This refiled interim financial report of Crowflight Minerals Inc. (the "Issuer") for the period ended March 31, 2011 includes a statement of financial position as at January 1, 2010. This disclosure was not included in interim financial report for the period ended March 31, 2011 that was filed by the Issuer on SEDAR on June 14, 2011.

crowflight minerals inc.

INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011
(Unaudited)

NOTES TO READER

These unaudited interim consolidated financial statements of Crowflight Mineral Inc. (the "Company") for the three months ended March 31, 2011 ("Financial Statements") have been prepared by management of the Company and have not been reviewed by the Company's independent auditors. The Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2010 which are available at SEDAR website at www.sedar.com.

Interim Consolidated Statements of Comprehensive Loss

For the three months ended March 31,

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

	Note	2011	2010 (Note 4)
Revenue			
Nickel sales		**$ -**	$ 893,266
Pricing adjustments		**237,582**	304,756
		237,582	1,198,022
Cost of goods sold			
Cash cost		**-**	3,867,822
Depreciation, depletion and amortization		**-**	36,432
		237,582	(2,706,232)
Temporary shutdown costs	5	**4,899,849**	5,828,308
Loss from mine operations		**(4,662,267)**	(8,534,540)
Net gain on derivative instrument	11	**226,778**	-
Other expenses		**(1,612)**	(51,771)
Shareholder communications and investor relations		**(37,819)**	(134,919)
Legal and professional fees		**(79,878)**	(132,452)
Salaries, consulting and management fees		**(239,473)**	(1,035,088)
General and administration		**(370,617)**	(335,312)
Finance costs	16	**(790,171)**	(47,588)
Loss before income taxes		**(5,955,059)**	(10,271,670)
Deferred tax recovery		**-**	3,077,682
Net loss and Comprehensive loss for the period		**(5,955,059)**	(7,193,988)
Loss per share - basic & diluted		**$ (0.01)**	$ (0.01)
Weighted average number of shares - basic & diluted		**828,654,929**	544,020,195

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Michal Hibbitts", Director

"Kevin Zhu", Director

Interim Consolidated Balance Sheet

(Expressed in Canadian Dollars - Unaudited)

	Note	**March 31, 2011**	December 31, 2010 (Note 4)	January 1, 2010 (Note 4)
ASSETS				
Current				
Cash and cash equivalents	6	**$ 5,439,925**	$ 4,068,019	$ 10,040,475
Receivables and prepaids	7	**707,968**	2,143,277	1,426,977
Inventory		**1,556,817**	1,464,839	1,031,734
		7,704,710	7,676,135	12,499,186
Non-Current				
Mineral property, plant and equipment	8	**112,944,688**	109,385,763	153,091,031
Other non-current assets	9	**2,571,874**	1,659,890	534,709
		$ 123,221,272	$ 118,721,788	$ 166,124,926
LIABILITIES				
Current				
Accounts payable and accrued liabilities		**$ 2,698,206**	$ 10,466,215	$ 9,282,060
Convertible debentures	10	**11,156,275**	20,554,989	-
Current portion of obligations under capital leases		**708,791**	294,336	45,371
Derivative liabilities	11	**472,242**	956,063	-
		15,035,514	32,271,603	9,327,431
Non-Current				
Obligations under capital leases		**658,974**	18,915	61,281
Site closure and reclamation provisions	13	**847,047**	823,575	736,014
Deferred income tax liability		**-**	-	6,000,200
		16,541,535	33,114,093	16,124,926
SHAREHOLDERS' EQUITY				
Share capital	14	**172,996,749**	153,253,255	138,758,903
Contributed surplus		**34,888,584**	27,604,977	25,845,412
Deficit		**(101,205,596)**	(95,250,537)	(14,604,315)
		106,679,737	85,607,695	150,000,000
		$ 123,221,272	$ 118,721,788	$ 166,124,926

Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

	Common Shares				
	Share issued	**Amount**	**Contributed Surplus**	**Accumulated Deficit**	**Total Equity**
As at January 1, 2011	**641,988,262**	**153,253,255**	**27,604,977**	**(95,250,537)**	**85,607,695**
Private placement (Note 14(b))	**600,000,000**	**30,000,000**	**-**	**-**	**30,000,000**
Share issue costs	**-**	**(3,100,150)**	**-**	**-**	**(3,100,150)**
Stock based compensation - options (Note 14(e))	**-**	**-**	**127,251**	**-**	**127,251**
Valuation warrants granted (Note 14(d))	**-**	**(7,156,356)**	**7,156,356**	**-**	**-**
Loss for the period	**-**	**-**	**-**	**(5,955,059)**	**(5,955,059)**
As at March 31, 2011	**1,241,988,262**	**$ 172,996,749**	**$ 34,888,584**	**$ (101,205,596)**	**$ 106,679,737**

	Common Shares				
	Share issued	Amount	Contributed Surplus	Accumulated Deficit	Total Equity
As at January 1, 2010	509,523,552	138,758,903	25,845,412	(14,604,315)	150,000,000
Private placement	72,200,000	11,552,000	-	-	11,552,000
Share issue costs	-	(87,375)	-	-	(87,375)
Stock based compensation - shares	97,909	16,644	-	-	16,644
Stock based compensation - options	-	-	655,098	-	655,098
Loss for the period	-	-	-	(7,193,988)	(7,193,988)
As at March 31, 2010	581,821,461	$ 150,240,172	$ 26,500,510	$ (21,798,303)	$ 154,942,379

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Interim Consolidated Statements of Cash Flow

For the three months ended March 31,

(Expressed in Canadian Dollars - Unaudited)

	Note	2011	2010
			(Note 4)
OPERATING ACTIVITIES:			
Net loss for the period		**$ (5,955,059)**	$ (7,193,988)
Items not affecting cash:			
Accretion of site closure and reclamation provisions		**23,472**	20,997
Depreciation, depletion and amortization		**1,170,737**	1,384,050
Deferred tax recovery		**-**	(3,077,682)
Interest accretion on convertible debentures		**743,758**	-
Net gain on derivative instrument		**(226,778)**	-
Stock-based compensation expense		**127,251**	659,464
Settlement of derivative instrument		**(399,515)**	-
Net change in non-cash working capital	19	**(6,424,678)**	(736,881)
		(10,940,812)	(8,944,040)
FINANCING ACTIVITIES:			
Private placement			
Common shares issued		**30,000,000**	11,427,000
Issue costs		**(3,100,150)**	-
Repayment of convertible debentures financing		**(10,000,000)**	-
Payment on capital leases		**(811,143)**	(11,115)
		16,088,707	11,415,885
INVESTING ACTIVITIES:			
Additions to mineral properties, plant and equipment		**(2,864,005)**	(2,342,074)
Deposit payment for acquisition of mineral property, plant and equipment		**(911,984)**	-
Decrease in accounts payable attributable to property development and exploration		**-**	(993,473)
		(3,775,989)	(3,335,547)
CHANGE IN CASH AND CASH EQUIVALENTS		**1,371,906**	(863,702)
CASH AND CASH EQUIVALENTS, beginning of period		**4,068,019**	10,040,475
CASH AND CASH EQUIVALENTS, end of period		**$ 5,439,925**	$ 9,176,773
Cash and cash equivalents consist of:			
Cash		**5,439,925**	2,441,273
Cash equivalents		**-**	6,735,500
		$ 5,439,925	$ 9,176,773
SUPPLMENTAL INFORMATION (Note 19)			
Interest paid		**$ -**	$ 30,372
Income taxes paid		**-**	-

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

1. NATURE OF OPERATIONS

Crowflight Minerals Inc. ("Crowflight" or "the Company") is focused on nickel mining and related activities, including exploration and the extraction and processing of nickel-containing ore. Crowflight's mineral exploration and development properties are in Canada and the Company is focusing on the Bucko Lake Nickel Mine and the exploration of the Thompson Nickel Belt ("TNB"), both in the Province of Manitoba. Prior to June 1, 2009, the Company was a development stage company.

The Company is listed on the Toronto Stock Exchange under the symbol: "CML", and on the Frankfurt Stock exchange under the symbol: "CMI". The Company is continuing from the Province of Ontario to the Province of British Columbia with registered office located in 1500 Royal Centre, 1055 West Georgia Street, Vancouver British Columbia, and the corporate head office is Suite 1655, 999 West Hastings Street, Vancouver, British Columbia, Canada.

2. BASIS OF PRESENTATION AND FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company has adopted International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") effective for the year ended December 31, 2011.

These are the Company's first unaudited interim consolidated financial statements for part of the period covered by the Company's first IFRS annual consolidated financial statements. IFRS represents standards and interpretations approved by IASB, and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs"). These unaudited interim consolidated financial statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting,* and *IFRS 1 – First-time Adoption of International Financial Reporting Standards* has been applied.

These unaudited interim consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2010 prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The basis of preparation of these unaudited interim consolidated financial statements is different to that of the Company's most recent annual consolidated financial statements due to the first-time adoption of IFRS. An explanation of how the transition to IFRS with a transition date of January 1, 2010 has affected the reported financial position and financial performance of the Company is provided in note 4. Note 4 includes reconciliations of the Company's consolidated balance sheets and statements of earnings and comprehensive income for comparative periods prepared in accordance with Canadian GAAP and as previously reported to those prepared and reported in these unaudited interim consolidated financial statements in accordance with IFRS.

IFRS 1 in general requires accounting policies under IFRS to be applied retrospectively to determine the opening balance sheet of the Company as of the transition date of January 1, 2010, and allows certain exemptions which the Company has elected to apply. Elections made by the Company were to:

(a) use the written-down carrying amount ("Fair Value") of the Company's Bucko Lake Mine, which including the acquisition costs and development costs of Bucko Lake Mine and plant and equipment used at Bucko Lake Mine as measured under Canadian GAAP at December 31, 2009 as the deemed cost of Bucko Lake Mine on January 1, 2010;

(b) apply the principles of IAS 23 – Borrowing costs for capitalization of borrowing costs incurred prospectively from January 1, 2010;

(c) not apply the recognition and measurement principles of IFRIC 1 – Changes in Existing Decommissioning, Restoration and Similar Liabilities ("IFRIC 1") for changes in such liabilities that occurred before January 1, 2010; and instead elect to measure the Company's reclamation and closure cost obligations in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets at January 1, 2010, estimate the amounts that would have been included in the costs of the related mining properties by discounting the obligation back to inception of the obligation using the best estimates of the historical discount rates and recalculate the accumulated depreciation and depletion for such assets at January 1, 2010;

(d) not apply the recognition and measurement requirements of IFRS2 – Share-based Payments to equity instruments granted after November 7, 2002 and vested prior to Transition Date. This election allows all vested options prior to the date of transition to be accounted for under CGAAP. IFRS2 is applied to unvested options from the transition date onwards.

The Company is required to use the following mandatory exemption:

- Estimates cannot be created or revised using hindsight. The estimates previously made by the Company under CGAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

The Company's interim results are not necessarily indicative of its results for a full year. The Board of Directors approved these consolidated interim financial statements on June 13, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's first IFRS annual consolidated financial statements will be determined as at December 31, 2011. In the event that accounting policies adopted at December 31, 2011 or expected to be adopted at December 31, 2011 differ materially from the accounting policies used in the preparation of these unaudited interim consolidated financial statements, these unaudited interim consolidated financial statements will be restated to retrospectively account for the application of those policies adopted at December 31, 2011 or expected to be adopted at December 31, 2011 in the period accounting policies are determined or a prior period when the expectation of accounting policies to be adopted changes.

The significant accounting policies used in the preparation of these unaudited interim consolidated financial statements are as follows:

(a) Basis of measurement

These unaudited interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, and financial instruments which are measured at fair value. In addition, these unaudited interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these unaudited consolidated financial statements is presented in Canadian dollars.

(b) Basis of consolidation

These unaudited interim 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.

(c) Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements include:

Depreciation, depletion and amortization of mineral properties, plant and equipment – Mineral properties, plant and equipment comprise a large component of the Company's assets and as such, the depreciation, depletion and amortization of these assets have a significant effect on the Company's financial statements. Upon commencement of commercial production, the Company amortizes the mineral property and mining equipment over the life of the mine based on the depletion of the mine's proven and probable reserves.

The proven and probable reserves are determined based on a professional evaluation using accepted international standards for the assessment of mineral reserves. The assessment involves geological and geophysical studies and economic data and the reliance on a number of assumptions. The estimates of the reserves may change based on additional knowledge gained subsequent to the initial assessment. This may include additional data available from continuing exploration, results from the reconciliation of actual mining production data against the original reserve estimates, or the impact of economic factors such as changes in the price of commodities or the cost of components of production. A change in the original estimate of reserves would result in a change in the rate of depreciation and amortization of the related mining assets and could result in an impairment of the mining assets.

Valuation of mineral properties, plant and equipment - The Company undertakes a review of the carrying values of mineral properties, plant, and equipment whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, mineral reserves, future production and sales volumes, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties, plant and equipment and related expenditures.

Income taxes - Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry - forwards to offset deferred tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Stock‐based compensation ‐ The Company grants stock options to employees of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black‐Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results. Assumption details are discussed in the notes to the interim consolidated financial statements.

Site closure and reclamation provisions **-** The Company has obligations for site restoration and decommissioning related to its Bucko Lake Mine. The future obligations for mine closure activities are estimated by the Company using mine closure plan or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and governmental regulations, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The site closure and reclamation provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording site closure and reclamation provisions is to establish provisions for future mine closure costs at the commencement of mining operations based on the present value of the future cash flows required to satisfy the obligations. The amount of the present value of the provision is added to the cost of the related mining assets and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to operating costs. Actual results could differ from estimates made by management during the preparation of these consolidated financial statements, and those differences may be material.

(d) Interest in joint venture

A portion of the Company's exploration activities are conducted jointly with others wherein the Company enters into agreements that provide for a specified percentage interest in exploration properties. Expenditures on these properties are capitalized to exploration and development properties. Joint venture accounting, which reflects the Company's proportionate interest in exploration properties, is applied by the Company only when the parties have earned their respective interests and enter into a formal comprehensive agreement for joint ownership and exploration participation.

(e) Foreign currency translation

The Company's functional currency is the Canadian dollar. Monetary assets and liabilities of the Company's operations denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at average rates throughout the reporting period, with the exception of depreciation, depletion and amortization which is translated at historical exchange rates. Gains and losses on translation of foreign currencies are included in operations.

(f) Revenue recognition

Revenue from the sale of nickel concentrates is recognized when the significant risks and rewards of ownership have passed to the buyer, it is probable that economic benefits associated with the transaction will flow to the Company, the sale price can be measured reliably, the Company has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably. In circumstances where title is retained to protect the financial security interests of the Company, revenue is recognized when the significant risks and rewards of ownership have passed to the buyer. The value of nickel contained in concentrates is recorded in Revenue, while the value of other metals contained in concentrates are treated as by-products and recorded as credits to the cost of goods sold.

Revenues from metal concentrate sales are subject to adjustment upon final settlement of metal prices, weights, and assays as of a date that is typically a few months after the shipment date. The Company records adjustments to revenues monthly based on quoted forward prices for the expected settlement period. Adjustments for weights and assays are recorded when results are determinable or on final settlement. Accounts receivable for metal concentrate sales are therefore measured at fair value.

(g) Earnings per share

Basic earnings or loss per share is calculated by dividing the earnings or loss for the period by the weighted average number of shares outstanding during the same period.

Diluted earnings or loss per share is calculated by dividing the earnings or loss for the period by the weighted average number of shares outstanding during the same period adjusted for the effects of all dilutive potential common shares, which comprise options granted to employees and warrants. The dilutive effect of options and warrants is determined using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings or loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

(h) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. Deposits are held in Canadian chartered banks or a financial institution controlled by a Canadian chartered bank.

(i) Inventory

Concentrate, Concentrate in transit, and ore stockpile inventory are valued at the lower of cost and net realizable value. The cost of concentrate products and ore inventory includes all direct costs incurred in production including mining, processing, mine site administration, freight, overburden and waste removal costs and depreciation charges relating to the production of inventory. Net realizable value is the estimated selling price for inventories less costs of completion, transportation cost from the mill to smelter, refining and treatment charges, other selling costs. The cost of inventories is determined using the average cost method. Write-downs of inventory to net realizable value are recorded as a cost of goods sold in the Consolidated Statements of Comprehensive Income. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value may be reversed to the extent that the related inventory has not been sold.

Materials and supplies are valued at average cost. In the event that the net realizable value of the finished product, the production of which the supplies are held for use in, is lower than the expected cost of the finished product, the supplies are written down to net realizable value. Replacement costs of supplies are generally used as the best measure of net realizable value.

(j) Exploration and evaluation expenditures

Exploration and evaluation expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and are classified as a component of mineral properties, plant and equipment.

Recognition and measurement

Acquisition costs to acquire exploration and evaluation assets are capitalized. Exploration and evaluation expenditures include costs of conducting geological surveys, and exploratory drilling and sampling. These types of costs when incurred are recognized as expense for the period unless there is evidence of a resource and management expects the expenditures to be recovered. Amounts capitalized include administrative and other general overhead costs associated with finding specific mineral resources. Expenditures incurred prior to the Company obtaining legal rights to explore an area are recognized as an expense in the period.

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs.

Impairment

Management reviews the carrying value of capitalized exploration and evaluation expenditures at least annually. The review is based on the Company’s intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project.

(k) Mineral properties, plant and equipment

Mineral properties, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Recognition and measurement

Mineral property acquisition and development costs, including exploration and evaluation assets transferred, mine construction costs, and overburden and waste removal costs, are capitalized until production is achieved, or the property is sold, abandoned or impaired. Development costs are net of proceeds from the sale of metal extracted during the development phase prior to the date mining assets are operating in the way intended by management. When the Company incurs debt directly related to the construction of a new operation or major expansion, the related financing costs are capitalized during the construction period.

The cost of removing overburden to access ore is capitalized during the development phase. During the production phase, such costs are capitalized if the costs are incurred to provide access to sources of reserves that will be produced in future periods and would not otherwise be accessible.

Mineral properties, plant and equipment costs include the fair value of the consideration given to acquire assets at the time of acquisition or construction and include expenditures that are directly attributable to bringing the asset to the location and condition necessary for their intended use. Also, these costs include an initial estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and for qualifying assets, borrowing costs.

When parts of an item of mineral properties, plant and equipment have different useful lives, they are accounted for separately as major components. Mineral properties, plant and equipment are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the Consolidated Statements of Comprehensive Income.

Subsequent costs

The cost of replacing a part of an item of mineral properties, plant and equipment is recorded in the carrying amount of the item provided that there are future economic benefits, and the costs can be measured. The carrying amount of the part being replaced is then derecognized. The costs of day-to-day servicing of mineral properties, plant and equipment are recognized in the Consolidated Statements of Comprehensive Income.

During the production phase, exploration and evaluation costs are capitalized provided that there is an expectation that the costs will be recoverable in exploitation or sale.

Depreciation , depletion and amortization

The carrying value of mineral properties, plant and equipment is depreciated to their estimated residual value over their estimated useful lives or their estimated economic lives, if shorter.

Mineral property acquisition and development costs are depleted on a unit of production basis based on the expected tonnes of proven and probable reserves to be mined.

Plant and equipment are amortized on a straight line basis over the shorter of their estimated useful lives and economic lives, generally three to twenty years. Upon adoption of IFRS as at January 1, 2010, the Company changed the amortization method on plants and properties used at its Bucko Lake Mine to straight line basis from unit of production as per ISA16, and the change was considered a change in estimates and accounted prospectively and the impact of the change was further disclosed on Note 4.

Depreciation, depletion and amortization related to production activities is initially recorded in inventory when ore is extracted from the mine, and then recognized in cost of goods sold in the Consolidated Statements of Comprehensive Income in the same period as the revenue from the sale of the inventory.

The Company's management conducts an annual assessment of the estimated residual values, useful lives, and depreciation methods used for mineral property acquisition and development costs, and property, plant and equipment. Any material changes in estimates are applied prospectively.

(l) Impairment of mineral properties, plant, and equipment

The carrying value of mineral properties, plant, and equipment is reviewed regularly for events or changes in circumstances which indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized if the carrying value of an asset exceeds the estimated recoverable amount. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Fair value less cost to sell is the amount obtainable from the sale of the asset or cash generating unit in an arm's length transaction between knowledgeable and willing parties less the cost of disposal. Value in use is the estimated future cash flows expected to be received through continued use and subsequent disposal of the asset discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in the Consolidated Statements of Comprehensive Income based on the amount by which the carrying amount of the asset exceeds the recoverable amount.

Estimated future cash flows are based on estimates of future metal prices, proven and probable reserves, estimated value beyond proven and probable reserves, and future operating cost assumptions.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("Cash Generating Units"). This generally results in the Company evaluating its non-financial assets on a mine-specific basis. For the purposes of impairment testing, exploration and evaluation assets are allocated to the Cash Generating Unit to which the exploration activities relate.

Impairment losses for other assets or Cash Generating Units recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If so, an impairment loss is reversed only to the extent that the related asset or Cash Generating Unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Income taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and other income tax deductions. Deferred income tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the related assets are realized or the liabilities are settled. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover and settle the carrying amounts of its assets and liabilities, respectively. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period in which the change is substantively enacted.

Current and deferred income tax expense or recovery are recognized in net earnings except when they arise as a result of items recognized in other comprehensive income or directly in equity in the current or prior periods, in which case the related current and deferred income taxes are also recognized in other comprehensive income or equity, respectively.

(n) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

(i) The Company has a present obligation (legal or constructive) as a result of a past event;

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,

(iii) A reliable estimate can be made of the amount of the obligation.

Constructive obligations are obligations that derive from the Company's actions where:

(i) By an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and,

(ii) As a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase (accretion expense) is included in finance costs in the Consolidated Statements of Comprehensive Income.

Site closure and reclamation provisions

The Company records a provision for the estimated future costs of reclamation and closure of its Bucko Lake Mine, which are discounted to net present value using the risk free interest rate applicable to the future cash outflows. Estimates of future costs represent management's best estimate which incorporate assumptions on the effects of inflation, movements in foreign exchange rates and the effects of country and other specific risks associated with the related liabilities. The provision for the Company's reclamation and closure cost obligations is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the Consolidated Statements of Comprehensive Income.

The provision for reclamation and closure cost obligations is re-measured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes to the risk free interest rate.

Reclamation and closure cost obligations relating to operating mines and development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties. Changes to the obligations are also accounted for as changes in the carrying amounts of related mining properties, except where a reduction in the obligation is greater than the capitalized reclamation and closure costs, in which case, the capitalized reclamation and closure costs is reduced to nil and the remaining adjustment is included in production costs in the Consolidated Statements of Comprehensive Income. Reclamation and closure cost obligations related to inactive mines are included in production costs in the Consolidated Statements of Comprehensive Income on initial recognition and subsequently when re-measured.

(o) Financial instruments

Financial instruments are recognized on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument as fair value through profit or loss ("FVTPL"), available-for-sale ("AFS"), loans and receivable, held-to-maturity, or other financial liabilities.

Classified as at fair value through profit or loss

Financial assets and liabilities classified as at FVTPL are measured at fair value with changes in fair value recognized in profit or loss. Financial assets and liabilities are classified as at FVTPL when they have been acquired principally for the purpose of selling it in the near term or they are derivatives that are not designated and effective as hedging instruments. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if the financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis by management.

The Company has designated derivatives which do not qualify for hedge accounting as FVTPL. Transaction costs for FVTPL assets are expensed.

Classified as loans and receivables

Financial assets designated as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are comprised of cash and cash equivalents and amounts receivables, and are initially measured at fair value and subsequently at amortized cost using effective interest rate method less any impairment. When these assets are impaired, the carrying amount of the financial asset is reduced by the impairment loss directly, except for receivables. The carrying amount of receivables is reduced through the use of an allowance account and changes to the carrying amount of this account are recognized in the Consolidated Statements of Comprehensive Income.

Classified as Available-for-sale financial assets

Financial assets are classified as available-for-sale when (i) they are not classified as loans and receivables, held-to-maturity investments or as at FVTPL; (ii) they are designated as available-for-sale on initial recognition. Available-for-sale financial assets are measured at fair value with mark-to-market gains and losses recognized in other comprehensive income, unless such assets are determined to be impaired in which case the impairment loss is reclassified out of other comprehensive income and recognized in the Consolidated Statements of Comprehensive Income for the period. The reversal of previously recognized impairment losses are recognized directly in equity and not reversed through the Consolidated Statements of Comprehensive Income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company classifies accounts payable and accrued liabilities, convertible debentures, obligation on capital lease as other financial liabilities.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows of the financial assets that can be reliably estimated.

Compound instruments

The Company recognizes separately the components of a financial instrument that (a) creates a financial liability of the Company and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the Company (provided the conversion option meets the definition of equity). An option to convert into an equity instrument is classified as a financial liability when either the holder or the issuer of the option has a choice over how it is settled or the conversion option does not meet the definition of equity. Transaction costs of a compound instrument are allocated to the components of the instrument in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to the debt component are deducted from the carrying amount of the debt and included in the determination of the effective interest rate used to record interest expense during the period to maturity of the debt. Transaction costs allocated to the derivative liability component are expensed on initial recognition as with all other financial assets and liabilities classified as at FVTPL. Transaction costs allocated to the equity component are deducted from equity as share issue costs.

(p) Stock-based compensation

The Company grants stock options to employees of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility, and forfeiture rates. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively. Assumption details in the notes to the interim consolidated financial statements.

(q) Leases

Leases are classified as finance or operating depending on the terms and conditions of the lease agreements. Payments under operating leases are expensed in the period in which they are incurred. Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases (or "capital lease"). Upon initial recognition of an asset related to a finance lease, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Leased assets are amortized on a straight line basis over the period of expected use. Obligations under capital lease are reduced by lease payments, net of computed interest.

(r) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares are concluded.

(s) Borrowing costs

Interest and financing costs on debt or other liabilities that are directly attributed to the acquisition, construction, and development of a qualifying asset are capitalized to the asset. All other borrowing costs are expensed as incurred.

(t) New accounting pronouncements

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – *Income taxes* that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Joint ventures

The IASB issued Exposure Draft 9 – *Joint Arrangements* ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 - *Consolidated and Separate Financial Statements* and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial instruments

The IASB intends to replace IAS 39-*Financial Instruments: Recognition and Measurement* ("IAS 39") in its entirety with IFRS 9-*Financial Instruments* ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These are the first financial statements issued by the Company that comply with IFRS. These financial statements were prepared as described in Note 2, including the application of IFRS 1. IFRS 1 First time adoption of International Financial Reporting Standards ("IFRS 1") sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies and apply these retrospectively to determine the IFRS opening balance sheet as at the transition date of January 1, 2010.

IFRS 1, the standard dealing with the first time adoption of IFRS permits a number of optional exemptions and requires some mandatory exemptions from full retrospective application. The mandatory exemptions used and the optional exemptions elected to be used by the Company have been disclosed on Note 2 above.

Impact of IFRS accounting policies on the Preparation of the Company's January 1, 2010 financial Statements

The discussion below explains the key transitional adjustments between the preparation of financial statements under previous CGAAP and the current IFRS.

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

Impact of first - time application of IFRS

In compliance with IFRS 1, the Company has prepared financial information for 2010 on the transition to IFRS, presenting figures for the impact of the transition to IFRS from CGAAP. Reconciliations have been prepared and are listed below. There was no material impact on the statements of cash flow at the transition date, March 31, 2010 or December 31, 2010.

Consolidated Reconciliations from Canadian GAAP to IFRS
Balance Sheet

	Note	At January 1, 2010 CGAAP	Effect of Transition to IFRS	Reclassification 4(f)	IFRS
ASSETS					
Current					
Cash and cash equivalents		$ 10,040,475	$ -	$ -	$ 10,040,475
Receivables and prepaids		-	-	1,426,977	1,426,977
Amounts receivable		1,291,687	-	(1,291,687)	-
Inventory		1,031,734	-	-	1,031,734
Prepaid expenses and deposits		135,290	-	(135,290)	-
		12,499,186	-	-	12,499,186
Non-Current					
Mineral property, plant and equipment		-	-	153,091,031	153,091,031
Property, plant and equipment	4(a)	138,568,967	(182,373)	(138,386,594)	-
Exploration and development property and deferred expenditures		14,704,437	-	(14,704,437)	-
Other non-current assets		534,709	-	-	534,709
		$ 166,307,299	$ (182,373)	$ -	$ 166,124,926
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$ 9,282,060	$ -	$ -	$ 9,282,060
Current portion of obligations under capital leases		45,371	-	-	45,371
		9,327,431	-	-	9,327,431
Non-Current					
Obligations under capital leases		61,281	-	-	61,281
Site closure and reclamation provisions	4(a)	918,387	(182,373)	-	736,014
Deferred income tax liability		6,000,200	-	-	6,000,200
		16,307,299	(182,373)	-	16,124,926
SHAREHOLDERS' EQUITY					
Share capital		138,758,903	-	-	138,758,903
Contributed surplus	4(b)	25,894,525	(49,113)	-	25,845,412
Deficit	4(b)	(14,653,428)	49,113	-	(14,604,315)
		150,000,000	-	-	150,000,000
		$ 166,307,299	$ (182,373)	$ -	$ 166,124,926

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

Consolidated Reconciliations from Canadian GAAP to IFRS
Balance Sheet

	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes 4(e)	Reclassification 4(f)	IFRS
		At December 31, 2010				
ASSETS						
Current						
Cash and cash equivalents		$ 4,068,019	$ -	$ -	$ -	$ 4,068,019
Receivables and prepaids		-	-	-	2,143,277	2,143,277
Amounts receivable		1,716,424	-	-	(1,716,424)	-
Inventory		1,464,839	-	-	-	1,464,839
Prepaid expenses and deposits		426,853	-	-	(426,853)	-
		7,676,135	-	-	-	7,676,135
Non-Current						
Mineral property, plant and equipment		-	-	-	109,385,763	109,385,763
Property, plant and equipment	4(c),(e)	143,534,339	(44,236,034)	(5,389,668)	(93,908,637)	-
Exploration and development property and deferred expenditures		15,477,126	-	-	(15,477,126)	-
Other non-current assets		1,659,890	-	-	-	1,659,890
		$ 168,347,490	$ (44,236,034)	$ (5,389,668)	$ -	$ 118,721,788
LIABILITIES						
Current						
Accounts payable and accrued liabilities		$ 10,466,215	$ -	$ -	$ -	$ 10,466,215
Convertible debentures	4(d)	20,705,694	(150,705)	-	-	20,554,989
Current portion of obligations under capital leases		294,336	-	-	-	294,336
Derivative liabilities	4(d)	373,190	582,873	-	-	956,063
		31,839,435	432,168	-	-	32,271,603
Non-Current						
Obligations under capital leases		18,915	-	-	-	18,915
Site closure and reclamation provisions	4(a)	997,690	(174,115)	-	-	823,575
Future income tax liability	4(c),(e)	3,062,081	(1,617,650)	(1,444,431)	-	-
		35,918,121	(1,359,597)	(1,444,431)	-	33,114,093
SHAREHOLDERS' EQUITY						
Share capital	4(d)	153,308,546	(55,291)	-	-	153,253,255
Contributed surplus	4(d)	28,000,121	(395,144)	-	-	27,604,977
Deficit		(48,879,298)	(42,426,002)	(3,945,237)	-	(95,250,537)
		132,429,369	(42,876,437)	$ (3,945,237)	-	85,607,695
		$ 168,347,490	$ (44,236,034)	$ (5,389,668)	$ -	$ 118,721,788

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Statements of Comprehensive Loss

		Three Months Ended March 31, 2010				
	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes 4(e)	Reclassification 4(f)	IFRS
Revenue						
Nickel sales		$ 893,266	$ -	$ -	$ -	$ 893,266
Pricing adjustments		304,756	-	-	-	304,756
		1,198,022	-	-	-	1,198,022
Cost of goods sold						
Cash cost		3,867,822	-	-	-	3,867,822
Depreciation, depletion and amortization		36,432	-	-	-	36,432
		(2,706,232)	-	-	-	(2,706,232)
Temporary shutdown costs	4(e)	4,480,891	-	1,347,417	-	5,828,308
Loss from mine operations		(7,187,123)	-	(1,347,417)	-	(8,534,540)
Salaries, consulting and management fees		-	-	-	(1,035,088)	(1,035,088)
General and administration		(192,804)	-	-	(142,508)	(335,312)
Shareholder communications and investor relations		(134,919)	-	-	-	(134,919)
Legal and professional fees		-	-	-	(132,452)	(132,452)
Other expenses		(51,771)	-	-	-	(51,771)
Finance costs		-	-	-	(47,588)	(47,588)
Professional, Consulting and management fees	4(b)	(1,179,818)	12,278	-	1,167,540	-
Foreign exchange loss		(110,073)	-	-	110,073	-
Interest expenses and bank charges		(35,847)	-	-	35,847	-
Travel		(32,234)	-	-	32,234	-
Accretion	4(a)	(19,826)	(1,171)	-	20,997	-
Amortization		(201)	-	-	201	-
Interest income		9,256	-	-	(9,256)	-
Loss before income taxes		(8,935,360)	11,107	(1,347,417)	-	(10,271,670)
Deferred tax recovery	4(e)	2,716,575	-	361,107	-	3,077,682
Net loss and Comprehensive loss for the period		(6,218,785)	11,107	(986,310)	-	(7,193,988)

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Statements of Comprehensive Loss

		Year ended December 31, 2010				
	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes 4(e)	Reclassification 4(f)	IFRS
Revenue						
Nickel sales		$ 22,096,755	$ -	$ -	$ -	$ 22,096,755
Pricing adjustments		869,451	-	-	-	869,451
		22,966,206	-	-	-	22,966,206
Cost of goods sold						
Cash cost		38,324,959	-	-	-	38,324,959
Depreciation, depletion and amortization	4(e)	3,568,633	-	2,120,691	-	5,689,324
		(18,927,386)	-	(2,120,691)	-	(21,048,077)
Temporary shutdown costs	4(e)	9,101,782	-	3,268,977	-	12,370,759
Loss from mine operations		(28,029,168)	-	(5,389,668)	-	(33,418,836)
Salaries, consulting and management fees		-	-	-	(5,864,250)	(5,864,250)
General and administration		(501,391)	-	-	(99,131)	(600,522)
Legal and professional fees		-	-	-	(492,922)	(492,922)
Shareholder communications and investor relations		(341,379)	-	-	-	(341,379)
Finance costs		-	-	-	(1,631,331)	(1,631,331)
Loss on derivative instrument	4(d)	(323,806)	232,056	-	-	(91,750)
Other expenses		(151,771)	-	-	-	(151,771)
Loss on disposal of property, plant and equipment		(445,000)	-	-	445,000	-
Professional, Consulting and management fees	4(b)	(6,308,059)	(49,113)	-	6,357,172	-
Interest expenses and bank charges	4(d)	(894,234)	(213,789)	-	1,108,023	-
Impairment charges of long live assets	4(c)	-	(44,053,661)	-	-	(44,053,661)
Travel		(98,528)	-	-	98,528	-
Accretion	4(a)	(79,303)	(8,258)	-	87,561	-
Amortization		(603)	-	-	603	-
Interest income		9,253	-	-	(9,253)	-
Loss before income taxes		(37,163,989)	(44,092,765)	(5,389,668)	-	(86,646,422)
Deferred tax recovery	4(c),(e)	2,938,119	1,617,650	1,444,431	-	6,000,200
Net loss and Comprehensive loss for the year		(34,225,870)	(42,475,115)	(3,945,237)	-	(80,646,222)

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Consolidated Statements of Changes in Equity

	Note	December 31, 2010	March 31, 2010	January 1, 2010
Total equity - CGAAP		$ 132,429,369	$ 155,917,582	$ 150,000,000
Transitional adjustments				
Share Capital	4(d)	(55,291)	-	-
Contributed surplus	4(b), (d)	(395,144)	-	(49,113)
Accumulated deficit		(46,371,239)	(975,203)	49,113
Total equity - IFRS		$ 85,607,695	$ 154,942,379	$ 150,000,000

(a) Site closure and reclamation provisions

Significant changes from the CGAAP method of accounting for site closure and reclamation provisions in comparison to IAS 37 include the periodic re-assessment of discount rates and inflation rates in the measurement of decommissioning and site restoration. In addition, the layer approach under CGAAP is no longer applied. The effect of these changes on the transition date is a reduction of $182,373 to both of the site closure and reclamation provisions and the value of property, plant and equipment. During the quarter ended March 31, 2010, the increase in accretion expense recorded based on the restated site closure and reclamation provisions was $1,171, and the increase in depreciation expense recorded based on the restated mineral property associated with the adjustments to the site closure and reclamation provisions was $8,258.

(b) Stock based compensation

In accordance with IFRS 2, the Company now recognizes a forfeiture rate in its initial recognition of the stock option grant. Applied retroactively the effect of this change had a $49,113 decrease on contributed surplus as at the date of transition. The impact of this change resulted in a $12,278 decrease on comprehensive loss for the three months ended March 31, 2010, and an increase of $49,113 on comprehensive loss for the year ended December 31, 2010.

(c) Impairment of mineral properties, plant and equipment

Under Canadian GAAP impairment of a non-current asset is initially assessed on an undiscounted cash flow basis. If the carrying value exceeds the aggregate undiscounted cash flows, an impairment loss is measured as the amount by which the carrying value exceeds fair value. Under IFRS, impairment testing and loss recognition is based on discounted cash flows. Impairment losses are recognized when the carrying value exceeds the recoverable amount.

The Company elected, under IFRS 1, to use the written-down carrying amount ("Fair Value") of the Company's Bucko Lake Mine, which including the acquisition costs and development costs of Bucko Lake Mine and plant and equipment used at Bucko Lake Mine as measured under Canadian GAAP at December 31, 2009 as the deemed cost of Bucko Lake Mine on January 1, 2010. During the year ended December 31, 2010, the Company temporarily suspended the operation at Bucko Lake Mine in order to facilitate the introduction of its own mining equipment and mining crew and make readjustments to address certain operation issues. Accordingly, the Company performed an impairment assessment as at December 31, 2010 in accordance with IFRS and as a result an impairment charge of $44,053,661 was recognized for the year ended December 31, 2010. The impairment charge was determined by discounting estimated future cash flows using a discount rate of 10%. The tax effect of this impairment was a creation of a tax asset of approximately $11.8 million, but only partial of the tax asset was recognized to bring the deferred tax liabilities to zero, and an allowance to the remaining tax asset was recorded.

(d) Convertible Debenture

Under IFRS, the conversion feature of convertible financial instrument is presumed to be classified as financial liabilities unless it meets all the criteria to recognize as equity instrument under IAS 32, and the conversion feature must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible debentures as a whole and the fair value of the conversion feature. Transaction costs are allocated to the debt and derivative components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to the derivative component are expensed, while cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate. Subsequent to initial recognition, the derivative component is re-measured at fair value at the end of each reporting period while the debt component is accreted to the face value of the debt using the effective interest method.

In 2010, the Company issued three convertible debenture notes, which had conversion features to allow the holder of the debentures to convert the debentures into common shares of the Company based on five-business-day-volume-weighted-average price prior to the election of conversion less 25% discount. Given the conversion price is not fixed on the inception date and the number of shares the Company may deliver vary depending on the trading prices around the date of conversion, the conversion feature does not meet the criteria to be recognized as equity instrument, and accordingly, the Company recorded adjustments to

i) Reclassify the conversion feature of the notes from equity to derivative liabilities;
ii) Re-measure the proceeds allocated to the debt and derivative components on initial recognition;
iii) Expense the transaction costs allocated to the derivative component;
iv) Capitalize the transaction costs allocated to the debt component against the carrying amount of the liabilities; and,
v) Re-measure the derivative component at fair value at each reporting dates.

There was no adjustments made to the opening balances as at transition date and for the three months ended March 31, 2010 as the convertible debentures were issued after those periods. The impacts of the adjustments as at December 31, 2010 were to increase derivative liabilities by $582,873, decrease convertible debentures by $150,705, decrease share capital by $55,291, decrease contributed surplus by $395,144, and decrease deficit by $18,267.

(e) Accounting Changes

Upon conversion to IFRS, the Company reviewed the amortization method of the mineral property, plant and equipment in accordance with IAS16 and decided to change the amortization method of the plant and equipment used at the Bucko Lake Mine to straight line method from unit of production method effective January 1, 2010. The change was accounted for as a change in estimate and applied prospectively in accordance with IAS8. The impact of this change in amortization method was that additional $1,347,417 and $5,389,668 amortization expenses were recorded for the three months ended March 31, 2010 and for the year ended December 31, 2010 respectively. The tax effect of this adjustment was that tax recoveries of $361,107 and $1,444,431 were recorded for the three months ended March 31, 2010 and for the year ended December 31, 2010.

(f) Reclassification

Certain accounts and figures presented under CGAAP have been regrouped and reclassified to conform to the current presentation under IFRS.

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

5. TEMPORARY SUSPENSION OF BUCKO MINE OPERATIONS

On November 16, 2009, the Company announced that it would be temporarily suspending all production mining and milling operations at the Bucko Lake Nickel Mine (“Bucko”) located in the Thompson Nickel Belt near Wabowden, Manitoba to complete ramp development, accelerate mine development and upgrade the backfill plant. Mill operations resumed in the first quarter of 2010.

On October 1, 2010, the Company announced that it would be temporarily suspending ore mining operations at Bucko to facilitate the introduction of its own underground mining equipment and team and to make adjustments to address certain operational issues. In April 2011, mining operation at Bucko resumed.

Expenses incurred during the temporary shutdown were recorded either as capital or, if they were determined to be maintenance or support expenses, as temporary shutdown costs included in the statement of operations. For the three month ended March 31, 2011, temporary shutdown costs were $3.7 million (same period last year - $4.5 million).

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises the following:

		March 31, 2011		December 31, 2010		January 1, 2010
Cash	**$**	**5,439,925**	$	3,993,228	$	2,259,673
Short term investments		**-**		74,791		7,780,802
	$	**5,439,925**	$	4,068,019	$	10,040,475

7. RECEIVABLES AND PREPAIDS

Receivables and prepaids comprise of the following:

		March 31, 2011		December 31, 2010		January 1, 2010
Trade receivable	**$**	**60,849**	$	1,486,915	$	1,172,430
Taxes receivable		**316,624**		229,509		119,257
Prepaids		**330,495**		426,853		135,290
	$	**707,968**	$	2,143,277	$	1,426,977

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Cost	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment	Equipment under capital lease	Total
As at January 1, 2010	$ 14,704,437	$ 79,019,660	$ 60,698,408	$ 125,817	$ 154,548,322
Additions	848,894	7,002,242	1,105,212	523,538	9,479,886
Disposal and other	(76,205)	-	-	(457,500)	(533,705)
Impairment	-	(26,775,695)	(17,277,966)	-	(44,053,661)
As at January 1, 2011	$ 15,477,126	$ 59,246,207	$ 44,525,654	$ 191,855	$ 119,440,842
Additions	876,711	912,920	1,074,375	1,865,656	4,729,662
As at March 31, 2011	**$ 16,353,837**	**$ 60,159,127**	**$ 45,600,029**	**$ 2,057,511**	**$ 124,170,504**

Accumulated depreciation, depletion and amortization	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment	Equipment under capital lease	Total
As at January 1, 2010	$ -	$ 591,027	$ 866,264	$ -	$ 1,457,291
Depreciation, depletion and amortization	-	1,796,275	6,801,513	38,371	8,636,159
As at January 1, 2011	$ -	$ 2,387,302	$ 7,629,406	$ 38,371	$ 10,055,079
Depreciation, depletion and amortization	-	-	1,086,497	84,240	1,170,737
As at March 31, 2011	**$ -**	**$ 2,387,302**	**$ 8,715,903**	**$ 122,611**	**$ 11,225,816**

Net book value	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment	Equipment under capital lease	Total
As at January 1, 2010	$ 14,704,437	$ 78,428,633	$ 59,832,144	$ 125,817	$ 153,091,031
As at December 31, 2010	$ 15,477,126	$ 56,858,905	$ 36,896,248	$ 153,484	$ 109,385,763
As at March 31, 2011	**$ 16,353,837**	**$ 57,771,825**	**$ 36,884,126**	**$ 1,934,900**	**$ 112,944,688**

During the year ended December 31, 2010, the Company disposed an equipment with net book value of $445,000 and a loss of $445,000 was recorded in the statement of operations.

As at December 31, 2010, four vendors of the Company had placed liens on Bucko against the Company. During the quarter ended March 31, 2011, the Company settled the claims with these four vendors and they have discharged or are in the process to discharge the registration of the liens.

The Company's interest in the Bucko Lake mining lease is subject to a back-in right held by Xstrata Nickel Inc. In the event that Crowflight identifies a new deposit (in addition to the Bucko Lake Mine) with estimated measured and indicated resources in excess of 200,000,000 pounds of Nickel, Xstrata has the right to purchase a 50% interest in the property and to become the operator of the new deposit in consideration for a payment to Crowflight of an amount equal to the aggregate of all direct expenditures that 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. Accordingly, the potential benefit to Crowflight of any discovery of a significantly increased deposit will be limited to a 50% interest in the project.

During the period ended March 31, 2010, the Company carried an extensive drilling exploration program at the Company's Thompson Nickel Belt Properties and a total of $876,711 expenditures were incurred.

Subsequent to March 31, 2011, Pure Nickel Inc, the partner of the Pure Nickel Joint Venture, proposed to dissolve the partnership and requested the all mineral claims Pure Nickel put into the joint venture's Manibridge Property ("Pure Nickel Claims") to be restored to Puce Nickel, or the Company acquires all the Pure Nickel Claims. The Company is reviewing the alternatives and a decision has not been made.

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

9. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

		March 31, 2011		December 31, 2010		January 1, 2010
Reclamation closure bond	**$**	**501,500**	$	501,500	$	534,709
Deposit on mineral properties, plant and equipment		**2,070,374**		1,158,390		-
	$	**2,571,874**	$	1,659,890	$	534,709

10. CONVERTIBLE DEBENTURES

During the year ended December 31, 2010, the Company completed three debt financing transactions with King Place Enterprises Limited.("King Place"), a related party and the largest shareholder of the Company, by issuing a total of $23,050,000 convertible promissory notes ("convertible debentures") as follows:

i) On August 26, 2010, the Company issued convertible debentures to King Place in the principal amount of $10,050,000 with maturity date on February 28, 2011;

ii) On September 23, 2010, the Company issued convertible debentures to King Place in the principal amount of $3,000,000 with maturity date on March 23, 2011; and,

iii) On December 2, 2010, the Company issued convertible debentures to King Place in the principal amount of $10,000,000 with maturity date on May 2, 2011.

All debentures bear coupon rates of 10% per annum and entitle King Place to convert any amounts owing, including accrued interest, under the convertible debentures into common shares of the Company at a price equal to the five-day volume weighted average price at the time of conversion less the maximum discount allowed under the regulation of Toronto Stock Exchange (the "TSX"). However, King Place may not convert any portion of the amounts outstanding hereunder in excess of the amount that would result in the obligation to issue an aggregate number of shares exceeding 58,356,471 common shares without prior approval of disinterested shareholders and TSX.

On December 29, 2010, King Place elected to convert $2,617,288 of its outstanding convertible debentures issued on August 26, 2010 into 58,356,471 common shares of the Company, which represent the maximum conversion shares allowed before obtaining the approval of disinterested shareholders of the Company, at a price of $0.04485 per share.

During the quarter ended March 31, 2011, the Company repaid $10,000,000 convertible debentures. Subsequent to March 31, 2011, the Company received approval from TSX and issued 258,819,703 common shares to King Place to retire the remaining convertible debentures and accrued interest of $11,310,421 at conversion price of $0.0437 per share, which is the price equal to 75% of the volume weighted average price of the Company shares on five trading days (from March 15 to March 21, 2011) pursuant to the terms of the convertible debentures notes.

Under IFRS, the conversion features were determined not to meet the criteria to be recognized as equity instrument, and accordingly, the Company recorded adjustments to reclassify the conversion future of the notes from equity to derivative liabilities and re-measure the carrying value of convertible debentures, which initially measured as the difference between the proceeds of the convertible debentures as a whole and the fair value of the conversion feature, and then subsequently measured at amortized cost using effective interest rate method. The detail adjustments between CGAAP and IFRS are disclosed on note 4 herein.

11. DERIVATIVE INSTRUMENTS

In 2010, the Company entered into forward sales contracts to protect approximately 2.0 million pounds of nickel between US$8.50/lb and US$12.20/lb, which resulted in a loss of $323,806 being recognized in the statement of operations. As at December 31, 2010, a total of 105,822 pounds of nickel forward sales contract remained outstanding. Management estimated that a liability of $373,190, being fair value of the contract, would be realized if the contract was terminated on December 31, 2010.

During the quarter ended March 31, 2011, the Company monetized their forward sales contract position of 105,822 pounds of nickel and recorded a net of loss of $26,325 on those derivative instruments. No forward sales contract remained outstanding as at March 31, 2011.

Under IFRS, the conversion features were determined not to meet the criteria to be recognized as equity instrument, and accordingly, the Company recorded adjustments to reclassify the conversion feature of the notes from equity to derivative liabilities. The conversion features were measured at fair value and any change to the value of the derivative are recorded as gain or loss on the statements of comprehensive loss. During the period ended March 31, 2011, a gain of $253,103 (same period last year - $nil) was recorded due to the change of the fair value of the conversion features. The detail adjustments between CGAAP and IFRS are disclosed on note 4 herein.

12. IN-PROCESS WORKING CAPITAL FACILITY

On April 29, 2009, subsequently amended in June 2009, the Company entered into an agreement with Auramet Trading, LLC (“Auramet”) to maintain a US$5,000,000 In-Process Working Capital Facility (the “Facility”) for the nickel concentrate produced by the Company from the Bucko deposit whereby the Company can draw up to 75% of the prevailing spot price of the estimated quantity of nickel contained in each shipment. Per the Facility, these nickel quantities are forward sold at the prevailing spot prices and settled on delivery. At the end of each quarter, all outstanding sales contracts for the quarter are valued based on the three month forward price and offset against nickel sales. The Facility carries an interest rate of Libor + 6.75% and a fee of 2.5% in cash and 1,000,000 warrants of the Company priced at the weighted average price of the Company’s common stock for the 5 business days preceding the execution of the agreement (issued, at an exercise price of $0.2057 per share) (see Note 12(d)). The grant date fair value of these warrants was estimated at $107,597 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield: 0%; expected volatility: 95%; risk-free interest rate: 1%; and expected life: 2 years.

As at March 31, 2011, the outstanding balance being drawn down from the Facility was $nil (December 31, 2010 - $nil).

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

13. SITE CLOSURE AND RECLAMATION PROVISIONS

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the site closure and reclamation provisions associated with the retirement of the Company's mineral property, plant and equipment:

		March 31, 2011		December 31, 2010		January 1, 2010
Balance, beginning of period	**$**	**823,575**	$	736,014	$	359,000
Additions		**-**		-		616,803
Accretion		**23,472**		79,303		(57,416)
Change in estimates		**-**		8,258		(182,373)
Balance, end of period	**$**	**847,047**	$	823,575	$	736,014

The closure cost estimates are subject to change based on amendments to laws and regulations. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future. The expected timing of payment for settlement of the obligations will be in 2020.

14. CAPITAL STOCK

(a) Authorized

Unlimited common shares without par value
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

(b) Equity Financing

On February 19, 2010, the Company closed a private placement financing by issuing an aggregate of 72,200,000 common shares of the Company at a price of $0.16 per share for gross proceeds of $11,552,000. Pala, through a wholly owned subsidiary, purchased 21,356,250 of the 72,200,000 common shares.

On June 7, 2010, Pala sold all of their 152,311,221 common shares and 50,588,235 warrants of the Company that it held to King Place. Upon completion of this transaction, King Place held more than 30% of the issued and outstanding common shares and all former directors and officers resigned during the year. According to the option plan of the Company, the change of all directors of the Company triggered a change in control and accordingly, all stock options became immediately vested. In addition, $2,986,508 was paid to former directors and officers as a result of the change in control. As at December 31, 2010, King Place held 305,386,442 common shares or 47.6% of the Company's 641,988,262 issued and outstanding shares.

On February 22, 2011, King Place transferred 103,500,000 common shares to Hebei Wenfeng Industrial Company Limited ("Hebei Wenfeng"), an affiliated company of King Place.

On March 7, 2011, the Company completed a private placement financing by issuing an aggregate of 600 million units at a price of $0.05 to raise gross proceeds of $30 million. Each unit consists of one common share and one half of one share purchase warrant and each whole warrant entitles the holder to acquire one additional common share for a period of two years at a price of $0.10.

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

Subsequent to March 31, 2011, the Company issued 258,819,703 common shares to King Place to retire the remaining convertible debentures and accrued interest of $11,310,421 at conversion price of $0.0437 per share.

(c) Share Compensation Plan

The Company has a Share Compensation Plan, approved by the shareholders of the Company, designed to advance the interest of the Company by rewarding performance without the use of cash resources. The Share Compensation Plan is in addition to the Company's stock option plan, and provides that shares issued under the plan since inception together with the number of options outstanding under the stock option plan at that time do not exceed 10% of the Company's issued and outstanding shares. The common shares issued under the plan cannot be sold for a period of twelve months from the date of issue.

The Company has authorized and reserved 2,500,000 common shares to be issued through the Share Compensation Plan in twelve equal instalments at quarterly intervals over a period of three years. During the quarter ended March 31, 2011, no common shares were issued.

(d) Warrants

	March 31, 2011		December 31, 2010	
	Number of Warrants	**Weighted Average Price ($)**	Number of Warrants	Weighted Average Price ($)
Balance, beginning of period	**89,877,623**	**0.24**	93,846,682	0.24
Granted, private placements	**300,000,000**	**0.10**	-	-
Exercised	**-**	**-**	(1,588,259)	0.20
Expired	**-**	**-**	(2,380,800)	0.36
Balance, end of period	**389,877,623**	**0.13**	89,877,623	0.04

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

As at March 31, 2011, the following warrants were outstanding:

Estimated Grant Date Fair Value	Number of Warrants		Exercise Price ($)	Expiry Date
$ 4,569,188	20,000,000		0.21	January 16, 2012
1,196,941	21,411,741		0.20	April 30, 2011
882,353	14,705,882	*	0.21	April 30, 2011
301,612	2,760,000		0.17	April 30, 2011
107,597	1,000,000		0.21	May 25, 2011
2,667,746	30,000,000		0.30	July 23, 2011
7,156,356	300,000,000		0.10	March 4, 2013
$ 16,881,793	389,877,623			

These warrants are exercisable into a unit. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.20 for a period of two years from original date of exercise.

Subsequent to March 31, 2011, a total of 39,877,623 expired unexercised.

(e) Stock Options

The Company has a stock option plan designed to encourage officers, directors, employees and consultants of the Company to have equity participation in the Company through the acquisition of common shares. The Company may issue options to purchase common shares equal to 10% of the issued and outstanding common shares of the Company. Options are non-transferable, non-assignable and may be granted for a term not exceeding five years. The exercise price of the options and vesting provisions, if any, are fixed by the Board of Directors of the Company at the time of grant at a price not below the market price of the common shares at the time of grant, subject to all applicable regulatory requirements.

During the quarter ended March 31, 2011, a total of 10,925,000 (2010 – 5,650,000) stock options were granted to directors, officers, employees and consultants of the Company. These options vest semi-annually in four equal instalments over a two-year period with the first instalment vesting six months after the date of grant. The continuity of stock options issued and outstanding is as follows:

	Number of Options	Weighted Average Price ($)
Outstanding, January 1, 2010	33,530,000	0.400
Granted	6,525,000	0.160
Expired	(2,375,000)	0.400
Forfeited	(2,383,750)	0.220
Outstanding, December 31, 2010	35,296,250	0.320
Granted	10,925,000	0.065
Expired	(27,631,250)	0.330
Outstanding, March 31, 2011	**18,590,000**	**0.150**

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

The Company uses the fair value method of accounting for all stock- based payments to employees, directors and officers. Under this method, the Company recorded a stock compensation expense of $127,251 for the quarter ended March 31, 2011 (2010 - $655,098) with a corresponding credit to contributed surplus. The weighted average grant date fair value of options granted during the quarter ended March 31, 2011 was $0.06 (2010 - $0.10). 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:

	March 31, 2011	March 31, 2010
Weighted average risk-free interest rate	**2.2**	2.7
Weighted average expected life of options	**4 years**	5 years
Weighted average volatility	**100%**	82%
Dividend	**nil**	nil

As of March 31, 2011, the following stock options were outstanding:

Estimated Grant Date Fair Value	Number of Options	Number of Options Exercisable	Exercise Price	Expiry Date
$ 3,446	15,000	15,000	$ 0.300	August 9, 2011
31,394	100,000	100,000	$ 0.365	August 15, 2011
122,426	360,000	360,000	$ 0.405	January 10, 2012
221,490	345,000	345,000	$ 0.940	June 28, 2012
83,475	175,000	175,000	$ 0.710	November 21, 2012
19,140	55,000	55,000	$ 0.520	February 1, 2013
17,950	50,000	50,000	$ 0.540	March 31, 2013
162,235	355,000	355,000	$ 0.690	May 26, 2013
2,450	25,000	25,000	$ 0.150	October 31, 2013
8,905	65,000	65,000	$ 0.200	January 31, 2014
52,745	385,000	385,000	$ 0.200	March 20, 2014
28,851	180,000	180,000	$ 0.240	May 6, 2014
4,103	30,000	30,000	$ 0.200	June 30, 2014
125,244	825,000	825,000	$ 0.210	August 19, 2014
124,448	875,000	875,000	$ 0.220	October 14, 2014
212,021	2,000,000	2,000,000	$ 0.160	January 15, 2015
120,553	1,225,000	1,225,000	$ 0.160	March 15, 2015
54,417	375,000	375,000	$ 0.215	April 12, 2015
11,400	150,000	150,000	$ 0.140	August 26, 2015
3,188	75,000	75,000	$ 0.100	October 15, 2015
416,254	10,925,000	-	$ 0.065	January 10, 2016
$ 1,826,134	**18,590,000**	**7,665,000**		

The weighted average exercise price of stock options that are exercisable as at March 31, 2011 is $0.15 with weighted average contractual life of 2.74 years. Subsequent to March 31, 2011, a total of 360,000 options were forfeited.

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

15. 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 by the related parties. Related party transactions not disclosed elsewhere include the following:

(a) Transactions with Dumas

Dumas, was a related party of the Company as Dumas is a subsidiary of Pala, who was a major shareholder and had two representatives on the Board of Directors of the Company. In June 2010, Pala disposed all its interest in the Company to King Place and Dumas ceased to be a related party of the Company. During the period from January 2010 to June 2010, the Company paid $8,716,086 to Dumas for its mining contracting work provided to the Company. During the year ended December 31, 2010, the Company had transactions with Dumas amounted to $21,036,249 (2009 - $15,551,799). In December 2010, Dumas commenced legal action against the Company for the amount outstanding and in question, and on March 16, 2011, the Company reached a settlement agreement with Dumas to settle the claims from Dumas and the legal action and the lien were discharged during the period ended March 31, 2011.

(b) Transactions with key management

The Company has indentified its directors and certain senior officers as its key management personnel. The Compensation cost for key management personnel is as follows:

	Three months ended March 31,			
		2011		2010
Salaries and fees	**$**	**119,250**	$	230,854
Stock based compensation		**83,863**		260,554
	$	**203,113**	$	491,408

16. FINANCE COSTS

Finance costs comprise the following:

	Three months ended March 31,			
		2011		2010
Interest expenses and bank charges	**$**	**765,215**	$	35,847
Accretion of decommissioning and site restoration provisions		**23,472**		20,997
Loss on sale of short term investment		**1,523**		-
Interest income		**(39)**		(9,256)
	$	**790,171**	$	47,588

(Expressed in Canadian Dollars, except for share amounts - Unaudited)

17. INTEREST IN JOINT VENTURE

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

	Pure Nickel JV	
	March 31, 2011	December 31, 2010
Current assets	**2,310**	2,310
Exploration properties and deferred exploration expenditures	**413,043**	413,043
Current liabilities	**-**	-
Revenues	**-**	-
Expenses	**-**	-
Cash flows from operating activities	**-**	-
Cash flows from investing activities	**-**	-
Cash flows from contributions	**-**	-

Subsequent to March 31, 2011, Pure Nickel Inc, the partner of the Pure Nickel Joint Venture, proposed to dissolve the partnership and requested the all mineral claims Pure Nickel put into the joint venture’s Manibridge Property (“Pure Nickel Claims”) to be restored to Puce Nickel, or the Company acquires all the Pure Nickel Claims. The Company is reviewing the alternatives and a decision has not been made.

18. CONTINGENCIES

a) Outstanding legal issue related to a claim by Met-Chem Canada Inc. (“Met-Chem”) against the Company for the amount of $260,000, plus interest at the Royal Bank of Canada Prime Rate + 2% from March 2009 to date of payment. No formal action commenced by Met-Chem to enforce claim for payment. The Company claims for damages and/or set-off to Met-Chem debt currently under review by counsel.

b) Outstanding legal issue related to a claim by a former employee, who left the Company in 2009, against the Company for damages for alleged wrongful dismissal and alleged payment of a bonus of $30,000. In April 2011, the Company reached an agreement with this former employee by paying $20,000 to settle the claim.

19. SUPPLEMENTAL CASH FLOW INFORMATION

		Three months ended March 31, 2011		Three months ended March 31, 2010
Net change in non-cash working capital				
Decrease in amounts receivables	**$**	**1,338,951**	$	462,792
Increase in inventory		**(91,978)**		(944,997)
Decrease (increase) in prepaid expenses		**96,358**		(210,225)
Decrease in accounts payable and accrued liabilities		**(7,768,009)**		(44,451)
	$	**(6,424,678)**	$	(736,881)

20. SEGMENTED INFORMATION

The Company currently operates in a single reportable segment focused on nickel mining and related activities, including exploration and the extraction and processing of nickel-containing ore. All assets of the Company are located in Canada.

21. SUBSEQUENT EVENT

Subsequent events not disclosed elsewhere herein includes the following:

In May 2011, the Company arranged one year term debt facility of up to US$5,000,000 (the "Loan") with Heibei Wenfeng, the largest shareholders of the Company. The Loan may be drawn down in the option of the Company and bears interest rate at 10% per annum. The Company will also pay 2% of any funds drawn down under the Loan as structuring fee to Hebei Wenfeng.

crowflight minerals inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

for the three months ended March 31, 2011

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 months ended March 31, 2011 and should be read in conjunction with the Company's interim consolidated financial statements for the three months ended March 31, 2011. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A is prepared as of June 10, 2011 and amended on June 16, 2011. All figures are in Canadian dollars unless otherwise indicated. Additional information 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.

HIGHLIGHTS FOR THE PERIOD

- Net loss for the period was $6.0 million or ($0.01) per share compared to loss of $7.2 million or ($0.01) per share in 2010;

- Mine operation at Bucko Lake Mine was temporarily suspended from October 2010 to April 2011 in order to facilitate the introduction of its own underground mining equipment and team and to make readjustments to address certain operational issues. In Q1 2010, the Company produced 141,970 pounds of nickel, sold 117,600 pounds of commercial production nickel and generated total metal revenue of $1.2 million;

- Raised $30 million to bring accounts payable current, acquire mining equipment, and retire convertible debentures. As of the date of the report, a total of $23 million convertible debentures were retired;

- Cash and cash equivalent as at March 31, 2011 was $5.4 million (December 31, 2010 - $4.1 million) and working capital as at March 31, 2011 was deficit of $7.3 million (December 31, 2010 deficit of $24.6 million);

- Mining operation at Bucko Lake Mine resumed in April 2011; and,

- Arranged US$5.0 million debt facility to address any potential issue during the restart of operation at Bucko Lake Mine.

DESCRIPTION OF BUSINESS

Crowflight is focused on nickel mining and related activities, including exploration and the extraction and processing of nickel-containing ore. Crowflight's mineral exploration and development properties are in Canada and the Company is focusing on the Bucko Lake Nickel Mine and the exploration of the Thompson Nickel Belt ("TNB"), both in the Province of Manitoba.

The profitability and operating cash flow of Crowflight are affected by various factors, including the amount of nickel produced, the market prices of nickel, operating costs, regulatory and environmental compliance, the level of exploration and capital expenditures, general and administrative costs, and other discretionary costs. Crowflight is also exposed to fluctuations in currency exchange rates, interest rates, varying levels of taxation that can impact profitability and cash flow. The Company seeks to manage the risks associated with its business operations; however, many of the factors affecting these risks are beyond the Company's control.

OUTLOOK

Since the mining operation at Bucko Lake Mine resumed in April 2011, the operation has been affected by some power outage issues and the delay of mining equipment delivery. As at the day of the report, the power outage issues have been resolved and all major mining equipment has been delivered. The Company is reviewing the restart-up operation at Bucko Lake Mine and will provide revised guidance on its 2011 production target at Bucko Lake once the review is completed.

Capital expenditures at Bucko Lake Mine are budgeted at $15 million, of which $6 million is for the acquisition of mining equipment, and the remaining $9 million for mine development and the upgrade of backfill plant and tailing pond.

The Company also budgeted $3.0 million exploration expenditures, including carrying out extensive drilling program at the Thompson Nickel Belt Exploration Properties with intention to upgrade the mineral resources and assess the economic potential of the M11A zone.

BUSINESS REVIEW

PROPOSED NAME CHANGES AND CONSOLIDATION

In April 2011, the Company proposed to its shareholders to change its name to "Canada Nickel Mining Corp" or other name that is approved by directors and the applicable regulatory authorities, continuance from the Province of Ontario to the Province of British Columbia, and a consolidation of its issued and outstanding common shares on the basis of either one post-consolidated shares for thirty pre-consolidation shares or one post-consolidation share for forty pre-consolidation shares.

All proposals were approved by the shareholders of Company during the annual general and special meeting on May 16, 2011. The Company is in the process to change its name to "CaNickel Mining Limited" and continue to British Columbia, which are expected to be completed in the third quarter of 2011. The board of directors are authorized and empowered, without further approval or authorization of the shareholders of the Company, to take further consideration to maximize the benefit to determine the consolidation ratio and the timing for the consolidation, or to revoke the resolution not to conduct the share consolidation. As of the date of the report, the board of director has not made any further decision on the share consolidation.

BUCKO LAKE MINE - MANITOBA

The operation at Bucko Lake Mine was suspended in October 2010. Since the change of board of directors and management in December 2010, the Company has been devoting substantial efforts and financial resources to address operational issues. During the first quarter ended March 31, 2011, the Company raised gross proceeds of $30.0 million to discharge liens on Bucko Lake Mine, acquire its mining equipment and hire its mining crew in order to bring the Bucko Lake Mine into efficient and steeped up production levels in order to achieve profitable operation.

As of the date of the report, a total of 31,000 tonnes of backfill were caught up, approximately $10 million mining and milling equipment were order, and the manpower at the Bucko Lake Mine is currently in 120 and plus level.

In April 2011, the Company resumed its mining operation at Bucko Lake Mine, but the restart was affected by some power outage issues and the delay of equipment delivery, and the production is not stable, ranging from 100 tonnes per day to 800 tonnes per day when in operation.

As of the date of the report, the power outage issues have been resolved and all major equipment has been delivered. The Company expects that the mining production level will be more stable going forward and the daily mining production level should be at or above 800 tonnes.

THOMPSON NICKEL BELT EXPLORATION PROPERITES (THE “TNB”) - MANITOBA

In January 2011, the Company carried a winter drilling program at two deposits, M11A Deposits and Gonlin Deposits, of the Thompson Nickel Belt Exploration Properties to explore further potential in satellite deposits surrounding the Bucko Lake Mine. A total of 13 holes were completed, and a total of 5,889 meters was drilled throughout the program with 1,149 samples taken at an estimated cost of approximately $1.4 million. The Company is still pending the assay results, and further guidance will be provided when the assay results are available.

During the three months ended March 31, 2011, the Company incurred exploration expenditures of $876,711 at TNB and paid $245,058 to maintain all mineral claims and the option are in good standing.

As of March 31, 2011 the Company has incurred a total of approximately $17.3 million at TNB, and an impairment charge of $3.0 million was taken at TNB.

PURE NICKEL JOINT VENTURE – MANITOBA

Currently, the Company has no exploration plan on the properties covered under the joint venture agreement with Pure Nickel Inc. (“Pure Nickel”) and Pure Nickel has proposed to dissolve the joint venture partnership that all claims Pure Nickel put into the joint venture (“Pure Nickel Claims”) are to be returned to Pure Nickel or the Company acquires all Pure Nickel Claims. The Company is reviewing the proposal from Pure Nickel and no formal decision has been made as of the date of the report.

SUDBURY PROPERTIES – ONTARIO

In the Sudbury Basin, Crowflight maintains an interest in approximately 75.4 square kilometres 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 PGMs); and (2) the Peter’s Roost Property.

AER Kidd Property

The Company maintains a 100% interest in the mining patents associated with this property, but currently has no activity on this property and the value of the property was written off in 2008. Any payment to maintain the property in good standing is to be recorded on the statements of operation.

The Company is reviewing some partner proposals received to advance this project, but no decision has been made as of the date of the report.

Peter's Roost Property

The Company currently has no plan and activity at the Peter's Roost Property.

RESULTS OF OPERATIONS

Net loss in Q1 2011 was $6.0 million, a decrease of $1.2 million, compared to the net loss of $7.2 million in Q1 2010. The decrease was mainly due to decreases in temporary shutdown costs of $0.9 million and salaries, consulting and management fees of $0.8 million.

Revenue in Q1 2011 was $0.2 million for price adjustments realized, compared to revenue of $1.2 million ($0.9 million for nickel revenue and $0.3 million for price adjustments) in Q1 2010, and the decrease of $1.0 million was mainly due to no mining production during current period.

Cost of sales in Q1 2011 was $nil, compared to the cost of sales of $3.9 million in Q1 2010. The decrease was mainly due to no mining production during current period.

Temporary shutdown costs in Q1 2011 were $4.9 million, a decrease of $0.9 million, compared to the temporary shutdown costs of $5.8 million in Q1 2010. The temporary shutdown costs represented three month maintenance expenditures at Bucko Lake Mine.

Finance costs in Q1 2011 were $0.8 million, an increase of $0.75 million, compared to the finance costs of $0.05 million in Q1 2010. The increase was mainly due to interest accrual on convertible debentures of $0.74 million. Finance costs included interest and bank changes of $765,215 (same period last year - $35,847), accretion of site closure and reclamation provisions of $23,472 (same period last year - $20,997), loss on disposal of short term investment of $1,523 (same period last year - $nil) and interest income of $39 (same period last year - $9,256).

General and administration in Q1 2011 were $0.4 million, which was fairly consistent when comparing to $0.3 million in Q1 2010.

Salaries, consulting and management fees in Q1 2011 were $0.2 million, a decrease of $0.8 million, compared to the salaries, consulting and management fees of $1.0 million in Q1 2010. The significant reduction was mainly because the Company eliminated some management positions and reduced the compensation to senior management and directors.

Legal and professional fees in Q1 2011 were $0.07 million, a decrease of $0.03 million, compared to the legal and professional fees of $0.1 million in Q1 2010. The decrease was mainly due to decreases in legal fees.

Shareholder communication and investor relations in Q1 2011 were $0.04 million, a decrease of $0.06 million, compared to $0.1 million in Q1 2010. The decrease was mainly due to less investor relation activities conducted as the primary focus of the Company was to bring the Bucko Lake Mine back to operation.

Net gain on derivative instrument in Q1 2011 was $0.2 million comparing to $nil in Q1 2010. The gain was mainly related to change of the fair value of the conversion feature of the convertible debentures.

Other expenses in Q1 2011 were $0.001 million, a decrease of $0.049 million, compared to $0.05 million in Q1 2010. The other expenses were for expenditures to maintain AER Kidd Property in good standing and the decrease was mainly due to the royalty payment of $0.05 million made in Q1 2010.

Income tax recovery in Q1 2011 was $nil as full allowance to the tax benefits was recorded, while a total of income tax recovery of $3.1 million was recorded in Q1 2010.

LIQUIDITY AND CAPITAL RESOURCES

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 Company's capital consists of common shares and contributed surplus. 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 business.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less depending on the expected timing of expenditures from continuing operations.

During the three months ended March 31, 2011, the Company raised a total of $30 million through a private placement by issuance of 600 million common shares of the Company.

As at March 31, 2011, the Company had cash and cash equivalents of $5.4 million (December 31, 2010 - $4.1 million) and working capital deficit of $7.3 million (December 31, 2010 – deficit of $24.6 million). The Company is also required to spend at least $2.1 million option expenditures at TBN in 2011 to maintain the option in good standing. Management recognizes the needs of additional working capital, and the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation.

The Company does not have unlimited capital resource and has incurred significant loss from its mine operation. As a result, the Company may need to raise additional funds through public or private debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preference, or privileges senior to those of the holders of the Company's common shares. However, there is also no assurance that additional financing will be available or that, if available, can be obtained on terms favourable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay, limit, or eliminate its mining and exploration activities.

In light of the financial difficulties in 2010, management alerts its management strategy to include the reduction of debt through issuance of equity instruments. During three months ended March 31, 2011, the Company completed an equity financing to raise gross proceeds of $30 million, which enabled the Company to have sufficient capital to continue as going concern for the next twelve months. During current period, the Company made repayment of $10 million for its convertible debentures. On April 4, 2011, the Company received approval from TSX and issued 258,819,703 common shares to King Place Enterprises Limited. ("King Place") to retire the remaining convertible debentures and accrued interest of $11,310,421 at conversion price of $0.0437 per share, which is the price equal to 75% of the volume weighted average price of the Company shares on five trading days (from March 15 to March 21, 2011) pursuant to the terms of the convertible debentures notes.

In May 2011, the Company arranged a debt facility of up to US$5 million from Hebei Wenfeng Industrial Group, an affiliated entity of King Place at an annual interest rate of 10% plus 2% restructuring fee on any amount drawn. The debt facility is intended to be used to address any potential issues during the restart-up operation at Bucko Lake Mine.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements include:

Depreciation, depletion and amortization of mineral properties, plant and equipment **-** Mineral properties, plant and equipment comprise a large component of the Company's assets and as such, the depreciation, depletion and amortization of these assets have a significant effect on the Company's financial statements. Upon commencement of commercial production, the Company amortizes the mineral property and mining equipment over the life of the mine based on the depletion of the mine's proven and probable reserves.

The proven and probable reserves are determined based on a professional evaluation using accepted international standards for the assessment of mineral reserves. The assessment involves geological and geophysical studies and economic data and the reliance on a number of assumptions. The estimates of the reserves may change based on additional knowledge gained subsequent to the initial assessment. This may include additional data available from continuing exploration, results from the reconciliation of actual mining production data against the original reserve estimates, or the impact of economic factors such as changes in the price of commodities or the cost of components of production. A change in the original estimate of reserves would result in a change in the rate of depreciation and amortization of the related mining assets and could result in an impairment of the mining assets.

Valuation of mineral properties, plant and equipment **-** The Company undertakes a review of the carrying values of mineral properties, plant, and equipment whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, mineral reserves, future production and sales volumes, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties, plant and equipment and related expenditures.

Income taxes **-** Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (“temporary differences”), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is “probable” that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Stock-based compensation **-** The Company grants stock options to employees of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results. Assumption details are discussed in the notes to the interim consolidated financial statements.

Site closure and reclamation provisions **-** The Company has obligations for site restoration and decommissioning related to its Bucko Lake Mine. The future obligations for mine closure activities are estimated by the Company using mine closure plan or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and governmental regulations, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The site closure and reclamation provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company’s policy for recording site closure and reclamation provisions is to establish provisions for future mine closure costs at the commencement of mining operations based on the present value of the future cash flows required to satisfy the obligations. The amount of the present value of the provision is added to the cost of the related mining assets and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to operating costs. Actual results could differ from estimates made by management during the preparation of these consolidated financial statements, and those differences may be material.

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards

The Company has prepared its March 31, 2011 interim consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants, with an effective transition date of January 1, 2010, including IFRS 1, First time adoption of international financial reporting standards, and IAS 34, Interim financial reporting. The adoption of IFRS has had a material impact on the Company’s financial position and operations, but not business decisions.

Our IFRS conversion team identified three phases to our conversion: scoping and diagnostics, analysis and development, implementation and review. All three phases have now been completed. The adoption of IFRS did not have a significant impact on our information systems for the convergence periods.
We assessed the changes necessitated to maintain the integrity of internal control over financial reporting and disclosure controls and procedures. The extent of the impact on these controls was immaterial. We applied our existing control framework to the IFRS changeover process. All accounting policy changes and financial statement impacts were reviewed by senior management and the Audit Committee of the Board of Directors.

We have assessed the impact of the adoption of IFRS on our key performance indicators. The transition to IFRS did not have a significant impact on our key performance indicators, which include gross profit margin, earnings per share, cash flow from operations and cash costs, other than an impairment charge of $44 million to the Company's Bucko Lake Mine. All analysis and conclusions are based on the IFRSs effective at March 31, 2011. As the IASB currently has various projects on its work plan that might affect our decisions for the financial year 2011, we continue to monitor and assess the impact of these changes.

The Company's IFRS accounting policies are disclosed in Note 3 to the interim consolidated financial statements. The impacts of the transition to IFRS from Canadian GAAP ("CGAAP") and explanation on the adjustments on summarized as follows:

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Consolidated Statements of Changes in Equity

	Note	December 31, 2010	March 31, 2010	January 1, 2010
Total equity - CGAAP		$ 132,429,369	$ 155,917,582	$ 150,000,000
Transitional adjustments				
Share Capital	(d)	(55,291)	-	-
Contributed surplus	(b), (d)	(395,144)	-	(49,113)
Accumulated deficit		(46,371,239)	(975,203)	49,113
Total equity - IFRS		$ 85,607,695	$ 154,942,379	$ 150,000,000

Consolidated Reconciliations from Canadian GAAP to IFRS
Balance Sheet

		At January 1, 2010			
	Note	CGAAP	Effect of Transition to IFRS	Reclassification (f)	IFRS
ASSETS					
Current					
Cash and cash equivalents		$ 10,040,475	$ -	$ -	$ 10,040,475
Receivables and prepaids		-	-	1,426,977	1,426,977
Amounts receivable		1,291,687	-	(1,291,687)	-
Inventory		1,031,734	-	-	1,031,734
Prepaid expenses and deposits		135,290	-	(135,290)	-
		12,499,186	-	-	12,499,186
Non-Current					
Mineral property, plant and equipment		-	-	153,091,031	153,091,031
Property, plant and equipment	(a)	138,568,967	(182,373)	(138,386,594)	-
Exploration and development property and deferred expenditures		14,704,437	-	(14,704,437)	-
Other non-current assets		534,709	-	-	534,709
		$ 166,307,299	$ (182,373)	$ -	$ 166,124,926
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$ 9,282,060	$ -	$ -	$ 9,282,060
Current portion of obligations under capital leases		45,371	-	-	45,371
		9,327,431	-	-	9,327,431
Non-Current					
Obligations under capital leases		61,281	-	-	61,281
Site closure and reclamation provisions	(a)	918,387	(182,373)	-	736,014
Deferred income tax liability		6,000,200	-	-	6,000,200
		16,307,299	(182,373)	-	16,124,926
SHAREHOLDERS' EQUITY					
Share capital		138,758,903	-	-	138,758,903
Contributed surplus	(b)	25,894,525	(49,113)	-	25,845,412
Deficit	(b)	(14,653,428)	49,113	-	(14,604,315)
		150,000,000	-	-	150,000,000
		$ 166,307,299	$ (182,373)	$ -	$ 166,124,926

Consolidated Reconciliations from Canadian GAAP to IFRS
Balance Sheet

	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes (e)	Reclassification (f)	IFRS
		At December 31, 2010				
ASSETS						
Current						
Cash and cash equivalents		$ 4,068,019	$ -	$ -	$ -	$ 4,068,019
Receivables and prepaids		-	-	-	2,143,277	2,143,277
Amounts receivable		1,716,424	-	-	(1,716,424)	-
Inventory		1,464,839	-	-	-	1,464,839
Prepaid expenses and deposits		426,853	-	-	(426,853)	-
		7,676,135	-	-	-	7,676,135
Non-Current						
Mineral property, plant and equipment		-	-	-	109,385,763	109,385,763
Property, plant and equipment	(c),(e)	143,534,339	(44,236,034)	(5,389,668)	(93,908,637)	-
Exploration and development property and deferred expenditures		15,477,126	-	-	(15,477,126)	-
Other non-current assets		1,659,890	-	-	-	1,659,890
		$ 168,347,490	$ (44,236,034)	$ (5,389,668)	$ -	$ 118,721,788
LIABILITIES						
Current						
Accounts payable and accrued liabilities		$ 10,466,215	$ -	$ -	$ -	$ 10,466,215
Convertible debentures	(d)	20,705,694	(150,705)	-	-	20,554,989
Current portion of obligations under capital leases		294,336	-	-	-	294,336
Derivative liabilities	(d)	373,190	582,873	-	-	956,063
		31,839,435	432,168	-	-	32,271,603
Non-Current						
Obligations under capital leases		18,915	-	-	-	18,915
Site closure and reclamation provisions	(a)	997,690	(174,115)	-	-	823,575
Future income tax liability	(c),(e)	3,062,081	(1,617,650)	(1,444,431)	-	-
		35,918,121	(1,359,597)	(1,444,431)	-	33,114,093
SHAREHOLDERS' EQUITY						
Share capital	(d)	153,308,546	(55,291)	-	-	153,253,255
Contributed surplus	(d)	28,000,121	(395,144)	-	-	27,604,977
Deficit		(48,879,298)	(42,426,002)	(3,945,237)	-	(95,250,537)
		132,429,369	(42,876,437)	$ (3,945,237)	-	85,607,695
		$ 168,347,490	$ (44,236,034)	$ (5,389,668)	$ -	$ 118,721,788

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Statements of Comprehensive Loss

		Three Months Ended March 31, 2010				
	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes (e)	Reclassification (f)	IFRS
Revenue						
Nickel sales		$ 893,266	$ -	$ -	$ -	$ 893,266
Pricing adjustments		304,756	-	-	-	304,756
		1,198,022	-	-	-	1,198,022
Cost of goods sold						
Cash cost		3,867,822	-	-	-	3,867,822
Depreciation, depletion and amortization		36,432	-	-	-	36,432
		(2,706,232)	-	-	-	(2,706,232)
Temporary shutdown costs	(e)	4,480,891	-	1,347,417	-	5,828,308
Loss from mine operations		(7,187,123)	-	(1,347,417)	-	(8,534,540)
Salaries, consulting and management fees		-	-	-	(1,035,088)	(1,035,088)
General and administration		(192,804)	-	-	(142,508)	(335,312)
Shareholder communications and investor relations		(134,919)	-	-	-	(134,919)
Legal and professional fees		-	-	-	(132,452)	(132,452)
Other expenses		(51,771)	-	-	-	(51,771)
Finance costs		-	-	-	(47,588)	(47,588)
Professional, Consulting and management fees	(b)	(1,179,818)	12,278	-	1,167,540	-
Foreign exchange loss		(110,073)	-	-	110,073	-
Interest expenses and bank charges		(35,847)	-	-	35,847	-
Travel		(32,234)	-	-	32,234	-
Accretion	(a)	(19,826)	(1,171)	-	20,997	-
Amortization		(201)	-	-	201	-
Interest income		9,256	-	-	(9,256)	-
Loss before income taxes		(8,935,360)	11,107	(1,347,417)	-	(10,271,670)
Deferred tax recovery	(e)	2,716,575	-	361,107	-	3,077,682
Net loss and Comprehensive loss for the period		(6,218,785)	11,107	(986,310)	-	(7,193,988)

Consolidated Reconciliations from Canadian GAAP to IFRS
Interim Statements of Comprehensive Loss

	Note	CGAAP	Effect of Transition to IFRS	Accounting Changes (e)	Reclassification (f)	IFRS
		Year ended December 31, 2010				
Revenue						
Nickel sales		$ 22,096,755	$ -	$ -	$ -	$ 22,096,755
Pricing adjustments		869,451	-	-	-	869,451
		22,966,206	-	-	-	22,966,206
Cost of goods sold						
Cash cost		38,324,959	-	-	-	38,324,959
Depreciation, depletion and amortization	(e)	3,568,633	-	2,120,691	-	5,689,324
		(18,927,386)	-	(2,120,691)	-	(21,048,077)
Temporary shutdown costs	(e)	9,101,782	-	3,268,977	-	12,370,759
Loss from mine operations		(28,029,168)	-	(5,389,668)	-	(33,418,836)
Salaries, consulting and management fees		-	-	-	(5,864,250)	(5,864,250)
General and administration		(501,391)	-	-	(99,131)	(600,522)
Legal and professional fees		-	-	-	(492,922)	(492,922)
Shareholder communications and investor relations		(341,379)	-	-	-	(341,379)
Finance costs		-	-	-	(1,631,331)	(1,631,331)
Loss on derivative instrument	(d)	(323,806)	232,056	-	-	(91,750)
Other expenses		(151,771)	-	-	-	(151,771)
Loss on disposal of property, plant and equipment		(445,000)	-	-	445,000	-
Professional, Consulting and management fees	(b)	(6,308,059)	(49,113)	-	6,357,172	-
Interest expenses and bank charges	(d)	(894,234)	(213,789)	-	1,108,023	-
Impairment charges of long live assets	(c)	-	(44,053,661)	-	-	(44,053,661)
Travel		(98,528)	-	-	98,528	-
Accretion	(a)	(79,303)	(8,258)	-	87,561	-
Amortization		(603)	-	-	603	-
Interest income		9,253	-	-	(9,253)	-
Loss before income taxes		(37,163,989)	(44,092,765)	(5,389,668)	-	(86,646,422)
Deferred tax recovery	(c),(e)	2,938,119	1,617,650	1,444,431	-	6,000,200
Net loss and Comprehensive loss for the year		(34,225,870)	(42,475,115)	(3,945,237)	-	(80,646,222)

(a) Site closure and reclamation provisions

Significant changes from the CGAAP method of accounting for site closure and reclamation provisions in comparison to IAS 37 include the periodic re-assessment of discount rates and inflation rates in the measurement of decommissioning and site restoration. In addition, the layer approach under CGAAP is no longer applied. The effect of these changes on the transition date is a reduction of $182,373 to both of the site closure and reclamation provisions and the value of property, plant and equipment. During the quarter ended March 31, 2010, the increase in accretion expense recorded based on the restated site closure and reclamation provisions was $1,171, and the increase in depreciation expense recorded based on the restated mineral property associated with the adjustments to the site closure and reclamation provisions was $8,258.

(b) Stock based compensation

In accordance with IFRS 2, the Company now recognizes a forfeiture rate in its initial recognition of the stock option grant. Applied retroactively the effect of this change had a $49,113 decrease on contributed surplus as at the date of transition. The impact of this change resulted in a $12,278 decrease on comprehensive loss for the three months ended March 31, 2010, and an increase of $49,113 on comprehensive loss for the year ended December 31, 2010.

(c) Impairment of mineral properties, plant and equipment

Under Canadian GAAP impairment of a non-current asset is initially assessed on an undiscounted cash flow basis. If the carrying value exceeds the aggregate undiscounted cash flows, an impairment loss is measured as the amount by which the carrying value exceeds fair value. Under IFRS, impairment testing and loss recognition is based on discounted cash flows. Impairment losses are recognized when the carrying value exceeds the recoverable amount.

The Company elected, under IFRS 1, to use the written-down carrying amount ("Fair Value") of the Company's Bucko Lake Mine, which including the acquisition costs and development costs of Bucko Lake Mine and plant and equipment used at Bucko Lake Mine as measured under Canadian GAAP at December 31, 2009 as the deemed cost of Bucko Lake Mine on January 1, 2010. During the year ended December 31, 2010, the Company temporarily suspended the operation at Bucko Lake Mine in order to facilitate the introduction of its own mining equipment and mining crew and make readjustments to address certain operation issues. Accordingly, the Company performed an impairment assessment as at December 31, 2010 in accordance with IFRS and as a result an impairment charge of $44,053,661 was recognized for the year ended December 31, 2010. The impairment charge was determined by discounting estimated future cash flows using a discount rate of 10%. The tax effect of this impairment was a creation of a tax asset of approximately $11.8 million, but only partial of the tax asset was recognized to bring the deferred tax liabilities to zero, and an allowance to the remaining tax asset was recorded.

(d) Convertible Debenture

Under IFRS, the conversion feature of convertible financial instrument is presumed to be classified as financial liabilities unless it meets all the criteria to recognize as equity instrument under IAS 32, and the conversion feature must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible debentures as a whole and the fair value of the conversion feature. Transaction costs are allocated to the debt and derivative components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to the derivative component are expensed, while cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate. Subsequent to initial recognition, the derivative component is re-measured at fair value at the end of each reporting period while the debt component is accreted to the face value of the debt using the effective interest method.

In 2010, the Company issued three convertible debenture notes, which had conversion features to allow the holder of the debentures to convert the debentures into common shares of the Company based on five-business-day-volume-weighted-average price prior to the election of conversion less 25% discount. Given the conversion price is not fixed on the inception date and the number of shares the Company may deliver vary depending on the trading prices around the date of conversion, the conversion feature does not meet the criteria to be recognized as equity instrument, and accordingly, the Company recorded adjustments to

i) Reclassify the conversion feature of the notes from equity to derivative liabilities;
ii) Re-measure the proceeds allocated to the debt and derivative components on initial recognition;
iii) Expense the transaction costs allocated to the derivative component;
iv) Capitalize the transaction costs allocated to the debt component against the carrying amount of the liabilities; and,
v) Re-measure the derivative component at fair value at each reporting dates.

There was no adjustments made to the opening balances as at transition date and for the three months ended March 31, 2010 as the convertible debentures were issued after those periods. The impacts of the adjustments as at December 31, 2010 were to increase derivative liabilities by $582,873, decrease convertible debentures by $150,705, decrease share capital by $55,291, decrease contributed surplus by $395,144, and decrease deficit by $18,267.

(e) Accounting Changes

Upon conversion to IFRS, the Company reviewed the amortization method of the mineral property, plant and equipment in accordance with IAS16 and decided to change the amortization method of the plant and equipment used at the Bucko Lake Mine to straight line method from unit of production method effective January 1, 2010. The change was accounted for as a change in estimate and applied prospectively in accordance with IAS8. The impact of this change in amortization method was that additional $1,347,417 and $5,389,668 amortization expenses were recorded for the three months ended March 31, 2010 and for the year ended December 31, 2010 respectively. The tax effect of this adjustment was that tax recoveries of $361,107 and $1,444,431 were recorded for the three months ended March 31, 2010 and for the year ended December 31, 2010.

(f) Reclassification

Certain accounts and figures presented under CGAAP have been regrouped and reclassified to conform to the current presentation under IFRS.

NEW ACCOUNTING PRONOUNCEMENTS

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – *Income taxes* that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Joint ventures

The IASB issued Exposure Draft 9 – *Joint Arrangements* ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced redeliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 - *Consolidated and Separate Financial Statements* and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial instruments

The IASB intends to replace IAS 39-*Financial Instruments: Recognition and Measurement* ("IAS 39") in its entirety with IFRS 9-*Financial Instruments* ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

RISK MANAGEMENT

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of nickel and credits from the sale of cobalt, copper, and platinum; credit risk in the normal course of dealing with other companies; foreign exchange risk as all revenue of the Company is in US dollars; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political risks; and environmental risks and risks related to its relations with employees. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. For a complete discussion of the risks, refer to the Company's annual management discussion and analysis for the year ended December 31, 2010 and its 2010 Annual Information Form, available on the SEDAR website, www.sedar.com.

QUARTERLY FINANCIAL RESULTS

IFRS basis
Quarters ended

	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Revenue	$ 237,582	$ 3,595,898	$ 8,496,918	$ 9,675,368	$ 1,198,022
Cost of goods sold	-	(3,309,046)	(21,909,428)	(14,891,555)	(3,904,254)
	237,582	286,852	(13,412,510)	(5,216,187)	(2,706,232)
Temporary shutdown costs	(4,899,849)	(6,542,451)	-	-	(5,828,308)
Other items	(1,292,792)	(47,780,194)	(2,722,155)	(988,107)	(1,737,130)
Loss before taxes	(5,955,059)	(54,035,793)	(16,134,665)	(6,204,294)	(10,271,670)
Deferred tax recovery	-	1,236,275	1,378,539	307,704	3,077,682
Net loss	$ (5,955,059)	$ (52,799,518)	$ (14,756,126)	$ (5,896,590)	$ (7,193,988)
Loss per share - basis and diluted	$ (0.01)	$ (0.09)	$ (0.03)	$ (0.01)	$ (0.01)

Canadian GAAP basis
Quarters ended

	December 31, 2009	September 30, 2009	June 30, 2009
Revenue	$ 2,438,944	$ 2,284,493	$ 2,007,450
Cost of goods sold	(4,749,922)	(3,151,257)	(2,781,306)
	(2,310,978)	(866,764)	(773,856)
Temporary shutdown costs	(2,561,917)	(2,381,083)	-
Other items	(35,959,861)	(1,966,990)	(2,419,751)
Loss before taxes	(40,832,756)	(5,214,837)	(3,193,607)
Income tax recovery (expense)	18,500,059	2,308,970	(71,900)
Net loss	$ (22,332,697)	$ (2,905,867)	$ (3,265,507)
Loss per share - basis and diluted	$ (0.06)	$ (0.01)	$ (0.01)

In Q4 2010, the Company suspended the mine operation at Bucko Lake Mine resulted in an additional temporary shutdown costs of $6.5 million. In Q4 2010, the Company also incurred a change of control payout of approximately $2.4 million. As a result of IFRS transition, the Company recorded additional $44.1 million impairment loss on mineral property, plant and equipment.

The net loss in Q3 and Q2, 2010 resulted from lower than expected production and higher than expected mining and milling costs.

The net loss in Q1 2010 resulted from lower than expected production and higher than expected restart costs and plant maintenance.

The net loss in Q4 2009 resulted primarily from an impairment provision of $33.7 million on certain of the Company's property, plant and equipment and exploration and development property and deferred expenditures.

Net income earned in Q1 2009 resulted from realized net gains on the monetization of forward nickel and currency contracts, net of future income taxes.

ANNUAL INFORMATION

	Years ended December 31		
	2010	2009**	2008**
Total assets	**$ 118,721,788**	$ 166,307,299	$ 177,875,471
Shareholders' equity	**85,607,695**	150,000,000	130,047,448
Dividend declared	**-**	-	-
Revenue	**22,966,206**	6,730,887	-
Gross margin	**(21,048,077)**	(3,951,598)	-
Temporary shutdown costs	**(12,370,759)**	(4,943,000)	-
Other items	**(53,227,586)**	(39,089,418)	52,955,399
Income tax recovery (expense)	**6,000,200**	21,003,129	(18,476,000)
Net income (loss)	**(80,646,222)**	(26,980,887)	34,479,399
Earning (loss) per share - basis & diluted	**$ (0.14)**	$ (0.07)	$ 0.13

** 2008 and 2009 annual results are recorded in accordance with Canadian GAAP.

In June 2009, the Company declared commercial production at Bucko Lake Mine. The $34.5 million net income recorded in 2008 was mainly due to a gain on derivative instruments of $70.6 million recorded in 2008.

CASH FLOWS

Cash used in operating activities in Q1 2011 was $10.9 million compared to a total of $8.9 million in Q1 2010. Before net change in non-cash working capital, which used cash of $6.4 million (2010 - $0.7 million), cash used in operation was $4.5 million (2010 - $8.2 million). The decreases in cash used in operation activities were mainly because the Company made substantial payments to settle suppliers' claims and bring accounts payable current.

Cash provided from financing activities in Q1 2011 was $16.1 million compared to a total of $11.4 in Q1 2010. In Q1 2011, the Company received net proceeds of $26.9 million (2010 - $11.4 million) from equity financing offset by a repayment of $10 million convertible debentures.

Cash used in investing activities in Q1 2011 was $3.8 million compared to a total of $3.3 million in Q1 2010. The increase of cash used in investing activities was mainly due to the acquisition of mining equipment and more exploration activities conducted during the period.

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 by the related parties. Related party transactions not disclosed elsewhere include the following:

(a) Transactions with Dumas

Dumas, was a related party of the Company as Dumas is a subsidiary of Pala, who was a major shareholder and had two representatives on the Board of Directors of the Company. In June 2010, Pala disposed all its interest in the Company to King Place and Dumas ceased to be a related party of the Company. During the period from January 2010 to June 2010, the Company paid $8,716,086 to Dumas for its mining contracting work provided to the Company. During the year ended December 31, 2010, the Company had transactions with Dumas amounted to $21,036,249 (2009 - $15,551,799). In December 2010, Dumas commenced legal action against the Company for the amount outstanding and in question, and on March 16, 2011, the Company reached a settlement agreement with Dumas to settle the claims from Dumas and the legal action and the lien were discharged during the period ended March 31, 2011.

(b) Transactions with key management

The Company has indentified its directors and certain senior officers as its key management personnel. The Compensation cost for key management personnel is as follows:

	Three months ended March 31,			
		2011		2010
Salaries and fees	**$**	**119,250**	$	230,854
Stock based compensation		**83,863**		260,554
	$	**203,113**	$	491,408

CONTINGENCIES

a) Outstanding legal issue related to a claim by Met-Chem Canada Inc. ("Met-Chem") against the Company for the amount of $260,000, plus interest at the Royal Bank of Canada Prime Rate + 2% from March 2009 to date of payment. No formal action commenced by Met-Chem to enforce claim for payment. The Company claims for damages and/or set-off to Met-Chem debt currently under review by counsel.

b) Outstanding legal issue related to a claim by a former employee (the "plaintiff"), who left the Company in 2009, against the Company for damages for alleged wrongful dismissal and alleged payment of a bonus of $30,000. The Company reached an agreement with the plaintiff in June 2011 and will pay $20,000 to the plaintiff to settle his claims.

OUTSTANDING SHARE DATA

As at June 10, 2011, a total of 1,500,807,965 common shares of the Company were issued and outstanding. Of the options to purchase common shares issued to directors, officers, employees, and consultants of the Company under the share option plan, 18,230,000 remain outstanding with exercise prices ranging from $0.065 to $0.94, with expiry dates ranging between August 9, 2011 and January 10, 2016.

As at June 10, 2011, a total of 350,000,000 share purchase warrants and broker options were outstanding with an exercise prices ranging from $0.10 to $0.30 expiring between July 23, 2011 and March 4, 2013.

OFF BALANCE SHEET ITEMS

There are no off balance sheet items.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management's Report on Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of disclosure controls and internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three months ended March 31, 2011.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. However, the Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud or on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in the Company's internal control over financial reporting during the three month period ended March 31, 2011 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 nickel and other minerals; foreign exchange rates; 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 nickel 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.