crowflight minerals inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three months ended March 31, 2008

(a development stage company)

-- unaudited --

Q1 2008

CONSOLIDATED BALANCE SHEETS
As at

	March 31, 2008 (unaudited)	December 31, 2007 (audited)
ASSETS		
Current		
Cash and cash equivalents	$ **11,167,522**	$ 9,004,788
Amounts receivable	**974,916**	1,281,466
Prepaid expenses and deposits	**400,046**	276,164
	12,542,484	10,562,418
Deposits and advances	**498,709**	952,263
Equipment (Note 5)	**92,888**	102,769
Exploration property, plant and equipment and deferred exploration expenditures (Note 6)	**93,374,336**	76,596,884
	$ **106,508,417**	$ 88,214,334
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ **11,022,196**	$ 8,465,682
Current portion of long term debt (Note 8)	**7,626,070**	
Equipment leases (Note 7)	**161,747**	188,856
	18,810,013	8,654,538
Long term debt (Note 8)	**6,457,521**	-
Asset retirement obligations (Note 9)	**338,000**	331,000
Future income tax liability	**5,980,000**	2,490,000
	31,585,534	11,475,538
SHAREHOLDERS' EQUITY		
Common Shares (Note 10(a))	**83,585,593**	86,671,512
Warrants (Note 10(b))	**5,631,812**	2,025,712
Contributed surplus (Note 10(d))	**10,697,813**	10,193,512
Deficit	**(24,992,335)**	(22,151,940)
	74,922,883	76,738,796
	$ **106,508,417**	$ 88,214,334

Commitments and Contingencies (Notes 1 and 12)
Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Michael Hoffman", Director

"Bruce Humphrey", Director

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

	Common Shares		Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	$	$	$	$	$
Balance, December 31, 2006	198,518,056	58,437,271	1,773,748	6,328,590	(17,686,671)	48,852,938
Private placement	28,125,000	25,000,000				25,000,000
Value of warrants granted on private placement		(1,359,375)	1,359,375			-
Exercise of warrants and broker warrants	20,192,931	8,372,749				8,372,749
Valuation allocation on exercise of warrants		1,548,505	(1,548,505)			-
Exercise of stock options	1,117,500	325,788				325,788
Valuation allocation on exercise of stock options		281,731		(281,731)		-
Shares issued for property acquisition	2,025,000	1,896,500				1,896,500
Expiry of warrants			(106,500)	106,500		-
Stock based compensation				4,040,153		4,040,153
Flow through share tax effect		(5,782,788)				(5,782,788)
Value of broker warrants			547,594			547,594
Share issue costs		(2,048,869)				(2,048,869)
Loss for the period					(4,465,269)	(4,465,269)
Balance, December 31, 2007	249,978,487	86,671,512	2,025,712	10,193,512	(22,151,940)	76,738,796
			-			
Value of warrants granted related to debt facility			3,719,479			3,719,479
Exercise of warrants and broker warrants	1,049,624	413,227				413,227
Valuation allocation on exercise of warrants		113,379	(113,379)			-
Exercise of stock options	73,750	22,219				22,219
Valuation allocation on exercise of stock options		18,256		(18,256)		-
Stock based compensation				522,557		522,557
Flow through share tax effect		(3,653,000)				(3,653,000)
Loss for the period					(2,840,395)	(2,840,395)
Balance, March 31, 2008	**251,101,861**	**83,585,593**	**5,631,812**	**10,697,813**	**(24,992,335)**	**74,922,883**

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the three months ended March 31,

(UNAUDITED - prepared by management)

		2008		2007
Expenses				
Professional, consulting and management fees (Note 10(c))	$	**719,341**	$	707,473
Shareholder communications and investor relations		**89,840**		88,158
General and office		**72,288**		24,200
Travel		**57,544**		16,407
Amortization		**2,686**		1,295
Interest expenses and bank charges		**2,407**		1,135
		944,106		838,668
Loss before the undernoted		**(944,106)**		(838,668)
Interest income		**51,686**		109,750
Interest on long term debt		**(63,070)**		-
Debt facility transaction costs		**(2,040,905)**		
Accretion of asset retirement obligations (Note 9)		**(7,000)**		-
Loss before income taxes		**(3,003,395)**		(728,918)
Income tax recovery		**163,000**		-
Loss for the period		**(2,840,395)**		(728,918)
DEFICIT, beginning of period		**(22,151,940)**		(17,686,671)
DEFICIT, end of period	**$**	**(24,992,335)**	$	(18,415,589)
Loss per share - basic and diluted	**$**	**(0.01)**	$	(0.00)
Weighted average number of shares basic and diluted		**250,608,767**		199,482,172

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31,
(UNAUDITED - prepared by management)

		2008		2007
OPERATING ACTIVITIES:				
Net loss for the period	$	(2,840,395)	$	(728,918)
Charges not affecting cash:				
Amortization		2,686		1,295
Stock-based compensation expense (Note 10(c))		522,557		667,338
Accretion of asset retirement obligations (Note 9)		7,000		-
Debt facility transaction costs		2,040,905		-
Future income tax recovery		(163,000)		-
Net change in non-cash working capital		(452,465)		(568,693)
		(882,712)		(628,978)
FINANCING ACTIVITIES:				
Debt facility, net of transaction costs		15,917,649		-
Shares issued from exercise of warrants and options		435,447		1,668,188
Payments on capital lease		(27,109)		-
		16,325,987		1,668,188
INVESTING ACTIVITIES:				
Exploration property, plant and equipment, and deferred exploration expenditures		(16,770,258)		(5,095,295)
(Increase) decrease in deposits and prepaid exploration expenditure		-		441,432
(Decrease) increase in accounts payable attributable to property exploration		3,489,717		1,451,320
Property, plant and equipment		-		(8,378)
		(13,280,541)		(3,210,921)
CHANGE IN CASH AND CASH EQUIVALENTS		2,162,734		(2,171,711)
CASH AND CASH EQUIVALENTS, beginning of period		9,004,788		13,800,920
CASH AND CASH EQUIVALENTS, end of period	$	11,167,522	$	11,629,209
Cash and cash equivalents consists of:				
Cash		9,186,268		1,266,254
Equivalents		1,981,254		10,362,955
	$	11,167,522	$	11,629,209
SUPPLEMENTAL INFORMATION:				
Warrants granted related to debt facility (Note 8)	$	3,719,479	$	374,875
Amortization of assets deferred to exploration properties	$	7,194	$	5,575
Interest received	$	58,411	$	105,302
Interest paid	$	157,393	$	479
Income taxes paid	$	-	$	-

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies

Basis of consolidation

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

New accounting pronouncements:

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

(i) Capital Disclosures

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

(ii) Financial Instruments - Disclosures and Presentation

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

3. CAPITAL MANAGEMENT

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

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

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

There were no changes in the Company's approach to capital management during the three months ended March 31, 2008.

4. FINANCIAL RISK FACTORS

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

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, the Company had a cash and cash equivalents balance of $11,167,522 (December 31, 2007 - $9,004,788) to settle current liabilities of $18,987,013 (December 31, 2007 - $8,654,538). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

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

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices, specifically nickel prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company’s future mining operations will be significantly affected by changes in the market prices for nickel. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company’s control. The supply and demand for nickel, the level of interest rates, the rate of inflation, investment decisions by large holders of nickel and stability of exchange rates can all cause significant fluctuations in nickel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. As a result of the long-term debt facility, the Company is required to hedge 30% of production over the four year term of the debt facility. In addition, the Company may implement a price protection program for all or a portion of production.

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

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

As at March 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

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

The Company carries long term debt on which interest is payable based on fluctuations in LIBOR. A 1% increase or decrease in LIBOR based on the loan balance at March 31, 2008 will generate monthly fluctuations in interest expense of $15,000. The Company intends to draw down the full amount of the loan facility, $55,000,000, where fluctuations of 1% will generate monthly increases or decreases of $46,000.

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

The Company intends to begin production later this year. As required by the terms of the loan facility agreement, the Company will be required to enter into a Metals Price Protection Program, a nickel hedging program implemented by the Company and the financier for 30% of production over the four year term of the debt facility.

5. EQUIPMENT

	2008			2007
	Cost	Accumulated Amortization	Net	Net
	$	$	$	$
Computers	85,855	(72,865)	12,990	16,194
Furniture	10,755	(5,399)	5,356	6,444
Field equipment	104,760	(37,183)	67,577	72,362
Vehicles	12,858	(5,893)	6,965	7,769
	214,228	(121,340)	92,888	102,769

During the first quarter of 2008, $2,686 (2007 - $1,295) in amortization was charged to operations and $7,194 (2007 - $5,575) in amortization was charged to deferred exploration expenditures related to assets used in exploration.

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

	MANITOBA				SUDBURY			
	BUCKO PROJECT	BUCKO FEASIBILITY AND EXPLORATION	THOMPSON NICKEL BELT	OTHER	AER KIDD	PETERS ROOST	OTHER	TOTAL
	($)	($)	($)	($)	($)	($)	($)	($)
Balance, January 1, 2008	35,313,912	22,353,809	12,752,670	131,475	5,244,395	797,361	3,262	76,596,884
Acquisition or property maintenance costs		306,684	22,591	-	51,614	-	-	380,889
Project capital costs	7,755,068		-	-	-	-	-	7,755,068
Project development costs	5,727,803							5,727,803
Exploration costs	463,708		2,492,190	158	460	-	-	2,956,516
less: government assistance	-		(42,824)	-	-	-	-	(42,824)
Balance, March 31, 2008	49,260,491	22,660,493	15,224,627	131,633	5,296,469	797,361	3,262	93,374,336

MANITOBA

Bucko Deposit and Thompson Nickel Belt

Throughout the quarter ending March 31, 2008, the Company continued their efforts in developing the Bucko Deposit. The Company incurred $13.5 million in expenditure on capital, and surface and underground development of the Bucko deposit. As well, the Company made a payment of $300,000 per the terms of the Lease Transfer agreement with Xstrata Nickel Inc. to buy out a 2% NSR Royalty.

The Company also received $42,824 (Q1 2007 - $99,906) in government assistance related to its exploration expenditures which has been applied directly against this expenditure.

Pure Nickel Joint Venture

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

In addition, Pure Nickel will be able to earn a 50% interest in a block of claims surrounding the joint venture claims by spending $1,500,000 in exploration expenditures over 3 years. The Company will also have the right to permit, operate and close the historic tailings facility in the joint venture.

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

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

SUDBURY

AER Kidd Property

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

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

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

7. CAPITAL LEASE OBLIGATION

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

As at March 31, 2008, the future minimum lease payments under the capital lease arrangement were $163,153, which includes interest of $1,406 and a current obligation of $161,747.

8. LONG TERM DEBT

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

8. LONG TERM DEBT (continued)

A total of 17,324,786 warrants were issued to RMB with an exercise price of approximately $0.64 per share in connection with this debt facility, where 16,324,786 warrants have a term of 36 months ("T1 Warrants"). The proceeds of this conversion are expected to be used to pay off the First Tranche Secured Loan of $10 million. The remaining 1,000,000 warrants ("Bridging Facility Warrants") have a term of 24 months. The value of these warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend – 0%; expected volatility – 71%; risk-free interest rate – 3.2%; expected life – 2 and 3 years. A value of $3,542,479 related to the T1 Warrants was recorded against the long term portion of the loan facility, while $177,000 related to the Bridging Facility Warrants was recorded against the current portion of the loan facility. Transaction costs, such as legal fees and agent fees, related to this debt facility totalled $2,040,905 and were expensed to the Statement of Operations for the quarter ended March 31, 2008.

During the first quarter of 2008, the Company drew down $17,740,000 of the $55,000,000 available. Of this portion, $7,740,000 was classified as current.

9. ASSET RETIREMENT OBLIGATIONS

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

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

	2008 $	2007 $
Balance, beginning of period	331,000	-
Liabilities incurred	-	331,000
Accretion expense	7,000	-
Balance, end of period	338,000	331,000

The Company has estimated the present value of its total asset retirement obligations to be $338,000 (2007 – $331,000) at March 31, 2008 based on a total future liability estimated to be approximately $632,000 (2007 - $632,000) and a credit adjusted risk-free rate of 8.4% (2007 – 8.4%). Reclamation is expected to take place in 2015.

10. CAPITAL STOCK

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

a) Common shares issued	Shares		Value
Balance, December 31, 2006	198,518,056	$	58,437,271
Private placement, flow through	12,500,000		12,500,000
Private placement, non flow through	15,625,000		12,500,000
Value of warrants granted	-		(1,359,375)
Exercise of warrants	20,192,931		8,372,749
Exercise of warrants - warrant valuation	-		1,548,505
Exercise of options	1,117,500		325,788
Exercise of options - option valuation	-		281,731
Property acquisition	2,025,000		1,896,500
Cost of issue, not of income taxes	-		(2,048,869)
Flow-through shares tax effect	-		(5,782,788)
Balance, December 31, 2007	249,978,487	$	86,671,512
Exercise of warrants	1,049,624		413,227
Exercise of warrants - warrant valuation	-		113,379
Exercise of options	73,750		22,219
Exercise of options - option valuation	-		18,256
Flow-through shares tax effect	-		(3,653,000)
Balance, March 31, 2008	**251,101,861**	**$**	**83,585,593**

b) Warrants

	March 31, 2008		December 31, 2007	
	Number of warrants	**Weighted Average price ($)**	Number of warrants	Weighted Average price ($)
Balance, beginning of period	**11,248,650**	**1.03**	22,308,769	0.42
Granted, private placements	-	-	7,812,500	1.15
Granted, broker warrants	-	-	2,320,312	0.92
Granted, facility loan	**17,324,786**	**0.64**	-	-
Exercised	**(1,049,624)**	**0.39**	(20,192,931)	0.41
Expired or cancelled	**-**	**-**	(1,000,000)	0.55
Balance, end of period	**27,523,812**	**0.81**	11,248,650	1.03

10. CAPITAL STOCK (continued)

As at March 31, 2008, the following warrants were outstanding:

Value ($)	Number of Warrants	Exercise Price ($)	Expiry Date
5,363	66,214	0.50	30-Apr-08
413,016	1,546,875	0.80	12-Apr-08
177,000	1,000,000	0.64	13-Feb-10
3,542,479	16,324,786	0.64	13-Feb-11
134,579	773,437	1.15	12-Apr-08
1,359,375	7,812,500	1.15	12-Apr-08
5,631,812	27,523,812		

c) Stock Options

The following are the stock option transactions during the period:

	March 31, 2008			December 31, 2007		
	Number of options		Average price	Number of options		Average price
Balance, beginning of period	21,510,000	$	0.54	9,070,000	$	0.27
Granted	335,000	$	0.22	13,885,000	$	0.71
Exercised	(73,750)	$	0.21	(1,117,500)	$	0.29
Expired or cancelled	(226,250)	$	0.63	(327,500)	$	0.64
Balance, end of period	21,545,000	$	0.54	21,510,000	$	0.54

10. CAPITAL STOCK (continued)

c) Stock Options (continued)

As of March 31, 2008, the following stock options were outstanding:

Value ($)	Number of Options	Number of Options Exercisable	Exercise Price ($)	Expiry Date
811,200	2,000,000	2,000,000	$ 0.200	June 5, 2008
10,140	25,000	25,000	$ 0.350	June 5, 2008
40,560	100,000	100,000	$ 0.560	November 21, 2008
20,280	50,000	50,000	$ 0.700	November 17, 2008
50,700	125,000	125,000	$ 0.620	December 11, 2008
14,925	75,000	75,000	$ 0.620	June 17, 2009
175,000	875,000	875,000	$ 0.245	October 12, 2009
14,850	50,000	50,000	$ 0.390	October 20, 2009
19,600	100,000	100,000	$ 0.300	January 10, 2010
39,800	200,000	200,000	$ 0.280	February 14, 2010
19,800	100,000	100,000	$ 0.290	February 21, 2010
235,000	1,000,000	1,000,000	$ 0.330	March 1, 2010
7,100	50,000	50,000	$ 0.200	July 14, 2010
491,292	2,497,500	2,497,500	$ 0.225	March 13, 2011
84,740	350,000	306,250	$ 0.280	July 5, 2011
3,446	15,000	15,000	$ 0.300	August 9, 2011
30,903	100,000	87,500	$ 0.365	August 15, 2011
43,603	150,000	131,250	$ 0.350	September 28, 2011
970,138	3,027,500	2,243,750	$ 0.405	January 10, 2012
57,364	150,000	93,750	$ 0.500	February 20, 2012
250,000	1,000,000	1,000,000	$ 0.600	March 30, 2009
222,000	1,000,000	1,000,000	$ 0.700	March 30, 2009
198,000	1,000,000	1,000,000	$ 0.800	March 30, 2009
178,000	1,000,000	1,000,000	$ 0.900	March 30, 2009
161,000	1,000,000	1,000,000	$ 1.000	March 30, 2009
138,600	200,000	200,000	$ 1.020	April 9, 2012
1,416,642	2,700,000	1,650,000	$ 0.940	June 28, 2012
443,776	1,500,000	562,500	$ 0.600	September 17, 2012
45,118	150,000	37,500	$ 0.710	November 21, 2012
165,767	620,000	155,000	$ 0.630	November 22, 2012
23,526	140,000	17,500	$ 0.520	February 1, 2013
23,783	195,000	24,375	$ 0.540	March 31, 2013
6,406,653	21,545,000	17,771,875		

10. CAPITAL STOCK (continued)

c) Stock Options (continued)

During the quarter ended March 31, 2008, 335,000 stock options (Q1 2007 – 8,450,000) were granted to directors, officers, employees and consultants of the Company. These options vest one eighth every quarter from the date of grant over a two-year term. An amount of $522,577 (Q1 2007 - $667,338) was recorded for all vested options and is included in professional, consulting and management fees. The weighted average grant date fair value of options granted during the first quarter of 2008 was $0.40 (2006 - $0.17). The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Q1 2008	Q1 2007
Expected dividend yield	0%	0%
Expected volatility	82%	92%
Risk-free interest rate	3.2%	4%
Expected average life (yrs)	5	5

d) Contributed Surplus

	March 31, 2008	December 31, 2007
Balance, beginning of period	**$ 10,193,512**	$ 6,328,590
Stock options granted and/or vested during the period:		
Directors, officers and employees	**422,898**	2,827,420
Consultants	**99,659**	1,212,733
Property acquisition	**-**	-
Exercise of stock options, reallocation of valuation	**(18,256)**	(281,731)
Expiry of warrants, reallocation of valuation	**-**	106,500
Balance, end of period	**$ 10,697,813**	$ 10,193,512

11. RELATED PARTY TRANSACTIONS

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

The Company shares its premises with other companies that have common directors. The Company reimburses the related companies for their proportionate share of the expenses. At March 31, 2008 an amount of $nil (Q1 2007 - $60,247) is payable in relation to these expenses. As well, the Company is owed $27,319 (Q1 2007 - $nil) at March 31, 2008 for shared expenses.

No options were granted to directors and officers during the quarter ended March 31, 2008, however 2,650,000 options were granted to directors and officers of the Company during the quarter ended March 31, 2007.

12. COMMITMENTS AND CONTINGENCIES

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

(b) The Company is committed to minimum amounts under long-term operating leases and equipment financing agreements for vehicles and mine equipment and infrastructure amounting to $279,000 over three years, $214,000 of which is payable within one year.

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

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

(e) Outstanding legal issues relate to a claim for damages by Crowflight to Met-Chem Canada Inc., the engineering firm hired by Crowflight to design the processing facility. The claim is for corrective measures required to the crushing plant building due to engineering errors by Met-Chem. The expected corrective measures range between Cdn $200,000 to Cdn $400,000.

13. INTERESTS IN JOINT VENTURES

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

	Pure Nickel JV	
	2008	2007
Current assets	100,076	-
Exploration properties and deferred exploration expenditures	98	-
Current liabilities	-	-
Revenues	-	-
Expenses	174	-
Cash flows from operating activities	174	-
Cash flows from investing activities	(98)	-
Cash flows from contributions	100,000	-

14. SUBSEQUENT EVENTS

(a) In April 2008, 66,212 warrants and 381,250 stock options were exercised into a total of 246,962 common shares of the company for gross proceeds of $160,418. On April 12, 10,132.812 warrants expired unexercised.

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