



**NUINSCO RESOURCES LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31 2020**

**(UNAUDITED)**

**DATED MAY 28, 2021**

### **Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements**

The accompanying unaudited Condensed Interim Consolidated Financial Statements of Nuinsco Resources Limited for the three months ended March 31, 2021 and 2020 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited Condensed Interim Consolidated Financial Statements have not been reviewed by an auditor.

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# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Financial Position (unaudited)

As at March 31, 2021 and December 31, 2020

(in Canadian dollars)	<i>Notes</i>	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 200,972	\$ 60,141
Receivables	5	43,582	17,024
<b>Total current assets</b>		<b>244,554</b>	<b>77,165</b>
<b>Non-current assets</b>			
Property and equipment	6	3,903	4,137
Deposits	7	147,998	-
Exploration and evaluation projects	7	1,336,034	1,237,852
<b>Total non-current assets</b>		<b>1,487,935</b>	<b>1,241,989</b>
<b>Total Assets</b>		<b>\$ 1,732,489</b>	<b>\$ 1,319,154</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Trade and other payables	15	\$ 538,595	\$ 545,588
Deferred flow-through share premium		-	68,942
<b>Total current liabilities</b>		<b>538,595</b>	<b>614,530</b>
<b>Non-current liabilities</b>			
Loan payable	9	48,199	48,199
Deferred government grant	9	11,283	11,283
Long-term liabilities	10	1,618,150	1,558,025
<b>Total Liabilities</b>		<b>2,216,227</b>	<b>2,232,037</b>
<b>Shareholders' deficiency</b>			
Share capital	11	99,873,755	98,995,626
Contributed surplus	13	6,197,642	6,046,690
Warrants	13	71,860	71,860
Accumulated other comprehensive loss		(2,147,261)	(2,147,261)
Deficit		(104,479,734)	(103,879,798)
<b>Total shareholders' deficiency</b>		<b>(483,738)</b>	<b>(912,883)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>\$ 1,732,489</b>	<b>\$ 1,319,154</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 17)

# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

(in Canadian dollars)	<i>Notes</i>	<b>2021</b>	2020
<b>Other expenses</b>			
General and administrative		\$ 83,219	\$ 109,498
Share-based payments	13	585,425	-
Depreciation of property and equipment	6	234	1,316
<b>Operating loss</b>		<b>(668,878)</b>	(110,814)
<b>Other income</b>			
Flow-through premium		68,942	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (599,936)</b>	\$ (110,814)
<b>Loss per share</b>			
	12		
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of shares		485,618,827	441,813,323

The accompanying notes are an integral part of these condensed interim consolidated financial statements

## Consolidated Statements of Shareholders' Deficiency (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

(in Canadian dollars)	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
<b>Balances as at December 31, 2019</b>	<b>\$ 98,872,900</b>	<b>\$ 5,922,009</b>	<b>\$ 49,460</b>	<b>\$ (2,147,261)</b>	<b>\$(103,290,798)</b>	<b>\$ (593,690)</b>
Net loss for the period	-	-	-	-	(110,814)	(110,814)
<b>Balances as at March 31, 2020</b>	<b>\$ 98,872,900</b>	<b>\$ 5,922,009</b>	<b>\$ 49,460</b>	<b>\$(2,147,261)</b>	<b>\$ (103,401,612)</b>	<b>\$ (704,504)</b>
<b>Balances as at December 31, 2020</b>	<b>\$ 98,995,626</b>	<b>\$ 6,046,690</b>	<b>\$ 71,860</b>	<b>\$ (2,147,261)</b>	<b>\$(103,879,798)</b>	<b>\$ (912,883)</b>
Share-based payments (note 13)	-	585,425	-	-	-	585,425
Exercise of stock options	878,129	(434,473)	-	-	-	443,656
Net loss for the period	-	-	-	-	(599,936)	(599,936)
<b>Balances as at March 31, 2021</b>	<b>\$ 99,873,755</b>	<b>\$ 6,197,642</b>	<b>\$ 71,860</b>	<b>\$(2,147,261)</b>	<b>\$(104,479,734)</b>	<b>\$ (483,738)</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Condensed Interim Consolidated Statements of Cash Flows (unaudited)**

For the three months ended March 31, 2021 and March 31, 2020

(in Canadian dollars)	<i>Notes</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Net loss for the period		\$ (599,936)	\$ (110,814)
Adjustments for:			
Share-based payments	13	585,425	-
Flow-through premium		(68,942)	-
Depreciation of property and equipment	6	234	1,316
Change in receivables		(26,558)	2,740
Change in trade and other payables		(26,993)	10,873
Change in long-term liabilities		60,125	63,625
<b>Net cash used in operating activities</b>		<b>(76,645)</b>	<b>(32,260)</b>
<b>Cash flows from investing activities</b>			
Cash expenditures on exploration and evaluation projects	7	(226,180)	(76,365)
<b>Net cash used in investing activities</b>		<b>(226,180)</b>	<b>(76,365)</b>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of options	13	443,656	-
<b>Net cash from financing activities</b>		<b>443,656</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>		<b>140,831</b>	<b>(108,625)</b>
<b>Cash, beginning of the period</b>		<b>60,141</b>	<b>103,999</b>
<b>Cash, end of the period</b>		<b>\$ 200,972</b>	<b>\$ (4,626)</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

*(all amounts in Canadian dollars)*

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

### Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company incorporated in Canada. The address of the Company's registered office is 115-2420 Bank Street, Ottawa, Ontario, K1V 8S2. The unaudited condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2021 and March 31, 2020 (the "Condensed Interim Consolidated Financial Statements") comprise the Company and its subsidiaries. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for precious and base metals. The Company conducts its activities on its own or participates with others on an investment basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. On February 20, 2019, the Company's shares commenced trading on the Canadian Securities Exchange under the symbol NWI.

### Going Concern

The Company's Condensed Interim Consolidated Financial Statements as at and for the three months ended March 31, 2021 and March 31, 2020, have been prepared using the going concern assumption, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of \$599,936 for the three months ended March 31, 2021 (2020 – \$110,814) and has an accumulated deficit of \$104,479,734 (December 31, 2020 - \$103,879,798). As at March 31, 2021, the Company had a working capital deficiency of \$294,041 (December 31, 2020 –\$537,365). Working capital deficiency is defined as current liabilities less current assets.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing. Refer to Note 3 on Financial Risk Management and Capital Management to these Consolidated Financial Statements for additional information.

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 government licensing requirements or regulations, First Nations claims, unregistered prior agreements, social licensing requirements, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

None of the Company's projects are currently in commercial production and, accordingly, the Company is dependent upon debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. The Company's ability to continue as a going concern, is dependent upon the Company's ability to finance exploitation of its projects through debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding.

The Company's management continues to be engaged in securing financing or the potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs.

If the Company is unable to obtain additional financing, it will be required to curtail all of its operations and may be required to liquidate its assets. Should the Company not be able to continue to obtain the necessary financing, achieve favourable exploration results, achieve future profitable production or the sale of properties or improve its liquidity sufficient to enable it to fund operations, the Company's ability to continue as a going concern will be compromised. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

*(all amounts in Canadian dollars)*

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## 1. NATURE OF OPERATIONS AND GOING CONCERN - CONTINUED

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. This outbreak may increase difficulties in financing, access to properties and increased government regulations, all of which may adversely impact the Company's business and financial condition. To date, and at least the near future, the pandemic will continue to have, an impact on the Company's ability to operate efficiently in the field as a result of travel restrictions and necessary site safety measures. The impact on the efficiency of corporate activities has been minimal.

## 2. BASIS OF PREPARATION

### (a) Statement of Compliance

The Condensed Interim Consolidated Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

The Company's significant accounting policies are described in Note 3 of the Audited financial statements for the year ended December 31, 2020 ("2020 Audited Consolidated Financial Statements").

The management of Nuinsco prepares the Condensed Interim Consolidated Financial Statements which are then reviewed by the Audit Committee and the Board of Directors. The Condensed Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors on May 28, 2021.

### (b) Basis of Measurement

The Condensed Interim Consolidated Financial Statements have been prepared on the historic cost basis except for certain financial instruments which are measured at fair value.

### (c) Functional and Presentation Currency

These Condensed Interim Consolidated Financial Statements are presented in Canadian dollars, which is the functional currency of the Company and its active subsidiaries. All financial information is expressed in Canadian dollars unless otherwise stated.

### (d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

The accompanying Condensed Interim Consolidated Financial Statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

### **Significant estimates and assumptions**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

(all amounts in Canadian dollars)

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## 2. BASIS OF PREPARATION – CONTINUED

Information regarding significant areas of estimation uncertainty made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 13 Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made in applying valuation techniques. These assumptions include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### **Significant Judgments**

Judgments are reviewed on an ongoing basis. Changes resulting from the effects of amended judgments are recognized in the period in which the change occurs and in any future periods presented. Information regarding significant areas of critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the Condensed Interim Consolidated Financial Statements is included in the following notes:

- Note 1 Going concern assessment - As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time.
- Note 7 Classification of expenditures as exploration and evaluation projects or operating expenses - 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. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.
- Note 7 Impairment of exploration and evaluation projects - While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.
- Note 3(j) disclosure of contingencies - Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined or additional information is acquired.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

*(all amounts in Canadian dollars)*

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## **2. BASIS OF PREPARATION – CONTINUED**

### **SIGNIFICANT ACCOUNTING POLICIES**

These Condensed Interim Consolidated Financial Statements reflect the accounting policies described in Note 3 to the 2020 Audited Consolidated Financial Statements and accordingly, should be read in conjunction with the 2020 Audited Consolidated Financial Statements and the notes thereto.

## **3. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT**

### **Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfils its responsibility through the Audit Committee which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined. The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

### **Credit Risk**

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash.

### **Cash**

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board.

### **Receivables**

Amounts due are settled on a regular basis.

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

*(all amounts in Canadian dollars)*

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## 3. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation.

Presently, the Company is facing a significant shortfall in liquidity before it expects any cash flows from its projects. The Company continues to hold discussions on securing financing or potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs (Note 1).

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. When possible, spending plans are adjusted accordingly to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital management Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

All contractually obligated cash flows are payable within the next fiscal year with the exception of the Company's loan payable, deferred director and management fees, which are recorded in long-term liabilities.

### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income, the value of its exploration and evaluation properties or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### **Currency risk**

The Company is exposed to currency risk on purchases, trade and other payables that are denominated in a currency other than the respective functional currency. The currencies in which these transactions primarily are denominated are the United States dollars ("US\$"). The Company does not actively hedge its foreign currency exposure. Currently the Company does not hold any material amount of foreign currency, thus reducing any currency risk.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash earns interest at variable short-term rates. Accordingly, the estimated effect of a 50 basis points change in interest rate would not have a material effect on the Company's results of operations.

### **Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

*(all amounts in Canadian dollars)*

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## 3. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The Company has a small but hands-on and experienced executive team which facilitates communication across the Company. This expertise is supplemented, when necessary, by the use of experienced consultants in legal, compliance and industry-related specialties.

### Capital Management Disclosures

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued project development and corporate activities. Capital is defined by the Company as the aggregate of its shareholders' deficiency as well as any long-term debt, equipment-based and/or project-based financing.

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company's objectives are to obtain equity, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful.

Neither the Company, nor any of its subsidiaries, are subject to externally imposed capital requirements. There were no changes in the Company's approach to financial risk management or capital management during the period.

## 4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### Fair value hierarchy

The different levels of valuation are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

#### (a) Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes only.

#### (b) Non-Derivative Financial Assets

Financial assets at fair value through profit or loss include the Company's Participating Interest. The fair value of the Participating Interest is based on the net present value of expected cash flows taking into account the probability of cash flows as described in Note 8.

#### (c) Share-based Payment Transactions

The fair value of employee share options is measured using the Black-Scholes option-pricing model. Any service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

## Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

(all amounts in Canadian dollars)

### 5. RECEIVABLES

	March 31, 2021	December 31, 2020
Sales tax receivable	\$ 43,582	\$ 17,024

### 6. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
<b>Balance as at December 31, 2019</b>	<b>\$ 426,674</b>	<b>\$ 401,071</b>	<b>\$ 25,603</b>
Disposal of property and equipment	(313,493)	(296,897)	(16,596)
Depreciation	-	4,870	(4,870)
<b>Balance as at December 31, 2020</b>	<b>113,181</b>	<b>109,044</b>	<b>4,137</b>
Depreciation	-	234	(234)
<b>Balance as at March 31, 2021</b>	<b>\$ 113,181</b>	<b>\$ 109,278</b>	<b>\$ 3,903</b>

### 7. EXPLORATION AND EVALUATION PROJECTS

	Prairie Lake	Sunbeam	Dash Lake	El Sid	Total
<b>Balance, December 31, 2019</b>	<b>\$ 40,612</b>	<b>\$ 398,412</b>	<b>\$ -</b>	<b>\$476,874</b>	<b>\$ 915,898</b>
Option Payments	-	71,000	-	-	71,000
Project expenditures	-	203,706	-	47,248	250,954
<b>Balance, December 31, 2020</b>	<b>40,612</b>	<b>673,118</b>	<b>-</b>	<b>524,122</b>	<b>1,237,852</b>
Project expenditures	-	80,000	10,000	8,182	98,182
<b>Balance, March 31, 2021</b>	<b>\$ 40,612</b>	<b>\$ 753,118</b>	<b>\$ 10,000</b>	<b>\$532,304</b>	<b>\$1,336,034</b>

Included in deposits are (i) a \$30,000 deposit for the drill program on Sunbeam, and (ii) \$117,998 for a geological induced polarization survey on Sunbeam.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2021 and March 31, 2020

(all amounts in Canadian dollars)

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## 7. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

### ***El Sid***

The Company is evaluating the economic viability of the El Sid gold dumps and tailings recovery operation ("El Sid") located in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast. Three past producing gold mines are located on the project site – the largest of which is the El Sid Mine that between 1940 and 1957 was Egypt's largest gold producer. In Q1 2018, Nuinsco, through its Egyptian subsidiary Z-Gold Resources, won, through a competitive bid, the opportunity to evaluate and exploit the waste dumps and tailings from the project owner, Shalateen Mineral Resources Company, a company established by the Egyptian Government. Nuinsco/Z-Gold were required to post a performance bond of \$147,000 to secure the bid. To fund the acquisition, the Company sold royalties (the "Royalties") on future gold, and associated minerals, produced from El Sid. As at March 31, 2021, the Company has received proceeds of \$124,908 from the sale of the Royalties representing 13% of the distributable cash flow from the production of gold and associated minerals. \$74,908 of these Royalties were sold to management and directors of the Company to assist in funding the project in prior years. This amount was credited against the carrying value of El Sid.

### ***Sunbeam Gold Property***

In February 2018, the Company entered into an option agreement to acquire the Sunbeam Gold Property which is located about 30km northeast of Atikokan, north-western Ontario and is readily accessible by road. The property is composed of 101 mining claims (99 single cell and 2 boundary cell mining claims) totalling 1,552ha and is the site of a former patented mining claim that encompassed the Sunbeam Mine. The immediate area of the Sunbeam Mine had seen no exploration activity since 1905. Payments to acquire the 100% of the Sunbeam Gold Property were as follows:

- (a) Cash payments of \$175,000 over four years: \$20,000 on signing (paid); \$30,000 on May 3, 2018 (paid); \$50,000 on May 3, 2019 (paid - see (i) below); and \$75,000 on May 3, 2020 (see (ii) below).
  - (i) On April 30, 2019, an amending agreement was executed such that the \$50,000 cash payment required on May 3, 2019 would be: \$25,000 cash and \$25,000 of common shares of the Company as determined by the 20-day volume weighted average share price. The revised payments were paid on schedule.
  - (ii) On July 8, 2020, an amending agreement was executed such that the May 3, 2020 payment for \$75,000 was increased to \$90,000 due on December 31, 2020 settled by the issuance of 3,000,000 common shares.
- (b) Issue 1,000,000 common shares on signing the agreement (issued), 100,000 common shares on May 3, 2018 (issued), 100,000 common shares on May 3, 2019 (issued), and 100,000 common shares on May 3, 2020 (issued).
- (c) Complete work programs totalling \$280,000 incurred over four years as follows:
  - (a) an initial \$40,000 on or before May 3, 2018 (met);
  - (b) an additional \$60,000 on or before May 3, 2019 (met);
  - (c) an additional \$80,000 on or before May 3, 2020 (met); and
  - (d) an additional \$100,000 on or before May 3, 2021 (met upon exercise of option).
- (d) A net smelter return ("NSR") royalty of 2.5% is retained by the vendors. A 1% royalty can be re-acquired by the Company for a one-time payment of \$1,000,000.
- (e) a \$20,000 per annum pre-production payment deductible against any net smelter returns royalty payments to the optionors.

In January 2021, the Company exercised the option in the option agreement with a payment of \$65,000.

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## 7. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

### *Sunbeam Gold Property - continued*

In October 2020, the Company entered into an option agreement to increase the size of the Sunbeam gold property land package. The newly-optioned ground comprises nine (9) mining claims (consisting of 117 cells). Terms of the option require a cash payment of \$10,000 on signing the agreement with subsequent payments of \$12,000, \$16,000 and \$25,000 in years two, three and four. One million common shares of the Company valued at \$5,000 were also issued to the vendor upon signing.

### *Prairie Lake*

The Prairie Lake project, located near Marathon, Ontario, is within a large carbonatite intrusion hosting a number of commodities of potential commercial interest including phosphate (P<sub>2</sub>O<sub>5</sub>), niobium (Nb) tantalum (Ta), uranium, rare earth elements ("REEs"), and other elements and compounds. The Prairie Lake project is owned 100% by the Company, is royalty-free and consists of nine claims comprising of 46 mining claims (27 single cell and 19 boundary cell mining claims), encompassing 608 ha. Evaluation, analytical sampling, and metallurgical and process testing are ongoing.

Diamond drilling, surface sampling and mapping programs were conducted in 2007, 2008, 2010, and 2013. The large-scale project has a current Exploration Target of between 515 and 630 million tonnes of mineralization grading between 3.0-4.0 P<sub>2</sub>O<sub>5</sub>, 0.009-0.11% Nb<sub>2</sub>O<sub>5</sub>, 18-21ppm Ta<sub>2</sub>O<sub>5</sub>, and the following REEs: 280-340ppm lanthanum, 650-790ppm cerium, 55-70ppm samarium, 300-360ppm neodymium, 85-100ppm yttrium.

### *Dash Lake*

On March 19, 2021, the Company announced the expansion of its prospective gold property holdings through an option agreement to acquire a 100% interest in the Dash Lake gold project located 50 kilometres northwest of Fort Francis, Ont. in the prolifically gold mineralized Kakagi-Rowan Lake Greenstone Belt. Terms of the option required a cash payment of \$10,000 on signing the agreement with subsequent payments of \$20,000, \$25,000 and \$30,000 in years two, three and four. A share issuance of 1.4 million common shares of the Company was also due to the vendors upon signing (issued subsequent to March 31, 2021). The property is subject to a 1.5% net smelter return royalty (the "Royalty"); the Company has the right to purchase 0.5% of the Royalty for \$500,000.

## 8. PARTICIPATING INTEREST

Nuinsco holds an unsecured participating interest in the cash flows generated by Victory Nickel Inc. from the sale of frac sand (the "Participating Interest") from that company's 7 Persons frac sand plant near Medicine Hat, Alberta. The Company's participation in the net cash flows earned from the sale of frac sand is limited to a maximum of \$10,222,831 with a minimum of \$7,667,124 based on a sharing percentage of 52.16%. Because of the uncertainty on receiving future payments on the Participating Interest, as at December 31, 2015, the Company recorded an impairment of this Participating Interest and has recorded the value of the asset at \$nil. The Company will continue to monitor the frac sand market, and will re-evaluate the impairment of this asset at such time the market recovers.

## 9. LOAN PAYABLE

On April 28, 2020, the Company received an interest free government loan of \$40,000, and an additional \$20,000 on December 29, 2020. Up to \$20,000 of that amount will be eligible for loan forgiveness if \$40,000 is fully repaid on or before December 31, 2022. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at the fair value of \$48,199, using the Company's incremental borrowing rate of 11% per annum.

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## 10. LONG-TERM LIABILITIES

Long-term liabilities consist of accrued directors' fees \$521,650 (December 31, 2020 – \$511,025) and certain management consulting fees \$1,096,500 (December 31, 2021 – \$1,047,000). Until the ongoing viability of the Company can be assured, the directors and management have agreed to provide 12 months' notice on calling the repayment of the fees. The amounts are therefore classified as long-term.

## 11. SHARE CAPITAL AND OTHER COMPONENTS OF SHAREHOLDERS' DEFICIENCY

### Share Capital

#### Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. The Company is also authorized to issue an unlimited number of Class A special shares, issuable in series, an unlimited number of Class B special shares, issuable in series, an unlimited number of Class C special shares, issuable in series, an unlimited number of Class D special shares, issuable in series, and an unlimited number of Class E special shares, issuable in series.

#### Number of common shares issued and outstanding

There are no special shares outstanding; all shares are fully paid.

	Notes	Number of Shares	Amount
<b>Balance as at December 31, 2019</b>		<b>441,813,323</b>	<b>\$ 98,872,900</b>
Shares issued on private placement	(a)	18,350,000	183,500
Value of warrants issued	(a)	-	(22,400)
Flow-through premium	(a)	-	(68,942)
Issue costs	(a)	-	(5,432)
Shares issued in accordance with Sunbeam option agreement		3,100,000	31,000
Shares issued in accordance with additional Sunbeam option		1,000,000	5,000
<b>Balance as at December 31, 2020</b>		<b>464,263,323</b>	<b>98,995,626</b>
Proceeds received on exercise of stock options		42,711,008	443,656
Value of options exercised transferred from contributed surplus		-	434,473
<b>Balance as at March 31, 2021</b>		<b>506,974,331</b>	<b>\$ 99,873,755</b>

- (a) Between October and December 31, 2020, the Company closed a private placement financing for gross proceeds of \$183,500 through the issuance of 13,850,000 flow-through shares at \$0.01 per share, and 4,500,000 units. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised at \$0.05 for a period of 24 months. These warrants were assigned a value of \$22,400 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate 0.26%; expected volatility of 351%; expected dividend yield of 0% and an expected life of two years. The Company paid finders' fees of \$3,750 and other costs related to the issuance in the amount of \$1,682. Under the "look back" provision governing flow-through shares, the \$38,682 of the flow-through raised was unspent by the end of 2020 and must be spent by December 31, 2021.

### Share Incentive Plan

The Company has a Share Incentive Plan which includes both a Share Purchase Plan and a Share Bonus Plan. The purpose of the Share Incentive Plan is to encourage ownership of common shares by directors, senior officers and employees of the Company and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of its business, to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company and its designated affiliates to attract and retain valued directors, officers, employees and consultants. There has been no issuance under this plan.



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## 11. SHARE CAPITAL AND OTHER COMPONENTS OF SHAREHOLDERS' DEFICIENCY - CONTINUED

### **Share Purchase Plan**

Under the Share Purchase Plan, eligible directors, senior officers and employee of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume-weighted average of the trading prices of the common shares on an exchange for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to personnel as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares have ever been issued pursuant to the Share Purchase Plan. The maximum number of common shares issuable under the Share Purchase Plan is the lesser of: (i) that number of common shares that can be purchased with a dollar amount equal to 20% of the gross annual salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time to time. There has been no issuance under this plan.

### **Share Bonus Plan**

The Share Bonus Plan permits common shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Company and its designated affiliates, and consultants from time to time. At the Company's Annual and Special Meeting of Shareholders held on June 18, 2012 (the "ASM"), shareholders approved an increase in the maximum number of common shares issuable under the Share Bonus Plan to 8,000,000.

The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged immediately. If the common shares are not listed on any stock exchange, the fair value of the common shares may be determined by the directors. There has been no issuance under this plan.

### **Accumulated Other Comprehensive Income or Loss ("AOCI")**

AOCI is comprised of the following separate components of (deficiency) equity:

#### ***Net change of financial assets at fair value through OCI***

This comprises the cumulative net change in the fair value of financial assets at fair value through OCI.

#### ***Income tax on OCI***

This comprises the amount of income tax determined to be required on the cumulative net change in the fair value of financial assets at fair value through OCI.

## 12. LOSS PER SHARE

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2021 and 2020 because their impact was anti-dilutive.

## 13. SHARE-BASED PAYMENTS

### **Description of the Share-based Payment Arrangements**

The Company's share-based payment arrangements are as follows:

#### ***Stock option plan (equity-settled)***

The Company has a Stock Option Plan to encourage ownership of its shares by key management personnel (directors and executive management), employees and consultants, and to provide compensation for certain services. The terms of the Stock Option Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time to time.

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## 13. SHARE-BASED PAYMENTS

As at March 31, 2021, the Company had 16,742,158 (December 31, 2020 – 13,314,499) common shares remaining available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant.

### **Share Bonus Plan**

The terms of the Company's Share Bonus Plan are set out in Note 11.

### **Terms and Conditions of Share-based Payment Arrangements**

#### **Stock Option Plan**

The terms and conditions relating to the grants of the Stock Option Plan are as follows:

- Options issued during the year vested on the date of grant.
- All options are to be settled by physical delivery of shares.

### **Disclosure of Share-based Payment Arrangements**

#### **Stock Option Plan**

The following is a summary of the activity of options:

	<b>Three months ended March 31, 2021</b>		<b>Year ended December 31, 2020</b>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	56,325,000	\$ 0.008	31,675,000	\$ 0.010
Granted	45,690,000	0.013	25,000,000	0.005
Expired	-	-	(350,000)	0.010
Exercised	(42,711,008)	0.011	-	-
Outstanding, end of period	59,303,992	\$ 0.010	56,325,000	\$ 0.008
Options exercisable, end of pe- riod	59,303,992	\$ 0.010	56,325,000	\$ 0.008

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### 13. SHARE-BASED PAYMENTS – CONTINUED

As at March 31, 2021 the options outstanding are as follows:

Number of Options	Exercise Price	Expiry date	Weighted average expiry (years)
14,654,682	\$ 0.010	April 18, 2021	0.05
4,150,000	\$ 0.010	August 26, 2024	3.41
18,309,310	\$ 0.005	November 17, 2025	4.63
6,290,000	\$ 0.010	February 11, 2026	4.87
15,900,000	\$ 0.015	February 28, 2026	4.92
59,303,992			3.50

On November 16, 2020, the Company issued 25,000,000 stock options to officers, consultants and employees of the Company. The options have an exercise price \$0.005 and expire 5 years from the date of grant. The options were assigned a value of \$124,681 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 311%; expected dividend yield of 0%; risk-free interest rate of 0.46%; and expected life of 5 years. The options vested on the date of grant.

On February 11, 2021, 19,790,000 stock options were granted with an exercise price of \$0.01 expiring 5 years from the date of grant. The options were assigned a value of \$197,900 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 427%; expected dividend yield of 0%; risk-free interest rate of 0.28%; and expected life of 5 years. The options vested on the date of grant. 18,540,000 of these options were granted to directors and officers.

On February 18, 2021, 25,900,000 stock options were granted with an exercise price of \$0.015 expiring 5 years from the date of grant. The options were assigned a value of \$387,525 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 427%; expected dividend yield of 0%; risk-free interest rate of 0.28%; and expected life of 5 years. The options vested on the date of grant. 24,400,000 of these options were granted to directors and officers.

See note 17 for subsequent exercise of stock options.

#### Share purchase warrants

The following is a summary of the activity of warrants for the three months ended March 31, 2021 and the year ended December 31, 2020:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	14,450,000	\$ 0.050	9,950,000	\$ 0.050
Granted (note 13)	-	-	4,250,000	0.050
Balance, end of year	14,450,000	\$ 0.050	14,450,000	\$ 0.050

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### 13. SHARE-BASED PAYMENTS – CONTINUED

As at March 31, 2021 the warrants outstanding are as follows:

# Warrants	Exercise Price	Expiry date	Weighted average expiry (years)
9,950,000	\$ 0.050	December 30, 2022	1.75
4,500,000	\$ 0.050	December 3, 2022	1.67
14,450,000			1.72

### 14. OPERATING SEGMENT

#### Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects which are currently located in Canada and Egypt. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as exploration and evaluation projects on the consolidated statements of financial position.

### 15. RELATED PARTIES AND MANAGEMENT AGREEMENTS

#### Related Party Balances and Transactions

Short-term employee benefits provided by the Company to key management personnel include salaries, consulting fees and directors' fees. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan (see note 13).

Transactions with related parties for the three months ended March 31, 2021 and March 31, 2020 are shown in the following table:

	2021	2020
Short-term employee benefits	\$ 72,125	\$ 89,625
Share-based compensation	429,400	-
	\$ 501,525	\$ 89,625

During the three months ended March 31, 2021, the Company was charged \$12,000 (2020 - \$9,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at March 31, 2021, \$129,950 of such fees (December 31, 2020 - \$123,170) is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2021, the Company was charged \$37,500 (2020 - \$37,500) by Paul Jones, the Chief Executive Officer of the Company. As at March 31, 2021, \$862,500 (December 31, 2020 - \$825,000) is owing for management fees and is included in long-term liabilities (Note 10). The Company also owes Mr. Jones \$112,071 for expenses paid for on behalf of the Company and advances.

During the three months ended March 31, 2021, the Company was charged \$12,000 (2020 - \$12,000) by Sean Stokes, Executive Vice President of the Company. As at December 31, 2020, \$234,000 (December 31, 2020 - \$222,000) is owing and included in long-term liabilities (Note 10).

As at March 31, 2021, two directors are owed a total of \$22,000 (December 31, 2020 - \$22,000) for funds advanced to the Company with no interest, and no terms of repayment.

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### 16. COMPANY ENTITIES

#### Significant Subsidiaries and Jointly-Controlled Entities

		March 31, 2021	December 31, 2020
<b>Ownership Interest</b>	<b>Country of Incorporation</b>		
Lakeport Gold Corporation	Canada	100%	100%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	70%	70%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	70%	70%
NuMENA Minerals Corp.	Canada	100%	100%

All of these subsidiaries have nominal assets and liabilities.

### 17. SUBSEQUENT EVENTS

On April 22, 2021, 17,500,000 stock options were granted with an exercise price of \$0.015 expiring 5 years from the date of grant. 16,500,000 of these options were issued to directors and officers.

On May 10, 2021, 11,300,000 stock options were granted with an exercise price of \$0.015 expiring 5 years from the date of grant. 10,300,000 of these options were issued to directors and officers.