



crowflight minerals inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and nine months ended September 30, 2008

(a development stage company)

-- unaudited --

CROWFLIGHT MINERALS INC.

*(A development stage company)***CONSOLIDATED BALANCE SHEETS**

As at

	September 30, 2008 <i>(unaudited)</i>	December 31, 2007 <i>(audited)</i>
ASSETS		
Current		
Cash and cash equivalents	\$ 13,039,999	\$ 9,004,788
Amounts receivable (Note 12)	1,145,451	1,281,466
Prepaid expenses and deposits	144,566	276,164
Current portion of derivative asset (Note 6)	3,620,873	-
	17,950,889	10,562,418
Deposits and advances	536,709	952,263
Equipment (Note 5)	75,627	102,769
Derivative assets (Note 6)	14,647,107	-
Exploration property, plant and equipment and deferred exploration expenditures (Note 7)	137,615,537	76,596,884
	\$ 170,825,869	\$ 88,214,334
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 12)	\$ 15,775,537	\$ 8,465,682
Current portion of long term debt (Note 9)	8,122,356	-
Equipment leases (Note 8)	121,200	188,856
	24,019,093	8,654,538
Long term debt (Note 9)	39,548,701	-
Asset retirement obligations (Note 10)	352,000	331,000
Future income tax liability (Note 6)	10,983,000	2,490,000
	74,902,794	11,475,538
SHAREHOLDERS' EQUITY		
Common Shares (Note 11(a))	95,421,561	86,671,512
Warrants (Note 11(b))	3,964,310	2,025,712
Contributed surplus (Note 11(d))	13,167,976	10,193,512
Deficit	(16,630,772)	(22,151,940)
	95,923,075	76,738,796
	\$ 170,825,869	\$ 88,214,334

Commitments and contingencies (Notes 1, 7 and 13)

Subsequent events (Note 15)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:"Michael Hoffman", Director"Bruce Humphrey", Director

CROWFLIGHT MINERALS INC.

(A development stage company)

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

	Common Shares		Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	\$	\$	\$	\$	\$
Balance, December 31, 2006	198,518,056	58,437,271	1,773,748	6,328,590	(17,686,671)	48,852,938
Private placement	28,125,000	25,000,000	-	-	-	25,000,000
Value of warrants granted on private placement	-	(1,359,375)	1,359,375	-	-	-
Exercise of warrants and broker warrants	20,192,931	8,372,749	-	-	-	8,372,749
Valuation allocation on exercise of warrants	-	1,548,505	(1,548,505)	-	-	-
Exercise of stock options	1,117,500	325,788	-	-	-	325,788
Valuation allocation on exercise of stock options	-	281,731	-	(281,731)	-	-
Shares issued for property acquisition	2,025,000	1,896,500	-	-	-	1,896,500
Expiry of warrants	-	-	(106,500)	106,500	-	-
Stock based compensation	-	-	-	4,040,153	-	4,040,153
Flow through share tax effect	-	(5,782,788)	-	-	-	(5,782,788)
Value of broker warrants	-	(547,594)	547,594	-	-	-
Share issue costs	-	(1,501,275)	-	-	-	(1,501,275)
Loss for the period	-	-	-	-	(4,465,269)	(4,465,269)
Balance, December 31, 2007	249,978,487	86,671,512	2,025,712	10,193,512	(22,151,940)	76,738,796
Private placement	16,065,000	11,000,300	-	-	-	11,000,300
Value of warrants granted related to debt facility	-	-	3,719,479	-	-	3,719,479
Exercise of warrants and broker warrants	1,115,836	446,334	-	-	-	446,334
Valuation allocation on exercise of warrants	-	118,742	(118,742)	-	-	-
Exercise of stock options	2,530,000	569,531	-	-	-	569,531
Valuation allocation on exercise of stock options	-	979,566	-	(979,566)	-	-
Stock based compensation	-	-	-	2,047,060	-	2,047,060
Flow through share tax effect	-	(3,563,000)	-	-	-	(3,563,000)
Value of broker warrants	-	(244,831)	244,831	-	-	-
Valuation allocation on expiry of warrants and broker warrants	-	-	(1,906,970)	1,906,970	-	-
Share issue costs	-	(815,593)	-	-	-	(815,593)
Tax effect of cost of issue	-	259,000	-	-	-	259,000
Income for the period	-	-	-	-	5,521,168	5,521,168
Balance, September 30, 2008	269,689,323	95,421,561	3,964,310	13,167,976	(16,630,772)	95,923,075

-- See Notes to the Consolidated Financial Statements --

CROWFLIGHT MINERALS INC.

*(A development stage company)***CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

For the three and nine months ended September 30,

(UNAUDITED - prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Expenses				
Professional, consulting and management fees (Note 11(c))	\$ 704,210	\$ 2,393,567	\$ 2,642,092	\$ 4,163,486
Shareholder communications and investor relations	39,182	32,987	287,429	286,976
General and office	128,439	105,253	328,083	227,416
Travel	32,173	10,770	142,405	114,686
Amortization	1,437	882	5,560	3,329
Interest expenses and bank charges	4,123	11,220	9,332	13,675
	909,564	2,554,679	3,414,901	4,809,568
<i>(Loss)</i> before the undernoted	(909,564)	(2,554,679)	(3,414,901)	(4,809,568)
Interest income	66,605	315,169	199,126	724,406
Interest on long term debt	(482,309)	-	(901,140)	-
General exploration	(106,921)	-	(106,921)	-
Debt facility transaction costs	(499,594)	-	(2,544,796)	-
Accretion expense (Notes 9 and 10)	(299,695)	-	(789,180)	-
Change in value of derivative instruments (Note 6)	18,267,980		18,267,980	
<i>Income/(loss)</i> before income taxes	16,036,502	(2,239,510)	10,710,168	(4,085,162)
Future income taxes (Note 6)	(6,145,000)	-	(5,189,000)	-
<i>Income/(loss)</i> for the period	9,891,502	(2,239,510)	5,521,168	(4,085,162)
DEFICIT, beginning of period	<u>(26,522,274)</u>	<u>(19,532,323)</u>	<u>(22,151,940)</u>	<u>(17,686,671)</u>
DEFICIT, end of period	<u>\$ (16,630,772)</u>	<u>\$ (21,771,833)</u>	<u>\$ (16,630,772)</u>	<u>\$ (21,771,833)</u>
<i>Earnings/(loss)</i> per share - basic	\$ 0.04	\$ (0.01)	\$ 0.02	\$ (0.02)
<i>Earnings/(loss)</i> per share - diluted	\$ 0.04	\$ (0.01)	\$ 0.02	\$ (0.02)
Weighted average number of shares - basic	269,683,888	247,901,936	261,202,344	226,373,752
Weighted average number of shares - diluted	270,572,514	247,901,936	264,263,983	226,373,752

-- See Notes to the Consolidated Financial Statements --

CROWFLIGHT MINERALS INC.

*(A development stage company)***CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three and nine months ended September 30,

(UNAUDITED - prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
OPERATING ACTIVITIES:				
Net income/(loss) for the period	\$ 9,891,502	\$ (2,239,510)	\$ 5,521,168	\$ (4,085,162)
Charges not affecting cash:				
Amortization	1,437	882	5,560	3,329
Stock-based compensation expense (Note 11(c))	508,473	1,699,259	2,047,060	3,216,483
Debt facility costs	499,594	-	2,544,796	-
Capitalized interest	203,525	-	622,356	-
Accretion expense (Notes 9 and 10)	299,695	-	789,180	-
Change in value of derivative instruments (Note 6)	(18,267,980)	-	(18,267,980)	-
Future income tax expense	6,145,000	-	5,189,000	-
Net change in non-cash working capital	83,954	818,524	(1,036,472)	(856,884)
	(634,800)	279,155	(2,585,332)	(1,722,234)
FINANCING ACTIVITIES:				
Common shares issued through private placements	-	364	10,184,706	21,411,350
Warrants issued through private placements	-	-	-	1,359,375
Debt facility, net of transaction costs	39,500,406	-	62,673,758	-
Retirement of debt facility	(15,000,000)	-	(15,000,000)	-
Shares issued from exercise of warrants and options	11,250	954,000	1,015,866	8,358,789
Payments on equipment leases	(20,312)	-	(67,656)	-
	24,491,344	954,364	58,806,674	31,129,514
INVESTING ACTIVITIES:				
Exploration property, plant and equipment, and deferred exploration expenditures	(25,076,313)	(12,094,968)	(60,997,071)	(25,684,841)
(Increase) decrease in deposits and prepaid exploration expenditure	-	62,915	318,554	408,882
(Decrease) increase in accounts payable attributable to property exploration	6,888,246	953,660	8,492,386	4,495,369
Property, plant and equipment	-	(12,503)	-	(65,723)
	(18,188,067)	(11,090,896)	(52,186,131)	(20,846,313)
CHANGE IN CASH AND CASH EQUIVALENTS	\$ 5,668,477	\$ (9,857,377)	\$ 4,035,211	\$ 8,560,967
CASH AND CASH EQUIVALENTS, beginning of period	\$ 7,371,522	\$ 32,219,264	\$ 9,004,788	\$ 13,800,920
CASH AND CASH EQUIVALENTS, end of period	\$ 13,039,999	\$ 22,361,887	\$ 13,039,999	\$ 22,361,887
Cash and cash equivalents consists of:				
Cash	5,488,999	914,971	5,488,999	914,971
Equivalents	7,551,000	21,446,916	7,551,000	21,446,916
	\$ 13,039,999	\$ 22,361,887	\$ 13,039,999	\$ 22,361,887
SUPPLEMENTAL INFORMATION:				
Common shares issued for interest in exploration property	\$ -	\$ 1,880,000	\$ -	\$ 1,880,000
Warrants granted related to debt facility (Note 9)	\$ -	\$ -	\$ 3,719,479	\$ -
Warrants granted as cost of issue	\$ -	\$ -	\$ 244,831	\$ 547,594
Amortization of assets deferred to exploration properties	\$ 7,193	\$ 13,787	\$ 21,582	\$ 19,371
Interest received	\$ 68,120	\$ 470,719	\$ 206,923	\$ 694,677
Interest paid	\$ -	\$ 479	\$ 158,221	\$ 977
Income taxes paid	\$ -	\$ -	\$ -	\$ -

-- See Notes to the Consolidated Financial Statements --

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

These interim consolidated 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 nine months ended September 30, 2008 are not indicative of the results that may be expected for the full year ending December 31, 2008. The disclosure in these unaudited interim consolidated financial statements may not conform in all respects to generally accepted accounting principles in Canada for annual financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2007.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements:

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

Inventories

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

Capital Disclosures

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

Financial Instruments – Disclosures and Presentation

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets

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

International Financial Reporting Standards

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

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

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 nine months ended September 30, 2008.

4. FINANCIAL RISK FACTORS

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

Credit risk

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash and cash equivalents balance of \$13,039,999 (December 31, 2007 - \$9,004,788) to settle current liabilities of \$24,019,093 (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.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

4. FINANCIAL RISK FACTORS (continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Upon production, the Company will be exposed to foreign exchange risk as a result of sales transactions being denominated in US dollars. As of September 30, 2008, the Company does not hedge against foreign exchange risk.

(c) Commodity price risk

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

On July 28, 2008, the Company entered into forward sale contracts for a total of 20.5 million tonnes of nickel as part of this price protection program. Contracts entered into on June 30, 2008 were cancelled and replaced with these contracts. These contracts are classified as held-for-trading, and are not designated as hedges. See Note 6 and Note 15.

Sensitivity analysis

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

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

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

The Company carries long term debt on which interest is payable based on fluctuations in LIBOR. A 1% increase or decrease in LIBOR based on the loan balance at September 30, 2008 will generate monthly fluctuations in interest expense of \$42,000.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

4. FINANCIAL RISK FACTORS (continued)

The Company currently does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk, but will be exposed to foreign exchange risk as metal sales are denominated in US dollars.

The Company intends to begin production later this year. As required by the terms of the loan facility agreement, the Company has entered into a metals price protection program. See Note 6.

5. EQUIPMENT

	Cost	2008 Accumulated Amortization	Net	2007 Net
	\$	\$	\$	\$
Computers	85,855	(78,349)	7,506	16,194
Furniture	10,755	(6,001)	4,754	6,444
Field equipment	104,760	(46,750)	58,010	72,362
Vehicles	12,858	(7,501)	5,357	7,769
	<u>214,228</u>	<u>(138,601)</u>	<u>75,627</u>	<u>102,769</u>

During the nine months ended September 30, 2008, \$5,560 (2007 - \$3,329) in amortization was charged to operations and \$21,582 (2007 - \$19,371) in amortization was charged to deferred exploration expenditures related to assets used in exploration.

6. DERIVATIVE ASSET

On July 30, 2008, Crowflight completed a price protection program as required by its project lender, RMB Resources, to draw on the \$45 million senior debt facility (Note 9). Contracts were entered into on June 30, 2008, but these were cancelled and replaced on July 28, 2008 with forward sale contracts from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of US\$8.49 per pound as follows:

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

The estimated fair value of these contracts at September 30, 2008 was \$18,267,980 based on nickel prices ranging from US\$7.14 to US\$7.72 per pound, and discount factors ranging from 85.1% to 98.9%. Of this amount, \$3,620,873 is classified as a current asset representing the value of those contracts expiring within one year. The change in fair value of these instruments is recognized as a non-cash accounting adjustment to the statement of operations.

As a result of this non-cash gain, a future income tax expense of \$6,145,000 was generated, calculated at 2008 tax rates, increasing the Company's future income tax liability to \$10,983,000. (See Note 15.)

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

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

	MANITOBA				SUDBURY			TOTAL
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
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
<i>Acquisition or property maintenance costs</i>	-	306,684	57,484	-	-	-	-	364,168
<i>Project capital costs</i>	32,774,154	-	-	-	-	-	-	32,774,154
<i>Project development costs</i>	24,681,670	-	-	-	-	-	-	24,681,670
<i>Exploration costs</i>	289,585	-	2,617,434	382,401	-	230	-	3,289,650
<i>less: government assistance</i>	-	-	(90,989)	-	-	-	-	(90,989)
Balance, September 30, 2008	93,059,321	22,660,493	15,336,599	513,876	5,244,395	797,591	3,262	137,615,537

MANITOBA

Bucko Deposit and Thompson Nickel Belt

Throughout the nine months ending September 30, 2008, the Company continued their efforts in developing the Bucko Deposit. The Company incurred \$57.7 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 reviewed the Bucko Deposit for impairment during the quarter as a result of the declining nickel prices. At September 30, 2008, the project was not impaired, and no write-downs were necessary. However, the Company will revisit the assessment for impairment during the next quarter.

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

The Company also received \$90,989 (Q3 2007 - \$223,918) in government assistance related to its exploration expenditures in the Thompson Nickel Belt which has been applied directly against this expenditure.

Pure Nickel Joint Venture

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

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

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

7. 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 has since terminated the agreement. Any costs incurred to maintain the AER Kidd Property in good standing has been expensed to the Statement of Operations.

8. EQUIPMENT 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 September 30, 2008, the future minimum lease payments under the capital lease arrangement were \$121,670, which includes interest of \$470 and a current obligation of \$121,200.

9. LONG TERM DEBT

In February 2008, the Company closed a \$55,000,000 debt facility agreement. RMB Resources Inc. ("RMB") arranged the financing as Agent for FirstRand Ireland Plc ("FirstRand"), the lender and underwriter of the debt finance package. RMB and FirstRand are both wholly owned subsidiaries of the FirstRand Group. The debt facility consists of a First Tranche \$10,000,000 Secured Loan (the "First Tranche"), a Bridge Tranche Facility of \$15,000,000 (the "Bridge Facility") and a \$45,000,000 Final Tranche Secured Loan (the "Final Tranche"). The Bridge Facility must be paid from the proceeds of the Final Tranche. The interest rate on the First Tranche and the Bridge Facility is LIBOR plus 2.25% per annum. The interest rate on the Final Tranche is LIBOR plus 1.75% per annum if the Company does not draw down the Bridge Facility in full or LIBOR plus 1.5% per annum if the Company draws down the Bridge Facility in full. The Bridge Facility is available for draw down once the First Tranche is fully drawn. The Final Tranche becomes available for draw down upon receipt of permits required to commence production of concentrate at the Bucko Deposit. The debt facility agreement required the Company to enter into a price protection program for a portion of the expected production from the Bucko Deposit. See Note 6.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

9. LONG TERM DEBT (continued)

A total of 17,324,786 warrants were issued to RMB with an exercise price of approximately \$0.64 per share in connection with this debt facility, where 16,324,786 warrants have a term of 36 months (“T1 Warrants”). The proceeds of this conversion are expected to be used to pay off the First Tranche Secured Loan of \$10,000,000. The remaining 1,000,000 warrants (“Bridging Facility Warrants”) have a term of 24 months. The value of these warrants was estimated using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend – 0%; expected volatility – 71%; risk-free interest rate – 3.2%; expected life – 2 or 3 years. A value of \$3,542,479 related to the T1 Warrants was recorded against the long term portion of the loan facility, while \$177,000 related to the Bridging Facility Warrants was recorded against the current portion of the loan facility. Accretion of the value of these warrants using the effective interest rate method generated an expense of \$768,181 for the nine months ended September 30, 2008. Transaction costs, such as legal fees and agent fees, related to this debt facility totalled \$2,544,796 and were expensed to the Statement of Operations for the nine months ended September 30, 2008.

During the quarter, the Company drew down \$40,000,000 from the Final Tranche of the debt facility, and from this retired the \$15,000,000 Bridge Facility plus accrued interest on the Bridge Facility. As at September 30, 2008, the Company has a total liability of \$50,000,000 related to the debt facility. Of this portion, \$7,500,000 is classified as current. The Company accrued \$622,356 in interest charges related to the debt facility. Interest on the T1 tranche for the period up until September 30, 2008 is capitalized.

See Note 15.

10. 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	21,000	-
Balance, end of period	<u>352,000</u>	<u>331,000</u>

The Company has estimated the present value of its total asset retirement obligations to be \$352,000 (2007 – \$331,000) at September 30, 2008 based on a total future liability estimated to be approximately \$632,000 (2007 - \$632,000) and a credit adjusted risk-free rate of 8.4% (2007 – 8.4%). Reclamation is expected to take place in 2015.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

11. CAPITAL STOCK

Authorized

Unlimited common shares without par values

Unlimited class A preference shares with a par value of \$10 each, issuable in series, cumulative dividends

Unlimited class B preference shares with a par value of \$50 each, issuable in series, cumulative dividends

a) Common shares issued	Shares	Value
Balance, December 31, 2006	198,518,056	\$ 58,437,271
Private placement, flow through	12,500,000	12,500,000
Private placement, non flow through	15,625,000	12,500,000
Value of warrants granted	-	(1,359,375)
Exercise of warrants	20,192,931	8,372,749
Exercise of warrants - warrant valuation	-	1,548,505
Exercise of options	1,117,500	325,788
Exercise of options - option valuation	-	281,731
Property acquisition	2,025,000	1,896,500
Cost of issue, not of income taxes	-	(2,048,869)
Flow-through shares tax effect	-	(5,782,788)
Balance, December 31, 2007	249,978,487	\$ 86,671,512
Private placement, flow through	8,000,000	6,000,000
Private placement, non flow through	8,065,000	5,000,300
Exercise of warrants	1,115,836	446,334
Exercise of warrants - warrant valuation	-	118,742
Exercise of options	2,530,000	569,531
Exercise of options - option valuation	-	979,566
Flow-through shares tax effect	-	(3,563,000)
Cost of issue	-	(1,060,424)
Tax effect of cost of issue	-	259,000
Balance, September 30, 2008	269,689,323	\$ 95,421,561

The Company completed a private placement financing on April 30, 2008 through the issuance of 8,000,000 flow through common shares at a price of \$0.75 per share and 8,065,000 non flow through common shares at a price of \$0.62 per share for total gross proceeds of \$11,000,300. The offering was completed by a syndicate of underwriters who received a commission of 6% of the total gross proceeds, as well as 963,900 compensation options, each of which entitles the holder to purchase one common share of the Company at a price of \$0.62 per share until April 30, 2010. The fair value of these compensation options was estimated using the Black-Scholes option pricing model with the following assumptions: estimated dividend yield – 0%; estimated volatility – 73%; risk-free interest rate – 2.7%; and estimated life – 2 years.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

11. CAPITAL STOCK (continued)

b) Warrants

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

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

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

c) Stock Options

The following are the stock option transactions during the period:

	September 30, 2008		December 31, 2007	
	Number of options	Average price	Number of options	Average price
Balance, beginning of period	21,510,000	\$ 0.54	9,070,000	\$ 0.27
Granted	4,160,000	\$ 0.65	13,885,000	\$ 0.71
Exercised	(2,530,000)	\$ 0.23	(1,117,500)	\$ 0.29
Expired or cancelled	(3,218,750)	\$ 0.86	(327,500)	\$ 0.64
Balance, end of period	19,921,250	\$ 0.55	21,510,000	\$ 0.54

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

11. CAPITAL STOCK (continued)

c) Stock Options (continued)

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

Value (\$)	Number of Options	Number of Options Exercisable	Exercise Price (\$)	Expiry Date
40,560	100,000	100,000	\$ 0.560	November 21, 2008
20,280	50,000	50,000	\$ 0.700	November 17, 2008
10,396	15,000	15,000	\$ 0.630	November 26, 2008
2,534	2,500	2,500	\$ 0.690	November 26, 2008
129,269	650,000	650,000	\$ 0.225	January 14, 2009
235,000	1,000,000	1,000,000	\$ 0.330	January 14, 2009
343,944	1,000,000	1,000,000	\$ 0.405	January 14, 2009
385,200	600,000	600,000	\$ 0.940	January 14, 2009
2,057	37,500	37,500	\$ 0.225	June 1, 2009
34,305	100,000	87,500	\$ 0.405	June 1, 2009
42,733	70,000	52,500	\$ 0.940	June 1, 2009
175,000	875,000	875,000	\$ 0.245	October 12, 2009
14,850	50,000	50,000	\$ 0.390	October 20, 2009
19,600	100,000	100,000	\$ 0.300	January 10, 2010
39,800	200,000	200,000	\$ 0.280	February 14, 2010
19,800	100,000	100,000	\$ 0.290	February 21, 2010
7,100	50,000	50,000	\$ 0.200	July 14, 2010
300,303	1,510,000	1,510,000	\$ 0.225	March 13, 2011
84,740	350,000	350,000	\$ 0.280	July 5, 2011
3,446	15,000	15,000	\$ 0.300	August 9, 2011
31,394	100,000	100,000	\$ 0.365	August 15, 2011
44,295	150,000	150,000	\$ 0.350	September 28, 2011
605,364	1,785,000	1,627,500	\$ 0.405	January 10, 2012
5,937	56,250	37,500	\$ 0.500	February 20, 2012
250,000	1,000,000	1,000,000	\$ 0.600	March 30, 2009
222,000	1,000,000	1,000,000	\$ 0.700	March 30, 2009
99,000	500,000	500,000	\$ 0.800	March 30, 2009
138,600	200,000	200,000	\$ 1.020	April 9, 2012
1,138,533	1,865,000	1,398,750	\$ 0.940	June 28, 2012
554,246	1,500,000	937,500	\$ 0.600	September 17, 2012
61,313	150,000	75,000	\$ 0.710	November 21, 2012
214,367	590,000	295,000	\$ 0.630	November 22, 2012
38,021	140,000	52,500	\$ 0.520	February 1, 2013
49,472	195,000	73,125	\$ 0.540	March 31, 2013
30,436	100,000	25,000	\$ 0.680	April 30, 2013
930,692	3,365,000	841,250	\$ 0.690	May 26, 2013
29,184	165,000	41,250	\$ 0.480	June 30, 2013
7,642	75,000	9,375	\$ 0.320	July 31, 2013
5,405	60,000	7,500	\$ 0.340	August 31, 2013
1,767	50,000	6,250	\$ 0.160	September 30, 2013
6,368,585	19,921,250	15,222,500		

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

11. CAPITAL STOCK (continued)

c) Stock Options (continued)

During the nine months ended September 30, 2008, 4,160,000 stock options (2007 – 13,115,000) 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 \$2,047,060 (2007 - \$3,216,483) was recorded for all options that vested during the period and is included in Professional, consulting and management fees. The weighted average grant date fair value of options granted during the nine months ended September 30, 2008 was \$0.43 (2007 - \$0.37). 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:

	<u>Q3 2008</u>	<u>Q3 2007</u>
Expected dividend yield	0%	0%
Expected volatility	81%	88%
Risk-free interest rate	3.3%	4%
Expected average life (yrs)	5	4

d) Contributed Surplus

	September 30, 2008	December 31, 2007
Balance, beginning of period	\$ 10,193,512	\$ 6,328,590
Stock options granted and/or vested during the period:		
Directors, officers and employees	1,846,797	2,827,420
Consultants	200,263	1,212,733
Exercise of stock options, reallocation of valuation	(979,566)	(281,731)
Expiry of warrants, reallocation of valuation	1,906,970	106,500
Balance, end of period	\$ 13,167,976	\$ 10,193,512

12. 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 September 30, 2008 an amount of \$nil (2007 - \$49,210) is payable in relation to these expenses. As well, the Company is owed \$87,041 (2007 - \$678) at September 30, 2008 for shared expenses.

The Company was charged \$45,000 during the nine months ended September 30, 2008 (2007: \$nil) by a company controlled by a director of the Company for administration services.

During the nine months ended September 30, 2008, 2,275,000 stock options were granted to directors and officers of the Company compared to 6,270,000 options for the nine months ended September 30, 2007.

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

13. COMMITMENTS AND CONTINGENCIES

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

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

(b) The Company is party to certain management contracts which require that additional payments of up to \$4,100,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements. Minimum commitments under these contracts are approximately \$670,000, all of which is due within one year.

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

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

(e) In July 2008, the Company completed their price protection program as required by the long term debt facility (Note 9) by entering into derivative contracts from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of US\$8.49 per pound.

14. 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	65,653	-
Exploration properties and deferred exploration expenditures	422,051	-
Current liabilities	-	-
Revenues	-	-
Expenses	1,207	-
Cash flows from operating activities	52,200	-
Cash flows from investing activities	(422,051)	-
Cash flows from contributions	435,000	-

CROWFLIGHT MINERALS INC.

(A development stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007 (prepared by management – unaudited)

15. SUBSEQUENT EVENTS

In October 2008, the Company restructured the \$55,000,000 debt facility entered into in February 2008 (Note 9). The Company and RMB have decided to close out most of the nickel forward sales contracts entered into in July 2008 (Note 6). At that time, the Company hedged 20.5 million pounds of nickel at a price of US\$8.49 per pound over a four year period.

The following amounts of nickel were closed out recently to raise net proceeds of \$63,000,000. A total of 18.2 million pounds of nickel or 89% of the hedge has been monetized.

<u>Calendar Year</u>	<u>Million Pounds</u>
2008	0.4
2009	1.6
2010	5.7
2011	5.5
2012	4.9

The proceeds of \$63,000,000 are being used to repay in its entirety the Tranche 1 debt facility of \$10,350,000 million (including capitalized interest) and a minimum of \$33,200,000 (including capitalized interest) of the \$45,000,000 Tranche 2 debt facility. As of October 27, 2008, the Company had only drawn \$50,200,000 (including capitalized interest to October 27, 2008) of the \$55,000,000 debt facility. As part of the debt restructuring, Crowflight and the Lender have agreed to cancel the 16.3 million warrants exercisable at \$0.64 per share associated with the Tranche 1 facility and the 1 million warrants exercisable at \$0.64 per share associated with the Bridge facility. After monetization of the nickel hedge, the Company will still have 2.27 million pounds of nickel hedged at US\$8.49 per pound in 2009. In addition, the Company expects to put in place a currency hedge covering the Canadian dollar amount of the nickel hedge in 2009.

The Company's new debt outstanding under the restructured facility is \$7,600,000 which is repayable to the Lender over 2010, 2011 and 2012 in equal quarterly installments. As a part of the restructured facility the Company will make mandatory quarterly prepayments to the Lender equal to 40% of after debt service project cash flow during 2009, falling to 15% thereafter.

The restructuring will provide the Company with \$19,400,000 in cash and the restructured facility calls for \$10,000,000 to be applied to the facility proceeds account for completion of the Bucko Mine and project working capital, \$3,000,000 to the facility debt service reserve and the remainder to the Company for working capital and general corporate purposes.

Under the restructured facility, the Company has agreed to grant 20 million warrants, the Restructuring Warrants, at 125% of the 20 day VWAP (volume weighted average price) at closing to the Lender, subject to regulatory approval. Any proceeds from the warrants will be used to prepay or repay the restructured facility debt outstanding.

In conjunction with RMB, the Company may also implement future strategic currency and nickel hedges both to protect the Company's cash flow and meet Lender requirements.



crowflight minerals inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and nine months ended September 30, 2008

(a development stage company)

Q3 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations
for the three and nine months ended September 30, 2008

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

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

This MD&A reports our activities through November 5, 2008 unless otherwise indicated. All figures are in Canadian dollars unless otherwise indicated.

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

References to the first, second and third quarters of 2008 or Q1-2008, Q2-2008 and Q3-2008 and the first, second and third quarters of 2007 or Q1-2007, Q2-2007 and Q3-2007 mean the three months ended March 31, June 30, and September 30, 2008 and 2007 respectively.

HIGHLIGHTS:

- On July 30, 2008, Crowflight completed a price protection program as required by its project lender, RMB Resources, to draw on the \$45 million senior debt facility. On July 28th, 2008, forward sale contracts were entered into from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of US\$8.49 per pound as follows:
 - 2008 – 0.40 million pounds nickel
 - 2009 – 3.88 million pounds nickel
 - 2010 – 5.73 million pounds nickel
 - 2011 – 5.54 million pounds nickel
 - 2012 – 4.94 million pounds nickel
- On September 10, 2008, Crowflight announced that drilling from the Manibridge joint venture program conducted during the summer resulted in the discovery of two new nickel zones.

- Surface and underground activities at the Bucko Lake Nickel Mine during the third quarter of 2008 included on-going work on the processing plant (specifically interior mechanical and electrical work and installation of the flotation circuit), underground delineation drilling from the 1000 foot level and further development work including ore access and haulage drifts on 1000 foot level, a vent raise to surface from the 1000 foot level, and a ramp decline from surface.
- Delineation drilling conducted during the nine month period ending September 30, 2008 was successful in delineating the first zones of commercial production, accessed by underground development in mid September. Assay results from the program were released on June 25, 2008 and October 1, 2008. Results to date are interpreted to be consistent with the feasibility grade model.
- During the reporting period to October 1, portal development continued, work on the ore bin, transfer tower and conveyors was completed, and work on the Interim Tailings Storage Facility ("ITSF") continued. Subsequent to the quarter's end, Crowflight announced that construction of the Bucko Lake Nickel Mine was close to complete. Mill commissioning was underway, ore was being stock piled and crushing had begun. Production of a nickel concentrate is scheduled to commence in November of 2008. Bucko Project capital and development spending has totaled \$25,087,827 for the quarter and \$57,745,409 for the nine months ended September 30, 2008 including amortization expense of \$7,193 and \$21,582 respectively.

OVERVIEW

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

MINERAL PROPERTIES:

THOMPSON NICKEL BELT PROPERTIES – MANITOBA

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

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

CROWFLIGHT - XSTRATA AGREEMENTS

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

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

Exploration Option Agreement had been slightly increased through the staking of some additional ground to an approximate total of 561 square kilometers.

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

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

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

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

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

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

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

Definitive Offtake Agreement

Based on the results of a feasibility study concluded in December 2005 (refer to press release dated December 16, 2005), the Bucko Lake Nickel Deposit has the potential to produce on average approximately 33,000 tonnes of nickel concentrates annually with an annual average of 11.1 million pounds of payable nickel. Crowflight has entered into a

life of mine contract with Xstrata Nickel for the purchase of 100 percent of the nickel concentrate over the current approximate seven year life of the mine, once in production.

Bucko Lake Nickel Deposit

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

In July 2007, the Company and Xstrata Nickel concluded the transfer of the 5.5 kilometer Mining Lease 031, which surrounds and includes the Bucko Deposit, from Xstrata Nickel to Crowflight. Crowflight completed all of its earn-in commitments, including the expenditure of \$7.5 million on a Bankable Feasibility Study of a technical standard acceptable to a bank for financing such a project's development.

In January 2008, Crowflight announced that it had entered into a debt facility for up to Cdn\$55 million to finance the construction and start-up of the Bucko Lake Nickel Project. The debt facility subsequently closed on February 13, 2008.

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

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

MANIBRIDGE JOINT VENTURE – MANITOBA

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

In November 2007, the Company entered into two separate but related transactions, including a 50-50 Joint Venture agreement with Pure Nickel Inc. to explore and develop nickel deposits on properties controlled by both

parties near the past producing Manibridge Nickel Mine, approximately 20 kilometre south of the town of Wabowden, Manitoba. Each party will be required to contribute property to the Joint Venture and make an initial aggregate contribution of \$6 million over a three year period to fund preliminary exploration activities within the joint venture area.

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

SUDBURY PROPERTIES – ONTARIO

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

AER Kidd Property

On February 20, 2008, Crowflight entered into an option agreement with a private Ontario company (the "Optionor") in respect of the AER Kidd Property (the "Property") near Sudbury, Ontario. Pursuant to the Agreement, the Optionor can earn up to a 50% interest in the Property upon the satisfaction of the following conditions: payment to Crowflight of \$85,000 upon execution of the Agreement, assuming all future advance royalty payments due in respect of the Property, and incurring a minimum of \$5.0 million in exploration expenditures on the Property by December 31, 2009 to earn a 50% interest in the property. The Agreement also provides that the Optionor may earn an additional 20% interest in the Property by incurring additional expenditures on the Property of \$7.0 million prior to December 31, 2013 and continuing to make all royalty payments due and payable prior to the expenditure of the entire \$7.0 million. Upon earning a 50% interest in the Property, Crowflight and Optionor shall enter into a joint venture in respect of the Property. As a result of the implied value of this property based on the option agreement, the Company has recorded a \$900,000 write-down in the carrying value.

In September of 2008, it became apparent that due to weak equity market conditions it was unlikely that our partner would be able to raise sufficient equity to satisfy the terms of the agreement. As such, it was mutually agreed that the agreement would be terminated. The AER Kidd property remains a 100% owned asset of Crowflight Minerals.

Peter's Roost Property

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

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

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

EXPLORATION ACTIVITIES

Thompson Nickel Belt Properties

Exploration drilling completed during the first and second quarter on the Xstrata option was used to further expand Inferred Resources at Halfway Lake and evaluate exploration targets located in close proximity to the Bucko Lake Nickel Deposit. The results of this activity were communicated in a press release dated October 22, 2008.

During the third quarter of 2008, exploration activities consisted of review and interpretation of results from the winter 2008 program resulting in the calculation of updated Inferred Resources at the Halfway Lake and M11A North deposits. In addition, results from a program of drilling on the Manibridge Joint venture property (Crowflight with Pure Nickel) conducted in June were received and reviewed.

At Manibridge the results from a six hole, 2,496 metre program were reviewed and assay results communicated in a press release dated September 10, 2008. The program was successful in discovering two new zones of nickel mineralization near the past producing Manibridge Deposit which operated from 1972 to 1976 and produced approximately 900,000 tonnes grading 1.86% nickel.

At Bucko, definition and delineation drilling from the 1,000' Level of the Bucko Lake Nickel Deposit continued. By the end of the quarter, areas of initial planned production had been delineated. Drilling during the fourth quarter of 2008 remains focused the delineation of the next 16 months of reserve. By the end of the quarter, 72 holes for a total of 12,179 metres of underground drilling had been completed.

Results to date from the program are interpreted to be consistent with the design grade and geotechnical models. Underground development into to areas of initial production was achieved in mid September. Observed geology and mineralization was consistent to the design interpretation.

Sudbury Properties

In 2007, Wallbridge completed exploration programs consisting of the re-establishment of field grids, mapping and sampling, and the drilling of five holes during the winter of 2007 testing geophysical targets defined by Crowflight in 2004. During the summer of 2007, Wallbridge completed a program of mapping and ground geophysics over portions of the property, leading to the drilling of an additional three holes during the fall of 2007. In February 2008, Wallbridge reported the intersection of nickel and copper bearing minerals on Grid F of Area 4 consisting of disseminated, net-textured and stringer pyrrhotite-pentlandite-chalcopyrite mineralization within a quartz-gabbro host rock. Assays from the mineralized interval returned 1.22 metres of 0.31% nickel, 0.37% copper from 88.00 to 89.22. During the first three quarters of 2008, Wallbridge continued its efforts on Area 4 completing a high resolution airborne geophysical survey and field mapping in preparation for additional drilling. Wallbridge has identified three targets that it intends to drill during the fourth quarter of 2008.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control. A detailed summary of the Company's significant accounting

policies is included in note 2 of the Company's Annual Audited Financial Statements for the year ended December 31, 2007.

ACCOUNTING CHANGES

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

Inventories

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

Capital Disclosures

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

Financial Instruments – Disclosures and Presentation

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets

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

International Financial Reporting Standards

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

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2008, the Company had a working capital deficit of \$6,068,204 compared to a working capital surplus of \$1,907,880 as at December 31, 2007. \$8,122,356 in current liabilities relates to the current portion of the long-term debt and the cash balance as at September 30, 2008 is \$13,039,999.

In February 2008, the Company closed a \$55 million debt facility agreement. RMB Resources Inc. ("RMB") arranged finance as Agent for FirstRand Ireland Plc, the Lender and underwriter of the debt finance package. Auramet Trading, LLC advised the Company on this transaction. The debt facility consists of a First Tranche \$10 million Secured Loan (the "First Tranche"), a Bridge Tranche Facility of \$15 million (the "Bridge Facility") and a \$45 million Final Tranche Secured Loan (the "Final Tranche"). The Bridge Facility must be paid from the proceeds of the Final Tranche. The interest rate on the First Tranche and the Bridge Facility is LIBOR plus 2.25% per annum. The interest rate on the Final Tranche is LIBOR plus 1.5% per annum. The Bridge Facility was available for drawing down once the First Tranche is fully drawn. The Final Tranche became available for drawing down upon receipt of permits required to commence production of concentrate at the Bucko Lake Nickel Mine. During the quarter, the Company drew down \$40 million of the Final Tranche, and from those proceeds retired the Bridge Facility.

At September 30, 2008, a total of \$50 million was drawn down; this included the First Tranche of \$10 million classified as long term debt, and \$40 million of the Final Tranche, of which \$7.5 million is classified as current debt. The Company has recorded \$622,356 in capitalized interest described above as a short term liability.

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

Subsequent to the end of the quarter, the Company restructured the debt facility and closed out most of the nickel forward contracts entered into in July 2008 generating proceeds of \$63,000,000. Please see Subsequent Events.

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

During the quarter ended September 30, 2008, no warrants were exercised however 50,000 options were exercised at an exercise price of \$0.225 for gross proceeds of \$11,250. For the nine months ended September 30, 2008, 1,115,836 warrants were exercised at a weighted average exercise price of \$0.40 for gross proceeds of \$446,334, and 2,530,000 stock options were exercised at a weighted average exercise price of \$0.225 for gross proceeds of \$569,531.

RESULTS OF OPERATIONS

For the quarter ended September 30, 2008

The Company reported net income of \$9,891,502 (\$0.04 per share) for the three months ended September 30, 2008 compared to a net loss of \$2,239,510 (loss of \$0.01 per share) for the quarter ended September 30, 2007.

The Company recorded a non-cash gain of \$18,267,980 related to the change in value of the forward sale contracts entered into in July 2008 as stipulated by the debt facility agreement. These contracts provide for the sale of 20.5 million pounds of nickel over a period of 4 years at a price of US\$8.49/pound. At September 30, 2008, with nickel prices between US\$7.14 and US\$7.72/pound, the net present value of these contracts using discount factors ranging from 85.1% to 98.9% was \$18,267,980.

Stock based compensation expense for the current quarter was \$508,473 for stock options vesting during the period compared to \$1,699,259 for the third quarter of 2007. The Company is growing and in order to attract and retain qualified team members and employees, the Company incents using stock based compensation.

As well, the Company incurred a non cash accretion charge of \$299,695 related to both accretion of the Company's asset retirement obligation and accretion of the value of warrants charged against the debt facility.

During the current quarter, the Company recorded future income taxes of \$6,145,000 compared to \$nil during the comparative quarter. The majority of this expense is recognized as a result of the gain recognized from the change in value of the derivative asset described above.

Interest income earned during the current quarter totaled \$66,605 compared to \$315,169 during Q3 2007 as a result of both lower cash balances held and lower interest rates offered by lending institutions for short term investments. Professional, consulting and management costs (excluding stock based compensation) decreased by \$498,571 compared to the third quarter of 2007. During the comparative period, the Company accrued estimated severance costs of \$500,000 for a former officer of the Company. General office costs increased by \$23,186 compared to Q3 2007, from \$105,253 to \$128,439. This increase is in part due to higher insurance costs related to new coverage as the Company nears production. As well, the Company is incurring charges related to leasehold improvements on the Company's shared office space. Travel costs also increased by \$21,403 compared to Q3 2007 as a result of increased travel to the mining office by officers of the Company. The Company charged \$106,921 in exploration costs to the statement of operations related to expenditure on the AER Kidd property in Sudbury.

The Company incurred \$482,309 in interest charges related to the loan facility in the third quarter of 2008. This interest charge has increased quarter over quarter this year as the Company continues to draw down on the debt facility. No such charges were incurred during Q3 2007. The interest on the loan facility is currently being capitalized and the Company will start paying the interest on the First Tranche during the 4th quarter of the year. Interest accrued on the Bridge Facility was paid when the Bridge was repaid in full during the quarter. Debt facility transaction costs totaled \$499,594 for the current quarter primarily as a result of an arrangement fee paid to RMB upon the drawdown of the Final Tranche of the debt facility.

For the nine months ended September 30, 2008

The Company reported net income of \$5,521,168 (\$0.02 per share) for the nine months ended September 30, 2008 compared to a net loss of \$4,085,162 (loss of \$0.02 per share) for the nine months ended September 30, 2007, a total variance of \$9,606,330.

The majority of this variance is attributable to the non-cash gain of \$18,267,980 recognized on the change in value of the forward sale nickel contracts entered into in July, as discussed above. Nickel prices have declined since the contracts were entered into, resulting in the increased value.

The Company incurred debt facility transaction costs of \$2,544,796 during the nine months ended September 30, 2008, most of which was charged during the first quarter of the year. The Company also incurred a non cash accretion charge of \$789,180 for the nine months ended September 30, 2008. Stock based compensation expense for the period was \$2,047,060 compared to \$3,216,483 for the comparable period of 2007. The Company is growing and in order to attract and keep qualified team members, the Company incents using stock based compensation.

Interest income earned during the current period totaled \$199,126 compared to \$724,406 during the nine months ended September 30, 2007 as a result of both lower cash balances held and lower interest rates offered by lending institutions for short term investments. Professional, consulting and management costs (excluding stock based compensation) decreased by \$351,971 year to date to September 30, 2008 compared to the same period in 2007. The majority of this decrease is attributed to an accrual for estimated severance costs of \$500,000 made during Q3 2007. This is offset by an increase in costs reflected in Q1 2008 compared to Q1 2007 as a result of a reclassification in Q1 2007 of bonuses accrued in 2006 to deferred exploration costs. As well, the Company incurred higher legal fees, and slightly higher management and consulting costs during the first nine months of the current year. The legal fees relate to a one time circumstance and are not expected to be at this level in the future. It is expected however, that management and consulting costs will increase as the Company continues to staff up as it approaches production. General office costs increased by \$100,667 compared to the first nine months of 2007, from \$227,416 to \$328,083. This increase is due to: leasehold improvement costs on the Company's shared office space amounting to approximately \$43,000; higher insurance costs for a variance of approximately \$20,000; higher foreign exchange losses of approximately \$13,000 with some purchases of equipment transacted in US dollars; and higher capital tax charges for both Ontario and Manitoba for a variance of \$15,000. As the Company is nearing production, insurance costs are increasing and the Company has increased coverage during the current year. Travel costs also increased by \$27,719 compared to the comparative period, the bulk of which was incurred during the current quarter discussed above. The Company also incurred \$901,140 in interest charges related to the loan facility. No such charges were incurred during 2007.

During the nine months ended September 30, 2008, the Company recognized future income taxes of \$5,189,000 compared to \$nil during the nine months ended September 30, 2007.

QUARTERLY INFORMATION

The quarterly results have been as follows:

Tabular amounts in \$000 except for per share amounts.

Summary Financial Information for the Eight Quarters Ended September 30, 2008					
<u>Period</u>	<u>Revenues</u>	<u>Total Assets</u>	<u>Net Income (Loss)</u>	<u>Net Income (Loss) per Share basic and diluted</u>	<u>Long Term Financial Liabilities</u>
3 rd Quarter 2008	Nil	170,742	9,891	0.04	39,901
2 nd Quarter 2008	Nil	121,927	(1,530)	(0.01)	7,140
1 st Quarter 2008	Nil	106,508	(2,840)	(0.01)	6,795
4 th Quarter 2007	Nil	88,214	(380)	(0.01)	331
3 rd Quarter 2007	Nil	86,874	(2,239)	(0.01)	Nil
2 nd Quarter 2007	Nil	83,304	(1,117)	(0.00)	Nil
1 st Quarter 2007	Nil	53,031	(729)	(0.00)	Nil
4 th Quarter 2006	Nil	51,055	(403)	(0.01)	Nil

As the Company has no revenue at this point in time, the net losses result primarily from corporate overheads including stock based compensation. During 2006, the Company had incurred relatively consistent quarterly losses. During the first quarter of 2007, the loss resulted primarily from a stock based compensation expense of \$667,338. During the second quarter of 2007, the larger loss is attributable again primarily to a stock based compensation expense of \$849,886 where the vesting of a portion of 5 million options granted occurred. Stock based compensation expense incurred for the third and fourth quarters of 2007 were \$1,699,259 and \$823,670 respectively. During 2008, the Company expensed \$522,557 and \$1,016,030 and \$508,473 in stock based compensation for the three quarters reported respectively.

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

The Q3 2008 net income results from a non-cash entry recognizing the increase in fair value of the Company's derivative instruments, net of income taxes, as discussed above.

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

Long term liabilities in Q4 2007 relate to asset retirement obligations. In Q1 2008, the Company entered into a long term loan facility agreement as previously discussed, and drew down funds against this facility accounting for the sharp rise in long term debt. The Company drew down the majority of the Final Tranche during Q3 2008.

CASH FLOWS

For the quarter ended September 30, 2008

Cash used by Operating Activities was \$634,800 during Q3 2008, compared to a provision of \$279,155 during the third quarter of 2007. Net cash of \$718,754 (Q3 2007: \$539,369) was used to support corporate overheads which was reduced by interest income as described in the operating results section of this report. The change in non cash working capital provided \$83,954 during the quarter ended September 30, 2008 compared to \$818,524 in non cash working capital during Q3 2007.

Cash from Financing Activities generated \$24,491,344 during the third quarter of 2008 compared to \$954,364 during Q3 2007. As described in the Liquidity and Capital Resources section above, the Company drew down the \$40,000,000 of the Final Tranche of the debt facility during the current quarter and paid \$499,594 in transaction costs. The Company received proceeds of \$11,250 through the exercise of warrants and options during the current quarter compared to \$954,000 in Q3 2007. Finally, the Company paid \$20,312 against capital leases during the current quarter compared to \$nil during the third quarter of 2007.

Cash used in Investing Activities during the quarter ended September 30, 2008 was \$18,188,067 compared to \$11,090,896 used in investing activities during Q3 2007. Cash spending on exploration and development of its properties primarily in Thompson, Manitoba as well as the acquisition of capital assets related to exploration and development for the current quarter was \$25,076,313, net of government assistance, compared to \$12,094,968 during Q3 2007. Specifically, the Company used \$25,076,427 in cash in the development of the Bucko Project. The Company received government assistance during the quarter for work done on the TNB Exploration properties. The Company spent \$85,467 in exploration costs on the Pure Nickel Joint Venture. As well, the company reclassified current year expenditures on the AER Kidd project to the Statement of Operations (see table below for breakdown of cash expenditures.) During the quarter ended September 30, 2008, there was an increase of \$6,888,246 in accounts payable related to exploration and development expenditures compared to an increase of \$953,660 during the quarter ended September 30, 2007. The Company invested \$nil in office and field equipment during the current quarter, compared to \$12,503 during Q3 2007.

For the nine months ended September 30, 2008

Cash used by Operating Activities was \$2,585,332 during the nine months ended September 30, 2008, compared to the use of \$1,722,234 during the of the same period in 2007. Net cash of \$1,548,860 (2007: \$865,350) was used to support corporate overheads which was reduced by interest income as described in the operating results section of this report. The change in non cash working capital used \$1,036,472 during the nine months ended September 30, 2008 compared to the use of \$856,884 in non cash working capital during the nine months ended September 30, 2007.

Cash from Financing Activities generated \$58,806,674 during the nine month period of 2008 compared to \$31,129,514 the comparable period. As described in the Liquidity and Capital Resources section above, the Company drew down \$65,000,000 from the debt facility and paid \$2,326,242 in transaction costs during the nine month period. The Company also paid off the \$15 million bridge facility plus interest. Cash financing costs related to the debt facility amounted to \$2,544,796, \$218,554 of which was paid last year and recorded as a prepaid expense. Major cash costs relating the facility include \$1,010,000 paid to the financiers, \$825,000 paid to the financial advisors of the Company for their services related to arranging the debt facility and a milestone bonus paid to employees, consultants, directors and officers of the Company totaling \$407,000 relating to their positive efforts which enabled the Company to obtain permits to commence production, as well as completing the project financing. The Company completed a private placement financing raising \$10,184,706 net of issue costs during the current period. As well, the Company received proceeds of \$1,015,866 through the exercise of warrants and options during the current period compared to \$8,358,789 received during the nine months ended September 30, 2007. Finally, the Company paid \$67,656 against capital leases during the nine month period in 2008 compared to

(A development stage company)

\$nil during the nine month period in 2007.

Cash used in Investing Activities during the nine months ended September 30, 2008 was \$52,186,131 compared to \$20,846,313 used in investing activities during the nine months ended September 30, 2007. Cash spending on exploration and development of its properties primarily in Thompson, Manitoba as well as the acquisition of capital assets related to exploration and development for the current quarter was \$60,997,071, net of government assistance, compared to \$25,684,841 during the third quarter of 2007. Specifically, the Company used \$57,723,827 in cash in the development of the Bucko Project, \$2,583,929 net of government assistance in exploration of the TNB Exploration properties, and \$382,401 for Crowflight's share in exploration expenses on the Pure Nickel Joint Venture (See table below for breakdown of cash expenditures.) Prepaid exploration expenditures decreased by \$318,554 during the nine months ended September 30, 2008 compared to \$408,882 during the comparative period. Also, accounts payable related to exploration and development expenditures increased by \$8,492,386 during the current period compared to an increase of \$4,495,369 during the comparative period. The Company invested \$nil in office and field equipment for this current reporting period, compared to \$65,723 for the comparative period.

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

For the three months ended September 30, 2008

	MANITOBA				SUDBURY			TOTAL
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<i>Acquisition or property maintenance costs</i>	-	-	27,622	-	(49,540)	-	-	(21,918)
<i>Project capital costs</i>	13,746,481	-	-	-	-	-	-	13,746,481
<i>Project development costs</i>	11,312,073	-	-	-	-	-	-	11,312,073
<i>Exploration costs</i>	17,873	-	(63,663)	85,467	-	-	-	39,677
<i>less: government assistance</i>	-	-	-	-	-	-	-	-
Balance, September 30, 2008	25,076,427	-	(36,041)	85,467	(49,540)	-	-	25,076,313

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

For the nine months ended September 30, 2008

	MANITOBA				SUDBURY			TOTAL
	BUCKO PROJECT	BUCKO FEASIBILITY	THOMPSON NICKEL BELT	PURE NICKEL JV	AER KIDD	PETERS ROOST	OTHER	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<i>Acquisition or property maintenance costs</i>	-	306,684	57,484	-	-	-	-	364,168
<i>Project capital costs</i>	32,774,154	-	-	-	-	-	-	32,774,154
<i>Project development costs</i>	24,660,088	-	-	-	-	-	-	24,660,088
<i>Exploration costs</i>	289,585	-	2,617,434	382,401	-	230	-	3,289,650
<i>less: government assistance</i>	-	-	(90,989)	-	-	-	-	(90,989)
Balance, September 30, 2008	57,723,827	306,684	2,583,929	382,401	-	230	-	60,997,071

COMMITMENTS AND CONTINGENCIES

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

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

The Company is party to certain management contracts which require that additional payments of up to \$4,100,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements. Minimum commitments under these contracts are approximately \$670,000, all of which is due within one year.

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

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

In July 2008, the Company completed their price protection program as required by the long term debt facility by entering into derivative contracts from the fourth quarter of 2008 to the fourth quarter of 2012 for a total of 20.5 million pounds of nickel at a price of US\$8.49 per pound.

TRANSACTIONS WITH RELATED PARTIES

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

The Company was charged \$15,000 for the quarter and \$45,000 for the nine months ended September 30, 2008 (Q3 2007 and 2007: \$nil) by a company controlled by a director of the Company for administration services.

The Company shares its premises with other companies that have common directors. The Company reimburses the related companies for their proportionate share of the expenses. At September 30, 2008, an amount of \$nil (Q3 2007 - \$49,210) is payable in relation to these expenses. As well, the Company is owed \$87,041 (Q3 2007 - \$678) at September 30, 2008 for shared expenses.

DIRECTORS AND OFFICERS COMPENSATION

During the three and nine months ended September 30, 2008, the Company paid or accrued \$160,750 and \$765,008 in fees and bonuses to officers of the Company (Q3 2007: \$716,896; September YTD 2007: \$1,570,021).

As well, \$544,000 in severance accrued in Q4 2007 was paid during the first quarter to a former director and officer of the Company. Of this amount, \$500,000 was accrued at Q3 2007.

During the three and nine months ended September 30, 2008, \$45,500 and \$276,500 were paid or accrued to directors of the Company (Q2 2007: \$59,500; September YTD 2007: \$503,500) as remuneration for services provided as well as bonuses.

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

During the three and nine months ended September 30, 2008, nil and 2,275,000 stock options respectively were granted to directors and officers of the Company compared to 3,470,000 and 6,320,000 options for the three and nine months ended September 30, 2007.

OUTSTANDING SHARE DATA

As at November 5, 2008, 269,689,323 common shares of the Company were outstanding. Of the options to purchase common shares issued to service providers under the share option plan of the Company, 19,951,250 remain outstanding with exercise prices ranging from \$0.15 to \$1.02, with expiry dates ranging between November 21, 2008 and October 31, 2013. If exercised, 19,951,250 common shares would be issued for proceeds of \$11,042,688.

As at November 5, 2008, 18,288,686 share purchase warrants and broker options were outstanding with an exercise prices ranging from \$0.62 to \$0.64 expiring between February 13, 2010 and February 13, 2011. If all warrants were exercised, 18,288,686 common shares would be issued for proceeds of \$11,746,118. In connection with the restructuring of the debt facility of the Company, it is proposed that a total of 17,324,786 share purchase warrants be cancelled and 20,000,000 share purchase warrants be issued at an exercise price of \$0.20 per warrant. The cancellation and issuance are subject to receipt of TSX Venture Exchange approval.

SUBSEQUENT EVENTS

On October 1, 2008, Crowflight announced that construction of the Bucko Lake Nickel Mine was close to complete. Mill commissioning was underway, ore was being stock piled, crushing had begun and concentrate should be produced by November. Crowflight also announced assay results from underground delineation drilling on the 1,000' Level.

The Company also provided an update on the federal permitting process for the storage of tailings in Bucko Lake. The release of the screening level assessment report (the federal government's technical review of the project) had been delayed to October following the federal election. Upon completion of the public review, inclusion of comments from the review, and assuming that no revisions are required, then the letter of recommendation from federal authorities to the Governor in Council (Cabinet) recommending that Cabinet amend Schedule 2 of the Metal Mining Effluent Regulations to add Bucko Lake as a Tailings Impoundment Area will be sent by January 2009. The Schedule 2 amendment process will take eight to 12 months after the letter of recommendation has been received. The ITSF will be used until federal approval for the use of Bucko Lake is received.

In October 2008, the Company restructured the \$55,000,000 debt facility entered into in February 2008 (Note 9). The Company and RMB decided to close out most of the nickel forward sales contracts entered into in July 2008.

At that time, the Company hedged 20.5 million pounds of nickel at a price of US\$8.49 per pound over a four year period.

The following amounts of nickel were closed out recently to raise net proceeds of \$63,000,000. A total of 18.2 million pounds of nickel or 89% of the hedge has been monetized.

<u>Calendar Year</u>	<u>Million Pounds</u>
2008	0.4
2009	1.6
2010	5.7
2011	5.5
2012	4.9

The proceeds of \$63,000,000 are being used to repay in its entirety the Tranche 1 debt facility of \$10,350,000 million (including capitalized interest) and a minimum of \$33,200,000 (including capitalized interest) of the \$45,000,000 Tranche 2 debt facility. As of October 27, 2008, the Company had only drawn \$50,200,000 (including capitalized interest to October 27, 2008) of the \$55,000,000 debt facility. As part of the debt restructuring, Crowflight and the Lender have agreed to cancel the 16.3 million warrants exercisable at \$0.64 per share associated with the Tranche 1 facility and the 1 million warrants exercisable at \$0.64 per share associated with the Bridge facility. After monetization of the nickel hedge, the Company will still have 2.27 million pounds of nickel hedged at US\$8.49 per pound in 2009. In addition, the Company will put in place a currency hedge covering the Canadian dollar amount of the nickel hedge in 2009.

The Company's new debt outstanding under the restructured facility is \$7,600,000 which is repayable to the Lender over 2010, 2011 and 2012 in equal quarterly installments. As a part of the restructured facility the Company will make mandatory quarterly prepayments to the Lender equal to 40% of after debt service project cash flow during 2009, falling to 15% thereafter.

The restructuring will provide the Company with \$19,400,000 in cash and the restructured facility calls for \$10,000,000 to be applied to the facility proceeds account for completion of the Bucko Mine and project working capital, \$3,000,000 to the facility debt service reserve and the remainder to the Company for working capital and general corporate purposes.

Under the restructured facility, the Company has agreed to grant 20 million warrants, the Restructuring Warrants, at 125% of the 20 day VWAP (volume weighted average price) at closing to the Lender, subject to regulatory approval. Any proceeds from the warrants will be used to prepay or repay the restructured facility debt outstanding.

In conjunction with RMB, the Company may also implement future strategic currency and nickel hedges both to protect the Company's cash flow and meet Lender requirements.

RISKS AND UNCERTAINTIES

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

Nature of Mining, Mineral Exploration and Development Projects

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

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

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

Liquidity Concerns and Future Financings

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

Nickel Prices

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

Nickel prices are also affected by numerous other factors beyond our control, including the relative exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major nickel producing regions.

Since the end of Q3-2008, the sector has taken a turn for the worse due to the slowing global demand, illiquid markets and tight credit conditions. Nickel prices have declined dramatically over the past month. If nickel prices continue to decline such that cash operation costs were to significantly exceed metal revenues, the feasibility of continuing operations would be evaluated and, if warranted, discontinued.

Foreign Exchange

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

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

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

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

Licenses and Permits, Laws and Regulations

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

Environmental

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

Title to Properties

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

Uninsured Risks

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

Competition

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

Reduced Global Demand for Steel or Interruptions in Steel Production

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

Availability of Reasonably Priced Raw Materials and Mining Equipment

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

Failure to Meet Production Target and Cost Estimates

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

Share Price Fluctuations

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

Conflicts of Interest

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

CRITICAL ACCOUNTING ESTIMATES

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

OFF BALANCE SHEET ITEMS

We do not have any off balance sheet items.

OUTLOOK

Crowflight expects to complete construction of the Bucko Lake Nickel Mine and produce a nickel concentrate during the fourth quarter of 2008. The expected cost to complete the Bucko Lake Nickel Mine is \$17 million. The Company has these funds available following the restructuring of its debt facility announced October 28, 2008, subsequent to the quarter's end. Additional capital compared to previous estimates is required due to lower pre-production revenues of \$20 million due to lower projected nickel prices and lower nickel pre-production and higher project capital costs of \$4 million. The commissioning of the processing plant is currently underway, with ore being crushed and stock piled. Full commercial production is expected in early 2009.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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