FLYING NICKEL
Mining Corp.

Management's Discussion and Analysis
(Unaudited)

For the Twelve Months Ended December 31, 2022

(Expressed in Canadian dollars, except where indicated)

Dated February 23, 2023

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This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial conditions and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the twelve months ended December 31, 2022. This MD&A should be read in conjunction with the condensed interim financial statements and notes thereto ("Statements") of Flying Nickel Mining Corp. ("Flying Nickel" or the "Company") as at and for the twelve months ended December 31, 2022, as well as, the audited financial statements of Flying Nickel as at and for the period from Incorporation on December 21, 2020 to December 31, 2021. The Company's Statements and MD&A are presented in Canadian dollars ("CAD"), unless otherwise specified, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additional information about Flying Nickel is available on the Company's website at www.flynickel.com and on the SEDAR website (www.sedar.com). "This Quarter" or "Current Quarter" means the three-month period ended December 31, 2022 and "This Period" or "Current Period" means the twelve-month period ended December, 2022. The information contained in this MD&A is current to February 23, 2023.

On December 30, 2022, the Company changed its financial year end from December 31 to March 31.

The MD&A contains references to Flying Nickel using the words "we", "us", "our" and similar words and the reader is referred to using the words "you", "your" and similar words.

Profile and Strategy

Flying Nickel is a premier nickel sulphide mining and exploration company, and is advancing its 100% owned Minago nickel project (the "Minago Project") in the Thompson nickel belt in Manitoba, Canada.

On March 4, 2022, the Company's common shares were publicly listed on the TSX Venture Exchange (the "TSXV") under the symbol "FLYN". On April 8, 2022 the Company's common shares have started trading on the US OTCPK under the symbol "FLYNF". The Company commenced trading on the OTCQB under the symbol "FLYNF" as of the opening of the market on May 31, 2022. The Company's common shares are eligible to clear electronically and settle through DTC.

The Company maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

Overall Performance and Outlook

The following highlights the Company's overall performance for the three and twelve months ended December 31, 2022:

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Change	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)	Change
Net loss	(890,390)	(360,642)	(529,748)	(3,421,004)	(360,642)	(3,060,362)
Cash used in operating activities	(775,792)	(1,274,641)	498,849	(3,123,889)	(1,274,641)	(1,849,248)
Cash at end of period	584,998	-	584,998	584,998	-	584,998
Loss per share – basic and diluted	(0.01)	(67.86)	67.85	(0.06)	(67.86)	67.80

(Expressed in Canadian dollars, except where indicated)

Arrangement And Transfer of Assets

On January 14, 2022, Silver Elephant Mining Corp. ("Silver Elephant" or "ELEF") completed a strategic reorganization of its business through a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). Pursuant to the Arrangement, the common shares of Silver Elephant were consolidated on a 10:1 basis and each holder of common shares received in exchange for every 10 pre-Consolidation common shares held: (i) one post Consolidation common share of Silver Elephant; (ii) one common share of Flying Nickel Mining Corp.; (iii) one common share of Nevada Vanadium Mining Corp.("Nevada Vanadium"), and (iv) two common shares of Oracle Commodity Holding Corp. (formerly Battery Metals Royalties Corp.) ("Oracle" or "Battery Metals").

As a result of the Arrangement:

i. certain royalties held by Silver Elephant were transferred to Oracle in exchange for the issuance of 1,785,430 Oracle shares;
ii. the Minago Project was spun out, into Flying Nickel in exchange for the issuance of 50,000,000 Flying Nickel shares, and the assumption of certain liabilities related to the underlying assets;
iii. and the Gibellini Project was spun out, into Nevada Vanadium in exchange for the issuance of 50,000,000 Nevada Vanadium shares, and the assumption of certain liabilities related to the underlying assets; and
iv. Oracle purchased 22,953,991 of the outstanding shares of both Nevada Vanadium and Flying Nickel in exchange for the issuance of 78,214,570 Oracle shares to Silver Elephant.

The fair value of the net assets contributed pursuant to the Arrangement consisted of the following:

	($)
Assets	
Exploration and evaluation asset	35,034,508
Liability	
Trade and other payables	(34,508)
Fair value of net assets contributed	**35,000,000**

Financing

On November 29, 2021, Flying Nickel completed a brokered private placement of Flying Nickel subscription receipts for aggregate gross proceeds of $8,600,000 through the issuance and sale of a combination of:

1. 10,094,033 subscription receipts of the Company (each, a "Non-FT Subscription Receipt") at a price of $0.70 per Non-FT Subscription Receipt for gross proceeds of $7,065,824 from the sale of Non-FT Subscription Receipts; and

2. 1,992,437 flow-through eligible subscription receipts of the Company (each, a "FT Subscription Receipt", and collectively with the Non-FT Subscription Receipts, the "Offered Securities") at a price of $0.77 per FT Subscription Receipt for gross proceeds of $1,534,176;

The Flying Nickel financing was undertaken on a fully marketed basis pursuant to an agency agreement dated November 29, 2021, with Red Cloud Securities Inc. acting as lead agent on behalf of a syndicate of agents, including Canaccord Genuity Corp. The Toronto Stock Exchange approved the private placement on December 22, 2021.

On December 30, 2021, gross proceeds of $1,534,176 were released from escrow to Flying Nickel upon converting an aggregate of 1,992,437 FT Subscription Receipts into 1,992,437 flow-through common shares of Flying Nickel at a price of $0.77 per share.

Gross proceeds of $7,065,823 from the issuance of 10,094,033 Non-FT Subscription Receipts of the Company remained subject to escrow as at December 31, 2021. On January 14, 2022 the Subscription Receipts were released to the Company upon satisfaction of certain additional escrow release conditions, including receipt of final approval of the Supreme Court of British Columbia, in connection with the Arrangement.

The Company incurred broker commissions and out-of-pocket costs of $664,950.

The Company is using proceeds from the private placement for exploration drilling, completion of the Minago project feasibility study and for working capital purposes.

Corporate Updates

- In April 2022 the Company purchased a domain name nickel.com for $313,977 in the open market from independent seller.

- On December 15, 2022, Mr. Andrew Yau, CPA, CGA was appointed as Chief Financial Officer of the Company, replacing Ms. Zula Kropivnitski, who resigned for personal reasons. Mr. Yau is an accomplished financial executive with diverse M&A experience in the mining sector complemented with strong International Financial Reporting Standards (IFRS) and public company compliance knowledge. Mr. Yau previously held senior financial positions with several Toronto Stock Exchange and TSX Venture Exchange listed companies and most recently as Executive Vice President and Chief Financial Officer of Orea Mining Corp. Mr. Yau, CPA, CGA, holds a Bachelor of Commerce and Business Administration degree from the University of British Columbia and has been in accounting and finance roles with publicly listed companies since 2006.

- On January 3, 2023 the Company announced the granting of incentive stock options to certain directors, officers and employees to acquire a total of 1,400,000 common shares in the capital of the Company at an exercise price of $0.135. All Options were granted pursuant to the Company's 10% rolling stock option plan (the "Plan") and are subject to the terms of the Plan, the applicable grant agreements and the requirements of the TSXV. The Options are exercisable for a five-year term expiring January 3, 2028. The Options will vest at 12.5% per quarter for the first two years following the grant date.

- On February 1, 2023 the Company announced that it proposes to reprice: (i) an aggregate of 5,047,016 outstanding common share purchase warrants of the Company (the "Warrants") issued pursuant to a warrant indenture dated November 29, 2021 between the Company and Computershare Trust Company of Canada, as warrant agent (the "Warrant Indenture") (the "Warrant Repricing"); and (ii) an aggregate of 3,960,000 incentive stock options of the Company (the "Options") (the "Option Repricing"). In connection with the Warrant Repricing, the Company intends to adjust the exercise price of the Warrants from $1.00 to $0.20 and amend the expiry date of the Warrants to add an acceleration clause such that in the event the closing price of the Company's common shares on the TSXV exceeds $0.25 for any ten consecutive trading days following the Warrant Repricing, the expiry date of the Warrants shall be accelerated from November 29, 2023 to a date that is 30 days following the seventh calendar day following the ten consecutive trading day period. All other terms of the Warrants will remain unchanged. The new exercise price in respect of the Warrants represents a premium of 2.6% over the closing price of the common shares of the Company on the TSXV on January 31, 2023. No Warrants subject to the Warrant Repricing are held by directors, officers and control persons of the Company, which represents nil% of the Warrants. The completion of the Warrant Repricing is subject to, among other things, the approval of the TSXV, and approval of the holders of the Warrants in accordance with the terms of the Warrant Indenture.

  In connection with the Option Repricing, the Company intends to adjust the exercise price of 3,810,000 Options from $0.70 to $0.20 and 150,000 Options from $0.74 to $0.20. The new exercise price in respect of the Options represents a premium of 2.6% over the closing price of the common shares of the Company on January 31, 2023. An aggregate of 3,250,000 Options subject to the Option Repricing are held by insiders of the Company (the "Insider Options"). The completion of the Option Repricing is subject to, among other things, the approval of the TSXV. Additionally, in accordance with the policies of the TSXV, repricing of the Insider Options is subject to disinterested shareholder approval in accordance with TSXV Policy 4.4 – Security Based Compensation. The purpose of the Warrant Repricing and Option Repricing is primarily to encourage the early exercise of such Warrants and Options.

Discussion Of Operations

Minago Property

The Minago Property is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt, approximately 107 kilometers north of the Town of Grand Rapids, Manitoba and 225 kilometres south of the City of Thompson, Manitoba. Provincial Highway 6 transects the eastern portion of the Minago Property.

The Minago Property is comprised of 94 mining claims and two mining leases. Mining claims MB8497, P235F, P238F and P239F are subject to a net smelter return ("NSR") royalty interest (the "Glencore Royalty") retained by Glencore Canada Corporation ("Glencore"). The Glencore Royalty in respect of nickel, shall for any calendar quarter be: (i) 2% NSR royalty when the London Metals Exchange 3-month nickel price is equal to or greater than $17,923.59 (US$13,227.74) per tonne in that quarter; and (ii) a 1% NSR when the London Metals Exchange 3-month nickel price is less than $17,923.59 (US$13,227.74) per tonne in that quarter. The Glencore Royalty in respect of other minerals, metals and concentrates, shall be a 2% NSR. In the event that the Glencore Royalty consists of a 2% NSR royalty, Flying Nickel may purchase a portion of the royalty interest which represents in the aggregate no more than 1% of the royalty interest for $1,000,000. The Glencore Royalty interest shall never be less than a 1% NSR. No portion of the reported Minago resource currently exists within claims subject to the Glencore Royalty.

In addition, pursuant to the Arrangement, Silver Elephant transferred to Oracle, and Oracle retains, a 2% NSR on the Minago Project. The Royalty will be calculated quarterly and will be payable in each quarter where the average nickel price on the London Metals Exchange exceeds $20.33 (US$15.00) per pound.

Minago Project updates for 2022 are as follows:

- On March 7, 2022, the Company commenced a drilling program for the Minago Project. A total of seven holes totaling 4,980 meters of exploration and infill drilling were planned for the program, testing the Minago Project's North Limb deposit both at depth and to the north, which were previously unexplored. Drill holes were also planned to test the south target from the Minago main Nose deposit, which accounts for the majority of the Minago Project's current resource. The program was planned with two types of hole design. Two metallurgical holes were planned to collect material to validate metallurgical work conducted previously on the project. The remainder of the holes were designed to test open areas with respect to the Minago resource, whether within the resource shell, or outside of it (i.e. exploration). Drilling ceased in April 2022 but did not complete all of its planned meterage due to shortened drilling season; 2,834 meters of drilling was completed.

- On March 9, 2022, the Company signed a Relationship and Benefits Memorandum of Understanding ("MOU") with Norway House Cree Nation ("NHCN") to advance the development of the Minago Project. Substantial binding terms and conditions have been agreed to in the MOU that will form the basis of a Relationship and Benefits Agreement ("RBA"), scheduled to be finalized on or around September 30, 2022. Signing of the MOU between Flying Nickel and NHCN lays the groundwork for completing an agreement with the other three adjacent First Nations. The RBA will provide the terms of cooperation between Flying Nickel and NHCN including: (i) establishing a cooperative and mutually respectful long-term relationship; (ii) providing employment capacity support and economic opportunities to NHCN and its members; (ii) securing NHCN's support with respect to certain regulatory approvals for Minago; and (iv) a joint effort to minimize unforeseen disruption and providing certainty for investment, access, and ownership of resource rights in respect of Minago. An update was provided on January 17, 2023 (see below).

  The MOU represents a significant milestone for the development of the Minago Project, one of largest open-pit optimized greenfield nickel projects in Canada, and for the advancement of the relationship with NHCN. The MOU also demonstrates both parties' commitment to environmentally responsible mineral exploration and development, with the lowest carbon footprint possible, utilizing Manitoba's northern renewable electricity generation.

- On March 16, 2022, the Company commissioned a Feasibility Study (the "FS") in accordance with NI 43-101 in respect of its Minago nickel project. The FS will be prepared in collaboration amongst Lycopodium (project cost estimate, processing and infrastructure), AGP Mining Consultants (mineral reserves, pit optimization), Mercator Geological Services (geology and mineral resource), and Trek Geotechnical (geotechnical, tailings and waste management). The FS is expected to take nine months to complete. An update was provided on January 17, 2023 (see below).

  The FS will adhere to the parameters in the approved 2011 Environmental Act License ("EAL"), which permits a 10,000 tonne-per-day open-pit mining operation at Minago. The EAL is currently valid, pending the approval of a Notice of Alteration ("NOA") involving a minor change to the plant layout. The NOA was submitted in late 2021, and the EAL was expected to be reissued to Flying Nickel in the second quarter of 2022. This is the final permitting hurdle for Flying Nickel to commence Minago mine construction. No federal permit is required for Minago. An update was provided on January 17, 2023 (see below).

- On June 21, 2022 the Company announced the completion of its first drilling program at its 100% owned Minago nickel sulphide project in Thompson, Manitoba. The program included 2,834 meters of drilling, consisting of six infill and exploration drillholes. A 5,000-meter program was announced on March 7, 2022 but was shortened due to late issuance of work permits. Additional details are can be obtained from the corresponding news release on the Company's website at www.flynickel.com.

- On October 11, 2022 and November 14, 2022, the Company announced the diamond drill results from the Minago project. Additional details are on the Company's website.

- On November 14, 2022, the company announced that it has filed its independent Technical Report titled "NI 43-101 Technical Report on the Mineral Resource Estimate for the Minago Nickel Project" (the "Report") with a report date of September 22, 2022 and an effective date of February 28, 2022. The Report was prepared by Mercator Geological Services Limited. AGP Mining Consultants Inc. provided pit optimization and associated services, The report has been filed under the Company's profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

- On January 17, 2023 the Company announced an update a Minago Project update as follows:

  - Environmental Act License and Notice of Alternation - The EAL for the Minago Project was approved in 2011 pending a NOA request, issued by the Manitoba government in 2014 involving a change to the Tailings and Waste Rock Management facility.

    Flying Nickel prepared and submitted the response to the NOA in late 2021. In June 2022, Flying Nickel submitted additional technical information and an executive summary regarding the Minago Project by request. The Company has not received further comments from the ministry and anticipates the NOA review to be completed in the first half of 2023. A rectified EAL will permit the construction of a mine that supports a 10,000 tonne-per-day open-pit mining operation at the Minago Project in Manitoba.

  - Impact Benefit Agreement with Norway House Cree Nations

    NHCN and Flying Nickel have been working towards finalizing the Impact Benefit Agreement ("IBA") since the signing of the MOU to advance the development of the Minago Project. The IBA highlights include (i) establishing a cooperative and mutually respectful long-term relationship; (ii) providing employment capacity support and economic opportunities to NHCN and its members; (iii) securing NHCN's support with respect to certain regulatory approvals for Minago; and (iv) a joint effort to minimize unforeseen disruption and providing certainty for investment, access, and ownership of resource rights in respect of the Minago Project.

    The IBA development process had identified additional areas of co-operation via the production and marketing of limestone (Dolomite) and granite by-products from the Minago Project pre-stripping.

    The IBA and NOA once signed will significantly advance the the development of Minago, one of the largest open-pit optimized greenfield Nickel PGM projects in Canada, potentially having one of the lowest carbon footprint mining operations in the world, utilizing Manitoba's renewable hydro electricity generation and electrified mining fleet.

  - Feasibility Study

    The commissioning of Minago Feasibility Study started in late Q1 2022. The study is a collaboration amongst Lycopodium (project cost estimate, processing and infrastructure), AGP Mining Consultants (mineral reserves, pit optimization), Mercator Geological Services (geology and mineral resource), and Trek Geotechnical (geotechnical, tailings and waste management). Substantial portions of the Feasibility Study are complete

    The Company and its consultants, including Qualified Persons, have identified approximately 7,061 meters of sections in 97 holes to assay for PGM. The Company's objective is to publish a maiden PGM resource for the Minago Project to be potentially incorporated into ongoing Minago Feasibility Study in 2023, providing definitive project economics to help the Company reach project construction decisions and conclude project financing.

(Expressed in Canadian dollars, except where indicated)

Minago Project	**($)**
Balance, December 21, 2020 and December 31, 2021	-
Assets transferred under the Arrangement	35,031,008
Licenses, taxes, fees and permits	213,133
Feasibility	1,156,318
Exploration	782,769
Drilling	610,825
Personnel, camp and general	344,781
Balance, December 31, 2022	**38,138,834**

Summary Of Quarterly Results

The following table summarizes selected consolidated financial information prepared in accordance with IFRS for the eight most recently completed quarters:

	Net Loss For The Period ($)	**Basic Loss Per Share ($)**	**Diluted Loss Per Share ($)**
Q4 2022	(890,390)	(0.01)	(0.01)
Q3 2022	(1,032,109)	(0.02)	(0.02)
Q2 2022	(315,253)	(0.01)	(0.01)
Q1 2022	(1,183,252)	(0.02)	(0.02)
Q4 2021[1]	(360,642)	(67.86)	(67.86)

[1] The Company became a reporting issuer on January 14, 2022, and as such, has not presented quarterly financial information prior to Q4 2021.

	Cash ($)	**Restricted Cash ($)**	**Total Assets ($)**	**Total Non-Current Financial Liabilities ($)**
December 31, 2022	584,998	-	40,588,223	-
September 30, 2022	2,146,185	-	41,148,632	-
June 30, 2022	3,632,773	-	41,681,690	-
March 31, 2022	5,037,707	-	41,862,917	-
December 31, 2021[1]	-	6,715,407	7,984,233	-

[1] The Company became a reporting issuer on January 14, 2022, and as such, has not presented quarterly financial information prior to December 31, 2022.

<u>Q4 2022 Compared with Q2 2022 and Q4 2021</u>

Net loss this quarter was $890,390, compared to $315,253 during Q2 2022 and $360,642 during Q4 2021. The higher net loss this quarter is primarily attributable to increased share-based payments expense of $451,831 and a general increase in general and administrative expenses as the Company is ramping up its activities.

<u>Q4 2022 Compared with Q3 2022 and Q1 2022</u>

Net loss this quarter was $890,390, compared to $1,032,109 during Q3 2022 and $1,183,252 during Q1 2022. The lower net loss this quarter is attributable to significantly lower advertising and promotion expenses of $nil, partially offset with higher share-based payments expense.

(Expressed in Canadian dollars, except where indicated)

Year to Date

	Net Loss For the Period ($)	Basic Loss Per Share ($)	Diluted Loss Per Share ($)
12 Months Ended, December 31, 2022	(3,421,004)	(0.06)	(0.06)
December 21, 2020 to December 31, 2021[1]	(360,642)	(67.86)	(67.86)

[1] The Company was incorporated on December 21, 2020, therefore annual financial information prior to this date has not been presented.

	Cash ($)	Total Assets ($)	Total Non-Current Financial Liabilities ($)
December 31, 2022	584,998	40,588,223	-
December 31, 2021[1]	-	7,984,233	-

[1] The Company was incorporated on December 21, 2020, therefore annual financial information prior to this date has not been presented.

During the current period the Company incurred a net loss of $3,421,004, compared to $360,642 for the period from December 21, 2020 to December 31, 2021. The higher net loss this period is a result of the Company ramping up activities from the completion of the Arrangement and becoming a reporting issuer.

Liquidity And Capital Resources

The Company utilizes existing cash received from the issuance of equity instruments to provide liquidity to the Company and finance exploration program.

On February 15, 2022, the Company closed a non-brokered private placement and issued an aggregate of 5,370,000 units for aggregate gross proceeds of $859,200. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of $0.20 per share for 36 months from closing.

As of December 31, 2022, the Company had a working capital of $1,948,849 compared to $3,076,948 at September 30, 2022 and $1,113,224 at December 31, 2021.

Cash flow information:

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
Cash used in operating activities	(775,792)	(1,274,641)	(3,123,889)	(1,274,641)
Cash used in investing activities	(785,395)	-	(2,841,640)	-
Cash from financing activities	-	7,990,048	6,550,527	7,990,048
Cash, end of the period	**584,998**	**-**	**584,998**	**-**

(Expressed in Canadian dollars, except where indicated)

Operating activities: During the three and twelve months ended December 31, 2022, the Company used $775,792 and $3,123,889 respectively in operating activities, primarily in salaries and benefits, professional fees and consulting fees, correlating to the Company's increased activities after completion of the Arrangement. In addition, during the current period, the Company acquired the domain nickel.com for $313,977. During the three months ended December 31, 2021 and period from December 21, 2020 to December 31, 2021 (the "Initial Year"), the Company used $1,274,641 in operating activities. Cash used in operating activities during the three months ended December 31, 2021 and the Initial Year primarily relates to general and administrative expenses, and were significantly lower as the Company was not a reporting issuer at the time.

Investing activities: During the three and twelve months ended December 31, 2022, the Company used $785,395 and $2,841,640 respectively, in investing activities, relating to the Minago Project. There were no cash used in or from investing activities during the prior year comparative periods.

Financing activities: During the current period the Company received $6,715,407 from the Arrangement, partially offset with share issue costs of $164,880, whereas, during the three months ended December 31, 2021 and the Initial Year, the Company received aggregate proceeds of $7,990,048 from flow through and non flow through financings. There were no financing activities during the current quarter.

As at December 31, 2022, the Company had cash of $584,998, and current liabilities of $500,540. The Company will need to conduct additional financings to meet working capital requirements, and obligations as they become due.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

The Company has entered into a Mutual Management and Technical Services Agreement (the "MMTSA") with Silver Elephant, pursuant to which the companies will provide each other with general, technical and administrative services, as reasonably requested.

During the twelve months ended December 31, 2022, the Company had related party transactions with key management personnel in providing management and consulting services to the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

	Three Months Ended December 31, 2022 ($)	**Three Months Ended December 31, 2021 ($)**	**Twelve Months Ended December 31, 2022 ($)**	**December 21, 2020 to December 31, 2021 ($)**
Fees to Silver Elephant under the MMTSA	57,159	99,862	412,299	99,862
Consulting fees for investor relation services paid to John Lee, Chairman and Interim CEO of the Company	30,000	10,000	120,000	10,000
Directors' fees	37,800	4,000	103,600	4,000
Salaries and benefits paid to key management of the Company	34,632	109,438	432,754	109,438
Share-based payments to certain directors and officers of the Company	141,260	-	581,593	-
	300,851	**223,300**	**1,650,246**	**223,300**

(Expressed in Canadian dollars, except where indicated)

As at December 31, 2022 the Company had balances due to related parties as follows:

	December 31, 2022 ($)	December 31, 2021 ($)
Receivable from Silver Elephant	1,022,211	1,268,826
Receivable from Nevada Vanadium, a company under common control	203,876	-
Receivable from Oracle, a company with certain directors and officers in common	157,587	-
Payable to John Lee	-	(10,000)
Directors' fees payable	(48,800)	(4,000)
	1,334,874	1,254,826

Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents the Company's capital structure as at the date of this MD&A and December 31, 2022:

	As at date of this MD&A	December 31, 2022
Common shares issued and outstanding	67,788,620	62,086,470
Share purchase options outstanding	5,360,000	3,960,000
Share purchase warrants	11,465,781	5,763,632

Proposed Transaction

On October 6, 2022 Flying Nickel and Nevada Vanadium signed an arrangement agreement pursuant to which Flying Nickel proposes to acquire all of the issued and outstanding common shares of Nevada Vanadium (the "Nevada Vanadium Shares") by way of a court-approved plan of arrangement (the "Transaction").

Under the terms of the agreement, Nevada Vanadium shareholders will receive one (1) (the "Exchange Ratio") Flying Nickel common share (a "Flying Nickel Share") for each Nevada Vanadium Share held immediately prior to the effective time of the Transaction, representing the equivalent of $0.155 per Nevada Vanadium Share, based on the closing price of Flying Nickel Shares on the TSX Venture Exchange (the "TSXV") on August 19, 2022. All convertible securities of Nevada Vanadium outstanding immediately prior to the effective time of the Transaction will be exchanged for securities of Flying Nickel bearing substantially the same terms as the securities replaced based on the Exchange Ratio.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation assets, assumptions used in determination of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

New Accounting Standards Adopted During the Period

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Changes in Accounting Standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Capital Management

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative returns on capital criteria for management.

The properties, to which the Company currently has an interest in, are in the exploration 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. There were no changes in managements approach to capital management during the period ended December 31, 2022. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Fair Value Measurements and Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(Expressed in Canadian dollars, except where indicated)

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Cash is classified as Level 1. At December 31, 2022, there were no financial assets measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

The fair value of the Company's financial instruments including cash, receivables, and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments. The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the period ended December 31, 2022

Financial Instrument	Measurement Method	Associated Risks	Fair value at December 31, 2022 ($)	Fair value at December 31, 2021 ($)
Cash	FVTPL[1] (Level 1)	Credit and currency	584,998	-
Due from related parties	FVTPL[1] (Level 1)	Credit and currency	1,383,674	868,688
Receivables	Amortized cost	Credit and concentration	192,240	-
Accounts payable	Amortized cost	Currency	(434,662)	(362,072)
			1,726,250	**506,616**

[1] Fair value through profit or loss

Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2022 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company reduces its credit risk on restricted cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2022, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

(b) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at December 31, 2022 the Company had a cash balance of $584,998 (December 31, 2021: restricted cash of $6,715,407) and had accounts payable and accrued liabilities of $500,540 (December 31, 2021: $362,072), which have contractual maturities of 90 days or less. Liquidity risk is assessed as high.

(c) Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and equity price risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at December 31, 2022.

(e) Currency Risk

The Company is exposed to foreign currency risk to the extent that monetary liabilities held by the Company are not denominated in Canadian dollars. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollars into its reporting currency, the Canadian dollar.

(f) Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken. Fluctuations in value may be significant.

Sensitivity Analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain accounts payables denominated in US Dollars. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to US Dollar would have a corresponding effect of approximately $2,000 to profit or loss.

Risks And Uncertainties

The Company is subject to a number of risk factors due to the nature of its business and the present stage of exploration. As a company active in the mineral resource exploration and development industry, the Company is exposed to a number of risks.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and environmental protection measures designed to comply with government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

The Company's properties are still in the exploration stage. Mineral exploration and exploitation involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. The minerals business is characterized by long lead times from discovery to development, and few exploration projects successfully make the transition to development.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company.

There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquisition of properties of merit, and the recruitment and retention of qualified individuals to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Financial Markets

The Company is dependent on the equity markets as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and by the Company's ability to attract investor support for its projects.

There is no assurance that funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities, as there are many circumstances that are beyond the control of the Company. For example, the Company is dependent on investor sentiment being positive towards the minerals exploration business in general and FPX Nickel in particular. Many factors influence investor sentiment, including a positive climate for mineral exploration, the experience and caliber of a company's management and a company's track record in discovering or acquiring economically viable mineral deposits.

Environmental and Government Regulation

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development activities.

Amendments to current laws and regulations governing the activities of the Company, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Title to Properties, First Nations Issues

While the Company has investigated the title to all of the properties on which it holds mineral claims or other forms of mineral rights or concessions or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties.

Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

Negotiations with First Nations' groups can add an additional layer of risk and uncertainty to efforts to explore and develop mineral deposits in many areas of Canada, where protracted negotiations of land claims have resulted in settlement of only a fraction of the claims. The slow pace of resolving these claims is frustrating to both the First Nations peoples and explorers and could result in actions that would hinder timely execution of exploration programs.

Foreign Currency

A small portion of the Company's expenses are denominated in foreign currencies. The Company does not expect fluctuations in the exchange rate between the Canadian dollar and such other currencies will have a material effect on our business, financial condition and results of operations. The Company does not hedge against foreign currency fluctuations.

Inflation

In the recent past, while inflation had not been a significant factor, the ongoing efforts of many governments to improve the availability of credit and stimulate domestic economic growth while incurring substantial deficits may result in substantial inflation and/or currency depreciation in the future.

Management and Directors

The Company is dependent on a relatively small number of directors and management personnel. The loss of any of one of those persons could have an adverse effect on the Company. The Company does not maintain key person insurance on any of its management.

Disclosure Controls And Procedures

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that:

- *the financial statements do not contain any untrue statement of material fact or, omit to state a material fact required to be stated or, that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and*
- *the financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date of and for the periods presented.*

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P"), and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- *controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and*
- *a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes following the issuer's GAAP (IFRS).*

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Disclosure For Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's audited financial statements for the year ended December 31, 2021 and unaudited financial statements for the twelve months ending December 31, 2022, which are available on the Company's website at www.flynickel.com or on SEDAR at www.sedar.com.

Forward Looking Information

Certain Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

FLYING NICKEL
Mining Corp.

Condensed Interim Financial Statements
(Unaudited)

For the Twelve Months Ended
December 31, 2022

(Expressed in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim financial statements for the twelve months ended December 31, 2022, which follow this notice, have not been reviewed by an auditor.

(Expressed in Canadian Dollars) (Unaudited)

	December 31, 2022 ($)	December 31, 2021 ($)
Assets		
Current assets		
Cash	584,998	-
Restricted cash (note 6)	-	6,715,407
Receivables - Goods and Services Tax	192,240	-
Prepaid expenses	288,477	400,138
Due from related party (note 9)	1,383,674	868,688
	2,449,389	7,984,233
Non-current assets		
Exploration and evaluation asset (note5)	38,138,834	-
	40,588,223	**7,984,233**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	434,662	362,072
Accrued liabilities	65,878	-
Premium on flow-through shares (note 7)	-	132,225
Liability for subscription receipts (note 6)	-	6,376,712
	500,540	6,871,009
Shareholders' Equity		
Share capital (note 8)	40,898,944	1,247,240
Reserves (note 8)	2,970,385	37,586
Warrants to be issued (note 8)	-	189,040
Deficit	(3,781,646)	(360,642)
	40,087,683	1,113,224
	40,588,223	**7,984,233**

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 14)

Approved on behalf of the Board:

"John Lee"
John Lee, Director and Chairman

"Mark Scott"
Mark Scott, Director

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

(Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
General and Administrative Expenses				
Advertising and promotion	-	-	515,225	-
Consulting (note 9)	31,368	10,000	331,301	10,000
Directors' fee (note 9)	37,800	4,000	103,600	4,000
Insurance	10,625	-	36,417	-
Office and administration	5,312	134,460	55,614	134,460
Professional fees	63,552	54,570	515,742	54,570
Salaries and benefits (note 9)	271,881	122,817	593,419	122,817
Share based payments (note 8 and 9)	451,831	-	1,183,630	-
Stock exchange and shareholder services	24,855	42,041	196,015	42,041
Travel and accommodation	9,973	-	51,260	-
	(907,197)	(367,888)	(3,582,223)	(367,888)
Other Items				
Other income	19,555	-	31,743	-
Recovery of flow through liability (note 7)	-	7,246	132,224	7,246
Foreign exchange loss	(2,748)	-	(2,748)	-
Net loss and comprehensive loss for the period	**(890,390)**	**(360,642)**	**(3,421,004)**	**(360,642)**
Basic and diluted loss per share	(0.01)	(67.86)	(0.06)	(67.86)
Basic and diluted weighted average number of shares outstanding (note 8e)	62,086,470	5,314	59,946,134	5,314

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

(Expressed in Canadian Dollars) (Unaudited)

	Number of Shares	Share Capital ($)	Reserves[1] ($)	Warrants to be Issued ($)	Deficit ($)	Total ($)
Balance, December 21, 2020	-	-	-	-	-	-
Shares issued on incorporation	1	1	-	-	-	1
Flow through shares, net	1,992,437	1,284,825	-	-	-	1,284,825
Agent warrants	-	(37,586)	37,586	-	-	-
Warrants issuable	-	-	-	189,040	-	189,040
Comprehensive loss	-	-	-	-	(360,642)	(360,642)
Balance, December 31, 2021	**1,992,438**	**1,247,240**	**37,586**	**189,040**	**(360,642)**	**1,113,224**
Share cancelled on completion of the Arrangement	(1)	(1)	-	-	-	(1)
Shares issued under the Arrangement (note 8)	50,000,000	35,000,000	-	-	-	35,000,000
Conversion of subscription receipts, net of share issue costs (note 8)	10,094,033	6,400,874	-	-	-	6,400,874
Broker warrants (note 8)	-	37,586	(37,586)	-	-	-
Warrants issued	-	(1,786,755)	1,786,755	(189,040)	-	(189,040)
Share-based payments (note 8)	-	-	1,183,630	-	-	1,183,630
Comprehensive loss	-	-	-	-	(3,421,004)	(3,421,004)
Balance, December 31, 2022	**62,086,470**	**40,898,944**	**2,970,385**	**-**	**(3,781,646)**	**40,087,683**

[1]Share options and warrants

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

(Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
Operating Activities				
Net loss for the period	(890,390)	(360,642)	(3,421,004)	(360,642)
Items not involving cash				
Recovery of flow-through liability	-	(7,246)	(132,224)	(7,246)
Share-based payments	451,831	-	1,183,630	-
Changes in non-cash working capital				
Receivables	(45,145)	-	(192,240)	-
Prepaid expenses	20,096	(400,138)	111,661	(400,138)
Due from related party	(307,451)	(868,687)	(514,986)	(868,687)
Accounts payable and accrued liabilities	(4,733)	362,072	(158,726)	362,072
Cash used in operating activities	(775,792)	(1,274,641)	(3,123,889)	(1,274,641)
Investing Activities				
Exploration and evaluation asset	(785,395)	-	(2,841,640)	-
Cash used in investing activities	(785,395)	-	(2,841,640)	-
Financing Activities				
Share issue costs	-	-	(164,880)	-
Cash from the Arrangement	-	-	6,715,407	-
Net proceeds from subscription receipts (flow through)	-	1,424,296	-	1,424,296
Net proceeds from subscription receipts (non-flow through)	-	6,565,752	-	6,565,752
Cash from financing activities	-	7,990,048	6,550,527	7,990,048
Increase (decrease) in cash	(1,561,187)	6,715,407	584,998	6,715,407
Cash, beginning of period	2,146,185	-	-	-
Cash held in escrow	-	(6,715,407)	-	(6,715,407)
Cash, end of period	**584,998**	**-**	**584,998**	**-**

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

(Expressed in Canadian Dollars) (Unaudited)

1. Nature Of Operations and Going Concern

Flying Nickel Mining Corp. (the "Company" or "Flying Nickel") is a premier nickel sulphide mining and exploration company and is advancing its 100% owned Minago nickel project in the Thompson nickel belt in Manitoba, Canada.

The Company was incorporated on December 21, 2020, under the laws of the province of British Columbia, Canada and maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

On March 4, 2022, the Company's common shares were publicly listed on the TSX Venture Exchange under the symbol "FLYN". On April 8, 2022 the Company's common shares have started trading on the US OTCPK under the symbol "FLYNF". On May 31, 2022 the Company's common shares have started listing to the OTCQB.

These condensed interim financial statements (the "Interim Financial Statements") have been prepared under the assumption that the Company is a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As at December 31, 2022, the Company had a deficit of $3,781,646. The operations of the Company have been primarily funded by the issuance of capital stock.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue its business.

2. Arrangement and Transfer of Assets

On January 14, 2022, Silver Elephant Mining Corp. ("Silver Elephant") completed a strategic reorganization of its business through a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia) pursuant to which certain assets of Silver Elephant were spun-out to the Company. Pursuant to the Arrangement, the common shares of Silver Elephant were consolidated on a 10:1 basis and each holder of common shares received in exchange for every 10 pre-Consolidation common shares held: (i) one post Consolidation common share of Silver Elephant; (ii) one common share of Flying Nickel Mining Corp.; (iii) one common share of Nevada Vanadium Mining Corp. ("Nevada Vanadium"), and (iv) two common shares of Oracle Commodity Holding Corp (formerly Battery Metals Royalties Corp.) ("Oracle" or "Battery Metals").

As a result of the Arrangement:

i. certain royalties held by Silver Elephant were transferred to Oracle in exchange for the issuance of 1,785,430 Oracle shares;
ii. the Minago Project was spun out, into Flying Nickel in exchange for the issuance of 50,000,000 Flying Nickel shares, and the assumption of certain liabilities related to the underlying assets;
iii. and the Gibellini Project was spun out, into Nevada Vanadium in exchange for the issuance of 50,000,000 Nevada Vanadium shares, and the assumption of certain liabilities related to the underlying assets; and
iv. Oracle purchased 22,953,991 of the outstanding shares of both Nevada Vanadium and Flying Nickel in exchange for the issuance of 78,214,570 Oracle shares to Silver Elephant.

The fair value of the net assets contributed pursuant to the Arrangement consisted of the following:

	($)
Assets	
Exploration and evaluation asset	35,034,508
Liability	
Trade and other payables	(34,508)
Fair value of net assets contributed	**35,000,000**

3. Proposed Transaction

On October 6, 2022 Flying Nickel and Nevada Vanadium Mining Corp. (formerly 1324825 B.C. Ltd.) ("Nevada Vanadium") signed an arrangement agreement pursuant to which Flying Nickel proposes to acquire all of the issued and outstanding common shares of Nevada Vanadium (the "Nevada Vanadium Shares") by way of a court-approved plan of arrangement (the "Transaction").

Under the terms of the agreement, Nevada Vanadium shareholders will receive one (1) (the "Exchange Ratio") Flying Nickel common share (a "Flying Nickel Share") for each Nevada Vanadium Share held immediately prior to the effective time of the Transaction, representing the equivalent of $0.155 per Nevada Vanadium Share, based on the closing price of Flying Nickel Shares on the TSX Venture Exchange (the "TSXV") on August 19, 2022. All convertible securities of Nevada Vanadium outstanding immediately prior to the effective time of the Transaction will be exchanged for securities of Flying Nickel bearing substantially the same terms as the securities replaced based on the Exchange Ratio.

4. Significant Accounting Policies

(a) Statement of compliance and basis of preparation

These Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2021 ("Annual Financial Statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended December 31, 2021. These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual consolidated financial statements for the year ending December 31, 2021. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

On December 30, 2022, the Company changed its financial year end from December 31 to March 31.

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 23, 2023.

(b) Use of judgments and estimates

In preparing these interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

(c) New accounting policies adopted by the Company in the current period

Net assets acquired under the plan of arrangement

Assets and liabilities acquired under the plan of arrangement have been assessed individually to determine their fair value under current market conditions. Fair value is measured with reference to the fair value of the equity issued as consideration. The Company believes that the valuation assumptions reflect a reasonable estimate of the fair value of each account or asset.

4. Significant Accounting Policies – continued

Leases

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset. At inception or on assessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a lessee, we recognize a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, our incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, and extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit (loss). We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit (loss) on a straight-line basis over the lease term.

The Company does not currently have any leases that satisfy the conditions under IFRS 16 – leases to record a right-of-use asset and corresponding lease liability.

Exploration and evaluation asset(s)

Mineral property assets consist of exploration and evaluation costs. Costs directly related to the exploration and evaluation of resource properties are capitalized to mineral properties once the legal rights to explore the resource properties are acquired or obtained. These costs include acquisition of rights to explore, license and application fees, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

(Expressed in Canadian Dollars) (Unaudited)

4. Significant Accounting Policies – continued

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed at least annually for indicators of impairment and are tested for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balances of the payments received are recorded as a gain on option or disposition of mineral property.

The Company recognizes government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

5. Mineral Property

Minago Project	($)
Balance, December 21, 2020 and December 31, 2021	-
Assets transferred under the Arrangement	35,031,008
Licenses, taxes, fees and permits	213,133
Feasibility	1,156,318
Exploration	782,769
Drilling	610,825
Personnel, camp and general	344,781
Balance, December 31, 2022	**38,138,834**

On January 14, 2022, pursuant to the Arrangement, the Company issued 50,000,000 common shares in consideration for Minago nickel project mineral property assets and the assumption of certain liabilities related to the underlying assets. The fair value of Minago project of $35,031,008 was determined based on the Company's private placement, pursuant to which 10,094,033 common shares were issued at a price of $0.70 per share.

The Minago Project is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt.

Minago Net Smelter Royalty

On January 14, 2022, under the terms of the Arrangement and pursuant to the royalty agreement between the Company and Silver Elephant dated August 25, 2021 ("Minago Royalty Agreement"), the Company has granted and agreed to pay, among other things, in each fiscal quarter where the average price per pound of nickel as reported on the Nominated Metals Exchange or Substitute Metals Exchange (in each case as defined in the Minago Royalty Agreement) in the event such pricing is not reported on the Nominated Metals Exchange exceeds $20.33 (US$15.00) per pound, a royalty equal to two per cent (2%) of returns in respect of all mineral products produced from certain mineral claims and leases in Manitoba, Canada which comprise Flying Nickel's Minago nickel property after the commencement of commercial production. Each royalty payment will be provisional and subject to adjustment in accordance with the Minago Royalty Agreement.

(Expressed in Canadian Dollars) (Unaudited)

5. Mineral Property – *continued*

Glencore Net Smelter Royalty

The Minago property claims are subject to a net smelter return ("NSR") royalty interest (the "Glencore Royalty") retained by Glencore Canada Corporation ("Glencore"). The Glencore Royalty in respect of nickel, shall for any calendar quarter be: (i) 2% NSR royalty when the London Metals Exchange 3-month nickel price is equal to or greater than $17,924 (US$13,227.74) per tonne in that quarter; and (ii) a 1% NSR when the London Metals Exchange 3-month nickel price is less than $$17,924 (US$13,227.74) per tonne in that quarter. The Glencore Royalty in respect of other minerals, metals and concentrates, shall be a 2% NSR. In the event that the Glencore Royalty consists of a 2% NSR royalty, Flying Nickel may purchase a portion of the royalty interest which represents in the aggregate no more than 1% of the royalty interest for $1,000,000. The Glencore Royalty interest shall never be less than a 1% NSR.

6. Subscription Receipts

On November 29, 2021, pursuant to the Arrangement (note 2), the Company issued:

(i) 10,094,033 subscription receipts of the Company (each, a "NFT Subscription Receipt") at a price of $0.70 per NFT Subscription Receipt for gross proceeds of $7,065,824 from the sale of NFT Subscription Receipts; and
(ii) 1,992,437 flow-through eligible subscription receipts of the Company (each, a "FT Subscription Receipt) at a price of $0.77 per FT Subscription Receipt for gross proceeds of $1,534,176.

On December 30, 2021, gross proceeds of $1,534,176 were released from escrow to Flying Nickel upon converting an aggregate of 1,992,437 FT Subscription Receipts into 1,992,437 flow-through common shares of Flying Nickel at a price of $0.77 per share (note 8).

Gross proceeds of $7,065,824 from the issuance of 10,094,033 NFT Subscription Receipts of the Company remained subject to escrow as at December 31, 2021. The Company incurred broker commissions and out-of-pocket costs of $664,950. Warrants issuable of $189,040 were recorded as equity (note 8) and added to deferred transaction costs to be netted against the subscription receipts.

On January 14, 2022 the NFT Subscription Receipts were released to the Company upon satisfaction of certain additional escrow release conditions, including receipt of final approval of the Supreme Court of British Columbia, in connection with the Arrangement.

7. Premium On Flow-Through Shares

During the period ended December 31, 2021, the Company issued 1,992,437 flow-through shares for gross proceeds of $1,534,176 (notes 6 and 8) and recognized a deferred premium of flow-through shares of $139,471.

A continuity of the premium on flow-through shares is as follows

	($)
Balance, December 21, 2020	-
Liability incurred on flow-through shares issued	139,471
Settlement of expenditures made recorded as other income	(7,246)
Balance, December 31, 2021	132,225
Settlement of expenditures made recorded as other income	(132,225)
Balance, December 31, 2022	**-**

(Expressed in Canadian Dollars) (Unaudited)

8. Share Capital

(a) Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at December 31, 2022, the Company had 62,086,470 (December 31, 2021 – 1,992,438) common shares issued and outstanding.

(b) Issued Share Capital

During the period from January 1, 2022 to December 31, 2022

On January 14, 2022, pursuant to the Arrangement, the Company issued 50,000,000 common shares with a fair value of $0.70 per share (note 2).

On January 14, 2022 and February 28, 2022, a total of 5,844,033 and 4,250,000 NFT Subscription Receipts (note 6) were converted into 5,844,033 and 4,250,000 units (the "Units") of the Company at a price of $0.70 per Unit, with each Unit consisting of one common share and one-half of one common share purchase warrant exercisable at a price of $1.00 until November 29, 2023, for gross proceeds of $7,065,824. The Company incurred broker commissions and out-of-pocket costs of $664,950 which has been recorded as share issuance costs. An aggregate of 597,069 broker warrants with a fair value of $189,040 were issued, with each broker warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.70 per common share until November 29, 2023.

On January 14, 2022, pursuant to the Arrangement, the Company cancelled one founder share with a value of $1.

During the period from incorporation on December 21, 2020 to December 31, 2021

On December 21, 2020, the Company issued one founder share with a fair value of $1 upon incorporation of the Company to Silver Elephant.

On December 30, 2021, a total of 1,992,437 FT Subscription Receipts (note 6) were converted into 1,992,437 flow-through common shares of the Company at a price of $0.77 per share, for gross proceeds of $1,534,176. The Company incurred broker commissions and out-of-pocket costs of $109,880 which has been recorded as share issuance costs. An aggregate of 119,546 broker warrants with a fair value of $37,586 were issued, with each broker warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.70 per common share until November 29, 2023.

(c) Share Based Compensation Plan

The Company has a 10% rolling equity-based compensation plan in place, as approved by the Company's shareholders on December 22, 2021 (the "2021 Plan"). Under the 2021 Plan, the Company may grant stock options, bonus shares or stock appreciation rights. All stock options and other share-based awards granted by the Company, or to be granted by the Company, since the implementation of the 2021 Plan will be issued under, and governed by, the terms and conditions of the 2021 Plan. The stock option vesting terms are determined by the Board of Directors on the date of grant with a maximum term of 10 years.

The continuity of the Company's share options is as follows:

	Number of Options	**Weighted average exercise price ($)**
Balance, December 21, 2020 and December 31, 2021	-	-
Granted	5,690,000	0.69
Cancelled	(1,730,000)	0.66
Balance, December 31, 2022	**3,960,000**	**0.70**

(Expressed in Canadian Dollars) (Unaudited)

8. Share Capital – *continued*

The following table summarizes the stock options outstanding as at December 31, 2022.

	Options Outstanding		Options Exercisable	
Exercise Price ($)	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (Years)**	**Number of Options Exercisable**	**Weighted Average Remaining Contractual Life (Years)**
0.70	3,810,000	4.18	1,587,500	4.18
0.74	150,000	4.21	62,500	4.21
0.70 - 0.74	**3,960,000**	**4.18**	**1,650,000**	**4.18**

Share-based payment expenses resulting from stock options are amortized over the corresponding vesting periods. Share based payments are either capitalized as exploration costs where related to mineral properties or expensed as general and administrative expenses where related to general operations of the Company.

During the three months and twelve months ended December 31, 2022, the Company recorded share-based payments expense of $451,831 (2021 - $nil) and $1,183,630 (2021 - $nil) respectively.

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during fiscal 2022 is as follows:

Grant Date	**Number of Share Options**	**Expected Price Volatility**	**Risk Free Interest Rate**	**Expected Life (Years)**	**Expected Dividend Yield**	**Fair Value Per Option ($)**	**Total Fair Value ($)**
March 4, 2022	5,240,000	137%	1.45%	5.00	-	0.34	1,762,389
March 17, 2022	150,000	138%	1.45%	5.00	-	0.57	85,249
April 22, 2022	300,000	138%	2.75%	5.00	-	0.47	142,194
	5,690,000						**1,989,832**

(Expressed in Canadian Dollars) (Unaudited)

8. Share Capital – *continued*

(d) Warrants

The continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price ($)
Balance, December 21, 2020	-	-
Issued	119,546	0.70
Balance, December 31, 2021	**119,546**	**0.70**
Issued – broker warrants	597,069	0.70
Issued – financing warrants	5,047,017	1.00
Balance, December 31, 2022	**5,763,632**	**0.96**

The fair value of each warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding.

The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate. Assumptions used for warrants issued during 2022 and 2021 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value per Warrant ($)	Total Fair Value ($)
November 29, 2021	119,546	83%	0.96%	2.0	-	0.32	37,850
January 14, 2022	597,069	83%	0.96%	2.0	-	0.32	189,040
January 14, 2022	2,922,017	83%	0.96%	2.0	-	0.24	693,160
February 28, 2022	2,125,000	138%	1.64%	2.0	-	0.41	866,969

As of December 31, 2022, the following warrants were outstanding:

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price ($)
November 29, 2023	0.91	716,615	0.70
November 29, 2023	0.91	5,047,017	1.00

(Expressed in Canadian Dollars) (Unaudited)

8. Share Capital – *continued*

(e) Loss per Share

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
Basic loss per share	(0.01)	(67.86)	(0.06)	(67.86)
Diluted loss per share	(0.01)	(67.86)	(0.06)	(67.86)
Net loss for the period	**(890,390)**	**(360,642)**	**(3,421,004)**	**(360,642)**

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
Shares outstanding, beginning of period	62,086,470	-	1,992,438	-
Founder share cancelled	-	-	(1)	-
Effect of shares issued under the Arrangement	-	-	48,219,178	-
Effect of conversion of subscription receipts	-	-	9,734,519	-
Effect of issuance of flow through shares	-	5,314	-	5,314
Basic weighted average number of shares outstanding	**62,086,470**	**5,314**	**59,946,134**	**5,314**
Effect of dilutive share options	-	-	-	-
Effect of dilutive warrants	-	-	-	-
Diluted weighted average number of shares outstanding	**62,086,470**	**5,314**	**59,946,134**	**5,314**

As at December 31, 2022, there were 3,960,000 (December 31, 2021 – nil) share options and 5,763,632 (December 31, 2021 – 119,546) warrants that were potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

(Expressed in Canadian Dollars) (Unaudited)

9. Related Party Transactions and Balances

The Company has entered into a Mutual Management and Technical Services Agreement (the "MMTSA") with Silver Elephant, pursuant to which the companies will provide each other with general, technical and administrative services, as reasonably requested.

During the twelve months ended December 31, 2022, the Company had related party transactions with key management personnel in providing management and consulting services to the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

	Three Months Ended December 31, 2022 ($)	Three Months Ended December 31, 2021 ($)	Twelve Months Ended December 31, 2022 ($)	December 21, 2020 to December 31, 2021 ($)
Fees to Silver Elephant under the MMTSA	57,159	99,862	412,299	99,862
Consulting fees for investor relation services paid to John Lee, Chairman and Interim CEO of the Company	30,000	10,000	120,000	10,000
Directors' fees	37,800	4,000	103,600	4,000
Salaries and benefits paid to key management of the Company	34,632	109,438	432,754	109,438
Share-based payments to certain directors and officers of the Company	141,260	-	581,593	-
	300,851	**223,300**	**1,650,246**	**223,300**

As at December 31, 2022 the Company had balances due to related parties as follows:

	December 31, 2022 ($)	December 31, 2021 ($)
Receivable from Silver Elephant	1,022,211	1,268,826
Receivable from Nevada Vanadium, a company under common control	203,876	-
Receivable from Oracle, a company with certain directors and officers in common	157,587	-
Payable to John Lee	-	(10,000)
Directors' fees payable	(48,800)	(4,000)
	1,334,874	1,254,826

(Expressed in Canadian Dollars) (Unaudited)

10. Capital Management

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative returns on capital criteria for management.

The properties, to which the Company currently has an interest in, are in the exploration 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. There were no changes in managements approach to capital management during the period ended December 31, 2022. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

11. Fair Value Measurements and Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Cash is classified as Level 1. At December 31, 2022, there were no financial assets measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

The fair value of the Company's financial instruments including cash, receivables, and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments. The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the period ended December 31, 2022

Financial Instrument	**Measurement Method**	**Associated Risks**	**Fair value at December 31, 2022 ($)**	**Fair value at December 31, 2021 ($)**
Cash	FVTPL[1] (Level 1)	Credit and currency	584,998	-
Due from related parties	FVTPL[1] (Level 1)	Credit and currency	1,383,674	868,688
Receivables	Amortized cost	Credit and concentration	192,240	-
Accounts payable	Amortized cost	Currency	(434,662)	(362,072)
			1,726,250	**506,616**

[1] Fair value through profit or loss

12. Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2022 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company reduces its credit risk on restricted cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2022, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

(b) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at December 31, 2022 the Company had a cash balance of $584,998 (December 31, 2021: restricted cash of $6,715,407) and had accounts payable and accrued liabilities of $500,540 (December 31, 2021: $362,072), which have contractual maturities of 90 days or less. Liquidity risk is assessed as high.

(c) Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and equity price risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at December 31, 2022.

(e) Currency Risk

The Company is exposed to foreign currency risk to the extent that monetary liabilities held by the Company are not denominated in Canadian dollars. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollars into its reporting currency, the Canadian dollar.

(f) Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken. Fluctuations in value may be significant.

<u>Sensitivity Analysis</u>

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain accounts payables denominated in US Dollars. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to US Dollar would have a corresponding effect of approximately $2,000 to profit or loss.

13. Segmented Information

The Company has one reportable business segment, being mineral exploration and development. All of the Company's assets are located in Canada.

14. Subsequent Events

On January 3, 2023, the Company granted incentive stock options (the "Options") to certain directors, officers and employees to acquire a total of 1,400,000 common shares in the capital of the Company at an exercise price of $0.135. All Options were granted pursuant to the Company's 10% rolling stock option plan (the "Plan") and are subject to the terms of the Plan, the applicable grant agreements and the requirements of the TSX-V. The Options are exercisable for a five-year term expiring January 3, 2028. The Options will vest at 12.5% per quarter for the first two years following the grant date.

On February 15, 2022, the Company closed a non-brokered private placement and issued an aggregate of 5,370,000 units for aggregate gross proceeds of $859,200. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of $0.20 per share for 36 months from closing.