

FNX MINING COMPANY INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

FNX MINING COMPANY INC., 55 University Avenue, Suite 700, Toronto, Ontario, M5J 2H7.

Item 2. Date of Material Change

February 23, 2007.

Item 3. News Release

The Press Release was sent on February 23, 2007 via CCN Matthews—Toronto, Ontario.

Item 4. Summary of Material Change

For further information, attached hereto is a copy of the Press Release.

Item 5. Full Description of Material Change

For further information, attached hereto is a copy of the Press Release.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Terry MacGibbon, President & Chief Executive Officer [416] 628-5929.

Item 9. Date of Report

February 23, 2007.



FNX Earns Record \$68.7 Million in 2006

TORONTO: February 23, 2007 – FNX Mining Company Inc. (FNX-TSX) is pleased to report record unaudited financial and operating results for the fourth quarter and fiscal 2006. Production from its 100% owned Sudbury operations generated record revenues of \$170.0 million for the year and \$50.2 million for the fourth quarter. Net earnings for 2006 were \$68.7 million or \$0.82 per share, while fourth quarter net earnings were \$19.7 million or \$0.23 per share. Cash flow from operating activities for the fourth quarter and full year were \$32.2 million and \$81.8 million or \$0.38 and \$0.97 per share, respectively. The Company set records during 2006 for revenues, ore production, net earnings, cash flow, EBITDA, cash operating margins, price received for nickel and copper and lowest average cost to produce a pound of nickel, among others.

Terry MacGibbon, President and CEO of FNX stated that, “Our fourth quarter and full year results were very strong, driven by robust commodity prices and efficient operations at our McCreedy West Mine. The start up of the Levack Mine late in the year was the next important step in our growth strategy. Our recent new nickel discovery down-dip at Levack is a tangible return on our exploration investment and demonstrates the excellent exploration potential and long term upside at Levack.”

Unaudited Operating Highlights

UNAUDITED OPERATING HIGHLIGHTS	Q4 2006	Q4 2005	2006	2005
Total Revenue (C\$000)	50,202	22,726	169,945	84,602
Cash Operating Costs (C\$000)	17,131	16,032	65,569	51,484
Cash Operating Margin (C\$000)	33,071	6,694	104,376	33,118
Depreciation and Amortization (C\$000)	3,556	3,205	12,921	8,768
Operating Margin (C\$000)	29,515	3,489	91,455	24,350
Revenue per Ton Sold (C\$)	318	173	272	193
Cash Operating Costs per Ton Sold (C\$)	109	122	105	118
Cash Operating Margin per Ton Sold (C\$)	209	51	167	75
Cash Cost per lb of Ni (US\$) (net of by-product credits)	1.58	3.11	0.77	3.17
EBITDA (C\$000)	33,367	4,913	97,078	17,692
Net Earnings (Loss) (C\$000)	19,667	477	68,680	4,597
Net Earnings per Share (C\$)	0.23	0.01	0.82	0.08
Cash Flow From Operating Activities (C\$000)	32,189	14,209	81,815	27,171
Cash Flow Per Share (C\$)	0.38	0.19	0.98	0.47
Debt (C\$000)	Nil	Nil	Nil	Nil
Total Ore Sold (tons)	157,741	131,404	624,525	437,367
Nickel Ore Sold (tons)	76,736	84,358	309,776	326,651
Grade of Nickel Ore Sold (%Ni)	1.7	1.6	1.6	1.7
Payable Metal Sold – Nickel (000 lbs)	1,966	2,151	8,105	8,018
Copper Ore Sold (tons)²	81,005	47,046	314,749	110,716
Grade of Copper Ore Sold (%Cu)	1.5	2.1	1.6	2.6
Payable Metal Sold – Copper (000 lbs)	2,272	2,053	9,581	6,211
Payable Metal Sold – Total Precious Metals (oz)	8,007	4,130	30,232	10,041
Realized Nickel Prices (US\$/lb)	16.32	5.77	12.16	6.56
Realized Copper Prices (US\$/lb)	2.81	2.07	3.18	1.73
Realized Exchange Rate (C\$ /US\$)	1.14	1.17	1.13	1.21

Certain of the above items are considered to be non-GAAP performance measures (see below).

Operations

The McCreedy West mine sold 157,741 tons of ore in the last quarter of 2006, bringing the total ore shipped and sold for the full year to 624,525 tons. Nickel ore sold totaled 309,776 tons for the year and copper ore sold was 314,749 tons. Fourth quarter and full year payable metal production was 1.97 million and 8.11 million pounds of nickel, and 2.27 million and 9.58 million pounds of copper, respectively. The average realized prices for nickel for the quarter and full year were US\$16.32 and US\$12.16 per pound, while copper prices received were US\$2.81 and US\$3.18, respectively per pound. Precious metal production was also a record at 8,007 ounces for the quarter and 30,232 ounces for 2006.

During the fourth quarter, the average revenue per ton of ore was \$318 and the average cash operating cost per ton was \$109, yielding a strong cash operating margin of \$209 per ton. For the full year, the average revenue per ton was \$272 minus the average cash operating cost per ton of \$105, producing a cash operating margin of \$167 per ton. The costs to produce a pound of nickel, net of by-product credits, for the last quarter and full year are US\$1.58 and US\$0.77.

FNX plans to spend \$173.0 million on capital projects and exploration in 2007, including \$31.0 million in advanced and general exploration expenditures. Key expenditures include, \$46.1 million ramping up Levack Mine, \$34.3 million for advanced exploration on the Levack Footwall, \$44.8 million developing the Podolsky Mine and \$16.8 million for the McCreedy West Mine.

In December 2006, the Levack Mine hoisted its first nickel ore to surface since the closing of the mine by CVRD Inco in the late 1990's. Levack produced 6,978 tons of ore, of which 3,307 tons were shipped by year end to CVRD Inco's Clarabelle mill for processing with the balance shipped in January 2007. Approximately \$1.2 million of pre-production revenue (on a net realizable value basis) were credited to the Levack development cost at December 31, 2006. Levack nickel is expected to achieve commercial production in early 2007.

At the Levack Mine, FNX will be expanding production in the first half of the year to reach the planned rate of 1,500 tons per day in the second half of 2007. Additional underground drilling at Levack in 2007 will focus on confirming existing resources and testing a portion of the larger, historic resources to assess their viability. A production crosscut will also be driven during 2007 from the Levack 2650 Level to the top of the Levack Footwall Deposit. Simultaneously, Xstrata Nickel will be driving an advanced exploration crosscut from the 4000 Level of their Craig Mine into the Levack Footwall Deposit to facilitate collection of a bulk sample for metallurgical testing and to provide underground drill platforms for detailed drilling of a portion of the Deposit for mine planning and resource estimation.

At the Podolsky Mine, expenditures for 2007 include completion of the 2450 and 1750 crosscuts, vent raises, bulk sampling, detailed drilling and pre-production in the fourth quarter leading to a decision to commence commercial production.

Expenditures at McCreedy West will purchase new equipment, support additional mine development, drill to replace reserves and evaluate the feasibility of rehabilitating the 1600 Level from McCreedy West for 8,000 ft to Levack to allow transport of McCreedy West nickel ore to the Levack Mine for crushing and hoisting up the No. 2 shaft. This would free up ramp capacity to increase PM production at the McCreedy West Mine.

Production plans call for a 42% increase in ore production in 2007 to 900,000 tons producing 12.7 million pounds of payable nickel, 10.9 million pounds of payable copper and 29,500 ounces of payable precious metals. Most of the increase in 2007 production comes from the growing contributions from the nickel-rich ore at the Levack Mine. The Company expects that its cash on hand and expected 2007 cash flow, will be sufficient to self-fund the 2007 planned expenditures without the need for equity or debt financing.

Investments

FNX holds 3,150,230 common shares and 2,347,886 common share purchase warrants of International Nickel Ventures Corporation (INV:TSX), 7,716,594 million common shares of Dynatec Corporation (DY:TSX), 13,300,000 million common shares of Lake Shore Gold Corp. (LSG:TSX) and 6,860,715 common shares of Superior Diamonds Inc (SUP:TSXV), all of which are publicly traded corporations. The combined book value is \$30.4 million and, as at February 19, 2007, the market value was \$58.8 million.

Exploration

Exploration expenditures in 2006 were \$19.8 million, divided between definition drilling of the Levack Footwall Deposit, drilling for additional mineral resources to support future mining at the PM and Inter Main Deposits at McCreedy West Mine and exploring Aurora Platinum's Falconbridge Joint Venture and Foy Properties.

The 2007 exploration budget of \$31.0 million includes \$14.3 million for advanced exploration activities at McCreedy West (\$4.2 million), Levack (\$4.6 million) and Levack Footwall (\$5.5 million). The general exploration budget of \$16.3 million focuses on McCreedy West (\$5.0 million), Levack (\$7.0 million), Aurora Sudbury properties (\$4.0 million) and Aurora non-Sudbury properties (\$0.4 million).

The 2006 Levack Footwall drilling involved both definition and expansion drilling. Underground drilling took place during the year from Xstrata Nickel's Craig Mine 3000 and 4000 Levels, from the 2650 Level at the Levack Mine and from up to three surface drills. It became clear from the 2006 drill results that the Levack Footwall, Rob's Transition and the Lower Levack Footwall mineralization represent a single polymetallic ore system, which is currently 2,300 ft along plunge and open at depth. Drilling on the Levack Footwall Deposit will continue throughout 2007. Late in 2006, an agreement was announced with Xstrata Nickel whereby they would drive a crosscut 1,675 ft laterally from the Craig Mine into the Levack Footwall mineralization. In addition, Xstrata Nickel will drift 410 ft to install drill stations for detailed drilling of the Deposit and complete another 560 ft of development work within the footwall mineralization to provide access for geologic and resource modeling and for collection of a bulk sample for metallurgical testing. Simultaneously, a production crosscut will be driven from the 2650 Level of the Levack Mine to the top of the Levack Footwall/Rob's Transition Deposits. This is expected to take all of 2007. Plans also call for rehabilitation of the Levack No. 2 Shaft to the 3600 Level in 2007 to prepare for driving a second production crosscut on the 3600 Level to the Levack Footwall Deposit during 2008. Simultaneous advanced exploration development from the Craig and Levack Mines will facilitate the collection of data necessary to support a future production decision.

Surface drilling late in 2006 to test for nickel-rich contact deposits down-dip from the historic Main Deposit and east of the No. 7 Extension Deposit at the Levack Mine was successful in discovering a new mineralized zone in all nine of the initial drill holes. The holes intersected nickel-rich sulphide including 45.7 ft grading 1.99 % Ni and 0.62% Cu, 63.6 ft grading 1.15% Ni and 0.34% Cu, 32.4 ft grading 1.65% Ni and 0.92% Cu and 16.5 ft at 2.43% Ni and 0.52% Cu. Downhole electromagnetic geophysical surveys indicate that the intersections all occur within a continuous conductive plate. Extensive additional drilling will be required to completely define the target and this will be a priority in 2007.

Non-GAAP Performance Measures

This press release contains certain non-GAAP measures like cash operating margin, EBITDA, etc. Please see the Company's MD&A on SEDAR for discussion on non-GAAP performance measures.

Forward-Looking Statement

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express management's expectations or estimates of future performance constitute "forward-looking statements." Such forward-looking statements include, without limitation, (i) estimates of future capital expenditures; (ii) estimates regarding timing of future development and production; and (iii) estimates of future costs towards profitable commercial operations. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, interpretation and implications of drilling and geophysical results; estimates regarding timing of future capital expenditures and costs towards profitable commercial operations. Other factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, increases/decreases in production; volatility in metals prices and demand; currency fluctuations; cash operating margins; cash operating cost per pound sold; costs per ton of ore; variances in ore grade or recovery rates from those assumed in mining plans; reserves and/or resources; the ability to successfully integrate acquired assets; operational risks inherent in mining or development activities, and legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals and environmental protection. Accordingly, undue reliance should not be placed on forward-looking statements. These forward-looking statements are made as at

the date hereof and the Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise, except as may be required under applicable securities law. For a more detailed discussion of such risks and other factors, see the Company's latest filings with Canadian securities regulators.

CONFERENCE CALL

FNX will be hosting a Fourth Quarter and Full Year 2006 Conference Call on February 23, 2007 at 10:00am EST.

CONFERENCE CALL numbers are:

Live in North America:

Toll-Free Access: 1-866-542-4239 or 416-641-6105

Access Code: Ask for FNX Mining Conference call

Replay Access information:

Toll-Free Access: 1-800-408-3053 or 416-695-5800

Passcode: 3214625#

Available until Midnight, March 9, 2007

Slides for the conference call may be accessed on the Company's website www.fnxmining.com

For further information, please contact:

Terry MacGibbon, President and Chief Executive Officer

Ronald P. Gagel, Senior Vice President and Chief Financial Officer

David Constable, Vice President Investors Relations and Corporate Secretary

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Note : The unaudited balance sheet, statement of operations and statement of cash flow are appended to this news release.



Consolidated Balance Sheets

As at December 31

(in thousands of Canadian dollars) (Unaudited)

	2006	2005
	\$	\$
Assets		
Current		
Cash and cash equivalents	115,117	152,460
Accounts receivable	52,082	18,562
In-process inventory	960	867
Prepaid and other assets	259	215
	168,418	172,104
Investments	30,380	29,384
Property, plant and equipment	625,683	531,266
Reclamation and other deposits	6,099	3,630
	830,580	736,384
Liabilities		
Current		
Accounts payable and accrued liabilities	29,580	11,631
Current portion of deferred payment obligation	7,244	7,230
	36,824	18,861
Deferred payment obligation	-	7,000
Mine closure and site restoration	2,631	1,162
Future income and resource taxes	165,136	155,404
	167,767	163,566
	204,591	182,427
Shareholders' equity		
Share capital	560,266	558,947
Contributed surplus – stock-based compensation	7,710	5,677
Retained earnings (deficit)	58,013	(10,667)
	625,989	553,957
	830,580	736,384



Consolidated Statements of Operations

(in thousands of Canadian dollars except earnings per share)

(Unaudited)

	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Mine operating revenues	50,202	22,726	169,945	84,602
Mine operating expenses				
Mining, excluding depreciation and amortization	17,131	16,032	65,569	51,484
Depreciation and amortization	3,556	3,205	12,921	8,768
	20,687	19,237	78,490	60,252
	29,515	3,489	91,455	24,350
Expenses				
Administration	1,994	2,600	9,119	8,141
Capital taxes	300	1,135	1,673	1,135
Depreciation	78	31	182	89
Stock-based compensation	804	342	2,525	1,068
Loss on disposition of Aurora	-	-	-	2,600
Other expenses (income)	(3,566)	(2,410)	(7,042)	(2,739)
	(390)	1,698	6,457	10,294
Earnings before taxes and non-controlling interest	29,905	1,791	84,998	14,056
Income and resource taxes	10,238	1,314	16,318	4,721
Earnings before non-controlling interest	19,667	477	68,680	9,335
Non-controlling interest	-	-	-	4,738
Net earnings for the period	19,667	477	68,680	4,597
Basic earnings per share	\$0.23	\$0.01	0.82	\$0.08
Diluted earnings per share	\$0.23	\$0.01	0.81	\$0.08

Consolidated Statements of Retained Earnings (Deficit)

(in thousands of Canadian dollars)

(Unaudited)

	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Retained earnings (deficit) – beginning of period	38,346	(11,144)	(10,667)	(15,264)
Net earnings for the period	19,667	477	68,680	4,597
Retained earnings (deficit) – end of period	58,013	(10,667)	58,013	(10,667)



Consolidated Statements of Cash Flow (in thousands of Canadian dollars) (Unaudited)	Three months ended		Year ended	
	December 31		December 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating activities				
Net earnings for the period	19,667	477	68,680	4,597
Non-cash items				
Mine depreciation and amortization	3,465	3,205	12,787	8,768
Depreciation	78	31	182	89
Mine closure and site restoration	48	33	134	62
Stock-based compensation	804	342	2,525	1,068
Future income and resource taxes	9,266	535	12,602	3,941
Interest on deferred payment obligation	131	-	514	-
Loss on disposition of Aurora	-	-	-	2,600
Non-controlling interest	-	-	-	4,738
Other	43	(1,313)	99	(1,342)
	33,502	3,310	97,523	24,521
Net change in non-cash working capital	(1,313)	10,899	(15,708)	2,650
	32,189	14,209	81,815	27,171
Financing activities				
Common shares issued	107	97,818	915	101,859
Non-controlling interest, net	-	(3,267)	-	1,972
	107	94,551	915	103,831
Investing activities				
Investments	-	(310)	(996)	(310)
Property, plant and equipment	(40,547)	(11,464)	(109,108)	(46,459)
Reclamation term deposits	(1,996)	-	(2,469)	-
Deferred payment obligation	(7,500)	-	(7,500)	-
Deposit with mine contractor	-	(2,400)	-	(2,400)
Acquired on acquisition of Aurora	-	-	-	2,438
Proceeds on disposition of Aurora	-	-	-	11,005
Acquired on acquisition of SJV, net	-	410	-	410
	(50,043)	(13,764)	(120,073)	(35,316)
Change in cash and cash equivalents for the period	(17,747)	94,996	(37,343)	95,686
Cash and cash equivalents – beginning of period	132,864	57,464	152,460	56,774
Cash and cash equivalents – end of period	115,117	152,460	115,117	152,460