



Crowflight Minerals Inc.
Canada's Next Nickel Producer

FINANCIAL STATEMENTS

for the nine months ended September 30, 2006

(a development stage company)

Q3

BALANCE SHEETS

As at
(in Canadian dollars - prepared by management)

	September 30, 2006	December 31, 2005 (Audited)
ASSETS		
Current		
Cash	\$ 348,133	\$ 633,669
Amounts receivable	265,094	279,909
Prepaid expenses and deposits	78,383	49,880
Future income tax asset (Note 5)	-	598,000
	691,610	1,561,458
Deposits and advances (Note 2)	367,526	178,255
Prepaid exploration expenditures (Note 2)	427,142	-
Exploration property, plant and equipment and deferred exploration expenditures (Note 2)	32,437,729	21,006,374
Equipment	46,543	36,873
	\$ 33,970,550	\$ 22,782,960
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,976,062	\$ 1,327,926
Future income tax liability (Note 5)	\$ 743,000	\$ -
SHAREHOLDERS' EQUITY		
Common Shares (Note 3(a))	38,048,206	30,375,246
Commitment to issue common shares (Note 2)	500,000	-
Warrants (Note 3(b))	3,032,820	3,191,425
Contributed surplus (Note 3(d))	4,954,317	3,842,714
Deficit	(17,283,855)	(15,954,351)
	29,251,488	21,455,034
	\$ 33,970,550	\$ 22,782,960

Commitments and Contingencies (Note 6)

STATEMENTS OF OPERATIONS AND DEFICIT

For the three and nine months ended September 30,
(in Canadian dollars - prepared by management)

	Three months ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Expenses				
Stock-based compensation (Note 3(c))	\$ 130,818	\$ 59,969	\$ 486,153	\$ 233,621
Professional and consulting	155,201	162,204	458,204	433,457
Shareholder communications and promotion	75,687	72,799	241,885	185,171
General and office	23,889	28,595	72,137	92,138
Travel	46,067	9,234	67,541	105,345
Amortization	4,590	7,026	15,374	20,616
Interest expenses and bank charges	945	530	1,952	2,161
	437,197	340,357	1,343,246	1,072,509
Loss before the undernoted	(437,197)	(340,357)	(1,343,246)	(1,072,509)
Interest income	7,116	69	7,674	12,462
Recovery of expenses	-	-	6,068	15,912
General exploration expenses	-	-	-	(16,838)
Write-down of exploration properties and deferred exploration expenses (Note 2)	-	(228,349)	-	(228,349)
Loss before income taxes	(430,081)	(568,637)	(1,329,504)	(1,289,322)
Future income taxes (Note 5)	-	-	-	1,164,240
Net loss for the year	(430,081)	(568,637)	(1,329,504)	(125,082)
DEFICIT, beginning of year	<u>(16,853,774)</u>	<u>(15,639,626)</u>	<u>(15,954,351)</u>	<u>(16,083,181)</u>
DEFICIT, end of year	<u>\$(17,283,855)</u>	<u>\$(16,208,263)</u>	<u>\$(17,283,855)</u>	<u>\$(16,208,263)</u>
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of shares basic and diluted	140,004,291	96,371,254	124,482,228	82,384,902

STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30,
(in Canadian dollars - prepared by management)

	Three months ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Cash (used in) provided by:				
OPERATING ACTIVITIES:				
Net income (loss) for the period	\$ (430,081)	\$ (568,637)	\$ (1,329,504)	\$ (125,082)
Charges not affecting cash:				
Amortization	4,590	7,026	15,374	20,616
Stock-based compensation expense (Note 3(c))	130,818	59,969	486,153	233,621
Write down of exploration properties and deferred exploration expenditure (Note 2)	-	228,349	-	228,349
Future income tax recovery (Note 5)	-	-	-	(1,164,240)
Net change in non-cash working capital	(48,298)	(247,081)	309,926	(174,696)
	(342,971)	(520,374)	(518,051)	(981,432)
FINANCING ACTIVITIES:				
Common shares issued through private placements	-	628,500	9,483,350	5,025,953
Warrants issued through private placements	-	121,500	349,450	699,797
Shares issued from exercise of warrants and options	126,100	-	126,100	512,000
Financing costs	(41,015)	(56,760)	(757,545)	(441,138)
	85,085	693,240	9,201,355	5,796,612
INVESTING ACTIVITIES:				
Exploration property, plant and equipment and deferred exploration expenditures, net of government assistance	(6,089,209)	(1,768,340)	(10,651,905)	(8,385,791)
(Increase) decrease in prepaid expenses attributable to property exploration	818,476	(625,090)	(616,413)	(753,345)
(Decrease) increase in accounts payable attributable to property exploration	2,970,417	957,864	2,324,522	862,680
Equipment	-	(14,194)	(25,044)	(19,867)
	(2,300,316)	(1,449,760)	(8,968,840)	(8,296,323)
CHANGE IN CASH	(2,558,202)	(1,276,894)	(285,536)	(3,481,143)
CASH, beginning of period	2,906,335	3,601,206	633,669	5,805,455
CASH, end of period	\$ 348,133	\$ 2,324,312	\$ 348,133	\$ 2,324,312

STATEMENTS OF CASH FLOWS (continued)

For the three and nine months ended September 30,
(in Canadian dollars - prepared by management)

	Three months ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
SUPPLEMENTAL INFORMATION:				
Common shares issued for interest in exploration properties (Note 2)	\$ 270,000	\$ -	\$ 270,000	\$ 350,000
Warrants granted for interest in exploration properties (Note 2)	\$ -	\$ -	\$ -	\$ 106,500
Common shares committed to be issued for purchase of exploration assets (Note 2)	\$ 500,000	\$ -	\$ 500,000	\$ -
Stock options issued for interest in exploration property (Note 2)	\$ 9,450	\$ -	\$ 9,450	\$ -
Common shares issued as cost of issue	\$ -	\$ -	\$ 87,400	\$ -
Warrants granted as cost of issue	\$ -	\$ -	\$ 133,579	\$ -
Interest received	\$ 7,116	\$ 69	\$ 7,674	\$ 12,462
Interest paid	\$ 18	\$ 3	\$ 18	\$ 44,066
Income taxes paid	\$ -	\$ -	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006

(prepared by management – Unaudited)

1. BASIS OF PRESENTATION AND GOING CONCERN

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

The management of Crowflight Minerals Inc. (the "Company") has prepared these unaudited financial statements for the nine months ended September 30, 2006 in accordance with generally accepted accounting principles in Canada. The most significant of these accounting principles have been set out in the December 31, 2005 audited financial statements. The Company uses the same methods and accounting policies described in the December 31, 2005 audited financial statements. These financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2005.

The disclosures in these interim financial statements do not include the full disclosure required under generally accepted accounting principles in Canada for annual financial reporting.

These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Operating results for the nine months ended September 30, 2006 are not indicative of the results that may be expected for the full year ending December 31, 2006.

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 the accompanying financial statements.

The Company has a need for equity capital and financing for working capital, and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

2. EXPLORATION PROPERTY PLANT AND EQUIPMENT AND DEFERRED EXPLORATION EXPENDITURES

	MANITOBA				SUDBURY, ONTARIO				TOTAL
	Bucko Feasibility Study	Thompson Nickel Belt South	Thompson Nickel Belt North	Other	AER Kidd	Airport	Peter's Roost	Other	
<u>Acquisition costs</u>									
Balance, December 31, 2005	1,458,431	179,811	228,693	-	991,858	356,403	102,887	-	3,318,083
Acquisition and property costs	270,000	44,380	22,292	40,687	103,066	18,000	24,870	-	523,295
Balance, September 30, 2006	1,728,431	224,191	250,985	40,687	1,094,924	374,403	127,757	-	3,841,378
<u>Exploration and development expenditure</u>									
Balance, December 31, 2005	5,067,835	4,976,479	1,393,154	-	4,879,842	714,323	654,245	2,413	17,688,291
Drilling	1,510,904	1,534,361	662,845	-	-	-	-	-	3,708,110
Assaying, laboratory, metallurgy	182,920	-	-	-	-	-	-	-	182,920
Geology and geological consulting	500,036	282,860	207,146	-	8,075	-	12,288	-	1,010,405
Travel and transportation	138,160	8,952	4,205	-	686	250	1,321	763	154,337
Geochemistry and geophysics	29,940	5,454	235,623	-	-	-	-	-	271,017
Reports	39,864	-	-	-	-	-	-	-	39,864
Mine and mill design	(32,527)	-	-	-	-	-	-	-	(32,527)
Site development	329,062	-	-	-	-	-	-	-	329,062
Engineering and procurement	414,441	-	-	-	-	-	-	-	414,441
Environmental	92,621	3,291	2,411	-	-	-	-	-	98,323
Field and office support	163,489	8,133	7,057	-	932	51	607	86	180,355
Management fees	297	182,012	110,998	-	-	-	-	-	293,307
Incurred to date	8,437,042	7,001,542	2,623,439	-	4,889,535	714,624	668,461	3,262	24,337,905
Plant and equipment	4,516,902	-	-	-	-	-	-	-	4,516,902
Less: Government assistance	-	(121,342)	(137,114)	-	-	-	-	-	(258,456)
Balance, September 30, 2006	12,953,944	6,880,200	2,486,325	-	4,889,535	714,624	668,461	3,262	28,596,351
TOTAL DEFERRED COSTS									
September 30, 2006	14,682,375	7,104,391	2,737,310	40,687	5,984,459	1,089,027	796,218	3,262	32,437,729

MANITOBA

Bucko Deposit Feasibility Study and Thompson Nickel Belt South ("TNB South")

On June 16, 2004, the Company entered into an option and joint venture agreement with Falconbridge Limited, now Xstrata Plc. ("Xstrata"). This agreement was amended on March 1, 2006, the basic terms of which include:

The Company can earn a conditional 33% interest in Mining Lease ("ML") - 031 including the Bucko Deposit by:

- incurring or demonstrating sufficient funding to complete the Bankable Feasibility Study ("BFS"); and
- funding the 2006 regional TNB South Exploration Program of \$1,500,000.

If the requirements to earn the 33% conditional interest are not met, the conditional interests will revert back to Xstrata.

Upon earning the 33% conditional interest, the Company will have the option to earn an additional 17% interest in ML-031 including the Bucko Deposit for a total 50% interest by incurring a total expenditure of \$7,500,000 (\$8,437,000 completed), completing the BFS on ML-031 and having funded or deposited with Xstrata its outstanding commitments on the TNB South regional exploration program.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006

(prepared by management – Unaudited)

2. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Irrespective of the Company having earned the conditional 33% interest, it can earn a 50% interest and a conditional 100% interest in ML-031 by completing the BFS and BFS financial commitments and by having expended or funded \$10,500,000 in TNB South regional exploration commitments. Having met the exploration commitments, the Company will also have earned a 25% interest in the TNB South Project Area.

The Company is required to incur TNB regional exploration expenditures of \$10,500,000 as follows:

- \$1,376,000 by December 31, 2004 (funded);
- an additional \$3,276,000 by December 31, 2005 (funded);
- an additional \$1,500,000 by April 30, 2006 (funded);
- an additional \$1,500,000 by April 30, 2007;
- an additional \$1,500,000 by April 30, 2008;
- an additional \$1,348,000 by April 30, 2009;

As well, the Company issued 1,000,000 common shares of the Company on June 1, 2006 pursuant to the amended agreement. The fair value of the shares was determined to be \$270,000 based upon the quoted market value of the Company's shares on the date of issue.

The Company may increase its interest in ML-031 to an unconditional 100% by making a decision within six months of the completion of the BFS to put the Bucko Deposit into production, complete project financing and construction and obtain commercial production.

The Company may elect to increase its interest in the TNB South Project Area to 50% by providing funding to Xstrata as operator of \$7,000,000 in exploration activities by April 13, 2013 (plus administrative charges of 10% of expenditures), as follows:

- \$1,500,000 on the date of election;
- an additional \$1,500,000 by the first anniversary of election;
- an additional \$2,000,000 by the second anniversary of election; and,
- an additional \$2,000,000 by the third anniversary of election.

In order to increase either or both interests, the Company must issue 1,000,000 common shares of the Company to Xstrata within 30 days after exercising the election and an additional 1,000,000 common shares of the Company within one year of the election.

Certain areas of the property are subject to underlying agreements whereby those portions are subject to i) a 2% NSR; ii) a 10% net proceeds of production royalty; or iii) a \$500,000 payment due on commencement of commercial production. Under certain circumstances these royalty interests may be purchased.

The agreement also provides Xstrata with certain rights to back in, buy back the property, bump up its ownership interest and to purchase the concentrate product for the project.

During the nine months ended September 30, 2006, the Company advanced \$2.2 million to Xstrata to be applied to exploration expenditure on the TNB South group of properties, and a balance of \$177,942 remains recorded in prepaid exploration expenditures at September 30, 2006 to be applied to future expenditures.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

2. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Throughout the quarter, the Company purchased or paid deposits on various capital assets for the development of the Bucko Deposit including previously operated equipment, various surface buildings and electrical components. As well, towards the end of the quarter, the Company entered into an agreement to purchase a used concentrator plant which includes the plant building, a primary semi-autogenous mill, a regrind ball mill, a 35 tonne overhead crane, flotation cells, various cyclones and conveyances, and a concentrate dryer. The total consideration for the plant is \$2 million, which will be satisfied through various cash payments of \$1.5 million over the next several months to the end of the year as well as the issuance of 1,666,667 common shares of the Company with a deemed value of \$500,000. The shares were issued subsequent to the end of the quarter ended September 30, 2006 and the deemed value was recorded at September 30, 2006 as a commitment to issue common shares. Of the cash payments, a \$100,000 deposit was paid at September 30, 2006 and the remaining \$1.4 million has been recorded as accounts payable and accrued liabilities.

Thompson Nickel Belt North ("TNB North"), Manitoba

In January 2005, the Company entered into an option agreement with Xstrata to acquire a 50% interest in the Thompson Nickel Belt North Project ("TNB North"). This agreement was amended on March 1, 2006.

Under the terms of the Amended Agreement, the Company is required to spend \$5,000,000 on or before April 30, 2009 in the following tranches:

- \$1,300,000 by December 31, 2005 (funded);
- \$1,000,000 by April 30, 2006 (funded);
- \$1,000,000 by April 30, 2007;
- \$1,000,000 by April 30, 2008; and
- \$700,000 by April 30, 2009.

The agreement also provides Falconbridge with certain rights to back in, buy back the property, bump up its ownership interest and to purchase the concentrate product for any project developed in the Project Area.

During the nine months ended September 30, 2006, the Company advanced \$1.35 million to Xstrata to be applied to exploration expenditure on the TNB North group of properties, and a balance of \$249,200 remains recorded as prepaid exploration expenditures at September 30, 2006 to be applied to future expenditures.

Also during the nine months ended September 30, 2006, the Company applied for and was approved for financial assistance under the Manitoba Mineral Exploration Assistance Program ("MEAP") and received \$258,456 in government assistance.

Thompson Nickel Belt - Other

During the quarter ended September 30, 2006, the Company entered into a land purchase agreement to acquire a portion of land adjacent to the Bucko Deposit for the Company's camp infrastructure. The Company paid a \$12,500 deposit against the total purchase price of \$35,000, and this deposit is recorded as prepaid exploration expenditure. The remaining \$22,500 is payable on or before the closing date of the transaction. As part of the terms of the agreement, the Company granted 50,000 options to the vendor at an exercise price of \$0.30 which expire August 9, 2011. A value of \$9,450 was estimated for these options using the Black-Scholes option pricing model under the following assumptions: expected dividend yield 0%; expected volatility of 89.78%; risk free interest rate ranging of 4.2%; and an expected average life of 5 years (Note 3(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

2. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Also during the quarter ended September 30, 2006, the Company staked a total of 103 square kilometers in the Thompson Nickel Belt near the town of Wabowden and the Bucko deposit increasing the Company's property interest in this region.

SUDBURY, ONTARIO

Peter's Roost Property

In the first half of 2004, the Company acquired by staking the Peter's Roost Property, a major land package along the North Range of the Sudbury Basin. The property extends along two predominantly east west trending concentric corridors extending from the Parkins Offset Dyke in the east, to beyond the Foy Offset Dyke in the west, a distance of over 40 kilometres.

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.

In April 2006, Wallbridge acquired 8 additional claims (approximately 560 ha) in the Area of Common Interest as defined under the Agreement. For any new properties Wallbridge acquires within the Agreement Area (a 495 square kilometre area within the North Range of the Sudbury Intrusive Complex), the Company will have the right to acquire a 25% participating interest by reimbursing Wallbridge 50% of its exploration costs to that point at such time as an Indicated Resource is identified.

Mystery Offset Dyke Property

During the comparative quarter ended September 30, 2005, the Company decided to no longer pursue its option on the Mystery Offset Dyke Property in Sudbury, and consequently wrote off an amount of \$228,349 in acquisition and preliminary exploration expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

3. 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) <u>Common shares issued</u>	<u>Number of Shares</u>	<u>Value</u>
Balance, December 31, 2004	71,758,254	\$ 25,851,956
Private placement - non flow-through	5,000,000	1,250,000
Private placement - flow-through	14,903,000	3,725,750
Private placement	3,000,000	750,000
Issue of warrants - warrant valuation	-	(699,787)
Shares issued in acquisition of property	1,400,000	350,000
Exercise of warrants	2,560,000	512,000
Exercise of warrants - warrant valuation	-	241,205
Flow-through shares tax effect	-	(1,164,240)
Cost of issue	-	(441,638)
Balance, December 31, 2005	98,621,254	\$ 30,375,246
Private placement - non flow-through (i)	6,000,000	1,140,000
Private placement - flow-through (ii)	10,377,776	2,335,000
Private placement - non flow-through (ii)	6,050,000	1,149,500
Private placement - flow-through (iii)	17,361,000	5,208,300
Issue of warrants - warrant valuation (i, ii)	-	(349,450)
Commission shares issued (ii)	460,000	87,400
Shares issued in acquisition of property (Note 2)	1,000,000	270,000
Exercise of warrants	373,000	121,200
Exercise of warrants - warrant valuation	-	21,634
Exercise of options	20,000	4,900
Exercise of options - option valuation	-	4,000
Flow-through shares tax effect	-	(1,341,000)
Cost of issue	-	(978,524)
Balance, September 30, 2006	140,263,030	\$ 38,048,206

(i) In January 2006, the Company completed the first tranche of a private placement offering through the issuance of 6,000,000 units of the Company at a price of \$0.19 per unit for gross proceeds of \$1,140,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase a common share of the Company at an exercise price of \$0.30 until July 20, 2007. The fair value of the warrants of \$174,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 89.78%; risk free interest rate ranging from 3.8%; and an expected life of eighteen months.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

3. CAPITAL STOCK (continued)

(ii) In February 2006, the Company closed the final tranche of the private placement through the issuance of 1,177,776 flow through shares priced at \$0.225 per flow-through share and the issuance of 6,050,000 units priced at \$0.19 per unit for gross proceeds of \$1,414,500. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at \$0.30 until August 28, 2007. The fair value of the warrants of \$175,450 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 89.78%; risk free interest rate ranging from 3.9%; and an expected life of eighteen months.

As well, the Company completed a brokered private placement through the issuance of 9,200,000 flow-through common shares at a price of \$0.225 per flow-through share for gross proceeds of \$2,070,000. Dundee Securities Corporation acted as agent in connection with the brokered private placement and was issued 460,000 common shares ("commission shares") and 460,000 broker warrants as commission. Each broker warrant is exercisable into common shares of the Company at an exercise price of \$0.225 per common share until August 28, 2007. The fair value of the commission shares was deemed to be \$87,400 using the value of the Company's stock issued in this tranche of the private placement. The fair value of the broker warrants of \$33,580 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 89.78%; risk free interest rate of 3.9%; and an expected life of eighteen months. The values of the commission shares and broker warrants were recorded as cost of issue.

(iii) In June 2006, the Company completed a brokered private placement through the issuance of 17,361,000 flow-through common shares of the Company at a price of \$0.30 per flow-through share for gross proceeds of \$5,208,300. Orion Securities Inc. ("Orion") led a syndicate of agents in connection with this financing and received a commission of 6% of total gross proceeds or \$312,498. As well, 1,041,660 Broker Warrants were granted to Orion and other agents within the syndicate. Each Broker warrant is exercisable into one common share of the Company at a price of \$0.30 per share until December 31, 2007.

The fair value of the broker warrants of \$99,999 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 89.78%; risk free interest rate of 4.3%; and an expected life of eighteen months. The value of the broker warrants was recorded as cost of issue.

b) Warrants

	September 30, 2006		December 31, 2005	
	Number of warrants	Weighted average price	Number of warrants	Weighted average price
Balance, beginning of period	29,434,356	\$ 0.45	26,033,465	\$ 0.42
Granted, private placements	6,025,000	0.30	11,451,500	0.40
Granted, broker warrants	1,501,660	0.28	-	-
Granted property acquisition	-	-	1,000,000	0.55
Exercised	(573,000)	0.32	(2,560,000)	0.20
Expired or cancelled	(5,000,000)	0.55	(6,490,609)	0.36
Balance, end of period	31,388,016	\$ 0.40	29,434,356	\$ 0.45

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

3. CAPITAL STOCK (continued)

A summary of the outstanding warrants as of September 30, 2006 are as follows:

Value (\$)	Number of Warrants	Exercise Price (\$)	Expiry Date
650,000	5,000,000	0.300	October 12, 2006
568,462	3,667,500	0.600	November 4, 2006
502,801	2,940,356	0.500	November 4, 2006
568,893	9,808,500	0.400	December 8, 2006
4,000	50,000	0.400	December 17, 2006
43,875	375,000	0.600	December 29, 2006
67,500	500,000	0.350	January 18, 2007
39,000	500,000	0.750	January 18, 2007
121,500	1,500,000	0.400	March 8, 2007
174,000	3,000,000	0.300	July 20, 2007
159,210	2,745,000	0.300	August 28, 2007
33,580	460,000	0.225	August 28, 2007
99,999	1,041,660	0.300	December 21, 2007
3,032,820	31,588,016		

c) Stock Options

The following are the stock option transactions during the period:

	September 30, 2006		December 31, 2005	
	Number of stock options	Weighted average exercise price (\$)	Number of stock options	Weighted average exercise price (\$)
Balance, beginning of period	7,405,000	0.30	5,755,000	0.36
Granted	3,920,000	0.24	1,650,000	0.31
Exercised	(20,000)	0.245	-	-
Cancelled/Expired	(1,587,500)	0.358	-	-
Balance, end of period	9,717,500	0.267	7,405,000	0.30

CROWFLIGHT MINERALS INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006

(prepared by management – Unaudited)

3. CAPITAL STOCK (continued)

As of September 30, 2006, the following stock options were outstanding:

VALUE (\$)	NUMBER OF OPTIONS	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE (\$)	EXPIRY DATE
13,390	37,500	37,500	0.225	October 22, 2006 (i)
10,000	50,000	50,000	0.245	October 22, 2006 (i)
10,140	25,000	25,000	0.35	October 22, 2006 (i)
8,203	25,000	25,000	0.62	October 22, 2006 (i)
81,120	200,000	200,000	0.20	December 11, 2006 (i)
17,854	50,000	50,000	0.225	December 11, 2006 (i)
20,000	100,000	100,000	0.245	December 11, 2006 (i)
11,100	150,000	150,000	0.25	June 7, 2007
811,200	2,000,000	2,000,000	0.20	June 5, 2008
81,120	200,000	200,000	0.35	June 5, 2008
40,560	100,000	100,000	0.56	November 21, 2008
20,280	50,000	50,000	0.70	November 17, 2008
63,375	156,250	156,250	0.62	December 11, 2008
28,607	143,750	143,750	0.62	June 17, 2009
4,050	30,000	30,000	0.20	October 1, 2009
226,000	1,130,000	1,130,000	0.245	October 12, 2009
14,850	50,000	50,000	0.39	October 20, 2009
40,050	150,000	150,000	0.35	November 8, 2009
19,600	100,000	100,000	0.30	January 10, 2010
37,845	200,000	150,000	0.28	February 14, 2010
39,600	200,000	200,000	0.29	February 21, 2010
223,460	1,000,000	750,000	0.33	March 1, 2010
7,100	50,000	50,000	0.20	July 14, 2010
16,032	100,000	75,000	0.235	October 18, 2010
* 315,165	2,770,000	1,038,750	0.225	March 13, 2011
* 23,900	350,000	43,750	0.28	July 5, 2011
** 9,450	50,000	50,000	0.30	August 9, 2011
* 8,867	100,000	12,500	0.365	August 15, 2011
* 12,740	150,000	18,750	0.35	September 15, 2011
	9,717,500	7,136,250		

(i) The expiry dates of these options were changed during the quarter.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

3. CAPITAL STOCK (continued)

During the nine months ended September 30, 2006, 3,920,000 stock options (2005 - 1,550,000) were granted to directors, officers and consultants of the Company. Of these options granted, 200,000 vest immediately, expiring in 2007 or 2011, while 3,370,000 (*) options vest one eighth every quarter from the date of grant over a two year term. The remaining 350,000 options had similar vesting terms however only 87,500 vested (i) before 262,500 were cancelled. A portion of the options granted in 2005 also vested during the nine months ended September 30, 2006. As well, the value of options granted with respect to a land purchase agreement was charged to exploration properties (**). The fair value of each option granted was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield 0% (2005 - 0%); expected volatility of 89.78% (2005 - 89.78%); risk free interest rate ranging from 3.8% to 4.5% (2005 - 3.6%); and an expected average life of 2 to 5 years (2005 - 5 years). For the nine months ended September 30, 2006, an amount of \$486,153 (2005 - \$233,621) was recorded as stock based compensation expense related to all vested options.

d) Contributed Surplus

	September 30, 2006	December 31, 2005
Balance, beginning of period	\$ 3,842,714	\$ 3,049,199
Stock options granted and/or vested during the period:		
Directors and officers	\$ 376,238	\$ 214,000
Consultants	\$ 109,915	\$ 46,500
Property acquisition	\$ 9,450	
Exercise of stock options, reallocation of valuation	\$ (4,000)	\$ -
Expiry of warrants, reallocation of valuation	\$ 620,000	\$ 533,015
Balance, end of period	\$ 4,954,317	\$ 3,842,714

4. 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, 2006 an amount of \$35,803 (2005 - \$20,534) is payable in relation to these expenses. As well, the Company is owed \$1,640 (2005 - \$18,864) at September 30, 2006 for shared expenses.

During the nine months ended September 30, 2006, the Company granted 2,900,000 stock options to directors and officers of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ending September 30, 2006
(prepared by management – Unaudited)

5. FUTURE TAX LIABILITIES

In February 2006, the Company renounced \$3,725,750 of Canadian exploration expenditures related to proceeds from flow through shares with an effective date of December 31, 2005. As a result, assuming a statutory tax rate of approximately 36%, an amount of \$1,341,000 was debited to common stock. Consequently, this reduced the future income tax asset by \$598,000 and increased the future income tax liability by \$743,000.

In February 2005, the Company renounced \$3,234,000 related to proceeds from flow-through shares with an effective date of December 31, 2004. Consequently, a non-cash future income tax recovery of \$1,164,240 was recognized during the nine months ended September 30, 2005.

6. COMMITMENTS AND CONTINGENCIES

Pursuant to the issuance of 14,903,000 flow through shares in June 2005, the Company renounced \$3,725,750 on qualified exploration expenditures with an effective date of December 31, 2005 in February 2006. As of September 30, 2006, the Company has met its exploration commitments.

During the current year the Company issued a further 27,738,776 flow through shares and intends to renounce \$7,543,300 on qualified expenditures related to the shares with an effective date of December 31, 2006. The Company will be required to spend these funds on qualified exploration expenditures on or before December 31, 2007.

The Company is party to certain management contracts which require that additional payments of up to \$2.9 million be made upon the occurrence of certain events such as a change of control or termination without cause. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements.

7. SUBSEQUENT EVENTS

In October 2006, the Company completed a brokered private placement through the issuance of 10,952,000 units priced at \$0.35 per unit and 21,150,000 flow through common shares priced at \$0.40 per flow through share for gross proceeds of \$12,290,200. As well, the Company completed a non-brokered private placement through the issuance of 9,902,859 units priced at \$0.35 per unit and 1,400,000 flow through shares priced at \$0.40 per flow through share for gross proceeds of \$4,026,000. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the company at a price of \$0.50 per share expiring April 11 or April 30, 2008. However, if over a period of 15 consecutive trading days between February 28, 2007 and the expiry date, the daily volume weighted average trading price of the common shares on the TSX Venture Exchange, or such other stock exchange where the majority of the trading volume occurs, exceeds \$0.75 on each of those 15 consecutive days, the Company may, within 30 days of such an occurrence, give written notice to the holders of the warrants that the warrants will expire at 4:00 pm EST on the 45th day following the giving on notice unless exercised by the holders prior to such date.

The brokered private placement was completed by a syndicate of agents led by Orion Securities Inc. and included Sprott Securities and Pacific International Securities Inc. (the "Agents"). In connection with the private placement, the Agents received \$737,592 in commission as well as 657,120 compensation options, each of which entitles the Agents to purchase one unit of the Company at a price of \$0.35 per unit until April 30, 2008 and 1,269,000 compensation options, each of which entitles the Agents to purchase one common share at a price of \$0.40 per

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For the nine months ending September 30, 2006
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7. SUBSEQUENT EVENTS (continued)

share until April 30, 2008.

Each of the flow through shares, common shares, warrants and compensation options are subject to a hold period that expires on March 1, 2007.

8. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current periods' presentation.