250 – 300 tpd to 800 – 1000 tpd by year end.
- The required crusher set up and sample tower have been installed on a new containment pad and regular mining operations are imminent.

- A new field office and core handling facility has been set up at Levack to handle the ongoing exploration of the North Range projects.

It is recommended that drilling to extend and delineate the known deposits be continued and that drilling of the PM Deposit be continued as a priority in order to bring this high potential deposit to resource status.

Levack Property

- This property, located immediately east of the McCreedy Mine, produced in excess of 60 million tons of Cu-Ni-TPM ore from both Contact and Footwall - type deposits.
- FNX has completed 35 surface drillholes (71,375 ft) and tested two main target areas- 1300 and 1900 Zones.
- Two areas of exploration potential exist and one of these, a geophysical anomaly, may link two of the better known and advanced target areas.
- The second area of potential is for high grade Cu-Ni-TPM in the footwall

As noted, the Levack and McCreedy properties cover some 50% of this prolific 8.5 km-long North Range mineralized zone and Fort Knox plans to explore for near surface footwall-hosted targets.

Norman Property

- This property is located along the Whistle Offset dyke to the northeast of the former Whistle mine.
- Drilling has identified three zones of Cu-Ni –TPM mineralization over a strike length of 2000 ft and from surface to a depth of 2000 ft.
- 78 drillholes have been completed for a total of 94,285 ft in the three zones
- The surface outcrop of the North Deposit was stripped and significant massive chalcopyrite veins exposed

- The mineralization contains significant values of Pt + Pd + Au and Ni values are locally important
- 50 drillholes have been completed on the North Deposit and preliminary resource estimates are being undertaken
- The 2000 Deposit, at 2,000 ft below the Whistle Open Pit mine, has been tested with 26 holes (68,000 ft) and impressive intersection lengths of mineralization reported
- Drilling is continuing on the 2000 Deposit with some infill to test the area between that deposit and the North Deposit
- Limited drilling has targeted the Ni resource immediately below the Whistle Pit. No results have as yet been released.
- The program on the Norman Property has exceeded expectations in that two significant deposits have been expanded
- An assessment will be made towards year end as to the viability of sinking a ramp to the 2000 Deposit to provide drilling platforms for testing the intervening ground; to take a bulk sample of the 2000 Deposit and, if warranted, to provide access for a raise bored shaft.

Kirkwood

- Historic drilling has outlined a potential target at this former producer.
- An airborne geophysical survey has been completed
- A compilation and detailed review of the data is being undertaken prior to a drilling decision

North Range Footwall Exploration

This is essentially a grass roots exploration of the potential for near surface footwall-type Cu-Ni-TPM deposits in a 4.5 km section of the North Range mineralized belt.

- Footwall mineralization has been mined in the McCreedy West and Levack mines down dip to the south, make this project very attractive.

- Surface occurrences of footwall-type mineralization are known on both properties
- Mapping, surface geophysical surveys and drilling have shown the presence of favourable mineralized Sudbury Breccia
- Short intersections of good grade Cu-Ni-TPM mineralization have been intersected and follow-up is being undertaken
- It is concluded that the FNX program is soundly based and could be rewarding.

Recommendations

It is recommended that FNX Mining Company Inc. proceed with the technical programs outlined for each of the properties and that the 2003 program, budgeted at \$14.4 million, be executed.

8. BUDGET

The work program as outlined above is budgeted at \$14.4 million including administration and contingency allowances (Table 24).

The objectives of this program are;

- to upgrade the resource estimates made for some of the targets to reserve status;
- to complete resource estimates for those deposits which have been advanced during the 2002 exploration program
- to investigate the potential viability of other known deposits
- to continue to carry out all activities in an environmentally sound and safe manner

The work program recommended for the McCreedy West mine will use the underground workings for drill platforms thereby reducing drill costs significantly while permitting a much more rapid assessment to be undertaken.

As in 2002, all components of the overall program are flexible in that full expenditure of the budgeted amount for each property will depend on results and uncommitted funds may be re-allocated to aggressively pursue the most successful programs.

As at April 30th 2003, total expenditures, since inception, on the Sudbury Joint Venture, including underground exploration reconditioning and development amount to \$21,100,000

FNX Mining Limited
Sudbury Project
Exploration Program & Budget - 2003

ACTIVITY	MCCREEDY WEST		LEVACK	NORTH	NORMAN	VICTORIA	KIRK	TOTAL \$	\$/Ft	
	SURFACE	U/G		RANGE			WOOD			
DRILLING ft										
Surface	25000		25,000	30,000	105,000	25,000	0	210000	\$25.70	\$5.4 m
U/G		127,500						127500	\$18.00	\$2.3 m
DRILLING TOTAL								337500		
# Rigs	1	4	1	1	3	1	0	11		
ALLOCATION	7.4%	37.8%	7.4%	8.9%	31.1%	7.4%	0.0%	100.0%		
DRILLING COST	\$642,500	\$2,295,000	\$642,500	\$771,000	\$2,698,500	\$642,500		\$7,692,000		\$22.79
PERSONNEL	\$122,611	\$625,317	\$122,611	\$147,133	\$514,967	\$122,611	\$0	\$1,655,250	\$4.90	
TECH SUPPORT	\$27,606	\$140,788	\$27,606	\$33,127	\$115,943	\$27,606	\$0	\$372,675	\$1.10	
ASSAYS 25,000	\$58,250	\$297,075	\$58,250	\$69,900	\$244,650	\$58,250	\$0	\$786,375	\$2.33	
RESOURCE /RES	\$19,111	\$97,467	\$19,111	\$22,933	\$80,267	\$19,111	\$0	\$258,000	\$0.76	
QA/QC	\$9,630	\$49,111	\$9,630	\$11,556	\$40,444	\$9,630	\$0	\$130,000	\$0.39	
GEOPHYSICS	\$180,010	\$0	\$175,795	\$0	\$112,645	\$162,840	\$0	\$631,290	\$1.87	
SH & ENVIRON	\$24,000	\$0	\$12,000	\$0	\$92,700	\$93,700	\$0	\$222,400	\$0.60	
CORE SHACKS	\$6,522	\$33,263	\$6,522	\$7,827	\$27,393	\$6,522	\$0	\$88,050	\$0.26	
VEHICLES	\$10,815	\$55,156	\$10,815	\$12,978	\$45,422	\$10,815	\$0	\$146,000	\$0.43	
SUDBURY GENERAL	\$19,493	\$99,412	\$19,493	\$23,391	\$81,869	\$19,493	\$0	\$263,150	\$0.78	\$13.43
Subtotal	\$1,120,547	\$3,692,589	\$1,104,332	\$1,099,844	\$4,054,801	\$1,173,077	\$0	\$12,245,190		\$36.28
7% Indirect	\$78,438	\$258,481	\$77,303	\$76,989	\$283,836	\$82,115	\$0	\$857,163		\$2.54
Contingency 10%	\$119,899	\$395,107	\$118,164	\$117,683	\$433,864	\$125,519	\$0	\$1,310,235		\$3.88
TOTALS	\$1,318,884	\$4,346,177	\$1,299,799	\$1,294,517	\$4,772,500	\$1,380,712	\$0	\$14,412,589		\$42.70

10 CERTIFICATE

CERTIFICATE

**To accompany the Technical Report dated April 30, 2003
Property Report, Sudbury, Ontario Cu-Ni-PGE Properties (Victoria, McCreedy
West, Levack, Norman and Kirkwood)**

**I, Dr. James M. Patterson, BA (Hons. Geology), Ph.D., P. Geo., DIC., do hereby
certify that:**

1. I reside at 2292 Carol Road, Oakville, Ontario, L6J 6B6.
2. I am Vice President, Exploration of FNX Mining Company Inc.
3. I am a registered Practicing Member of the Association of Professional Geoscientists of Ontario (Registration No. 0419); Member of the Prospectors & Developers Association of Canada; Founding President Irish Association for Economic Geology and a former Member of the Society of Economic Geologists. I hold an Honours Geology Degree (BA Hons) from Trinity College, University of Dublin, Ireland; a Ph.D in Mining Geology from the Royal School of Mines, University of London, England and a Diploma of Imperial College, University of London, England. I have practised my profession as a geologist for the past 39 years and have worked in Europe, SE Asia and North America. During my career I have worked with the private sector, government geological surveys, Canadian International Development Agency and have completed assignments for the UN. For the past 3 years I have been involved in exploration programs in the Sudbury Basin and am familiar with the geology and mineral deposits of that area.
4. I am a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").
5. Since October 2001, I have been intimately associated with the Project and have been intimately involved with all aspects of the FNX Mining Company Inc. exploration program since its initiation in January 2002.
6. I have prepared the Technical Report in its entirety and have drawn on information supplied by Senior Project Personnel in the Company's Sudbury office.
7. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report which is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
8. I have read NI 43-101 and Form 43-101F1 and have prepared the Technical Report in compliance with NI 43-101 and Form 43-101F1 and in conformity with generally accepted Canadian mining industry practices.

Dated the 9th day of May, 2003

("Signed")

Dr. James M. Patterson, P. Geo. (0419)

REFERENCES

FNX Mining Company Inc.

- **Confidential Company Records and Files from February 2002 to April 30, 2003**
- **Public News Releases re Results**
- **SEDAR Filings**

Inco Limited

- **Confidential Company Files**

Ontario Geological Survey

- **The Geology and Ore Deposits of the Sudbury Structure, Special Volume 1, 603 pages. 1984**

Patterson, James M.

- **Technical report on Mineral Properties in the Sudbury Basin, Ontario, for Fort Knox Gold Resources Inc. : 7 November, 2001**
- **An Update to Technical Report on Mineral Properties in the Sudbury Basin, Ontario, for Fort Knox Gold Resources Inc. : 31 May, 2002**

Phipps, Donald

- **Personal Communications: 2001**

Roscoe Postle Associates Inc

- **Review of the Mineral Resources of the McCreedy West Mine Property, Sudbury Area, Ontario; Prepared for FNX Mining Company Inc., 5 March, 2003**

Spiteri Geological & Mining Consultants Inc. (SGM)

- **Fort Knox Project, Sudbury, Ontario. Independent Check Sampling & Assaying Program: July 27, 2001**
- **Fort Knox Gold Resources Inc. Technical Review & Mineral Asset Valuation of Sudbury Area Properties, Sudbury Ontario; November 1, 2001**

Appendix: 1

ABBREVIATIONS AND CONVERSIONS

Abbreviation	Metal	Minerals	Chemical Formula
Au	Gold		Au
Co	Cobalt		
Cu	Copper	Chalcopyrite	CuFeS ₂
Ni	Nickel	Pentlandite, Millerite	(FeNi)S; NiS
Pd	Palladium		
Pt	Platinum		
		Pyrrhotite	Fe _{1-x} S
Ag	Silver		

Additional abbreviations are as follows: **PGM** - Platinum Group Metals

TPM - Total Precious Metals = **Pd + Pt + Au**

It should be noted that Pt + Pd values are greater than Au, and that Au rarely contributes more than 20% of the TPM content.

The following table will assist in conversions from metric to imperial equivalents.

To Convert From	To	Multiply By
Centimetres	Inches	2.54
Metres	Feet	3.218
Kilometres	Miles	0.621
Hectares	Acres	2.471
Tonnes	Short tons	1.102
Grams	Ounces (Troy)	0.032
Grams per tonne	Ounces (Troy) per ton	0.029

The factor used to convert ounces (Troy) per short ton (oz/t) to grams per short ton (g/t) is 31.1048 grams.

BHID : Borehole Identification No

All intersection lengths referred to are lengths of drill core and should not be interpreted as being true widths.

