

• COPPER/GOLD •

CBay Bulks Up in Chibougamau with Advanced Project Acquisitions

Perch River, Devlin provide potential additional feed sources for Copper Rand mill

Chibougamau, Quebec - Already one of the largest landowners in Quebec's prolific Chibougamau mining camp, CBay Minerals Inc. ("CBay"), owned on a 50:50 basis by Nuinsco and Ocean Partners Investments Limited ("Ocean Partners"), has bulked up by adding two potential near-term-producing copper properties – Perch River and Devlin.

Perch River

Perch River is a shallow, flat-lying copper deposit accessible by a previously-developed ramp and workings located about 80 kilometres by road northeast of CBay's permitted Copper Rand mill. The mineralized zone, estimated to contain over 1 million tons grading over 1% copper (historic results reported by A.J.R. Consulting in March 2007)*, appears similar to the Icon-Sullivan Mine situated 15 kilometres to the southwest which produced 2.1 million tons grading 1.96% copper. In 1973, an exploration ramp was developed to sample 12,150 tons of material from Perch River which was processed at a mill in Chibougamau.

CBay has an option to acquire 100% of Perch River for a total price of \$200,000 payable over four years. The vendors will retain a 2% NSR.

Devlin

Devlin is a high-grade copper deposit, located about 10 kilometres west of CBay's 100%-owned, partially-developed Corner Bay copper project. Mineralization was previously accessed by a 350 metre decline and over 600 metres of exploration drifts. In 1982, a bulk sample of 18,000 tons grading 3.72% copper was processed at a mill in Chibougamau with recoveries reported in the mid-90% range (historic results reported by Watts Griffiths and McOuat Limited ("WGM") in 1995)*. WGM also estimated Devlin to contain proven and probable reserves of 161,000 tons at 3.38% copper, measured and indicated resources of

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Please see **CBay Bulks Up**

• LETTER TO SHAREHOLDERS •



Better Days Ahead

To Our Shareholders

The last time I wrote to you I was outlining the impact of the revolutions in the Middle East North Africa ("MENA") region on our exploration activities and the value of our assets and the related share price. Unfortunately, the geopolitical problems of the MENA region have not resolved themselves sufficiently to entice us back to the area despite the excellent potential for discovery.

Not to worry. The resource sector has its own issues to deal with – the investor revolution. A revolution of investors who have become caught up in the uncertainties and negative market sentiment that faces us globally. I have read that, for the first time in history, gold companies are trading at lower multiples than base metal companies, which in turn are trading at historically low valuations. To be honest, I haven't done my own review but I am inclined to believe it. Nothing surprises me these days.

Why is this? Is gold no longer considered a safe investment? Is gold no longer a hedge against inflation? Does gold no longer reflect the political mood? Is it no longer considered currency or at least a supporter of currency? You would never know it by looking at the price, which remains not far off its all-time highs.

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PLEASE SEE **LETTER TO SHAREHOLDERS**

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NUINSCO at a

Building ...on a Proven Track Record

Significant Events 2012-2013

Corporate

- Postponed the NuMENA Minerals Corp. spinoff initiative indefinitely due to political uncertainty in the MENA region.
- Completed a flow-through financing raising gross proceeds of \$1,000,000, which is primarily slated for exploration of CBay's projects in and near Chibougamau, Quebec.
- Appointed Roland Horst as CEO of CBay to lead the restructuring and exploitation of the Chibougamau mining assets.
- Entered into a management agreement with CBay.
- Sold the Cameron Gold project royalty for US\$5,100,000.
- Sold the Eastmain royalty through CBay for \$900,000.
- Signed a loan facility of \$2,500,000.
- Entered into a loan agreement with a Victory Nickel Inc. ("Victory Nickel") to advance up to \$3 million. The loan is secured by Victory Nickel's assets and the bulk of the funds are to be used to finance capital expenditures on its frac sand processing facility in Medicine Hat, Alberta. The loan bears interest at 12% per annum and is convertible at Nuinsco's option into a limited participating interest in cash flow from Victory Nickel's frac sand business.

Copper/Gold

- Advised the Egyptian Mineral Resources Agency that the Company would not continue to pursue tenure of two concessions in Egypt.
- Elected not to exercise option on the J. Tobrar gold concession in northeastern Sudan.
- Announced positive drill results including multiple intercepts grading greater than 20.0g/t gold, with the highest grade core-length intercept – 93.20g/t gold over 0.25 metres – coming from a newly-identified geophysical target, on CBay's Chibougamau Portage Island properties.
- Followed up the very encouraging drill results noted above with ground geophysics on CBay's Portage Island properties.
- Elected to surrender interest in the Elmalaan copper/zinc project in Turkey.
- Completed 2012 drill program at Berta in Turkey operated by joint venture partner Xstrata Copper Canada ("Xstrata").
- Announced drill results with intercepts up to 12.65m grading 1.59% copper that further indicate large scale of copper mineralization at the Berta property in Turkey.
- Announced the optioning of the advanced-stage Perch River copper project in the Chibougamau mining camp in Northern Québec through CBay.
- Announced the acquisition by CBay of the high-grade Devlin copper project located near CBay's high-grade Corner Bay copper project.

Uranium, Phosphorus and Rare Metals

- Repurchased the 2% royalty interest on Prairie Lake for \$300,000 of Nuinsco shares making the property royalty-free.
- Conducted a 1,500 metre drilling program at Diabase Peninsula targeting uranium mineralization indicated by strong uranium anomalies and deposit indicators from past work.
- Diluted Trend Mining Company of Denver ("Trend") to a royalty interest in Diabase Peninsula with the 2012 drill program; subsequently purchased Trend's royalty interest.
- Advanced metallurgical studies at Prairie Lake; results demonstrate the ability to produce a marketable phosphate concentrate grade.
- Announced the extension of the Diabase Peninsula uranium project agreement and option payment for one year with additional extension available.
- Announced drill results from the Diabase Peninsula uranium project which provide further support for the potential of a significant mineral occurrence.
- Announced the production of additional phosphorus concentrate from Prairie Lake for evaluation of agricultural and industrial applications.
- Commenced a radon gas survey on the Diabase Peninsula property to follow up on drill results showing widespread anomalous uranium mineralization peaking at 707ppm. Radon surveys were instrumental in the recent discovery of high-grade uranium mineralization on the Patterson Lake South JV in the southwestern part of the Athabasca Basin.



2013 Objectives

- Continue exploration at the Diabase Peninsula uranium project.
- Continue process testing at the Prairie Lake project and evaluate production of marketable concentrates.
- Continue to evaluate new project opportunities in Canada and elsewhere.
- Complete additional exploration and diamond drilling programs on CBay's Chibougamau copper/gold properties.
- Continue to evaluate the most appropriate structure for CBay that will maximize value for shareholders.



nuinsco
RESOURCES LIMITED

Strategic Investments

Nuinsco maintains equity investments that can be monetized to generate cash to finance operations and exploration. Currently these holdings are:

Company	Percentage Equity Ownership
CBay Minerals (Private)	50%
Coventry Resources (ASX, TSX-V:CYY)	2%
Victory Nickel (TSX: Ni)	3%

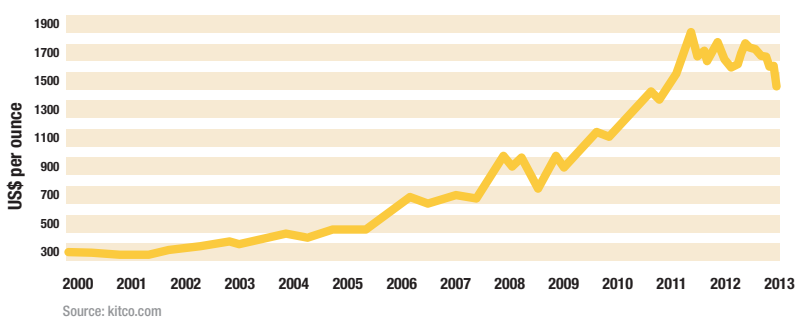
Who We Are

Nuinsco (the “Company”) is a growth-oriented, multi-commodity mineral exploration company that is focused on world-class mineralized belts in Canada and internationally. In addition to its property holdings in Ontario, Saskatchewan and Turkey, Nuinsco owns common shares in Coventry Resources Inc. (TSX-V:CYY) and Victory Nickel Inc.(TSX:NI), and a 50% interest in CBay (50% Nuinsco, 50% Ocean Partners), a private company that is a dominant player in Quebec’s Chibougamau mining camp with assets including a permitted mill and tailings facility, eight past-producing copper/gold mines and a 96,000 acre land position. Shares of Nuinsco trade on the Toronto Stock Exchange under the symbol NWI.

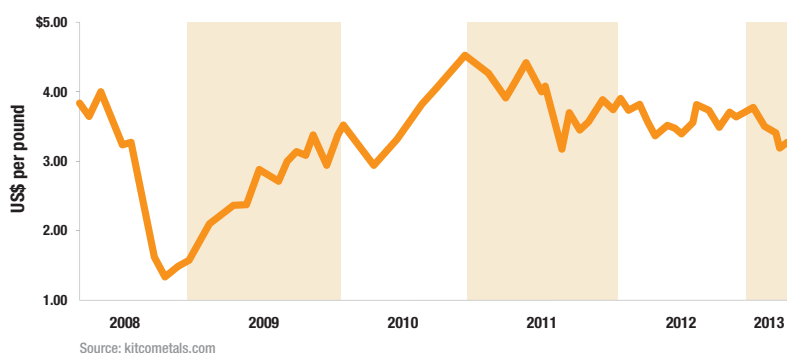
OVER 40 YEARS OF EXPLORATION SUCCESS

- **1970** Management group takes control of New Insko Mines Ltd.
- **1971** Hebecourt, 1.2 million ton copper-rich deposit discovered in Noranda, Quebec.
- **1973** Uranium exploration begins at Prairie Lake.
- **1979** Nuinsco Resources Ltd. is successor to New Insko Mines Ltd.
- **1981** Work begins at Cameron Lake gold deposit, Kenora.
- **1983** Gold resource identified at Cameron Lake.
- **1987** Aldermac 7 and 8 zones (Cu/Zn/Au/Ag) discovered near Rouyn-Noranda, Quebec.
- **1994** Rainy River deposit, 17 Zone (Au) discovered.
- **1995** Rainy River deposit, 34 Zone (Ni/Cu/Au/PGE) discovered.
- **1999** Lac Rocher Ni deposit discovered in Quebec.
- **2000** Mel sulphide nickel property, Manitoba, optioned from Inco Limited.
- **2001** Minago sulphide nickel property, Manitoba, acquired from Black Hawk Mining.
- **2004** Nuinsco expands into Turkey (Berta Cu/Au porphyry) and Saskatchewan (Diabase Peninsula uranium property).
- **2005** Second Turkish property optioned: Elmalaan (Cu/Zn VMS).
- **2006** Chibougamau mining camp entered via agreement with Campbell Resources Inc.
- **2007** Nuinsco creates Victory Nickel through the spin-off of its Minago, Mel and Lac Rocher projects.
- **2009** Nuinsco bids on Egyptian gold concessions Bukari and Umm Samra.
- **2010** 330-360 million tonne Exploration Target Mineralization Inventory (“ETMI”) at Prairie Lake property announced. Bukari and Umm Samra bid is successful. Cameron Lake sold to Coventry Resources for \$12 million consideration. Nuinsco and Ocean Partners gain effective control of Chibougamau mining camp, Quebec.
- **2011** Nuinsco and Ocean Partners complete transfer of ownership of Chibougamau assets to CBay. Prairie Lake ETMI increased to 515-630 million tonnes.
- **2012** Nuinsco sells Cameron Gold project royalty for cash proceeds of US\$5.1 million. Nuinsco acquires 100% of option on Diabase Peninsula uranium property.

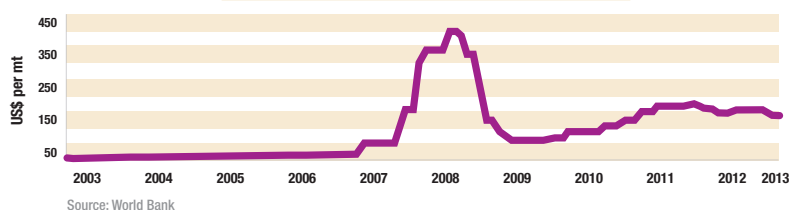
Gold Price



5 Year Copper Spot



World Phosphate Rock Pricing



CBay Bulks Up

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165,000 tons grading 3.95% copper and inferred resources of 100,000 tons grading 3.69% copper. The Devlin deposit, as defined to date, is within 100 metres of surface and no drill holes have extended beyond 125 metres.

CBay acquired 100% of Devlin for \$363,000, subject to a 2% NSR on total revenue over \$60 million retained by former owners Lake Shore Gold Corp. (1.1%) and Rio Algom Exploration Limited, a subsidiary of BHP Billiton (0.9%).

“Perch River and Devlin make sense for CBay because we own the only mill in the camp and are looking for additional near-surface copper mineralization with good grade that has the potential to supplement future production from our partially-developed, high-grade Corner Bay copper project,” said CBay’s CEO Roland Horst. “Both Perch River and Devlin are easily accessible from the existing road network and our first steps will be to get a good feel for these projects, what the potential is and how best to explore to realize this potential.”

CBay was created in 2011 to advance the copper/gold mining, processing and exploration assets located in and near Chibougamau, Quebec that were jointly acquired by Nuinsco and Ocean Partners. Chibougamau is a significant Quebec mining camp with copper and gold production dating back to the early 1900s.

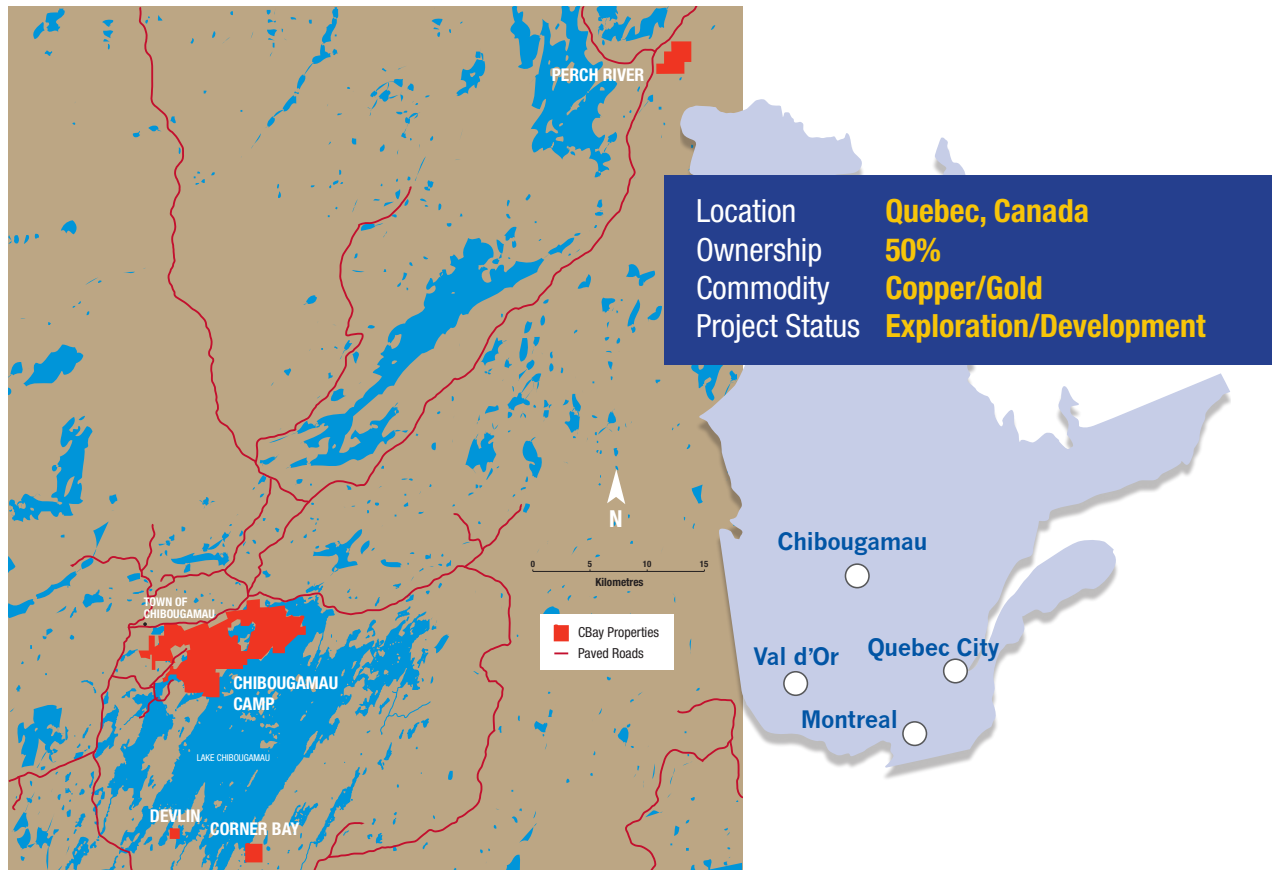
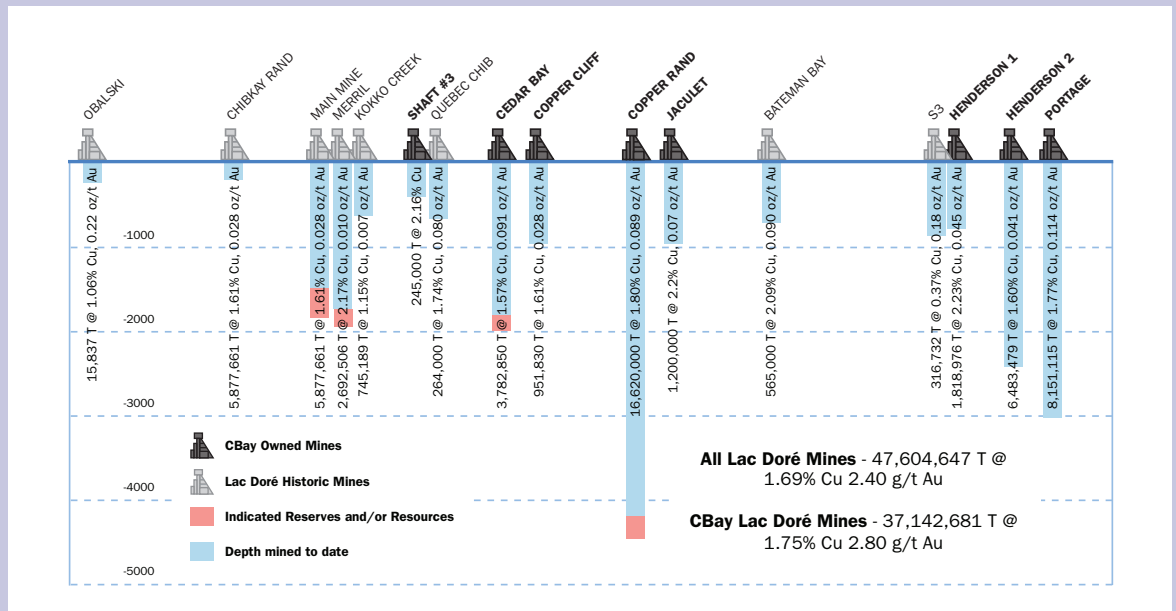
In addition to Perch River, Devlin and Corner Bay, CBay’s asset base includes a vast 96,000 acre property position most of which has not been explored for decades, eight past-producing mines (with exploration upside) and a 3,000 TPD mill and permitted tailings facility.

The past-producing mines in CBay’s portfolio account for over 75% of the 47.6 million tons of ore containing 1.6 billion pounds of copper and 3.2 million ounces of gold that have been produced from Quebec’s Lac Doré Complex.

* A qualified person has not done sufficient work to classify the historical estimate as current mineral resources; the issuer is not treating the historical estimate as current mineral resources.

“Perch River and Devlin make sense for CBay because we own the only mill in the camp and are looking for additional near-surface copper mineralization with good grade that has the potential to supplement future production from our partially-developed, high-grade Corner Bay copper project...”

Lac Doré Complex Historic Mines



Corner Bay

Corner Bay Resource Calculation (2% Cu cutoff*)

Category	Tonnage (t)	% Cu	Grade (g/t Au)	Grade (g/t Ag)
Measured	360,000	3.44	0.33	2.92
Indicated	465,000	3.40	0.31	4.32
Total Measured + Indicated	825,000	3.42	0.32	3.71

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 2.0% Cu.
3. Mineral Resources are estimated using a long-term copper price of US\$3.50 per pound, and a US\$/C\$ exchange rate of 1.0.
4. A minimum mining width of 2 m was used.
5. A bulk density of 3.12 t/m³ was used.
6. Numbers may not add due to rounding.

* Roscoe Postle Associates Inc. July 9, 2012

• GOLD • Wealth of Assets, Lack of Exploration Presents Great Opportunity for Nuinsco and CBay 2012 Program Returns Exciting Results from both Known Prospects and New Discoveries

Chibougamau, Quebec - Nuinsco’s 50%-owned subsidiary CBay has a wealth of valuable assets in Quebec’s venerable Chibougamau mining camp. While it’s relatively straightforward to see the value of a 3,000 TPD mill, a permitted tailings facility, eight past-producing mines and potential near-term copper producers Corner Bay, Perch River and Devlin, it’s a bit tougher to put a value on exploration ground. To crystallize that value a systematic program including diamond drilling

is called for, and that’s exactly what Nuinsco geologists embarked on in 2012.

“CBay’s assets present an extremely attractive exploration opportunity,” said Paul Jones, Nuinsco’s President. “There has been a significant lack of exploration drilling in the Chibougamau camp by previous operators. The 2012 program marked the commencement of the first systematic exploration program undertaken on CBay’s properties for some time. Historically, exploration has been heavily

concentrated in the vicinity of producing mines, while elsewhere exploration has been discontinuous and localized. Nuinsco therefore believes that substantial opportunities for exploration success exist.”

One of the most prospective, and underexplored, parts of CBay’s land holdings is Portage Island. Located at the northeast end of the CBay land package, Portage Island hosts the past-producing Henderson I, Henderson II and Portage copper/gold mines and the McKenzie gold vein. In addition to these past producers, CBay’s Portage Island claim group hosts numerous underexplored exploration targets, including the Baie du Commencement copper/gold zone, Hematite Bay gold and copper zones and two magnetite bodies - the Magnetite North and Magnetite South zones.

Drilling began in late 2012 following the completion of ground geophysics in October. The 18-hole, 1,683 metre drilling program tested



Dr. David Mchaina, Ph.D., P.Eng.
VP Environment and Sustainable Development
Nuinsco Resources Limited

Dr. David Mchaina,
Vice-President, Environment
and Sustainable Development

Q. Being a good corporate citizen has never been more important. What is Nuinsco's approach to management of its relationships with its stakeholders?

At Nuinsco, our goal is to build a company that benefits the communities in which we operate, our employees, our shareholders and all other stakeholders over the long term. As a result, we are committed to health, safety, environmental protection and sustainability management.

We strive to apply a proactive risk management approach appropriate to the local conditions and needs that will meet our legal obligations as a minimum target, and we continually evaluate and improve our processes. In addition, for every project we identify and engage with our Communities of Interest ("COIs") in order to incorporate their views, customs and cultural attributes in project planning and throughout the life cycle of our projects and operations. At Nuinsco and CBay we foster open communication with our COIs. Community

Did You Know

Did you know CBay has the only mill in the Chibougamau camp.

Did you know that Chibougamau is among the largest Quebec mining camps with copper and gold production dating back to the early 1900s?

Did you know that production at Copper Rand started in 1959?

Did you know that Chibougamau is only as far north as Winnipeg?

Did you know that CBay has the most prominent position in the Chibougamau mining camp?

engagement is a big part of this, and meetings have been held with the Ouje Bougoumou Cree Nation ("OBCN") for the Corner Bay Project in the Chibougamau region of Quebec, and Aboriginal Peoples impacted by the Prairie Lake Project in Ontario.

Q. CBay has past-producing mines and its projects are the closest to production of any that Nuinsco has an interest in at the present time. What approach is needed in Chibougamau and to projects at this more advanced stage versus pure exploration projects?

Our aim is to bring the past-producing mines and new development projects into production. In order to advance these projects, notably Corner Bay, Jaculet and Cedar Bay, CBay will be required to undertake environmental and social impact assessments for each individual project to obtain mining and environmental permits. Presently, we are advancing the development of an Environmental and Social Impact Assessment for the Corner Bay Project in order to permit it for full production. Also advanced are applications for the Certificates of Approval for the Copper Rand processing plant and Tailings Management Area ("TMA"). Companies operating in Quebec are required to submit extensive restoration plans before a mine gets into production. We are currently working on a restoration plan for Corner Bay. Last year, we submitted a restoration plan for the Copper Rand Mine and adjacent properties.

We recognize that our success depends on our ability to establish sustainable relationships with our COIs. We have developed a good working relationship with the municipal government in Chibougamau and are creating a pre-development agreement with the OBCN for the Corner Bay project.

At the same time, we are concerned with maintaining existing infrastructure related to the past operation of projects that we own. We have an environmental surveillance program that includes monitoring the physical integrity of the tailings dams, potential seepage through tailings dams and the water chemistry of the final effluent. We are pleased to report that there have been no spills or final effluent discharge exceedances since Nuinsco and Ocean Partners assumed ownership of the CBay assets. All discharges meet regulatory requirements.

Q. What are the plans for 2013 and beyond with respect to CBay and its environmental and sustainability management program?

Our strategy focuses on continuing to build a resource company operating multiple mines, mine development projects and exploration programs and we recognize that sustainability is one of the fundamental pillars of our corporate strategy. We will continue to integrate the concepts of sustainability as well as social and environmental stewardship into our short- and long-term strategies and plans with a goal to deliver net long-term benefits to all of our stakeholders.

At Copper Rand and Corner Bay our near-term focuses are: creating value for our shareholders; meeting and exceeding environmental standards; planning to construct a closure spillway, a dam raise and a controlled discharge structure for the TMA; and conducting environmental-effects-monitoring of our final effluent.

Overall, we will continue to take the following actions to embed sustainability into Nuinsco's and CBay's decision-making process and management systems:

- incorporate sustainability goals and principles into our projects and operations;
- establish key performance indicators and metrics for our sustainability programs and focus on environmental management performance for our operations and exploration projects;
- monitor and track our sustainability performance;
- establish monitoring programs of our communications and engagement plans with COIs; and
- strive to obtain and maintain the social licence to operate.



a number of gold targets and was completed before year end. Results from the first three drill holes were extremely encouraging, including near-surface (less than 30 metres) assays from the McKenzie Vein of 8.62 metres grading 2.31g/t gold and 3.48 metres grading 5.45 g/t gold, with values peaking at 23.4g/t gold. Visible gold was observed in hole NH-12-02.

"Originally identified in 1903, the McKenzie Vein is the Chibougamau camp's original gold showing, however it has not been explored extensively at surface or along strike. The initial focus of our drilling was the 100-metre-plus surface exposure of the vein, yet its strike length is interpreted to be at least 250 metres and potentially up to 1,600 metres to the west across Portage Island," said Mr. Jones. "The historic gold bearing structure was only partially mined at depth (starting at 200 metres) from the nearby Portage Mine, where it was estimated to have averaged 0.24

ounces of gold per ton. This program has helped to define and develop not only this structure but also the other prospective gold targets on the island."

But the positive results didn't stop there. Assays reported in January 2013 included gold analyses as high as 54.2g/t gold (over 0.29 metres) and intervals including 4.52g/t gold over 5.42 metres and 2.31g/t gold over 2.96 metres. A number of elevated copper analyses were also returned. The final results of this initial program were reported in February 2013, and included multiple intercepts grading greater than 20.0 g/t gold, with the highest grade core-length intercept, 93.20g/t gold over 0.25 metres, coming from a newly-identified geophysical target.

"We are pleased with the results from DDH NH-12-11 where we drilled 2.96 metres grading 8.37g/t gold, including the 93.20g/t intercept. This is a new discovery, and clearly a result on which we need to follow up," said Mr. Jones.

"On the Hematite Bay gold zone drilling, all holes, NH-12-14 through NH-12-18, intersected gold, copper and silver mineralization, including particularly significant near-surface results from NH-12-14 of 12.23g/t gold over 2.34 metres along with a number of other intercepts."

In March a geophysics program was begun in preparation for additional, yet to be announced, drilling. Both Nuinsco and CBay are very encouraged by the potential and Nuinsco intends to spend a minimum of \$700,000 on drilling and exploration in the Chibougamau region in 2013 because, as the saying goes, the best place to find a new mine is in the shadow of a headframe. As a significant Canadian mining camp the Chibougamau area, and Nuinsco/CBay's land package, has plenty of headframes.

All intervals are reported as core lengths, since orientation of the intersected mineralization is uncertain presently. All intervals reported are uncut with respect to gold.

Prairie Lake Complex

A Deposit for Today and Tomorrow

By Paul Jones, P.Geo. and Laura Giroux, P.Geo.

Marathon, Ontario - Located about 45 kilometres northwest of Marathon, Ontario, Nuinsco's Prairie Lake property covers the entire 2.8 km² (at surface) Prairie Lake Carbonatite Complex, is easily accessible from the TransCanada Highway and has exceptional rail and port access. Prairie Lake hosts a National Instrument 43-101-compliant ETMI of between 515-630 million tonnes grading between 0.09-0.11% Nb₂O₅ (0.9 to 1.1 kg/tonne) and 3.0-4.0% P₂O₅.

Additional drilling would likely increase the size of the deposit significantly, but so what? Prairie Lake is already the second biggest deposit of its kind in North America. We know Prairie Lake is big, but why is it important?

One major reason is that it contains a host of minerals and elements of economic significance including phosphate, niobium and light rare earth elements ("LREEs"), all of which are in short supply and high demand.

Phosphate

The phosphate ("PO₄")-bearing mineral apatite is of potentially huge economic significance to the Prairie Lake project. Phosphate is a vital non-renewable resource that is essential for sustaining the life of plants and animals. Phosphate plays a key role in the formation and strengthening of bones and teeth, forms part of the backbone of the structure of DNA molecules and also plays a vital role in the biochemical reactions in cells that provide energy to living matter. Phosphate is therefore one of the primary nutrients that are essential for plant growth and crop production. It also happens to be one of the most immobile of major plant nutrients so it must be applied in a soluble form such as in fertilizer in order to be absorbed by plants. Approximately 90% of all phosphate mined is used to produce phosphate fertilizers, while about 5% is used to make animal feed supplements. The remaining 5% or so is used in products such as detergents, food and beverages (e.g. soft drinks), pharmaceutical and personal care products (e.g. toothpaste), metal coatings (to polish aluminum and aluminum alloys), in flame retardants and in the treatment of potable water.

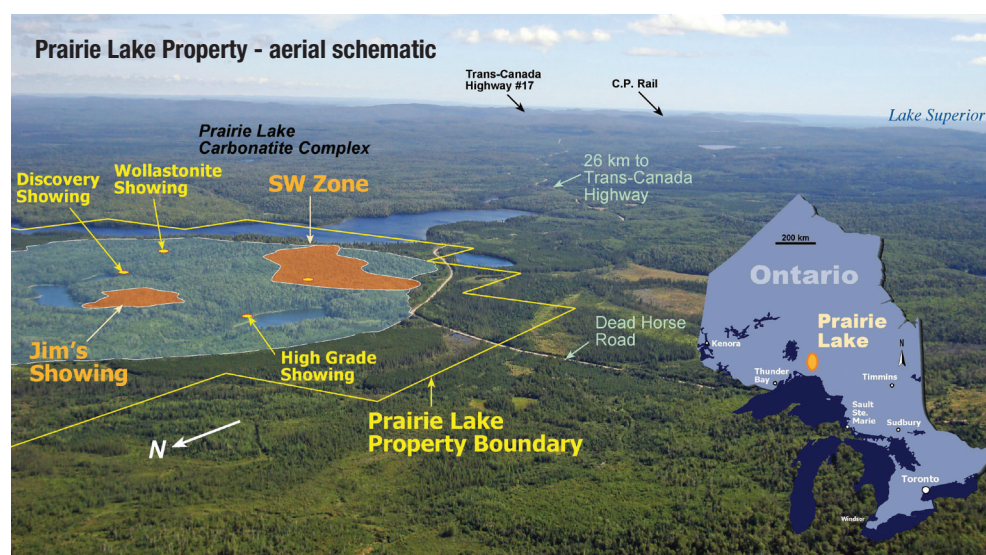
Niobium

Widely occurring in the rocks at the Prairie Lake Complex is the niobium ("Nb")-bearing mineral pyrochlore. The Nb content of the rock at Prairie Lake is sufficiently high to make the production of a Nb by-product a distinct possibility.

Nb is used in structural steels where the addition of small amounts imparts strength to high-strength low-alloy ("HSLA") steel. These alloys are principally employed in the automotive industry, where their greater strength allows for lighter structure and improved energy efficiency. Nb is also used in tubular steels for gas pipelines, while super-alloys containing Nb are widely used in aircraft engines and as bone replacements in medicine. In other applications Nb is used in the manufacture of high refractive-index lenses, electronic capacitors and in super-conducting Nb-titanium wire used in such devices as magnetic resonance imaging ("MRI") machines used in healthcare and particle accelerators, and as catalysts for producing bio-fuels from vegetable crops.

LREEs

It is important to highlight the enrichment at Prairie Lake in the mineral apatite of LREEs (lanthanum, cerium, praseodymium, neodymium and samarium), and in particular its considerable content of neodymium ("Nd"). Small quantities



Location	Ontario, Canada
Ownership	100%
Commodity	Multiple commodities: U, Ta, Nb, P, REEs
Project Status	Exploration

Did You Know

Did you know that the US does not have a niobium mining industry and must import its entire supply?

Did you know the vast majority of phosphorus compounds are consumed as fertilizers? Other applications include detergents, pesticides and matches.

Did you know Rare Earth Elements ("REEs") are a group of chemical elements that take their name from the fact that concentrated deposits of the elements are rare, even though the elements themselves are widely dispersed in the Earth's crust?

of rare-earth elements ("REEs") are disseminated in products all around us, in every computer, smartphone, DVD player, TV set, etc. They are popularly viewed as "green metals" because a significant share of the REE market is taken up by magnets used in wind turbines, hybrid electric vehicles, e-bikes and maglev trains; by automotive catalytic converters, which minimize toxic emissions into the atmosphere; and by phosphors, whose numerous applications include energy-efficient fluorescent lighting. In particular, the use of REEs in magnetic alloys (containing 30-35 wt% REEs) has made it possible to produce magnet materials that generate very strong magnetic fields and that strongly resist being demagnetized – so-called permanent magnets. These characteristics have revolutionized magnetic design in recent years, most notably in high-performance electric motors and generators used in, for example, hybrid electric vehicles and in megawatt-scale direct-drive wind turbines. In addition, rare-earth magnet materials have made it possible to miniaturize motors, loudspeakers, hard-disk drives and other applications that use permanent magnets to operate. The widespread adoption of Nd-based permanent magnets in a broad range of new technologies has resulted in them becoming a dominant source of global REE demand.

In summary, the elements found in abundance at the Prairie Lake deposit are all around us every day. In step with the rising need for everything from food to new smartphones and other innovations, demand for the elements at Nuinsco's Prairie Lake project is only going to grow.

Paul L. Jones, B.Sc., P.Geo. is President of Nuinsco. He has 30 years of Canadian and international experience with more than 20 junior companies and acts as Nuinsco's qualified person in all exploration matters.

Laura Giroux, M.Sc., P.Geo. is Nuinsco's Senior Geologist. She has eight years of varied mineral exploration experience in North America and has been with the Company for seven years.

World Mine Production and Phosphate Reserves (USGS, 2013)

COUNTRY	MINE PRODUCTION		
	2011 (x1000 tons)	2012 (est.) (x1000 tons)	RESERVES (x1000 tons)
United States	28,100	29,200	1,400,000
Algeria	1,500	1,500	2,200,000
Australia	2,650	2,600	490,000
Brazil	6,200	6,300	270,000
Canada	900	900	2,000
China	81,000	89,000	3,700,000
Egypt	3,500	3,000	100,000
India	1,250	1,260	6,100
Iraq	30	150	460,000
Israel	3,100	3,000	180,000
Jordan	6,500	6,500	1,500,000
Mexico	1,510	1,700	30,000
Morocco and Western Sahara	28,000	28,000	50,000,000
Peru	2,540	2,560	820,000
Russia	11,200	11,300	1,300,000
Saudi Arabia	1,000	1,700	750,000
Senegal	980	980	180,000
South Africa	2,500	2,500	1,500,000
Syria	3,100	2,500	1,800,000
Togo	730	865	60,000
Tunisia	5,000	6,000	100,000
Other countries	6,790	6,000	390,000
World total (rounded)	198,000	210,000	67,000,000

Diabase Peninsula

All the Indicators Are There!

By Dr. J.M. Franklin, B.Sc., M.Sc, Ph.D.

La Ronge, Saskatchewan - The demand for uranium has turned around following the downturn caused by the Fukushima tsunami-related disaster in Japan. In early April of this year, *Power Engineering International* magazine reported that uranium demand will increase by about 40% over the next seven years. According to Worldnuclear.org, 548 new reactors are either under construction, planned or proposed, many in China and Russia. Civil stockpiles of uranium are largely depleted, and the existing supply is not adequate to meet demand. Canada, the world's second largest supplier of uranium after Kazakhstan, continues to be considered as a safe and reliable source.

All of Canada's current uranium production comes from the Athabasca Basin, an area of northern Saskatchewan that is well known for the richest deposits in the world. These deposits have been producing since 1975, are buried beneath hundreds of metres of sandstone and are typically only 50-100 metres in diameter and a few tens of metres thick. Although they are tiny by most mining standards, and therefore challenging to find, they are exceptionally rich. With an average grade of over 3% uranium oxide, the typical gross value of an Athabasca Basin deposit is in excess of \$3.5 billion.

Nuinsco, recognizing the opportunities for discovery in the Athabasca region, has been exploring its large claim group located near Cree Lake, Saskatchewan, just five kilometres north of the southern margin of the sandstone basin. This property is over 38 kilometres long and comprises 21,949 hectares. It has been long known that although these deposits are small, they have a "fingerprint" or halo of indicator elements and geophysical characteristics that, if found together, greatly increase the potential for discovery. These include a major fault zone in the "basement" of older rocks that occur under the sandstone, a highly electrically-conductive unit of shale in the same basement and haloes of uranium, boron, nickel and arsenic that form a plume that extends above the deposits for several hundred metres. Since 2006, Nuinsco's exploration team has identified and drilled four separate anomalous zones, each of which has all of the key indicators of mineralization. The strongest of these, in the central part of its claim group, has coincident anomalies containing up to over 700ppm uranium (background is typically below 4ppm), 1,400ppm boron (background is about 25ppm) and 3,500ppm arsenic (background is about 1.5ppm). This area was to be a target for the 2012 program, which was designed to drill from the ice on Cree Lake. Unfortunately, global warming intervened, the ice began to melt and the program had to be abandoned before reaching this target.

The coincident geophysical and geochemical targets indicate that Nuinsco is in "Elephant Country", that the uranium mineralization process has operated here, and that we have an excellent chance for discovery. The Diabase Peninsula property's proximity to the edge of the basin means that overburden is thinner and the targets are relatively easily reached by drilling, compared with many recent discoveries in the Athabasca Basin. Nuinsco has done enough work on these claims to hold them for decades; given the need to also fund other projects, only a modest surface geochemical program has been undertaken in the past few months. The Company expects to resume a major drilling program as soon as market conditions permit.

Dr. J.M. Franklin, B.Sc., M.Sc, Ph.D. has over 40 years of experience as a geologist. He is a graduate of Carleton University (B.Sc., M.Sc) and the University of Western Ontario (Ph.D.). Since January 1998, he has been an Adjunct Professor at Queen's University; since 2001 at Laurentian University; and since 2005 at the University of Ottawa. He is a past President of both the Geological Association of Canada and of the Society of Economic Geologists. He retired as Chief Geoscientist, Earth Sciences Sector, the Geological Survey of Canada in 1998. Since that time, he has been a consulting geologist. Dr. Franklin is a Director of Nuinsco and is also a Director of Ur-Energy Inc. and Aura Silver.

World Nuclear Power Reactors & Uranium Requirements**										
Nuclear Electricity Generation 2011		Reactors Operable April 2013		Reactors Under Construction April 2013		Reactors Planned April 2013		Reactors Proposed April 2013		Uranium Required 2013
billion kWh	% e	No.	MWe net	No.	MWe gross	No.	MWe gross	No.	MWe gross	tonnes U
2518	c13.5	435	374,287	67	66,459	164	181,190	317	359,655	66,512

Sources:
 Reactor data: WNA to 1/4/13 (excluding 8 shut-down German units)
 IAEA- for nuclear electricity production & percentage of electricity (% e) 13/4/12.
 WNA: Global Nuclear Fuel Market report Sept 2011 (reference scenario) - for U.

Operable = Connected to the grid;
 Under Construction = first concrete for reactor poured, or major refurbishment under way;
 Planned = Approvals, funding or major commitment in place, mostly expected in operation within 8-10 years;
 Proposed = Specific program or site proposals, expected operation mostly within 15 years.

New plants coming on line are largely balanced by old plants being retired. Over 1996-2009, 43 reactors were retired as 49 started operation. There are no firm projections for retirements over the period covered by this Table, but WNA estimates that at least 60 of those now operating will close by 2030, most being small plants.

The 2011 WNA Market Report reference case has 156 reactors closing by 2030, and 298 new ones coming on line.
 TWh = Terawatt-hours (billion kilowatt-hours), MWe = Megawatt (electrical as distinct from thermal), kWh = kilowatt-hour.

66,512 tU = 78,438 tU_{3O₈}

** The world total includes 6 reactors operating on Taiwan with a combined capacity of 4927 MWe, which generated a total of 40.4 billion kWh in 2011 (accounting for 19.0% of Taiwan's total electricity generation). Taiwan has two reactors under construction with a combined capacity of 2700 MWe, and one proposed, 1350 MWe. It is expected to require 1291 tU in 2013.

Berta Project

2012 Drill Program at Berta Continues to Highlight Potential of one of Region's Largest Copper Anomalies

Location	Northeastern Turkey
Ownership	NWI/Xstrata
Commodity	Porphyry Copper/Gold/Moly
Project Status	Exploration

Istanbul, Turkey - Certain mining jurisdictions around the world have lost their lustre in recent years as social and economic issues have hampered their appeal to foreign investment and consequently their growth. Turkey's star, however, continues to shine and in fact is glowing even brighter as international companies discover the potential for mineral discovery and mining profit in this country that straddles Europe, Asia and the Middle East.

Nuinsco has long been a fan of Turkey as an exploration jurisdiction, entering the country in 2004 and maintaining a presence there since that time through its Berta project, a joint venture with Xstrata. Past drilling and other exploration has highlighted Berta's potential.

Located about 50 kilometres south of the Black Sea, the Berta porphyry is reputed to be the largest copper anomaly in the Turkish Pontides, covering 15 cubic kilometres. Extraordinarily-anomalous copper has been obtained in drilling, most notably from hole SD-07-08 that intersected 710 metres of 0.28% Cu, with grades peaking at 30% Cu and 7.19% Zn.

In 2012 Xstrata, the operator of the joint venture, undertook a 4,720 metre diamond drilling program to expand drill coverage to areas not previously drilled. Highlights of the most recent program include:

- Hole SD-12-12, drilled to a depth of 733.2 metres, that included 280.8 metres (from 312 metres down-hole) grading 0.09% copper.
- Hole SD-12-13, drilled to a depth of 926 metres, which intersected 354.6 metres (starting from 571.4 metres down-hole) which averaged 0.14% copper.
- Hole SD-12-16 returned 397.55 metres grading 0.097% Cu (from 475.45 metres), including 36.4 metres grading 0.40% Cu (from 532.1 metres).

"All of the holes drilled to date at Berta have returned copper mineralization," said Nuinsco's President Paul Jones. "The drilling indicates the huge scale and continuity of the anomaly in the Berta porphyry system. The wide spacing of the drill holes and the long anomalous and altered intercepts obtained continue to demonstrate the scope of the copper mineralization at Berta. The property remains a very large and very prospective exploration opportunity."

Did You Know

Did you know that electricity for one in five homes in the USA currently comes from nuclear power?

Did you know uranium is 40 times more naturally abundant on Earth than silver?

Did you know that one ton of natural uranium can produce more than 40 million kilowatt-hours of electricity? This is equivalent to burning 16,000 tons of coal or 80,000 barrels of oil?

Location **Saskatchewan, Canada**
 Ownership **100%**
 Commodity **Uranium**
 Project Status **Exploration**



Diabase Peninsula

Did You Know

Did you know the Berta porphyry is reputed to be the largest copper anomaly in the Turkish Pontides, covering 15 km³.

Did you know that copper has been in use for at least 10,000 years, but more than 95% of all copper ever mined and smelted has been extracted since 1900?

LETTER TO SHAREHOLDERS

continued from page 1

My view? Exchange Traded Funds (ETFs) have drained much needed mining investment out of the market. Cash which would have traditionally been directed to the mining and exploration companies that actually produce value, create employment and provide the basic materials society needs on a daily basis is now being parked in gold and silver ETFs, all ETFs for that matter. This sounds too simple.

It is. So let's blame the aging population, of which I am one. What is of first and foremost importance to those of retirement age? Security. Not all are fortunate enough to receive the attractive pensions and benefits available to some sectors of society. So the speculators of the past are no longer in the market. They are not willing to take speculative positions as they were in the past. They don't have the time or desire to wait for that next successful drill hole. They would rather earn their one percent interest than take a risk which could return hundreds of times their investment. Some even consider lottery tickets a safer investment. Can you blame them?

Okay. Let's point our finger at the young people, a generation of children which has gone through the most prolific and booming period in at least my memory. A generation that has seen the fastest evolution of high-tech products in history. They have been so fortunate and in many cases supported by the affluence of their parents (who likely created at least some of their wealth from natural resources) that they haven't even had time to look at the resource sector, without which they would not have their high-tech toys. They understand social networking but don't even know that a resource industry exists or that Canada actually has a resource-based economy.

...capital is not available at reasonable cost. Therefore, Nuinsco is being opportunistic in order to create value for its shareholders.

Are these the only reasons? Of course not. They may not even be part of the reasons.

What is certain is that valuations for assets have deteriorated to the point where assets have actually become liabilities in the mining sector. Equity values are so far below the underlying asset values that it boggles the imagination. Don't have assets or you will be penalized. Don't have cash because it is not worth very much unless it is in someone else's bank account.

What I am getting to is that the low market valuations of shares and the underlying assets, especially in junior resource companies, have made it impossible to finance some of the most attractive projects in recent history. You know this, so I am not telling you anything new.

So what do we do? Do we go on vacation until we see a return of investors to the resource sector? Do we stop all activity to conserve cash? Why not? Good news just seems to fall on deaf ears these days.

I hope you noticed that I have more questions than answers.

Nuinsco has a team that is keen to succeed and can't just lie down. So we look for alternatives to funding our activities through today's virtually non-existent equity markets.

One recent such alternative was the sale of the Cameron Lake royalty that Nuinsco retained when the project was sold. This has strengthened the Company's balance sheet sufficiently to allow it to pursue other alternatives, making it the envy of many of its cash-starved peers.

Another is the recent transaction whereby Nuinsco agreed to loan Victory Nickel Inc. (TSX:NI) funds to allow the construction of a frac sand plant in Medicine Hat, Alberta. For those who don't appreciate the value of frac sand, I would suggest you review the results of three recent IPOs in the frac sand industry - US Silica Holdings Inc. (NYSE: SLCA), which recently instituted a US\$0.125 per share quarterly cash dividend; Hi Crush Partners LP (NYSE: HCLP), which just declared a cash distribution for the first quarter of 2013 of US\$0.475 per unit, or US\$1.90 on an annualized basis; and Emerge Energy Services LP that, in early May, priced its IPO.

This loan agreement with Victory Nickel could generate up to \$10 million of cash in the very near term for Nuinsco which would support our exploration activities for some time. The Company is not changing direction. For over 40 years Nuinsco has been one of the world's premier exploration companies and we intend this to continue. Management and the Board have merely found an attractive alternative to the equity markets to fund its exploration activities that doesn't dilute shareholders.

Nuinsco is fortunate to have several highly attractive projects which, with a little funding, could result in significant share value appreciation for its patient shareholders even in this difficult market.

Nuinsco has a strong asset base and resources, but so do other companies. And the market is not giving them value either. Nuinsco has been extraordinarily successful in raising cash while its peers are struggling. This is due to the quality of your assets. This doesn't

represent a change in direction or strategy. Nuinsco is still an exceptional exploration company. However, in today's market, investors don't care about exploration. Good news is seen as a liquidity event. Consequently, capital is not available at reasonable cost. Therefore, Nuinsco is being opportunistic in order to create value for its shareholders. The ultimate goal is to provide funding to be able to explore existing properties and look at new ones.

As a reminder, Nuinsco has Diabase, an advanced uranium project in the Athabasca Basin of Saskatchewan where recent discoveries have had significant impact on the share prices of the companies involved; Prairie Lake, a significant mineral resource in northwestern Ontario containing phosphate, niobium, tantalum and rare metals, not to mention a superb location close to infrastructure; Berta, one of the largest porphyry copper/gold projects in Turkey; and a 50% interest in numerous assets in Chibougamau, Quebec, one of Canada's most prolific mining camps with assets including eight past producers, a 3,000 ton-per-day concentrator with tailings facility and a partially-developed high-grade copper deposit. In addition, this camp was recently expanded with the acquisition of two copper projects, Devlin and Perch River, both of which have near-term production potential. What is missing? Investor interest.

In closing, I'd like to thank our directors, employees, suppliers and partners for their loyalty and support. Most of all, I give a big vote of thanks to our shareholders who have believed in us and continue to be with us during difficult times. There are better days ahead.



René R. Galipeau
Vice-Chairman and Chief Executive Officer

May 14, 2013



Corporate Information

Directors

Robert Wardell, *Chairman*
René Galipeau, *Vice-Chairman*
George Archibald
Dr. J.M. Franklin
Ed Guimaraes
Marvin Singer

Officers

René Galipeau, *CEO*
Paul Jones, *President*
Alison Sutcliffe, *VP Finance and Chief Financial Officer*
Sean Stokes, *Corporate Secretary and VP Corporate Affairs*
Dr. David Mchaina, *VP Environment and Sustainable Development*
Anne Lam, *Controller*

Auditors

BDO Canada LLP,
Chartered Accountants,
Licensed Public Accountants,
Toronto, Ontario

Legal Counsel

Norton Rose Canada LLP
Toronto, Ontario

Transfer Agent & Registrar

Computershare Trust
Company of Canada,
Toronto, Ontario

Corporate Office

Nuinsco Resources Limited
80 Richmond St. W.,
18th Floor
Toronto, Ontario
M5H 2A4
Tel: 416.626.0470
Fax: 416.626.0890
Email: admin@nuinsco.ca
www.nuinsco.ca

Investor Relations

CHF Investor Relations
Tel: 416.868.1079
Fax: 416.868.6198
cathy@chfir.com

Annual General Meeting
The annual meeting of shareholders will be held at The Toronto Board of Trade, 1 First Canadian Place, Toronto, Ontario, Friday, June 28th, 2013 at 4:00 p.m. (local time).

Forward-looking Information: This document contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production); changes in equity markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 28, 2013 filed on SEDAR at www.sedar.com. Forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein. All exploration work is supervised by Paul Jones, President, who acts as QP under National Instrument 43-101.



NUINSCO RESOURCES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**

DATED MARCH 25, 2013

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

All of the information in the annual report and accompanying consolidated financial statements of Nuinsco Resources Limited is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for public companies, being international financial reporting standards. Where necessary, management has made judgements and estimates in preparing the consolidated financial statements, and such statements have been prepared within acceptable limits of materiality. The financial information contained elsewhere in the annual report has been reviewed to ensure that it is consistent with the consolidated financial statements.

Management maintains appropriate systems of internal control to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of independent non-executive Directors, meets with management and the external auditor to review the auditor's report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

A firm of independent Chartered Accountants, appointed by the shareholders, audits the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides an independent professional opinion thereon. The external auditors have free and full access to the Audit Committee with respect to their findings regarding the fairness of financial reporting and the adequacy of internal controls.

René R. Galipeau
Vice-Chairman and CEO
March 25, 2013

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 25, 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED**

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011, and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nuinsco Resources Limited as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

(signed) BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 25, 2013

Consolidated Balance Sheets

As at December 31, (in thousands of Canadian dollars)	Notes	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 2,275	\$ 516
Receivables	7	110	120
Marketable securities	8	828	1,531
Total current assets		3,213	2,167
Non-current assets			
Property and equipment	10, 12	1,077	1,443
Exploration and evaluation projects	11, 12	18,333	15,944
Loan receivable	13	1,009	-
Royalty interest	14	-	3,000
Other assets	17	210	-
Total non-current assets		20,629	20,387
Total Assets		\$ 23,842	\$ 22,554
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	16	\$ 1,016	\$ 1,029
Total current liabilities		1,016	1,029
Non-current liability			
Long-term liability	17	213	266
Total Liabilities		1,229	1,295
Shareholders' equity			
Share capital	19	98,169	97,195
Contributed surplus		5,436	4,985
Accumulated other comprehensive loss		(1,753)	(1,155)
Deficit		(79,239)	(79,766)
Total shareholders' equity		22,613	21,259
Total Liabilities and Shareholders' Equity		\$ 23,842	\$ 22,554

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 29)

Approved by the Board of Directors

(signed)

Robert G. Wardell

Director

(signed)

Ed Guimaraes

Director

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

Consolidated Statements of Operations

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)	Notes	2012	2011
Other income		\$ 120	\$ 100
Other expenses			
General and administrative		(1,478)	(1,878)
Share-based payments:	21		
Options		(365)	(595)
Bonus shares		(25)	(17)
Amortization of property and equipment	10	(11)	(13)
Pre-exploration write-offs	11	(17)	(120)
Writedown of exploration and evaluation projects	11	(79)	(2,622)
Operating loss		(1,855)	(5,145)
Finance income	17,22	360	76
Finance costs	22	-	(99)
Net finance income (costs)		360	(23)
Gain on sale of royalty interest	14	1,992	-
Recovery of provision for Chibougamau	12	30	870
Income (loss) before income taxes		527	(4,298)
Income tax expense	23	-	(105)
Net Income (Loss) for the Year		\$ 527	\$ (4,403)
Earnings (loss) per share	20		
Basic earnings (loss) per share		\$ 0.00	\$ (0.02)
Diluted earnings (loss) per share		\$ 0.00	\$ (0.02)

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

Consolidated Statements of Comprehensive Loss

Years ended December 31, (in thousands of Canadian dollars)	Notes	2012	2011
Net income (loss) for the year		\$ 527	\$ (4,403)
Other comprehensive (loss) income			
Net change in fair value of financial assets	8	(598)	(1,856)
Income tax recovery	23	-	105
Other comprehensive loss for the year		(598)	(1,751)
Total Comprehensive Loss for the Year		\$ (71)	\$ (6,154)

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

Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balances as at January 1, 2011	<i>Notes</i>	\$ 94,340	\$ 4,259	\$ 596	\$ (75,363)	\$ 23,832
Total comprehensive loss for the year						
Net loss for the year					(4,403)	(4,403)
Other comprehensive loss						
Net change in fair value of financial assets	8			(1,856)		(1,856)
Income tax recovery	23			105		105
Total other comprehensive loss				(1,751)		(1,751)
Total comprehensive loss for the year						(6,154)
Transactions with owners, recorded directly in equity						
Contributions by owners in the year						
Issue of common shares and warrants	19	425	68	-	-	493
Issue of flow-through common shares and warrants	19	1,398	231	-	-	1,629
Shares issued for property	11,19	93	-	-	-	93
Options granted and vesting	21	-	595	-	-	595
Issue of shares under Share Bonus Plan	19	17	-	-	-	17
Options exercised	19,21	10	(4)	-	-	6
Warrants exercised	19,21	912	(164)	-	-	748
Total contributions by owners		2,855	726	-	-	3,581
Total transactions with owners		2,855	726	-	-	3,581
Balances as at December 31, 2011		\$ 97,195	\$ 4,985	\$ (1,155)	\$ (79,766)	\$ 21,259
Balances as at January 1, 2012		\$ 97,195	\$ 4,985	\$ (1,155)	\$ (79,766)	\$ 21,259
Total comprehensive income (loss) for the year						
Net income for the year					527	527
Other comprehensive loss						
Net change in fair value of financial assets	8			(598)		(598)
Total other comprehensive loss				(598)		(598)
Total comprehensive loss for the year						(71)
Transactions with owners, recorded directly in equity						
Contributions by owners in the year						
Shares issued for property, net	11,19	321	-	-	-	321
Issue of flow-through common shares and warrants	19	503	86	-	-	589
Options granted and vesting	21	-	365	-	-	365
Issue of shares under Share Bonus Plan	19	25	-	-	-	25
Shares issued for loan fee	17,19	125	-	-	-	125
Total contributions by owners		974	451	-	-	1,425
Total transactions with owners		974	451	-	-	1,425
Balances as at December 31, 2012		\$ 98,169	\$ 5,436	\$ (1,753)	\$ (79,239)	\$ 22,613

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

Consolidated Statements of Cash Flows

Years ended December 31, (in thousands of Canadian dollars)	Notes	2012	2011
Cash flows from operating activities			
Net income (loss) for the year		\$ 527	\$ (4,403)
Adjustments for:			
Gain on sale of royalty	14	(1,992)	-
Share-based payments	21	390	612
Amortization of property and equipment	10	11	13
Fee received in shares		-	(50)
Writedown of exploration and evaluation projects	11	79	2,622
Recovery of provision for Chibougamau	12	(30)	(870)
Net finance income	22	(293)	(56)
Income tax expense	23	-	105
Net change in non-cash working capital:			
Change in receivables		(6)	176
Change in trade and other payables		(171)	(164)
Net cash used by operating activities		(1,485)	(2,015)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	11	(2,602)	(3,467)
Proceeds on sale of marketable securities		135	2,126
Proceeds on sale of Cameron Lake royalty	14	5,003	-
Proceeds on sale of other royalty	11	450	-
Net proceeds on sale of equipment	10	411	-
Loan advanced	13	(1,000)	-
Return of restricted cash		-	203
Interest in Chibougamau	12	-	(30)
Net cash from (used by) investing activities		2,397	(1,168)
Cash flows from financing activities			
Issue of common shares and warrants	19	893	3,071
Loan fee paid	17	(50)	-
Net cash from financing activities		843	3,071
Net Increase (Decrease) in Cash and Cash Equivalents		1,755	(112)
Unrealized foreign exchange gain on cash		4	-
Cash and Cash Equivalents, Beginning of the Year		516	628
Cash and Cash Equivalents, End of the Year		\$ 2,275	\$ 516

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

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited (“Nuinsco” or the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the years ended December 31, 2012 and 2011 comprise the Company and its subsidiaries (together referred to as “Nuinsco” and individually as “Nuinsco entities”) and Nuinsco’s interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada and internationally when attractive opportunities arise (Note 24). The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 11, 12, 13 and 26 to these consolidated financial statements.

The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol NWI.

These consolidated financial statements have been prepared using generally accepted accounting principles (“GAAP”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at December 31, 2012, the Company had working capital of \$2,197,000 (December 31, 2011 – working capital of \$1,138,000). Working capital is defined as current assets including assets held for sale less current liabilities, excluding restricted cash, if any.

Notwithstanding the significant improvement in the Company’s financial condition, it 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. Development of the Company’s current projects to the production stage will require significant financing. Given the current economic climate, the ability to raise funds may prove difficult.

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. (“Campbell”) presently recorded under *Property and equipment* and *Exploration and evaluation projects* on the consolidated balance sheets and held through CBay Minerals Inc. (“CBay”) a jointly-controlled company with Ocean Partners Investments Limited (“Ocean Partners”). Refer to Notes 10, 11 and 12 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency (“CRA”) refer to Note 29.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The 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”). This is GAAP for a Canadian public company.

These consolidated financial statements reflect the accounting policies described in Note 3.

The management of Nuinsco prepares the consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2013. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

The financial statements have been prepared on the historic cost basis except for derivative financial instruments such as warrants which are measured at fair value with changes through operations and financial assets such as marketable securities which are measured at fair value with changes recorded through other comprehensive income or loss (“OCI”).

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. All financial information is expressed in Canadian dollars unless otherwise stated; tabular amounts are stated in thousands of dollars.

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements 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 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.

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

- Notes 8 and 9 valuation of financial assets at fair value through OCI;
- Note 11 measurement of the recoverable amounts of exploration and evaluation projects;
- Note 12 valuation and allocation of interest in Chibougamau;
- Note 14 valuation of royalty interest and recoverable amount;
- Note 15 valuation of deferred tax asset; and
- Note 21 measurement of share-based payments.

Significant Judgements

Judgements are reviewed on an ongoing basis. Changes resulting from the effects of amended judgements are recognized in the period in which the change occurs and in any future periods presented.

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

- Note 1 going concern assessment;
- Note 11 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 11 impairment of exploration and evaluation projects;
- Note 15 recoverability of deferred tax assets; and
- Note 29 disclosure of contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in detail below. Such policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Nuinsco entities.

(a) New Accounting Policies

There have been no new accounting policies adopted by the Company.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Nuinsco. Control exists when Nuinsco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Nuinsco. Significant Company entities are listed in Note 26.

(ii) Jointly-controlled operations

A jointly-controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that Nuinsco controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that Nuinsco incurs and its share of the income that it earns from the joint operation.

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(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

Joint ventures are accounted for by including the Company's proportionate share of the entities' assets, liabilities, revenue and expenses with items of similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(iii) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Nuinsco's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Nuinsco entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized through operations, except for differences arising on the retranslation of financial assets at fair value, which are recognized directly in OCI. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

(d) Financial Instruments

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9"), which impacts the classification and measurement of financial assets, has been early-adopted by the Company.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, receivables, loan receivables, cash and cash equivalents, restricted cash, loans and borrowings, other long-term liability and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through operations, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Loans, receivables and borrowings are financial instruments with fixed or determinable payments that are not quoted in an active market. Such assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans, receivables and borrowings are measured at amortized cost using the effective interest method, less any impairment losses. Loans, receivables and borrowings comprise trade and other payables or receivables.

Accounting for finance income and expenses is discussed in Note 3(n).

Financial assets at fair value through OCI

Nuinsco's investments in equity securities are classified as financial assets at fair value through OCI. Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on monetary items (which do not include equity investments) are recognized directly in OCI.

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

Financial assets at amortized cost

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

Financial assets at fair value through operations

Nuinsco may hold warrants as part of its portfolio of marketable securities which are classified as financial assets at fair value through operations.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized through operations when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized immediately through operations.

(e) Assets Classified as Held for Sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with Nuinsco's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets or deferred tax assets, which continue to be measured in accordance with Nuinsco's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized through operations. Gains are not recognized in excess of any cumulative impairment loss until ultimate realization.

(f) Property and Equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within *Other income* in the consolidated statement of operations.

(ii) Depreciation

Depreciation is calculated as a function of the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation commences when assets are available for use.

Depreciation is recognized through operations as follows over the estimated useful lives of each part of an item of property and equipment.

The estimated depreciation rate or useful lives for the current and comparative periods are as follows:

Item	Method	2012	2011
Equipment	Declining-balance	20%	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Exploration and Evaluation Projects

(i) Exploration and Evaluation expenditures

Exploration and Evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses, are capitalized as E&E assets on an "area of interest basis" which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proved to exist and, in most cases, comprises a single mine or deposit.

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(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

E&E assets are recognized if the rights to the project are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the project, or alternatively by its sale; or
- activities on the project have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the project are continuing.

E&E expenditures are initially capitalized as intangible E&E assets. Such E&E expenditures may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, materials and fuels used, rentals and payments made to contractors and consultants. To the extent that a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, E&E assets attributable to that project are first tested for impairment and then reclassified to *Mine property and development projects* on the consolidated balance sheet. Currently, Nuinsco does not hold any assets classified as *Mine property and development projects*.

(ii) Pre-E&E (project generation) expenditures

Pre-E&E (project generation) expenditures are incurred on activities that precede exploration for an evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area. Pre-E&E expenditures are expensed immediately as *Pre-exploration write-offs* through the consolidated statement of operations.

(iii) Impairment

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount and any impairment loss is recognized as *Writedown of exploration and evaluation projects* through the consolidated statement of operations. The following facts and circumstances, among other things, indicate that E&E assets must be tested for impairment:

- the term of exploration license for the project has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the project area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the project area have not led to the discovery of commercially viable quantities of mineral resources and the Company plans to discontinue activities in the specific area; or
- sufficient data exists to indicate that while development activity is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full through such activity.

E&E assets are tested for impairment on an individual project (area of interest) basis. As noted above, a project would also be tested for impairment before being transferred to *Mine property and development projects* on the consolidated balance sheet.

(h) Borrowing Costs

The Company's policy is to capitalize project-related borrowing costs related to qualifying assets as incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company presently does not have any project-related borrowings on qualifying assets.

(i) Government Grants

Government grants that compensate Nuinsco for expenses incurred are recognized through operations on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate Nuinsco for the cost of an asset are recognized through operations on a systematic basis over the useful life of the asset. For assets which are not being amortized, such as E&E assets or mine property and development projects, the government grant is deducted from the related asset.

(j) Royalty Interest

Royalty interests with indefinite lives are measured initially at fair value under the cost basis less accumulated impairment losses. The fair value is determined using estimated net cash flows discounted at management's best

Notes to the Consolidated Financial Statements

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estimate of a discount rate taking into account project risk factors. Acquisition costs of development and exploration stage mineral royalty interests are not depleted until such time as royalty-generating production begins.

(k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized through operations.

(ii) Non-financial assets

The carrying amounts of Nuinsco's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") (see definition below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates, or has the potential to generate, cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, the CGU. Generally, a CGU is analogous to an individual project. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized through operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Employee Benefits

(i) Termination benefits

Termination benefits are recognized as an expense when Nuinsco is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if Nuinsco has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be reliably estimated.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if Nuinsco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

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(iii) Share-based payments

The grant-date fair value of options granted to employees, directors and consultants is recognized as an employee expense, with a corresponding increase in equity, over the period that the individuals become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by Nuinsco.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration or decommissioning in respect of land restoration, and the related expense, is recognized when the land is contaminated and there is a legal obligation to restore the site. The Company presently has no decommissioning liabilities.

(n) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including financial assets at fair value), dividend income, gains on the disposal of financial assets, amortization of flow-through premiums and changes in the fair value of financial assets at fair value through operations. Interest income is recognized as it accrues through operations, using the effective interest method. Dividend income is recognized through operations on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Gains on the disposal of financial assets are recognized on the settlement date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through operations and impairment losses recognized on financial assets. All borrowing costs are recognized through operations using the effective interest method, except for those amounts capitalized as part of the cost of qualifying assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized through operations except to the extent that it relates to items recognized either in OCI or directly in equity, in which case it is recognized in OCI or in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against

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which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Nuinsco has unrecorded deferred tax assets equal to the full amount of the deferred income tax benefit. The likelihood of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time.

(p) Share Capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issued on a flow-through basis typically include a premium because of the tax benefits associated therewith ("Flow-through Premium"). Flow-through shares may also be issued with a warrant feature. At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, the common share and the warrant with reference to closing market prices and such techniques as the Black-Scholes option-pricing model. The flow-through premium is estimated as the excess of the subscription price over the market value of the share and is recorded as a liability in *Trade and other payables* on the consolidated balance sheet (Note 16). The proceeds attributable to the warrants are also treated as equity and recorded in *Contributed surplus* on the consolidated balance sheet until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise.

The effect of renunciation of the tax benefits to holders of such shares is recognized pro rata with the associated expenditures being incurred by the Company. This could occur either before or after the formal renunciation of expenditures to the tax authorities have been made. When the eligible expenditures are incurred, the tax value of the renunciation is recorded as a deferred tax liability and charged against operations as a deferred tax expense. At the same time, where the Company has unrecognized deferred tax assets, they are reduced and a deferred tax recovery is recorded in the consolidated statement of operations, thereby offsetting the renunciation entries.

Furthermore, as eligible expenditures are incurred, the Company recognises a pro rata amount of the Flow-through Premium through *Finance income* in the consolidated statement of operations (Note 22) with a decrement to the liability in *Trade and other payables* on the consolidated balance sheet (Note 16).

Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the "Stock Option Plan") which is described in Note 21. Awards to non-employees are measured at the fair value of the goods or services received. Awards made to employees are measured at the grant date. All share-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate the share-based payment. The share-based payment is charged to operations over the vesting period of the options or service period, whichever is shorter. Stock options vest either immediately or over a 12-month period.

Share Incentive Plan

The Company has a share incentive plan (the "Share Incentive Plan"), which includes both a share purchase plan (the "Share Purchase Plan") and a share bonus plan (the "Share Bonus Plan"). The Share Incentive Plan is administered by the Directors of the Company. The Share Incentive Plan provides that eligible persons thereunder include Directors, senior officers and employees of the Company and its designated affiliates and consultants who are primarily responsible for the management and growth of the business.

The Share Incentive Plan is described in Note 19. The Company uses the fair value method of accounting for, and to recognize as its share-based payments for employees. Shares issued under the Share Incentive Plan are valued based on the quoted market price on the date of the award. This amount is expensed over the vesting period.

(q) Revenue Recognition

Consulting fees are recognized when services are rendered which includes amounts amortized over the non-cancellable term of the agreement. Other income is recognized on an accrual basis using the effective interest rate method.

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(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

(r) Earnings (Loss) per Share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options.

(s) New Standards and Interpretations Not Yet Adopted

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised standards and interpretations which are applicable to the Company but which are not yet effective for the year ended December 31, 2012 and have not been applied in preparing these consolidated financial statements.

IFRS 10 - Consolidated Financial Statements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.

IFRS 11 - Joint Arrangements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 11 provides a new definition of joint arrangement focusing on the rights and obligations of the arrangement, rather than its legal form. The IFRS classifies joint arrangements into two types, joint operations and joint ventures.

IFRS 12 – Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

Early adoption of these standards is only permitted if IFRS 10, IFRS 11, IFRS 12 and the consequential amendments to IAS 17 and IAS 18 are adopted at the same time, with the exception of early-adopting only the disclosure provisions for IFRS 12 without the other new standards.

IFRS 13 – Fair Value Measurement

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 13 provides a definition of fair value, a single framework for measuring fair value and disclosure requirements about fair value measurements.

IAS 28 – Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IAS 28 makes consequential amendments to IAS 28 – Investments in Associates, to describe the application of the equity method to investments in joint ventures in addition to associates.

Amendments to IAS 1 – Presentation of Financial Statements

Effective for annual periods beginning on or after July 1, 2012, the amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the income or loss section of the statement of operations.

These pronouncements have not been early-adopted by the Company. The Company does not expect the application of these pronouncements to have a significant effect on the consolidated financial statements of the Company.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

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This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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 analyze 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 and cash equivalents, receivables, loan receivable and marketable securities.

Cash and cash equivalents

The Company's cash and cash equivalents are 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

The Company's receivables consist primarily of amounts due from federal and provincial governments. Amounts due from other parties 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.

Loan receivable

The loan receivable bears interest at a fixed rate and is secured on assets of the borrower through registered security agreements. Failure of the borrower to meet contractual obligations will result in seizure of the borrower's assets.

Marketable securities

The Company limits its exposure to credit risk by investing only in securities which are listed on public stock exchanges. Such strategic investments are approved by the Board of Directors of the Company. Management actively monitors changes in the markets and management does not expect any counterparty to fail to meet its obligations. The Company's investments are generally in the junior natural resources sector and these companies are subject to similar areas of risk as the Company itself.

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will enure to the Company. As at December 31, 2012 and 2011, the Company had no guarantees outstanding.

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.

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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 and cash equivalents and marketable securities. 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 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.

The Company's only significant long-term liability was the other long-term liability disclosed in Note 17. All other contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's lease commitment described in Note 18 and the long-term loan taken out but not drawn down until February 1, 2013, described in Note 17.

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 E&E 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, certain marketable securities and other payables that are denominated in a currency other than the respective functional currencies of Company entities, primarily the Canadian dollar. The currencies in which these transactions primarily are denominated are the United States and Australian dollars ("US\$" and "A\$" respectively), but also the European Euro ("Euro" or "€"), the Egyptian Pound ("LE") and Turkish Lira ("TL"). The Company does not actively hedge its foreign currency exposure.

The Company incurs expenditures related to the Berta project in Turkey, and certain general and administrative expenses, in US\$ and occasionally in the Euro, LE and TL. The Company also has had marketable securities denominated in A\$; in January 2013, these securities became listed on the TSX-V which has eliminated the A\$ 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 equivalents earn interest at variable short-term rates. The Company's loan receivable (Note 13) and debt (Note 17) bear interest at fixed rates. Accordingly, the estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Other market price risk

The Company's marketable securities and strategic investments are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments.

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The value of the Company's mineral resource properties is related to the price of, and outlook for, base and precious metals. Historically, such prices have fluctuated and are affected by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures. The Company does not have any hedging or other commodity-based risks respecting its operations. The value of the Company's strategic investments is also related to the price of, and outlook for, base and precious metals.

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

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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.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage 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. The Company also has standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective and available.

Compliance with Company standards is supported by a code of conduct which is provided to employees, officers and directors. The Company requires sign-off of compliance with the code of conduct.

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' equity as well as any long-term debt, equipment-based and/or project-based financing.

	<i>Notes</i>	December 31, 2012	December 31, 2011
Shareholders' equity		\$ 22,533	\$ 21,259
Long-term liability	17	213	266
		22,746	21,525
Available loans and borrowings	17	2,500	-
		\$ 25,246	\$ 21,525

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 expects that it will be able 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. In order to achieve these objectives, the Company invests its unexpended cash in highly-liquid, rated financial instruments.

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 year.

5. 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.

(a) Royalty Interest

The fair value of a royalty interest upon initial recognition is based on the discounted cash flows expected to be derived from the use of or eventual sale of the assets.

(b) Marketable Securities

The fair value of financial assets at fair value through operations or OCI is determined by reference to their quoted closing bid price at the reporting date.

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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).

(c) 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.

(d) Warrants

The fair value of investments in warrants is based upon the Black-Scholes option-pricing model. Measurement inputs include: share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly-available information), weighted average expected life of the instruments (based on historic experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds).

(e) Non-derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(f) Share-based Payment Transactions

The fair value of employee share options is measured using the Black-Scholes option-pricing model. The measurement inputs are described above under Note 5(d). Any service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011
Bank balances	\$ 2,275	\$ 516
Cash and Cash Equivalents in the Statement of Cash Flows	\$ 2,275	\$ 516

7. RECEIVABLES

	December 31, 2012	December 31, 2011
Other receivables	\$ 74	\$ 83
Prepaid expenses and deposits	36	37
	\$ 110	\$ 120

8. MARKETABLE SECURITIES

	<i>Note</i>	December 31, 2012	December 31, 2011
Financial assets at fair value through OCI	9		
Coventry Resources Limited		\$ 660	\$ 926
Victory Nickel Inc.		165	582
Other		3	23
		\$ 828	\$ 1,531

All of the Company's marketable securities are publicly-listed and are valued using Level 1 methodologies. The amount of change in fair value of Coventry Resources Limited ("Coventry") shares attributable to the change in foreign exchange rates and included in OCI are net losses of \$12,000 for the year ended December 31, 2012 and net losses of \$8,000 for the year ended December 31, 2011. In early 2013, Coventry underwent a corporate merger thereby

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becoming listed on the TSX-V. Accordingly, there will be no future effects of foreign exchange movements in OCI.

Sensitivity Analysis – Equity Price Risk

All of the Company's financial assets at fair value through OCI are listed on public stock exchanges, including the TSX, the TSX-V and the ASX (until early 2013). Recently, the markets have experienced extreme volatility, therefore a sensitivity analysis is now performed using 15%; prior to the second quarter of 2012, the analysis was performed using 5%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by \$108,000, net of tax effects of \$16,000 (December 31, 2011 using 15% - an increase of \$199,000, net of tax effects of \$30,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

9. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	December 31, 2012	December 31, 2011
Carrying amount			
Cash and cash equivalents	6	\$ 2,275	\$ 516
Receivables	7	110	120
Financial assets at fair value through OCI	8	828	1,531
Loan receivable	13	1,009	-
		\$ 4,222	\$ 2,167

Liquidity Risk

The following tables show the contractual maturities of financial assets and liabilities, including estimated interest payments.

	Non-derivative financial assets		
	Loan receivable	Receivables	Total
As at December 31, 2012			
Carrying amount	\$ 1,009	\$ 110	\$ 1,119
Contractual cash flows	1,009	74	1,083
6 months or less	-	74	74
2 - 5 years	1,009	-	1,009
As at December 31, 2011			
Carrying amount	\$ -	\$ 120	\$ 120
Contractual cash flows	-	83	83
6 months or less	-	83	83

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	Non-derivative financial liabilities		
	Long-term liability	Trade and other payables	Total
As at December 31, 2012			
Carrying amount	\$ 213	\$ 1,016	\$ 1,229
Contractual cash flows	300	751	1,051
6 months or less	-	751	751
2 - 5 years	300	-	300
As at December 31, 2011			
Carrying amount	\$ 266	\$ 1,029	\$ 1,295
Contractual cash flows	300	858	1,158
6 months or less	-	858	858
2 - 5 years	300	-	300

The contractual cash flows reflected in the tables above exclude the non-cash prepaid expenses and deposits and flow-through premium liability.

Currency Risk

Exposure to currency risk

The Company's exposures to foreign currency risk are as follows based on foreign-denominated amounts translated into Canadian dollars ("C\$") at the respective dates:

(in thousands of Canadian dollars)

As at December 31, 2012	C\$	US\$	A\$(see note)
Cash and cash equivalents	\$ 1,987	\$ 288	\$ -
Receivables	110	-	-
Marketable securities	168	-	660
Loan receivable	1,009	-	-
Trade and other payables	(956)	(60)	-
Long-term liability	(213)	-	-
Net exposure	\$ 2,105	\$ 228	\$ 660

Note: Effective January 8, 2013, the Company eliminated its exposure to the A\$ since Coventry shares are now quoted on the TSX-V.

(in thousands of Canadian dollars)

As at December 31, 2011	C\$	US\$	A\$
Cash and cash equivalents	\$ 468	\$ 48	\$ -
Receivables	120	-	-
Marketable securities	605	-	926
Trade and other payables	(945)	(84)	-
Long-term liability	(266)	-	-
Net exposure	\$ (18)	\$ (36)	\$ 926

Sensitivity analysis

A strengthening of the C\$, as indicated below, against US\$ and A\$ would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting periods. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at December 31, 2012	Equity	Profit or Loss
US\$ (10 percent strengthening)	\$ 23	\$ 23
A\$ (10 percent strengthening - see note above)	\$ 66	\$ -

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As at December 31, 2011	Equity		Profit or Loss	
US\$ (10 percent strengthening)	\$	(4)	\$	(4)
A\$ (10 percent strengthening)	\$	93	\$	-

A weakening of the C\$ against the above currencies would have had the equal but opposite effect on the amounts shown above. Note that the Company has transactions and balances in the Euro, LE and TL, but the balances as well as the effect of exchange rate differences would not be material.

Fair Value

Fair values versus carrying amounts

The fair values of financial assets and liabilities equal the carrying amounts shown in the consolidated balance sheets. The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value.

There have been no transfers of financial assets between Level 1 and Level 2 during the current and previous reporting periods. All of the shares owned by the Company are valued using Level 1 methodologies.

Interest rate used for determining fair value

The interest rate used to discount estimated cash flows, when applicable and unless otherwise stated, is 8%.

10. PROPERTY AND EQUIPMENT

Equipment	Note	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2011		\$ 356	\$ 286	70
Transfer from Interest in Chibougamau	12	1,386	-	1,386
Amortization		-	13	(13)
Balance as at January 1, 2012		1,742	299	1,443
Additions		57	-	57
Disposals		(412)	-	(412)
Amortization		-	11	(11)
Balance as at December 31, 2012		\$ 1,387	\$ 310	\$ 1,077

Effective October 25, 2011, the Company, through CBay, owns a 50% proportionate interest in the mill and related equipment at the Chibougamau camp; during 2012, CBay sold a truck and other equipment, the disposals represent 50% of the effect of those transactions. Refer to Note 12 for additional information.

11. EXPLORATION AND EVALUATION PROJECTS

Cumulative costs relating to the acquisition of mineral properties and E&E expenditures have been incurred on the following projects:

	Note	January 1, 2012	Current Expenditures	Effect of Recoveries	Writedown of E&E Projects	December 31, 2012
URANIUM AND RARE METALS						
(see below)						
Diabase Peninsula	\$	8,041	\$ 1,005	\$ -	\$ -	\$ 9,046
Prairie Lake		2,886	486	-	-	3,372
		10,927	1,491	-	-	12,418
GOLD AND COPPER						
Chibougamau camp	12	3,820	1,343	(450)	-	4,713
Berta		1,197	5	-	-	1,202
Bukari		-	23	-	(23)	-
J. Tobrar		-	40	-	(40)	-
		5,017	1,411	(450)	(63)	5,915
		\$ 15,944	\$ 2,902	\$ (450)	\$ (63)	\$ 18,333

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	Note	January 1, 2011	Current Expenditures/ Transfer in	Writedown of E&E Projects	Effect of Dilution	December 31, 2011
URANIUM AND RARE METALS						
(see below)						
Diabase Peninsula		\$ 6,943	\$ 1,098	\$ -	\$ -	8,041
Prairie Lake		2,333	553	-	-	2,886
		9,276	1,651	-	-	10,927
GOLD, COPPER AND ZINC						
Chibougamau camp	12	-	3,820	-	-	3,820
Berta		1,733	80	-	(616)	1,197
Elmalaan		1,100	-	(1,100)	-	-
Bukari		273	530	(803)	-	-
J. Tobrar		-	719	(719)	-	-
		3,106	5,149	(2,622)	(616)	5,017
		\$ 12,382	\$ 6,800	\$ (2,622)	\$ (616)	\$ 15,944

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of \$1,000,000. As at March 31, 2012, cumulative expenditures increased this ownership interest to greater than 90% as Trend did not contribute its share of expenditures. Under the agreement, should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property (as defined). Accordingly, Trend's interest was converted to a royalty and Nuinsco owns the project in its entirety. Effective December 19, 2012, the Company acquired that royalty through a one-time cash payment of \$15,000. Accordingly, Trend has no remaining interest whatsoever in the Diabase Peninsula property.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims are optioned while seven were staked by Nuinsco. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in the winter of 2011. Trend had a one-time 50% back-in right, subject to certain conditions, which expired upon its conversion to a royalty interest.

In order to maintain the option on one of the claims, the Company was required to make an option payment of approximately \$935,000 by September 2, 2012; in May, 2012, the Company was successful in extending the option terms for a year, with additional extensions being possible, for four quarterly cash payments of \$9,350 and \$37,600 of the Company's shares. This has deferred the option payment of \$935,000 by at least one year. The shares were issued in the third quarter of 2012 and one quarterly cash payment was made in the fourth quarter of 2012. That same claim is subject to a 3% gross production royalty defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

Prairie Lake

The Prairie Lake property consists of nine claims and 38 claim units; encompassing 608 ha of mineral claims. Given the presence of an historic uranium resource, as well as strongly-anomalous tantalum, niobium and phosphorous, along with widespread rare metals mineralization, diamond drilling, surface sampling and mapping programs were conducted in 2007, 2008 and 2010. A review and analysis of past results took place during 2009 as did metallurgical testing and the completion of an Estimated Tonnage Mineralized Inventory which was announced in early 2010 and updated by the Company in October 2011. The property was subject to a 2% NSR payable on any production from any claim that comprises the property. Up to a maximum of one half of the royalty could be purchased for \$1,000,000 in either cash or common shares of the Company. On January 23, 2012, the Company announced that it had acquired the NSR through issuing 3,157,894 shares with a market value of \$300,000. The property is now royalty-free.

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Gold & Copper

Chibougamau Camp

CBay's Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines. Nuinsco and Ocean Partners own:

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,772 tonnes per day mill and tailings facility (included in *Property and equipment* on the consolidated balance sheet – Note 10); and,
- in excess of 11,000 ha of highly-prospective exploration property.

The amount of \$3,820,000 was transferred from *Interest in Chibougamau* on the consolidated balance sheet upon completion of the asset transfer agreement (Note 12). In the third quarter of 2012, CBay sold a royalty and received a return of funds from the receiver; the Company's share of funds amounted to \$450,000 net of expenses and is shown as a recovery against the property.

In 2012, the Company entered into an option agreement with CBay to make expenditures on its Portage and Corner Bay properties in exchange for an undivided interest in each property as follows: \$300,000 incurred on Portage up to December 31, 2012 earns a 30% undivided interest with the option to incur up to an additional \$500,000 in \$100,000 increments each earning a 5% additional undivided interest; \$1,000,000 in expenditures incurred on Corner Bay in \$250,000 increments each earning a 5% undivided interest in the property. Expenditures on the Chibougamau camp amount to \$440,000 incurred pursuant to that agreement. Substantially all of the expenditures are on the Portage property.

Berta

In October, 2003, the Company entered into the Berta Joint Venture Agreement with Falconbridge Limited, now Xstrata Copper Canada ("Xstrata"). The Berta property is located approximately 50 km south of the Black Sea coast in northeastern Turkey. Pursuant to the agreement, the Company was required to spend US\$350,000 to earn a 50% interest in the project.

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project. Xstrata participates pro rata in funding exploration expenditures and is the operator of the project. Discussions with Xstrata have been ongoing, including discussions to buy Xstrata's share of the joint venture. Xstrata has advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco has allowed itself to be diluted to approximately 36%; the effect of dilution was a \$616,000 reduction in the value of Berta during 2011. In 2006 and 2007, the Company completed airborne geophysics followed by diamond drilling. Drilling intersected a significant, continuous domain of strong sulphide mineralization with copper, gold, silver and zinc values. Three drill holes were completed in 2008 demonstrating further evidence of widespread copper mineralization. The Berta property is subject to a 2% NSR.

In 2012, Xstrata commenced a 7,500 metre drilling program with budgeted expenditures of US\$2,672,000 to the end of December 2012. The Company awaits complete drill results and a comprehensive reporting and accounting of expenditures incurred. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata.

Elmalaan

The decision was made in the first quarter of 2012 to not continue with Elmalaan and ownership of the property was relinquished. Accordingly, the Company recorded a writedown of \$1,100,000 to record the carrying value of Elmalaan at \$nil effective December 31, 2011.

Egypt

In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for gold exploration concessions in Egypt – Bukari and Umm Samra. In the first quarter of 2012, the Company announced that it had decided not to pursue tenure of the Egyptian properties and advised EMRA of this on March 27, 2012. Accordingly, effective December 31, 2011, a net writedown of \$803,000 was recorded in *Writedown of exploration and evaluation projects* which comprises \$629,000 expenditures, \$378,000 receivable from Quartz Core for Mineral Resources ("QCC"), the Company's partner in Egypt, representing its share of expenditures as described

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below offset by \$204,000 reversal of an accrual which is no longer required. The writedown brought the value of the Bukari project to \$nil. Any commitments under the concession agreements for future expenditures are no longer applicable.

The shareholders' agreement between the Company and QCC governing the 50%-owned company contains dilution provisions. Presently, the Company has exceeded its expenditure commitment. Nuinsco recorded an incremental amount of \$16,000 in the first quarter of 2012 with an equal and opposite amount in *Writedown of exploration and evaluation projects* (December 31, 2011 - \$378,000) for the expenditure difference. Should QCC fail to make the required expenditures, its interest in the company will be proportionately reduced and Nuinsco will record an increased proportionate interest in the company.

In the first quarter of 2012, the Company incurred \$23,000 of expenditures on its Egyptian properties before its decision to not pursue tenure; accordingly, these were written off to *Writedown of exploration and evaluation projects*.

Sudan

On July 18, 2011, the Company announced that it had expanded its presence in the Middle East North Africa ("MENA") region by entering into an option agreement with Makaseb Holding LLC, to acquire an 85% interest in that company's subsidiary UAE for Gold Minerals and Investment Company Ltd. which owns 100% of the J. Tobrar (Block 64) concession.

On February 7, 2012 the Company announced that it had elected not to exercise the option. The scale of mineralization identified did not justify the option price and continued expenditures under then extant market conditions. Accordingly, a writedown of \$719,000 was made against the project expenditures incurred to December 31, 2011 to writedown the property to \$nil. Expenditures of \$40,000 were incurred prior to the decision being made; these were written off to *Writedown of exploration and evaluation projects* in the first quarter of 2012.

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Exploration costs in the amount of \$17,000 were written off during the year ended December 31, 2012, (December 31, 2011 - \$120,000).

12. INTEREST IN CHIBOUGAMAU

The Company historically held various investments in and loans to Campbell Resources Inc. ("Campbell") which were written down in 2008 by \$7,923,000 to their estimated recoverable amount and had recorded them in *Interest in Chibougamau* on the consolidated balance sheet. The Company's security on amounts owing by Campbell included Corner Bay and other exploration and evaluation properties, among other things.

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a court-appointed monitor was engaged. In 2010, the Company, along with Ocean Partners, through a jointly-owned company, acquired substantially all of the remaining secured debt and claims of Campbell (that the Company and Ocean Partners did not already own thereby rationalizing the number of secured creditors and the complicated security over the Campbell assets including Corner Bay, the Copper Rand mill and other exploration properties in the Chibougamau mining camp in Québec.

The CCAA process concluded on October 25, 2011 with the completion of the asset transfer as described below; the Company's share of expenditures incurred up to that point to protect its interest in Campbell assets amounted to \$488,000. Such expenditures included legal fees, court-appointed monitor's fees, certain property taxes and other costs and were included in *General and administrative costs* in the consolidated statement of operations.

On June 28, 2011, the Company announced that the Québec Superior Court had accepted the Company's proposal made through its jointly-controlled company, CBay, and directed the receiver to transfer the assets, thereby giving ownership to Nuinsco and Ocean Partners of all exploration, mining and processing and other assets located in and near Chibougamau, Québec. The Company, along with Ocean Partners, completed the asset transfer agreement effective October 25, 2011. Upon completion of the agreement and transfer of legal ownership, the Company commenced capitalization of eligible project expenditures to the *Interest in Chibougamau* and also increased the carrying value of the *Interest in Chibougamau* by an amount of \$870,000; the increase in the carrying value was reflected as *Recovery of provision for Chibougamau* in the consolidated statement of operations. The Company

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believes that carrying value is fair value and that capitalized costs will be recovered.

	Notes	December 31, 2011
Acquisition of debt and claims		\$ 2,055
Less: fair value adjustment		(59)
		1,996
Originated debt	(a)	2,297
		4,293
Revaluation to estimated recoverable amount		870
Project costs		43
		5,206
Transfer to property and equipment	10	(1,386)
Transfer to exploration and evaluation projects	11	(3,820)
		\$ -

(a) The Originated debt is shown net of Québec mining duties of \$203,000.

In order to complete the asset transfer, the Company and Ocean Partners transferred their rights to the originated debt, the acquired debt and claims to CBay. Accordingly, the estimated recoverable amount of the transferred assets can be viewed as the value of the assets or originated debt being given up. This was based upon an analysis of the transactions to acquire claims or debt compared with the gross amount of the debt or claim. The Company determined an appropriate ratio and applied that to the originated debt values to derive a surrogate value.

Furthermore, an alternative value of the estimated recoverable amount was derived based primarily upon a discounted cash flow model of the Corner Bay project, adjusted for other potential claims against the property and taking into account the continuation of the partnership with Ocean Partners. However, additional factors were also taken into account including: the estimated value of a fully-permitted mill, probabilities and risk weightings of outcomes, discussions with potential acquirers and estimated value of possible deals, the length of time of alternatives including time to production and so on.

There is a high degree of variability in many of the factors used to arrive at an estimated recoverable amount. The Company believes that, absent any acceptable definitive offer, the methodology used is an appropriate, prudent measure of the estimated recoverable amount. The Company is continuing to assess its options to best realize on its interests and will continue to be actively involved in the process with CBay and Ocean Partners until its conclusion.

Given that CBay now owns assets directly, the Company has reclassified the former *Interest in Chibougamau* into its share of direct asset components being *Property and equipment* of \$1,386,000 (Note 10) and *Exploration and evaluation projects* of \$3,820,000 (Note 11) on the consolidated balance sheets. The allocation between components is subject to a high degree of measurement uncertainty.

During 2012, the Company recovered approximately \$30,000 on its investment in Campbell shares; this is recorded as a *Recovery of provision for Chibougamau* through the consolidated statement of operations.

13. LOAN RECEIVABLE

	December 31, 2012	December 31, 2011
Loan receivable	\$ 1,000	\$ -
Accrued interest receivable	9	-
	\$ 1,009	\$ -

The Company entered in a loan agreement in November 2012 that provided a loan facility for \$1,000,000. The Loan bears interest at 12% per annum and matures on January 31, 2015; it is secured by equipment and a general security agreement over the borrower's assets. Subsequent to December 31, 2012, the Company amended the loan agreement as described in Note 30.

Notes to the Consolidated Financial Statements

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14. ROYALTY INTEREST

On April 20, 2010, pursuant to the sale of Cameron Lake to Coventry, the Company retained a royalty interest in the Cameron Lake property. The royalty interest was a 3% NSR under which Coventry had the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of \$2,000,000 or issuing additional Coventry shares with an equivalent market value. The royalty was accounted for using the cost basis and recorded at \$3,000,000.

Effective the first quarter of 2012, the Company decided to sell its royalty interest in the Cameron Lake property which is held by Coventry and a marketing strategy was implemented. In September 2012, the Company sold the royalty interest for \$5,003,000, being US\$5,100,000, and recorded a net gain on sale of \$1,992,000 after expenses.

15. DEFERRED TAX ASSET

Deferred tax assets and liabilities are recognized for temporary differences between the carrying value of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are considered probable to be realized.

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	December 31, 2012	December 31, 2011
Temporary differences		
Equipment	\$ 389	\$ 385
Share issue costs	65	72
Net tax losses carried forward	1,587	1,443
Eligible capital property and other	258	262
Capital losses, net	1,075	947
	3,374	3,109
Unrecognized deferred tax assets	(3,339)	(3,273)
	35	(164)
Deferred tax liability		
Exploration and development	(35)	164
Deferred Tax Asset, Net	\$ -	\$ -

Unrecognized deferred tax assets equal the full amount of the available deferred tax benefit, as the likelihood of utilizing the remaining unused tax losses and other tax deductions is not probable; it cannot be determined at this time. In 2012, the Company determined that certain reclassifications were required to certain of its deferred tax asset/liability components related to 2011. Because the criteria for net presentation was met, there was no material effect on the unrecognized deferred tax assets.

Non-capital losses expire as follows:

	Amount
2028	\$ 103
2029	1,317
2031	2,078
2032	2,275
	\$ 5,773

The Company also has realized capital losses available for carryforward of approximately \$6,536,000 (December 31, 2011 - \$6,268,000). These losses do not expire and may be utilized to reduce future capital gains, if any.

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Movement in Temporary Differences during the Year

	As at January 1, 2012	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2012
Property and equipment	\$ 385	\$ 4	\$ -	\$ -	\$ 389
Share issue costs	72	(36)	-	29	65
Net tax losses carried forward	1,443	144	-	-	1,587
Eligible capital property and other	262	(4)	-	-	258
Capital losses (net)	947	-	128	-	1,075
	3,109	108	128	29	3,374
Unrecognized deferred tax assets	(3,273)	91	(128)	(29)	(3,339)
	(164)	199	-	-	35
Deferred tax liability					
Exploration and evaluation projects	164	(199)	-	-	(35)
Deferred tax asset, net	\$ -	\$ -	\$ -	\$ -	\$ -

	As at January 1, 2011	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2011
Property and equipment	\$ 57	\$ 328	\$ -	\$ -	\$ 385
Share issue costs	108	(59)	-	23	72
Net tax losses carried forward	875	568	-	-	1,443
Eligible capital property and other	262	-	-	-	262
Capital losses (net)	1,235	(393)	105	-	947
	2,537	444	105	23	3,109
Unrecognized deferred tax assets	(1,957)	(1,293)	-	(23)	(3,273)
	580	(849)	105	-	(164)
Deferred tax liability					
Exploration and evaluation projects	(580)	744	-	-	164
Deferred tax asset, net	\$ -	\$ (105)	\$ 105	\$ -	\$ -

16. TRADE AND OTHER PAYABLES

	Note	December 31, 2012	December 31, 2011
Trade payables			
E&E projects		\$ 93	\$ 162
Non-project related		104	123
Flow-through premium liability		265	171
Other payables		9	5
Due to Victory Nickel Inc.	25	43	20
Accrued liabilities			
E&E projects		91	60
Non-project related		411	488
		\$ 1,016	\$ 1,029

Notes to the Consolidated Financial Statements

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The following table shows the continuity of the flow-through premium liability:

As at and for the years ended December 31,	Notes	2012		2011
Balance as at beginning of year		\$	171	\$ 48
December, 2010 financing:				
Flow-through premium through finance income			-	(48)
July and August, 2011 financing:				
Flow-through premium	19		-	150
Flow-through premium through finance income			(126)	(24)
December, 2011 financing:				
Flow-through premium	19		-	45
Flow-through premium through finance income			(45)	-
February and March, 2012 financing:				
Flow-through premium	19		321	-
Flow-through premium through finance income			(56)	-
Balance as at end of year		\$	265	\$ 171

17. LONG-TERM LIABILITIES

Payable from Acquisition of Campbell Debt

The Company, through CBay, has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 12). The Company is required to pay \$300,000 on the basis of \$0.25 per ton of ore processed through the CBay mill with any remaining balance due three years after implementation of a mine plan. The mill requires refurbishment, processing is not presently possible and a mine plan has not been completed. Therefore, the Company has used a time horizon of three years from the end of the calendar year; the time horizon will be reassessed on a frequent basis. The fair value of the amount, using a discount rate of 11.5% (the rate of the financing with OP), is \$213,000 as at December 31, 2012 (December 31, 2011 using a discount rate of 8% - \$266,000). Accordingly, a net adjustment was made to accretion and the long-term obligation in the year of \$53,000 and Nuinsco will accrete the future value of the obligation by interest charges through operations. Accordingly, in the year ended December 31, 2012, aggregate accretion of \$nil (December 31, 2011 - \$25,000) was added to the long-term obligation and recorded as interest expense.

Long-term Loan Facility

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility") which is subject to customary conditions for a financing of this type. The terms of the Facility are as follows. The Facility can be drawn down in minimum amounts of \$500,000, with \$1,500,000 immediately available and the balance available six months from closing. The Facility matures in 18 months with the availability of a one-time extension period of six months upon issuance of 3% of the principal amount extended payable in CBay shares owned by Nuinsco. A facility fee of \$50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco's CBay shares. As at December 31, 2012, the Facility was unutilized.

The aggregate loan fees and expenses related to the loan of \$210,000 are included as *Other assets* on the Consolidated Balance Sheet and will be reclassified as a contra-liability upon drawdown of the loan and amortized through operations as interest expense using the effective interest rate method over the life of the loan. On February 1, 2013, the Company drew down \$1,000,000 on this Facility.

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

- the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.
- (c) In 2011, 7,477,114 common shares were issued upon the exercise of warrants. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.
 - (d) On May 25, 2011, the Company issued common shares to an employee and officer as discretionary bonuses pursuant to the Company's Share Bonus Plan.
 - (e) In July and August 2011, the Company issued flow-through common shares at a price of \$0.15 per unit. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of 24 months from closing. Upon closing, the Company issued 289,165 finder's warrants that entitle the holder to purchase one common share at an exercise price of \$0.15 for a period of 24 months. The Company apportioned proceeds of \$150,000 to the flow-through premium, \$212,000 was attributed to the share purchase warrants and \$18,000 to the cost of the finder's warrants recorded through contributed surplus.
 - (f) In December 2011, the Company issued flow-through common shares at a price of \$0.09 per unit. Upon closing, the Company issued 22,833 finder's warrants that entitle the holder to purchase one common share at an exercise price of \$0.09 for a period of 18 months. The Company apportioned proceeds of \$45,000 to the flow-through premium and \$1,000 to the cost of the finder's warrants recorded through contributed surplus.
 - (g) In August 2011, the Company issued common shares pursuant to the option agreement entered into with respect to the J. Tobrar property in Sudan.
 - (h) On January 23, 2012, the Company issued common shares to acquire the royalty on the Prairie Lake property (Note 11).
 - (i) In February and March 2012, the Company issued flow-through units (each a "Unit") at a subscription price of \$0.14 per Unit generating aggregate proceeds of \$1,000,000. Each Unit consisted of one common share and one-half of a share purchase warrant. The Company apportioned proceeds of \$321,000 to the flow-through premium and \$86,000 was attributed to the share purchase warrants recorded through contributed surplus.
 - (j) On July 30, 2012, the Company issued 923,864 common shares to extend the agreement on Diabase Peninsula as described in Note 11.
 - (k) In November 2012, the Company issued common shares to an officer as a discretionary bonus pursuant to the Company's Share Bonus Plan.
 - (l) In December 2012, the Company issued common shares as part of a loan fee with respect to the Facility (Note 17).

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.

Share Purchase Plan

Under the Share Purchase Plan, eligible directors, senior officers and employees 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 the TSX for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2012 or 2011. 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.

Notes to the Consolidated Financial Statements

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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.

In 2012, 454,545 common shares were issued under the Share Bonus Plan (2011 – 112,000). The entitlement to shares issued under the Share Bonus Plan in 2012 and 2011 vested immediately. 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.

Shareholder Rights Plan

In April, 2007, the Company adopted a shareholder rights plan ("Shareholder Rights Plan") which was subsequently confirmed by its shareholders at its 2007 Annual Meeting and the term extended to 2013 at the Annual Meeting held on June 2, 2010. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors authorized the issuance of one right (a "Right") in respect of each common share outstanding at the close of business on April 23, 2007 (the "Record Time"). In addition, the Board authorized the issuance of one Right in respect of each additional common share issued after the Record Time. Rights trade with and are represented by common share certificates, including certificates issued prior to the Record Time. Until such time as the Rights separate from the common shares and become exercisable, Rights certificates will not be distributed to shareholders.

If a person, or a group acting in concert, acquires (other than pursuant to an exemption available under the Shareholder Rights Plan) beneficial ownership of 20% or more of the common shares, Rights (other than those held by such acquiring person which will become void) will separate from the common shares and permit the holder thereof to purchase common shares at a 50% discount to their market price. A person, or a group acting in concert, who is the beneficial owner of 20% or more of the outstanding common shares as of the Record Time is exempt from the dilutive effects of the Shareholder Rights Plan provided such person (or persons) does not increase its beneficial ownership by more than 1% (other than in accordance with the terms of the Shareholder Rights Plan). At any time prior to the Rights becoming exercisable, the Board may waive the operation of the Shareholder Rights Plan with respect to certain events before they occur.

The issuance of the Rights is not dilutive until the Rights separate from the underlying common shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders currently trade their common shares.

Accumulated Other Comprehensive Income or Loss ("AOCI")

AOCI is comprised of the following separate components of 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 until the financial assets are derecognized.

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.

Notes to the Consolidated Financial Statements

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20. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the years ended December 31, 2012 and 2011 was based on the information in the table below.

Years ended December 31,	2012	2011
Balance as at beginning of year	280,212,000	254,205,000
Effect of share options exercised	-	66,000
Effect of warrants exercised	-	5,088,000
Effect of shares issued pursuant to private placements	5,738,000	7,065,000
Effect of shares issued for property	3,445,000	279,000
Effect of shares issued under Share Bonus Plan	70,000	68,000
Effect of shares issued for loan fee	109,000	n/a
Weighted average number of common shares - basic	289,574,000	266,771,000
Effect of share options granted and outstanding	732,000	5,811,000
Effect of warrants issued and outstanding	-	1,796,000
Weighted average number of common shares - diluted	290,306,000	274,378,000
Net income (loss) attributable to shareholders	\$ 527	\$ (4,403)
Basic earnings (loss) per share	\$ 0.00	\$ (0.02)
Diluted earnings (loss) per share	\$ 0.00	\$ (0.02)

For the year ended December 31, 2012, 23,498,000 options and 9,293,000 warrants were excluded from the diluted weighted average number of common shares' calculation. For December 31, 2011, all outstanding options and warrants were anti-dilutive since the Company incurred a loss in the year. The table above provides the weighted average number of shares on a dilutive basis for 2011 for information only. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the respective periods during which the options were outstanding.

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on earnings per share.

21. 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.

As at December 31, 2012, the Company had 20,099,000 (December 31, 2011 – 21,517,000) common shares 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. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)

Outstanding warrants as at December 31, 2012 consist of warrants issued pursuant to private placements. The Company does not have any cash-settled transactions.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 19.

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(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

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 period and granted to executive management, employees and consultants have a maximum term of five years and are equity-settled. Of the options granted, 50% vest immediately, while the remaining options are exercisable after one year.
- Options issued during the period and granted to directors have a maximum term of five years and are equity-settled. All options granted to directors vest immediately.
- Certain options issued prior to August 2006, had a maximum term of 10 years.
- All options are to be settled by physical delivery of shares.

Share purchase warrants

The terms and conditions relating to the grants of the share purchase warrants are as follows; all warrants are to be settled by physical delivery of shares and as such, are equity-settled. Warrants issued are generally exercisable for a period of 12 to 24 months from issue date; the warrants issued under the rights offering were not exercisable until 12 months from issue and expired 12 months thereafter.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

The number and weighted average exercise prices of options are as follows:

Years ended December 31,	Number of options		Weighted average exercise price	
	2012	2011	2012	2011
Outstanding as at beginning of year	20,515,000	17,535,000	\$ 0.14	\$ 0.14
Granted	5,550,000	5,105,000	\$ 0.06	\$ 0.17
Exercised	-	(100,000)	\$ -	\$ 0.06
Expired	(1,835,000)	(2,025,000)	\$ 0.29	\$ 0.24
Outstanding as at end of year	24,230,000	20,515,000	\$ 0.11	\$ 0.14
Exercisable as at end of year	22,505,000	19,362,500	\$ 0.11	\$ 0.14

For options granted during 2012, the weighted average fair value at the date of grant was \$0.048 (2011 - \$0.15).

As at December 31,	Number of options outstanding		Weighted average remaining contractual life (years)	
	2012	2011	2012	2011
Range of exercise prices				
\$0.030 to \$0.050	4,600,000	4,600,000	1.94	2.20
\$0.055 to \$0.055	1,100,000	1,100,000	2.61	3.61
\$0.060 to \$0.075	5,680,000	130,000	4.25	4.95
\$0.080 to \$0.100	4,350,000	4,350,000	2.01	3.01
\$0.110 to \$0.150	1,000,000	1,350,000	0.01	0.92
\$0.160 to \$0.170	4,750,000	4,750,000	3.20	4.18
\$0.180 to \$0.260	2,400,000	2,400,000	1.26	2.26
\$0.270 to \$0.350	350,000	1,635,000	0.48	1.06
\$0.360 to \$0.488	-	200,000	-	0.28
	24,230,000	20,515,000	2.49	2.74

A total of 5,550,000 options were granted during 2012 (2011 – 5,105,000) to key management personnel, employees and consultants. This resulted in share-based payment expense of \$277,000 in the year ended December 31, 2012. Furthermore, on June 6, 2012, the Company agreed to extend options granted to a retiring director to their original terms; this resulted in an additional expense of \$48,000. Aggregate share-based payment expense in the year ended December 31, 2011 was \$595,000.

Of the 24,230,000 options outstanding as at December 31, 2012, 1,725,000 are subject to vesting (as at December 31, 2011 – 20,515,000 options were outstanding of which 1,152,500 were subject to vesting). The aggregate fair

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value of these unvested options not yet charged to operations is \$22,000 (as at December 31, 2011 - \$32,000). For options exercised during 2011, the weighted average market price was \$0.15; no options were exercised in 2012.

The Company's jointly-controlled company, CBay, has entered into an arrangement with its CEO to provide options in that company. Nuinsco's share of the cost of the option arrangement is \$40,000. Given that CBay is a private entity and newly-created, there is a high degree of measurement uncertainty associated with this estimate which was derived using an estimated term to expiry of one year and a volatility of 68%.

Share purchase warrants

The number and weighted average exercise prices of warrants are as follows:

As at and for the years ended December 31,	Date Issued	Life ⁽¹⁾	Number of warrants		Weighted average exercise price	
			2012	2011	2012	2011
Issued pursuant to rights offering						
	April 22, 2009	12		7,629,996		\$ 0.10
	<i>Exercised</i>			(7,350,829)		
	<i>Expired</i>			(279,167)		
Issued pursuant to private placements						
	December 21, 2009	24		9,445,020		\$ 0.15
	<i>Exercised</i>			(333,333)		
	<i>Expired</i>			(9,111,687)		
	December 31, 2009	24		185,000		\$ 0.15
	<i>Expired</i>			(185,000)		
	October 4, 2010	12		3,571,429		\$ 0.10
	<i>Exercised</i>			(415,050)		
	<i>Expired</i>			(3,156,379)		
	October 4, 2010	24	5,600,000	5,600,000	\$ 0.10	\$ 0.10
	<i>Expired</i>		(5,600,000)			
	December 31, 2010	12		1,216,615		\$ 0.25
	<i>Expired</i>			(1,216,615)		
	January 10, 2011	12	1,562,500	1,562,500	\$ 0.22	\$ 0.22
	<i>Expired</i>		(1,562,500)			
	July 29, 2011	24	1,833,315	1,833,315	\$ 0.20	\$ 0.20
	August 3, 2011	24	2,151,533	2,151,533	\$ 0.20	\$ 0.20
	August 29, 2011	24	333,334	333,334	\$ 0.20	\$ 0.20
	August 30, 2011	24	970,984	970,984	\$ 0.20	\$ 0.20
	December 30, 2011	18	22,833	22,833	\$ 0.09	\$ 0.09
	February 24, 2012	18	3,410,750	n/a	\$ 0.20	n/a
	February 24, 2012	18	409,290	n/a	\$ 0.14	n/a
	March 12, 2012	18	138,250	n/a	\$ 0.20	n/a
	March 13, 2012	18	22,429	n/a	\$ 0.20	n/a
Outstanding as at end of year			9,292,718	12,474,499	\$ 0.26	\$ 0.16

(1) The life of warrants is generally stated in months from issue date; for warrants issued pursuant to the rights offering, the warrants were exercisable 12 months from issue date.

Inputs for Measurement of Grant-Date Fair Values

The grant-date fair value of share-based payments, including any modifications, was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility.

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The inputs used in the measurement of the fair values at grant date of the share-based payments granted, modified or issued during the periods are as follows:

Years ended December 31,	Options		Warrants	
	2012	2011	2012	2011
Fair value at grant/modification date	\$0.001 to \$0.048	\$0.055 to \$0.169	\$0.018 to \$0.031	\$0.041 to \$0.064
Share price at grant/modification date	\$0.055 to \$0.065	\$0.075 to \$0.235	\$0.09 and \$0.095	\$0.08 to \$0.18
Assumptions				
Exercise price	\$0.05 to \$0.065	\$0.075 to \$0.235	\$0.14 and \$0.20	\$0.09 to \$0.22
Expected volatility	82% to 110%	104% and 108%	87% and 93%	88% to 97%
Life (years)	0.58 to 4.83	4	1.5	1 to 2
Expected dividends	-	-	-	-
Risk-free interest rate	0.99% to 1.53%	1.18% and 2.31%	1.12% to 1.20%	0.96% to 1.67%

22. FINANCE INCOME AND FINANCE COSTS

Years ended December 31,	Notes	2012	2011
Interest income on bank deposits		\$ 7	\$ 4
Interest on loan receivable	13	9	-
Flow-through premium	16	227	72
Net foreign exchange gain		64	-
Net interest income on remeasurement of financial liabilities measured at amortized cost	17	53	-
Finance income		360	76
Interest expense on financial liabilities measured at amortized cost	17	-	25
Net foreign exchange loss		-	74
Finance costs		-	99
Net Finance Income (Costs)		\$ 360	\$ (23)

23. INCOME TAXES

The income tax amount in the year ended December 31, 2012 is \$nil; in 2011, the expense of \$105,000 relates to income taxes on the change in value of marketable securities.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for each of the years ended December 31, 2012 and 2011, of 26.5% to the income before income taxes.

The differences are summarized as follows:

Years ended December 31,	2012	2011
Statutory rate applied to income (loss) before income taxes	\$ 140	\$ (1,139)
Non-taxable income	-	(27)
Non-deductible items, net	89	169
Effect of rate change	(138)	(74)
Effect of change through OCI	-	105
Unrecognized deferred tax assets	(91)	1,071
Income tax expense	\$ -	\$ 105

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

24. 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 as well as providing administrative support to Victory Nickel and CBay (Note 25). The projects are currently located in Canada and Turkey. 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 balance sheets.

Geographic Information

As at December 31,	Notes	2012	2011
Canada			
Corporate		\$ 4,535	\$ 2,224
Chibougamau camp	10, 11, 12	5,687	5,206
Diabase Peninsula	11	9,046	8,041
Prairie Lake	11	3,372	2,886
Royalty interest	14	-	3,000
		22,640	21,357
Turkey			
Berta	11	1,202	1,197
		1,202	1,197
Total Assets		\$ 23,842	\$ 22,554

Revenues in each period are generally attributable to the corporate office in Canada; revenue in 2012 relates to CBay and the Chibougamau camp. There have been no changes in the reportable segments or the treatment of segmented assets and revenues year over year.

25. 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, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. 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 (Notes 19 and 21).

Balances and transactions with related parties as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,	2012	2011
Balances Outstanding		
Payable to key management personnel	\$ 57	\$ 158
Key management personnel compensation comprised:		
Years ended December 31,	2012	2011
Short-term employee benefits	\$ 750	\$ 715
Share-based payments - options	209	451
Share-based payments - Share Bonus Plan	25	11
	\$ 984	\$ 1,177

Balances and Transactions with Victory Nickel and CBay under the Management Agreements

The Company shares management, administrative assistance and facilities with Victory Nickel and CBay pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director. The costs recovered from Victory Nickel and CBay

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBay upon 60 days' notice.

Balances and transactions with Victory Nickel and CBay under the management agreements as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,	2012		2011	
Balances Outstanding				
Payable to Victory Nickel Inc. under management agreement	\$	43	\$	20
<hr/>				
Years ended December 31,	2012		2011	
Transaction Values				
Overhead charges to Victory Nickel Inc.	\$	654	\$	829
Overhead charges from Victory Nickel Inc.	\$	27	\$	-
Project costs charged by Victory Nickel Inc.	\$	22	\$	39
Project recoveries charged to Victory Nickel Inc.	\$	31	\$	67
Overhead charges to CBay Minerals Inc.	\$	247	\$	-
Project recoveries charged to CBay Minerals Inc.	\$	35	\$	-

Amounts due to or from Victory Nickel and CBay under the management agreements are unsecured, non-interest bearing and due on demand. Amounts due to or from Victory Nickel and CBay are settled on a regular basis. Nuinsco has agreed to defer the payment by Victory Nickel of a portion of its charges related to management salaries consistent with deferrals accepted by Victory Nickel's executive employees. Payables to key management personnel generally relate to directors' fees, consulting fees and expense reimbursements.

26. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

Years ended December 31,	2012		2011	
Ownership Interest				
	Country of Incorporation			
Lakeport Gold Corporation	Canada	100%		100%
CBay Minerals Inc.	Canada	50%		50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%		100%
Nuinsco Exploration Inc.	BVI	50%		50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	50%		50%
NuMENA Minerals Corp.	Canada	100%		100%

None of the companies included in the table above is a public company. Lakeport Gold Corporation is inactive; CBay Minerals Inc. is a jointly-controlled entity with Ocean Partners and owns the Chibougamau mining camp; Nuinsco Madencilik Sanaye Ticaret is a wholly-owned subsidiary and was incorporated to hold the Company's Turkish licenses; Nuinsco Exploration Inc. is a jointly-controlled entity with QCC and was pursuing the rights, through Z-Gold Resources Limited to the gold concessions in Egypt; NuMENA Minerals Corp. is presently inactive and was incorporated as a potential vehicle to spin off certain of the Company's assets in the MENA region. This initiative has been put on hold. NuMENA will be inactive until circumstances warrant otherwise.

27. JOINTLY-CONTROLLED ENTITIES

The Company has interests in two joint ventures that are jointly-controlled being CBay Minerals Inc. and Nuinsco Exploration Inc. which is not a significant venture given the cessation of activity in Egypt. Both joint ventures are proportionately consolidated. Included in the Company's consolidated financial statements are the following items that represent the Company's interest in the assets and liabilities, revenues and expenses of CBay:

Notes to the Consolidated Financial Statements

(all tabular amounts in thousands of Canadian dollars, except common share and per share information)

As at and for the years ended December 31,	Notes	2012	2011
CBay Minerals Inc.			
Current assets		\$ 79	\$ 2
Property and equipment	10	\$ 974	\$ 1,386
Exploration and evaluation project	11	\$ 4,273	\$ 3,820
Current liabilities		\$ 283	\$ 212
Long-term liability	17	\$ 213	\$ 266
Other income		\$ 120	\$ -
Operating expenses		\$ 352	\$ 4
Writedown of interest in Chibougamau	(a)	\$ -	\$ 3,526
Net finance income (costs)	22	\$ 53	\$ (25)

(a) The writedown of interest in Chibougamau in 2011 is offset by an equal and offsetting adjustment in Nuinsco therefore the writedown is \$nil on consolidation, before taking effect of revaluation of estimated recoverable amount.

28. COMMITMENT

Flow-through Commitments

As at December 31, 2012, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2011 and 2012 of \$nil and \$792,000, respectively (December 31, 2011 – financings in 2011 of \$1,668,000). The 2012 commitment is required to be satisfied by December 31, 2013; the 2011 commitment has been fulfilled.

29. CONTINGENCY

CRA Reassessment

In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately \$4,400,000 from the CRA related to transactions completed in 2006. The Company filed notices of objection on May 19, 2011 and also, on July 22, 2011, filed a request for adjustment to correspondingly adjust its tax pools and losses, in the unlikely event that the Company's appeal is unsuccessful. The appeal process could be lengthy and the Company believes that its position is correct and believes it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter.

30. SUBSEQUENT EVENT

Loan Receivable

On March 25, 2013, the Company announced that it had amended and restated the loan agreement to increase the secured loan facility to up to \$3,000,000 under certain circumstances (the "Amended Loan"). As with the original loan, the Amended Loan bears interest at 12% per annum, payable quarterly in arrears, and matures on January 31, 2015. Prior to June 1, 2014, the Company has the right to convert the outstanding balance of the Amended Loan into a participating interest (the "Conversion") whereby the Company is entitled to receive a share of cash flows earned from the sale of frac sand from the borrower's subsidiary. The Company's participation is capped at \$10,000,000, with a minimum of \$7,500,000, and is subject to adjustment under certain circumstances. On Conversion, the Amended Loan would be considered paid in full. The Company has also agreed to backstop an equity issue, if any is announced, with cash or by converting a portion of the Amended Loan into shares, at the Company's option to an amount up to \$1,500,000 under certain circumstances.

The borrower will pay, with shares, an arrangement fee of up to \$300,000 plus a commitment fee of 1.5% per annum on unutilized balances.

There have been no other additional developments not already discussed elsewhere in these consolidated financial statements.



NUINSCO RESOURCES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2012 and 2011**

DATED MARCH 25, 2013

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years ended December 31, 2012 and 2011

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of March 25, 2013 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2012 and 2011, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the years ended December 31, 2012 and 2011 ("2012 Audited Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

Certain information and discussion included in this Management's Discussion & Analysis ("MD&A") constitutes forward-looking information. Readers are encouraged to refer to the cautionary notes contained in the section Forward-Looking Statements at the end of this MD&A.

The 2012 Audited Consolidated Financial Statements are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

NATURE OF OPERATIONS

Nuinsco is focused on identifying and exploiting mineral investment opportunities worldwide using its exploration programs and operating and financial expertise. The Company currently has gold, uranium, phosphate, rare metals and copper assets in world-class mineralized belts in Canada's provinces of Saskatchewan, Ontario and Québec and in Turkey. In addition to its property holdings, Nuinsco owns a 50% interest in CBay Minerals Inc. ("CBay"), a private company that has a dominant position in Québec's Chibougamau mining camp with assets including a permitted mill, tailings facility, eight past-producing copper/gold mines and a 96,000 acre land position. Shares of Nuinsco trade on the Toronto Stock Exchange ("TSX") under the symbol NWI.

The Company continues to achieve positive results from its Diabase Peninsula project and the Prairie Lake complex and in 2011 achieved a milestone along with Ocean Partners Investments Limited ("Ocean Partners") by successfully bidding for the assets of the prolific Chibougamau mining camp in northern Québec through the court-supervised CCAA process. In 2012, a 2,000 metre drill program was completed at the Diabase Peninsula uranium project in Saskatchewan and additional testing has been performed which has established that a marketable phosphate concentrate can be produced at Prairie Lake. An exploration program at Chibougamau has commenced in 2012 and will continue in 2013.

In addition to its property holdings, Nuinsco owns common shares of Victory Nickel Inc. ("Victory Nickel") TSX:NI and common shares of Coventry Resources Limited ("Coventry") listed on the Toronto Venture Exchange ("TSX-V") and Australian Stock Exchange ("ASX") both under the symbol CYY. These assets are available to be monetized to finance the Company's exploration programs, operating costs and reduce equity dilution to shareholders. On September 27, 2012, the Company sold its royalty interest in the Cameron Gold project for US\$5,100,000.

Notwithstanding the significant improvement in the Company's financial condition, it 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. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") as described in Note 29 to the 2012 Audited Consolidated Financial Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties and Liquidity and Capital Resources sections for additional information.

The Company continues to make significant progress in its strategy to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). On June 28, 2011, the Company announced that the Québec Superior Court had approved the joint proposal of Nuinsco and Ocean Partners and as a result directed the receiver to transfer ownership of all exploration, mining, processing and other assets located in and near Chibougamau, Québec. Effective October 25, 2011, ownership of this suite of assets was transferred to CBay, a jointly-owned company.

The Company's 2012 Audited Consolidated Financial Statements 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. As at December 31, 2012, the Company had working capital of \$2,197,000 (December 31, 2011 –

working capital of \$1,138,000). Working capital is defined as current assets less current liabilities.

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility") which is subject to customary conditions for a financing of this type. The terms of the Facility are as follows. The Facility can be drawn down in minimum amounts of \$500,000, with \$1,500,000 immediately available and the balance available six months from closing. The Facility matures in 18 months with the availability of one six-month extension period upon issuance of 3% of the amount payable in CBay shares owned by Nuinsco. A facility fee of \$50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco's CBay shares. As at December 31, 2012, the Facility was unutilized; refer to Note 17 to the 2012 Audited Consolidated Financial Statements.

SIGNIFICANT EVENTS

During and subsequent to the year ended December 31, 2012, the Company:

Corporate

- Postponed the NuMENA Minerals Corp. ("NuMENA") spinoff initiative indefinitely due to political uncertainty in the Middle East North Africa ("MENA") region.
- Completed a flow-through financing, raising gross proceeds of \$1,000,000; which is primarily slated for exploration of the Company's projects in and near Chibougamau, Québec.
- Appointed Roland Horst as CEO of CBay to lead the restructuring and exploitation of the Chibougamau mining assets.
- Entered into a management agreement with CBay.
- Signed a loan facility of \$2,500,000 as described above.
- Entered into a loan agreement with a third party to advance up to \$3 million as described in Liquidity and Capital Resources.

Gold

- Advised the Egyptian Mineral Resources Agency ("EMRA") that the Company would not continue to pursue tenure of two concessions in Egypt.
- Elected not to exercise option on the J. Tobrar gold concession in north-eastern Sudan.
- Sold the Cameron Gold project royalty for US\$5,100,000.
- Sold the Eastmain royalty through CBay.
- Commenced an exploration program, including data management and evaluation, ground geophysics and drilling, on CBay's Chibougamau gold properties.
- Announced positive drill results from program at Chibougamau.

Copper

- Announced 2012 drill program and its commencement at Berta in Turkey by its joint venture partner Xstrata Copper Canada ("Xstrata").
- Elected to surrender interest in the Elmalaan copper/zinc project in Turkey.
- Filed updated NI 43-101 mineral resource estimate for CBay's Corner Bay copper deposit in Québec.
- Announced results that further indicate large scale of copper mineralization at Berta.
- Announced the option of Perch River copper project through CBay.

Uranium, Phosphorus and Rare Metals

- Repurchased the 2% royalty interest on Prairie Lake for \$300,000 of Nuinsco shares making the property royalty-free.
- Conducted a 1,500 metre drilling program at Diabase Peninsula targeting uranium mineralization indicated by strong uranium anomalies and deposit indicators from past work.
- Diluted Trend Mining Company of Denver ("Trend") to a royalty interest in Diabase Peninsula with the 2012 drill program; subsequently purchased Trend's royalty interest.
- Advanced metallurgical studies at Prairie Lake; results demonstrate the ability to produce a marketable phosphate concentrate grade.
- Announced the extension of the Diabase Peninsula Uranium project agreement and option payment for one year with additional extension available.
- Announced drill results from the Diabase Peninsula Uranium project which provide further support for the potential of a significant mineral occurrence.

OUTLOOK

The market continues to impose very low valuations on junior exploration companies. So what now? We wait. We conserve cash. We highlight our differences and distinctiveness and take advantage of opportunities created by the market.

As we wait for greater certainty and investor confidence to firm up, Nuinsco must continue to differentiate itself. Like all, we have implemented a program to ensure that only essential expenditures are made. Unless immediate return can be measured, the expenditure is not allowed. The Company will mainly focus on cash-generating opportunities in the short-term to provide the funding necessary to continue our exploration activities. Exploration programs will be developed to best utilize the flow-through financing commitments to be spent before the end of 2013.

The majority of exploration companies are one project companies. Nuinsco is different; it could be termed a conglomerate of the exploration world. Just read further and you will soon see what we see; a sound future.

Chibougamau

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines. CBay owns:

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,722 tonnes per day mill and tailings facility; and
- in excess of 96,000 acres of highly-prospective exploration property.

Management has always believed that the Chibougamau properties provide not only production opportunities but also extremely attractive exploration potential. Given the paucity of exploration on these properties in the past 20-30 years the old adage that "the best place to look for new ore is in the shadow of a head frame" was never more apt than in Chibougamau. As such, Nuinsco has initiated an exploration program in the Chibougamau mining camp, initially focused on gold prospects. Recently announced results would, at any other time, cause investors to take notice. Not in this market, however.

An updated NI 43-101 report on CBay's Corner Bay mine has been completed along with an independent study of the metallurgical facilities to establish the cash requirements to get the mill back into production. The next step will be to prepare a report on the cost to complete the development of Corner Bay and to quantify the cost of reopening past-producers, with initial consideration going to the Cedar Bay gold mine. With this, a plan on how best to get back into production will be prepared.

Prairie Lake

At Prairie Lake, already one of the largest deposits of its type in the world with only 12% of the property evaluated, discussions have started with potential partners in the fertilizer business to establish the viability of advancing the project. Indications are that the quality of the phosphate concentrate could also be attractive to the higher-value industrial market. In addition, aspects of niobium-tantalum mineralization and metallurgy continue to be examined.

Diabase Peninsula

On the uranium front, the Company's Diabase Peninsula project in the Athabasca Basin of Saskatchewan continues to gain prominence. We released results from the 2011/2012 drill program and also announced an extension to the option agreement and purchased the royalty held by Trend. Although the drill results were not the discovery we had hoped for, they were not disappointing, support continuation of the program and speak to the impressive potential of this project.

Turkey

At the Berta project, Xstrata, our joint venture partner, has completed a six-hole 4,720m drill program. Every hole, even though very widely spaced, has returned anomalous copper mineralization indicating the huge scale and continuity of the anomaly. Results are being reviewed to determine the next step.

Overall

Nuinsco is fortunate to have always had numerous very attractive projects in a variety of world class locations. While today's confused equity markets persist, management believes that the significant disconnect between share price and asset value cannot last. The recent lack of funding available for the exploration activities required to replace global resources which are being depleted at an exponential rate to fuel growing demand for natural resources will hopefully result in a recovery as the availability of advanced exploration projects disappears due to this lack of funding.

The Company recognizes that its liquidity is constrained due to the lack of cash available from the equity markets. However, given the royalty sales and recently-announced credit facility, Nuinsco is in considerably better financial shape than many of its peers. Management will continue to carefully monitor all expenditures and selectively reduce exploration programs, if necessary, until financing is available. We will consider all funding sources with a view to minimizing dilution to our existing shareholders as we wait for appropriate asset valuations to return to the market.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

For the years ended December 31, (in thousands of Canadian dollars, except per share amounts)	2012	2011	2010
Summary Operating Results Data			
Other income	\$ 120	\$ 100	\$ -
General and administrative costs	(1,478)	(1,878)	(1,422)
Pre-exploration write-offs	(17)	(120)	(223)
Writedown of exploration and evaluation projects	(79)	(2,622)	(421)
Elements of net finance income (costs)			
<i>Flow-through premium</i>	\$ 227	\$ 72	\$ 561
<i>Foreign exchange gain (loss)</i>	64	(74)	161
<i>Net interest income (expense)</i>	53	(25)	(224)
<i>Loss on securities held for trading</i>	-	-	(403)
<i>Other</i>	16	4	36
Net finance income (costs)	360	(23)	131
Gain on sale of royalty interest	1,992	-	-
Recovery of provision for Chibougamau	30	870	-
Income tax expense	-	(105)	(1,212)
Net income (loss)	527	(4,403)	(3,641)
Total comprehensive loss	(71)	(6,154)	(2,428)
Earnings (loss) per share	0.00	(0.02)	(0.02)

As at December 31, (in thousands of Canadian dollars, except per share amounts)	2012	2011	2010
Summary Balance Sheet Data			
Cash and cash equivalents	\$ 2,275	\$ 516	\$ 628
Marketable securities	828	1,531	5,463
Other current assets	110	120	873
Property and equipment	1,077	1,443	70
Exploration and evaluation projects	18,333	15,944	12,382
Other resource interests	-	3,000	7,263
Loan receivable	1,009	-	-
Total assets	23,842	22,554	26,679
Current liabilities	1,016	1,029	2,601
Long-term obligations	213	266	246
Total shareholders' equity	\$ 22,613	\$ 21,259	\$ 23,832

RESULTS OF OPERATIONS

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

In the year ended December 31, 2012, the Company had net income of \$527,000, or \$0.00 per share, compared with a net loss of \$4,403,000, or \$0.02 per share, in the year ended December 31, 2011. The principal reasons for the change are the gain on sale of royalty interest in 2012 of \$1,992,000, as described earlier, combined with decreased general and administrative expenses and share-based payments, an increase in finance income as described below and a reduction in the writedown of exploration and evaluation projects.

Other income in the year ended December 31, 2012 of \$120,000 was from the Company's proportionate share of CBay's gold sales from a clean-up of the Copper Rand mill; a contractor was engaged by CBay to collect, process and refine dirt and grime from around the Copper Rand mill in exchange for a share of the gold sales which resulted from the processing and refining of the muck which had been collected. In the year ended December 31, 2011, the Company earned a non-refundable fee of \$100,000 related to due diligence performed by a third party on the Chibougamau assets.

General and administrative expenses ("G&A") in the year ended December 31, 2012 decreased to \$1,478,000 from \$1,878,000 in the year ended December 31, 2011. There were non-recurring costs in the year ended December 31, 2011; the Company incurred tax services fees to support the challenge of the CRA reassessment and costs to support the protection of the Company's interests in Chibougamau. Other costs that decreased from 2011 to 2012 include discretionary

investor and public relations spending; these decreases were partly offset by an increase in rent as a result of the premises expansion which occurred late in 2011.

G&A expenses are shown net of recoveries under management agreements; Nuinsco entered into a management agreement with CBay in 2012 and the Victory Nickel agreement continues. As a result of the CBay agreement, fixed costs are now spread across an additional party and, due to proportionate consolidation of CBay, 50% of these costs are borne by Ocean Partners. Decreases in costs in general were partly offset by increases in CBay spending related to Chibougamau that is also proportionately consolidated; in 2012, Nuinsco's share of CBay's G&A expenses amounted to \$311,000, in 2011 these were minimal. CBay's expenses increased because of the hiring of a dedicated CEO for that business as well as the management agreement with Nuinsco.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreements and deducted from operating expenses amounted to \$654,000 and \$247,000 respectively in the year ended December 31, 2012, compared with \$829,000 charged to Victory Nickel alone in 2011; there were no such charges to CBay in 2012. Victory Nickel charged the Company \$27,000 in 2012, there were no such charges in 2011. The management agreement with CBay commenced on February 14, 2012. Costs allocated to Victory Nickel and CBay pursuant to the management agreements between the Company and Victory Nickel and the Company and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The decrease in costs allocated to Victory Nickel is primarily a function of a reduced proportion of fixed costs being allocated to Victory Nickel because of the agreement with CBay during 2012 that was not in place in 2011.

It is estimated that approximately \$623,000 of general and administrative expenditures were incurred in supporting the Company's public status in the year ended December 31, 2012 (December 31, 2011 - \$665,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The change is mainly related to the decreased spending in investor and public relations costs and higher allocation of fixed costs under management agreements now spread across an additional party as described above.

Share-based payments related to options decreased to \$365,000 in the year ended December 31, 2012, from \$595,000 in the year ended December 31, 2011. This is primarily a function of the lower fair value of options issued in 2012 which was \$0.048 compared to \$0.15 in 2011. The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 21 to the 2012 Audited Consolidated Financial Statements.

In 2012, the Board approved the issuance of 454,545 shares (2011 – 112,000 shares) pursuant to the Share Bonus Plan as described in Note 19 to the 2012 Audited Consolidated Financial Statements. The shares were issued at a fair value of \$0.055 per share (2011 - \$0.15 per share), which was recorded as bonus shares within share-based payments of \$25,000 (2011 - \$17,000).

The Company separates its pre-exploration write-offs from its writedowns of exploration and evaluation projects in the consolidated statement of operations. In the year ended December 31, 2012, pre-exploration expenditures amounted to \$17,000. Routine write-offs of pre-exploration expenditures in the year ended December 31, 2011 aggregated \$120,000 and related primarily to initial work in Sudan.

In the year ended December 31, 2012, the Company recorded an aggregate writedown of exploration and evaluation projects of \$79,000 compared with \$2,622,000 in 2011. The writedown in 2012 reflects \$39,000 in respect of Egyptian properties and \$40,000 with respect to the J. Tobrar project in Sudan. The writedown for Egypt includes a \$16,000 provision for impairment against amounts due from the Company's Egyptian partner, being the partner's share of expenditures financed by Nuinsco. These writedowns relate to expenditures that were incurred in 2012 prior to the decision to write off the respective properties and are in addition to the main write-offs which were taken in the fourth quarter of 2011 – Egypt \$803,000 and J. Tobrar \$719,000. There was an additional writedown in the year ended December 31, 2011 against Elmalaan in Turkey of \$1,100,000.

Net finance income increased to \$360,000 in the year ended December 31, 2012 from *Net finance costs* of \$23,000 in the year ended December 31, 2011. *Finance income* of \$360,000 was earned in the year ended December 31, 2012, compared with \$76,000 in the same period of 2011. This is primarily due to amortization of the flow-through premium of \$227,000 in the year ended December 31, 2012, compared with \$72,000 in 2011. Furthermore, the Company remeasured the long-term liability associated with the acquisition of debt related to CBay since the term of the liability has been re-evaluated to December 31, 2015 based on present circumstances. Accordingly, an adjustment of \$75,000 was recorded which brought the net interest income on financial liabilities measured at amortized cost to \$53,000. The Company will continue to monitor the circumstances affecting this payment and will re-evaluate it as required.

As at December 31, 2012, the Company had a remaining flow-through premium liability to be amortized through finance income of \$265,000 from the flow-through financing that was completed in 2012. As at December 31, 2011, the Company had a remaining flow-through premium liability of \$171,000 related to the flow-through financings that were completed in 2011. Note 16 to the 2012 Audited Consolidated Financial Statements includes an analysis of the flow-through premium liability.

Finance costs of \$nil were incurred during the year ended December 31, 2012, compared with \$99,000 in 2011. The adjustment related to the acquisition of debt referred to above resulted in a net interest income adjustment. The Company recognized a net foreign exchange loss of \$74,000 in 2011 largely as a result of dilution adjustments in the second quarter of 2011 with respect to the Berta project. As reported in prior MD&As, the dilution adjustment reduced the carrying cost of the Berta project, accounts payable and foreign exchange. As the capitalized expenditures were recorded in periods where the Canadian dollar was weaker relative to the US\$, an exchange loss of \$63,000 was recorded during the second half of 2011. In 2012, the Company recorded a foreign exchange gain of \$64,000 in finance income which was primarily earned on the US\$ funds from the proceeds of the royalty sale until their conversion to Canadian funds.

As at December 31, 2012, the Company had a US\$-denominated cash balance of US\$289,000 remaining unconverted from the sale of the royalty interest. The Company generally does not have a significant need for US\$ funds and, given the uncertainties facing the US and its potential tumble over a so-called "fiscal cliff", it was deemed prudent to convert the funds into Canadian dollars as approved by the board. Given the recent reduction in foreign exchange exposure to the US\$ and Australian dollar ("A\$") (now that, through a corporate reorganization, Coventry shares are quoted on the TSX-V), one might expect future foreign exchange gains or losses through either operations or OCI to be less significant.

The most significant single transaction during the year ended December 31, 2012 was the sale of the royalty interest in the Cameron Lake property for US\$5,100,000 which generated a net gain on sale of \$1,992,000; there were no such sales in 2011. The royalty had been retained as part of the consideration for the sale of the Company's Cameron Lake project to Coventry in 2010. In September 2012, the Company sold all of its holdings of Campbell shares that were previously written down to \$nil for \$30,000; this was recorded as a recovery of provision for Chibougamau.

The *Recovery of Provision for Chibougamau* in 2012 was \$30,000 which represented a reversal of an amount which had been written off in 2008; in 2011, the Company re-evaluated the recoverable amount for its interests in Chibougamau given the progress which had been made in the asset acquisition process and effectively reversed \$870,000 of amounts written down in 2008.

The *Income tax expense* in the amount of \$105,000 recorded in the year ended December 31, 2011 reflects tax expense matching the recovery of taxes recorded through OCI on the change in value of financial assets at fair value through OCI. The Company has an unrecognized deferred tax asset. When the Company's pool of marketable securities is in excess of its cost, a tax provision is recorded in OCI with an equal tax recovery through operations. As the excess reduces, the tax provision in OCI is reversed as a recovery and an equal tax provision is recorded through operations. No adjustments are made to the unrecognized deferred tax asset and no income tax recovery is recorded through OCI that is not related to a reversal of a previously-recorded provision. Presently, the Company's pool of marketable securities is below cost and no income tax is required to be recorded.

Other comprehensive loss in the year ended December 31, 2012 of \$598,000 (December 31, 2011 – loss of \$1,751,000) relates to a decrease of \$598,000 (December 31, 2011 – decrease of \$1,856,000) in the market value of the Company's financial assets at fair value through OCI, partially offset with an income tax recovery recorded through OCI of \$nil (December 31, 2011 – recovery of \$105,000). The main decreases in market values in the year were in Victory Nickel shares of \$414,000 and \$162,000 in Coventry shares; for 2011, the primary decrease was in Coventry shares of \$1,642,000.

The net change in the fair value of financial assets through OCI comprised of a net decrease in the fair value of the Company's shareholdings in various public companies combined with sales of securities in the period that generated proceeds of \$135,000 (December 31, 2011 – sales generated proceeds of \$2,126,000). Note that the fair value of Coventry shares was impacted by the fluctuation in the value of the A\$. An approximate net loss of \$12,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the year ended December 31, 2012 (December 31, 2011 – net loss of \$8,000). As explained above, there will no longer be any foreign exchange differences through OCI since Coventry is now quoted on a Canadian exchange.

The Company has capital loss pools available to it of approximately \$6,536,000 (Note 15 to the 2012 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, any future income taxes with respect to marketable securities and recorded through OCI has an equal and opposite amount recorded through operations. In the year ended December 31, 2011, an income tax recovery of \$105,000 was

recorded with an offsetting amount recorded through operations. In 2012, the pool of marketable securities has been below cost so no income taxes have been recorded.

A discussion of the more significant changes not addressed in other sections of this MD&A is as follows:

Cash and cash equivalents as at December 31, 2012 was \$2,275,000 representing an increase of \$1,759,000 over 2011. These are the residual funds from the royalty sale as referred to above. Refer to the Liquidity and Capital Resources section for discussion of annual cash flows in more detail.

Marketable securities as at December 31, 2012 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. The value of marketable securities as at December 31, 2012 decreased to \$828,000 from \$1,531,000 as at December 31, 2011 as a result of significant declines in the market value of financial assets combined with the sale of shares during 2012.

The *Loan receivable* of \$1,009,000 in 2012 relates to an advance paid by the Company to a third party and is due on January 31, 2015. Subsequent to the end of the year, the loan was amended and extended as described in Liquidity and Capital Resources below.

Property and equipment decreased to \$1,077,000 from \$1,443,000 as at December 31, 2011 mainly due to the disposal by CBay of various capital items no longer required. As described earlier, the Company, through its 50% interest in CBay, now owns significant production, development and exploration assets in the Chibougamau mining camp in northern Québec.

Royalty interest on Coventry's Cameron Gold Project was sold on September 27, 2012 as described earlier.

Share capital has increased by \$974,000 to \$98,169,000 as at December 31, 2012. This is primarily as a result of flow-through shares issued pursuant to private placements that generated gross proceeds of \$1,000,000 in February and March 2012 before allocation to warrants and flow-through premium liability. There were various non-cash transactions during the year: in the first quarter of 2012, shares were issued with a fair value of \$300,000 to acquire the royalty on the Prairie Lake property and, in the third quarter, \$38,000 to extend the option payments on the Diabase property. A non-cash loan fee was paid to the lender in shares with a value of \$125,000 in the fourth quarter of 2012. Note that this loan fee, along with a cash loan fee of \$50,000 and legal expenses constitute the \$210,000 balance in *Other assets* as at December 31, 2012. This balance will be reclassified as a contra-liability once advances are made under the loan. Refer also to discussion under Liquidity and Capital Resources.

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010

In the year ended December 31, 2011, the Company had a net loss of \$4,403,000 or \$0.02 per share, compared with a net loss of \$3,641,000 or \$0.02 per share in the year ended December 31, 2010. The principal reasons for the increase in loss are increased writedowns of exploration and evaluation projects in 2011 offset by income tax expense recorded in 2010 related to the Cameron Lake sale which was effectively a reversal of a future tax asset set up at the end of 2009.

Other income in the year ended December 31, 2011 of \$100,000 was a non-refundable fee related to due diligence on the Chibougamau assets; no such income was received during 2010.

General and administrative expenses in 2011 increased to \$1,878,000 in 2011 from \$1,422,000 in 2010. The main contributing factors to the increase are: increased investor and public relations costs, tax services to support the challenge of the CRA reassessment, costs supporting the protection of the Company's interests in Chibougamau, rent, insurance, director's fees and increased staff costs. The Board of Directors approved salary increases for 2011 as well as an IFRS-project-related bonus. These were partly offset by expenses incurred in 2010 that did not recur in 2011. Non-recurring expenses in 2010 included legal fees related to the terminated acquisition of Gold Hawk Resources Inc., recruitment fees and a provision for Part XII.6 tax on unexpended flow-through amounts.

Overhead recoveries through charges to Victory Nickel for services under the management agreement and deducted from operating expenses amounted to \$829,000 in the year ended December 31, 2011, compared with \$719,000 in the same period of 2010. The increase in costs allocated is primarily a function of salary increases in 2011 plus only half a year of the controller's salary was included in 2010.

It is estimated that approximately \$665,000 of general and administrative expenditures were incurred on supporting the Company's public status in the year ended December 31, 2011 (2010 - \$575,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The increase from 2010 to 2011 is mainly due to increased salaries as discussed earlier, investor and public relations costs and insurance.

Share-based payments related to options increased to \$595,000 in 2011 from \$346,000 in 2010. This is a function of the higher fair value of options issued in 2011 compared with 2010. In 2011, the Board of Directors granted 5,105,000 stock options to directors, officers, employees and consultants with a weighted average exercise price of \$0.17 per share and a weighted average fair value of \$0.12 per share. Of the options granted, 3,952,500 vested immediately and 1,152,500 vest over one year. In 2010, the Board of Directors granted 5,850,000 stock options with a weighted average exercise price of \$0.08 per share and a weighted average fair value of \$0.053 per share. Of the options granted, 4,725,000 vested immediately and 1,125,000 vested over one year.

The Company also issued shares under the Share Bonus Plan in 2011 and 2010 and therefore recorded other share-based payments of \$17,000 and \$131,000, respectively. The issuances in 2011 were related to the completion of the IFRS project, whereas the issuances in 2010 were more general and to a larger number of recipients.

Routine write-offs of pre-exploration expenditures in the year ended December 31, 2011 aggregated \$120,000 and related primarily to preliminary work in Sudan in advance of the option agreement. In 2010, pre-exploration write-offs of \$223,000 were made that were a result of routine write-offs and related primarily to pre-exploration and evaluation expenditures incurred on the Bukari project prior to the terms of the concession agreement being reached with EMRA.

In 2011, the Company recorded an aggregate writedown of exploration and evaluation projects of \$2,622,000. This includes \$1,100,000 related to Elmalaaan, \$803,000 in respect of Egyptian properties and \$719,000 with respect to the J. Tobrar project in Sudan. The writedown for Egypt includes \$378,000 provision for impairment against amounts due from the Company's Egyptian partner, being the partner's share of expenditures financed by Nuinsco, and is net of an accrual reversal of \$204,000 which the Company no longer considers payable due to force majeure circumstances. On February 7, 2012, the Company elected to not exercise its option to acquire an 85% interest in UAE for Gold Minerals and Investment Company Ltd., the company that owns the J. Tobrar concession in Sudan; accordingly, the project was written down to \$nil effective December 31, 2011. In 2010, the writedown of \$421,000 comprised the write-off of the Triggs option of \$679,000, partly offset by an adjustment to the fair value of the Coventry shares received upon sale of Cameron Lake of \$258,000.

Net finance costs decreased to a net cost \$23,000 in 2011 from net income of \$131,000 in 2010. *Finance income* of \$76,000 was earned in 2011 compared with \$758,000 in 2010. The main reason for the change arises from amortization of flow-through premium of \$561,000 in 2010 compared with \$72,000 in 2011 as well as a foreign exchange gain of \$161,000 in 2010 (a loss was reflected in finance costs in 2011 and is discussed below).

Finance income in 2010 also included \$33,000 related to fee and interest expense charged by Nuinsco to Victory Nickel for an advance prepayment for the exercise of warrants. The warrants were exercised by Nuinsco in September, 2010.

The main component of finance costs in 2011 is a net foreign exchange loss of \$74,000. As at December 31, 2011, the Company had US\$-denominated net liability balances of approximately US\$35,000 (December 31, 2010 - US\$475,000). Accordingly, the impact of US\$ foreign exchange fluctuations has been reduced. However, the Company made dilution adjustments in 2011 with respect to the Berta project and an exchange loss of \$63,000 was recorded, which is the most significant element of the total net exchange loss of \$74,000.

The finance costs incurred in 2010 include interest expense of \$224,000, including amortization of loan fees, on the US\$-denominated loan that was outstanding combined with the net change of \$403,000 in the fair value of financial assets at fair value through operations being the Victory Nickel warrants, as discussed earlier. The Company repaid its debt in 2010 and no longer has any warrants with changes in fair value through operations.

In 2011, the Company recorded a recovery of provision for Chibougamau of \$870,000. The Company acquired the assets of the Chibougamau mining camp pursuant to its joint offer through CBay to the receiver of Campbell as supervised by the courts. This prompted a review of the estimated recoverable amount and enabled the Company to effectively reverse a portion of its writedown reflected in 2008.

The *Income tax expense* in the amount of \$105,000 recorded in 2011 reflects tax expense matching the recovery of taxes recorded through OCI on the change in value of financial assets at fair value through OCI; the Company has an unrecognized deferred tax asset. In 2010, income tax expense of \$1,212,000 was recorded, \$85,000 income tax recovery matched the income tax expense recorded through OCI on the change in value of financial assets at fair value through OCI and \$1,297,000 income tax expense was related to the sale of Cameron Lake.

OCI in 2011 of a loss of \$1,751,000 (2010 – income of \$1,213,000) relates to a decrease of \$1,856,000 (2010 – increase of \$1,298,000) in the market value of the Company's financial assets at fair value through OCI, partially offset with an income tax recovery recorded through OCI of \$105,000 (2010 – expense of \$85,000).

In 2011, the net change in the fair value of financial assets through OCI was comprised of the decreases in fair value of the Company's shareholdings in various public companies. During 2011, the Company sold shares for liquidity purposes. Note that the fair value of Coventry shares was impacted by the fluctuation in the value of the A\$ until its corporate reorganization in 2013 and its listing on the TSX-V. Approximately a loss of \$8,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the year ended December 31, 2011 (2010 – gain of \$284,000). OCI in 2010 represented net improvements in the value of marketable securities.

The Company has capital loss pools available to it as at December 31, 2011 of approximately \$6,268,000 (Note 15 to the 2012 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, a future income tax recovery of \$105,000 with respect to marketable securities was recorded through OCI with an equal and opposite amount being recorded through operations.

A discussion of the more significant changes not addressed in other sections of this MD&A is as follows:

Receivables decreased to \$120,000 as at December 31, 2011 primarily due to the write off of the amount of \$378,000 due from the Company's Egypt partner to equalize expenditures and avoid dilution of the Egyptian partner's interest in accordance with the shareholders' agreement. Because of the uncertainty in Egypt and an assessment of the Egyptian partner's ability to repay given the Company's decision not to proceed with activities in Egypt, this was written off and is included in the overall *Writedown of exploration and evaluation projects* as described above.

Marketable securities as at December 31, 2011 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. Marketable securities decreased to \$1,531,000 as at December 31, 2011 from \$5,463,000 as at December 31, 2010. The decrease is primarily a result of the decline in market values, as well as the sale of a portion of the portfolio of shares for liquidity purposes as discussed above. The shares of Coventry and Victory Nickel had a market value of \$926,000 and \$582,000, respectively, as at December 31, 2011.

Due to the asset acquisition related to the Company's interest in the former Campbell assets, the *Interest in Chibougamau* was reclassified to *Property and equipment* of \$1,386,000, accounting for the significant increase in that balance, and *Exploration and evaluation projects* of \$3,820,000 or an aggregate of \$5,206,000 in 2011 from \$4,263,000 in 2010. The allocation of estimated recoverable amount between the categories is subject to a high degree of measurement uncertainty.

As described earlier, the Company, through its 50% interest in CBay, now owns the assets comprising the Chibougamau mining camp in northern Québec. The Company acquired the assets of the Chibougamau mining camp pursuant to its joint offer through CBay to the receiver of Campbell as supervised by the courts. This prompted a review of the estimated recoverable amount and enabled the Company to effectively reverse a portion of its writedown reflected in 2008. Also, the Company incurred \$30,000 to clear a lien over the Chibougamau assets.

Trade and other payables decreased to \$1,029,000 as at December 31, 2011 from \$2,601,000 as at December 31, 2010. The decrease is primarily due to less activity on projects around the end of 2011 compared to 2010, as well as the adjustment of \$553,000 during the second quarter of 2011 relating to the dilution of Nuinsco's interest in Berta as discussed further under Exploration and Evaluation Activities below.

Share capital has increased by \$2,855,000 to \$97,195,000 as at December 31, 2011. This is primarily as a result of shares issued pursuant to private placements that generated gross proceeds of \$500,000 in January, 2011, \$1,500,000 in July and August 2011 and \$407,000 in December 2011 as well as the exercise of warrants and options for total consideration of \$754,000. Non-cash transactions included: the issuance of shares pursuant to the Share Bonus Plan and under the option agreement entered into with respect to the J. Tobrar property in Sudan. Refer also to discussion under Liquidity and Capital Resources.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters ended December 31, 2012 is as follows:

<u>Fiscal year 2012</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income	\$ 216 ⁽¹⁾	\$ 14	\$ 34	\$ 96
Net (loss) income	\$ (226)	\$ 1,717 ⁽²⁾	\$ (492)	\$ (472)
Total comprehensive (loss) income	\$ (452)	\$ 2,054 ⁽³⁾	\$ (1,219) ⁽⁴⁾	\$ (454)
(Loss) earnings per share - basic and diluted	\$ (0.00)	\$ 0.01	\$ (0.00)	\$ (0.00)
<u>Fiscal year 2011</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income (costs)	\$ 7	\$ (13)	\$ (68)	\$ 51
Net loss	\$ (2,115) ⁽⁵⁾	\$ (463)	\$ (817) ⁽⁷⁾	\$ (1,008) ⁽⁹⁾
Total comprehensive loss	\$ (2,597) ⁽⁶⁾	\$ (574)	\$ (1,908) ⁽⁸⁾	\$ (1,075)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

(1) Net finance income includes the effect of a \$75,000 remeasurement of a financial liability and \$77,000 amortization of flow-through premium related to expenditures in the fourth quarter of 2012.

(2) Net income includes the gain on sale of royalty interest of \$1,992,000.

(3) Total comprehensive income includes the gain in (2) as well as a net increase in the value of marketable securities of \$337,000.

(4) Total comprehensive loss includes a decrease of \$727,000 in the value of marketable securities.

(5) Net loss includes writedown of Sudan of \$719,000, writedown of Egypt of \$803,000 and writedown of Elmalaan of \$1,100,000 offset by a recovery of provision for Chibougamau of \$870,000.

(6) Total comprehensive loss includes items referred to in (5) as well as decrease in value of marketable securities of \$482,000.

(7) Net loss includes \$122,000 of pre-exploration write-offs.

(8) Total comprehensive loss includes a decrease of \$1,171,000 in the value of marketable securities.

(9) Net loss includes \$489,000 of share-based payments.

Variations in the quarterly results of operations are largely a function of the timing of property and other writedowns, gains on sales of properties, income tax recoveries or the recording of amortization of flow-through premiums. Variations in comprehensive income are primarily a function of the changes in the fair values of the Company's marketable securities.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2012, the Company had working capital of \$2,197,000 (December 31, 2011 – working capital of \$1,138,000); being defined as current assets less current liabilities. The improvement has occurred because of the sale of the royalty interest which was included as a long-term asset as at December 31, 2011. This sale provided liquidity during this period when equity financings are difficult, portfolios of marketable securities are being undervalued and trading volumes of most junior companies are depressed. With lower trading volumes, marketable securities are not as saleable as they have been in the past. Other initiatives which have been taken by the Company to improve its economic position are discussed later.

The Company generated cash and cash equivalents of \$1,755,000 during the year ended December 31, 2012, compared with cash used of \$112,000 during the year ended December 31, 2011.

In the year ended December 31, 2012, the Company used cash of \$1,485,000 in operating activities, compared with \$2,015,000 in 2011. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the year ended December 31, 2012 used \$177,000, compared with providing cash of \$12,000 in 2011.

Investing activities in the year ended December 31, 2012 generated funds of \$2,397,000, compared with funds used of \$1,168,000 in 2011. The most significant cash transaction in 2012 was from the sale of the Company's royalty interest on Coventry's Cameron Gold Project for US\$5,100,000 which generated net cash proceeds of \$5,003,000; an additional royalty was sold by CBay, Nuinsco's portion of the net cash proceeds was \$450,000. The proceeds will help fund ongoing administrative support and monthly expenditures incurred by CBay. In 2011, the most significant cash inflows were from sales of marketable securities which generated \$2,126,000 compared with \$135,000 in 2012. Shares were sold for liquidity purposes; the adverse market conditions have impacted the proceeds on sales as well as future potential proceeds.

Expenditures on exploration and evaluation projects amounted to \$2,602,000 in the year ended December 31, 2012, compared with \$3,467,000 in 2011; there were more exploration programs in 2011. Refer to the Exploration and Evaluation Activities section for additional discussion.

Also in 2012, CBay sold a truck, backfill plant, house and other equipment; the Company's share of the proceeds on these sales was \$412,000. There were no similar sales in 2011.

Nuinsco advanced \$1,000,000 in the fourth quarter of 2012 in the form of a long-term loan. Subsequent to the end of the year, the agreement was amended and extended to \$2.5 million and up to \$3 million under certain circumstances (Note 30 to the 2012 Audited Consolidated Financial Statements).

The return of restricted cash of \$203,000 in 2011 related to the letter of credit which had been lodged with respect to the Company's activities in Egypt. The funds were returned when the letter of credit expired.

Cash generated from financing activities was \$843,000 in the year ended December 31, 2012, compared with \$3,071,000 in the same period of 2011. The reduction of \$2,228,000 indicates the difficulties being experienced in securing financing in the difficult markets. On January 23, 2012, the Company issued 7,142,858 flow-through units at a subscription price of \$0.14 per unit generating net proceeds of \$910,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of 18 months from closing; the market for flow-through financing deteriorated significantly over the period.

In the first quarter of 2012, the Company also issued 3,157,894 shares to acquire the royalty on the Prairie Lake property and incurred \$12,000 in share issue costs on this transaction. In the third quarter of 2012, the Company issued 923,864 shares to acquire the royalty from Trend on the Diabase Peninsula property and incurred \$5,000 in share issue costs. Issuing shares for property and other services is a means to conserve cash in cash-constrained times.

On January 10, 2011, the Company completed a private placement financing of 3,125,000 units of securities at a price of \$0.16 per unit generating net proceeds of \$493,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.22 for a period of 24 months from closing. In July and August, 2011, the Company completed another private placement financing of 10,000,000 units of securities at a price of \$0.15 per unit generating net proceeds of \$1,424,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of 24 months from closing. In December, 2011, a further private placement closed on a flow-through basis and generated net proceeds of \$400,000.

Other cash consideration received in the year ended December 31, 2011 was from the exercise of warrants and options as follows: 7,477,114 warrants were exercised including warrants that were issued pursuant to the rights offering in 2009 for an aggregate consideration of \$748,000 and 100,000 options were exercised for aggregate consideration of approximately \$6,000.

As described earlier and in Note 17 to the 2012 Audited Consolidated Financial Statements, Nuinsco entered into the Facility in December of 2012. As part of the financing, Nuinsco issued shares as described above and also paid a cash loan fee of \$50,000. As at December 31, 2012, the Facility was undrawn.

The transactions described above resulted in an increase in cash of \$1,755,000 over December 31, 2011 and resulted in aggregate cash and cash equivalents of \$2,275,000 which, along with other current assets and other resources is available to fund future activities.

The table below summarizes Nuinsco's contractual commitments as at December 31, 2012 and 2011.

Table of Contractual Commitments

	Due Date	December 31, 2012	December 31, 2011
Flowthrough expenditures outstanding	December 31, 2012	\$ -	\$ 1,668,000
	December 31, 2013	\$ 792,000	n/a
Diabase extended option payment	Within one year	\$ 28,050	n/a
Diabase option payment	September 2, 2013	\$ 935,000	n/a
	(Additional extension is provided for in the extension agreement) September 2, 2012	n/a	\$ 935,000
Long-term liability	Refer to Note 17 in the 2012 Audited Consolidated Financial Statements	\$ 300,000	\$ 300,000
Operating lease - premises	Refer to Note 18 in the 2012 Audited Consolidated Financial Statements		

As at December 31, 2012, the Company had entered into the Facility; as mentioned above, it remained unutilized as at the end of the year. The Company drew down \$1,000,000 of the Facility on February 1, 2013. Unless extended in accordance with the terms of the Facility, this amount is due by June 18, 2014.

As described above, management is continuing to actively pursue additional ways to realize on the potential of its assets or secure financing in order to continue to provide funds for operations in light of the current difficult economic circumstances. Flow-through financings do not provide the funding necessary to meet corporate or foreign expenditures which do not qualify for flow-through eligibility. The significant cost to maintain and comply with regulatory requirements for the Company's public listing cannot be financed with flow-through shares. Cash received from the Company's warrants and options as well as from sales of marketable securities are "hard" dollars and can be utilized without restriction; however, most of the options and warrants are not "in-the-money".

The Facility of \$2,500,000 will provide the Company with additional financial and strategic flexibility. The Company does not enter debt arrangements without careful consideration of alternatives and ramifications. That the Company can find and support such debt arrangements speaks to the quality of the Company's assets. Whilst securing funds has been important, the Company and management continue to be mindful of reducing present and future outflows.

With the acquisition of the royalty on the Prairie Lake property by issuing common shares, the Company has eliminated any future cash royalty obligations on the property, thereby improving its future economics. Alternatively, this could provide the Company with an opportunity to realize cash through the sale of a new royalty on the property.

In order to maintain the option on one of the Diabase Peninsula claims, the Company must make an option payment of approximately \$935,000. In May, 2012, the Company announced an agreement to extend that option for one year in exchange for four quarterly cash payments of \$9,350 plus one payment of \$37,600 in the fair value of the Company's shares. Accordingly, the option payment of approximately \$935,000 originally due by September 2, 2012 has been deferred to September 2, 2013. The terms include an option to extend this agreement and payment further. The shares were issued in July, 2012 and one quarterly payment was made in 2012 with an additional one on March 2, 2013.

Managing in challenging times takes as much, if not more, senior management effort. However, senior management of Nuinsco had agreed, effective August 1, 2012, to accept salary deferrals of an average of 25% until financial conditions improve. As a result of the improvement in the Company's financial condition, because of the sale of the royalty interest, salary deferrals were paid in October 2012 and senior management cash salaries returned to pre-deferral levels. Directors had also accepted deferral of directors' fees until circumstances improved. Such fees aggregating \$191,000 were also paid in October 2012. Nuinsco has agreed to defer the payment of a portion of its salary-related charges allocated under the management agreement with Victory Nickel; as at December 31, 2012 this amounted to approximately \$36,000 and is netted in the amount payable to Victory Nickel of \$43,000 in Note 25 to the Audited Consolidated Financial Statements.

The Company has a corporate policy of investing its available cash in cash equivalents comprising Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise approved by the Board. The portfolio of marketable securities is available to fund the Company's activities. Since December 31, 2011, markets have continued to be difficult.

As at December 31, 2011, the average price of the Company's portfolio of marketable shares was \$0.096 per share. As at March 31, 2012, this had increased by 2.1% to \$0.098 per share. By June 30, 2012, the average price was \$0.052 which represented a decline of 47% from March 31, 2012 values. As at September 30, 2012, the average price had partly recovered to \$0.074 per share or a 42% increase from June 30, 2012 and as at December 31, 2012 the average price was \$0.058. Whilst this is by no means a statistically valid analysis, it indicates the challenges being faced by the Company in volatile markets. From December 31, 2011 to December 31, 2012, the Company's own shares have (based on closing prices) declined from \$0.08 to \$0.035.

The total market value of the Company's marketable securities as at March 25, 2013, is approximately \$734,000. These are available to fund the Company's ongoing operations. The market value can go down as well as up. Trading volumes continue to be suppressed and it is generally acknowledged that equities are being undervalued.

As described above, exploration companies such as Nuinsco have historically been heavily reliant upon the equity markets to fund their activities as they typically have no short-term sources of revenue other than through monetization of assets. Opportunities available to Nuinsco for financing would normally be through private placements in the equity markets. However, today's equity markets continue to make this alternative difficult if not impossible without incurring significant dilution to existing shareholders.

Despite experiencing some improvements during 2011, circumstances have toughened during 2012 and today's equity markets continue to make this alternative difficult if not impossible without incurring significant dilution to existing shareholders. For this reason, until the sale of the royalty interest, the Company has recently chosen to liquidate portions of its securities holdings rather than raise equity financing. However, the results of this are also dependent upon market conditions which are outside the control of the Company, and market circumstances have also impacted the Company's investees and their market values. The Company will continue to balance its financing choices as a function of availability and market activity.

The Company closed flow-through financings in 2012 of \$1,000,000, a portion of which is to provide funds for exploration at the Chibougamau camp. The Company had a 96.3% success on the take-up of warrants from the rights offering in April, 2011, thereby generating \$735,000 and also raised \$1,907,000 in flow-through financings as well as a non-flow-through financing of \$500,000 during 2011. This demonstrated the Company's ability to continue to generate funds albeit under increasingly dilutive terms. However, despite the funds generated from the royalty sale, additional financings will be required to properly exploit the Company's Canadian and foreign assets. This requirement has been reduced significantly with the withdrawal from Egypt and Sudan as well as Elmalaan, Turkey. The Company will consider all alternatives to protect and further improve liquidity as described above given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets including royalty arrangements.

Management hopes that the financing markets will return, however, it is preparing for what may be a more permanent shift in the historic model of project exploration and development financing. Maintaining a healthy evaluation and development junior mining sector continues to be important to the Canadian economy and Nuinsco plans to be around to be part of that industry for years to come.

On September 27, 2012, the Company sold its royalty interest in Coventry's Cameron Gold Project for US\$5,100,000. The proceeds from this sale will help fund ongoing operations and commitments. Furthermore, the Facility has improved the Company's flexibility and has allowed Nuinsco to advance funds to a third party in the junior mining sector; the loan is secured by equipment and a general security agreement. The loan has been amended and extended (the "Amended Loan") subsequent to December 31, 2012 to provide an aggregate of \$2.5 million and up to \$3 million, under certain circumstances, and contains a convertibility option which would, at Nuinsco's option, convert the loan to a participating interest in net cash flows of an operating business. This is intended to provide Nuinsco with a cash flow stream which would be available to fund operations or exploration programs in the future.

The Company is actively involved in advancing the Chibougamau camp in which Nuinsco has a 50% interest through CBay. Given current market conditions there is no guarantee that a going-public transaction or other structure will be completed in the near term. The Company, along with its partner, OP, continues to be active in discussions with potential financiers or partners.

The Company's average monthly expenditures on a cash basis, net of recoveries from Victory Nickel and the net proportion from CBay for ongoing administrative support in 2012, were approximately \$123,000; budgeted net monthly commitments for expenses average \$158,000 for the whole of 2013; including salaries capitalized to projects, increases the monthly budgeted commitment to \$179,000 or approximately \$2,150,000 on an annual basis. These figures assume that the management agreements remain in place throughout 2013; no notification of intention to cancel the arrangements

has been received or made. Note that these figures exclude the effect of both interest expense on the Facility which is payable on a quarterly basis and interest income on the loan receivable.

As described above, the salary deferral mechanism has been used when required to reduce the pressure on cash; other controls on discretionary expenditures are also in place and non-essential services have been cancelled. The Company estimates that approximately \$623,000 was incurred (2011 - \$663,000) in non-discretionary costs on an ongoing annual basis to support the Company as a public entity. Such expenditures are not eligible for flow-through funding (even when available) and must be financed through other means. The 2012 budgeted program cost on Berta was approximately US\$2,672,000 of which Nuinsco's proportionate interest would be US\$953,000, should the Company agree to participate. The Company is discussing its alternatives with respect to participation with Xstrata.

The Company will continue to make expenditures on Canadian exploration activities to fulfil any flow-through commitments. Partners are also being sought for certain of the Company's projects where significant funding is required for proper exploration programming and fulfilment of option terms.

Overall, given the working capital of \$2,197,000 and the available Facility, the Company expects to be able to fulfil its operating requirements and flow-through commitments for 2013.

EXPLORATION AND EVALUATION ACTIVITIES

In the year ended December 31, 2012, the Company incurred exploration and evaluation ("E&E") expenditures of \$2,902,000 on its mineral interests compared with \$6,800,000 in the year ended December 31, 2011 which includes the transfer in related to the Chibougamau camp of \$3,820,000 from *Interest in Chibougamau*. The most significant expenditures in the year ended December 31, 2012 were on the Diabase Peninsula project in the amount of \$1,005,000 (December 31, 2011 - \$1,098,000). Costs on other programs included: Prairie Lake \$486,000 (December 31, 2011 - \$553,000), Berta \$5,000 (December 31, 2011 - \$80,000) and the Company's share of expenditures on the Chibougamau Camp of \$1,343,000 before the effect of the sale of the Eastmain royalty of \$450,000 (December 31, 2011 - \$3,820,000 in expenditures were transferred in as described earlier).

In the first quarter of 2012, the Company determined that it would cease its activity in Egypt, Sudan and Elmalaan, Turkey. Accordingly, effective December 31, 2011, the projects were written down to \$nil. Expenditures incurred on those projects in 2012 prior to the decision being made were also written off in the year ended December 31, 2012. Such amounts were: Bukari, Egypt \$23,000 expended and written off (December 31, 2011 - \$530,000 expended, \$803,000 written off), J. Tobrar in Sudan \$40,000 expended and written off (December 31, 2011 - \$719,000 expended and written off) and Elmalaan \$nil (December 31, 2011 - \$nil expended and \$1,100,000 written off). In the fourth quarter of 2011, the Company reclassified \$3,820,000 to exploration and evaluation projects with respect to the Chibougamau camp given the transfer of assets to CBay.

Paul Jones, President, is a "qualified person" as defined under NI-43-101, and he has supervised the preparation, and has approved, the information relating to the material mineral projects of the Company described herein.

A synopsis of the Company's properties follows; complete details of the mineral properties are available on the Company's website at www.nuinsco.ca.

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

Nuinsco's Diabase Peninsula uranium project is located 150km northwest of La Ronge, Saskatchewan within the south-central Athabasca Basin - the region that hosts the world's richest uranium mines. The 21,900ha Diabase Peninsula property extends from the southern limit of the basin 35km north-easterly, atop the strike of a graphite-bearing conductive "basement" horizon beneath the basin sandstones, intertwined with the sub-parallel terrane bounding the Cable Bay Shear Zone - a major deformation structure within the Proterozoic sub-Athabaskan sequence which is considered to be an important potential host structure for uranium mineralization in this part of the Athabasca Basin.

The Diabase Peninsula project was initially a joint venture with Trend. During the first quarter of 2012, cumulative expenditures increased Nuinsco's ownership interest to greater than 90% as Trend did not contribute its proportionate share of expenditures. Under the joint venture agreement, should a participant's interest drop below 10% that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property. Accordingly, Trend's interest was converted to a royalty and Nuinsco owns the project in its entirety. Effective December 19, 2012, the Company acquired that royalty through a one-time cash payment of \$15,000. Accordingly, Trend has no interest in the Diabase Peninsula property.

In May, 2012, the Company announced an extension with the option holder on one of the claims, to extend that option for one year in exchange for four quarterly cash payments for an aggregate amount of \$37,000 and \$38,000 in the Company's shares. The shares were issued in July, 2012. Accordingly, the option payment of approximately \$935,000 originally due by September 2, 2012 has been deferred to September 2, 2013 with an option to extend the terms and option payment further. That same claim is subject to a 3% gross production royalty defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

Since acquiring the property in early 2005, when uranium demand began to drive prices into a steep climb from their US\$15-US\$20 per pound historic range, Nuinsco has completed a property-wide deep-penetrating MEGATEM survey which mapped the regional graphite-pyrite conductor the length of the property. This was followed by ground geophysical TEM surveys over two priority target areas (the "Main" and "Rowan Lake" grids) separated by 8km of prospective strike length, and has been complemented by both widespread geophysical gravity-survey profiling to map fault structures along the length of the Cable Bay trend and detailed gravity work upon both gridded priority targets. Late winter gravity survey programs conducted during 2010 and 2011 (refer below) in conjunction with drilling campaigns have partially filled in the 8km gap in coverage and continue to reveal coincident alteration-fault structure anomalies which merit investigation by means of diamond drilling.

Initial diamond drilling (10 holes) in 2005-2006 confirmed the highly-prospective nature of the geology and structure present within the Main grid area, and has focused the Company's attention upon a 1.5km length segment of the 6km of strike covered by the Main grid. Geochemical evidence of uranium-related mineralizing processes and significantly anomalous radioactivity and uranium values were encountered in several holes. A radon gas survey in the summer of 2006 revealed a strong anomaly at the northern end of the target area, but thick glaciofluvial esker cover elsewhere along the segment may have obscured additional bedrock sources. A winter 2007-2008 \$2,500,000 drilling program consisted of 17 holes (plus extending a 2006 hole which had failed to reach basement), with five holes devoted to follow-up on the Main grid and the remainder testing four high-ranking gravity survey/fault structure targets scattered the length of the property.

Two of the 2007-2008 holes returned uranium intercepts of particular significance, 707 parts per million ("ppm") Uranium ("U") at the unconformity in hole ND0801 and 410ppm U well below the unconformity in hole ND0807 (total dissolution-ICP methods). Uranium values in excess of 10ppm are generally regarded by the exploration and academic community as representative of the alteration halo surrounding a potential ore-grade deposit. ND0801 is within the core of the main grid target, while ND0807 is 2.8km to the north within a water-covered portion of the Main grid. A further 8km to the north ND0808, the first hole upon the Rowan Lake grid target, encountered evidence of similar alteration processes and encountered a peak value of 247ppm U in a single sample 3.5m above the unconformity. Given that this hole was the first to be directed at a target over 450m below surface, the results are deemed extremely encouraging.

Results from a single follow-up hole in March 2012, collared 100m to the east of ND0808 to investigate an interpreted crosscutting fault, suggest that the area of highest potential within the target area lies a short distance to the southwest (within 250m), and that two additional holes should be completed at this site.

Following completion of the 2008 work, which aggregated 28 drill-holes totalling 11,205m, all parts of the project area have sufficient assessment work filed to hold the property 10-12 years without additional work. Key dispositions, where the bulk of the drilling has been undertaken, are in good standing for 15-20 years.

No new field work was conducted at Diabase Peninsula in 2009. In March, 2010, a gravity survey at 100m line-spacing was completed upon the segment of interest on the Main grid, and lake sediment Soil Gas Hydrocarbon ("SGH") surveys were completed over the water-covered target in the northern Main grid area, and across the Rowan Lake grid, nearly entirely water-covered, with the samples tested by proprietary methods developed by Actlabs of Ancaster, Ontario.

The 2010 gravity survey revealed two 200m long, 100m wide anomalies in the southern portion of the Main grid segment, coincident with the area where Nuinsco's drilling has found the strongest alteration and highest uranium values in drilling completed to date. The SGH lake sediment work has confirmed the high potential of the Main grid north water-covered target and, as well, corroborated the three areas within the Rowan Lake grid where coincident geophysical and geochemical responses indicate alteration cells within the sandstone column which suggest the presence of uranium. To quote Dale Sutherland Ph.D., Organics Manager and Director of Research for Actlabs, "the SGH data is not only indicating redox cell trends, it is indicating trends which have an organic signature associated specifically with uranium mineralization".

The November-December 2010 2,000m drill program targeted the central portion of the project area on the Diabase Peninsula, an area which demonstrates significantly anomalous uranium mineralization in conjunction with other indicators of a uranium mineralizing event. Results continue to be positive for a combination of geochemistry, geology,

alteration and structure and as such provided sufficient reason to conduct a winter drilling program on the project. The March-April 2011 drill program comprised five drill holes totalling approximately 1,800m and additional gravity geophysics to expand upon results and coverage obtained from earlier programs. Analytical results grading up to 92ppm U, in association with a number of other elements at anomalous concentrations continue to highlight the possibility of encountering high-grade uranium mineralization at the Diabase Peninsula project.

A 2012 winter drill program followed from the past exploration programs that have identified all the elements indicative of a uranium mineralizing event. Four holes were collared during the program although only three were completed (the fourth one, ND1202A, was abandoned in overburden at 30m). The total program consisted of 1,598m of drilling, with results peaking at 55.94ppm U over 6.9m in hole ND 1203 including individual intervals grading 134ppm and 181ppm U (analysis by total digestion method). Unseasonably warm weather forced the demobilization of equipment before drilling could be conducted on one of the most prospective uranium anomalies on the project – the Mackenzie Bay area to the north-west of previous hole ND801, in the central part of the property which is an area of overlapping geophysical, surface and drill hole geochemical anomalies and has favourable geology. The drill testing of this target will be deferred to a later program. Due to the small size of uranium orebodies relative to most other types of economic mineral deposits, tight drill-hole spacing is necessary in order to adequately evaluate prospective targets.

Prairie Lake Property, Ontario

Prairie Lake, located near Marathon, Ontario, is a multi-commodity deposit containing Phosphorus (“P”), Niobium (“Nb”) Tantalum (“Ta”), Uranium and rare earth elements (“REEs”).

On January 13, 2010, the Company announced the results of an NI 43-101-compliant Exploration Target Mineralization Inventory (“ETMI”) that demonstrated the presence of between 330 million and 360 million tonnes averaging 3.5% to 3.7% P_2O_5 and 0.12% to 0.14% Nb_2O_5 . The surface area used for the ETMI covered just 12% of the total project surface area. The ETMI was increased to 515 – 630 million tonnes in October 2011 as described below.

In a substantial backhoe trenching program completed during the summer of 2010, approximately 2km of trenches were excavated. Four trenches, ranging in length from 340m to 685m, were excavated mainly in parts of the Prairie Lake Complex that to date have seen little systematic sampling. More than 1,000 samples were collected from the trenches. Samples were analysed for a suite of elements of economic interest in the complex including P, Ta, Nb, U and REEs. Channel sampling results from the Dragonfly Trench included values of up to 13.67% P_2O_5 and 0.356% Nb_2O_5 , and an intersection of 3.03% P_2O_5 and 0.157% Nb_2O_5 over 46.5m.

At the Grouse Trench, one of two trenches excavated in the NE quadrant of the Prairie Lake project, the results include individual analyses of up to 9.89% P_2O_5 , 0.423% Nb_2O_5 and 1.1% combined REEs (Lanthanum “La”+Cerium “Ce”+Samarium “Sm”+Neodymium “Nd”+Yttrium “Y”). At the Raspberry Hill Trench, excavated about 200m north of the Grouse Trench in the NE quadrant of the project, of 231 samples collected from the trench, 58% returned assays of greater than 0.1% Nb_2O_5 (14% of all samples \geq 0.2% Nb_2O_5). Results included individual analyses of up to 6.98% P_2O_5 , 0.352% Nb_2O_5 and 0.48% combined REEs. The Wollastonite Trench was excavated in the SE quadrant of the complex and includes two East-West segments which branch out from the Wollastonite Showing. Sampling was completed only on the East branch, known as the Trailside Trench, which extends for 71.5m. Both branches were excavated for the purpose of defining the extent of the Wollastonite Showing. Results included individual analyses of up to 11.26% P_2O_5 , 0.265% Nb_2O_5 and 0.446% combined REEs, and an intersection of 4.352% P_2O_5 and 0.157% combined REEs over 169.5m.

In December, 2010, the Company completed a 4,000m drilling program in the western half of the Prairie Lake complex. The drill program was designed to test the northward extension of the SW target defined in the ETMI and included seven holes, each 500m to 600m in length. Approximately 1,800 core samples were collected. The results from the seven holes continue to demonstrate strong Nb and P mineralization, with REEs and Ta, over very significant sampling lengths. Intervals of elevated assays were obtained from all holes and include 183.88m grading 3.49% P_2O_5 and 0.109% Nb_2O_5 in NP1002 and 294m grading 3.14% P_2O_5 and 0.121% Nb_2O_5 in NP1004. When combined with previous drilling and trenching results they define an enormous domain of rock mineralized with elements of economic interest.

The ETMI was updated in October 2011, expanding the ETMI to 515 to 630 million tonnes grading between 0.09 to 0.11% Nb and 3.0 to 4.0% P making it one of the largest deposits of its kind in the world. Only a small percentage of the surface area of the Prairie Lake carbonatite has been explored and is included in the ETMI, meaning the potential for further expansion is high.

A 1,000kg sample was submitted to COREM in Québec City in September 2011 for metallurgical testing. A significant aim of the testwork was to determine whether Prairie Lake material can attain the requirements of the fertilizer industry – namely Phosphorus (P_2O_5) content of >30%, a CaO/ P_2O_5 ratio of <1.6 and MgO content <1% - important thresholds for

viability. COREM conducted an earlier metallurgical program on Prairie Lake mineralization in which it was demonstrated that the production of high-grade phosphorus concentrates is possible – concentrate containing up to 23.6% P₂O₅ was produced from a non-optimized process with the possibility of concentrate containing greater than 30% P₂O₅ considered realistic.

The most recent results clearly show that Prairie Lake rock is amenable to processing and concentration. The tests confirm the potential to produce a marketable fertilizer product by meeting and exceeding published specifications for phosphate concentrate and most importantly demonstrating that a concentrate grading greater than 30% P₂O₅ is attainable with thresholds as described above.

Selected results from the Prairie Lake tests are tabulated below and are compared to published specifications of the Bureau of Indian Standards for phosphate concentrate (Type I and II). Test 35 from the Prairie Lake program has produced the best overall concentrate results to date with a P₂O₅ content of 30.6%; other parameters tested are SiO₂ content of 1.37%, F content of 0.62%, MgO content of 0.7%, Cl content of 0.012% and Al₂O₃+Fe₂O₃ of 0.65%. Selected size ranges from Test 35 produced even higher P₂O₅ concentrations with <150 micrometres (“µm”) to >106µm and <106µm to >75µm attaining 38% and 38.1% P₂O₅ content respectively (and with the other tabulated criteria) while Test 27 attained 34.4% P₂O₅ with the use of an HCl acid leach to remove carbonate.

Bureau of Indian Standards (BIS) - IS: 11224-1985, reaffirmed 2003	Type I	Type II	Test 35 Con.	Test 35 Con.	Test 35 Con.	Test 27 Con. after Leach
				-150+106µm	-106+75µm	
Total phosphate (P ₂ O ₅) % by mass	≥ 30	≥ 32	30.6	38	38.1	34.4
Silica (SiO ₂) % by mass	≤ 10	≤ 5	1.37	1.12	1.2	5
Fluoride (F) % by mass	≤ 2	≤ 4	0.62	0.72	0.83	**
Mixed aluminium and iron oxide (Al ₂ O ₃ and Fe ₂ O ₃) % by mass	≤ 3	≤ 3.5	0.65	0.44	0.48	2.99
Magnesium oxide (MgO) % by mass	≤ 0.5	≤ 0.5	0.7	0.32	0.39	2.26
Chloride (Cl) % by mass	≤ 0.015	≤ 0.05	0.012	0.033	0.009	0.043

** Insufficient samples

The Prairie Lake property is royalty-free. Indications are that the quality of the phosphate concentrate could be attractive to the more lucrative industrial market. Further metallurgical testing is underway to refine the processing and concentration flow sheet and to produce several kilograms of concentrate for analytical and testing purposes.

GOLD AND COPPER

Chibougamau Camp, Québec

In early 2006, Nuinsco acquired a significant equity interest in Campbell and entered into an agreement to provide consulting services to Campbell for its copper and gold mines in the Chibougamau mining camp. The Company determined that the Chibougamau mining camp had significant undefined exploration potential and agreed to participate with Campbell. Campbell experienced significant financial difficulties resulting from production delays, falling metal prices and the demise of the financial markets in 2008; and in January, 2009 Campbell announced that it had re-entered CCAA protection.

With the acquisition of substantially all of the remaining secured debt of Campbell by Nuinsco and Ocean Partners, the Company and Ocean Partners, through a jointly-owned company, CBay, made a proposal to the courts to realize on its security and gain ownership of the former Campbell assets in the Chibougamau mining camp. The Québec Superior Court approved the proposal and, effective October 25, 2011, ownership of the assets was transferred to CBay. On February 15, 2012, Nuinsco and Ocean Partners announced the appointment of Roland Horst as the Chief Executive Officer of CBay.

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines on the Lac Doré complex alone. Nuinsco and Ocean Partners now own eight past-producers on the Lac Doré complex and the significant potential to add to the known mineralization at these projects, one partially-developed high-grade copper mine - Corner Bay, a permitted 2,772 tonnes per day mill and tailings facility and in excess of 96,000 acres of highly-prospective exploration property.

Upon transfer of assets to CBay, the Company reclassified its *Interest in Chibougamau* to *Property and equipment* in the amount of \$1,386,000 and \$3,820,000 was transferred to *Exploration and evaluation projects*. The Company has

developed an initial exploration program to begin to capitalize on the huge potential which the Chibougamau copper-gold camp offers. The program commenced in September 2012 with an initial site visit and field examination. Subsequently, grid control has been established and ground geophysics conducted on the Portage Island part of the land package with the aim of assessing near-surface land targets that have not been explored in at least 20 years. Diamond drilling began in November on targets developed from the geophysical surveys and from historic work. The program will continue into 2013.

Related to these assets, a restoration fund had been set up between Campbell and the Société de Développement de la Baie-James. This fund continues to exist to fund future reclamation work with respect to the Copper Rand assets. An updated reclamation plan has been prepared and filed with the Québec government.

In 2012, the Company entered into an option agreement with CBay to make expenditures on its Portage and Corner Bay properties in exchange for an undivided interest in each property as follows: \$300,000 incurred on Portage up to December 31, 2012 earns a 30% undivided interest with the option to incur up to an additional \$500,000 in \$100,000 increments each earning a 5% additional undivided interest; \$1,000,000 in expenditures incurred on Corner Bay in \$250,000 increments each earning a 5% undivided interest in the property. Expenditures on the Chibougamau camp amount to \$440,000 incurred pursuant to that agreement. Substantially all of the expenditures are on the Portage property and are described below.

In the fourth quarter of 2012, an 18-hole, 1,683m drilling program tested a number of gold targets, including a portion of the McKenzie Vein above where it was mined as part of the Portage Mine between 1959 and 1997 as well as new targets acquired from an induced polarization geophysical survey that was also completed during the autumn of 2012. The Portage Mine is only one of three past-producing copper/gold mines that are 100%-owned by CBay and located on Portage Island. The results obtained demonstrate the presence of widespread, near-surface gold mineralization and warrant additional work in follow-up programs. In conjunction with the fieldwork currently underway, a data review is being conducted of extensive and very valuable historic information – this is to assess and unlock the potential of the other underexplored CBay-owned assets within the camp.

Turkish Properties

Berta

The Berta copper project is located in north-eastern Turkey. Berta was originally a 50:50 joint venture with Xstrata Copper (“Xstrata”) one of the commodity business units within Xstrata plc. Exploration began at Berta in 2004.

During 2007, a significant, continuous domain of strong sulphide mineralization grading up to 0.28% copper and 0.07 g/t gold was intersected. Copper and gold values occurred over an interval of 710.90M of Hole SD-07-08, which was drilled adjacent to the interpreted Berta copper porphyry system and ended in mineralization.

Highlights of Hole SD-07-08 include: 710.9m grading 0.28% copper and 0.07g/t gold between 3.80m and 714.7m, including: 6.85m grading 3.79% copper, 0.22g/t gold, 11.6g/t silver and 1.05% zinc; 5.90m grading 2.60% copper, 1.14g/t gold and 8.3g/t silver; and 9.0m grading 1.03% copper. Copper values peaked at 30% over 0.25m between 592.10m and 592.35m down hole.

The results in this hole were followed up by further positive drill results in 2008, including Hole SD-08-09 which returned 459m of continuous copper-gold mineralization starting from only four metres below surface and grades of up to 5.07% copper over 4.5m. Results from this hole include 179.9m grading 0.31% copper and 0.31g/t gold within a longer interval of 459m grading 0.17% copper and 0.17g/t gold.

Of particular note is the presence of mineralization near surface in both drill holes. These results highlight the tremendous potential of the essentially unexplored Berta property.

As noted historically, discussions with Xstrata were underway, including discussions to buy Xstrata’s share of the joint venture. Subsequently, Xstrata advised that it was no longer interested in selling its share of Berta. As a result, Nuinsco opted not to pay the full share of the recorded expenditures and allowed itself to be diluted to approximately 36%. Nuinsco continues to accrue for its reduced proportionate share of expenditures incurred on Berta based on work plan budgets provided by Xstrata and where the Company has agreed to participate.

Most recently, a total of six diamond drill holes were completed in a work program conducted in the third and fourth quarters of 2012 that follows-up on the widespread and very anomalous copper mineralization identified in previous work programs and described above. The principal aim of the work was to assess parts of the Berta Project that, to date, have seen no drilling but which are overlain by very strong copper-in-soil anomalies located at the centre, east and north of the Berta porphyry system. Results from past drill programs conducted between 2005 and 2008 returned very positive results, including the results from DDH SD-07-08 (reported above) and DDH SD-08-10 (collared 500m south of SD-07-08) which returned 164.0m grading 0.20% copper and 0.06g/t gold between 250.5m and 414.5m. All of the holes drilled to

date, including those from the most recent program at Berta, have returned copper mineralization with variable alteration associated with porphyry copper mineralization and thus the drilling indicates the huge scale and continuity of the anomaly in the Berta porphyry system. The wide spacing of the drill holes and the long anomalous and altered intercepts obtained continue to demonstrate the scope of the copper mineralization at Berta. The property remains a very large and very prospective exploration opportunity. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata.

Elmalaan

Ownership of the property has been relinquished. Accordingly, a writedown in the amount of \$1,100,000 was made against Elmalaan in 2011.

Egypt

In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for two gold exploration concession areas in the Eastern Desert of Egypt – Bukari and Umm Samra. Both concession agreements still require execution by the Minister of Petroleum and Mines to be passed into law.

The Company completed several programs of field exploration work with positive results, however, political events in Egypt, and elsewhere in the MENA region, have had a negative impact on values and the resulting difficulty of financing projects in the MENA region has forced the Company to make the decision to not proceed with its Egyptian projects at this time. Accordingly, the Company recorded a net writedown of \$803,000 against project expenditures incurred to December 31, 2011 to writedown the value of the project to \$nil. In 2012, additional writedowns of \$23,000 were made against expenditures incurred to date. On March 27, 2012, the Company advised EMRA of its decision not to proceed.

Sudan

On July 18, 2011, the Company announced that it had entered into an option agreement with Makaseb Holding LLC, to acquire an 85% interest in that company's subsidiary UAE for Gold Minerals and Investment Company Ltd. which owns 100% of the J. Tobrar concession. The terms of the option provided for an initial payment of US\$200,000, and a commitment to spend approximately €400,000 on due diligence and property evaluation. Prior to the end of the option period, Nuinsco was required to deliver US\$4,000,000 in cash or shares.

On February 7, 2012, the Company announced that it had elected to not exercise its option. The scale of mineralization identified did not justify the option price and continued expenditures under then extant market conditions. Accordingly, a writedown of \$719,000 was made against the project expenditures incurred to December 31, 2011 to writedown the property to \$nil. In 2012, additional writedowns of \$40,000 were taken against expenditures incurred to February 7, 2012.

INVESTMENTS

Victory Nickel Inc.

As at March 25, 2013, the Company owns 8,253,715 shares, an approximate 2% interest in Victory Nickel, which is held as marketable securities, with a fair value of \$413,000.

Coventry Resources Limited

Pursuant to the sale of Cameron Lake, Nuinsco received 12,000,000 shares in Coventry (an approximate 6.9% interest) as well as the 3% NSR royalty over future production from the property, which was sold in September 2012. By selling the property but retaining an interest in Coventry, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focused on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Rainy River Greenstone Belt and the Ardeen Gold Project in Northern Ontario. In early 2013, Coventry completed a corporate transaction with Crescent Resources Inc. which resulted in a merged corporation trading under the name Coventry Resources Inc. on the TSX-V – CYY as well as the ASX. As at March 25, 2013, the Company owns 1,458,528 shares post-reorganization with a fair value of \$321,000.

IMPAIRMENT ANALYSIS

While the metals markets and other general economic factors continue to be relatively stable, there has been no marked recovery. The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2012. The Company does not believe that there have been any material changes to date which would adversely affect this analysis. Furthermore, there has been no change in management's plans which would cause a reassessment.

While the metals markets and other general economic factors have continued to stabilize over the prior year, there has been no marked improvement and the challenge remains to find financing for development of projects. This difficulty is

not a reflection of the quality of the Company's projects but is indicative of a general malaise affecting the junior resources sector in general. The Company performed a detailed impairment analysis at the project level.

An initial indicator of impairment considers the market capitalization of a company compared with its net book value. At and around the end of December 31, 2012, the Company's market capitalization was below its net book value – being around 45% of its net book value. A 100% ratio would require a share price of approximately \$0.076 which was most recently achieved in early 2012. However, many resource companies continue to experience similar circumstances in present markets despite having good projects. In particular, we continue to note situations where a company's cash balances may exceed its market capitalization. An analysis was performed on each of the Company's E&E projects.

The analysis reviewed historic expenditures recorded on each project along with any purchase price allocations from acquisitions, reflected the existence of previous writedowns and also considered the existence of any economic studies which had been performed. The assumptions used in such studies were reviewed for such factors as: forecast metals prices, foreign exchange rates, changes in resource and/or cost estimates, changes in royalty arrangements, the existence of significant by-products and other matters as necessary. In addition, any exploration results were also taken into consideration.

Where appropriate, forecast metal prices were estimated from third-party sources such as analyst consensus reports and other available documentation which were considered to be reasonable by management. Capital and operating cost estimates generally were reduced from those used in prior studies if documentary evidence had recently been obtained as part of the review work presently being undertaken for other current studies. Often cost estimates used in previous studies had been derived when such were universally recognized to be at historic highs.

Furthermore, management's intentions with respect to future expenditures and plans for the projects were considered. All projects have had recent expenditures or are otherwise considered to be active.

Management concluded that no impairment existed in each of its projects effective December 31, 2012 and that costs incurred to date on all projects are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates used in the preparation of the consolidated financial statements include determining the carrying value of investments and its E&E projects, assessing the impairment and classification of long-lived assets, assessing the allocation of assets into their components and the valuation of share-based payments and warrants, assessing the value of deferred income tax assets and the disclosure of contingencies and going concern matters. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

For a complete list of the significant accounting policies as well as information concerning the use of estimates, judgements and measurement uncertainty, reference should be made to Notes 2 and 3 to the Company's 2012 Audited Consolidated Financial Statements. The Company's financial statements have been prepared using the going concern assumption.

The recorded value of the Company's E&E projects is based on historic costs that are expected to be recovered in the underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties and there is always the potential for a material adjustment to the value assigned to these assets.

The fair value of the share-based payments, until exercise, is calculated using the Black-Scholes option-pricing model that takes into account the exercise price, the expected life of the option/warrant, expected volatility of the underlying shares, expected dividend yield and the risk-free interest rate for the term of the option/warrant.

The Company has determined that it is not highly probable that it will generate returns sufficient to utilize its taxable losses prior to their expiry. This is a significant judgement that, dependent upon future events, may turn out to be incorrect. Presently, since CBay is in its pre-operating phase, a full valuation allowance has been recorded against losses incurred in that 50%-owned subsidiary.

NEW ACCOUNTING POLICIES

IFRS issued by the International Accounting Standards Board (“IASB”) have been adopted in the Company’s 2012 Audited Consolidated Financial Statements. Note 3 to those statements include the accounting policies that have been applied in preparing the consolidated financial statements as at and for the years ended December 31, 2012 and 2011.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

The IASB and International Financial Reporting Interpretations Committee (“IFRIC”) have issued the following new and revised standards and interpretations which are applicable to the Company but which are not yet effective for the year ended December 31, 2012 and have not been applied in preparing these financial statements.

IFRS 10 - Consolidated Financial Statements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.

IFRS 11 - Joint Arrangements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 11 provides a new definition of joint arrangement focusing on the rights and obligations of the arrangement, rather than its legal form. The IFRS classifies joint arrangements into two types, joint operations and joint ventures.

IFRS 12 – Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

Early adoption of these standards is only permitted if IFRS 10, 11, 12 and the consequential amendments to IAS 17 and IAS 18 are adopted at the same time, with the exception of early adopting only the disclosure provisions for IFRS 12 without the other new standards.

IFRS 13 – Fair Value Measurement

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 13 provides a definition of fair value, a single framework for measuring fair value and disclosure requirements about fair value measurements.

IAS 28 – Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IAS 28 makes consequential amendments to IAS 28 – Investments in Associates, to describe the application of the equity method to investments in joint ventures in addition to associates.

Amendments to IAS 1 – Presentation of Financial Statements

Effective for annual periods beginning on or after July 1, 2012, the amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the income or loss section of the statement of operations.

These pronouncements have not been early-adopted by the Company. The Company does not expect the application of these pronouncements to have a significant effect on the consolidated financial statements of the Company.

CORPORATE GOVERNANCE

The Company’s Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, none of whom are employees or officers of the Company, meets with management to review the 2012 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Evaluation of Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer, (collectively, the “Certifying Officers”), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities

regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal year ended December 31, 2012, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2012. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

There were no changes to the Company's disclosure controls and procedures that occurred during the year ended December 31, 2012 that materially affected, or are reasonably likely to affect, the Company's disclosure controls and procedures.

Evaluation of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal year ended December 31, 2012, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's internal controls over financial reporting and procedures were effective as at December 31, 2012. During the year, the Company made improvements to the internal controls over financial reporting as part of its continuous improvement process.

The management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

There were no changes to the Company's internal controls over financial reporting that occurred during the year ended December 31, 2012 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

Short-term employee benefits provided by the Company include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. 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 (Notes 19 and 21 to the 2012 Audited Consolidated Financial Statements).

Balances and transactions with related parties as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,	2012		2011	
Balances Outstanding				
Payable to key management personnel	\$	57	\$	158
Key management personnel compensation comprised:				
Years ended December 31,	2012		2011	
Short-term employee benefits	\$	750	\$	715
Share-based payments - options		209		451
Share-based payments - Share Bonus Plan		25		11
	\$	984	\$	1,177

Balances and Transactions with Victory Nickel and CBay under the Management Agreements

The Company shares management, administrative assistance and facilities with Victory Nickel and CBay pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director. The costs recovered from Victory Nickel and CBay are

recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBay upon 60 days' notice.

Balances and transactions with Victory Nickel and CBay under the management agreements as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,	2012	2011
Balances Outstanding		
Payable to Victory Nickel Inc. under management agreement	\$ 43	\$ 20
<hr/>		
Years ended December 31,	2012	2011
Transaction Values		
Overhead charges to Victory Nickel Inc.	\$ 654	\$ 829
Overhead charges from Victory Nickel Inc.	\$ 27	-
Project costs charged by Victory Nickel Inc.	\$ 22	\$ 39
Project recoveries charged to Victory Nickel Inc.	\$ 31	\$ 67
Overhead charges to CBay Minerals Inc.	\$ 247	-
Project recoveries charged to CBay Minerals Inc.	\$ 35	-

Amounts due to or from Victory Nickel and CBay under the management agreements are unsecured, non-interest bearing and due on demand. Amounts due to or from Victory Nickel and CBay are settled on a regular basis. Nuinsco has agreed to defer payment in the amount of \$36,000 by Victory Nickel of a portion of its charges related to management salaries consistent with deferrals accepted by Victory Nickel's executive employees. Payables to key management personnel generally relate to directors' fees, consulting fees and expense reimbursements.

OUTSTANDING SHARE DATA

As at March 25, 2013, the Company had 295,525,745 common shares issued and outstanding. In addition, there were 23,230,000 stock options outstanding as at March 25, 2013, as well as 9,292,718 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 328,048,463 and would generate approximately \$4,372,000. However, most of the options and warrants are not "in the money".

RECENT DEVELOPMENTS

Loan Receivable

On March 25, 2013, the Company amended and extended the loan agreement (the "Amended Loan") to up to \$3,000,000 under certain circumstances. The Amended Loan bears interest at 12% per annum, payable quarterly, and matures on January 31, 2015. Prior to June 1, 2014, the Company has the right to convert the outstanding balance of the Amended Loan into a participating interest (the "Conversion") whereby the Company is entitled to receive a share of cash flows earned from the sale of frac sand from the borrower's subsidiary. The Company's participation is capped at \$10 million, with a minimum of \$7.5 million, and is subject to adjustment under certain circumstances. On Conversion, the Amended Loan would be considered paid in full. The Company has also agreed to backstop an equity issue, if any is announced, with cash or by converting a portion of the Amended Loan into shares, at the Company's option to an amount up to \$1,500,000 under certain circumstances.

The borrower will pay, with shares, an arrangement fee of up to \$300,000 plus a commitment fee of 1.5% per annum on unutilized balances.

There have been no additional developments not already discussed elsewhere in this MD&A.

CONTINGENCY

CRA Reassessment

In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately \$4,400,000 from the CRA related to transactions completed in 2006. The Company filed notices of objection on May 19, 2011 and also, on July 22, 2011, filed a request for adjustment to correspondingly adjust its tax pools and losses, in the unlikely event that the Company's appeal is unsuccessful. The appeal process could be lengthy and the Company believes that its position is correct and believes it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter.

RISKS AND UNCERTAINTIES

The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. The risk factors which should be taken into account in assessing Nuinsco's activities and an investment in its securities include, but are not necessarily limited to, those set out below.

The relative significance of each risk described below will vary as a function of several factors including, but not limited to, the state of the economy, the stage of Nuinsco's projects, the availability of financing on acceptable terms and other matters.

Any one or more of these risks could have a material adverse effect on the value of any investment in Nuinsco and the business, financial condition or operating results or prospects of Nuinsco and should be taken into account in assessing Nuinsco's activities.

Industry Risks

Speculative Nature of Mineral Exploration

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that Nuinsco's exploration efforts will be successful. Few properties that are explored are ultimately developed into economically-viable operating mines. Success in establishing reserves is a result of a number of factors, including the quality of Nuinsco's management, level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling to determine the optimal extraction method for the ore and the metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. It is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies, on Nuinsco's projects or the current or proposed exploration programs on any of the properties in which Nuinsco has exploration rights will result in a profitable commercial mining operation. As a result of these uncertainties, no assurance can be given that Nuinsco's exploration programs will result in the establishment or expansion of resources or reserves. Furthermore, Nuinsco cannot give any assurance that its current and future exploration activities will result in the discovery of mineral deposits containing mineral reserves.

Evaluation Projects

In general, evaluation and development projects have no operating history upon which to base estimates of future cash operating costs. For evaluation and development projects such as those projects that Nuinsco has an interest in, estimates of proven and probable reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost, cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. In addition, there remains to be undertaken certain feasibility and development preparation work on the projects that could adversely impact estimates of capital and operating costs required for the development of the projects. Costs necessary to develop the projects could be significant and will have a direct impact on the economic evaluation of the projects. As a result, it is possible that the actual capital cost, cash operating costs and economic returns of the projects may differ from those currently estimated.

Competition

The mineral exploration business is highly competitive in all of its phases. Nuinsco competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Nuinsco, in the search for and acquisition of exploration and development rights on attractive mineral properties. Nuinsco's ability to acquire exploration and development rights in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on other suitable properties. There is no assurance that Nuinsco will compete successfully in acquiring exploration and development rights on such other properties.

Operational Risks

Limited History of Operations

Nuinsco has a limited history of earnings and limited financial resources. Nuinsco currently has no operating mines and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future, as well as its ability to access capital markets for its development requirements. There is no assurance that Nuinsco will earn profits in the future. Significant capital investment will be required to achieve commercial production from Nuinsco's existing projects from successful exploration efforts. There is no assurance that Nuinsco will be able to raise the required funds to continue these activities.

Development Targets, Permitting and Operational Delays

There can be no assurance that Nuinsco will be able to complete the planned development of the projects on time or on budget due to, among other things, delays in receiving required consents, permits and registrations, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support Nuinsco's operations. Any failure to meet development targets or other operational delays or inadequacies could have a material adverse effect.

Resources and Reserves

Figures relating to mineral resources and mineral reserves are estimates and no assurance can be given that the anticipated level of recovery and/or grades of mineral reserves or mineral resources will be realized. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an ore body or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

Title Risks

Nuinsco's ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorizations from various governmental and quasi-governmental authorities. Management believes that Nuinsco currently holds or has applied for all necessary licences, permits and authorizations to carry on the activities which Nuinsco is currently conducting and to hold the mineral rights Nuinsco currently holds under applicable laws and regulations in effect at the present time. Management also believes that Nuinsco is complying in all material respects with the terms of such licences, permits and authorizations. However, Nuinsco's ability to obtain, sustain or renew such licences, permits and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies.

No assurance can be given that Nuinsco's properties are not subject to prior unregistered agreements or interests or undetected claims or interests which could be material and adverse to Nuinsco. Additionally, mineral properties may carry with them significant development costs and abandonment and site restoration obligations for which Nuinsco may, or will, become responsible for in the future.

Insurance Risk

Nuinsco faces all of the hazards and risks normally incidental to the exploration of precious and base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. Nuinsco's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Nuinsco has interests; not all such risks are insurable.

Financial and Investment Risks

Substantial Capital Requirements

Nuinsco will have to make substantial capital expenditures for the development of and to achieve production from the projects. There can be no assurance that any debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Nuinsco. Moreover, future activities may require Nuinsco to alter its capitalization significantly. The inability of Nuinsco to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects. Flow-through financing cannot be used to fund the Company's corporate costs or foreign projects.

Market Perception

Market perception of junior exploration, development and mining companies may shift such that these companies are viewed less favourably. This factor could impact the value of investors' holdings and Nuinsco's ability to raise further funds by issue of additional securities or debt.

Metal and Mineral Prices

There is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond Nuinsco's control – including factors which are influenced by worldwide circumstances. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The prices of precious and base metals have historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Nuinsco's business, financial condition and prospects. Given the stage of development of Nuinsco's projects, the above factors have had no material impact on present operations but are considered in evaluating the impairment of long-lived assets.

Areas of Investment Risk

Nuinsco's Common Shares are listed on the TSX. The share prices of publicly-traded companies can be volatile as the price of shares is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to Nuinsco.

The market for shares in small public companies is less liquid than for large public companies. Investors should be aware that the value of the Company's common shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Company's common shares may not reflect the underlying value of Nuinsco's net assets. The price at which investors may dispose of their securities may be influenced by a number of factors, some of which may pertain to Nuinsco and others of which are extraneous. On any disposal of their common shares, investors may realize less than the original amount invested.

Regulatory Risks

Government Regulation

Existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality, mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond Nuinsco's capacity to fund. Environmental laws are becoming more actively enforced. Environmental and social impact studies may be required for some operations and significant fines and clean-up responsibilities may be assessed for companies causing damage to the environment in the course of their activities.

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors

Nuinsco may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the areas in which Nuinsco does or will operate and holds its interests, as well as unforeseen matters. As referred to above, the Company has received notices of assessment from the CRA and is in the process of defending what it and its advisors believe to have been a correct filing position.

Other Risks

Environmental and Health Risks

The Company has no significant exposure to environmental or health risks, although this will change should any of the Company's projects approach production (a normal characteristic of mineral industry projects).

Key Personnel

Nuinsco relies on a limited number of key consultants and there is no assurance that Nuinsco will be able to retain such key consultants or other senior management. The loss of one or more of such key consultants or members of senior management, if not replaced, could have a material adverse effect on Nuinsco's business, financial condition and prospects. Directors and management have previously accepted deferrals of remuneration in order to assist the Company through the economic turmoil; however, this potentially adds to the risk of losing experienced personnel. Deferrals were paid in October 2012.

Conflicts of Interest

Certain of Nuinsco's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to Nuinsco will be made in accordance with their duties and obligations to deal fairly and in good faith with Nuinsco and such other companies.

Foreign Operations

In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. In early 2010, the Company commenced exploration work in Egypt and in July, 2011, the Company, along with a partner, acquired interests in north-eastern Sudan. While the Company has terminated its activity in Sudan and Egypt and has reduced activity in Turkey, it remains open to appropriate opportunities in the MENA region.

Nuinsco's investments in foreign countries carry certain risks associated with different political, business, social and economic environments. The ability to carry on business in any country can be affected by possible political or economic

instability in that country. Changes in mining or investment policies or shifts in political attitude may adversely affect private business. The effect of these factors cannot be accurately predicted. Should the respective government later seek to control any aspect of production, distribution or pricing of gold or precious metals, Nuinsco runs the risk that, at any time, its operations may be terminated for failure to comply with any permit, rule or regulation; or that its operations may prove to be unprofitable if the costs of compliance with such governmental regulations prove to be excessive.

There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, project development or mining may not be obtained under conditions, or within time frames, that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

As with Canadian projects, the acquisition and retention of title to mineral rights is a detailed and time-consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. Nuinsco's right to explore for, mine, produce and sell metals will be based on the respective governing agreement. Should Nuinsco's rights under any agreement not be honoured or be unenforceable for any reason, or if any material term of the agreements is unilaterally changed or not honoured, including any boundaries of properties, Nuinsco's ability to explore and produce metals in the future would be materially and adversely affected.

Nuinsco regularly and routinely considers the risks inherent in foreign jurisdictions and weighs such risks when evaluating continued, enhanced, reduced or renewed involvement in foreign projects.

Investments and Other Agreements with Resource Companies

In addition, Nuinsco makes, from time to time, investments in the common shares of publicly-traded companies in the junior natural resources sector or may enter into option or other agreements therewith. These companies are subject to similar risks and uncertainties as is Nuinsco, and Nuinsco's investments in and agreements with these companies are subject to similar areas of risk as noted above. Nuinsco seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

Summary

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector. These include the extent to which it can outline natural resources on its properties and establish the economic viability of developing those properties and the political, economic and legislative stability of the territories in which the Company's interests are located. Another significant factor is the ability of the Company to obtain necessary financing, complete expected financing under anticipated terms or to find strategic partners to fund expenditure commitments as they fall due, as the Company currently has limited funds. Furthermore, the development of any natural resource interest may take years to complete and the resulting income, if any, from the sale of any natural resources produced by the Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product. Such risks are likely to be more extensive in foreign jurisdictions.

FORWARD-LOOKING STATEMENTS

Forward-Looking Information: This MD&A contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow, financing, costs, economic return, net present value, mine life and financial models, mineral resource estimates, potential mineralization, potential mineral resources, timing of possible production and the Company's development plans and objectives) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing expected or needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production); changes in equity or debt markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government

authorities; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "Risks and Uncertainties" and elsewhere. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

March 25, 2013