

CONSOLIDATED BALANCE SHEETS

As at December 31,

	December 31, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 10,040,475	\$ 10,607,543
Restricted cash	-	2,999,998
Amounts receivable	1,291,687	607,125
Inventory	1,031,734	268,285
Prepaid expenses and deposits	135,290	138,463
Derivative asset	-	8,668,392
	12,499,186	23,289,806
Deposits and advances	534,709	536,709
Property, plant and equipment	138,568,967	109,241
Exploration and development property and deferred expenditures	14,704,437	153,939,715
	\$ 166,307,299	\$ 177,875,471
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,282,060	\$ 14,950,385
Equipment leases	45,371	48,129
Derivative liability	-	624,223
	9,327,431	15,622,737
Equipment leases	61,281	107,286
Long term debt	-	7,600,000
Asset retirement obligations	918,387	359,000
Future income tax liability	6,000,200	24,139,000
	16,307,299	47,828,023
SHAREHOLDERS' EQUITY		
Common shares	138,758,903	99,289,864
Warrants	10,195,919	4,944,374
Contributed surplus	15,698,606	13,485,751
Retained Earnings	(14,653,428)	12,327,459
	150,000,000	130,047,448
	\$ 166,307,299	\$ 177,875,471

These financials should be read in conjunction with the Notes and Management's Discussion and Analysis available online at www.sedar.com and on the Company's website at www.crowflight.com.

Consolidated Statements of Shareholders' Equity

	Common Shares		Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
	No.	\$	\$	\$	\$	\$
Balance, December 31, 2007	249,978,487	86,671,512	2,025,712	10,193,512	(22,151,940)	76,738,796
Private placement	39,680,000	15,251,000	-	-	-	15,251,000
Value of w arrants granted related to debt facility	-	-	3,719,479	-	-	3,719,479
Value of w arrants to be granted	-	-	849,709	-	-	849,709
Exercise of w arrants and broker w arrants	1,115,836	446,334	-	-	-	446,334
Valuation allocation on exercise of w arrants	-	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	-	-	-	2,364,835	-	2,364,835
Flow through share tax effect	-	(3,563,000)	-	-	-	(3,563,000)
Value of broker w arrants	-	(375,186)	375,186	-	-	-
Valuation allocation on expiry of w arrants and broker w arrants	-	-	(1,906,970)	1,906,970	-	-
Share issue costs	-	(1,198,635)	-	-	-	(1,198,635)
Tax effect of cost of issue	-	390,000	-	-	-	390,000
Income for the period	-	-	-	-	34,479,399	34,479,399
Balance, December 31, 2008	293,304,323	99,289,864	4,944,374	13,485,751	12,327,459	130,047,448
Private placement	215,411,765	47,820,000	-	-	-	47,820,000
Value of w arrants granted	-	(4,842,336)	4,842,336	-	-	-
Value of w arrants granted related to debt facility	-	-	107,597	-	-	107,597
Exercise of stock options	245,000	49,000	-	-	-	49,000
Valuation allocation on exercise of stock options	-	18,586	-	(18,586)	-	-
Stock based compensation - shares	562,464	113,130	-	-	-	113,130
Stock based compensation - options	-	-	-	2,231,441	-	2,231,441
Flow through share tax effect	-	(2,982,000)	-	-	-	(2,982,000)
Value of broker w arrants	-	(301,612)	301,612	-	-	-
Share issue costs	-	(523,400)	-	-	-	(523,400)
Tax effect of cost of issue	-	117,671	-	-	-	117,671
Loss for the period	-	-	-	-	(26,980,887)	(26,980,887)
Balance, December 31, 2009	509,523,552	138,758,903	10,195,919	15,698,606	(14,653,428)	150,000,000

These financials should be read in conjunction with the Notes and Management's Discussion and Analysis available online at www.sedar.com and on the Company's website at www.crowflight.com.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the years ended December 31,

	2009	2008
Revenue		
Nickel sales	\$ 6,493,906	\$ -
Pricing adjustments	236,981	-
Revenue - after pricing adjustments	<u>6,730,887</u>	<u>\$ -</u>
Cost of sales (excludes accretion, depreciation, depletion and amortization)	9,383,311	-
Depreciation, depletion and amortization	1,299,174	-
Gross margin - mining operations	<u>(3,951,598)</u>	<u>-</u>
Temporary shutdown costs	4,943,000	-
Loss from mine operations	<u>(8,894,598)</u>	<u>-</u>
Other expenses		
Professional, consulting and management fees	4,439,524	3,194,231
General and office	1,359,469	410,509
Shareholder communications and investor relations	375,500	439,525
Travel	202,637	169,088
Interest expenses and bank charges	140,930	11,495
Amortization	1,557	6,816
	<u>6,519,617</u>	<u>4,231,664</u>
(Loss) before the undernoted	<u>(15,414,215)</u>	<u>(4,231,664)</u>
Interest income	45,581	253,448
Interest on long term debt	(48,673)	(2,317,355)
General exploration	(50,000)	(106,921)
Debt facility transaction costs	(383,464)	(5,993,883)
Write down of property, plant and equipment	(30,601,829)	-
Write down of exploration property and deferred expenditures	(3,185,941)	(5,244,395)
Accretion	57,416	(28,000)
Recovery of expenditures	66,958	-
Net gain on derivative instruments	1,530,151	70,624,169
Income/(loss) before income taxes	<u>(47,984,016)</u>	<u>52,955,399</u>
Future income taxes	21,003,129	(18,476,000)
Income/(loss) for the year	<u>(26,980,887)</u>	<u>34,479,399</u>
RETAINED EARNINGS/(DEFICIT), beginning of year	<u>12,327,459</u>	<u>(22,151,940)</u>
RETAINED EARNINGS/(DEFICIT), end of year	<u>\$ (14,653,428)</u>	<u>\$ 12,327,459</u>
Income (loss) per share * basic & diluted	\$ (0.07)	\$ 0.13
Weighted average number of shares - basic	390,323,874	264,303,511
Weighted average number of shares - diluted	390,323,874	267,145,855

These financials should be read in conjunction with the Notes and Management's Discussion and Analysis available online at www.sedar.com and on the Company's website at www.crowflight.com.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2009	2008
OPERATING ACTIVITIES:		
Net income/(loss) for the period	\$ (26,980,887)	\$ 34,479,399
Charges not affecting cash:		
Depreciation, depletion and amortization	1,300,731	6,816
Stock ^a based compensation expense	2,330,321	2,364,835
Warrants issued on In-process working capital facility	107,597	-
Accretion	(57,416)	28,000
Debt facility transaction costs	-	7,175,683
Capitalized interest	-	-
Change in value of derivative instruments	8,044,169	(8,044,169)
Write down of property, plant and equipment	30,601,829	-
Write down of exploration property and deferred expenditures	3,135,941	5,244,395
Future income tax (recovery)/expense	(21,003,129)	18,476,000
Net change in non-cash working capital	8,730,235	(498,933)
	6,209,391	59,232,026
FINANCING ACTIVITIES:		
Debt facility, net of transaction costs	-	47,612,059
Retirement of debt facility	(7,600,000)	(42,400,000)
Private placements	37,242,661	14,052,365
Shares issued from exercise of warrants and options	49,000	1,015,865
Payments on equipment leases	(48,763)	(74,444)
	29,642,898	20,205,845
INVESTING ACTIVITIES:		
Exploration and development property, plant and equipment, and deferred expenditures	(33,631,896)	(82,559,511)
(Increase) decrease in deposits and prepaid exploration expenditure	-	318,554
(Decrease)/Increase in accounts payable attributable to property development and exploration	(5,787,459)	7,405,839
Change in restricted cash	2,999,998	(2,999,998)
	(36,419,357)	(77,835,116)
CHANGE IN CASH AND CASH EQUIVALENTS	(567,068)	1,602,755
CASH AND CASH EQUIVALENTS, beginning of year	10,607,543	9,004,788
CASH AND CASH EQUIVALENTS, end of year	\$ 10,040,475	\$ 10,607,543
Cash and cash equivalents consist of:		
Cash	2,259,673	559,438
Cash equivalents	7,780,802	10,048,105
	\$ 10,040,475	\$ 10,607,543
SUPPLEMENTAL INFORMATION:		
Warrants granted related to debt facility	107,597	4,569,188
Warrants granted as cost of issue	301,612	375,186
Stock based compensation charged to exploration properties	14,250	-
Amortization of assets deferred to exploration properties	10,041	28,242
Equipment acquired by capital lease	-	41,003
Repayment of bridge facility with final tranche	-	15,000,000
Interest received	34,363	257,347
Interest paid	83,807	1,135,555
Income taxes paid	-	-
Common shares issued for settlement of accounts payable	10,053,939	-

These financials should be read in conjunction with the Notes and Management's Discussion and Analysis, available online at www.sedar.com and on the Company's website at www.crowflight.com