

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Please see attachment.

Horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ Please see attachment.

Horizontal lines for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Please see attachment.

Horizontal lines for providing details for question 19.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ /s/ Andrew Yau Date ▶ September, 12, 2024

Paid Preparer Use Only	Print your name ▶ <u>Andrew Yau</u>	Preparer's signature	Title ▶ <u>CFO</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date	Firm's EIN ▶	
	Firm's name ▶			Phone no.	

FLYING NICKEL MINING CORP.

ATTACHMENT TO FORM 8937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

CONSULT YOUR TAX ADVISOR

The information contained herein is provided pursuant to the requirements of section 6045B of the Internal Revenue Code of 1986, as amended (the IRC), and includes a general summary of certain U.S. federal income tax laws and regulations that are relevant for purposes of determining the effect of the Arrangement (as defined below) on the tax basis of the common shares of Flying Nickel Mining Corp. (Flying Nickel; Flying Nickel Shares) received by shareholders of Nevada Vanadium Mining Corp. (Nevada Vanadium) in exchange for their Nevada Vanadium common shares (Nevada Vanadium Shares) in connection with the Arrangement.

The information contained herein does not constitute tax advice, nor does it purport to be complete or to describe the consequences of the Arrangement to particular categories of stockholders. In this regard, and to the best of our knowledge, Nevada Vanadium had no U.S. shareholders who owned ten percent or more of its stock (taking into account constructive ownership rules) immediately before the Arrangement. Accordingly, the discussion herein does not consider the potential effect of the Arrangement on such U.S. shareholders. The discussion herein also does not address any U.S. federal income tax consequences to holders of options, deferred share units, performance share units, or restricted share units of Nevada Vanadium. Such holders should consult with their own tax advisors.

Flying Nickel does not provide tax advice to its stockholders. The information provided below is illustrative only, and is being provided pursuant to IRC section 6045B and as a convenience to stockholders and their tax advisors for purposes of establishing their specific tax positions.

You are urged to consult your own tax advisors regarding the particular consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws. We also urge you to read the Notices of Meeting and Joint Management Information Circular for the Annual General and Special Meeting of Shareholders of Flying Nickel Mining Corp. and Annual General and Special Meeting of Shareholders of Nevada Vanadium Mining Corp. (the Information Circular), dated May 24, 2024, prepared in connection with the Arrangement. You may access the Information Circular under Nevada Vanadium or Flying Nickel's issuer profile on SEDAR+ at www.sedarplus.ca.

PART I: REPORTING ISSUER

Item 2 – Issuer's employer identification number (EIN)

As a Canadian corporation, Flying Nickel does not have an EIN.

PART II: ORGANIZATIONAL ACTION

Item 14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

On August 16, 2024 (date of the action), Flying Nickel, a corporation continued under the laws of the province of British Columbia, became the parent corporation of Nevada Vanadium in a transaction intended to qualify as a corporate reorganization for U.S. federal income tax purposes under IRC section 368(a)(1)(B) (a **Reorganization**). Specifically, pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia), each issued and outstanding Nevada Vanadium Share was exchanged for one newly issued Flying Nickel Share (the **Arrangement**). As a result of the Arrangement, Nevada Vanadium became a wholly owned subsidiary of Flying Nickel. Nevada Vanadium was a reporting issuer but was never publicly listed.

Item 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

Subject to the discussion below regarding IRC section 367(a), and subject to the potential application of the passive foreign investment company (**PFIC**) rules in IRC sections 1291 to 1298, if the exchange of Nevada Vanadium Shares for Flying Nickel Shares qualifies as a Reorganization, a holder of Nevada Vanadium Shares should not recognize any gain or loss on the exchange. The aggregate tax basis of the Flying Nickel Shares received in the exchange should be the same as the aggregate tax basis of the Nevada Vanadium Shares for which they are exchanged. The holding period of the Flying Nickel Shares received in the exchange should include the holding period of the Nevada Vanadium Shares for which they are exchanged. If a Nevada Vanadium shareholder holds different blocks of Nevada Vanadium Shares (generally as a result of having acquired different blocks of shares at different times or at different costs), such holder's tax basis and holding period in the Flying Nickel Shares may be determined by reference to each block of Nevada Vanadium Shares for which they are exchanged.

If the exchange of Nevada Vanadium Shares for Flying Nickel Shares does not qualify as a Reorganization, a holder of Nevada Vanadium Shares will recognize gain or loss on the exchange of its shares for Flying Nickel Shares equal to the difference between the fair market value of the Flying Nickel Shares received and the adjusted basis of the Nevada Vanadium Shares surrendered. The tax basis of each of the Flying Nickel Shares received in the exchange will equal its fair market value, and the holding period for the Flying Nickel Shares will begin on the day after the exchange.

Based on their projected income, assets, and activities, we believe that Nevada Vanadium and Flying Nickel each expect to be a PFIC during their current taxable years. However, PFIC classification is factual in nature, and generally cannot be determined until the close of the taxable year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations.

Consequently, there can be no assurances regarding the PFIC status of Nevada Vanadium or Flying Nickel during the current taxable year or during prior taxable years. The PFIC rules are extremely complex, and relevant stockholders are urged to consult with their own tax advisors regarding the substantive effect such rules may have on the U.S. tax consequences to such holders of the Arrangement.

Notwithstanding the foregoing, if (a) the Arrangement qualifies as a Reorganization, (b) Nevada Vanadium was classified as a PFIC for any tax year during which a Nevada Vanadium shareholder holds or held Nevada Vanadium Shares, and (c) Flying Nickel is classified as a PFIC for the tax year that includes the day after the date of action, then proposed Treasury Regulations (**Regulations**) generally provide for Reorganization treatment to apply to a Nevada Vanadium shareholder's exchange of Nevada Vanadium

Shares for Flying Nickel Shares pursuant to the Arrangement (the **PFIC-for-PFIC Exception**). To qualify for the PFIC-for-PFIC Exception, proposed Regulations require a Nevada Vanadium shareholder to report certain information to the IRS on Form 8621 filed with such shareholder's U.S. federal income tax return for the tax year in which the Arrangement occurs. However, there can be no assurances regarding the applicability of the PFIC-for-PFIC Exception to the Arrangement. Each Nevada Vanadium shareholder should consult its own tax advisor.

The Arrangement is not intended to result in gain recognition to the holders of the Nevada Vanadium Shares under IRC section 367(a) (i.e., this provision and related Regulations can override nonrecognition provisions on certain outbound transfers of property). However, this assumes that any "five-percent transferee shareholder" of Flying Nickel (within the meaning of Regulations section 1.367(a)-3(c)(5)(ii)) enters into a five-year gain recognition agreement (as described in Regulations section 1.367(a)-8(c)) and complies with associated requirements under the Regulations.

Neither Nevada Vanadium nor Flying Nickel has requested, or intends to request, a ruling from the Internal Revenue Service or an opinion of tax counsel with respect to whether the Arrangement will qualify as a Reorganization. Accordingly, no assurance can be given as to whether the Arrangement would so qualify.

Item 16 – Describe the calculation of the change in basis and the data that support the calculation, such as the market values of securities and the valuation dates

To the extent that any Nevada Vanadium shareholders recognize gain on the exchange of their Nevada Vanadium Shares for Flying Nickel Shares under the Arrangement, the fair market value basis of the Flying Nickel Shares is determined using the trading price of those shares on the date of the Arrangement.

Item 17 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

IRC sections 354(a)(1); 358(a)(1) and (b)(1); 367(a)(1) and (2) and (b)(1) and (2); 368(a)(1)(B); 951(b); 1221; 1223; and 1291 to 1298.

Item 18 – Can any resulting loss be recognized?

If the exchange of Nevada Vanadium Shares for Flying Nickel Shares under the Arrangement qualifies as a Reorganization, Nevada Vanadium shareholders should not recognize a loss on such exchange. Instead, the tax basis of their Nevada Vanadium Shares is preserved in the tax basis of the Flying Nickel Shares received in the exchange.

Item 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year

Refer to the Information Circular for further information.