

# FLYING NICKEL

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## Mining Corp.

### Management's Discussion and Analysis

**For the Three Months Ended  
June 30, 2024**

(Expressed in Canadian dollars, except where indicated)

**Dated August 27, 2024**

**Table of Contents**

Profile and Strategy .....	2
Overall Performance and Outlook .....	2
Discussion of Operations .....	3
Summary Of Quarterly Results .....	5
Liquidity And Capital Resources .....	7
Off-Balance Sheet Arrangements .....	7
Related Party Transactions .....	7
Proposed Transaction .....	8
Critical Accounting Policies and Estimates .....	9
Changes in Accounting Policies and Standards .....	10
Capital Management .....	10
Financial Risks .....	12
Outstanding Share Data .....	12
Risks And Uncertainties .....	13
Disclosure Controls and Procedures .....	15
Additional Disclosure for Venture Issuers Without Significant Revenue .....	15
Additional Information .....	16

This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Flying Nickel Mining Corp.'s (the "Company", "Issuer", "Flying Nickel" or "FLYN") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited financial statements and related notes for the year ended March 31, 2024 (the "Annual Financial Statements"), the accompanying unaudited condensed interim financial statements for the interim period ended June 30, 2024, both of which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), all of which are available under the Company's SEDAR+ profile at www.sedarplus.ca. For the purposes of this MD&A, "Financial Position Date" means June 30, 2024, "this quarter" or "current quarter" means the three month period ended June 30, 2024, the "prior year quarter" means the three month period ended June 30, 2023. The information contained in this MD&A is current to August 27, 2024.

The information provided herein supplements but does not form part of the financial statements. Financial information is expressed in Canadian dollars, unless stated otherwise. All references to "\$" or "dollars" in this MD&A refer to Canadian dollars. References to "US\$" or "USD" in this MD&A refer to United States dollars. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements.

### Profile and Strategy

Flying Nickel is in the business of mining exploration for nickel sulphide, and is advancing its 100% owned Minago nickel project (the "Minago Project") comprised of 94 claims and two mining leases located in the Thompson nickel belt in Manitoba, Canada.

The Company's common shares are listed for trading on the TSX Venture Exchange (the "TSXV") under the symbol "FLYN", and are quoted in the United States on the OTCQB under the symbol "FLYNF".

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

On January 14, 2022, Silver Elephant Mining Corp. ("Silver Elephant") completed a strategic reorganization of its business through a statutory plan of arrangement (the "Silver Elephant 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 Silver Elephant 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 Silver Elephant Arrangement, the Minago Project along with the assumption of certain liabilities related to the underlying assets was spun out by Silver Elephant into Flying Nickel in exchange for the issuance of 50,000,000 of Flying Nickel shares.

### Overall Performance and Outlook

The following highlights the Company's overall performance for the periods presented:

	Three Months Ended		
	June 30, 2024 (\$)	June 30, 2023 (\$)	Change (\$)
Net loss	(12,135,542)	(714,481)	(11,421,061)
Cash from (used in) operating activities	266,087	(322,131)	588,218
Cash at end of period	790	131,405	(130,615)
Loss per share – basic and diluted	(0.14)	(0.01)	(0.13)

## Corporate Updates

- On April 4, 2024, the Company announced the appointment of Mr. Neil Duboff to its board of directors. Mr. Duboff is the director nominee of NHCN pursuant to the IBA. Mr. Duboff is the managing partner of the Winnipeg law firm Duboff Edwards Haight & Schachter and has been practicing law since 1985. His practice is focused primarily in the areas of Corporate Structuring, Acquisitions and Financing, Transportation Law and Aboriginal Law with an emphasis on taxation, trusts, Governments and Associations. Mr. Duboff acts for many First Nations across the country, as well as banks, First Nations development companies and First Nations businesses. Mr. Duboff has been a frequent presenter at conferences throughout Canada, including the Canadian Association of Insurance and Financial Advisors (2001), the Smart Money Fairs, presented by the Winnipeg Free Press, the annual conference of the Native Trade and Investment Association and First Nation Taxation Program, presented by Current information Ltd. and Group Mindset. Mr. Duboff has been an instructor of trust and estate planning in various school divisions as well as Red River Community College, CUPE, the City of Winnipeg and the Winnipeg School Division. Recognizing the importance of being involved in our community, Mr. Duboff also sits on and takes an active role in many nonprofit organizations throughout the country, including the Native Association of Trust Officers Society Trust and Estate Planners (STEP). Mr. Duboff is past chair of the Saint Boniface Hospital Foundation, and serves as a trustee of the City of Winnipeg Pension Fund. He has Chaired the Regulated Health Care Professions Council for the Province of Manitoba and formerly sat on the Public Utilities Board.

## **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 Project is comprised of 94 mining claims and two mining leases.

### *Minago Royalty*

On January 14, 2022, under the terms of the Silver Elephant 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 US\$15 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 the Minago Project after the commencement of commercial production. Each royalty payment will be provisional and subject to adjustment in accordance with the Minago Royalty Agreement. Oracle is the current holder of this royalty.

### *Glencore Net Smelter Royalty*

Certain of the claims comprising the Minago property, claims MB8497, P235F, P237F, 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 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 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.

### *Norway House Cree Nation Revenue Sharing*

The Minago Project is also subject to a 1% revenue sharing with NHCN, in connection with nickel revenue derived from mining activities from the Minago Project.

*Minago Project Updates*

On April 2, 2024, the Company announced a quarry project partnership (the "Quarry Project") with NHCN taking place at the Company's Minago Project. The Quarry Project was completed in April 2024 which consisted of stripping limestone materials near surface carried out under Quarry Lease QL-2067 near the proposed mill site, located approximately 0.5 km west of the proposed open pit site for the Minago Project. The Quarry Project provided certain limestone construction material for NHCN community infrastructure projects, and along with the completion of two all-weather exploration roads (1.7km and 1.3 km respectively) for Flying Nickel, which will support future Minago exploration drilling programs.

On April 11, 2024, the Company announced the results of an updated Mineral Resource Estimate ("MRE") prepared in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves ("MRMR") (2014) and CIM MRMR Best Practice Guidelines (2019) for its 100% owned Minago nickel platinum group metals ("PGM") Minago Project. Additional information is available in the Company's news release dated April 11, 2024, which is available on the Company's website [www.flynickel.com](http://www.flynickel.com).

*Impairment*

On July 21, 2024, the Company and NHCN entered into a binding letter of intent pursuant to which the Company proposes to sell its Minago Nickel project and its related assets (the "Minago Assets") to NHCN (the "Minago Project Sale").

The purchase price to be paid by NHCN in respect of the Minago Project Sale shall be either:

- a) \$8,000,000 in cash; (ii) the surrender of 17,561,862 Company common shares owned by NHCN; and (iii) reimbursement in cash of claims maintenance fees up to a maximum of \$60,000 incurred by the Company in respect of the Minago Project; or
- b) \$7,300,000 in cash; (ii) the surrender of 31,015,206 Company common shares owned by NHCN and certain other shareholders; and (iii) reimbursement in cash of claims maintenance fees up to a maximum of \$60,000 incurred by the Company in respect of the Minago Project.

Based on the above indicator of impairment, the Company determined the recoverable amount of the Minago Project to be \$9,404,949, and accordingly, recorded an impairment charge of \$11,719,496 during the three months ended June 30, 2024 (2023 - \$nil).

<b>Minago Project</b>	<b>(\$)</b>
Balance, April 1, 2023	20,126,319
Licenses, taxes, fees and permits	312,910
Feasibility	13,037
Exploration	324,853
Drilling	129,860
Personnel, camp and general	65,982
<b>Balance, March 31, 2024</b>	<b>20,972,961</b>
Licenses, taxes, fees and permits	4,330
Exploration	146,510
Personnel, camp and general	644
Impairment	(11,719,496)
<b>Balance, June 30, 2024</b>	<b>9,404,949</b>

### Summary Of Quarterly Results

During the quarter ended March 31, 2023, the accounting treatment for the acquisition of the Minago Project through the Silver Elephant Arrangement was corrected for the prior four quarters (3 months ended March 31, 2022, June 30, 2022, September 30, 2022, and December 31, 2022). This correction involved using the carrying amount of \$16,458,495 from Silver Elephant for the acquisition of the Minago Project. As a result of this correction, exploration and evaluation asset and share capital decreased by \$18,576,013, but it had no impact on the Company's net loss, basic and diluted loss per share.

During the quarter ended March 31, 2023, the Company identified an accounting error in relation to the accounting of the impairment of intangible asset of \$313,977 being incorrectly recognized in advertising and promotion in the three months ended September 30, 2022. This impairment charge should have been recognized in the three months ended March 31, 2023. The Company also reclassified \$90,000 from advertising and promotion to consulting and management fees. The correction of these errors decreases the net loss for the three months ended September 30, 2023 by \$313,977 as follows:

	Original Three Months Ended, September 30, 2022 (\$)	Restatement (\$)	Restated Three Months Ended, September 30, 2022 (\$)
<b>General and Administrative Expenses</b>			
Advertising and promotion	458,348	(403,977)	54,371
Consulting and management fees	63,510	90,000	153,510
Directors' fees	23,000	-	23,000
Insurance	10,625	-	10,625
Office and administration	8,869	-	8,869
Professional fees	139,049	-	139,049
Salaries and benefits	94,478	-	94,478
Share-based payments	233,916	-	233,916
Stock exchange and shareholder services	45,060	-	45,060
Travel and accommodation	9,541	-	9,541
	(1,086,396)	313,977	(772,419)
<b>Other items</b>			
Recovery of flow through liability	42,099	-	42,099
Government grant	12,188	-	12,188
<b>Net loss and comprehensive loss for the period</b>	<b>(1,032,109)</b>	<b>313,977</b>	<b>(718,132)</b>
Basic and diluted loss per share	(0.02)	0.01	(0.01)
Basic and diluted weighted average number of shares outstanding	62,086,470	-	62,086,470

The Statement of Cash Flows for the six months ended September 30, 2022 was not previously presented; only the Statement of Cash Flows for the nine months ended September 30, 2022 was presented but not applicable for the purposes of this MD&A as result of the change in financial year end from December 31 to March 31, which became effective December 30, 2022.

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

<b>Quarter Ending</b>	<b>Quarter Name</b>	<b>Net Loss for the Period (\$)</b>	<b>Basic Loss Per Share (\$)</b>	<b>Diluted Loss Per Share (\$)</b>
June 30, 2024	Q1 2025	(12,135,542)	(0.14)	(0.14)
March 31, 2024	Q4 2024	(255,449)	(0.00)	(0.00)
December 31, 2023	Q3 2024	(306,106)	(0.00)	(0.00)
September 30, 2023	Q2 2024	(293,704)	(0.00)	(0.00)
June 30, 2023	Q1 2024	(714,481)	(0.01)	(0.01)
March 31, 2023	Q5 2023	(671,712)	(0.01)	(0.01)
December 31, 2022	Q4 2022	(890,390)	(0.01)	(0.01)
September 30, 2022 (restated)	Q3 2022	(718,132)	(0.01)	(0.01)

3 Months Ended June 30, 2024, compared with 3 Months Ended June 30, 2023

Net loss this quarter was \$12,135,542 compared to \$714,481 during the three months ended June 30, 2023. Of note for the current quarter as compared to the prior year quarter, are the following items:

- An impairment of exploration and evaluation asset of \$11,719,496 this quarter, compared to \$nil. The current quarter impairment is in connection with the Minago Project.
- Professional fees increased from \$116,346 to \$154,864. In this quarter the Company incurred additional fees in connection with the Transaction (see *Proposed Transaction*).
- Share-based payments of \$25,828 this quarter compared to \$342,522 during the prior year quarter. Share-based payments is a non-cash expense, and such expense is recognized in profit or loss over the vesting period of the underlying share purchase options granted to certain directors, officers, employees and consultants of the Company.

Variations Over the Quarters

Q4 2024 net loss of \$255,449 primarily relates to general and administrative expenses totalling \$255,126. This amount includes professional fees of \$71,680 for audit and legal expense, consulting and management fees of \$50,523 and stock exchange and shareholder services of \$45,483.

Q3 2024 net loss of \$306,106 is mainly attributable to general and administrative expense totalling \$304,142, which includes salaries and benefits of \$91,140, stock exchange and shareholder services of \$54,406, consulting fees of \$48,420 and professional fees of \$30,617.

Q2 2024 net loss of \$293,704 is mainly attributable to general and administrative expenses totalling \$292,800, which includes salaries and benefits of \$83,359, stock exchange and shareholder services of \$48,163 and share-based payments of \$41,765.

Q1 2024 net loss of \$714,481 primarily consisted of share-based payments of \$342,522, professional fees of \$116,346 and salaries and benefits of \$92,832.

Q5 2023 net loss of \$671,712 primarily consisted of share-based payments of \$212,371, consulting and management fees of \$160,742 and professional fees of \$108,600.

Q4 2022 net loss of \$890,390 primarily consisted of share-based payments of \$451,831 and salaries and benefits of \$271,881.

Q3 2022 net loss of \$718,132 primarily consisted of share-based payments of \$233,916, consulting of \$153,510, professional fees of \$139,049. Professional fees incurred during Q2 2022 included amounts in connection with the Transaction (see *Proposed Transaction*) Q2 2022 net loss of \$629,230 primarily consisted of share-based payments of \$387,664 and professional fees of \$143,079.

### Liquidity And Capital Resources

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

As at the Financial Position Date, the Company had working capital of \$1,202,611 compared to \$1,743,668 at March 31, 2024.

Cash flow information:

	Three Months Ended	
	June 30, 2024 (\$)	June 30, 2023 (\$)
Cash from (used in) operating activities	266,087	(322,131)
Cash used in investing activities	(318,451)	(122,194)
Cash from financing activities	-	232,000
Cash, end of the period	790	131,405

Operating activities: During the current quarter the Company had a net cash inflow of \$266,087 in operating activities, primarily from changes in non-cashworking capital, specifically, amounts due from related parties and accounts payable and accrued liabilities. The Company used \$322,131 in operating activities during the prior year quarter, primarily in salaries and benefits, professional fees and consulting fees and the effect from changes in non-cash working capital.

Investing activities: During the three months ended June 30, 2024, the Company invested \$318,451 in the Minago Project compared to \$122,194 during the prior year quarter.

Financing activities: There were no financing activities during this quarter. During the prior year quarter, the Company received \$232,000 from equity offerings.

As at the Financial Position Date the Company had cash of \$790, and current liabilities of \$449,401. The Company will need to conduct additional financings to meet its 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

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The Company entered into a Mutual Management and Technical Services Agreement (the "MMTSA") with Silver Elephant commencing December 1, 2021, pursuant to which the companies would provide each other with general, technical and administrative services, as reasonably requested on a cost reimbursement basis. This MMTSA was terminated effective March 31, 2023, and replaced with an updated fixed fee MMTSA effective April 1, 2023, among the Company, Silver Elephant, Nevada Vanadium and Oracle. The fixed fee is adjusted periodically to reflect the relative allocation of costs to each company.



The Company has entered into a consulting agreement with the Company's executive chairman effective December 1, 2021, pursuant to which the Company agreed to pay a minimum service fee of \$10,000 per month. The Company also agreed to issue up to 450,000 common shares (the "Bonus Shares") of the Company to this individual upon achieving certain corporate milestones defined in the agreement. No Bonus Shares were issued or issuable since December 1, 2021, as none of the milestones have been achieved yet.

On December 27, 2023, the Company entered into agreements to settle an aggregate of \$62,600 of debt owed to three directors of the Company for management fees and directors fees in consideration for the issuance of 626,000 common shares of the Company at a price of \$0.10 per share.

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 the chief executive officer ("CEO"), chief financial officer ("CFO"), chief operating officer ("COO"), executive and non-executive directors.

	<b>Three Months Ended</b>	
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
	(\$)	(\$)
MMTSA fees charged by Silver Elephant, a company with certain directors and officers in common	86,603	32,485
MMTSA recoveries from Silver Elephant	(53,892)	(119,872)
MMTSA fees charged by Nevada Vanadium, a company with certain directors and officers in common	-	27,059
MMTSA recoveries from Nevada Vanadium	(18,868)	(74,920)
MMTSA recoveries from Oracle, a company a company with certain directors and officers in common	(15,094)	(29,968)
Management fees paid to John Lee, Chairman and Interim CEO of the Company	30,000	30,000
Salaries and benefits paid to key management of the Company	31,556	59,264
Directors' fee	30,000	13,645
Share-based payments to certain key management of the Company	17,692	278,172

The Company had balances due from (to) related parties as follows:

	<b>June 30, 2024</b>	<b>March 31, 2024</b>
	(\$)	(\$)
Receivable from Silver Elephant	805,969	1,215,093
Receivable from Nevada Vanadium	427,515	408,982
Receivable from Oracle	293,827	302,733
Payable to John Lee	(53,481)	(23,425)
Director's fees payable	(54,600)	(24,600)

### Proposed Transaction

Flying Nickel and Nevada Vanadium signed an arrangement agreement dated October 6, 2022, and as amended, 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 an arrangement pursuant to the British Columbia Business Corporations Act (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. 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.

The Transaction was closed on August 16, 2024, and Nevada Vanadium's former CEO, Ron Espell, was appointed President of Flying Nickel.

### **Critical Accounting Policies and Estimates**

In preparing 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. 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. Actual results may differ from these estimates.

The Company believes the following are the critical accounting estimates used in the preparation of its Statements:

#### Share-based compensation

The Company uses the Black-Scholes Option Pricing Model to fair value options in order to calculate share based compensation expense. The Black-Scholes Option Pricing Model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

#### Impairment assessment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. The Company considered the following facts and circumstances in determination if it should test exploration and evaluation assets for impairment:

- (i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- (iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that deferred exploration expenditures are not expected to be recovered, an impairment is charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

An impairment charge relating to an exploration and evaluation asset may be subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. General exploration costs in areas of interest in which the Company has not secured rights are expensed as incurred.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

## **Changes in Accounting Policies and Standards**

### Changes in Accounting Policies

#### *Classification of liabilities as current or non-current (amendments to IAS 1)*

The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. The amendments were implemented by the Company effective April 1, 2024 and did not have a material impact on the Company's financial statements.

### Future Changes in Accounting Standards

In April 2024, the IASB issued *IFRS 18, Presentation and Disclosure in Financial Statements* ("IFRS 18"), the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Company is currently evaluating the impact of IFRS 18 on its financial statements.

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.

## **Capital Management**

Management considers its capital structure to consist of share capital, stock 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 that the Company currently holds interests in are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out 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 management's approach to capital management during the three months ended June 30, 2024. The Company is not subject to externally imposed capital requirements.

*Fair Value Measurements and Financial Instruments*

*(a) Classification*

<b>Financial Instrument</b>	<b>Measurement Method</b>	<b>June 30, 2024 (\$)</b>	<b>March 31, 2024 (\$)</b>
Cash	FVTPL <sup>1</sup> (Level 1)	790	53,154
Term deposit	FVTPL <sup>1</sup> (Level 1)	57,500	57,500
Due from related parties	Amortized cost	1,527,311	1,926,808
Receivables (excluding GST/HST receivables)	Amortized cost	492	53,745
Accounts payable and accrue liabilities	Amortized cost	(449,401)	(481,448)
		<b>1,136,692</b>	<b>1,609,759</b>

<sup>1</sup> Fair value through profit or loss

*(b) Fair value*

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. The fair value of cash, restricted cash and term deposit is measured at Level 1. As at the Financial Position Date, 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, term deposit, other receivables, due from related parties, accounts payable and accrued liabilities 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 three months ended June 30, 2024 and 2023.

## 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 the Financial Position Date 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) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. As at the Financial Position Date, the Company had a cash balance including term deposit, of \$58,290 (March 31, 2024 – \$110,654) and had accounts payable and accrued liabilities of \$449,401 (March 31, 2024- \$481,448), which have contractual maturities of 90 days or less. Liquidity risk is assessed as high and the Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements.

### (b) 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 the Financial Position Date and June 30, 2024, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

### (c) Market Risk

The market risks to which the Company may be exposed to are interest rate risk and currency risk.

#### (i) 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. The Company is not subject to material interest rate risk for the three months ended June 30, 2024 and 2023.

#### (ii) 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's operations are primarily in Canada, and the Company is not subject to material currency risk.

## 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 dates presented:

	As at date of this MD&A	June 30, 2024
Common shares issued and outstanding	153,958,164	88,064,805
Share purchase options outstanding	11,480,000	6,590,000
Share purchase warrants	17,975,289	7,152,150

## 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 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, unpredictable and unfavourable weather conditions, 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.

Mineral exploration and development is speculative and involves a high degree of risk. While the discovery of an ore body may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines. There is no assurance that Flying Nickel's nickel deposits are commercially mineable.

Should any mineral resources and reserves exist, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs, engineering and other studies, and the recommendations of qualified engineers and geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) nickel prices; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) the political climate, governmental regulation and control. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits, and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow.

The ability to sell, and profit from the sale of any eventual mineral production from any property will be subject to the prevailing conditions in the minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long-term viability of Flying Nickel and its operations.

### 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, sourcing equipment and supplies, and the recruitment and retention of qualified individuals to carry out its mineral exploration activities and provide support services. 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 Flying 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 exploration companies 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 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.

There have been no changes in the Company's internal control over financial reporting during the current quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## 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 financial statements for the current period, available on the Company's website at [www.flynickel.com](http://www.flynickel.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## 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 and expected uses of proceeds raised, 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 completion of transactions and integration of acquisitions; risks related to 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 planned exploration activities; currency exchange rates; general economic, inflationary and market conditions; 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, except as required by applicable law. Forward-looking statements and other information contained herein concerning the mining industry and general expectations with regards to it 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.

**Additional Information**

Additional information relating to the Company is on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

**General Corporate Information:****Head Office and Registered Office**

Suite 1610 - 409 Granville Street,  
Vancouver, BC, Canada, V6C 1T2  
Tel: +1 (604) 283-2230

**Transfer Agent and Registrar**

Odyssey Trust Company  
350 - 409 Granville Street, Vancouver, British  
Columbia, V6C 1T2, Canada  
Tel: +1 (888) 290-1175

**Investor and Contact Information**

All financial reports, news releases and corporate information can be accessed by visiting the Company's website at: [www.flynickel.com](http://www.flynickel.com).

Investor & Media requests and queries: Email: [info@flynickel.com](mailto:info@flynickel.com)

**Directors and Officers**

As at the date of this MD&A, the Company's directors and officers are as follows:

**Directors**

John Lee, Interim CEO and Executive Chairman  
Greg Hall  
Neil Duboff  
Masa Igata

**Officers**

John Lee, Interim CEO and Executive Chairman  
Ron Espell, President  
Andrew Yau, Chief Financial Officer  
Robert Van Drunen, Chief Operating Officer  
Marion McGrath, Corporate Secretary  
Sara Knappe, Assistant Corporate Secretary

# **FLYING NICKEL**

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**Mining Corp.**

**Condensed Interim Financial Statements  
(Unaudited)**

**For the Three Months Ended  
June 30, 2024**

**(Expressed in Canadian Dollars)**

**Flying Nickel Mining Corp.**

Condensed Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)



	June 30, 2024 (\$)	March 31, 2024 (\$)
<b>Assets</b>		
Current assets		
Cash	790	53,154
Term deposit	57,500	57,500
Receivables	22,489	106,101
Prepaid expenses	43,922	81,553
Due from related parties (note 7)	1,527,311	1,926,808
<b>Total current assets</b>	<b>1,652,012</b>	<b>2,225,116</b>
Non-current assets		
Exploration and evaluation asset (note 5)	9,404,949	20,972,961
<b>Total assets</b>	<b>11,056,961</b>	<b>23,198,077</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	449,401	481,448
<b>Total liabilities</b>	<b>449,401</b>	<b>481,448</b>
<b>Shareholders' Equity</b>		
Share capital (note 6)	26,191,149	26,191,149
Reserves (note 6)	2,575,051	2,548,578
Deficit	(18,158,640)	(6,023,098)
<b>Total equity</b>	<b>10,607,560</b>	<b>22,716,629</b>
<b>Total liabilities and equity</b>	<b>11,056,961</b>	<b>23,198,077</b>

Nature of Operations and Going Concern (note 1)

Subsequent Event (note 12)

Approved on behalf of the Board:

*"John Lee"*

John Lee, Director and Chairman

*"Greg Hall"*

Greg Hall, Director

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

**Flying Nickel Mining Corp.**

Condensed Interim Statements of Operations and Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)



	Three Months Ended	
	June 30, 2024 (\$)	June 30, 2023 (\$)
<b>General and Administrative Expenses</b>		
Advertising and promotion	14,761	11,349
Consulting (note 7)	44,060	49,967
Directors' fee (note 7)	30,000	13,645
Insurance	9,859	10,676
Office and administration	6,517	18,612
Professional fees	154,864	116,346
Salaries and benefits (note 7)	80,918	92,832
Share-based payments (notes 6, 7)	25,828	342,522
Stock exchange and shareholder services	46,978	26,290
Travel and accommodation	240	31,636
	(414,025)	(713,875)
<b>Other Items</b>		
Impairment of exploration and evaluation asset (note 5)	(11,719,496)	-
Foreign exchange loss	(2,021)	(606)
<b>Net loss for the period</b>	<b>(12,135,542)</b>	<b>(714,481)</b>
Basic and diluted loss per share	(0.14)	(0.01)
Basic and diluted weighted average number of shares outstanding (note 6(e))	88,064,805	62,142,833

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

**Flying Nickel Mining Corp.**

## Condensed Interim Statements of Changes in Equity (Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital (\$)	Reserves <sup>1</sup> (\$)	Deficit (\$)	Total (\$)
Balance, April 1, 2023	67,788,620	24,288,676	2,092,775	(4,453,358)	21,928,093
Private placement, net of share issue costs (note 6)	1,450,000	232,000	-	-	232,000
Share-based payments (note 6)	-	-	350,547	-	350,547
Net loss and comprehensive loss	-	-	-	(714,481)	(714,481)
<b>Balance, June 30, 2023</b>	<b>69,238,620</b>	<b>24,520,676</b>	<b>2,443,322</b>	<b>(5,167,839)</b>	<b>21,796,159</b>
Balance, April 1, 2024	88,064,805	26,191,149	2,548,578	(6,023,098)	22,716,629
Share-based payments (note 6(c))	-	-	26,473	-	26,473
Net loss	-	-	-	(12,135,542)	(12,135,542)
<b>Balance, June 30, 2024</b>	<b>88,064,805</b>	<b>26,191,149</b>	<b>2,575,051</b>	<b>(18,158,640)</b>	<b>10,607,560</b>

<sup>1</sup> Stock options and warrants

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

**Flying Nickel Mining Corp.**  
Condensed Interim Statements of Cash Flows (Unaudited)  
(Expressed in Canadian Dollars)



	Three months ended	
	June 30, 2024 (\$)	June 30, 2023 (\$)
<b>Operating Activities</b>		
Net loss for the period	(12,135,542)	(714,481)
Items not involving cash		
Share-based payments (note 6(c))	25,828	342,522
Impairment of exploration and evaluation asset (note 5)	11,719,496	-
Changes in non-cash working capital		
Receivables	83,612	152,961
Prepaid expenses	37,631	39,500
Due from related parties	399,497	(147,398)
Accounts payable and accrued liabilities	135,565	4,765
Cash from (used in) operating activities	266,087	(322,131)
<b>Investing Activities</b>		
Exploration and evaluation asset	(318,451)	(122,194)
Cash used in investing activities	(318,451)	(122,194)
<b>Financing Activities</b>		
Proceeds from share issuance (note 6(b))	-	232,000
Cash from financing activities	-	232,000
Decrease in cash	(52,364)	(212,325)
Cash, beginning of period	53,154	343,730
<b>Cash, end of period</b>	<b>790</b>	<b>131,405</b>
<b>Non-Cash Transactions</b>		
	(\$)	(\$)
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	167,612	29,627
Share-based compensation capitalized to exploration and evaluation asset (note 6(c))	645	8,025

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

## **1. Nature Of Operations and Going Concern**

Flying Nickel Mining Corp. (the “Company” or “Flying Nickel”) is a 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 January 14, 2022, Silver Elephant Mining Corp. (“Silver Elephant”) completed a strategic reorganization of its business through a statutory plan of arrangement (the “Silver Elephant Arrangement”) under the Business Corporations Act (British Columbia) pursuant to which certain assets of Silver Elephant were spun-out to the Company.

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 started trading on the US OTCPK under the symbol “FLYNF”. On May 31, 2022, the Company’s common shares started listing on the OTCQB.

These 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 June 30, 2024 (the “Financial Position Date”), the Company had a deficit of \$18,158,640 (March 31, 2024 - \$6,023,098). 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 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. Basis Of Presentation**

### **(a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ended March 31, 2024. The Company’s interim results are not necessarily indicative of its results for a full year.

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on August 27, 2024.

### **(b) Basis of Measurement**

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.



**2. Basis Of Presentation - continued**

## (c) Use of judgments and estimates

In preparing these 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. 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. Actual results may differ from these estimates.

*Impairment assessment of exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. The Company considered the following facts and circumstances in determination if it should test exploration and evaluation assets for impairment:

- (i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- (iv) sufficient data exists to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that deferred exploration expenditures are not expected to be recovered, an impairment is charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

An impairment charge relating to an exploration and evaluation asset may be subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. General exploration costs in areas of interest in which the Company has not secured rights are expensed as incurred.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

## 2. Basis Of Presentation - *continued*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

At June 30, 2024, the Company assessed its exploration and evaluation asset for indicators of impairment which resulted in an impairment of the Minago Project to its recoverable amount (note 5).

Other areas of significant judgement and estimates made by management for the three months ended June 30, 2024 in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in note 2(c) of the Company's audited financial statements for the year ended March 31, 2024.

## 3. Material Accounting Policy Information

### (a) Changes in Accounting Policies

#### *Classification of liabilities as current or non-current (amendments to IAS 1)*

The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. The amendments were implemented by the Company effective April 1, 2024 and did not have a material impact on the Company's financial statements.

### (b) Future Changes in Accounting Standards

In April 2024, the IASB issued *IFRS 18, Presentation and Disclosure in Financial Statements* ("IFRS 18"), the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Company is currently evaluating the impact of IFRS 18 on its financial statements.

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.

#### 4. Proposed Transaction

Flying Nickel and Nevada Vanadium signed an arrangement agreement dated October 6, 2022, and as amended, 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 an arrangement pursuant to the British Columbia Business Corporations Act (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. 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.

The Transaction was closed on August 16, 2024.

#### 5. Exploration and Evaluation Asset

<b>Minago Project</b>	<b>(\$)</b>
Balance, April 1, 2023	20,126,319
Licenses, taxes, fees and permits	312,910
Feasibility	13,037
Exploration	324,853
Drilling	129,860
Personnel, camp and general	65,982
<b>Balance, March 31, 2024</b>	<b>20,972,961</b>
Licenses, taxes, fees and permits	4,330
Exploration	146,510
Personnel, camp and general	644
Impairment	(11,719,496)
<b>Balance, June 30, 2024</b>	<b>9,404,949</b>

The Minago Project is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt, and comprises of 94 claims and two mining leases.

On January 14, 2022, pursuant to the Silver Elephant 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.

##### *Minago Net Smelter Royalty*

On January 14, 2022, under the terms of the Silver Elephant 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 US\$15 per pound, a royalty equal to two percent (2%) of returns in respect of all mineral products produced from certain mineral claims and leases in the Minago Project after the commencement of commercial production. Each royalty payment will be provisional and subject to adjustment in accordance with the Minago Royalty Agreement. Oracle is the current holder of this royalty.

**5. Exploration and Evaluation Asset - continued**

*Glencore Net Smelter Royalty*

Certain of the claims comprising the Minago property, claims MB8497, P235F, P237F, 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 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 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.

*Norway House Cree Nation Revenue Sharing*

The Minago Project is also subject to a 1% revenue sharing with Norway House Cree Nation (“NHCN”), in connection with nickel revenue derived from mining activities from the Minago Project.

*Impairment*

On July 21, 2024, the Company and NHCN entered into a binding letter of intent pursuant to which the Company proposes to sell its Minago Nickel project and its related assets (the “Minago Assets”) to NHCN (the “Minago Project Sale”).

The purchase price to be paid by NHCN in respect of the Minago Project Sale shall be either:

- a) \$8,000,000 in cash; (ii) the surrender of 17,561,862 Company common shares owned by NHCN; and (iii) reimbursement in cash of claims maintenance fees up to a maximum of \$60,000 incurred by the Company in respect of the Minago Project; or
- b) \$7,300,000 in cash; (ii) the surrender of 31,015,206 Company common shares owned by NHCN and certain other shareholders; and (iii) reimbursement in cash of claims maintenance fees up to a maximum of \$60,000 incurred by the Company in respect of the Minago Project.

Based on the above indicator of impairment, the Company determined the recoverable amount of the Minago Project to be \$9,404,949, and accordingly, recorded an impairment charge of \$11,719,496 during the three months ended June 30, 2024 (2023 - \$nil).

<b>Minago Assets</b>	<b>(\$)</b>
Purchase price	8,000,000
Surrender of 17,561,862 shares <sup>1</sup>	1,404,949
<b>Recoverable amount</b>	<b>9,404,949</b>

<sup>1</sup> Based on a value of \$0.08 per share

## 6. 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 the Financial Position Date, the Company had 88,064,805 (March 31, 2024 – 88,064,805) common shares issued and outstanding.

### (b) Issued Share Capital

#### During the Three Months Ended June 30, 2024

The Company did not issue any shares during the three months ended June 30, 2024.

#### During the Year Ended March 31, 2024

On April 17, 2023, the Company closed a non-brokered private placement by issuing 1,250,000 units at a price of \$0.16 per unit for gross proceeds of \$200,000. 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. The gross proceeds of the private placement were allocated to common shares and \$nil to warrants by applying the residual approach.

On May 12, 2023, the Company closed a non-brokered private placement by issuing 200,000 units at a price of \$0.16 per unit for gross proceeds of \$32,000. 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. The gross proceeds of the private placement were allocated to common shares and \$nil to warrants by applying the residual approach.

On August 14, 2023, the Company closed a non-brokered private placement by issuing 6,800,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$680,000. There were no finders' fees payable in connection with this private placement.

On October 12, 2023, the Company closed a non-brokered private placement by issuing 7,603,862 common shares of the Company at a price of \$0.079 per share for gross proceeds of \$600,705. There were no finders' fees payable in connection with this private placement.

On October 31, 2023, the Company closed a non-brokered private placement by issuing 2,301,844 common shares of the Company at a price of \$0.09 per share for gross proceeds of \$207,166. The Company also issued 161,129 common shares to a third party as a finder's fee in connection with the closing of this private placement.

On November 20, 2023, the Company closed a non-brokered private placement by issuing 1,333,350 common shares of the Company at a price of \$0.09 per share for gross proceeds of \$120,002. There were no finders' fees payable in connection with this private placement.

On December 27, 2023, the Company issued 626,000 shares at a price of \$0.10 to settle liabilities related to director fees at fair value of \$62,600. There were no finders' fees payable in connection with this debt settlement.

**6. Share Capital – continued**

(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 the grant with a maximum term of 10 years.

In April 2023, the Company granted 355,000 stock options to certain directors, officers and consultants of the Company to acquire common shares in the capital of the Company at an exercise price ranging from \$0.16 to \$0.165 per share. These stock options vest at 12.5% per quarter for the first two years following the grant date and have a five-year term from the date of grant.

In September 2023, the Company granted 1,390,000 stock options to certain directors, officers and consultants of the Company to acquire common shares in the capital of the Company at an exercise price of \$0.11 per share. These stock options vest at 12.5% per quarter for the first two years following the grant date and have a five-year term from the date of grant.

In March 2024, the Company granted 200,000 stock options to an officer of the Company to acquire common shares in the capital of the Company at an exercise price of \$0.06 per share. These stock options vest at 12.5% per quarter for the first two years following the grant date and have a five-year term from the date of grant.

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

	Number of Options	Weighted Average Exercise Price (\$)
Balance, April 1, 2023	5,360,000	0.55
Granted	1,945,000	0.11
Forfeited	(715,000)	0.16
<b>Balance, March 31, 2024 and June 30, 2024</b>	<b>6,590,000</b>	<b>0.18</b>

The following table summarizes the stock options outstanding as at the Financial Position Date:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)
0.06	200,000	4.68	25,000	4.68
0.10	1,360,000	4.22	510,000	4.22
0.11	50,000	3.96	25,000	3.96
0.16	100,000	3.80	50,000	3.80
0.14	1,120,000	3.51	700,000	3.51
0.20*	3,610,000	2.68	3,610,000	2.68
0.20*	150,000	2.71	150,000	2.71
	<b>6,590,000</b>	<b>3.23</b>	<b>5,070,000</b>	<b>2.98</b>

\* On April 18, 2023, the Company amended the exercise price of 3,810,000 stock options from \$0.70 to \$0.20 and 150,000 stock options from \$0.74 to \$0.20.

**6. Share Capital – continued**

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. The Company recorded share-based payments as follows:

	Three Months Ended	
	June 30, 2024 (\$)	June 30, 2023 (\$)
Share-based payments:		
Capitalized as exploration and evaluation	645	8,025
Expensed as general and administrative expenses	25,828	342,522
	<b>26,473</b>	<b>350,547</b>

The fair value of each stock option is estimated on the date of grant using the Black-Scholes Option Pricing Model with the assumptions presented in the table below. Expected volatilities are based on the historical volatility of the comparable companies as the Company has a limited history of trading. The expected term of stock options granted represents the period of time that the granted stock options are expected to be outstanding. The risk-free interest rate is based on the Canadian government bond rate.

For the Three Months Ended June 30, 2024

The Company did not grant any stock options during the three months ended June 30, 2024.

For the Year Ended March 31, 2024

Grant Date	Number of Options	Expected Price Volatility	Risk-Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
April 17, 2023	205,000	107%	3.15%	5.00	-	0.13	25,762
April 24, 2023	100,000	106%	2.97%	5.00	-	0.13	12,921
June 15, 2023	50,000	107%	3.48%	5.00	-	0.08	3,876
September 18, 2023	1,390,000	105%	3.92%	5.00	-	0.08	108,876
March 6, 2024	200,000	101%	3.35%	5.00	-	0.05	9,125
	<b>1,945,000</b>						<b>160,560</b>

6. Share Capital – continued

On April 18, 2023, the Company amended the exercise price of 3,810,000 stock options from \$0.70 to \$0.20 and 150,000 stock options from \$0.74 to \$0.20. The fair values of the modified stock options immediately before and after the modification is determined based on the key assumptions as follows:

Before Modification

Grant Date	Number of Options	Share Price at the Re-pricing Date (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
March 4, 2022	3,810,000	0.185	0.70	102%	3.30%	3.88	-	0.09	339,090
March 18, 2022	150,000	0.185	0.74	102%	3.30%	3.92	-	0.09	13,050
	<b>3,960,000</b>								<b>352,140</b>

After Modification

Grant Date	Number of Options	Share Price at the Re-pricing Date (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
March 4, 2022	3,810,000	0.185	0.20	102%	3.30%	3.88	-	0.13	487,680
March 18, 2022	150,000	0.185	0.20	102%	3.30%	3.92	-	0.13	19,350
	<b>3,960,000</b>								<b>507,030</b>

(d) Warrants

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

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, April 1, 2023	11,465,781	0.58
Issued – financing warrants	1,450,000	0.20
Expired – broker warrants	(716,615)	0.70
Expired – financing warrants	(5,047,016)	0.20*
<b>Balance, March 31, 2024 and June 30, 2024</b>	<b>7,152,150</b>	<b>0.20</b>

\* On April 21, 2023, the Company amended the exercise price of 5,047,016 warrants from \$1.00 to \$0.20 per share with an accelerated expiry date when certain conditions are met (see below Warrants Repricing).



**6. Share Capital – continued**

As the Financial Position Date, the following warrants were outstanding:

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price (\$)
February 15, 2026	1.63	5,702,150	0.20
April 17, 2026	1.80	1,250,000	0.20
May 12, 2026	1.87	200,000	0.20
	<b>1.67</b>	<b>7,152,150</b>	<b>0.20</b>

On April 21, 2023, the Company adjusted the exercise price of 5,047,016 warrants from \$1.00 to \$0.20 per share (the “Warrant Repricing”) and amended 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 remain unchanged. These warrants expired on November 29, 2023, unexercised.

(e) Diluted Loss per Share

For the three months ended June 30, 2024 and 2023, the Company’s common share equivalents including stock options and warrants were not included in the diluted loss per share calculation as the effect would be anti-dilutive.

**7. Related Party Transactions and Balances**

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The Company entered into a Mutual Management and Technical Services Agreement (the “MMTSA”) with Silver Elephant commencing December 1, 2021, pursuant to which the companies would provide each other with general, technical and administrative services, as reasonably requested on a cost reimbursement basis. This MMTSA was terminated effective March 31, 2023, and replaced with an updated fixed fee MMTSA effective April 1, 2023, among the Company, Silver Elephant, Nevada Vanadium and Oracle. The fixed fee is adjusted periodically to reflect the relative allocation of costs to each company.

The Company has entered into a consulting agreement with the Company’s executive chairman effective December 1, 2021, pursuant to which the Company agreed to pay a minimum service fee of \$10,000 per month. The Company also agreed to issue up to 450,000 common shares (the “Bonus Shares”) of the Company to this individual upon achieving certain corporate milestones defined in the agreement. No Bonus Shares were issued or issuable since December 1, 2021, as none of the milestones have been achieved yet.

On December 27, 2023, the Company entered into agreements to settle an aggregate of \$62,600 of debt owed to three directors of the Company for management fees and directors fees in consideration for the issuance of 626,000 common shares of the Company at a price of \$0.10 per share (note 6).

**7. Related Party Transactions and Balances - continued**

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 the chief executive officer (“CEO”), chief financial officer (“CFO”), chief operating officer (“COO”), executive and non-executive directors.

	Three Months Ended	
	June 30, 2024 (\$)	June 30, 2023 (\$)
MMTSA fees charged by Silver Elephant, a company with certain directors and officers in common	86,603	32,485
MMTSA recoveries from Silver Elephant	(53,892)	(119,872)
MMTSA fees charged by Nevada Vanadium, a company with certain directors and officers in common	-	27,059
MMTSA recoveries from Nevada Vanadium	(18,868)	(74,920)
MMTSA recoveries from Oracle, a company a company with certain directors and officers in common	(15,094)	(29,968)
Management fees paid to John Lee, Chairman and Interim CEO of the Company	30,000	30,000
Salaries and benefits paid to key management of the Company	31,556	59,264
Directors’ fee	30,000	13,645
Share-based payments to certain key management of the Company	17,692	278,172

The Company had balances due from (to) related parties as follows:

	June 30, 2024 (\$)	March 31, 2024 (\$)
Receivable from Silver Elephant	805,969	1,215,093
Receivable from Nevada Vanadium	427,515	408,982
Receivable from Oracle	293,827	302,733
Payable to John Lee	(53,481)	(23,425)
Director’s fees payable	(54,600)	(24,600)

**8. Segmented Information**

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

## 9. Capital Management

Management considers its capital structure to consist of share capital, stock 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 that the Company currently holds interests in are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out 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 management's approach to capital management during the three months ended June 30, 2024. The Company is not subject to externally imposed capital requirements.

## 10. Fair Value Measurements and Financial Instruments

### (a) Classification

Financial Instrument	Measurement Method	June 30, 2024 (\$)	March 31, 2024 (\$)
Cash	FVTPL <sup>1</sup> (Level 1)	790	53,154
Term deposit	FVTPL <sup>1</sup> (Level 1)	57,500	57,500
Due from related parties	Amortized cost	1,527,311	1,926,808
Receivables (excluding GST/HST receivables)	Amortized cost	492	53,745
Accounts payable and accrue liabilities	Amortized cost	(449,401)	(481,448)
		<b>1,136,692</b>	<b>1,609,759</b>

<sup>1</sup> Fair value through profit or loss

### (b) Fair value

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. The fair value of cash, restricted cash and term deposit is measured at Level 1. As at the Financial Position Date, 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.

**10. Fair Value Measurements and Financial Instruments - continued**

The fair value of the Company's financial instruments including cash, term deposit, other receivables, due from related parties, accounts payable and accrued liabilities 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 three months ended June 30, 2024 and 2023.

**11. Financial Risk Management**

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at the Financial Position Date 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) Liquidity risk*

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. As at the Financial Position Date, the Company had a cash balance including term deposit, of \$58,290 (March 31, 2024 – \$110,654) and had accounts payable and accrued liabilities of \$449,401 (March 31, 2024- \$481,448), which have contractual maturities of 90 days or less. Liquidity risk is assessed as high and the Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements.

*(b) 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 the Financial Position Date and June 30, 2024, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

*(c) Market Risk*

The market risks to which the Company may be exposed are interest rate risk and currency risk.

*(i) 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. The Company is not subject to material interest rate risk for the three months ended June 30, 2024 and 2023.

*(ii) 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's operations are primarily in Canada, and the Company is not subject to material currency risk.

**12. Subsequent Event**

On August 16, 2024, Flying Nickel and Nevada Vanadium completed the Transaction (note 4). As a result, the Company issued 65,893,359 common shares, 10,823,139 warrants and granted 5,150,000 stock options.