crowflight minerals inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and six months ended June 30, 2008

(a development stage company)

-- unaudited --

CONSOLIDATED BALANCE SHEETS
As at

		June 30, 2008		December 31, 2007
ASSETS		***(unaudited)***		*(audited)*
Current				
Cash and cash equivalents	**$**	**7,371,522**	$	9,004,788
Amounts receivable (Note 11)		**1,224,548**		1,281,466
Prepaid expenses and deposits		**216,201**		276,164
		8,812,271		10,562,418
Deposits and advances		**498,709**		952,263
Equipment (Note 5)		**84,257**		102,769
Exploration property, plant and equipment and deferred exploration expenditures (Note 6)		**112,532,031**		76,596,884
	$	**121,927,268**	$	88,214,334
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 11)	**$**	**8,916,069**	$	8,465,682
Current portion of long term debt (Note 8)		**15,379,498**		-
Equipment leases (Note 7)		**141,512**		188,856
		24,437,079		8,654,538
Long term debt (Note 8)		**6,795,339**		-
Asset retirement obligations (Note 9)		**345,000**		331,000
Future income tax liability		**4,928,000**		2,490,000
		36,505,418		11,475,538
SHAREHOLDERS' EQUITY				
Common Shares (Note 10(a))		**95,310,367**		86,671,512
Warrants (Note 10(b))		**3,964,310**		2,025,712
Contributed surplus (Note 10(d))		**12,669,447**		10,193,512
Deficit		**(26,522,274)**		(22,151,940)
		85,421,850		76,738,796
	$	**121,927,268**	$	88,214,334

Commitments and contingencies (Notes 1, 6 and 12)
Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Michael Hoffman", Director

"Bruce Humphrey", Director

Consolidated Statements of Shareholders' Equity
(UNAUDITED - prepared by management)

	Common Shares		Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	$	$	$	$	$
Balance, December 31, 2006	198,518,056	58,437,271	1,773,748	6,328,590	(17,686,671)	48,852,938
Private placement	28,125,000	25,000,000				25,000,000
Value of warrants granted on private placement		(1,359,375)	1,359,375			-
Exercise of warrants and broker warrants	20,192,931	8,372,749				8,372,749
Valuation allocation on exercise of warrants		1,548,505	(1,548,505)			-
Exercise of stock options	1,117,500	325,788				325,788
Valuation allocation on exercise of stock options		281,731		(281,731)		-
Shares issued for property acquisition	2,025,000	1,896,500				1,896,500
Expiry of warrants			(106,500)	106,500		-
Stock based compensation				4,040,153		4,040,153
Flow through share tax effect		(5,782,788)				(5,782,788)
Value of broker warrants		(547,594)	547,594			-
Share issue costs		(1,501,275)				(1,501,275)
Loss for the period					(4,465,269)	(4,465,269)
Balance, December 31, 2007	249,978,487	86,671,512	2,025,712	10,193,512	(22,151,940)	76,738,796
			-			
Private placement	16,065,000	11,000,300				11,000,300
Value of warrants granted related to debt facility			3,719,479			3,719,479
Exercise of warrants and broker warrants	1,115,836	446,334				446,334
Valuation allocation on exercise of warrants		118,742	(118,742)			-
Exercise of stock options	2,480,000	558,281				558,281
Valuation allocation on exercise of stock options		969,622		(969,622)		-
Stock based compensation				1,538,587		1,538,587
Flow through share tax effect		(3,653,000)				(3,653,000)
Value of broker warrants		(244,831)	244,831			-
Valuation allocation on expiry of warrants and broker warrants			(1,906,970)	1,906,970		-
Share issue costs		(815,593)				(815,593)
Tax effect of cost of issue		259,000				259,000
Loss for the period					(4,370,334)	(4,370,334)
Balance, June 30, 2008	**269,639,323**	**95,310,367**	**3,964,310**	**12,669,447**	**(26,522,274)**	**85,421,850**

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the three and six months ended June 30,

(UNAUDITED - prepared by management)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	**2008**	2007
Expenses				
Professional, consulting and management fees (Note 10(c))	**$ 1,218,541**	$ 1,062,446	**$ 1,937,882**	$ 1,769,919
Shareholder communications and investor relations	**158,407**	165,831	**248,247**	253,989
General and office	**127,356**	97,963	**199,644**	122,163
Travel	**52,688**	87,509	**110,232**	103,916
Amortization	**1,437**	1,152	**4,123**	2,447
Interest expenses and bank charges	**2,802**	1,320	**5,209**	2,455
	1,561,231	1,416,221	**2,505,337**	2,254,889
Loss before the undernoted	**(1,561,231)**	(1,416,221)	**(2,505,337)**	(2,254,889)
Interest income	**80,835**	299,487	**132,521**	409,237
Interest on long term debt	**(355,761)**	-	**(418,831)**	-
Debt facility transaction costs	**(4,297)**	-	**(2,045,202)**	-
Accretion expense (Notes 8 and 9)	**(482,485)**	-	**(489,485)**	-
Loss before income taxes	**(2,322,939)**	(1,116,734)	**(5,326,334)**	(1,845,652)
Future income tax recovery	**793,000**	-	**956,000**	-
Loss for the period	**(1,529,939)**	(1,116,734)	**(4,370,334)**	(1,845,652)
DEFICIT, beginning of period	**(24,992,335)**	(18,415,589)	**(22,151,940)**	(17,686,671)
DEFICIT, end of period	**$ (26,522,274)**	$ (19,532,323)	**$ (26,522,274)**	$ (19,532,323)
Loss per share - basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.01)
Weighted average number of shares	**263,221,172**	231,188,581	**256,914,970**	215,436,775

-- See Notes to the Consolidated Financial Statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30,

(UNAUDITED - prepared by management)

	Three months ended June 30, **2008**	Three months ended June 30, 2007	Six months ended June 30, **2008**	Six months ended June 30, 2007
OPERATING ACTIVITIES:				
Net loss for the period	**$ (1,529,939)**	$ (1,116,734)	**$ (4,370,334)**	$ (1,845,652)
Charges not affecting cash:				
Amortization	**1,437**	1,152	**4,123**	2,447
Stock-based compensation expense (Note 10(c))	**1,016,030**	849,886	**1,538,587**	1,517,224
Debt facility costs	**4,297**		**2,045,202**	
Capitalized interest	**355,761**	-	**418,831**	
Accretion expense (Notes 8 and 9)	**482,485**	-	**489,485**	-
Future income tax recovery	**(793,000)**	-	**(956,000)**	-
Net change in non-cash working capital	**(604,891)**	(1,106,715)	**(1,120,426)**	(1,675,408)
	(1,067,820)	(1,372,411)	**(1,950,532)**	(2,001,389)
FINANCING ACTIVITIES:				
Common shares issued through private placements	**10,184,706**	21,410,986	**10,184,706**	21,410,986
Warrants issued through private placements	**-**	1,359,375	**-**	1,359,375
Debt facility, net of transaction costs	**7,255,703**		**23,173,352**	-
Shares issued from exercise of warrants and options	**569,169**	5,736,601	**1,004,616**	7,404,789
Payments on capital lease	**(20,235)**		**(47,344)**	-
	17,989,343	28,506,962	**34,315,330**	30,175,150
INVESTING ACTIVITIES:				
Exploration property, plant and equipment, and deferred exploration expenditures	**(19,150,500)**	(8,494,578)	**(35,920,758)**	(13,589,873)
(Increase) decrease in deposits and prepaid exploration expenditure	**318,554**	(95,465)	**318,554**	345,967
(Decrease) increase in accounts payable attributable to property exploration	**(1,885,577)**	2,090,389	**1,604,140**	3,541,709
Property, plant and equipment	**-**	(44,842)	**-**	(53,220)
	(20,717,523)	(6,544,496)	**(33,998,064)**	(9,755,417)
CHANGE IN CASH AND CASH EQUIVALENTS	**$ (3,796,000)**	$ 20,590,055	**$ (1,633,266)**	$ 18,418,344
CASH AND CASH EQUIVALENTS, beginning of period	**$ 11,167,522**	$ 11,629,209	**$ 9,004,788**	$ 13,800,920
CASH AND CASH EQUIVALENTS, end of period	**$ 7,371,522**	$ 32,219,264	**$ 7,371,522**	$ 32,219,264
Cash and cash equivalents consists of:				
Cash	**1,903,334**	3,074,063	**1,903,334**	3,074,063
Equivalents	**5,468,188**	29,145,201	**5,468,188**	29,145,201
	$ 7,371,522	$ 32,219,264	**$ 7,371,522**	$ 32,219,264
SUPPLEMENTAL INFORMATION:				
Warrants granted related to debt facility (Note 8)	**$ -**	$ -	**$ 3,719,479**	$ -
Warrants granted as cost of issue	**$ 244,831**	$ 547,594	**$ 244,831**	$ 547,594
Amortization of assets deferred to exploration properties	**$ 7,195**	$ 5,584	**$ 14,389**	$ 11,159
Interest received	**$ 80,392**	$ 223,958	**$ 138,803**	$ 329,260
Interest paid	**$ 828**	$ 498	**$ 158,221**	$ 977
Income taxes paid	**$ -**	$ -	**$ -**	$ -

1. NATURE OF OPERATIONS AND GOING CONCERN

These interim financial statements are unaudited and are not reviewed by the Company's auditors.

Crowflight Minerals Inc. (the "Company") is a development stage company in accordance with Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, and currently has mineral exploration and development properties in Canada. The Company is currently focusing its resources on the development of the Bucko Deposit and the exploration of the Thompson Nickel Belt, both in the province of Manitoba.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these financial statements.

Operating results for the six months ended June 30, 2008 are not indicative of the results that may be expected for the full year ending December 31, 2008. The disclosure in these interim unaudited consolidated financial statements may not conform in all respects to generally accepted accounting principles in Canada for annual financial statements.

The Company has a need for working capital for operations and for the exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual consolidated financial statements for the year ended December 31, 2007.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its proportionate share of the accounts of the joint venture in which the Company has an interest.

New accounting pronouncements:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

Inventories

Handbook Section 3031 "Inventories". This standard replaces the previous inventories standard and requires inventory to be measured at the lower of cost and net realizable value and includes guidance on the determination of cost, including allocation of overheads and other costs to inventory. Further, it requires the reversal of previous write-downs to net realizable value when the economic circumstances have changed to support an increased inventory value. The adoption of this standard has had no material impact on the Company's consolidated financial statements.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 3 to the interim unaudited consolidated financial statements for the six months ended June 30, 2008.

Financial Instruments – Disclosures and Presentation

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 4 to the interim unaudited consolidated financial statements for the six months ended June 30, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets

The CICA issued Handbook Section 3064 “Goodwill and Intangible Assets”, which will replace the existing Goodwill and Intangible Asset standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. This standard is effective for years beginning on or after January 1, 2009. The Company is currently in the process of evaluating the impact of this standard.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board (AcSB) confirmed that Canadian public companies will have to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. The Company is currently evaluating the impact this new framework.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended June 30, 2008.

4. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to short-term investments and amounts receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of guaranteed investment certificates and bankers acceptance, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in other assets consist of goods and services tax due from the Federal Government of Canada and receivables from related and unrelated companies. Management believes that the credit risk concentration with respect to these financial instruments included in other assets is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Company had a cash and cash equivalents balance of $7,371,522 (December 31, 2007 - $9,004,788) to settle current liabilities of $24,437,079 (December 31, 2007 - $8,654,538). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company has cash balances and a long term debt facility subject to fluctuations in interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As a result of the long term debt facility where interest payable is based on LIBOR, the Company is subject to interest rate risk. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Upon production, the Company will be exposed to foreign exchange risk as a result of sales transactions being denominated in US dollars. Currently, the Company does not hedge against foreign exchange risk.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices, specifically nickel prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future mining operations will be significantly affected by changes in the market prices for nickel. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for nickel, the level of interest rates, the rate of inflation, investment decisions by large holders of nickel and stability of exchange rates can all cause significant fluctuations in nickel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. As a result of the long-term debt facility, a portion of the Company's production over the four year term of the debt facility will be subject to a price protection program.

On June 30, 2008, the Company began implementing a price protection program, all contracts executed on that day were subsequently cancelled and replaced with the final contracts executed on July 28, 2008. (See Note 14.)

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

The Company has designated its cash as held-for-trading, measured at fair value. Financial instruments included in other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Long term debt is classified as held-to-maturity and measured at amortized cost. Derivative financial instruments are classified as held-for trading.

As at June 30, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

In conjunction with its debt facility, the Company has issued 16,324,786 warrants with a term of 36 months. It is intended that the cash from the exercise of these warrants will be used to pay $10,000,000 of the debt facility. The warrants have an exercise price of $0.64. In order for the warrants to cover the loan, the Company's share price must be at or greater than the $0.64 exercise price. If the share price falls below $0.64 the Company will be required to repay the loan from other cash sources.

The Company carries long term debt on which interest is payable based on fluctuations in LIBOR. A 1% increase or decrease in LIBOR based on the loan balance at June 30, 2008 will generate monthly fluctuations in interest expense of $21,000. The Company intends to draw down the full amount of the loan facility, $55,000,000, where fluctuations of 1% will generate monthly increases or decreases of $46,000.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

The Company intends to begin production later this year. As required by the terms of the loan facility agreement, the Company has entered into a price protection program. See Note 14.

5. EQUIPMENT

		2008		2007
	Cost	Accumulated Amortization	Net	Net
	$	$	$	$
Computers	85,855	(75,607)	10,248	16,194
Furniture	10,755	(5,700)	5,055	6,444
Field equipment	104,760	(41,967)	62,793	72,362
Vehicles	12,858	(6,697)	6,161	7,769
	214,228	(129,971)	84,257	102,769

During the first half of 2008, $4,123 (2007 - $2,447) in amortization was charged to operations and $14,389 (2007 - $11,159) in amortization was charged to deferred exploration expenditures related to assets used in exploration.

6. EXPLORATION AND DEVELOPMENT PROPERTY PLANT AND EQUIPMENT AND DEFERRED EXPENDITURES

	MANITOBA				SUDBURY			
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	TOTAL
	($)	($)	($)	($)	($)	($)	($)	($)
Balance, January 1, 2008	35,313,912	22,353,809	12,752,670	131,475	5,244,395	797,361	3,262	76,596,884
Acquisition or property maintenance costs		306,684	29,862	-	49,540	-	-	386,086
Project capital costs	19,027,673		-	-	-	-	-	19,027,673
Project development costs	13,358,197							13,358,197
Exploration costs	271,712		2,683,720	298,518	-	230	-	3,254,180
less: government assistance	-		(90,989)	-	-	-	-	(90,989)
Balance, June 30, 2008	67,971,494	22,660,493	15,375,263	429,993	5,293,935	797,591	3,262	112,532,031

MANITOBA

Bucko Deposit and Thompson Nickel Belt

Throughout the six months ending June 30, 2008, the Company continued their efforts in developing the Bucko Deposit. The Company incurred $32.6 million in expenditure on capital, and surface and underground development of the Bucko deposit. As well, the Company made a payment of $300,000 per the terms of the Lease Transfer agreement with Xstrata Nickel Inc. to buy out a 2% NSR Royalty.

Pursuant to the Exploration Option Agreement whereby the Company can earn a 100% interest in the Thompson Nickel Belt properties by incurring $13,200,000 in expenditures from January 1, 2007 up to and including December 31, 2013 (the "Option Period"), the Company has met its exploration expenditures commitment of $2,500,000 for 2008 and will be required to spend $8,200,000 over the remainder of the option period.

The Company also received $90,989 (Q2 2007 - $128,664) in government assistance related to its exploration expenditures in the Thompson Nickel Belt which has been applied directly against this expenditure.

Pure Nickel Joint Venture

In November 2007, the Company entered into two separate but related transactions, including a 50-50 Joint Venture Agreement with Pure Nickel Inc. ("Pure Nickel") to explore and develop nickel deposits on properties controlled by both parties near the past producing Manibridge Nickel Mine, approximately 20 km south of the town of Wabowden, Manitoba. Each party will be required to contribute property to the joint venture and make an initial aggregate contribution of $6,000,000 over a three-year period to fund preliminary exploration activities within the joint venture area.

In addition, Pure Nickel will be able to earn a 50% interest in a block of claims surrounding the joint venture claims by spending $1,500,000 in exploration expenditures over three years. The Company will also have the right to permit, operate and close the historic tailings facility in the joint venture.

6. EXPLORATION AND DEVELOPMENT PROPERTY PLANT AND EQUIPMENT AND DEFERRED EXPENDITURES (continued)

As well, the Company entered into an option agreement with Hudson Bay Exploration and Development Company Limited to acquire a 100% interest in two claims within the area of interest of the Pure Nickel joint venture. Under the terms of this option agreement, the Company will be required to make payments of $250,000 and fund a total of $750,000 in exploration expenditures by 2011 to earn a 100% interest in the property, subject to a back in clause, right of offer for off-take and a 2% Net Smelter Royalty.

<u>SUDBURY</u>

AER Kidd Property

In February 2008, the Company entered into an option agreement with a private Ontario company (the “Optionor”), in respect to the AER Kidd Property in Sudbury, Ontario (the “Property”). The Optionor can earn up to a 50% interest in the Property by:

i) making a cash payment to the Company of $85,000 upon execution of the agreement (pending);
ii) assuming all future advance royalty payments due in respect of the Property; and
iii) incurring $5,000,000 in exploration expenditures on the property by December 31, 2009.

The Optionor may also earn an additional 20% interest in the property by incurring additional exploration expenditures of $7,000,000 prior to December 31, 2013, and continuing to make all advance royalty payments due in respect of the Property. Upon earning a 50% interest in the property, the Company and the Optionor shall enter into a joint venture in respect of the Property.

7. CAPITAL LEASE OBLIGATION

During 2007, the Company entered into a capital leasing arrangement for equipment included in exploration property, plant and equipment. The capital lease obligation bears interest at 2% per annum.

As at June 30, 2008, the future minimum lease payments under the capital lease arrangement were $142,497, which includes interest of $985 and a current obligation of $141,512.

8. LONG TERM DEBT

In February 2008, the Company closed a $55,000,000 debt facility agreement. RMB Resources Inc. (“RMB”) arranged the financing as Agent for FirstRand Ireland Plc (“FirstRand”), the lender and underwriter of the debt finance package. RMB and FirstRand are both wholly owned subsidiaries of the FirstRand Group. The debt facility consists of a First Tranche $10,000,000 Secured Loan (the “First Tranche”), a Bridge Tranche Facility of $15,000,000 (the “Bridge Facility”) and a $45,000,000 Final Tranche Secured Loan (the “Final Tranche”). The Bridge Facility must be paid from the proceeds of the Final Tranche. The interest rate on the First Tranche and the Bridge Facility is LIBOR plus 2.25% per annum. The interest rate on the Final Tranche is LIBOR plus 1.75% per annum if the Company does not draw down the Bridge Facility in full or LIBOR plus 1.5% per annum if the Company draws down the Bridge Facility in full. The Bridge Facility is available for draw down once the First Tranche is fully drawn. The Final Tranche becomes available for draw down upon receipt of permits required to commence production of concentrate at the Bucko Deposit. The debt facility agreement requires the Company to enter into a price protection program for a portion of the expected production from the Bucko Deposit. See Note 14.

8. LONG TERM DEBT (continued)

A total of 17,324,786 warrants were issued to RMB with an exercise price of approximately $0.64 per share in connection with this debt facility, where 16,324,786 warrants have a term of 36 months ("T1 Warrants"). The proceeds of this conversion are expected to be used to pay off the First Tranche Secured Loan of $10,000,000. The remaining 1,000,000 warrants ("Bridging Facility Warrants") have a term of 24 months. The value of these warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend – 0%; expected volatility – 71%; risk-free interest rate – 3.2%; expected life – 2 or 3 years. A value of $3,542,479 related to the T1 Warrants was recorded against the long term portion of the loan facility, while $177,000 related to the Bridging Facility Warrants was recorded against the current portion of the loan facility. Accretion of the value of these warrants using the effective interest rate method generated an expense of $475,485 for the six months ended June 30, 2008. Transaction costs, such as legal fees and agent fees, related to this debt facility totalled $2,045,202 and were expensed to the Statement of Operations for the six months ended June 30, 2008.

During the first half of 2008, the Company drew down $25,000,000 of the $55,000,000 available. Of this portion, $15,000,000, or the Bridge Facility component, was classified as current. The Company accrued $418,831 in interest charges related to the debt facility. Interest on the T1 tranche for the period up until September 30, 2008 is capitalized, and interest on the Bridge Facility is capitalized until repayment of the Bridge Facility.

9. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") are based on management's estimates of costs to abandon and reclaim exploration and development property, plant and equipment as well as an estimate of the future timing of the costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the ARO associated with the retirement of the Company's exploration and development property, plant and equipment:

	2008 $	2007 $
Balance, beginning of period	331,000	-
Liabilities incurred	-	331,000
Accretion expense	14,000	-
Balance, end of period	345,000	331,000

The Company has estimated the present value of its total asset retirement obligations to be $345,000 (2007 – $331,000) at June 30, 2008 based on a total future liability estimated to be approximately $632,000 (2007 - $632,000) and a credit adjusted risk-free rate of 8.4% (2007 – 8.4%). Reclamation is expected to take place in 2015.

10. CAPITAL STOCK

Authorized
Unlimited common shares without par values
Unlimited class A preference shares with a par value of $10 each, issuable in series, cumulative dividends
Unlimited class B preference shares with a par value of $50 each, issuable in series, cumulative dividends

a) Common shares issued	Shares		Value
Balance, December 31, 2006	198,518,056	$	58,437,271
Private placement, flow through	12,500,000		12,500,000
Private placement, non flow through	15,625,000		12,500,000
Value of warrants granted	-		(1,359,375)
Exercise of warrants	20,192,931		8,372,749
Exercise of warrants - warrant valuation	-		1,548,505
Exercise of options	1,117,500		325,788
Exercise of options - option valuation	-		281,731
Property acquisition	2,025,000		1,896,500
Cost of issue, not of income taxes	-		(2,048,869)
Flow-through shares tax effect	-		(5,782,788)
Balance, December 31, 2007	249,978,487	$	86,671,512
Private placement, flow through	8,000,000		6,000,000
Private placement, non flow through	8,065,000		5,000,300
Exercise of warrants	1,115,836		446,334
Exercise of warrants - warrant valuation	-		118,742
Exercise of options	2,480,000		558,281
Exercise of options - option valuation	-		969,622
Flow-through shares tax effect	-		(3,653,000)
Cost of issue	-		(1,060,424)
Tax effect of cost of issue	-		259,000
Balance, June 30, 2008	**269,639,323**	**$**	**95,310,367**

The Company completed a private placement financing on April 30, 2008 through the issuance of 8,000,000 flow through common shares at a price of $0.75 per share and 8,065,000 non flow through common shares at a price of $0.62 per share for total gross proceeds of $11,000,300. The offering was completed by a syndicate of underwriters who received a commission of 6% of the total gross proceeds, as well as 963,900 compensation options, each of which entitles the holder to purchase one common share of the Company at a price of $0.62 per share until April 30, 2010. The flow through shares, common shares and compensation options are subject to a hold period that expires on August 31, 2008.

10. CAPITAL STOCK (continued)

b) Warrants

	June 30, 2008 2008		December 31, 2007	
	Number of warrants	**Weighted Average price ($)**	Number of warrants	Weighted Average price ($)
Balance, beginning of period	**11,248,650**	**1.03**	22,308,769	0.42
Granted, private placements	-	-	7,812,500	1.15
Granted, broker warrants	**963,900**	**0.62**	2,320,312	0.92
Granted, facility loan	**17,324,786**	**0.64**	-	-
Exercised	**(1,115,836)**	**0.40**	(20,192,931)	0.41
Expired or cancelled	**(10,132,814)**	**1.10**	(1,000,000)	0.55
Balance, end of period	**18,288,686**	**0.64**	11,248,650	1.03

As at June 30, 2008, the following warrants were outstanding:

Value ($)	Number of Warrants	Exercise Price ($)	Expiry Date
177,000	1,000,000	0.64	13-Feb-10
244,831	963,900	0.62	30-Apr-10
3,542,479	16,324,786	0.64	13-Feb-11
3,964,310	18,288,686		

c) Stock Options

The following are the stock option transactions during the period:

	June 30, 2008		December 31, 2007	
	Number of options	Average price	Number of options	Average price
Balance, beginning of period	21,510,000	$ 0.54	9,070,000	$ 0.27
Granted	3,975,000	$ 0.67	13,885,000	$ 0.71
Exercised	(2,480,000)	$ 0.22	(1,117,500)	$ 0.29
Expired or cancelled	(3,161,875)	$ 0.86	(327,500)	$ 0.64
Balance, end of period	19,843,125	$ 0.56	21,510,000	$ 0.54

10. CAPITAL STOCK (continued)

c) Stock Options (continued)

As of June 30, 2008, the following stock options were outstanding:

Value ($)	Number of Options	Number of Options Exercisable	Exercise Price ($)	Expiry Date
9,944	50,000	50,000	$ 0.225	July 13, 2008
5,721	7,500	7,500	$ 0.405	August 4, 2008
3,272	1,875	1,875	$ 0.940	August 4, 2008
26,234	25,000	25,000	$ 0.940	August 17, 2008
40,560	100,000	100,000	$ 0.560	November 21, 2008
20,280	50,000	50,000	$ 0.700	November 17, 2008
129,269	650,000	650,000	$ 0.225	January 14, 2009
235,000	1,000,000	1,000,000	$ 0.330	January 14, 2009
343,944	1,000,000	1,000,000	$ 0.405	January 14, 2009
385,200	600,000	600,000	$ 0.940	January 14, 2009
2,057	37,500	37,500	$ 0.225	June 1, 2009
33,665	100,000	75,000	$ 0.405	June 1, 2009
40,292	70,000	43,750	$ 0.940	June 1, 2009
175,000	875,000	875,000	$ 0.245	October 12, 2009
14,850	50,000	50,000	$ 0.390	October 20, 2009
19,600	100,000	100,000	$ 0.300	January 10, 2010
39,800	200,000	200,000	$ 0.280	February 14, 2010
19,800	100,000	100,000	$ 0.290	February 21, 2010
7,100	50,000	50,000	$ 0.200	July 14, 2010
300,303	1,510,000	1,510,000	$ 0.225	March 13, 2011
84,740	350,000	350,000	$ 0.280	July 5, 2011
3,446	15,000	15,000	$ 0.300	August 9, 2011
31,394	100,000	100,000	$ 0.365	August 15, 2011
44,295	150,000	150,000	$ 0.350	September 28, 2011
593,465	1,785,000	1,395,000	$ 0.405	January 10, 2012
4,413	56,250	18,750	$ 0.500	February 20, 2012
250,000	1,000,000	1,000,000	$ 0.600	March 30, 2009
222,000	1,000,000	1,000,000	$ 0.700	March 30, 2009
99,000	500,000	500,000	$ 0.800	March 30, 2009
138,600	200,000	200,000	$ 1.020	April 9, 2012
1,073,499	1,865,000	1,165,625	$ 0.940	June 28, 2012
508,254	1,500,000	750,000	$ 0.600	September 17, 2012
54,520	150,000	56,250	$ 0.710	November 21, 2012
200,309	620,000	232,500	$ 0.630	November 22, 2012
31,958	140,000	35,000	$ 0.520	February 1, 2013
38,815	195,000	48,750	$ 0.540	March 31, 2013
22,406	100,000	12,500	$ 0.680	April 30, 2013
634,393	3,375,000	421,875	$ 0.690	May 26, 2013
17,882	165,000	20,625	$ 0.480	June 30, 2013
5,905,280	19,843,125	13,997,500		

10. CAPITAL STOCK (continued)

c) Stock Options (continued)

During the six months ended June 30, 2008, 3,975,000 stock options (Q2 2007 – 8,650,000) were granted to directors, officers, employees and consultants of the Company. These options vest one eighth every quarter from the date of grant over a two-year term. An amount of $1,538,587 (Q2 2007 - $1,517,224) was recorded for all vested options and is included in Professional, consulting and management fees. The weighted average grant date fair value of options granted during the first half of 2008 was $0.40 (2006 - $0.17). The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Q2 2008	Q2 2007
Expected dividend yield	0%	0%
Expected volatility	81%	92%
Risk-free interest rate	3.3%	4%
Expected average life (yrs)	5	5

d) Contributed Surplus

		June 30, 2008		December 31, 2007
Balance, beginning of period	**$**	**10,193,512**	$	6,328,590
Stock options granted and/or vested during the period:				
Directors, officers and employees		**1,374,004**		2,827,420
Consultants		**164,583**		1,212,733
Property acquisition		**-**		-
Exercise of stock options, reallocation of valuation		**(969,622)**		(281,731)
Expiry of warrants, reallocation of valuation		**1,906,970**		106,500
Balance, end of period	**$**	**12,669,447**	$	10,193,512

11. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company shares its premises with other companies that have common directors. The Company reimburses the related companies for their proportionate share of the expenses. At June 30, 2008 an amount of $nil (Q2 2007 - $88,690) is payable in relation to these expenses. As well, the Company is owed $18,251 (Q2 2007 - $18,847) at June 30, 2008 for shared expenses.

During the six months ended June 30, 2008, 2,275,000 stock options were granted to directors and officers of the Company compared to 2,850,000 options for the six months ended June 30, 2007.

12. COMMITMENTS AND CONTINGENCIES

(a) Pursuant to the issuance of 12,500,000 flow through shares in April 2007, the Company renounced $12,500,000 in qualified exploration expenditure in February 2008 with an effective date of December 31, 2007. At June 30, 2008, the Company had met its expenditure commitment.

The Company issued 8,000,000 flow through shares in April 2008 and as a result, the Company is committed to expending $6,000,000 in qualified exploration expenditure by December 31, 2009. As of June 30, 2008, the Company had met its expenditure commitments.

(b) The Company is party to certain management contracts which require that additional payments of up to $4,000,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements. Minimum commitments under these contracts are approximately $670,000, all of which is due within one year.

(c) The Company entered into an agreement on February 28, 2007 with a general contractor for the Bucko Lake property. If the agreement is terminated without cause, the Company must give 90 days' notice and is liable for demobilization fees.

(d) Outstanding legal issues relate to a claim for damages by the Company to Met-Chem Canada Inc., the engineering firm hired by the Company to design the processing facility. The claim is for corrective measures required to the crushing plant building due to engineering errors by Met-Chem. The cost of expected corrective measures is anticipated to be between $200,000 and $400,000.

(e) On June 30, 2008, the Company began implementation of a price protection program, entering into derivative contracts from the second quarter of 2008 to the fourth quarter of 2012 for a total of 3.7 million pounds of nickel at a price of US$9.00 per pound. All contracts executed on that day were subsequently cancelled and replaced with the final contracts executed on July 28, 2008. (See Note 14.)

13. INTERESTS IN JOINT VENTURES

The Company's proportionate share of the assets, liabilities and cash flows of its joint venture included in these interim unaudited consolidated financial statements are as follows:

	Pure Nickel JV	
	2008	2007
Current assets	320,581	-
Exploration properties and deferred exploration expenditures	329,941	-
Current liabilities	-	-
Revenues	-	-
Expenses	641	-
Cash flows from operating activities	247,924	-
Cash flows from investing activities	(329,941)	-
Cash flows from contributions	360,000	-

14. SUBSEQUENT EVENTS

In July 2008, the Company completed their price protection program as required by the long term debt facility (Note 8) by entering into derivative contracts from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of US$8.49 per pound. The contracts entered into on June 30, 2008 were cancelled. The Company drew down $28.7 million of the Final Tranche of the debt facility, of which $15.3 million was used to pay down the Bridge Facility plus accrued interest.

crowflight minerals inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and six months ended June 30, 2008

(a development stage company)

Q2 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

for the three and six months ended June 30, 2008

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Crowflight Minerals Inc ("we", "our", "us", "Crowflight", or the "Company") for the three and six months ended June 30, 2008 and should be read in conjunction with our unaudited interim consolidated financial statements and notes for the six months ended June 30, 2008 and the Audited Financial Statements and notes for the year ended December 31, 2007. The financial statements and related notes of Crowflight have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at www.sedar.com.

The scientific and technical information contained in this quarterly report has been prepared under the supervision of, and reviewed by, Mr. Paul Keller and Mr. Greg Collins, officers of the Company, who are both "qualified person(s)" within the meaning of National Instrument 43-101.

This MD&A reports our activities through August 21, 2008 unless otherwise indicated. All figures are in Canadian dollars unless otherwise indicated.

The interim consolidated financial statements for the three and six months ended June 30, 2008 are unaudited and have not been reviewed by the Company's auditors.

References to the first and second quarters of 2008 or Q1-2008 and Q2-2008 and the first and second quarters of 2007 or Q1-2007 and Q2-2007 mean the three months ended March 31 and June 30, 2008 and 2007 respectively.

HIGHLIGHTS:

- On April 30, 2008, Crowflight completed a private placement financing through the issuance of 8,065,000 common shares of the Company at a price of $0.62 per share and 8,000,000 flow-through common shares of the Company at a price of $0.75 per share for gross proceeds of $11,000,300. The offering was completed by a syndicate of underwriters who received a commission equal to 6% of the total gross proceeds. As well, the underwriters were issued 963,900 compensation options, each of which entitles them to purchase one common share of the Company at a price of $0.62 per share until April 30, 2010. The common shares, flow through shares and compensation options are subject to a hold period that will expire on August 31, 2008.

- On May 8, 2008, Crowflight provided a project update for the Bucko Lake Nickel Project that is currently under development outside Wabowden, Manitoba. The operating costs, including on-site and off-site costs, are projected to be $4.32 per pound of nickel produced, using a US$:Cdn$ exchange rate of 1:1. The capital cost for the Bucko Lake Nickel Deposit development is projected to be Cdn$86 million net of pre-production revenue, assuming a US$:Cdn$ exchange rate of 1:1. This compares to the Feasibility Study estimate of Cdn$66.0 million at an exchange rate of 0.8:1. The cost differences are attributable to the following: Cdn$6.7 million due to capital development timing; the addition of the Interim Tailings Storage Facility (ITSF); the ramp portal and surface connection to the underground internal ramp; Cdn$3.0 million for increased surface infrastructure EPCM (Engineering Procurement and Construction Management); and Cdn$10.5 million for additional processing plant equipment, foreign exchange differences and increased structural steel and concrete foundation costs. The inclusion of the ramp portal, the ITSF and additional processing plant equipment, which will enable the processing plant to process up to 1,500 tonnes of ore per day, were not included in the original scope of the Feasibility Study. The ramp connection to surface will open new production areas sooner in the life-of-mine schedule and will provide operational flexibility. The addition of the ITSF is necessary to begin operations in 2008 due to delays in the federal permitting of Bucko Lake as a tailings storage facility (see press release dated March 28, 2008).

- On May 26, 2008, Crowflight announced that Anna Ladd had been appointed as Vice President Finance and Chief Financial Officer of the Company.

- On June 25, 2008, Crowflight announced that it had amended the terms of certain stock options granted in March 2007. In March 2007, the Company granted an aggregate of 5 million options to European investor relations consultants, Arvin Consultants and Talman Alliance. These options constitute the total consideration offered to these investor relations consultants. Of these options 1 million options have an exercise price of $0.60, 1 million options have an exercise price of $0.70, 1 million options have an exercise price of $0.80, 1 million options have an exercise price of $0.90, and 1 million options have an exercise price of $1.00. Crowflight has amended these options by cancelling 500,000 of the options with an exercise price of $0.80 and all of the options with exercise prices of $0.90 and $1.00, for a total of 2.5 million cancelled options. The remaining options are scheduled to expire on March 30, 2009. Arvin Consultants and Talman Alliance are investment and merchant banking firms that advise emerging junior and small-cap companies with respect to corporate financing and corporate transactions. Crowflight engaged these firms, beginning in March 2007 and continuing on an on-going basis, to develop corporate opportunities for the Company, advance the interests and profile of the Company within German speaking regions of Europe, establish contact with potential partners and significant investors and provide market making services in connection with the Company's listing on the Frankfurt Stock Exchange. These options have been cancelled to reflect the Company's increased internal handling of investor relations activities.

- Drilling at Halfway Lake confirmed extensions to the previously identified resource that are expected to enhance the grade and tonnage of the known resource. An updated NI 43-101 compliant resource is expected to be calculated in the 4th quarter of 2008.

- Drilling at the M11A North zone discovered a new high grade lens located beneath the known M11A North resource less than 5 kilometres north of milling operations at Bucko. An updated resource estimate should be completed early in the 4th quarter of 2008.

- Surface and underground activities at the Bucko Lake Nickel Project during the second quarter of 2008 included on-going construction of the processing plant (specifically interior mechanical and electrical work and installation of the flotation circuit), underground development work of the 1000 foot level continued with initial underground definition and delineation drilling results released (see press release dated June 25, 2008), portal development began, work continued on the ore bin and transfer tower, conveyor installation began, and work on the ITSF began. Production of a nickel concentrate is scheduled to commence in the third quarter of 2008. Bucko Project capital and development spending has totaled $18,711,003 for the quarter and $32,657,582 for the six months ended June 30, 2008 including amortization expense of $4,807 and $10,182 respectively.

- In the second quarter, 66,212 warrants and 2,406,250 stock options were exercised for total proceeds of $569,169. Year to date to June 30, 2008, 1,115,836 warrants and 2,480,000 stock options were exercised for total proceeds of $1,004,615.

- Subsequent to the end of the second quarter of 2008, on July 30, 2008, Crowflight announced that it had completed a price protection program as required by its project lender, RMB Resources, to draw on the $45 million senior debt facility. On July 28th, 2008, forward sale contracts were entered into from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of $8.49 per pound.

OVERVIEW

Crowflight is a development stage company in accordance with Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, and currently has mineral exploration and development properties in Canada. The Company is currently focusing its resources on the development of the Bucko Deposit and the exploration of the Thompson Nickel Belt, both in the province of Manitoba.

MINERAL PROPERTIES:

THOMPSON NICKEL BELT PROPERTIES – MANITOBA

The Company owns or holds under option claims and leases totaling 688 square kilometers in the province of Manitoba. These properties are situated in the Thompson Nickel Belt (TNB) and are interpreted to host extensions of geology known to host, or capable of hosting, nickel sulphide deposits.

The TNB hosts nickel mineralization along a well-established geological trend that extends for over 250 kilometers. The TNB has yielded an estimated 4.5 billion pounds of nickel in past production. Crowflight's Joint Venture partner, Xstrata, has been an active participant in the TNB since the early 1960s and has produced an extensive technical database for this section of the TNB.

CROWFLIGHT - XSTRATA AGREEMENTS

Bucko Resource Block, Bucko-Bowden Property and Exploration Claims, Thompson Nickel Belt, Manitoba ("TNB South")

As of January 31, 2007, Crowflight entered into an amended Agreement with Xstrata Nickel that provides Crowflight with the right to: (1) earn a 100% interest in mining lease ML-031 which contains the Bucko Lake Nickel Deposit and a 5.5 kilometer area surrounding the Bucko Deposit; and (2) earn a 100% interest in all of approximately 518 square kilometers of advanced-stage exploration ground previously the subject of the separate Thompson Nickel Belt (TNB) South and TNB North Agreements. At the end of this reporting period, property scheduled for inclusion into the Exploration Option Agreement had been slightly increased through the staking of some additional ground to an approximate total of 561 square kilometers.

The Company has also secured a definitive offtake agreement to sell its Bucko Lake Nickel Deposit concentrates at commercially competitive terms to Xstrata Nickel for the duration of the mine life, currently anticipated to be approximately seven years based on current reserves. These agreements replace former agreements with Falconbridge Ltd. (Xstrata Nickel) dated June 2004 and January 2005.

Right to Earn a 100% Interest in the Bucko Lake Nickel Deposit

Under the terms of the jointly signed Bucko Lake Deposit Lease Transfer Agreement, in Q2-2007, Crowflight earned a 100% interest in the Bucko Lake Nickel Deposit Mining Lease ML-031 after having completed its expenditure commitments and having completed a Bankable Feasibility Study of a technical standard acceptable to a bank in the context of financing such a project's development. On the exercise of its rights Crowflight issued 2,000,000 shares to Xstrata Nickel, The issuance of these shares was a condition dating back to the original and amended versions of the Agreement governing the Bucko Deposit and Mining Lease.

Crowflight's 100% interest in ML-031 is subject to a Back-in Right whereby should Crowflight outline a Threshold Deposit - a new Deposit (outside of the currently known Bucko Resources) exceeding 200,000,000 pounds of nickel in Measured and Indicated Resources - Xstrata Nickel has the right to Back-in for a 50% interest and to become the operator of the new Threshold Deposit by paying to Crowflight an amount equal to the aggregate of all direct expenditures which were incurred by Crowflight in carrying out Mining Operations on the Bucko Lake Lease outside of the Bucko Resource Block prior to the date of exercise of the Back-in Right. The Bucko Lake Deposit currently contains Measured and Indicated Resources of approximately 110,000,000 pounds of nickel at a cutoff grade of 1.4% nickel.

Right to Earn a 100% Interest in the Thompson Nickel Belt Exploration Properties

Under the terms of a jointly signed Exploration Agreement, Crowflight has the right to earn a 100% interest in both the Thompson Nickel Belt (TNB) North and TNB South Exploration Properties, which includes approximately 440 square kilometers of advanced-stage exploration ground. Crowflight will earn an initial 35% interest upon its expenditure of $7.2 million in exploration activities on the combined TNB Exploration Properties (TNB North and/or TNB South at Crowflight's discretion) no later than December 31, 2009 and will earn a 100% interest upon its expenditure of a further $6.0 million in exploration activities on the combined TNB Exploration Properties no later than December 31, 2013.

Crowflight's 100% interest in the Exploration Properties is subject to a Back-in Right whereby should Crowflight outline a Threshold Deposit or Deposits, each of which exceed 500,000,000 pounds of nickel in Measured and Indicated Resources, Xstrata Nickel has the right to Back-in for a 50% interest and become the operator of the Threshold Deposit or Deposits by incurring expenditures on the property in an amount equal to two times the aggregate of all expenditures which were incurred by Crowflight in carrying out mining operations on the property prior to the Back-in provided that if Xstrata Nickel exercises more than one Back-in Right, then in calculating the required Back-in expenditures for each subsequent Back-in Right expenditures relating to any previously exercised Back-in Right are excluded from such expenditure calculation.

Definitive Offtake Agreement

Based on the results of a feasibility study concluded in December 2005 (refer to press release dated December 16, 2005), the Bucko Lake Nickel Deposit has the potential to produce on average approximately 33,000 tonnes of nickel concentrates annually with an annual average of 11.1 million pounds of payable nickel. Crowflight has entered into a life of mine contract with Xstrata Nickel for the purchase of 100 percent of the nickel concentrate over the current approximate seven year life of the mine, once in production.

Bucko Lake Nickel Deposit

In March 2007, the Company announced results from a Bankable Feasibility Study (BFS) on its Bucko Lake Nickel Deposit that included the impact of the addition of 26 million pounds of contained nickel in reserves resulting from the inclusion of the 32% increase in mineral resources announced on December 7, 2006. The inclusion of these reserves in the mine plan resulted in a 92.2% rate of return and a net present value at an 8% discount rate of $201.2 million at an average life-of-mine nickel price of US$8.00 per pound, or approximately one-third of nickel prices at that time. Work related to the dewatering and rehabilitation of the shaft was initiated, with the objective of re-establishing access to the 1000 foot level of the mine to facilitate a program of underground delineation drilling.

In July 2007, the Company and Xstrata Nickel concluded the transfer of the 5.5 kilometer Mining Lease 031, which surrounds and includes the Bucko Deposit, from Xstrata Nickel to Crowflight. Crowflight completed all of its earn-in commitments, including the expenditure of $7.5 million on a Bankable Feasibility Study of a technical standard acceptable to a bank for financing such a project's development.
In January 2008, Crowflight announced that it had entered into a debt facility for up to Cdn$55 million to finance the construction and start-up of the Bucko Lake Nickel Project. The debt facility subsequently closed on February 13, 2008.

In March 2008, the Company received its *Environment Act* License from the province of Manitoba. This permit will allow Crowflight to commence production at the Bucko Lake Nickel Project. Due to the extended schedule for completion of the federal permitting process to allow Crowflight to store tailings in Bucko Lake and the likelihood that federal permits would not be available by the time the mine would be ready to start production in the third quarter of 2008, Crowflight decided to consider alternative means of bringing the project into production. To this end, Crowflight submitted a Notice of Alteration (NOA) to its original *Environment Act* License Proposal in December 2007 to include the provision for an interim land-based tailings storage facility (ITSF) that would allow for up to 12 months of tailings to be stored on surface, assuming 50% of the tailings are disposed underground in mined out areas as originally planned. Due to the nature of the design of the ITSF, only provincial permitting is required. However, Crowflight is still engaged in, and will continue with, the process of securing federal environmental permits for the use of Bucko Lake as a Tailings Impoundment Area (TIA) for long-term tailings storage.

The current construction schedule estimates that the commissioning of the processing plant will occur in third quarter of 2008, with cash flow from concentrate sales beginning shortly thereafter. Full commercial production is expected in early 2009.

MANIBRIDGE JOINT VENTURE – MANITOBA

The Company holds an interest in 28 claims totaling approximately 65 square kilometers centred around the past-producing Manibridge Nickel Mine, located 2 kilometres west of Clarke Lake, approximately 20 kilometres south of the Town of Wabowden, Manitoba. In August, 2007 the Company acquired a 100% interest in the Owl Claim from Ferreira Ltd., subject to a 2% NSR. The property covers extensions of prospective geology interpreted to be associated with the Manibridge mine horizon and hosts several known occurrences of nickel sulphide mineralization.

In November 2007, the Company entered into two separate but related transactions, including a 50-50 Joint Venture agreement with Pure Nickel Inc. to explore and develop nickel deposits on properties controlled by both parties near the past producing Manibridge Nickel Mine, approximately 20 kilometre south of the town of Wabowden, Manitoba. Each party will be required to contribute property to the Joint Venture and make an initial aggregate contribution of $6 million over a three year period to fund preliminary exploration activities within the joint venture area.

As well, the Company entered into an option agreement with Hudson Bay Exploration and Development Ltd. to acquire a 100% interest in two claims within the area of interest of the Pure Nickel Joint Venture. Under the terms of this option agreement, the Company will be required to make payments of $250,000 and fund a total of $750,000 in exploration expenditure by 2011 to earn a 100% interest in the property, subject to a back in clause, right of offer for off-take and a 2% Net Smelter Royalty.

SUDBURY PROPERTIES – ONTARIO

In the Sudbury Basin, Crowflight maintains an interest in approximately 76.4 square kilometers of mining property which includes: (1) the AER Kidd Project adjacent to Inco Limited’s Totten Deposit (10.1 million tonnes grading 1.5% nickel, 2.0% copper and 4.8 g/t PGM’s); and (2) - The Peter’s Roost Property.

AER Kidd Property

On February 20, 2008, Crowflight entered into an option agreement with a private Ontario company (the “Optionor”) in respect of the AER Kidd Property (the “Property”) near Sudbury, Ontario. Pursuant to the Agreement, the Optionor can earn up to a 50% interest in the Property upon the satisfaction of the following conditions: payment to Crowflight of $85,000 upon execution of the Agreement, assuming all future advance royalty payments due in respect of the Property, and incurring a minimum of $5.0 million in exploration expenditures on the Property by December 31, 2009 to earn a 50% interest in the property.

The Agreement also provides that the Optionor may earn an additional 20% interest in the Property by incurring additional expenditures on the Property of $7.0 million prior to December 31, 2013 and continuing to make all royalty payments due and payable prior to the expenditure of the entire $7.0 million. Upon earning a 50% interest in the Property, Crowflight and Optionor shall enter into a joint venture in respect of the Property.

As a result of the implied value of this property based on the option agreement, the Company has recorded a $900,000 write-down in the carrying value.

Peter's Roost Property

In June 2006, the Company reached a formal agreement with Wallbridge Mining Company Limited ("Wallbridge") to option out an initial and conditional 50% interest in the Company's interests in the Peter's Roost group of properties. Wallbridge is required to incur $700,000 in exploration expenditures on the properties by December 31, 2007 in order to earn an initial 50% interest. Wallbridge would have the option to increase its ownership to a 70% vested interest in any or all of the four separate project areas by funding a further $1 million in exploration expenditures in each project area in which it selects to vest by December 31, 2010. Failure to vest in a specific project area will result in ownership reverting back to the Company.

For any new properties Wallbridge acquires within the joint venture area, the Company will have the right to acquire a 25% participating interest at such time as an indicated resource is proved-up by reimbursing Wallbridge 50% of its exploration costs to that point.

In January 2008, Wallbridge earned an initial 50% interest in the property and submitted a proposal for additional work in 2008.

EXPLORATION ACTIVITIES

Thompson Nickel Belt Properties

During the second quarter of 2008, exploration drilling initiated during the first quarter on the Xstrata option to further expand Resources identified at Halfway Lake and other exploration targets located in close proximity to the Bucko Lake Nickel Deposit was completed. By the end of March, 21 holes totaling 8,200 metres had been completed, the results of which were communicated in press releases issued April 21 and May 20, 2008. The winter program was successful in identifying extensions to the previously defined resource at Halfway Lake, and a new zone of Mineralization at M11A North Zone. Work during the 3rd quarter will focus on the calculation of an updated resources at each zone.

In June, exploration work on the Manibridge Joint Venture property (Crowflight with Pure Nickel) was initiated. A total of 2,496 metres in six holes were completed at the end of the reporting period with assay results pending. The objective of the program was to explore advanced stage exploration targets identified in close proximity to the past producing Manibridge deposit which operated from 1972 to 1976 and produced approximately 900,000 tonnes grading 1.86% Ni.

At Bucko, definition and delineation drilling from the 1,000' Level of the Bucko Lake Nickel Deposit continued with preliminary results from the program interpreted to be consistent with the design grade and geotechnical models. Near the southern limit of known mineralization on the 1000' level, two new zones of lower grade nickel mineralization close to existing underground infrastructure were defined. Development to provide mining access to these zones is now underway. By the end of the quarter a total of 8,416 metres of underground drilling had been completed.

Crowflight expects to calculate new National Instrument 43-101 compliant mineral resource estimates at Halfway Lake and M11A North, obtain results from the Manibridge Joint Venture exploration program, and to continue its program of definition drilling on the 1000' Level of the Bucko Lake Nickel Deposit.

Sudbury Properties

No exploration work was undertaken by Crowflight on the Sudbury area properties during the reporting period. In February 2008, Crowflight concluded an option agreement with a private company interested in advancing the exploration and development of the AER Kidd property. Work funded by this partner on the property has not yet commenced.

In 2007, Wallbridge completed exploration programs consisting of the re-establishment of field grids, mapping and sampling, and the drilling of five holes during the winter of 2007 testing geophysical targets defined by Crowflight in 2004. During the summer of 2007, Wallbridge completed a program of mapping and ground geophysics over portions of the property, leading to the drilling of an additional three holes during the fall of 2007. In February 2008, Wallbridge reported the intersection of nickel and copper bearing minerals on Grid F of Area 4 consisting of disseminated, net-textured and stringer pyrrhotite-pentlandite-chalcopyrite mineralization within a quartz-gabbro host rock. Assays from the mineralized interval returned 1.22 metres of 0.31% nickel, 0.37% copper from 88.00 to 89.22. During the reporting period, joint venture partner Wallbridge conducted exploration programs on Area 4 of the Company's Peter's Roost Project area consisting of the completion of an airborne geophysical survey and field mapping in preparation for additional drilling.

During the reporting period, portions of the project area were covered by a helicopter borne geophysical system. As follow-up, 92 line kilometers were mapped resulting in the collection of 140 whole rock and assay samples. Year-to-date, Wallbridge has incurred expenditures totaling $100,163 and has indicated that it intends to complete a 3 to 4 hole exploration program on the property in the fall.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control. A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's Annual Audited Financial Statements for the year ended December 31, 2007.

ACCOUNTING CHANGES

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

Inventories

Handbook Section 3031 "Inventories". This standard replaces the previous inventories standard and requires inventory to be measured at the lower of cost and net realizable value and includes guidance on the determination of cost, including allocation of overheads and other costs to inventory. Further, it requires the reversal of previous write-downs to net realizable value when the economic circumstances have changed to support an increased inventory value. The adoption of this standard has had no material impact on the Company's consolidated financial statements.

Capital Disclosures
Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these unaudited interim consolidated financial statements.

Financial Instruments – Disclosures and Presentation
Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 4 to these unaudited interim consolidated financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets
The CICA issued Handbook Section 3064 "Goodwill and Intangible Assets", which will replace the existing Goodwill and Intangible Asset standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. This standard is effective for years beginning on or after January 1, 2009. The Company is currently in the process of evaluating the impact of this standard.

International Financial Reporting Standards
In February 2008, the Accounting Standards Board (AcSB) confirmed that Canadian public companies will have to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. The Company is currently evaluating the impact this new framework.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2008, the Company had a working capital deficit of $15,624,808 compared to a working capital surplus of $1,907,880 as at December 31, 2007. $15,379,498 in current liabilities relates to the current portion of the long-term debt and the cash balance as at June 30, 2008 is $7,371,522.

In February 2008, the Company closed a $55 million debt facility agreement. RMB Resources Inc. ("RMB") arranged finance as Agent for FirstRand Ireland Plc, the Lender and underwriter of the debt finance package. Auramet Trading, LLC advised the Company on this transaction. The debt facility consists of a First Tranche $10 million Secured Loan (the "First Tranche"), a Bridge Tranche Facility of $15 million (the "Bridge Facility") and a $45 million Final Tranche Secured Loan (the "Final Tranche"). The Bridge Facility must be paid from the proceeds of the Final Tranche. The interest rate on the First Tranche and the Bridge Facility is LIBOR plus 2.25% per annum. The interest rate on the Final Tranche is LIBOR plus 1.75% per annum if the Company does not draw down the Bridge Facility in full or LIBOR plus 1.5% per annum if the Company draws down the Bridge Facility in full. The Bridge Facility is available for drawing down once the First Tranche is fully drawn. The Final Tranche becomes available for drawing down upon receipt of permits required to commence production of concentrate at the Bucko Lake Nickel Mine. During the quarter, the Company drew down a further $7,260,000 of the Bridge Facility.

At June 30, 2008, a total of $25 million was drawn down; this included the First Tranche of $10 million classified as long term debt, and $15 million, the total Bridge Facility, classified as current debt. The Company has recorded $15,379,498 related to the Bridge Facility and capitalized interest described above as a short term liability. The repayment date of the Bridge Facility is the earlier of the date on with the first funding portion under the Final Tranche is provided or September 30, 2008, consequently the Bridge Facility is classified as short term.

The Company began drawing down funds from the Final Tranche on July 30, 2008, and consequently paid down the Bridge Facility and accrued interest. Through August 21st, 2008, the Company has drawn down $38.8 million of the debt facility. Payments under the Final Tranche will start in March 2009.

A total of 17,324,786 warrants were issued to RMB with an exercise price of $0.64 per share in connection to this debt facility, where 16,324,786 warrants have a term of 36 months. The proceeds of this conversion will be used to pay off the First Tranche Secured Loan of $10,000,000. The remaining 1,000,000 warrants have a term of 24 months.

On April 30, 2008, Crowflight completed a private placement financing through the issuance of 8,065,000 common shares of the Company at a price of $0.62 per share and 8,000,000 flow-through common shares of the Company at a price of $0.75 per share for gross proceeds of $11,000,300. The offering was completed by a syndicate of underwriters who received a commission equal to 6% of the total gross proceeds. As well, the underwriters were issued 963,900 compensation options, each of which entitles them to purchase one common share of the Company at a price of $0.62 per share until April 30, 2010. The common shares, flow through shares and compensation options are subject to a hold period that will expire on August 31, 2008.

During the quarter ended June 30, 2008, 66,212 warrants were exercised at a weighted average exercise price of $0.50 generating gross proceeds of $33,107. As well, 2,406,250 options were exercised at a weighted average exercise price of $0.22 for gross proceeds of $536,062. For the six months ended June 30, 2008, 1,115,836 warrants were exercised at a weighted average exercise price of $0.40 for gross proceeds of $446,334, and 2,480,000 stock options were exercised at a weighted average exercise price of $0.22 for gross proceeds of $558,281.

RESULTS OF OPERATIONS

For the quarter ended June 30, 2008

The Company reported a net loss of $1,529,939 for the three months ended June 30, 2008 compared to a net loss of $1,116,734 for the quarter ended June 30, 2007.

Stock based compensation expense for the current quarter was $1,016,030 for stock options vesting during the period compared to $849,886 for the second quarter of 2007. The Company is growing and in order to attract and keep good team members and employees, the Company incents using stock based compensation.

As well, the Company incurred a non cash accretion charge of $482,485 related to both accretion of the Company's asset retirement obligation and accretion of the value of warrants charged against the debt facility.

During the current quarter, the Company recorded a non-cash future income tax recovery of $793,000 compared to $nil during the comparative quarter.

Interest income earned during the current quarter totaled $80,835 compared to $299,487 during Q2 2007 as a result of both lower cash balances held and lower interest rates offered by lending institutions for short term investments. Professional, consulting and management costs (excluding stock based compensation) decreased by $10,049 compared to the second quarter of 2007. General office costs increased by $29,393 compared to Q2 2007, from $97,963 to $127,356. This increase is primarily due to higher insurance costs related to new coverage as the Company nears production. Travel costs also decreased by $34,821 compared to Q2 2007 as a result of the timing of investor relations activities. The Company also accrued for $355,761 in interest charges related to the loan facility in the second quarter of

2008. No such charges were incurred during Q2 2007. The interest on the loan facility is currently being capitalized and the Company will start paying the interest on the First Tranche during the 4th quarter of the year. Interest accrued on the Bridge Facility was paid when the Bridge was repaid in full subsequent to the end of the quarter.

For the six months ended June 30, 2008
The Company reported a net loss of $4,370,334 for the six months ended June 30, 2008 compared to a net loss of $1,845,652 for the six months ended June 30, 2007, a total variance of $2,780,682.

The majority of this variance loss is attributable to debt facility transaction costs of $2,045,202, most of which was charged during the first quarter of the year. The Company also incurred a non cash accretion charge of $489,485 for the six months ended June 30, 2008. Stock based compensation expense for the period was $1,538,587 compared to $1,517,224 for the comparable period of 2007. The Company is growing and in order to attract and keep good team members, the Company incents using stock based compensation.

Interest income earned during the current period totaled $132,521 compared to $409,237 during the first half of 2007 as a result of both lower cash balances held and lower interest rates offered by lending institutions for short term investments. Professional, consulting and management costs (excluding stock based compensation) increased by $146,600 year to date to June 30, 2008 compared to the first half of 2007. During Q1 2007, a reclassification of bonuses that were accrued at the prior year end to deferred exploration costs was recorded resulting in decreased costs for the comparative quarter. As well, the Company incurred higher legal fees, and slightly higher management and consulting costs during the first six months of the current year. The legal fees relate to a one time circumstance and are not expected to be at this level in the future. It is expected however, that management and consulting costs will increase as the Company continues to staff up as it approaches production. General office costs increased by $77,481 compared to the first six months of 2007, from $122,163 to $199,644. This increase is primarily due to higher insurance costs, higher foreign exchange losses and renovations on the Company's shared office space. As the Company is nearing production, insurance costs are increasing and the Company has increased coverage during the current year. Travel costs also increased by $6,316 compared to the comparative quarter. The Company also accrued for $418,831 in interest charges related to the loan facility. No such charges were incurred during 2007. These increases are offset by an increase in future income tax recovery.

During the six months ended June 30, 2008, the Company recognized a future income tax recovery of $956,000 compared to $nil during the six months ended June 30, 2007.

QUARTERLY INFORMATION

The quarterly results have been as follows:
Tabular amounts in $000 except for per share amounts.

Summary Financial Information for the Eight Quarters Ended June 30, 2008

Period	Revenues	Total Assets	Net Income (Loss)	Net Income (Loss) per Share basic and diluted	Long Term Financial Liabilities
2nd Quarter 2008	Nil	121,927	(1,530)	(0.01)	7,140
1st Quarter 2008	Nil	106,508	(2,840)	(0.01)	6,795
4th Quarter 2007	Nil	88,214	(380)	(0.01)	331
3rd Quarter 2007	Nil	86,874	(2,239)	(0.01)	Nil
2nd Quarter 2007	Nil	83,304	(1,117)	(0.00)	Nil
1st Quarter 2007	Nil	53,031	(729)	(0.00)	Nil
4th Quarter 2006	Nil	51,055	(403)	(0.01)	Nil
3rd Quarter 2006	Nil	33,971	(430)	(0.00)	Nil

As the Company has no revenue at this point in time, the net losses result primarily from corporate overheads including stock based compensation. During 2006, the Company had incurred relatively consistent quarterly losses. During the first quarter of 2007, the loss resulted primarily from a stock based compensation expense of $667,338. During the second quarter of 2007, the larger loss is attributable again primarily to a stock based compensation expense of $849,886 where the vesting of a portion of 5 million options granted occurred. Stock based compensation expense incurred for the third and fourth quarters of 2007 were $1,699,259 and $823,670 respectively. During 2008, the Company expensed $522,557 and $1,016,030 in stock based compensation for the first two quarters respectively.

During the first quarter of 2008, the Company expensed $2,040,905 in transaction costs related to the debt facility agreement entered into during that quarter. And during the second quarter of 2008, the Company incurred a non-cash accretion charge of $475,485 as a result of the accretion of the value of warrants charged against the debt facility.

The general trend in increasing assets results from the Company raising funds through private placements and investing in its exploration properties. During the fourth quarter of 2006, the Company began investing in capital assets for the development of the Bucko Lake Nickel Deposit in Manitoba, which accounts for the large increase in total assets. During the first and second quarters of 2008, the large spike in total assets is attributed to the extensive investment in the Bucko Lake mine development.

Long term liabilities in Q4 2007 relate to asset retirement obligations. In Q1 2008, the Company entered into a long term loan facility agreement as previously discussed, and drew down funds against this facility accounting for the sharp rise in long term debt.

CASH FLOWS

For the quarter ended June 30, 2008

Cash used by Operating Activities was $1,067,820 during Q2 2008, compared to the use of $1,372,411 during the second quarter of 2007. Net cash of $462,929 (Q2 2007: $265,696) was used to support corporate overheads which was reduced by interest income as described in the operating results section of this report. The change in non cash working capital used $604,891 during the quarter ended June 30, 2008 compared to the use of $1,106,715 in non cash working capital during Q1 2007.

Cash from Financing Activities generated $17,989,343 during the second quarter of 2008 compared to $28,506,962 during Q2 2007. As described in the Liquidity and Capital Resources section above, the Company drew down the remainder of the Bridge facility of $7,260,000 during the current quarter and paid $4,297 in transaction costs. The Company raised $10,184,706 net of issue costs through a private placement financing during April 2008 as previously described compared to $22,770,361 during the comparative quarter. The Company also received proceeds of $569,169 through the exercise of warrants and options during the current quarter compared to $5,736,601 in Q2 2007. Finally, the Company paid $20,235 against capital leases during the current quarter compared to $nil during the second quarter of 2007.

Cash used in Investing Activities during the quarter ended June 30, 2008 was $20,717,523 compared to $6,544,496 used in investing activities during Q2 2007. Cash spending on exploration and development of its properties primarily in Thompson, Manitoba as well as the acquisition of capital assets related to exploration and development for the current quarter was $19,150,500, net of government assistance, compared to $8,494,578 during Q2 2007. Specifically, the Company used $18,706,196 in cash in the development of the Bucko Project and $444,304 net of government assistance in exploration of the TNB Exploration properties. (See table below for breakdown of cash expenditures.) During the current quarter, prepaid exploration expenditures decreased by $318,554 compared to an increase of $95,465 during the comparable quarter. Also, during the quarter ended June 30, 2008, there was a decrease of $1,885,577 in accounts payable related to exploration expenditures compared to an increase of

$2,090,389 during the quarter ended June 30, 2007. The Company invested $nil in office and field equipment during the current quarter, compared to 44,842 during Q2 2007.

For the six months ended June 30, 2008
Cash used by Operating Activities was $1,950,532 during the six months ended June 30, 2008, compared to the use of $2,001,389 during the first half of 2007. Net cash of $830,106 (2007: $325,981) was used to support corporate overheads which was reduced by interest income as described in the operating results section of this report. The change in non cash working capital used $1,120,426 during the six months ended June 30, 2008 compared to the use of $1,675,408 in non cash working capital during the six months ended June 30, 2007.

Cash from Financing Activities generated $34,315,330 during the first half of 2008 compared to $30,175,150 the comparable period. As described in the Liquidity and Capital Resources section above, the Company drew down $25,000,000 from the debt facility and paid $1,826,648 in transaction costs during the six month period. Cash financing costs related to the debt facility amounted to $2,045,202, $218,554 of which was paid last year and recorded as a prepaid expense. Major cash costs relating the facility include $470,000 paid to the financiers, $825,000 paid to the financial advisors of the Company for their services related to arranging the debt facility and a milestone bonus paid to employees, consultants, directors and officers of the Company totaling $407,000 relating to their positive efforts which enabled the Company to obtain permits to commence production, as well as completing the project financing. The Company completed a private placement financing raising $10,184,706 net of issue costs during the current period. As well, the Company received proceeds of $1,004,616 through the exercise of warrants and options during the current period compared to $7,404,789 received during the six months ended June 30, 2007. Finally, the Company paid $47,344 against capital leases during the first half of 2008 compared to $nil during the first half of 2007.

Cash used in Investing Activities during the six months ended June 30, 2008 was $33,998,064 compared to $9,755,417 used in investing activities during the six months ended June 30, 2007. Cash spending on exploration and development of its properties primarily in Thompson, Manitoba as well as the acquisition of capital assets related to exploration and development for the current quarter was $35,920,758, net of government assistance, compared to $13,589,873 during the second quarter of 2007. Specifically, the Company used $32,657,582 in cash in the development of the Bucko Project and $3,277,565 net of government assistance in exploration of the TNB Exploration properties. (See table below for breakdown of cash expenditures.) Prepaid exploration expenditures decreased by $318,554 during the first half of 2008 compared to $345,967 during the comparative period. Also, accounts payable related to exploration expenditures increased by $1,604,140 during the current period compared to an increase of $3,541,709 during the comparative period. The Company invested $nil in office and field equipment during the first half of 2008, compared to $53,220 during the first half of 2007.

Cash Expenditures on Exploration Property, Plant and Equipment and Deferred Exploration Expenditures

For the quarter ended June 30, 2008

	MANITOBA				SUDBURY			
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	TOTAL
	($)	($)	($)	($)	($)	($)	($)	($)
Acquisition or property maintenance costs	-	-	7,271	-	(2,074)	-	-	5,197
Project capital costs	11,272,605	-	-	-	-	-	-	11,272,605
Project development costs	7,625,587	-	-	-	-	-	-	7,625,587
Exploration costs	(191,996)	-	190,726	296,776	(460)	230	-	295,276
less: government assistance	-	-	(48,165)	-	-	-	-	(48,165)
Total	18,706,196	-	149,832	296,776	(2,534)	230	-	19,150,500

Cash Expenditures on Exploration Property, Plant and Equipment and Deferred Exploration Expenditures

For the six months ended June 30, 2008

	MANITOBA				SUDBURY			
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	TOTAL
	($)	($)	($)	($)	($)	($)	($)	($)
Acquisition or property maintenance costs		306,684	29,862	-	49,540	-	-	386,086
Project capital costs	19,027,673		-	-	-	-	-	19,027,673
Project development costs	13,348,015							13,348,015
Exploration costs	271,712		2,681,097	296,934	-	230	-	3,249,973
less: government assistance	-		(90,989)	-	-	-	-	(90,989)
Total	32,647,400	306,684	2,619,970	296,934	49,540	230	-	35,920,758

COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 12,500,000 flow through shares in April 2007, the Company renounced $12,500,000 in qualified exploration expenditure in February 2008 with an effective date of December 31, 2007. At March 31, 2008, the Company has met its expenditure commitment.

The Company issued 8,000,000 flow through shares in April 2008 and as a result, the Company is committed to expending $6,000,000 in qualified exploration expenditure by December 31, 2008. As of June 30, 2008, the Company has met its expenditure commitments.

The Company is party to certain management contracts which require that additional payments of up to $4,000,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements. Minimum commitments under these contracts are approximately $670,000, all of which is due within one year.

The Company entered into an agreement on February 28, 2007 with a general contractor for the Bucko Lake property. If the agreement is terminated without cause, the Company must give 90 days' notice and is liable for demobilization fees.

Outstanding legal issues relate to a claim for damages by Crowflight to Met-Chem Canada Inc., the engineering firm hired by Crowflight to design the processing facility. The claim is for corrective measures required to the crushing plant building due to engineering errors by Met-Chem. The expected corrective measures range between $200,000 to $400,000.
On June 30, 2008, the Company began implementation of a price protection program, all contracts executed on that day were subsequently cancelled and replaced with the final contracts executed on July 28, 2008. (See Subsequent Event Note.)

TRANSACTIONS WITH RELATED PARTIES

Related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company was charged $15,000 for the quarter and $30,000 for the six months ended June 30, 2008 (Q2 2007 and 2007: $nil) by a company controlled by a director of the Company for administration services.

The Company shares its premises with other companies that have common directors. The Company reimburses the related companies for their proportionate share of the expenses. At June 30, 2008 an amount of $nil (Q2 2007 - $88,690) is payable in relation to these expenses. As well, the Company is owed $18,251 (Q2 2007 - $18,847) at June 30, 2008 for shared expenses.

During the six months ended June 30, 2008, 2,275,000 stock options were granted to directors and officers of the Company compared to 2,850,000 options for the six months ended June 30, 2007.

DIRECTORS AND OFFICERS COMPENSATION

During the three and six months ended June 30, 2008, the Company paid or accrued $449,500 and $604,258 in fees and bonuses to officers of the Company (Q2 2007: $344,500; June YTD 2007: $853,125). As well, $544,000 in severance accrued in Q4 2007 was paid during the first quarter to a former director and officer of the Company.

During the three and six months ended June 30, 2008, $185,500 and $231,000 were paid or accrued to directors of the Company (Q2 2007: $344,500; June YTD 2007: $444,000) as remuneration for services provided as well as bonuses. . See Additional Disclosure on Directors' and Officers' Compensation for the six months ended June 30, 2008.

The compensation of the President and CEO previously disclosed under Directors' compensation is now included under Officers' compensation.

OUTSTANDING SHARE DATA

As at August 21st, 2008, 269,689,323 common shares of the Company were outstanding. Of the options to purchase common shares issued to service providers under the share option plan of the Company, 19,868,125 remain outstanding with exercise prices ranging from $0.20 to $1.02, with expiry dates ranging between November 21, 2008 and July 13, 2013. If exercised, 19,868,125 common shares would be issued for proceeds of $11,052,713.

As at August 21st, 2008, 18,288,686 share purchase warrants and broker options were outstanding with an exercise prices ranging from $0.62 to $0.64 expiring between February 13, 2010 and February 13, 2011. If all warrants were exercised, 18,288,686 common shares would be issued for proceeds of $11,746,118.

SUBSEQUENT EVENTS

On July 30, 2008 Crowflight announced that it has completed a price protection program as required by its project lender RMB Resources to draw on the $45 million senior debt facility. Forward sale contracts were entered into on July 28, 2008 from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of $8.49 per pound as follows:

- 2008 – 0.40 million pounds Nickel
- 2009 – 3.88 million pounds Nickel
- 2010 – 5.73 million pounds Nickel
- 2011 – 5.54 million pounds Nickel
- 2012 – 4.94 million pounds Nickel

RISKS AND UNCERTAINTIES

The exploration for, development and mining of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to the mining industry in general while others are specific to Crowflight.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. Our operations are subject to the hazards and risks normally encountered in the exploration, development and production of nickel, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of nickel to be mined and processed, ground conditions, the configuration of the deposit, expected recovery rates of minerals, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of nickel.

Liquidity Concerns and Future Financings

While it is anticipated that the Company has sufficient funds to complete the development of its Bucko Lake property there is no assurance that the Company will be successful in ramping up production and producing positive cash flow when planned. Volatile markets may make it difficult or impossible for the Company to further financing to complete commissioning of the Bucko Lake Mine. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some of all of its operations.

Nickel Prices

Our principal business is the exploration and future production of nickel. Crowflight's future profitability is largely dependent on movements in the price of nickel. Nickel prices have historically been volatile and are primarily affected by the demand for and price of nickel alloys and stainless steel in addition to the supply/demand balance. Given the historical volatility of nickel prices, there are no assurances that the nickel price will remain at economically attractive levels. An increase in nickel supply without a corresponding increase in nickel demand would be expected to result in a decrease in the price of nickel. A decline in nickel prices would adversely impact the business of Crowflight.

Nickel prices are also affected by numerous other factors beyond our control, including the relative exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major nickel producing regions. If as a result of a decline in nickel prices, revenues from nickel sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Foreign Exchange

Nickel is sold in US dollars thus we are subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. To the extent that we generate revenue upon reaching the production stage on our properties, it will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars. A continuing decline in the US dollar would result in a decrease in the real value of Crowflight's revenues and adversely impact our financial performance.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond our control. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of nickel from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on our financial position and results of operations.

Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and actual events could have a material adverse effect on our mineral reserve estimates.

Licenses and Permits, Laws and Regulations

Our exploration and development activities, including mine, mill and roads, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, we may be required to compensate those suffering loss or damage by reason of its activities. We are required to obtain additional licenses and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that we will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Environmental

Our activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on Crowflight, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. We hold an interest in the Thompson Nickel Belt properties through mining claims and leases. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which we may have an interest, which, if successful, could result in the loss or reduction of our interest in the properties.

Uninsured Risks

We maintain insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of our common shares.

Competition

We compete with many other mining companies that have substantially greater resources than we have. Such competition may result in us being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund our operations and develop our properties. Our inability to compete with other mining companies for these resources would have a material adverse effect on our results of operations and business.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in nickel demand. A decrease in economic growth rates could lead to a reduction in demand for nickel. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for nickel.

Availability of Reasonably Priced Raw Materials and Mining Equipment

We will require a variety of raw materials in our business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, our production and financial performance could be adversely impacted.

Failure to Meet Production Target and Cost Estimates

We prepare future production and capital cost estimates. If commercial production commences, actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the nickel varying in the actual nickel mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. If commercial production begins, production costs may also be affected by increased stripping costs, increases in level of nickel impurities, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on our sales, profitability, cash flow and overall financial performance.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Crowflight's share price will not occur.

Conflicts of Interest

Certain of the our directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which we may participate, the directors of Crowflight may have a conflict of interest in negotiating and concluding terms respecting such participation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Financial Statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material

OFF BALANCE SHEET ITEMS

We do not have any off balance sheet items.

OUTLOOK

Crowflight expects to continue construction work at the Bucko Lake Nickel Project during the third quarter of 2008. The current construction schedule estimates that the commissioning of the processing plant will occur in August and September of 2008, with cash flow from nickel concentrate sales beginning shortly thereafter. Full commercial production is expected in early 2009.

Further information is available on the Company's web site at www.crowflight.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Crowflight certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as ''plans'', ''expects'' or ''does not expect'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'' or ''does not anticipate'', or ''believes'', or variations of such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', ''might'' or ''will be taken'', ''occur'' or ''be achieved''. Forward - looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Company's projects are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates are set out herein. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors that are set out herein. Production estimates are based on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. These estimates are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Crowflight to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

CROWFLIGHT MINERALS INC.

Canada's Next Nickel Producer

Additional Disclosure on Directors' and Officers' Compensation
For the six months ended June 30, 2008

EXECUTIVE COMPENSATION

(a) Compensation of Officers

The following table summarizes the compensation paid during the last two financial years ended December 31, 2007, and 2006 in respect of the individuals who were carrying out the role of the Chief Executive Officer of the Corporation or Chief Financial Officer of the Corporation during the financial year ended December 31, 2007 and other executive officers who made in excess of $150,000 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	Annual				Long Term			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)[1]**	**Securities Under Options SARs Granted (#)**	**Restricted Shares or Restricted Share Units ($)**	**LTIP Payouts ($)**	**All Other Compensation ($)**
Mike Hoffman President and C.E.O. [2]	2007	Nil	Nil	45,312	1,000,000	Nil	Nil	Nil
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Thomas Atkins Past President and C.E.O. [2]	2007	121,154	403,333	545,000 [3]	1,600,000	Nil	Nil	Nil
	2006	Nil	310,000	174,998	850,000	Nil	Nil	Nil
Jean Lafleur Past President and C.E.O.[3]	2006	Nil	Nil	5,250	50,000	Nil	Nil	Nil
Deborah Battiston C.F.O	2007	Nil	18,000	53,000	170,000	Nil	Nil	Nil
	2006	Nil	14,500	48,000	100,000	Nil	Nil	Nil
Paul Keller C.O.O.	2007	Nil	215,000	163,332	700,000	Nil	Nil	Nil
	2006	Nil	35,000	155,001	300,000	Nil	Nil	Nil
Greg Collins Vice President, Exploration	2007	Nil	100,000	135,000	400,000	Nil	Nil	Nil
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pat Gleeson Corporate Secretary	2007	Nil	5,000	13,125	300,000	Nil	Nil	Nil
	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tony Wonnacott [4] Corporate Secretary	2007	Nil	35,000	6,000	100,000	Nil	Nil	Nil
	2006	Nil	30,000	16,000	100,000	Nil	Nil	Nil

Notes:

(1) Compensation paid as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading "Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts" of this Circular. Other benefits did not exceed the lesser of $50,000 and 10% of the total annual compensation for the Named Executive Officer, unless specifically specified.

(2) Mr. Atkins was President of the Corporation from March 15, 2005 until September 2007; Mr. Hoffman replaced Mr. Atkins in September 2007 as President and C.E.O.

(3) Mr. Atkins' compensation includes the severance paid to him upon termination.

(4) Mr. Gleeson replaced Mr. Wonnacott as Corporate Secretary on May 1, 2007.

(b) Long Term Incentive Plan (LTIP Awards)

The Corporation does not currently have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Corporation's securities) was paid or distributed to the Named Executive Officers during the most recently completed fiscal year.

(c) Options and Stock Appreciation Rights (SARs)

Stock options granted to the Named Executive Officers during the fiscal year ended December 31, 2007 and 2006 are provided in the table below:

Name and Principal Position	Year	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal year[(1)]	Exercise of Base Price ($/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant ($/Security)[(2)]	Expiration Date
Mike Hoffman President and C.E.O.	2007	1,000,000	7.20%	$0.60	$0.60	17-Sep-12
	2006	N/A	N/A	N/A	N/A	N/A
Thomas Atkins Past President and C.E.O.	2007	1,600,000	11.52%	1,000,000 @ $0.405 600,000 @ $0.94	$0.41 $0.94	10-Jan-12 28-Jun-12
	2006	850,000	21.47%	$0.23	$0.23	13-Mar-11
Jean Lafleur Past President and C.E.O.	2006	50,000	1.26%	$0.23	$0.23	13-Mar-11
Deborah Battiston C.F.O	2007	170,000	1.22%	100,000 @ $0.405 70,000 @ $0.94	$0.41 $0.94	10-Jan-12 28-Jun-12
	2006	100,000	2.53%	$0.23	$0.23	13-Mar-11
Paul Keller C.O.O.	2007	700,000	5.04%	400,000 @ $0.405 300,000 @ $0.94	$0.41 $0.94	10-Jan-12 28-Jun-12
	2006	300,000	7.65%	$0.23	$0.23	13-Mar-11
Greg Collins Vice President, Exploration	2007	400,000	2.88%	200,000 @ $0.405 200,000 @ $0.94	$0.41 $0.94	10-Jan-12 28-Jun-12
	2006	N/A	N/A	N/A	N/A	N/A
Pat Gleeson Corporate Secretary	2007	300,000	2.16%	200,000 @ $1.02 100,000 @ $0.94	$1.02 $0.94	9-Apr-12 28-Jun-12
	2006	N/A	N/A	N/A	N/A	N/A
Tony Wonnacott Corporate Secretary	2007	100,000	0.72%	$0.23	$0.23	13-Mar-11
	2006	100,000		$0.41	$0.41	10-Jan-12

Notes:
(1) Rounded to the nearest decimal place. Based on the total number of options granted to directors/officers/consultants of the Corporation pursuant to the Stock Option Incentive Plan during the fiscal period ended December 31, 2007 and 2006.
(2) Based on the closing market price of the Common Shares.

(d) Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation has consulting contracts with the current Officers as follows:

Mike Hoffman

The Corporation entered into a contract with Mike Hoffman effective September 10, 2007, pursuant to which Mr. Hoffman agreed to provide management consulting services as the President and Chief Executive Officer of the Corporation. Mr. Hoffman is entitled to compensation for the provision of such services at base fees of $22,916.67 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on September 10, 2010 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Hoffman is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a “change in control” of the Corporation, the Corporation and Mr. Hoffman each have a 12 month period following such “change in control” to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Hoffman that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Hoffman.

Deborah Battiston

The Corporation entered into a contract with Deborah Battiston effective October 22, 2003 (amended on March 1, 2005, May 9, 2006 and further amended on August 1, 2007), pursuant to which Ms. Battiston agreed to provide management consulting services as the Chief Financial Officer of the Corporation. Ms. Battiston is entitled to compensation for the provisions of such services of base fees of $5,000 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Ms. Battiston is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a “change in control” of the Corporation, the Corporation and Ms. Battiston each have a 12 month period following such “change in control” to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Ms. Battiston that is equivalent to 24 months of base fees and bonuses paid within the past 24 months to Ms. Battiston. On May 26, 2008, Crowflight announced that Anna Ladd has been appointed as Vice President Finance and Chief Financial Officer of the Company.

Anna Ladd

The Corporation entered into a contract with Anna Ladd effective May 26, 2008 pursuant to which Ms. Ladd agreed to provide management consulting services as the Chief Financial Officer of the Corporation. Ms. Ladd is entitled to compensation for the provisions of such services of base fees of $8,333.33 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. In conjunction with her appointment, Ms. Ladd was granted 200,000 stock options to vest in accordance with the company’s stock option plan. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Ms. Ladd is entitled to be paid the equivalent of $150,000 in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Ms. Ladd each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Ms. Ladd that is equivalent to $300,000 and bonuses paid within the past 24 months to Ms. Ladd.

Paul Keller

The Corporation entered into a contract with Paul Keller effective February 21, 2005 (amended on July 1, 2005, May, 2006, further amended on August 1, 2007 and on June 1, 2008), pursuant to which Mr. Keller agreed to provide management consulting services as the Vice President and Chief Operating Officer of the Corporation. Mr. Keller is entitled to compensation for the provision of such services at base fees of $16,667.67 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. The term of this agreement is on a continuous month-to-month basis, but may be terminated at any time for just cause without notice. In the event of termination without cause, Mr. Keller is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Keller each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Keller that is equivalent to 24 months of base fees and bonuses paid within the past 24 months to Mr. Keller.

Greg Collins

The Corporation entered into a contract with Greg Collins effective January 1, 2007 (amended on August 1, 2007), pursuant to which Mr. Collins agreed to provide management consulting services as the Vice President, Exploration of the Corporation. Mr. Collins is entitled to compensation for the provision of such services at base fees of $12,500.00 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. The term of this agreement is on a continuous month-to-month basis, but may be terminated at any time for just cause without notice. In the event of termination without cause, Mr. Collins is entitled to be paid the equivalent of 2 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Collins each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Collins that is equivalent to 24 months of base fees and bonuses paid within the past 24 months to Mr. Collins.

Patrick Gleeson

The Corporation entered into a contract with Patrick Gleeson effective May 1, 2007 pursuant to which Mr. Gleeson agreed to provide management consulting services as the Corporate Secretary of the Corporation. Mr. Gleeson is entitled to compensation for the provision of such services at base fees of $1,500 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement continues on a month to month basis and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Gleeson is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Gleeson each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Gleeson that is equivalent to 24 months of base fees and bonuses paid within the past 24 months to Mr. Gleeson.

Other than as disclosed above, the Corporation has no compensatory plan or arrangement in respect of compensation received or that may be received by the officers.

(e) Compensation of Directors

The Company is currently conducting a review of director compensation, and recommendations to the Board are expected in Q3-2008. As at June 30, 2008, Mr. Bharti has been paid a total of $80,000 in bonus and fees; Mr. McCarvill has been paid a total of $25,000 in bonus and fees; Mr. Humphrey, in his capacity as Chair of the Board, has been paid a total of $80,000 in bonus and fees. In addition, as at June 30, 2008, Mr. Wilson has been paid a total of $10,000 in bonus and $8,000 in fees have been accrued, pending director compensation resolution; and both Mr. Colson and Mr. MacKenzie have been paid a total of $10,000 in bonus each and $4,000 in fees have been accrued each, pending director compensation resolution.

Mr. Wilson receives a fee of $1,000 per board meeting as Chairman of the Audit Committee and each of Mr. Colson, who is also Chairman of the Compensation Committee, and Mr. MacKenzie receive $500 per meeting. In addition, please see the disclosure below under the heading "Compensation of Directors – Other Arrangements".

Directors may receive cash bonuses from time to time, which the Corporation awards to directors for acting as a member of the Board. In addition, directors are entitled to participate in the Corporation's Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Executive officers who also act as directors of the Corporation do not receive any additional compensation for services rendered in such their capacity as directors.

During the fiscal year ended December 31, 2007 and 2006, directors were granted the following options and bonuses in their capacity as directors of the Corporation:

			Options		
Name of Director	**Year**	**Bonus ($)**	**Number of Options Granted (#)**	**Exercise Price ($/Security)**	**Expiration Date**
Stan Bharti	2007	275,000	600,000	300,000 @ $0.405	10-Jan-12
				300,000 @ $0.94	28-Jun-12
	2006	185,000	145,000	400,000 @ $0.23	13-Mar-11
Maurice Colson	2007	15,000	250,000	150,000 @ $0.405	10-Jan-12
				100,000 @ $0.94	28-Jun-12
	2006	13,000	150,000	$0.23	13-Mar-11
Lewis MacKenzie	2007	15,000	250,000	150,000 @ $0.405	10-Jan-12
				100,000 @ $0.94	28-Jun-12
	2006	12,000	150,000	$0.23	13-Mar-11
Gerald McCarvill	2007	15,000	250,000	150,000 @ $0.405	10-Jan-12
				100,000 @ $0.94	28-Jun-12
	2006	10,000	150,000	$0.23	13-Mar-11
Bernard Wilson	2007	15,000	250,000	150,000 @ $0.405	10-Jan-12
				100,000 @ $0.94	28-Jun-12
	2006	9,500	350,000	$0.28	5-Jul-11
Bruce Humphrey[(1)]	2007	Nil	500,000	$0.60	17-Sep-12

Notes:
(1) Mr. Humphrey was appointed to the Board on September 10, 2007

Other Arrangements

None of the directors of the Corporation were compensated by the Corporation or its subsidiaries during the financial year ended December 31, 2007 pursuant to any other arrangement, than otherwise disclosed in this circular, or in lieu of any standard compensation arrangement, other than Stan Bharti, Gerald McCarvill and Bruce Humphrey.

Stan Bharti

The Corporation entered into a contract with Stan Bharti effective June 5, 2003 (amended on May 1, 2004, further amended on March 1, 2005 and further amended on May 9, 2006), pursuant to which Mr. Bharti agreed to provide management consulting services to the Corporation. Mr. Bharti is entitled to compensation for the provision of such services at base fees of $10,000 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Bharti is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Bharti each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Bharti that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Bharti.

In addition, the Corporation entered into a contract with Forbes & Manhattan Inc. ("Forbes"), of which Mr. Bharti is the President, dated November 1, 2007, pursuant to which Forbes agreed to provide consulting services to the Corporation. Forbes is entitled to compensation for the provision of such services at base fees of $5000 per month subject to quarterly reviews by the Board, plus any such increments thereto. The term of this agreement is on a continuous month-to-month basis, but may be terminated at any time for just cause without notice and may be terminated for any reason by either party upon 30 days written notice to the other party.

Gerald McCarvill

The Corporation entered into a contract with Gerald McCarvill effective June 5, 2003 (amended on May 1, 2004, further amended on March 1, 2005 and further amended on May 9, 2006), pursuant to which Mr. McCarvill agreed to provide management consulting services to the Corporation. Mr. McCarvill is entitled to compensation for the provision of such services at base fees of $7,500 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement expires on February 29, 2008 and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. McCarvill is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. McCarvill each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. McCarvill that is equivalent to 24 months of base fees and bonuses paid within the past 24 months to Mr. McCarvill.

Bruce Humphrey

The Corporation entered into a contract with Bruce Humphrey effective September 1, 2007, pursuant to which Mr. Humphrey agreed to provide management consulting services to the Corporation. Mr. Humphrey is entitled to compensation for the provision of such services at base fees of $5,000 per month subject to quarterly review by the Board, plus any such increments thereto, bonuses and grants of options under the Stock Option Plan as the Board may from time to time determine. This agreement continues on a month to month basis and may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any termination fees. In the event of termination without cause, Mr. Humphrey is entitled to be paid the equivalent of 12 months of base fees in the form of a lump sum payment within thirty days of the termination date. In the event of a "change in control" of the Corporation, the Corporation and Mr. Humphrey each have a 12 month period following such "change in control" to elect to terminate the agreement. In the event of such election, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Humphrey that is equivalent to 36 months of base fees and bonuses paid within the past 36 months to Mr. Humphrey.

(f) Summary of Current Compensation Directors and Officers

The following table summarizes compensation paid from January 1, 2008 to June 30, 2008:

DIRECTORS:	**Fees**	**Bonuses**	**Number of Options Granted (#)**	**Exercise Price ($/Security)**	**Expiration Date**
S Bharti	30,000	50,000	250,000	0.69	26-May-13
G McCarvill	15,000	10,000	100,000	0.69	26-May-13
M.Colson	4,000	10,000	100,000	0.69	27-May-13
L.MacKenzie	4,000	10,000	100,000	0.69	28-May-13
B.Wilson	8,000	10,000	100,000	0.69	29-May-13
B.Humphrey	30,000	50,000	250,000	0.69	30-May-13
OFFICERS:					
M.Hoffman	87,500	200,000	750,000	0.69	31-May-13
D.Battiston	30,000	20,000	-	-	-
A.Ladd	10,258	-	200,000	0.69	31-May-13
P.Gleeson	9,000	20,000	75,000	0.69	31-May-13
G.Collins	75,000	15,000	100,000	0.69	31-May-13
P. Keller	87,500	50,000	250,000	0.69	31-May-13