



FNX Forecasts 42% Increase in 2007 Ore Production

TORONTO: January 16, 2007 – **FNX Mining Company Inc. (FNX-TSX)** announces that it expects to increase its annual production in 2007 to 900,000 tons of ore shipped to CVRD Inco’s Clarabelle Mill, an increase of forty-two percent over the Company’s 2006 ore production. The Company’s McCreedy West Mine is expected to produce a total of 635,000 tons of ore consisting of 293,400 tons from its nickel contact deposits and 341,600 tons from its copper-precious metal deposits. In addition, the newly rehabilitated Levack Mine is expected to commence commercial production this month and to produce 265,000 tons of commercial ore during 2007.

To help accomplish its aggressive five-year growth plan (increase of 42% in 2007 to 900,000 tons per year, and 117% in 2008 to 1,380,000 tons per year compared to 2006’s budget of 635,000 tons - see Table 2 below) and to capitalize on the current robust commodity prices, the Company also announces a significant increase in its annual capital and exploration plans and budgets. The 2007 capital and mine development budgets total \$142 million and the 2007 advanced and general exploration budgets total an additional \$31 million (see Table 1 below).

The 2007 mine development capital and exploration plans and budgets consist of sustaining mine capital, new mine development and production, advanced exploration programs, surface and underground exploration programs and new surface and underground equipment and infrastructure. This should be considered a forward-looking statement (see related risks below). The Company expects that its cash on hand and the expected 2007 cash flows, will be sufficient to self-fund the 2007 planned expenditures without the need for equity or debt financing.

Table 1: 2007 Capital and Exploration Budget (\$Millions)

	<u>Capital and Development</u>	<u>Advanced Exploration</u>	<u>General Exploration</u>	<u>Total</u>
McCreedy	16.8	4.2	5.0	26.0
Levack	46.1	4.6	7.0	57.7
Levack FW	34.3	5.5	-	39.8
Podolsky	44.8	-	-	44.8
Aurora Sudbury	-	-	4.0	4.0
Aurora Non-Sudbury	-	-	0.4	0.4
Corporate	-	-	0.3	0.3
Total	142.0	14.3	16.7	173.0

Note: Revenue from the sale of pre-production ore produced from the Podolsky Mine in 2007 has not been credited to capitalized expenditures at Podolsky in Table 1.

2007 CAPITAL AND MINE EXPLORATION PLAN

At the McCreedy West Mine, the 2007 capital and mine exploration programs will be focused on increasing the ore reserves, equipment replacement, mine development and production. In addition, the Company is evaluating the potential rehabilitation of existing McCreedy West ore handling facilities that would enable the Company to transport McCreedy West nickel ore along the 1600 Level to the Levack Mine where it would be hoisted to surface via the rehabilitated No. 2 Shaft. If implemented, in addition to being efficient and cost effective, handling the McCreedy West nickel ore through the Levack Mine would allow an increase in the amount of McCreedy West copper-precious metal ore to be mined and brought to surface via the existing McCreedy West ramp.

At the Levack Mine, the 2007 capital and mine exploration programs will include new equipment purchases, construction of surface and underground ore handling facilities, underground mine development and production, extensive detailed underground drilling and sampling and an incremental increase in production during the year to 1,500 tons per day (based on six days a week) by the fourth quarter of 2007.

Expenditures on the Levack Footwall Deposit will include the continuation of the current surface and underground drill programs, driving ramps and drifts from nearby Levack and Craig underground infrastructure, detailed underground drilling, bulk sampling, ventilation raises, new equipment purchases and reconditioning of the Levack No. 2 shaft to the 3900 Level to allow the initiation of ramp development from the 3650 Level to the lower parts of the Levack Footwall Deposit. Also included are the recently announced advanced exploration and development programs from Xstrata Nickel's Craig Mine into the Levack Footwall Deposit. (see December 21, 2006 FNX news release).

The 2007 Podolsky Mine capital and exploration programs include provisions for the completion of the on-going advanced exploration program, new surface and underground equipment and infrastructure, lateral development on both the 1750 and 2450 Levels from the shaft to the ore deposit, ventilation raises, pre-production development and bringing the mine into production in 2008.

2007 EXPLORATION BUDGET

The 2007 exploration budget of \$31.0 million includes \$14.3 million for advanced exploration activities at McCreedy West, Levack, and the Levack Footwall Deposit (\$4.2, \$4.6 and \$5.5 million, respectively) to expand resources in the immediate vicinity of the mines. The 2007 General Sudbury Basin exploration budget totals \$16.3 million and includes \$5.0 million at the McCreedy West Property, \$7.0 million at the Levack Property and \$4.0 million on the Aurora Sudbury properties (primarily the Falconbridge and Foy Properties). Exploration on the Aurora properties located outside of Sudbury is forecast to be \$0.4 million in 2007.

FIVE YEAR PRODUCTION PLAN

The Company's five year ore production and two year metal production plan has been updated and is shown below in Table 2. It is based upon current information and developments and is provided only for guidance and should be considered a forward-looking statement.

Potential ore production forecasts from the Levack Footwall Deposit are also shown for guidance. These are based on production from similar Sudbury Basin Footwall Deposits, but are not based on established resources. They are provided for guidance only and are totally dependent on favourable exploration and sampling programs and positive feasibility studies and should also be considered a forward-looking statement.

Table 2: Production Forecast

Five year Ore Production Forecast (000s of tons)	<u>2007</u>⁽¹⁾	<u>2008</u>⁽²⁾	<u>2009</u>⁽³⁾	<u>2010</u>⁽³⁾	<u>2011</u>⁽³⁾
McCreedy West	635	595	525	500	500
Levack	265	470	470	470	470
Podolsky	-	315	375	375	375
Sub-total	900	1,380	1,370	1,345	1,345
Levack Footwall (not based on established resources)	-	-	155	375	375
Total	900	1,380	1,525	1,720	1,720

Two Year Metal Production Forecast⁽⁴⁾

Nickel (thousands of lbs)	12,700	19,300
Copper (thousands of lbs)	10,900	40,000
TPM = Pt+Pd+Au (ozs)	29,500	53,000

(1) Excludes 24.7K tonnes of pre-production 2007 ore from Podolsky.

(2) Includes both production and pre-production 2008 ore from Podolsky.

(3) Includes estimates of both production and pre-production ore from Levack Footwall.

(4) Pre-production metal production from Podolsky in 2007 is budgeted at 0.3 million pounds of Ni, 2.2 million pounds of copper and 2,500 ounces of TPM and is not included in the above metal production number for 2007.

FORWARD LOOKING STATEMENT

This news release contains certain forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. In this news release, statements about future expenditures, production forecasts from 2007 and beyond to 2011 and future financing needs are examples of forward-looking statements. There is no guarantee that the 2007 capex plan, five year production forecast or need for future financing will be accurate. Forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update any such statement or reflect new information or the occurrence of future events or circumstances. Accordingly, readers should not place undue reliance on forward-looking statements.

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