



Unaudited Interim Financial Statements

For the three and nine months ended September 30, 2007

Management's Comments on Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements of Fletcher Nickel Inc. for the three and nine months ended September 30, 2007 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

FLETCHER NICKEL INC.

(A Development Stage Company)

Balance Sheets

	Unaudited September 30, 2007	Audited December 31, 2006
	\$	\$
Assets		
Current		
Cash	443,728	2,134
Accounts receivable	10,320	-
GST receivable	29,455	6,564
Contractor advances	52,500	-
Prepaid expenses	7,950	4,200
	<u>543,953</u>	<u>12,898</u>
Investment in Claim Lake Resources, at cost	6,000	6,000
Deferred Financing Costs	384,161	86,058
Interest in Mineral Properties (Note 4)	7,423,307	7,036,870
	<u><u>8,357,421</u></u>	<u><u>7,141,826</u></u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accruals	290,415	136,995
Dividend payable	-	100,000
Due to related parties	5,619	315,608
	<u>296,034</u>	<u>552,603</u>
Long Term Liabilities		
Convertible debenture (Note 5)	131,397	77,739
Preference shares (Note 6)	4,738,957	4,517,623
	<u>5,166,388</u>	<u>5,147,965</u>
Shareholders Equity		
Common shares (Note 7)	4,000,655	1,501,962
Equity component of convertible debenture (Note 5)	436,740	436,740
Special warrants (Note 8)	330,400	627,000
Warrants (Note 9)	548,514	612,459
Contributed surplus	123,000	123,000
Deficit	(2,248,276)	(1,307,300)
	<u>3,191,033</u>	<u>1,993,861</u>
	<u><u>8,357,421</u></u>	<u><u>7,141,826</u></u>

APPROVED ON BEHALF OF THE BOARD

Name _____
Director

Name _____
Director

FLETCHER NICKEL INC.
(A Development Stage Company)
Statements of Operations and Deficit
Unaudited

	9 Months Ended		3 Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Income				
Sale of concentrates	102,463	-	-	-
Interest	10,909	3,101	-	-
	113,372	3,101	-	-
Expenditures				
Accretion of convertible debenture	53,658	-	15,431	-
Accretion of preference shares	221,335	-	73,365	-
Depreciation	-	383	-	128
General & administration	102,413	43,354	36,450	14,129
Insurance	29,106	-	-	-
Interest & bank charges	6,977	47,267	320	32,540
Interest on preference shares	300,000	166,527	100,000	100,000
Professional fees	139,561	235,092	84,904	86,873
Rent	18,750	17,100	6,825	5,700
Salaries and benefits	166,494	-	52,500	-
Travel	16,054	9,280	7,144	3,042
	1,054,348	519,003	376,939	242,412
Net loss for the period	(940,976)	(515,902)	(376,939)	(242,412)
Deficit, beginning of period	(1,307,300)	(227,426)	(1,871,337)	(500,916)
Deficit, end of period	(2,248,276)	(743,328)	(2,248,276)	(743,328)
Loss per share	(0.10)	(0.07)	(0.03)	(0.03)
Weighted average number of shares outstanding during the period	9,715,596	7,364,845	11,273,165	7,743,600

FLETCHER NICKEL INC.

(A Development Stage Company)

Statements of Cash Flows

Unaudited

	9 Months Ended September 30,		3 Months Ended September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash derived from (applied to)				
Operating activities				
Net Loss for the period	(940,976)	(515,902)	(376,939)	(242,412)
Less: Operating items not involving cash				
Depreciation	-	383	-	128
Accretion of convertible debenture	53,658	-	15,431	-
Accretion of preference shares	221,335	-	73,365	-
Warrants issued for compensation	28,900	-	-	-
Change in non cash working capital				
(Increase) decrease in contractor advances	(52,500)	-	(52,500)	15,671
(Increase) decrease in accounts receivable	(10,320)	-	(320)	-
(Increase) decrease GST receivable	(22,891)	9,946	(24,589)	7,884
(Increase) decrease in prepaid expenses	(3,750)	-	(3,000)	-
Increase (decrease) in accounts payable	(156,570)	38,011	176,051	87,049
	(883,114)	(467,562)	(192,501)	(131,680)
Financing activities				
Issuance of common shares and warrants	2,055,400	988,328	330,400	51,000
Share issue costs	(46,152)	-	-	-
Issue of convertible debenture	-	750,000	-	-
Loan payable	-	100,000	-	100,000
Deferred financing costs	(298,103)	147,567	(110,451)	-
	1,711,145	1,985,895	219,949	151,000
Investing activities				
Interest in mineral properties	(386,437)	(2,268,441)	(304,548)	(68,676)
	(386,437)	(2,268,441)	(304,548)	(68,676)
Increase (decrease) in cash	441,594	(750,108)	(277,100)	(49,356)
Cash, beginning of period	2,134	751,996	720,828	51,244
Cash, end of period	443,728	1,888	443,728	1,888

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Fletcher Nickel Inc. ("Fletcher" or the "Company") have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an auditor.

These interim financial statements follow the same accounting policies and methods as the audited financial statements for the year ended December 31, 2006 except that the accounting policy for financial instruments has been revised to conform with revisions to the CICA Handbook as described in note 3 (j) below. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2006.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company is a development stage company and currently has interests in exploration and development properties in Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant:

a) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of expenditures during the reporting period. Significant items where management's judgment is applied include provisions for loss on and the estimated recoverable amount of assets, depreciation, income and other tax provisions, contingent liabilities, stock-based compensation, asset retirement obligations, and fair values of financial instruments. Actual results could differ materially from those estimates.

b) Interests in mineral properties

The Company's policy is to defer expenditures related to the acquisition, exploration and development of its mineral properties, net of any recoveries, and to include administrative costs and an allocation of certain corporate salaries related to exploration management. If a mineral property is abandoned, continued exploration is not planned in the foreseeable future or when other events and circumstances indicate that the carrying amount may not be recovered, the accumulated costs and expenditures are written down to net recoverable amount at the time the determination is made. Deferred expenditures relating to exploration projects represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular projects. Development projects include those projects where development alternatives are in progress and/or studies have been completed suggesting that the properties are economically viable.

Mineral properties and related expenditures are recorded at cost. These net costs are deferred until the mineral properties to which they relate are placed into production, sold or abandoned. Deferred costs are amortized using the unit-of-production method over the estimated useful lives of the mineral properties following the commencement of production. If a mineral property is sold or abandoned, the related deferred costs are charged to income in the period of sale or abandonment.

General exploration costs not specifically related to a mineral property are expensed as incurred.

c) Long-lived assets

The Company reviews the carrying amount of development projects when events or circumstances suggest that the carrying amount may not be recoverable. Indications that the net carrying amount of the capitalized costs on the exploration properties will not be recovered include:

- exploration activities have ceased or are not expected to commence in the foreseeable future;
- lease ownership rights have expired;
- sufficient funding is not expected to be available to complete the exploration program; or
- Other indications of impairment exist.

d) Basic and diluted earnings (loss) per share

The earnings (loss) per share is calculated using the weighted-average number of common shares outstanding during the period. The diluted earnings (loss) per share is calculated using the treasury stock method. Under this method, stock options and warrants outstanding are included in the computation of diluted earnings (loss) per share unless their inclusion would be anti-dilutive.

FLETCHER NICKEL INC.

(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

e) Flow-through shares

The Company has adopted the recommendations of the CICA with respect to the accounting for flow-through shares whereby the net proceeds of flow-through shares issued are reduced by the future tax liability resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers. This future income tax liability is calculated net of any benefit resulting from unrecorded income tax loss carry-forwards and income tax pools in excess of the accounting value available for deduction.

f) Income and other taxes

The Company accounts for and measures future income tax assets and liabilities in accordance with the asset and liability method. Under this method, future income tax assets and liabilities are computed annually for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is recorded.

Properties located in Ontario, which includes the New Texmont Property, are subject to mining taxes once they commence production.

g) Asset retirement obligations

The fair value of liabilities for asset retirement obligations is recognized in the period in which a reasonable estimate of such costs can be made. A corresponding increase to the carrying amount of the related asset is recorded and amortized over the life of the asset starting when commercial production commences.

h) Environmental evaluation costs

During the course of acquiring, exploring and developing potential mineral properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized as incurred and deferred until such time as the related mineral properties are put into commercial production. At that time, any deferred costs will be charged to operations on a unit-of-production basis over the estimated production of the mineral property. Upon abandonment or sale of a mineral property, all deferred costs relating to that property will be charged to income in the period of such abandonment or sale.

i) Financial instruments

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

j) Change in accounting policy

Commencing January 1, 2007, the Company adopted new accounting recommendations from the CICA including handbook sections 1530 - Comprehensive Income; 3855 - Financial Instruments - Recognition and Measurement; 3862 - Financial Instruments - Disclosures; and 3863 - Financial Instruments - Presentation. In accordance with the implementation guidance, these changes have been applied prospectively with no restatement of prior periods.

Section 1530 established standards for reporting and presenting a comprehensive income statement. Sections 3855 and 3862 require all financial assets and financial liabilities to be classified into one of five categories. Financial assets are to be classified as held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at their fair values in the balance sheet, except those held to maturity, loans and receivables and other financial liabilities which are to be carried at amortized cost.

The subsequent accounting for changes in the fair value of financial assets and financial liabilities will depend on their initial classification. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will continue to be recorded in the statement of operations. Unrealized gains and losses on financial assets that are classified as available for sale will be recorded in other comprehensive income until they become realized, at which time they will be recorded in the statement of operations.

As a result of the adoption of these new standards, accounts receivable are classified as loans and receivables and are recorded on the balance sheet at amortized cost. Accounts payable and accrued liabilities are also measured at amortized cost and are classified as other financial liabilities. Convertible debentures and preference shares have been classified as other liabilities and are measured at amortized cost, net of transaction costs, with amortization of interest and costs calculated using the effective interest rate method. There is no change to these financial statements as a result of these classifications.

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

4. **INTERESTS IN MINERAL PROPERTIES**

	Balance September 30, 2007	Additions During Period	Balance December 31, 2006
New Texmont Project	\$	\$	\$
Acquisition Costs	6,397,890	39,200	6,358,690
Drilling Costs	133,625	133,625	-
Lease Costs	2,221	43	2,178
Exploration Costs	571,220	213,569	357,651
	7,104,956	386,437	6,718,519
Porcupine Mining District	\$	\$	\$
Acquisition Costs	300,936	-	300,936
Exploration Costs	17,415	-	17,415
	318,351	-	318,351
Interests in mineral properties	7,423,307	386,437	7,036,870

NEW TEXMONT PROJECT:

On March 22, 2004 the Company signed a letter of intent with New Texmont Mines Limited for the acquisition of a 100% interest in the Texmont Mine in the Porcupine Mining District of Ontario. The parties then amended the terms of the proposed acquisition in a memorandum dated June 29, 2004 and the Company commissioned a number of technical studies. The purchase agreement was completed on March 15, 2006 and the Company acquired (a) an assignment from New Texmont Explorations Limited ("NTE") of fourteen mining leases, and (b) an assignment from Sheridan Geophysics Limited ("SGL") of its accrued interest in the leases acquired by its construction of mining and milling facilities at the Texmont mine in exchange for \$1,000,000 in cash, 1,000,000 common shares and 8,000,000 redeemable preferred shares of the Company.

The assigned interest from SGL entitles the Company to recover the cost of construction of the mill, plus accrued interest, from production profits prior to any distributions to other interested parties. The agreed cost of construction of the mill on December 31, 1972 was \$3,000,000 and interest is compounded annually at the prime lending rate.

NTE retains a net smelter royalty interest ("NSR") in the leases under which it will receive 3% of the minerals in concentrate recovered from the property during the first 1095 days of commercial production, and thereafter 5% of such minerals. The Company may acquire up to one-half of the NSR at any time for \$2,000,000 and has a right of first refusal on the sale of the NSR by NTE.

FLETCHER NICKEL INC.

(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

PORCUPINE MINING DISTRICT:

On January 6, 2004, the Company acquired a 100% interest in 171 staked mineral claims in the Porcupine Mining District of Ontario (subject to a 1.5% net smelter royalty) for \$15,000 cash and 1,500,000 common shares of the Company with deemed consideration of \$150,000. A technical report was prepared but the exploration work recommended to assess the claims was not undertaken and the Company's interest was relinquished. In September 2005, 57 of the claims were re-staked on behalf of the Company and the royalty holders. In November 2005, an additional 17 claims were re-staked on behalf of the Company and the royalty holders. The Company was granted until November 7th, 2007 for the filing of assessment work on the claims.

On February 28, 2004, the Company acquired a 100% interest in 149 staked mineral claims in the Porcupine Mining District of Ontario (subject to a 1.5% net smelter royalty) for 279,600 common shares of the Company with a value of \$69,900. The company also acquired 38 adjacent mineral claims in February 2004, by staking. On March 15, 2004, the Company acquired a 100% interest in an additional 110 staked claims (subject to a 1.5% net smelter royalty) for 164,000 common shares of the Company with a value of \$41,000. As no assessment work was undertaken, the Company's interest in all 297 claims was relinquished. In November and December 2006, 150 of the claims were re-staked on behalf of the Company and the royalty holders.

5. CONVERTIBLE DEBENTURE

On January 4, 2006 the company issued for cash a \$750,000 principal amount special note, convertible into a \$750,000 principal amount unsecured convertible debenture and an aggregate of 1,500,000 common share purchase warrants, each such warrant entitling the holder to purchase one common share at \$0.65 until January 4, 2008. The special note was converted on March 15, 2006 and the \$750,000 principal amount unsecured convertible debenture and 1,500,000 warrants were issued upon the conversion. The unsecured convertible debenture bears interest at 4% per annum and may be converted by the holder at any time into an aggregate of up to 1,500,000 units of the company at a deemed price of \$0.50 per unit. Each unit will comprise one common share and one common share purchase warrant, each such warrant entitling the holder to purchase one common share at \$0.65. In addition, compensation warrants were issued to an agent entitling it to purchase up to 150,000 common shares of the Company at \$0.50 each at any time prior to January 4, 2008.

The components of these financial instruments, consisting of the debenture, warrants and conversion features were valued on a pro-rata basis based on the relative fair values of each component. The fair value of the debenture was estimated by discounting the future cash flows at an interest rate applicable to non-convertible debt. The fair value of the warrants were valued using the Black-Scholes option pricing model assuming a risk-free interest rate of 3.97% on the date of issue, an expected life of 2 years, a volatility of 85% and dividends of \$Nil. The fair value of the conversion was similarly valued, with the exception of an expected life of 5 years.

The debt component of the convertible debenture will be accreted to its face value over the 5 year term of the debenture. The accretion of the convertible debenture for the nine months ended September 30, 2007 was calculated to be \$53,658.

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

6. PREFERENCE SHARES

The preference shares entitle the holder to receive a 5% per share fixed cumulative annual preferential cash dividend, payable in quarterly installments on the fifteenth (15th) day of February, May, August and November. The Company may at any time, upon a minimum 14 days notice, redeem all or part of the preference shares at a price of \$1.00 per share, together with unpaid dividends accrued to the date of redemption. On the eighth anniversary date of issuance, March 15, 2014, the Company must redeem all of the preference shares at a price of \$1.00 per share, together with unpaid dividends accrued to the date of redemption.

The value of the preference shares has been determined by discounting the future interest payments until March 15, 2014 at a discount rate of 15% which represents the borrowing rate available to the Company for similar instruments of debt having no conversion rights.

The Company accretes the value assigned to the par value of \$8,000,000. Dividend expense related to the preference shares is recorded as interest. For the nine months ended September 30, 2007, the Company recorded \$221,335 of accretion expense and \$300,000 of dividends as interest expense.

7. SHARE CAPITAL

Authorized

Unlimited number of common shares
Unlimited number of preference shares

Issued

11,778,600 common shares

	Number of Shares	Amount
		\$
Balance, December 31, 2006	7,928,600	1,501,962
Issued for cash	750,000	645,000
Issued on debt settlement	100,000	86,000
Exercise of warrants - cash proceeds	1,500,000	975,000
Exercise of warrants - valuation allocation	-	211,845
Exercise of special warrants	1,500,000	627,000
Share issue costs	-	(46,152)
Balance, September 30, 2007	11,778,600	4,000,655

- (a) Between February 6 and February 23, 2007 the Company, on a private placement basis, issued an aggregate of 750,000 units of securities of the Company at a price of \$1.00 per unit for gross proceeds of \$750,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$1.20 for one year from the date of issue. In addition compensation warrants were issued to an agent entitling it to purchase up to 85,000 units of the Company at \$1.00 each for one year from the date of issue. Each unit is comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$1.20 for one year from the date of issue.

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

- (b) On February 6, 2007 the Company converted a \$100,000 non-interest bearing loan with no set terms of repayment into 100,000 units of securities of the Company. Each unit is comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$1.20 for one year from the date of issue.
- (c) On May 14, 2007 1,500,000 warrants were exercised for cash proceeds of \$975,000.

8. SPECIAL WARRANTS

944,000 special warrants

	Number of Warrants	Amount
		\$
Balance, December 31, 2006	1,500,000	627,000
Exercise	(1,500,000)	(627,000)
Issued for cash	472,000	316,240
Issued for cash	472,000	14,160
Balance, September 30, 2007	944,000	330,400

- (a) On July 31, 2007 1,500,000 special warrants were exercised for the issue of 1,500,000 common shares.
- (b) On September 18, 2007 472,000 special warrant units were issued for cash proceeds of \$330,400. Each unit is comprised of one flow through special warrant valued at \$0.67 and one special warrant valued at \$0.03. Each flow through special warrant is convertible into one common share and each special warrant is convertible into ½ of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the company at a price of \$1.00 until March 19, 2009.

9. WARRANTS

3,020,000 warrants

	Number of Warrants	Amount
		\$
Balance, December 31, 2006	4,160,000	612,459
Issued for cash	375,000	105,000
Issued on debt settlement	50,000	14,000
Issued for compensation	85,000	28,900
Expired	(150,000)	-
Exercised	(1,500,000)	(211,845)
Balance, September 30, 2007	3,020,000	548,514

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

Warrants Outstanding

Each warrant entitles the holder to purchase one common share of the Company.

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
300,000	0.75	14/01/2008
150,000	0.50	04/01/2008
200,000	1.25	12/11/2007
20,000	1.25	20/11/2007
625,000	1.25	28/02/2008
650,000	1.25	20/03/2008
500,000	1.25	18/04/2008
50,000	1.20	24/04/2008
15,000	1.50	20/05/2008
425,000	1.20	06/02/2008
85,000	1.00	23/02/2008
<u>3,020,000</u>	<u>1.15</u>	

The times for exercise of the warrants expiring November 12, 2007 and January 14, 2008 have been extended (see Note 13). The fair value of the warrants issued during 2007 was estimated on the date of issue using the Black-Scholes option pricing model with the following weighted average assumptions.

Risk-free interest rate	4.00%
Expected volatility	85.00%
Expected life of warrants	1 year
Expected dividend yield	Nil

10. RELATED PARTY TRANSACTIONS AND BALANCES

Balances:	
Due to directors and officers	\$ 5,619
Transactions:	
Salaries paid to directors and officers	\$225,000

Amounts due to directors, officers and other companies with which directors or officers are related are non-interest bearing, have no set terms of repayment and are due on demand.

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

FLETCHER NICKEL INC.
(A development stage company)

NOTES TO THE FINANCIAL STATEMENTS - (Unaudited - prepared by management)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

11. FINANCIAL INSTRUMENTS

a) Fair value:

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

b) Commodity Price Risk

The ability of the company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

12. SUBSEQUENT EVENT

The Company's Board resolved (i) on October 25th, 2007 to extend the time to exercise 300,000 warrants to purchase one common share of the Company at \$0.75, to June 30th, 2009; and (ii) on November 12th, 2007 the time to exercise 200,000 warrants to purchase one common share of the Company at \$1.25, to December 12th, 2007. The Company's Amended and Restated Prospectus to qualify the distribution of shares and units for proceeds of \$7 million, was receipted on November 2nd, 2007. If the offering is completed, the Company will issue from treasury a total of 10 million common shares and issue warrants which may be exercised to purchase an additional 3,358,060 common shares from treasury.