



Low-Carbon Nickel. Made in Canada.

SUSTAINABILITY REPORT

Published May 2024

LAND ACKNOWLEDGEMENT

FPX Nickel’s corporate office is located in Vancouver, British Columbia (B.C.), on the traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh (Squamish), and səliłwətał (Tseil-Waututh) Nations. Our employees live and work on the territories of many First Nations.

The mineral claims of FPX Nickel’s Baptiste Nickel Project are located in central B.C. on the traditional territories of the Tl’azt’enne, Binche Whut’enne, Yekooche, and Takla Peoples.

FPX Nickel also conducts mineral exploration globally on the lands of many Indigenous Peoples.

We are committed to working respectfully and collaboratively with all Indigenous Peoples. This is illustrated in our Indigenous Peoples Policy and our commitment to embrace the United Nations Declaration of the Rights of Indigenous People (UNDRIP).



Ambleside Park, West Vancouver

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ABOUT FPX NICKEL

FPX Nickel is a Vancouver-based junior mining company founded on the advancement of a new source of nickel in the form of a nickel-iron mineral called *awaruite*. Since 2006, FPX Nickel has focused on the exploration and development of awaruite deposits, including our most advanced Project, the flagship Baptiste Nickel Project located in central B.C.

FPX Nickel is listed on the TSX Venture exchange as “FPX”.



The Baptiste Nickel Project is the first and most advanced awaruite nickel deposit in the world and currently in the early stages of project development. Based on current projections, the project will progress through engineering and environmental studies, undergo the B.C. and Canadian environmental assessment processes, and move towards permitting and construction phases with the potential for initial nickel production in the early 2030s. We are committed to working collaboratively with First Nations and other local communities in developing the environmental assessment process and project.

In addition to the Baptiste Nickel Project, FPX Nickel holds awaruite nickel exploration properties in B.C. (Van, Klow, Orca-Wale) and the Yukon (Mich). Moreover, FPX Nickel is engaged in a global generative alliance partnership with Japan Organization for Metals and Energy Security (JOGMEC), aimed at identifying, acquiring and developing high-quality awaruite nickel targets worldwide.

ABOUT AWARUITE

Awaruite is a nickel-iron mineral (Ni₃Fe), originally identified in 1885 in Awarua Bay, New Zealand, from which it takes its name. Unlike conventional nickel sources, awaruite is neither a sulphide nor a laterite type of mineralization. Awaruite’s magnetic property allows for it to be first collected magnetically, one of the simplest forms of mineral concentration. Even more significantly, awaruite’s sulphur-free property allows for the production of an exceptionally high-grade and clean mineral concentrate. This completely eliminates the need for downstream smelting, thereby allowing for more ready and efficient use in downstream applications.

Awaruite has unparalleled flexibility to supply low-carbon nickel to either the stainless-steel or electric vehicle battery markets, with both of these pathways well demonstrated through FPX Nickel’s metallurgical testing programs and engineering studies.



Awaruite

OUR PURPOSE

Enabling Canada's Transition to a Low-Carbon Economy

Nickel is an essential material for our society, and has been identified by Canada and other nations as a critical mineral, required for the transition to renewable energy technologies. Nickel is primarily used in the fabrication of stainless steel, and with its very high energy density and capacity retention it is an essential component of electric vehicle batteries. FPX Nickel is founded on the development of a new possible source of nickel, which has the potential to be sourced responsibly. Conscious of the social and environmental issues connected to much of today's nickel supply, we are committed to identifying sources and processing strategies to supply the needed nickel while protecting the environment for future generations.

OUR MISSION

Advancing the Baptiste Nickel Project

The Baptiste Nickel Project represents a multi-generational opportunity to develop a mine that will produce low-carbon nickel, while protecting people and the environment. We are a dedicated team, passionate about awaruite's potential, and working to advance a modern mining project that is aligned with the United Nations Sustainable Development Goals.



Baptiste drill core

Our Values

Safety means protecting people in everything we do, from getting home safely to fostering an inclusive company culture to designing with safety front of mind.

Respect is doing what is right, treating all people fairly, respecting human rights, and protecting our shared environment and natural resources.

Collaboration is working together and building lasting and meaningful relationships. Developing a successful major project requires the work of many people, including Indigenous Knowledge Holders, community leaders, and governments. We are working to create a space for this collaboration to thrive.

OUR VALUES IN ACTION



SAFETY

Going home safe every day:

- Evaluate performance and implement new policies, procedures, and lead/lag indicators as required

Foster a safe and inclusive company culture:

- Measure employee, executive, board, contractor, and consultant diversity
- Ensure language in job postings is inclusive, actively seeking out diverse candidates, assessing hiring practices for unconscious bias
- Implement cultural awareness, unconscious bias, and bystander training for all employees, management, and board

Design with safety in mind:

- Adhere to the best available standards when designing the Baptiste Nickel Project



RESPECT

Respect human rights:

- Align project development activities with the United Nations Declaration on the Rights of Indigenous Peoples, recognizing the distinct Rights of Indigenous Peoples
- Action the TRC's 92nd Call to Action, embracing Indigenous perspectives and culture, implementing training and education for all employees and contractors, and creating significant economic opportunities and long-term multigenerational benefits for Indigenous communities

Protect our shared environment and natural resources:

- Evaluate potential social environmental impacts of field activities and implement new policies, procedures, and lead/lag indicators as required
- Conduct studies to quantify predicted greenhouse gas emissions for the Baptiste Nickel Project and decarbonization strategies to further reduce predicted emissions



COLLABORATION

Work together openly and honestly to build lasting and meaningful relationships:

- Establish collaborative decision-making processes with Indigenous communities as we advance projects from exploration to development
- Formalize our commitments in agreements with Nations and communities based on UNDRIP and principles of free, prior, and informed consent

A MESSAGE FROM OUR BOARD CHAIR

In 2007, the discovery of magnetically recoverable nickel in the mineral awaruite at what would become the Baptiste Nickel Project led to a vision to revolutionize the nickel industry – and FPX Nickel was born.

Our focus from the beginning has been to demonstrate a viable new nickel product that could redefine nickel mining from discovery to mine closure, including social impact. My passion for the pursuit of research and development in mining is deeply rooted. Climate change is real, metals are required for energy transition, and innovation holds the key to unlocking sustainable solutions. My dedication to FPX Nickel and the pursuit of innovation in mining stems from my conviction that responsible resource extraction can coexist with environmental protection and social responsibility. By continuously pushing the boundaries of scientific discovery and technological advancement, we are, as a company, committed to a vision of sustainable mining practices for future generations.



Dr. Peter M. D. Bradshaw, P.Eng.
FPX Nickel Co-Founder and Chair of the Board of Directors



In 2017, Peter helped create his vision of a multidisciplinary, silo-breaking research centre at the University of British Columbia through a generous donation that led to the creation of BRIMM, the Bradshaw Research Institute for Minerals and Mining. Peter was also a co-founder and first Chairman of the Mineral Deposit Research Unit at UBC and is a member of the Canadian Mining Hall of Fame.



Looking north towards a small alpine lake

A MESSAGE FROM OUR CEO

Since 2020, FPX Nickel has been in a phase of consistent project advancement, owing in large part to the increasing global focus on secure, low-carbon nickel sources, and the growing acceptance of awaruite as a disruptive new source of nickel.

The present moment marks a critical turning point for the mining industry. We see a growing societal focus on sustainable sourcing of raw materials alongside the need for responsible mining. We also see changes in the ways that all companies must do business, as we actively take steps to advance Reconciliation with Indigenous peoples across the lands we now know as Canada. This moment provides an opportunity to advance Reconciliation by focusing on a collaborative approach to both environmental stewardship and the creation of multigenerational opportunities for Indigenous and other local communities through direct participation.

FPX Nickel is eager to play a role in this important opportunity for Reconciliation with guidance and direction from the Indigenous communities we work most closely with.

In 2023, FPX Nickel made significant strides in advancing the Baptiste Nickel Project, including the following:

- Early in 2023, FPX Nickel was awarded funding by Natural Resources Canada under the Government of Canada's critical minerals strategy. This funding allows us to accelerate demonstration of the technical and commercial viability of producing nickel sulphate and cobalt for the electric vehicle battery market using awaruite from Baptiste.
- In mid-2023, FPX Nickel received a strategic equity investment from the major European stainless-steel producer Outokumpu Oyj. The Outokumpu investment represents a significant technical validation of the Baptiste Nickel Project, testifying to Baptiste's potential to produce a premium nickel product that can bypass the intermediate smelting stage and become a highly sought-after feedstock for responsible production of low-carbon finished products in multiple consumer and industrial markets.

- In the third quarter of 2023, we signed a memorandum of understanding (MOU) with JOGMEC and the Prime Planet Energy & Solutions (PPES) joint venture between Toyota Motor Company and Panasonic Corporation. The MOU provides a framework to explore collaborative opportunities for the vertical integration of nickel production, from the development of the Baptiste Project through to the PPES supply chain, and further demonstrates the opportunity for value-added processing and refining activities here in Canada.
- Most recently, in January 2024, FPX Nickel received a strategic equity investment from major nickel producer Sumitomo Metal Mining, an integrated producer covering mineral resource development, mining, smelting, and refining to the production of battery materials in Japan and internationally.

We are committed to developing projects in a manner that supports the goals of safeguarding the wellbeing of people, protecting the environment, and, most importantly, contributing to a low-carbon future. We will continue to work in the spirit of partnership to create substantial and sustainable local benefits while protecting our shared resources for future generations. We look forward to this exciting journey ahead.

Martin Turenne
President and CEO



The 2030 “Agenda for Sustainable Development” was adopted by all UN Member States in 2015 and the core of the plan list 17 Sustainable Development Goals (SDGs).

We have assessed our topic areas based on a self-defined materiality assessment and identified nine SDGs that align with our business and sustainability goals.



OUR APPROACH TO SUSTAINABILITY

We recognize that mining has often been associated with negative environmental and social impacts. FPX Nickel is working to demonstrate how we can integrate sustainability into our business and support the path to a low-carbon economy.

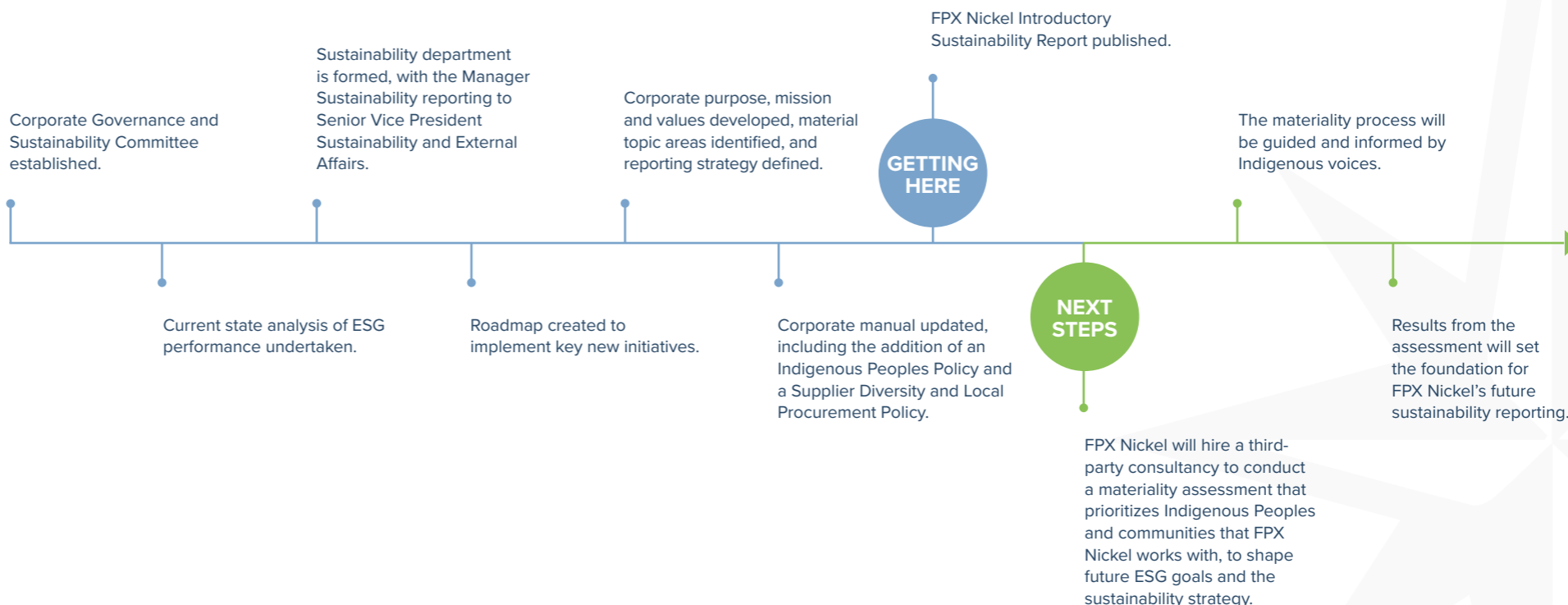
In 2022, we embarked on an assessment of our Environmental, Social, and Governance (ESG) performance to identify areas of success and those requiring improvement, with the ultimate goal of issuing an inaugural sustainability report. After gaining a better understanding of the spectrum of reporting standards and practices across the industry, we mapped a path for our sustainability program.

We undertook an internal materiality assessment that was aligned with our company’s purpose, mission, and values, and identified the most material topic areas for us as a company. This introductory report is the next step in our ongoing commitment to integrating sustainability considerations across all aspects of our operations and transparently reporting on our progress.

We have compiled this report in alignment with the United Nations Sustainable Development Goals, or SDGs, selecting nine goals that

align with our business and sustainability goals, and assessed our topic areas based on a self-defined materiality assessment. The SDGs provide an appropriately high-level structure within which to frame our introductory report and demonstrate how our company’s purpose fits within global sustainable development. As we continue to grow our external and internal relationships, we intend to incorporate external analysis of our performance through an external materiality assessment.

FPX Nickel is mindful that many current ESG reporting standards, specifically mining standards, were not developed by or with input from Indigenous peoples. We look forward to the opportunity to work with Indigenous communities to integrate their perspectives and feedback.





GOVERNANCE

Binche Keyoh Bu Society
and FPX Memorandum of
Agreement signing ceremony,
June 20, 2022

In this section:

MATERIAL TOPICS

Business Ethics & Transparency

UN SDGs



BUSINESS ETHICS & TRANSPARENCY

Through our commitment to strong board and operational governance, FPX Nickel seeks to contribute to accountable institutions in Canada and to continue to be a leader for junior mining companies.

The Company's board structure includes an independent chair and CEO. A Corporate Governance and Sustainability Committee is mandated to ensure that sustainability considerations are incorporated into all areas of the business, ESG performance is continuously assessed, and internal and external progress is reported in a transparent manner.

In 2023, key corporate governance initiatives included the formal establishment of our Sustainability team and an update to our Corporate Manual. The Sustainability team is led by the Senior Vice President of Sustainability and External Affairs, who is responsible for overseeing the company's sustainability initiatives and reporting to our CEO and the Corporate Governance and Sustainability Committee.

One of the recent policy initiatives we are most proud of is the implementation of an Indigenous Peoples Policy that formalizes our corporate commitment to the distinct rights of Indigenous peoples. To support the commitments outlined in the policy, FPX Nickel has further committed to attracting, hiring, and retaining Indigenous talent at all levels of the organization, as well as providing training for management, employees, contractors, and consultants on intercultural awareness, anti-racism, and the history of Indigenous Peoples in B.C. and Canada.

A recent significant appointment for the Company was the appointment of Kim Baird, of the Tsawwassen First Nation, to the Board of Directors in February 2024.

“We are honoured to welcome Kim Baird to the FPX Board. Kim is a distinguished expert in Indigenous policy, governance, and economic development and is a highly regarded advocate for Indigenous peoples. Kim brings expertise in major infrastructure projects and the associated opportunities for economic reconciliation and Indigenous participation in these projects. She is a tremendous addition to the FPX team.”

– Peter Bradshaw, Chair of the Board

The Corporate Manual update included changes to key corporate policies and the addition of new policies:

- Ethics and Business Conduct Policy
- Whistleblower Policy
- Insider Trading Policy
- Corporate Disclosure
- Corporate Control Policy
- Environmental Policy
- Health and Safety
- Indigenous Peoples Policy – NEW IN 2023
- Supplier Diversity and Local Procurement Policy – NEW IN 2023
- Cyber Security Policy – NEW IN 2023

SDG 16

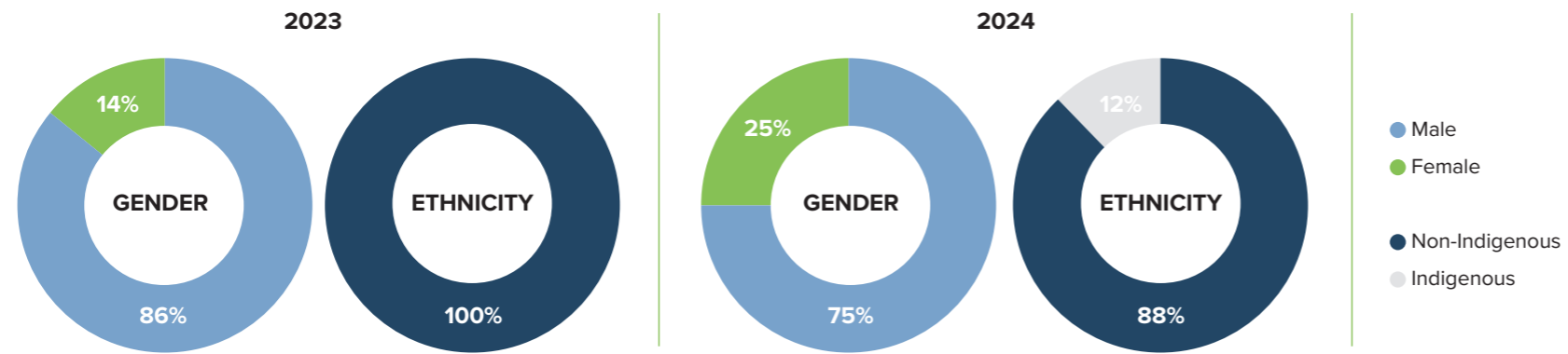


Targets: 16.6, 16.7

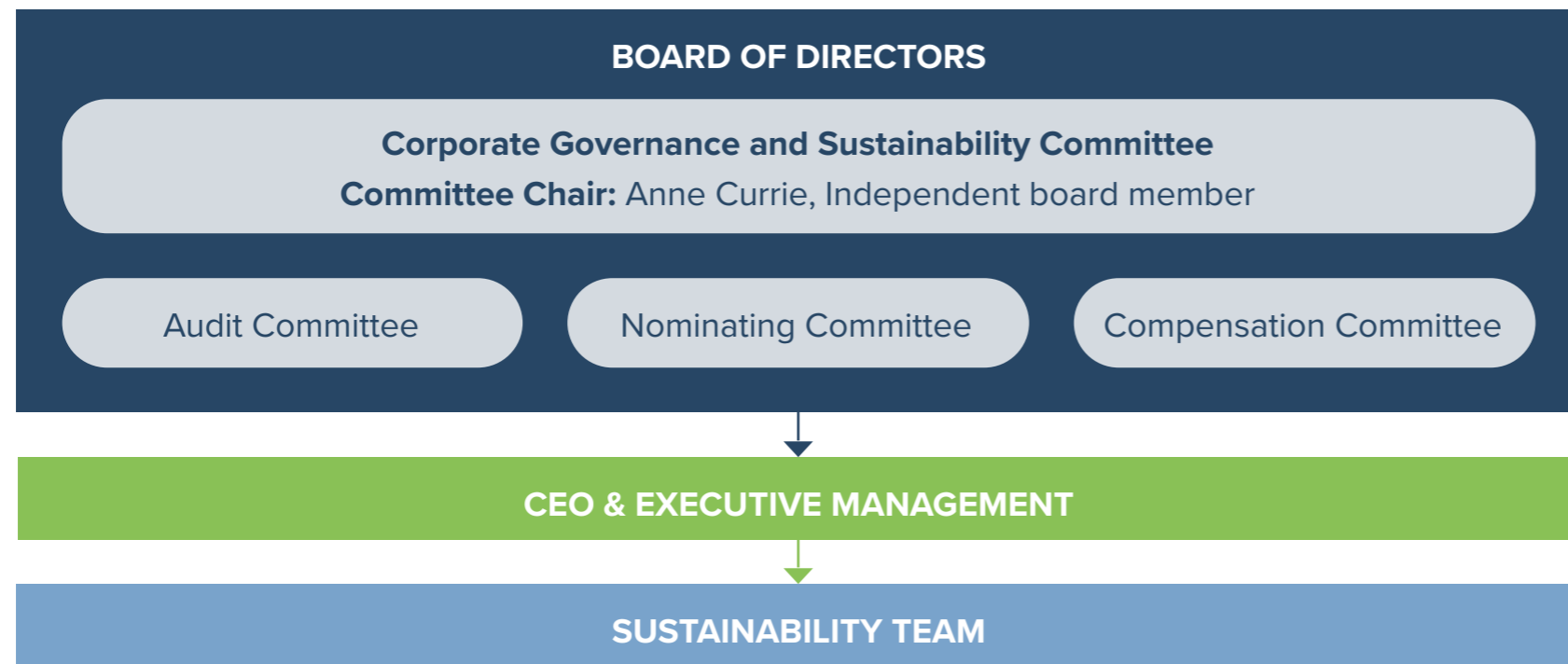
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

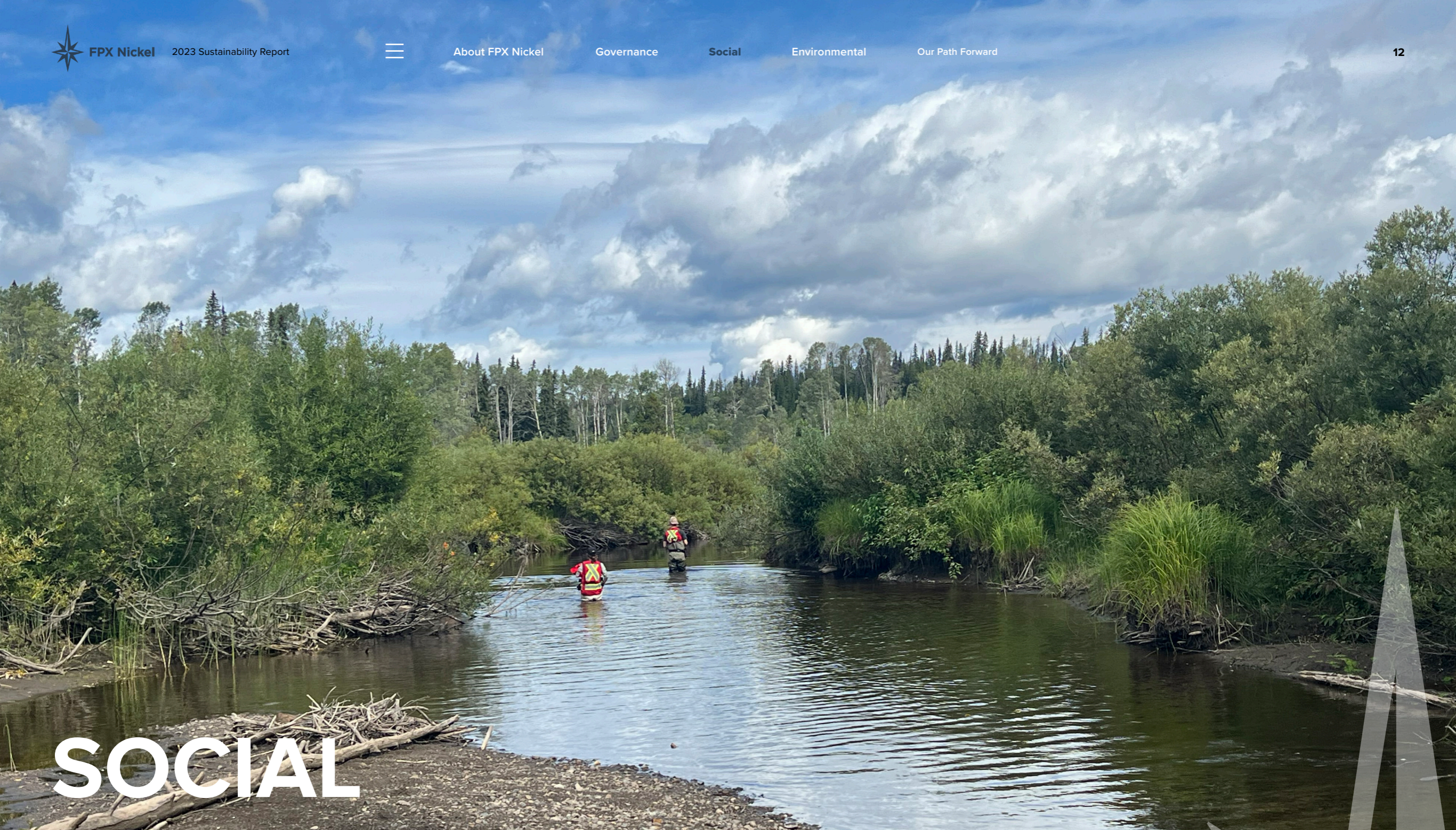


Board Diversity



Sustainability Responsibility





SOCIAL

In this section:

MATERIAL TOPICS

- Health and Safety
- Indigenous Peoples
- Local Economic Development
- Equity, Diversity, and Inclusion
- Research, Innovation, & Partnerships

UN SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

HEALTH AND SAFETY

Safety is a core value of our company. Through our commitment to both physical and psychological health and safety, FPX Nickel seeks to provide safe and secure working environments for all our employees and those we work with.

SDG 8



Targets: 8.5, 8.8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

PHYSICAL HEALTH AND SAFETY

Seasonal drilling programs were undertaken at the Baptiste Nickel Project site in 2010-2012, 2017, 2021 and 2022, and environmental baseline programs were conducted from 2011-2012 and 2022 to present. From a health and safety perspective, the 2021 season was a difficult period for us and a cause for reflection. Following safety incidents on site, we identified key root causes and increased our direct involvement in program planning to ensure contractors and consultants were better prepared and supported. As a result, we have seen greatly reduced incident rates since 2021 – a testament to continuous efforts by all people on site.

A health and safety issue that impacted our field crews in both 2021 and 2022 was the effects of warmer and drier summers and the associated forest fire risk. This required additional emergency preparedness planning, as well as protocols for working in the heat and with equipment that can cause sparks or fire.

Field programs in 2021 and 2022 also employed precautions specifically for COVID-19, such as health questionnaires, completed prior to coming to site, temperature checks on arrival in camp, and dedicated accommodations to accommodate any personnel needing to isolate.

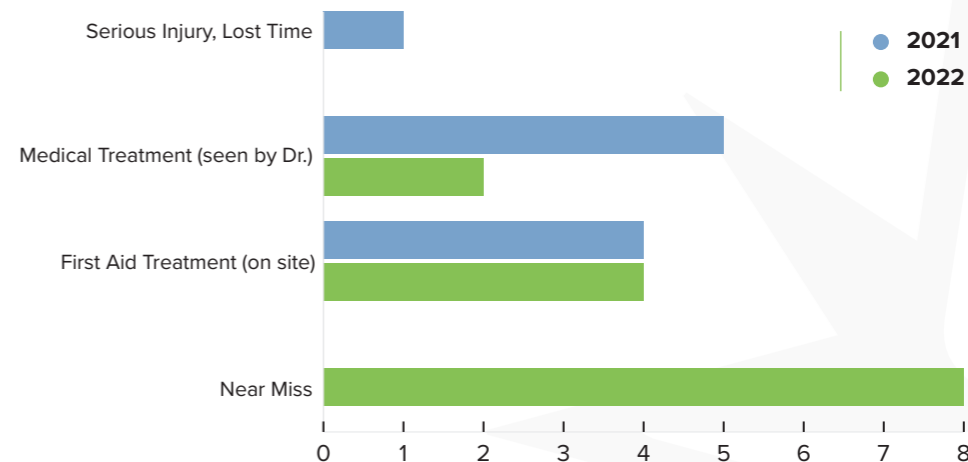
PSYCHOLOGICAL HEALTH AND SAFETY

Creating a space where employees, contractors, consultants, and others feel safe is connected to many aspects of our sustainability program. Policies such as the Ethics and Business Conduct Policy and Indigenous Peoples Policy, and initiatives such as mandatory cultural awareness training for all field staff, are designed to address different aspects of psychological health and safety.

VULNERABLE POPULATIONS

The safety of local communities, particularly vulnerable groups such as Indigenous women and girls, is of utmost importance to us and will continue to influence how we develop policies and operate seasonal camp-based field programs. Safety considerations will also inform how we approach decisions about the Baptiste Nickel Project design and how we evaluate elements of the project, using an Indigenous Gender-based Analysis Plus lens as required by the environmental assessment process. Completing this analysis is critical to the safety of Indigenous women and girls, as outlined in the reports *Reclaiming Power and Place: The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls* and *Social Impact Report: Studying the Social Impacts of Mineral Development on Indigenous Communities*.

Safety Statistics Per Year for Employees and Field Contractors



Statistics shown above from seasonal field programs show trends in safety incidents between 2021 and 2022 drilling campaigns

INDIGENOUS PEOPLES

FPX Nickel conducts exploration and development activities on Indigenous land and is committed to ensuring that those activities respect the distinct rights of Indigenous Peoples. To achieve this, we aim to build meaningful relationships with Indigenous Rights Holders and will develop strategies and initiatives with guidance from local Indigenous perspectives.

The United Nations Declaration of the Rights of Indigenous Peoples, or UNDRIP, was established by the UN General Assembly in 2007 to affirm the rights of Indigenous Peoples worldwide, and was signed by Canada in 2016. Since 2016, Canada and B.C. have been working to implement UNDRIP by aligning federal and provincial laws with UNDRIP principles.

In 2023, FPX Nickel implemented an Indigenous Peoples Policy, which was guided by the Truth and Reconciliation Commission’s Call to Action #92. As we continue to make efforts to action this call, the following includes a summary of ways we are doing so:

1. EMBRACE INDIGENOUS PERSPECTIVES AND CULTURE, IMPLEMENTING TRAINING AND EDUCATION IN INTERCULTURAL COMPETENCY, HUMAN RIGHTS, AND ANTI-RACISM FOR ALL EMPLOYEES AND CONTRACTORS.

We are grateful for the perspectives and guidance we receive from the Indigenous communities with which we work. One example of early feedback we received was that FPX Nickel should incorporate the Dakelh naming for placenames into our materials, a process we began in earnest in 2022, in the first year of environmental baseline study reports prepared by Shas-Ti Environmental. Shas-Ti Environmental is a majority First Nation-owned consulting company, based in Fort St James.

Cultural Awareness Training

Through our Indigenous Peoples Policy, cultural awareness training is required for all employees and executives of FPX Nickel. This critical education, which is completed through Indigenous Corporate Training Inc., helps FPX Nickel employees to better understand the impacts of the Indian Act, which still affect the communities we work with today. Many First Nations people in the Stuart-Trembleur region were forced to attend the Lejac Residential School, which

operated from 1922 to 1976. The “Highway of Tears” connects a portion of Highway 16 from Prince George to Fort St. James and is a profound reminder of the risks and ongoing trauma that vulnerable populations, particularly Indigenous women and girls, face in the region.

Cultural awareness training is also mandatory for all non-Indigenous field staff. The training is provided by a Dakelh Elder and has been an exceptional educational experience. In 2022, we were honoured to hold a land ceremony on site prior to beginning field activities as a sign of respect and thanks to the land. We are committed to conducting cultural awareness training and land ceremonies for all significant field programs in future.

2. FREE, PRIOR, AND INFORMED CONSENT-BASED DECISION PROCESSES

We recognize Indigenous Peoples’ right to free, prior, and informed consent (FPIC) for activities occurring within their territories, as an integral part of UNDRIP. It is with this understanding that we have been considering the design of the Baptiste Nickel Project. The project is in its early stage of definition, allowing for flexibility in making decisions that will further shape its potential outcome. Our goal is collaborative decision-making with Indigenous Rights Holders and stewards of the land, and we are currently advancing towards this as follows:

Free

We commit to providing the resources necessary to enable engagement and participation.

Prior and Informed

We are building a knowledge base to inform decisions. For example, we are undertaking Indigenous-led cultural and environmental

SDG 10



Targets: 10.2, 10.3, 10.4

Reduce inequality within and among countries

A Dakelh phrase often expressed to FPX in community meetings, which we consider to be a guiding principle for respect and collaboration, is Alhgoh ‘uts’ut’en, meaning “we all work together”.

baseline studies and building our knowledge of project area wildlife, vegetation, fish, aquatics, archeology, and cultural sites or heritage resources. Field crews are integrating First Nations perspectives into the collection of environmental data through, for example, inclusion of local First Nations technicians on all field crews and Elder tours of the project area. We see this as a fundamental mechanism to enable local communities to both participate early and be informed.

Consent

We are not currently seeking consent for the Baptiste Nickel Project as it is still in the early stages of development. However, we are undertaking our activities according to established exploration and development agreements with Nations and communities. Our agreements set the framework for our engagement activities, and it is our intention to build towards future agreements that enable consent-based decision processes, as the project advances towards these stages. Our agreements are binding and fully transferable to any new controlling entity in the event of a change of project ownership.

3. CREATE SIGNIFICANT ECONOMIC OPPORTUNITIES AND LONG-TERM MULTIGENERATIONAL BENEFITS FOR LOCAL COMMUNITIES AND THE WIDER REGION

Our established agreements with First Nations and communities include economic considerations such as annual contributions to community development funds, requirements for prioritization of First Nations-owned businesses for contracts, and terms prioritizing employment of local First Nations people.

Employees and partnerships

FPX Nickel is committed to the implementation of a cultural and environmental baseline program that integrates First Nations perspectives into the scoping and execution of studies. To achieve this, the Company has prioritized engagement of First Nations-owned businesses and partnerships, such as Shas-Ti Environmental LP and Sasuchan Environmental LP. These studies, and the associated opportunities for training and employment, will continue and expand as the project advances.

In 2021 and 2022 field programs were supported by a 30-person camp, and consistent improvement in both local and First Nations representation was observed year-on-year for camp personnel as well as contractors and suppliers.

It is our goal to increase Indigenous participation within our company. We are grateful to have significant representation from local First Nations communities for field programs and through engagement of First Nations-owned companies and partnerships.

Inclusion of Indigenous youth

The Baptiste Nickel Project, while currently in the early development stage and accordingly years away from mine construction and operations, is projected to have an operating life of approximately 30 years. This generational opportunity is a focus for FPX Nickel and a driving force behind our support for inclusion of First Nations youth and programs that will support educational opportunities for youth in the region. An example of this has been FPX Nickel's support for a Natural Resources Liaison position with the Binche Keyoh Bu Society, to identify opportunities between FPX Nickel and the Binche community. As a first initiative in the fall of 2023, five Binche Whut'en members were enrolled by the Natural Resources Liaison in the Land Guardian Certificate Program through the Natural Resources Training Group.

The project's approximately 30 year mine life affords the opportunity to build long-term career opportunities and partnerships with local educational institutions. We are committed to forming these partnerships well in advance of the project construction and operations. This will allow increased participation by local communities and First Nations.

Incorporating Indigenous perspectives

In 2023, FPX Nickel commenced a series of mine design workshops with First Nations communities, with the intention of defining shared values and a vision for shared decision-making for project design. It is our goal that the project will create multigenerational benefits and be aligned with community land-use objectives.

Incorporation of First Nations values and perspectives with respect to sustainable development into our sustainability program is a key goal for FPX Nickel in 2024. To achieve this, we have committed to conducting an external materiality assessment in 2024 that will include First Nations Rights Holders as a key group throughout the engagement process and will focus on understanding the interconnectedness of topics, informed by First Nations perspectives.

SDG 8



Targets: 8.5, 8.8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

In 2023, we implemented a Supplier Diversity and Local Procurement Policy, to formalize our commitment to local economic development.

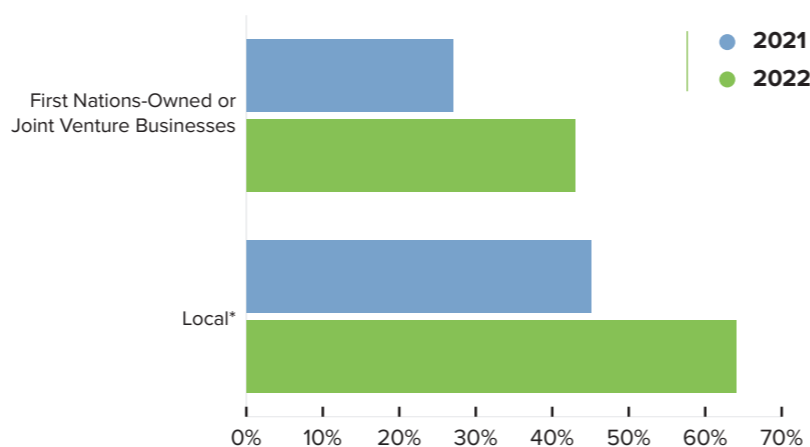
LOCAL ECONOMIC DEVELOPMENT

We prioritize engagement of local and First Nations-owned businesses who work and live as close to the project area as possible. We value the unparalleled expertise of local people and aim to create maximum direct benefit for the people closest to the project at all stages of development.

The Baptiste Nickel Project is located in central B.C., north of Trembleur Lake (Dzinghubun, in Dakelh) and west of the Middle River (Yoonoo'-i koh). The Project is currently accessible by roads from Prince George, through the communities of Vanderhoof, Fort St James, Binche, and Tache, and then by forestry service roads, including past the community of Middle River (Dzitl'ainli).

In 2021 and 2022, FPX Nickel conducted resource drilling and geotechnical drilling programs and initiated environmental baseline studies, such as surface water hydrology and water quality, atmospheric, wildlife, vegetation, fish, aquatics, and archeology. A temporary camp was constructed in 2021 and 2022, from approximately June to October, with 30 beds. In 2023, we continued environmental baseline studies but did not have any field-based drilling programs or site investigations; all field operations were supported remotely from a nearby forestry camp.

Contractor and Supplier Diversity (%)



*Local defined as Middle River, Lake Babine, Tache, Binche, Fort St James, Vanderhoof

THE FUTURE POTENTIAL OF BAPTISTE

In September 2023, FPX Nickel released the results of a prefeasibility study which demonstrates the potential to develop a high-margin, long-life, large-scale, and low-carbon mine with flexibility to produce either a high-grade concentrate for direct feed into the stainless-steel industry or further refining into battery-grade nickel sulphate, cobalt precipitate, and copper concentrate products for the battery material supply chain.

Based on the results of the prefeasibility study, the potential regional significance of a future Baptiste Nickel Project could include:

- A multi-generational project life of approximately 30 years, enabling stable employment and local business opportunities in the region
- Estimated capital cost of \$US2.2 billion
- An average of approximately 1,100 direct and 3,200 indirect jobs created per year over the project life span
- Over \$33.5 billion USD in Gross Domestic Product (GDP) and \$6 billion USD in taxes generated within B.C. over the Project lifespan

In addition, two bursaries have been offered by FPX Nickel to Indigenous post-secondary students pursuing higher education annually since 2021.

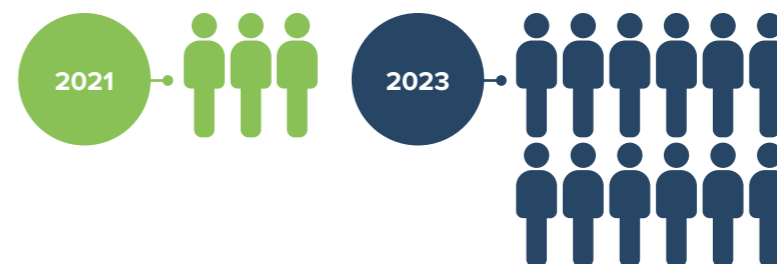
EQUITY, DIVERSITY, AND INCLUSION

We recognize the systemic gender imbalance and lack of diversity within the mining industry, and the risk that this poses to creating resilient companies that are ready and able to adapt to the needs of our diverse society. We are committed to fostering a culture of respect, safety, and inclusion, to support a diverse workforce.

As part of our efforts to provide an equitable and inclusive work environment that is supportive of a diverse workforce, FPX Nickel provides flexible working arrangements, such as flexible hours, work from home, and working from different communities in B.C.

Moving forward, we are committed to addressing some of the barriers that applicants can face within the hiring process. In 2024, we will continue to:

- Require unconscious bias training for management and board
- Ensure language in job postings is inclusive
- Actively seek out diverse candidates
- Assess hiring practices for evidence of unconscious bias



Between 2021 and 2023, FPX Nickel grew from three to 12 people. Notably, 2022 marked the first appointment of a woman to the FPX Nickel Board of Directors, and 2023 marked the first appointment of a woman to an executive position.

Employee Diversity by Role

ROLE	MALE	FEMALE	NON-INDIGENOUS	INDIGENOUS
2021				
Executive Management	3 (100%)	0	3 (100%)	0
Full Time Employees	1 (33%)	2 (67%)	3 (100%)	0
Contractors ¹	63 (85%)	11 (15%)	52 (71%)	21 (29%)
2022				
Executive Management	3 (100%)	0	3 (100%)	0
Full Time Employees	2 (40%)	3 (60%)	5 (100%)	0
Contractors ¹	62 (76%)	20 (24%)	47 (57%)	35 (43%)
2023				
Executive Management	5 (83%)	1 (17%)	6 (100%)	0
Full Time Employees	4 (57%)	3 (43%)	7 (100%)	0
Contractors ^{1,2}	n/a	n/a	n/a	n/a

¹ Contractors associated with seasonal field programs at the Baptiste Nickel Project site

² No Camp Operations in 2023

SDG 5



Targets: 5.5, 5.c

Achieve gender equality

RESEARCH, INNOVATION, & PARTNERSHIPS

Nickel is a critical mineral needed for the transition to a low-carbon economy. FPX Nickel seeks to identify sources and processing strategies that allow us to supply the nickel that we need for this transition, while still protecting our shared environment for future generations.

Research, innovation, and collaboration with other institutions is a core element of FPX Nickel's identity. Our co-founder and Board Chair, Dr. Peter Bradshaw, has been the driving force behind the pursuit of a new and innovative source of low-carbon nickel from a mine that also may have the potential to sequester carbon dioxide.

In addition to FPX Nickel's longstanding efforts in research and development in awaruite exploration and recovery, we have in parallel supported research into brucite, another mineral present in ultramafic deposits such as Baptiste. The mineral brucite reacts with carbon dioxide through a natural weathering process, binding the carbon permanently and safely into the rock.

ACADEMIC PARTNERSHIPS

We continue to collaborate with academic institutions to support new research and innovation. In 2022 and 2023, FPX Nickel sponsored research programs at the University of Northern British Columbia (UNBC) in Prince George and the University of British Columbia (UBC) through NSERC Alliance-Mitacs Accelerate grants. The UNBC program will see a group of master's and undergraduate students studying plant growth in ultramafic tailings material, and the UBC program focusses on furthering metallurgical research for the recovery of awaruite.

GLOBAL EXPLORATION

In April 2023, FPX Nickel entered into a global generative exploration alliance with JOGMEC. The purpose of the alliance, which was solely funded by JOGMEC during its first year, is to carry out worldwide mineral exploration activities for the identification and acquisition of high-quality properties which are prospective for the same style of awaruite nickel mineralization as contained at the Baptiste Nickel Project. The alliance has resulted in the appointment of a VP Generative Exploration and the potential for FPX Nickel to conduct exploration activities globally.



Nickel sulphate crystals produced from Baptiste awaruite, demonstrating opportunity for Baptiste to supply battery electric vehicle market.

CO₂ LOCK

We know, through research at the Baptiste Nickel Project site and observations at other sites around the world with similar geology, that the material left over from mineral processing, called tailings, will naturally react with carbon dioxide in our air. Work is now being carried out by CO₂ Lock Corp., a cleantech start-up and majority-owned FPX Nickel subsidiary established in March 2022, on a process called *Hard Rock Carbon Removal*. The company's research has demonstrated that the mineral brucite reacts with CO₂ to remove and lock carbon away permanently and safely.

For more information on carbon mineralization potential for projects like Baptiste, please visit CO₂Lock's website [here](#).

SDG 9



Targets: 9.2, 9.4, 9.5

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

FPX Nickel is a member of the Association for Mineral Exploration (AME), the B.C. Regional Mining Alliance, and the Mining Association of B.C. In 2023, FPX Nickel's CEO, Martin Turenne, joined the Government of B.C.'s Critical Minerals Strategy Advisory Committee as a critical minerals industry representative, along with Teck Resources.



ENVIRONMENTAL

In this section:

MATERIAL TOPICS

Water Management

Biodiversity Impacts

Greenhouse Gas Emissions

UN SDGs



WATER MANAGEMENT

Through effective water management practices, informed design, and collaborative processes, FPX Nickel seeks to support efforts to improve water quality, increase water-use efficiency and support the participation of local communities in water stewardship.

As the Baptiste Nickel Project is in the early development stage, our current environmental footprint, as it relates to water, is associated with periodic field programs. A temporary 30-person tent camp was constructed and de-constructed seasonally in 2010-2012, 2017, 2021, and 2022. Water management practices employed during our field programs include:

- **Camp potable water is sourced from a local creek and treated prior to use.**
- **Drill sites are prioritized for location on forestry roads and in forestry cut blocks, limiting any new disturbance as much as possible.**
- **All drilling water is managed in temporary sumps.**
- **Full reclamation of sites and sumps is completed and inspected progressively and documented at the end of every season.**

BASELINE STUDIES

FPX Nickel has initiated First Nations-led cultural and environmental baseline studies to build a knowledge base of the project area and to evaluate the potential for a mining project. Studies have been ongoing since 2021 and, to date, key learnings include the very low likelihood for potentially acid generating tailings or waste rock materials and early identification of species and plants of special importance in the study area.

FPX Nickel will continue to evaluate all aspects of the mine design, including alternatives for mine waste and water management and mine closure design, informed by ongoing environmental studies and engagement with First Nations and local communities.

MANAGING MINE WASTE AND WATER

Safe management of mine waste and water is a significant focus area for the mining industry. Tailings facility failures in B.C. (Mt. Polley, 2015) and Brazil (Brumadinho, 2019 and Mariana, 2015) have increased global awareness of the severity of risk of dam failures and have led to new regulations and standards for mine waste management. FPX Nickel is committed to adhering to globally recognized best standards for tailings facility design, such as the Global Industry Standard for Tailings Management (GISTM).

FPX Nickel is in the process of evaluating all potential tailings management options. FPX Nickel is committed to designing the project in a way that considers closure land-use from the start and is committed to incorporating local First Nations values and returning land-use objectives. To achieve this goal, we have initiated a series of collaborative mine design workshops to discuss critical cultural, environmental, and engineering perspectives and to align values and vision for the future. Respect and protection of land, including protection of water and designing for climate change resiliency, have been identified as values in these early planning discussions.

Our Environmental Policy and Health and Safety Policy can be accessed on the website [here](#).

SDG 6



Targets: 6.3, 6.4, 6.b

Ensure availability and sustainable management of water and sanitation for all

The Baptiste Nickel Project area bedrock contains little or no sulphide minerals. This means it has low potential to generate acid mine drainage, which can be a significant water quality challenge for mining projects.



Baptiste Creek, B.C.

SDG 15



Targets: 15.4, 15.5

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

In 2023, FPX Nickel implemented two new management plans which will govern field programs: a Caribou Wildlife Management Plan and Whitebark Pine Management Plan. These plans have been implemented to ensure our field activities are conducted in a manner that will protect these important and endangered species. The plans are based on site-specific data collected through First Nations-led wildlife and vegetation programs.

BIODIVERSITY IMPACTS

Through the implementation of wildlife protection practices and partnerships with subject matter experts and Indigenous communities, FPX Nickel seeks to ensure the protection of our ecosystems and reduce degradation of natural habitats.

Showing respect by means of protecting the land and our shared resources is a core value of our company. Some of the ways that we action this are through wildlife protection practices employed during our field program, such as:

- Drill sites strategically located on existing access roads or clearings (to the maximum extent possible)
- Wildlife policy in place for mitigating the potential for contact
- Drill site pre-inspections
- Baseline and pre-clearing bird surveys conducted by a qualified professional
- Reclamation of sites using native seed mix
- Removal of invasive plants, when identified
- Caribou Wildlife Management Plan – **NEW IN 2023**
- Whitebark Pine Management Plan – **NEW IN 2023**

BASELINE STUDIES

Our objective for the Baptiste Nickel Project is to design a project that avoids sensitive areas, preserves ecosystems and biodiversity, and supports long-term sustainable land-use objectives. We are currently building our understanding of the project area through early engagement and cultural and environmental baseline studies.

The Baptiste Nickel Project’s environmental baseline program is well underway and is providing valuable information to support project design. First Nations joint ventures Shas-Ti Environmental and Sasuchan Environmental are significant and valuable project partners for FPX Nickel as we build this knowledge base. An important aspect that we are currently aware of is that the area includes fisheries-sensitive watersheds connected to Fraser River salmon habitat, and important habitat for moose and caribou. This knowledge is being incorporated into planning and project design.

HABITAT RESTORATION

In partnership with subject matter experts and First Nations communities, we are evaluating opportunities for habitat restoration that could be partnered with the Baptiste Nickel Project. This includes:

- Initiatives to restore and improve salmon habitat impacted by beaver dams, sedimentation from resource development access roads, and low-flow conditions due to more extreme climate patterns
- Support for Takla herd caribou recovery programs managed by First Nations and the provincial government, such as reclamation of resource development access roads or establishment of protected areas
- Research and implementation of whitebark pine restoration programs to support the local population of the endangered whitebark pine

GREENHOUSE GAS EMISSIONS

Climate change is a global existential risk and FPX Nickel is committed to finding sustainable solutions to ensure the efficient use of natural resources and reduce global greenhouse gas levels in the atmosphere.

We recognize that FPX Nickel and, in particular, the Baptiste Nickel Project have an important part to play in responsible sourcing of critical minerals and the transition to a low carbon economy. Nickel is an important material for our society, necessary for the fabrication of stainless steel and electric vehicle batteries, and has been identified by Canada and other nations as essential to the transition to renewable energy technologies.

LOW-CARBON INTENSITY

The nickel produced from the Baptiste Nickel Project will have a carbon intensity in the lowest decile of global nickel production, meaning that, for downstream users, this will be a low-carbon nickel product. The nickel produced from Baptiste is predicted to have a low carbon intensity based on the project being located in B.C., with access to BC Hydro's hydropower grid. A very low mining strip ratio, a simple processing flowsheet and an efficient site footprint further reduces the projected on-site carbon intensity. Once the product leaves the mine site, Baptiste's awaruite mineralization means that no downstream smelting and/or complex refining is required, like more traditional nickel products – a significant differentiator for FPX Nickel and awaruite deposits.

CO₂ SEQUESTRATION

Baptiste's ore possesses the potential to sequester atmospheric carbon dioxide via a natural weathering process called carbon mineralization. The mine's tailings have been measured to contain an average of approximately one percent brucite, a highly CO₂-reactive mineral form of magnesium hydroxide. When exposed, brucite reacts with CO₂, binding the CO₂ in a safe, solid magnesium carbonate which is stable on a geological time scale.

This means that, when operational, the Baptiste tailings facility will passively sequester CO₂, even further lowering the carbon footprint of the mine, which is already in the lowest decile globally. FPX Nickel will continue to investigate opportunities to further enhance this reaction and the amount of CO₂ that can be captured and stored by the Project. See the Research and Innovation section for more information.

A fundamental goal in the on-going design and development of the Baptiste Nickel Project is to evaluate opportunities to further decarbonize elements of the mine through the use of emerging technologies, as well as to better understand and incorporate the potential for carbon sequestration within the mine waste materials, to drive the project towards net-zero carbon emissions.

“The nickel to be produced from FPX Nickel’s Baptiste deposit in Canada has the potential to have a very low-carbon footprint. Therefore, we are excited to be part of this development project as a shareholder, which, once realized, would provide an excellent low-emission source of nickel, and in a composition which suits our own production.”

— Marc-Simon Schaar, Chief Procurement Officer at Outokumpu

SDG 12



Targets: 12.2, 12.8

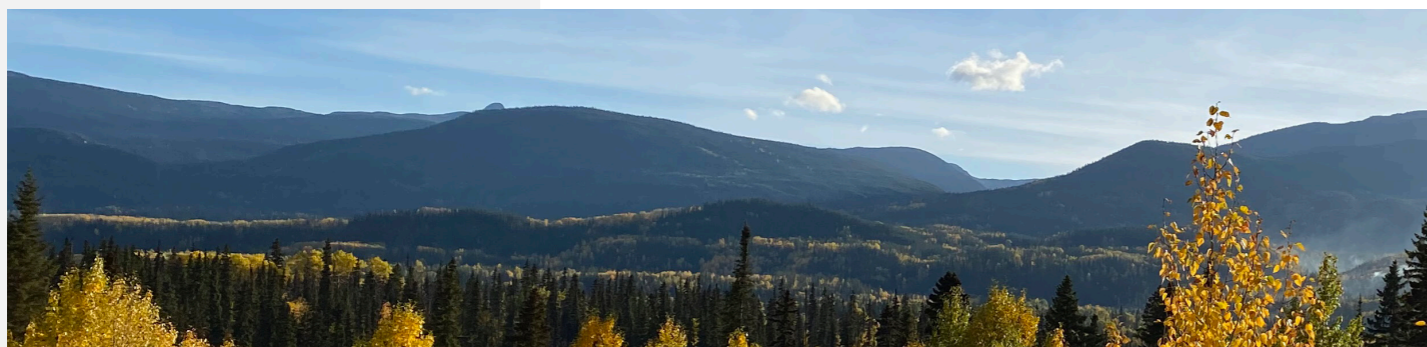
Ensure sustainable consumption and production patterns

SDG 13



Target: 13.2

Take urgent action to combat climate change and its impacts



Looking northwest from the Baptiste Nickel Project area towards the Middle River

OUR PATH FORWARD

Going forward, we commit to conducting an independently led materiality assessment and integrating feedback from Indigenous Rights Holders, local communities, corporate shareholders, and downstream nickel users. This assessment will form the basis for future reporting, ensuring that the standards we adhere to and the content of our reporting reflect the key priorities for these groups.

NOTE REGARDING FORWARD LOOKING STATEMENTS



Baptiste Nickel Project, B.C.

Andrew Osterloh, P.Eng., FPX’s Senior Vice President, Projects & Operations, FPX’s Qualified Person under NI 43-101, has reviewed and approved the scientific and technical content of this report.

If you have any questions on this report or the Baptiste Nickel Project please visit our website at www.fpxnickel.com or contact us at community@fpxnickel.com

This Sustainability Report contains certain forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements and forward-looking information in this document include, but are not limited to: the strategic vision for the Company and expectations regarding exploration and development potential, the timing and amount of estimated future production, costs of production, capital expenditures, projections of the economic impact of the project, permitting timelines, the Company’s expectations for achieving its ESG objectives, the Company’s ability to successfully execute its ESG strategy, estimation of greenhouse gas emissions.

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

The Company has based these forward-looking statements and forward-looking information on the Company’s current expectations and projections about future events and these assumptions include, but are not limited to: FPX Nickel’s present and future business strategies and about the environment in which the Company will operate in the future, including a continuation of the exploration and development activities at the Baptiste Nickel Project; that these activities will operate in accordance with public statements and achieve their stated outcomes; Mineral Reserve and Mineral Resource estimates and the assumptions on which they are based; capital and operating cost estimates; expectations regarding the impact of macroeconomic factors on the Company’s operations; ability to develop infrastructure; interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of the Company’s properties; that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks; all necessary

permits, licenses and regulatory approvals being received in a timely manner; the ability for FPX Nickel to work productively with its Indigenous partners. While the Company considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Accordingly, readers are cautioned not to put undue reliance on the forward-looking statements.

Readers are cautioned that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of FPX Nickel to be materially different from the Company’s estimated future results, performance or achievements expressed or implied by those forward-looking statements, and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: metal price volatility, changes in equity ownership, accidents and other risks associated with mining, exploration, development and operations, unanticipated geological factors, possible variations in mineral resources and reserves, grade or recovery rates, delays in obtaining governmental approvals, the ability to obtain financing on acceptable terms, relationships with, and claims by, local communities and Indigenous Nations, increased competition in the mining industry, or in the completion of development activities and the risk factors identified in the Company’s most recently filed Annual Information Form dated April 26, 2024 which is available on SEDAR+ at www.sedarplus.ca.

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