



NUINSCO RESOURCES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

DATED APRIL 29, 2019

Independent Auditor's Report

To the Shareholders of Nuinsco Resources Limited:

Opinion

We have audited the consolidated financial statements of Nuinsco Resources Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of operations and comprehensive income, changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that none of the Company's exploration and evaluation projects are in commercial production and the Company is dependent on debt or equity financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

April 29, 2019

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Nuinsco Resources Limited

Consolidated Statements of Financial Position

As at December 31, 2018 and December 31, 2017

(in Canadian dollars)	<i>Notes</i>	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash	6	\$ 388,500	172,247
Marketable securities	7	4,266	-
Receivables	8	86,525	52,067
Prepays		6,000	6,000
Total current assets		485,291	230,314
Non-current assets			
Promissory note receivable	11	-	89,209
Property and equipment	9	31,634	39,115
Exploration and evaluation projects	10	491,328	508,587
Total non-current assets		522,962	636,911
Total Assets		\$ 1,008,253	\$ 867,225
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Trade and other payables	20	\$ 234,183	\$ 323,776
Total current liabilities		234,183	323,776
Non-current liabilities			
Long-term liabilities	14	961,938	973,413
Total Liabilities		1,196,121	1,297,189
Shareholders' deficiency			
Share capital	16	98,648,055	98,417,649
Contributed surplus		5,933,925	5,929,925
Warrants	16	6,100	6,100
Accumulated other comprehensive loss		(2,147,261)	(2,147,261)
Deficit		(102,628,687)	(102,636,377)
Total shareholders' deficiency		(187,868)	(429,964)
Total Liabilities and Shareholders' Deficiency		\$ 1,008,253	\$ 867,225

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

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

CONTINGENCY (Note 22)

Approved by the Board of Directors

(signed)
René R. Galipeau
Director

(signed)
Paul Jones
Director

Nuinsco Resources Limited

Consolidated Statements of Operations and Comprehensive Income

For the years ended December 31, 2018 and December 31, 2017

(in Canadian dollars)	<i>Notes</i>	2018	2017
Other expenses			
General and administrative		552,880	415,901
Share-based payments	18	4,000	-
Depreciation of property and equipment	9	7,481	9,754
Pre-exploration write-offs	10	2,495	14,342
Write-down of exploration and evaluation projects	10	83,919	9,076
Operating loss		(650,775)	(449,073)
Other income			
Interest and accretion income	11	10,791	3,084
Gain on reversal of impairment loss	10	-	459,204
Gain on sale of interest in CBay Minerals	10	-	341,937
Fair value through profit and loss	7	12,716	-
Gain on sale of investment in partnership	12	314,482	-
Gain on settlement of debt	16	314,686	-
Consulting income		538	43,582
Flow-through premium		5,252	-
Income before income taxes		7,690	398,734
Income tax expense	23	-	-
Net income and comprehensive income for the year		7,690	\$ 398,734
Income per share			
	17		
Basic income per share		\$ 0.00	\$ 0.00
Diluted income per share		\$ 0.00	\$ 0.00
Weighted average number of shares		397,442,046	348,748,190

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

Nuinsco Resources Limited

Consolidated Statements of Shareholders' Deficiency

(in Canadian dollars)	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balances as at December 31, 2016	\$ 98,393,149	\$ 5,896,175	\$ 33,750	\$ (2,147,261)	\$ (103,035,111)	\$ (859,298)
Shares issued on private placement	30,600	-	-	-	-	30,600
Valuation of warrants issued on private placement	(6,100)	-	6,100	-	-	-
Expiry of warrants	-	33,750	(33,750)	-	-	-
Net income for the year	-	-	-	-	398,734	398,734
Balances as at December 31, 2017	\$ 98,417,649	\$ 5,929,925	\$ 6,100	\$ (2,147,261)	\$ (102,636,377)	\$ (429,964)
Shares issued in accordance with option agreement	4,216	-	-	-	-	4,216
Share-based payments	-	4,000	-	-	-	4,000
Shares issued in accordance with sale of property	12,000	-	-	-	-	12,000
Shares issued on settlement of debt	196,409	-	-	-	-	196,409
Shares issued on private placement	23,033	-	-	-	-	23,033
Flow-through share premium	(5,252)	-	-	-	-	(5,252)
Net income for the year	-	-	-	-	7,690	7,690
Balances as at December 31, 2018	\$ 98,648,055	\$ 5,933,925	\$ 6,100	\$ (2,147,261)	\$ (102,628,687)	\$ (187,868)

Nuinsco Resources Limited

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and December 31, 2017

(in Canadian dollars)	Notes	2018	2017
Cash flows from operating activities			
Net income for the year		7,690	\$ 398,734
Adjustments for:			
Share-based payments	18	4,000	-
Accretion	11	(10,791)	(3,084)
Depreciation of property and equipment	9	7,481	9,754
Fair value through profit and loss	7	(12,716)	-
Unrealized gain on marketable securities	7	(5,252)	-
Gain on reversal of impairment loss	10	-	(459,204)
Write down of exploration and evaluation projects		83,919	-
Proceeds on sale of partnership, net of selling expenses		(314,482)	-
Gain on settlement of debt	16	(314,686)	-
Change in receivables		(34,458)	(15,474)
Change in trade and other payables		410,027	(94,802)
Change in long-term liabilities		-	289,000
Net cash from (used in) operating activities		(179,268)	124,924
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	10	(634,819)	(48,383)
Proceeds on early settlement of promissory note	11	88,262	-
Proceeds on sale of property	10	225,000	-
Proceeds on sale of royalties	10	124,908	-
Proceeds on sale of partnership, net of selling expenses		314,482	-
Proceeds on sale of marketable securities	7	254,655	-
Net cash from (used in) investing activities		372,488	(48,383)
Cash flows from financing activities			
Proceeds from issue of common shares and warrants	16	23,033	30,600
Net cash from financing activities		23,033	30,600
Net increase in cash		216,253	107,141
Cash, beginning of the year		172,247	65,106
Cash, end of the year		388,500	\$ 172,247

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Nuinsco Resources Limited (“Nuinsco” or the “Company”) is a company incorporated in Canada. The address of the Company’s registered office is 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, 2018 and 2017 comprise the Company and its subsidiaries (together referred to as “Nuinsco” and individually as “Nuinsco entities”). Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for precious and base metals. The Company conducts its activities on its own or participates with others on an investment basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. On February 20, 2019, the Company’s shares commenced trading on the Canadian Securities Exchange under the symbol NWI.

Going Concern

The Company’s 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, 2018, the Company had a working capital of \$251,108 (December 31, 2017 – working capital deficiency of \$93,462). Working capital (deficiency) is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company’s projects through exploration and development to the production stage will require significant financing. Refer to Note 4 on Financial Risk Management and Capital Management to these Consolidated Financial Statements for additional information.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, First Nations claims, unregistered prior agreements, social licensing requirements, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

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

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

If the Company is unable to obtain additional financing, it will be required to curtail all of its operations and may be required to liquidate its assets.

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

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"). These pronouncements are GAAP for a Canadian public company.

The Company's significant accounting policies are 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 April 29, 2019. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historic cost basis except for certain financial instruments which are measured at fair value.

(c) Functional and Presentation Currency

These consolidated 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.

(d) Use of Estimates and Judgments

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

The accompanying 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 consolidated financial statements is included in the following notes:

- Note 10 measurement of the recoverable amounts of exploration and evaluation projects;
- Note 18 measurement of share-based payments.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(all amounts in Canadian dollars)

2. BASIS OF PREPARATION - CONTINUED

Significant Judgments

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

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

- Note 1 going concern assessment;
- Note 10 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 10 impairment of exploration and evaluation projects;
- Note 22 disclosure of contingencies;
- Note 23 recoverability of deferred income tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant 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 and its subsidiaries.

(a) New Accounting Policies

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

There was no material impact on the implementation of changes in the Company's financial statements.

Financial assets:	Classification IAS 39	Classification IFRS 9
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Marketable securities	FVPL	FVPL
Financial liabilities:	Classification IAS 39	Classification IFRS 9
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting policy under IAS 39 applicable prior to January 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, excluding derivative instruments related to hedging activities, was similar to the accounting policy adopted in 2018.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss.

Other financial liabilities: This category includes accounts payables and accrued liabilities, of which are recognized at amortized cost.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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. Significant Company entities are listed in Note 21.

(ii) 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 Other Comprehensive Income ("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"), which impacts the classification and measurement of financial assets, as noted above.

(e) 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Item	Method	Rate
Equipment	Declining balance	20%
Computer	Straight-line	30%
Leasehold improvements	Straight-line over 31 months	N/A

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

(f) 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.

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, geophysical surveys, 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*.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ii) Pre-E&E expenditures

Pre-E&E 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 statements 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 statements of financial position.

Likewise, when facts or circumstances exist that suggest previously recognized impairment should be reversed, a gain on impairment reversal is recognized only to the extent that an impairment loss was originally recognized.

(g) 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.

(h) 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.

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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ii) *Non-financial assets - continued*

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.

(i) **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 recognized 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.

(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.

(j) **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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Provisions - continued

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.

(k) Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the price of a non-flow through share and the amount the investor pays for the flow-through share. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities.

A deferred tax liability is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The Company indemnifies subscribers of flow-through shares for any tax related amounts that become due as a result of the Company not meeting its flow-through share related obligations.

(l) 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 (deficiency) equity, in which case it is recognized in OCI or in (deficiency) 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 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.

(m) Share Capital

(i) 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(m) Share Capital - continued

(ii) Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the “Stock Option Plan”) which is described in Note 18. 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 16. 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.

(n) 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.

(o) New Standards and Interpretations Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 will not have a material impact on the Company because its future lease obligations are immaterial.

Nuinsco Resources Limited

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4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk Management Framework

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

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

Credit Risk

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

Cash

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

Receivables

Amounts due are settled on a regular basis.

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

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

Liquidity Risk

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

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

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

All contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's deferred director and management fees.

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 dollars ("US\$"). The Company does not actively hedge its foreign currency exposure.

Interest rate risk

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

Operational Risk

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

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.

Capital Management Disclosures

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

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

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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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.

Fair value hierarchy

The different levels of valuation are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

(a) Receivables

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

(b) Non-derivative Financial Assets

Financial assets at fair value through profit or loss include the Company's Participating Interest. The fair value of the Participating Interest is based on the net present value of expected cash flows taking into account the probability of cash flows as described in Note 13.

(c) Share-based Payment Transactions

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

6. CASH

	December 31, 2018	December 31, 2017
Bank balances	\$ 388,500	\$ 172,247

7. MARKETABLE SECURITIES

	Number of shares	Carrying value	Unrealized gain	Fair Market Value
Integra Resources Corp.	5,079	\$ -	\$ 4,266	\$ 4,266

During the year, the Company sold 139,418 shares of UEC (Note 10) for gross proceeds of \$254,655 resulting in a realized gain on sale of \$8,450.

8. RECEIVABLES

	December 31, 2018	December 31, 2017
Sales tax receivable	\$ 40,846	\$ 16,616
Other receivables	45,679	35,451
	\$ 86,525	\$ 52,067

Nuinsco Resources Limited

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9. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2017	\$ 426,674	\$ 377,805	\$ 48,869
Depreciation	-	9,754	(9,754)
Balance as at December 31, 2017	426,674	387,559	39,115
Depreciation	-	7,481	(7,481)
Balance as at December 31, 2018	\$ 426,674	\$ 395,040	\$ 31,634

10. EXPLORATION AND EVALUATION PROJECTS

	Other	Diabase Peninsula	Sunbeam	El Sid	Total
Balance, January 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisitions	-	-	20,000	-	20,000
Project expenditures	-	-	29,383	-	29,383
Reversal of impairment	-	459,204	-	-	459,204
Balance, December 31, 2017	-	459,204	49,383	-	508,587
Acquisitions (net)	-	-	37,531	147,398	184,929
Sale of royalties on project	-	-	-	(124,908)	(124,908)
Sales	-	(459,204)	-	-	(459,204)
Project expenditures	83,919	-	190,190	191,734	465,843
Impairment provision	(83,919)	-	-	-	(83,919)
Balance, December 31, 2018	\$ -	\$ -	\$277,104	\$214,224	\$491,328

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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10. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

El Sid

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

Sunbeam Gold Property

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

- Cash payments of \$175,000 over four years of which \$20,000 was paid in 2017 and \$30,000 paid in 2018; remaining required payments are \$50,000 on or before May 3, 2019 and \$75,000 on or before May 3, 2020.
- Issued 1,000,000 common shares on signing the agreement (issued) and 100,000 common shares on May 3, 2018 (issued), May 3, 2019, and May 3, 2020. Should the total value of the 100,000 common shares issued be less than 40% of the respective annual cash payment (the value to be based on the share price on each Anniversary) the difference will be paid in cash.
- Complete work programs totalling \$280,000 incurred over four years as follows:
 - an initial \$40,000 on or before May 3, 2018 (met);
 - an additional \$60,000 on or before May 3, 2019 (met);
 - an additional \$80,000 on or before May 3, 2020; and
 - an additional \$100,000 on or before May 3, 2021.
- A net smelter return ("NSR") royalty of 2.5% is retained by the vendors, 1% of which can be acquired by the Company for a one-time payment of \$1,000,000.

Prairie Lake

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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10. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

Prairie Lake - continued

Diamond drilling, surface sampling and mapping programs were conducted in 2007, 2008, 2010 and 2013. The large-scale project has a current Exploration Target of between 515 and 630 million tonnes of mineralization grading between 3.0-4.0 P₂O₅, 0.009-0.11% Nb₂O₅, 18-21ppm Ta₂O₅, and the following REEs: 280-340ppm lanthanum, 650-790ppm cerium, 55-70ppm samarium, 300-360ppm neodymium, 85-100ppm yttrium. The Company has initiated an updated 43-101 report on the project.

Diabase Peninsula

In February 2018, Nuinsco closed a transaction for the sale of its interest in the Diabase Peninsula ("Diabase") uranium property in Saskatchewan's Athabasca Basin to Uranium Energy Corp. (NYSE American: UEC, "UEC") for total consideration of \$471,204 comprising \$225,000 cash and 139,418 common shares of UEC, at a fair value of US\$1.41 (C\$1.77) per share. Additionally, Nuinsco issued 10,000,000 (to the original owner of the Diabase claim), subject to a four month hold from the date of issuance, of its own common shares, at a fair value issuance price of C\$0.0012 per share, as consideration for transaction costs on the sale. Management's previous estimate that the fair value of Diabase was \$nil was no longer appropriate given that the property sold for total consideration of \$471,204, therefore as at December 31, 2017, the previously recorded impairment was reversed in the amount of \$459,204 to write the Diabase property up to its fair value less costs to sell.

Chibougamau Camp

In December 2014, Nuinsco used a significant piece of its equity position in CBay to extinguish \$2.6 million in debt and accrued interest. CBay owned the Chibougamau assets in Quebec, which represented 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 retained a 7.5% interest in CBay and, pursuant to a management agreement (the "Management Agreement"), continued to manage and share management, administrative assistance and facilities with CBay.

In August 2017, Nuinsco sold its 7.5% interest in CBay to Ocean Partners Limited ("Ocean Partners") for total consideration of \$400,000 comprised of \$300,000 in cash, a \$100,000 promissory note and retirement of debt owed to Ocean Partners. The promissory note was unsecured and was due eighteen months from the date of sale (the "Maturity Date"). No interest was payable on the principal, unless payment was not made to the Company on or before the Maturity Date (Note 11). This sale also resulted in the termination of the Management Agreement under which Nuinsco had been managing CBay's affairs. The sale resulted in a gain on sale in the amount of \$341,937.

Pre-exploration write-offs

Pre-exploration expenditures relate to expenses on evaluating projects not owned by the Company. Pre-exploration costs in the amount of \$2,495 were expensed during the year ended December 31, 2018 (2017 - \$14,342).

11. PROMISSORY NOTE RECEIVABLE

Nuinsco held a promissory note in the principal amount of \$100,000, receivable from Ocean Partners. The promissory note was unsecured, non-interest bearing, and was repayable in full on February 25, 2019. If payment was not made on or before the Maturity Date, an interest charge of \$1,000 per month was to accrue beginning on the Maturity Date. The fair value of the promissory note at acquisition, discounted at the market rate of 10%, was \$86,125. During the year ended December 31, 2018, the Company recorded accretion income of \$10,791 (2017 - \$3,084). On August 22, 2018, the Company agreed to settle the debt in full, with a payment of \$88,262 for full repayment of the promissory note. This payment resulted in a loss on settlement of \$11,738.

Nuinsco Resources Limited

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(all amounts in Canadian dollars)

12. PARTNERSHIP INTEREST

On August 7, 2018, the Company entered into a general partnership agreement (the "Partnership") for the purpose of carrying on a trading and investment business. The Company did not control or exert significant influence on the partnership activities, which were to invest into various forward foreign exchange contracts. Accordingly, the investment was classified as a financial instrument at fair value through profit or loss. On August 28, 2018, the Company sold its interest in the Partnership for net proceeds of \$314,482. The Company was allocated \$11,176,476 of partnership income during the period in which it was a partner (Note 23).

13. PARTICIPATING INTEREST

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

14. LONG-TERM LIABILITIES

Long term liabilities consist of accrued directors' fees \$310,938 (2017 – \$495,413) and certain management consulting fees \$651,000 (2017 – \$478,000). The directors and management have agreed to defer fees until the ongoing viability of the Company can be assured.

15. OPERATING LEASE

In September 2017, the Company entered into a one-year lease for office space at 80 Richmond Street West, Toronto, expiring September 2018. In September 2018 this lease was extended for a further one-year term. Future minimum lease payments to the expiry date are \$18,000.

16. SHARE CAPITAL AND OTHER COMPONENTS OF DEFICIENCY

Share Capital

Authorized

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

Number of shares issued and outstanding

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

	Notes	Number of Shares	Amount \$'s
Balance as at December 31, 2016		346,986,957	98,393,149
Shares issued on private placement	(a)	2,990,000	30,600
Valuation of warrants issued as part of private placement	(a)	-	(6,100)
Balance as at December 31, 2017		349,976,957	\$ 98,417,649
Shares issued on sale of Diabase	(Note 10)	10,000,000	12,000
Shares issued in accordance with the Sunbeam option agreement	(Note 10)	2,300,000	4,216
Shares issued on settlement of debt	(b)	53,929,700	196,409
Shares issued on private placement	(c)	4,606,666	23,033
Flow through share premium		-	(5,252)
Balance as at December 31, 2018		420,813,323	\$ 98,648,055

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

16. SHARE CAPITAL AND OTHER COMPONENTS OF DEFICIENCY - CONTINUED

(a) On October 9, 2017, the Company closed a private placement financing for gross proceeds of \$30,600 through the issuance of 2,750,000 common share units (at \$0.01 per unit) ("Common Units") and 240,000 flow-through units (at \$0.0125 per unit) ("Flow-Through Units"). Each Common Unit and each Flow-Through Unit consisted of one common share and one half of a common share purchase warrant. Each whole warrant can be exercised at \$0.015 for a period of the earlier of (a) 1 year or (b) six months from the date the Company's common shares are listed on a Canadian stock exchange. These warrants were assigned a value of \$6,100 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.53%; expected volatility of 165%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies.

(b) On May 3, 2018, the Company settled debt in the amount of \$473,605 through the issuance of 47,360,500 common shares. \$464,605 of the debt was owed to directors and management (Note 20). On the date of issuance, the shares had a market value of \$182,844, resulting in a gain on settlement of \$290,761.

On August 7, 2018, the Company settled debt in the amount of \$37,490 through the issuance of 6,569,200 common shares. On the date of issuance, the shares had a market value of \$13,565, resulting in a gain on settlement of \$23,925. No warrants were issued as part of the debt settlements.

(c) On May 3, 2018, the Company issued 4,606,666 flow-through common shares for the \$23,033. No warrants were issued as part of the issuance. The flow-through shares were issued at a price of \$0.005 representing a premium of approximately 31% to the market value. Two directors of the Company participated in this financing.

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(all amounts in Canadian dollars)

16. SHARE CAPITAL AND OTHER COMPONENTS OF DEFICIENCY - CONTINUED

Share Bonus Plan

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

The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged immediately. If the common shares are not listed on any stock exchange, the fair value of the common shares may be determined by the directors.

Accumulated Other Comprehensive Income or Loss ("AOCI")

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

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

17. EARNINGS PER SHARE

The calculation of basic and diluted EPS for the years ended December 31, 2018 and 2017 was based on the information in the table below.

	2018	2017
Weighted average number of common shares - basic	397,442,046	348,748,190
Effect of options granted and outstanding	-	-
Effect of warrants issued and outstanding	-	-
Weighted average number of common shares - diluted	397,442,046	348,748,190
Net income attributable to shareholders	\$ 7,690	\$ 398,734
Basic income per share	\$ 0.00	\$ 0.00
Diluted income per share	\$ 0.00	\$ 0.00

The effect of adjustments to the weighted average number of common shares would be anti-dilutive when the Company incurs losses. The table above provides the weighted average number of shares on a dilutive basis for periods when losses are incurred 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

18. 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, 2018, the Company had 28,596,998 (December 31, 2017 – 13,246,544) common shares remaining available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 16.

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, employee and consultants have a maximum term of ten 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 ten years and are equity-settled. All options granted to directors' vest immediately.
- All options are to be settled by physical delivery of shares.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

The following is a summary of the activity of options:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	40,475,000	\$ 0.02	44,675,000	\$ 0.02
Granted	1,000,000	0.01	-	-
Expired	(6,950,000)	\$ 0.07	(4,200,000)	\$ 0.07
Forfeit	-			
Balance, end of year	34,525,000	\$ 0.01	40,475,000	\$ 0.01
Options exercisable, end of year	34,525,000	\$ 0.01	40,475,000	\$ 0.01

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(all amounts in Canadian dollars)

18. SHARE-BASED PAYMENTS – CONTINUED

As at December 31, 2018 the options outstanding are as follows:

# Options	Exercise Price	Expiry date	Weighted average expiry (years)
350,000	\$ 0.01	February 5, 2020	1.10
33,175,000	\$ 0.01	April 18, 2021	2.30
1,000,000	0.01	April 9, 2023	4.27
34,525,000			2.34

On April 9, 2018, the Company issued 1,000,000 stock options to a consultant to the Company. The options have an exercise price \$0.01 and expire 5 years from the date of grant. The options were assigned a value of \$4,000 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 164%; expected dividend yield of 0%; risk-free interest rate of 1.53%; and expected life of 5 years.

Share purchase warrants

The following is a summary of the activity of warrants for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	1,495,000	\$ 0.015	18,000,000	\$ 0.01
Expired	-	-	(18,000,000)	(0.01)
Granted	-	-	1,495,000	0.015
Balance, end of year	1,495,000	\$ 0.015	1,495,000	\$ 0.015

19. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects which are currently located in Canada. 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

20. RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

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

Transactions with related parties for the years ended December 31, 2018 and 2017 are shown in the following table:

	2018		2017	
Short-term employee benefits	\$	341,500	\$	316,960
	\$	341,500	\$	316,960

During the year ended December 31, 2018, the Company was charged \$36,000 (2017 - \$36,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2018, \$30,510 (December 31, 2017 - \$61,020) is included in accounts payable and accrued liabilities. On May 3, 2018, the Company settled \$57,630 of debt owing to CFO Advantage in exchange for 5,763,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$35,393.

During the year ended December 31, 2018, the Company was charged \$150,000 (2017 - \$150,000) by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2018, \$582,992 (December 31, 2017 - \$451,696) is owing and included in long-term liabilities (Note 14). On May 3, 2018, the Company settled \$140,000 of debt in exchange for 14,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$85,980.

During the year ended December 31, 2018, the Company was charged \$48,000 (2017 - \$48,000) by Sean Stokes, Executive Vice President of the Company. As at December 31, 2018, \$126,000 (December 31, 2017 - \$98,000) is owing and included in long-term liabilities (Note 14). On May 3, 2018 the Company settled \$20,000 of debt in exchange for 2,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$12,283.

On May 3, 2018 the Company settled \$246,975 of debt with directors of the Company in exchange for 24,697,500 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$151,677.

Certain directors and management of the Company participated in the purchase of the Royalties (as described in Note 10) for a total of \$74,908. The terms and conditions of the Royalties purchased by management and directors were the same as those issued to non-related parties. The Company had no other sources of financing available at the time and the Royalties were essential to move the project forward.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

21. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

		December 31, 2018	December 31, 2017
Ownership Interest	Country of Incorporation		
Lakeport Gold Corporation	Canada	100%	100%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	70%	70%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	70%	70%
NuMENA Minerals Corp.	Canada	100%	100%

All of these subsidiaries have nominal assets and liabilities.

22. 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; this amount does not include interest and penalties which could be substantial. The Company filed notices of objection on May 19, 2011. On July 22, 2011, the Company filed a request for adjustment to correspondingly adjust its tax pools and losses, in the unlikely event that the Company's appeal is unsuccessful. On March 7, 2014, the Company received a notice of confirmation with respect to one entity whereby the CRA denied that entity's notice of objection and confirmed the reassessment. The Company has sought and is following the advice of its tax counsel in this matter.

The appeal process could be lengthy and the Company believes that its position is correct and that it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter.

23. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

	2018	2017
Net Income before recovery of income taxes	\$ 7,690	\$ 398,734
Expected income tax (recovery) expense	\$ 2,038	\$ 105,660
Partnership interest (i)	1,439,210	-
Tax rate changes and other adjustments	1,147,820	(74,100)
Share-based compensation and non-deductible expenses	51,520	(44,490)
Change in tax benefits not recognized	(2,640,588)	12,930
Income tax expense	\$ -	\$ -

(i) The Company was allocated \$11,176,476 of partnership income during the period in which it was a partner (Note 12). The Company has utilized previously unrecognized assets to offset this income.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(all amounts in Canadian dollars)

23. INCOME TAXES - CONTINUED

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom:

	2018	2017
Property and equipment	\$ 752,410	\$ 798,550
Mineral properties	1,279,290	11,030,420
Participating Interest	1,000,000	1,000,000
Share issuance costs	7,600	54,760
Reserves	961,938	-
Non-capital losses	-	6,505,610
Capital losses	28,444,840	17,595,560
Other temporary differences	65,330	65,330

The non-capital losses of the foreign subsidiaries have not been disclosed as the Company no longer has any significant subsidiaries. The capital losses may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2020. The remaining deductible temporary differences may be carried forward indefinitely.



NUINSCO RESOURCES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

DATED APRIL 29, 2019

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2018 and 2017

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of April 29, 2019 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 ("2018 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.

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2018 and 2017. The unaudited Condensed Interim Consolidated Financial Statements and the 2018 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 an exploration and development company that has operated successfully for several decades. Nuinsco has discovered numerous mineral deposits including the Rainy River gold deposit in northwestern Ontario, now in production and owned by New Gold Inc., the Lac Rocher nickel deposit in Quebec now owned by Victory Nickel Inc. ("Victory Nickel") and the Cameron Lake gold deposit in Ontario which is currently owned by First Mining Gold Corp. to name a few. It is focused on identifying, exploring and developing mineral investment opportunities domestically and internationally. The Company currently has interests in projects prospective for gold, phosphate, rare metals and niobium in Canada's province of Ontario, and gold in Egypt.

The Company owns 100% of the very significant Prairie Lake project and with its newly optioned Sunbeam Gold Property both in northwestern Ontario, is working to build shareholder value through systematic exploration on highly prospective ground. As funding permits, work programs have been planned for the Company's projects. In particular, at the Sunbeam Gold Property, high-grade gold mineralization is the target while at the Prairie Lake project, extensive metallurgical testing has indicated that several marketable minerals and products can be produced including a phosphate concentrate exceeding 30% P₂O₅. Subsequent to the end of the quarter, the Company initiated a program to obtain material from Prairie Lake for evaluation as an agricultural product and soil additive. Results of this program are pending.

The Company is also evaluating the economic viability of the El Sid gold dumps and tailings recovery project in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast. Three past producing gold mines are located on the project site – the largest of which is the El Sid Mine that between 1940 and 1957 was Egypt's largest gold producer. Nuinsco, through its Egyptian subsidiary Z-Gold Resources Limited ("Z-Gold") has the right to evaluate and exploit the dumps and tailings from the project owner, Shalateen Mineral Resources Company ("Shalateen"), a company established by the Egyptian Government.

In addition to its property holdings, Nuinsco owns a limited participating interest in the net cash flows of Victory Nickel's frac sand business (the "Participating Interest").

Going Concern

The Company's 2018 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, 2018, the Company had working capital of \$251,108 (December 31, 2017 – working capital deficiency of \$93,462). Working capital (deficiency) is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects

and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, First Nations claims, unregistered prior agreements, social licensing requirements, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

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

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

If the Company is unable to obtain additional financing, it will be required to curtail all of its operations and may be required to liquidate its assets.

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

SIGNIFICANT EVENTS

On February 19, 2019, the common shares of Nuinsco were approved for listing on the Canadian Securities Exchange, and on February 20, 2019 commenced trading under the symbol NWI.

In February 2018, Nuinsco closed a transaction for the sale of its interest in the Diabase Peninsula ("Diabase") uranium property in Saskatchewan's Athabasca Basin to Uranium Energy Corp. (NYSE American: UEC, "UEC") for total consideration of \$471,204 comprising \$225,000 cash and 139,418 common shares of UEC, at a fair value of US\$1.41 (C\$1.77) per share. In 2018 the Company sold all 139,418 common shares of UEC for gross proceeds of US\$196,337, or US\$1.41 per share.

The Company conducted an initial evaluation of the Sunbeam project including geophysical surveys, prospecting and sampling.

The Company has been evaluating the economic viability of the El Sid gold dumps and tailings recovery project located in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast and has executed a definitive agreement on the project which gives the Company the right to exploit the dumps and tailings (as further detailed below).

OUTLOOK

The relisting of Nuinsco's shares on the Canadian Securities Exchange early in 2019 was a significant development for Nuinsco and its shareholders. The listing provides the opportunity for the Company to promote its projects and activities to a new and wider potential investor base while also providing existing shareholders with liquidity. The listing also provides the Company with the access to capital markets. Management is hopeful that current project initiatives, elaborated below, will provide funding without significant equity dilution in the near term. Management is optimistic about the Company's future and continues to work diligently to advance its projects and corporate strategies.

Through a series of transactions that saw the monetization of non-core assets in Chibougamau, Quebec (CBay Minerals Inc. ("CBay")) and Saskatchewan's Athabasca Basin (Diabase Peninsula) and cash generated through other means, the Company has been able to conduct work on existing projects and maintain a corporate presence. It also acquired the Sunbeam Gold project in northwestern Ontario - a high-grade gold opportunity with easy access that has seen no exploration

for over 100 years, has known gold mineralization that is open to depth and along strike and is located within one of several gold-bearing structures that are known to be at least several kilometres in cumulative length. Further the Company is extending the evaluation of the El Sid gold production opportunity in the Eastern Desert of Egypt with metallurgical studies and site evaluations – this project continues to display very good potential to quickly generate cash flow with low capital costs and thus provide the Company with market-independent, non-dilutionary funding. Each of these projects is discussed in some detail below.

Once again management and the Board of Directors extends its appreciation to the shareholders for their continued support and patience. Having persevered through the past several years we are hopeful that 2019 will be a turning point for the Company if the potential of the El Sid project comes to fruition. The aim of management is to create value for the Company's shareholders. It believes that the strategies in place can do so while keeping dilution to a minimum. The market for junior exploration and development remains a challenge but the Company has been facing challenges for some time now and the time may be ripe for improvement.

MINERAL PROJECTS

Sunbeam Gold Property

The Sunbeam Gold Property encompasses the historic Sunbeam Mine and also includes the Roy and Pettigrew occurrences. The Sunbeam Mine is a high-grade underground gold mine which was active from 1898 to 1905 but which has seen no exploration or development of any kind since its closure. The property consists of 101 mining claims (99 single cell and 2 boundary cell mining claims) in Ramsay-Wright Township in Northwestern Ontario and is accessible via well-maintained logging roads from Hwy 11. It is located 15km southeast of Agnico Eagle's Hammond Reef gold deposit and 27km northeast of the town of Atikokan. The Sunbeam Mine is hosted by a 30m wide deformation zone of sheared, altered schistose rock within the Marmion Batholith. Gold mineralization occurs within a 2.5-3.0m wide southwest-striking quartz vein/chlorite schist zone which dips moderately to the northwest. Historic underground development consisted of a combined inclined/vertical shaft to an approximate depth of 400 feet (122m) with drifting and development on three levels (at ~100, 200 & 300 feet). The mineralization of the Sunbeam Mine is part of more extensive, property-wide, mineralized domains associated with northeast trending lineaments that include the named Roy and Pettigrew occurrences.

No records of production from 1899-1903 exist. Reportedly 1,000 ounces of gold were recovered from 2,400 tons mined in 1904. A 1903 plan of the mine shows an average grade of ~13g/t Au in the historic workings. Previous workers have estimated that there could be 50,000-70,000t grading 13.0g/t Au remaining in old workings alone. There has been no exploration of the formerly patented mine site since the mine closed in 1905. Intermittent exploration surrounding the patent area was conducted between 1981 and 2012 by previous owners. In addition to property wide evaluation Nuinsco established grid control and conducted the first ground geophysics ever over and around the Sunbeam Mine (results reported in news release dated February 28, 2019) as a precursor to any diamond drilling.

In addition to property wide evaluation Nuinsco established grid control and conducted the first ground geophysics ever conducted over and around the Sunbeam Mine. The geophysical survey identified sixteen high-priority drill targets near to the past-producing, high grade Sunbeam gold mine.

In Q1 2019, twenty-eight grab samples, three of which contain visible gold, were collected from near the Sunbeam Mine from outcrop, waste-dump material and debris in the Sunbeam shaft. All samples were analyzed for gold and a sub-set were analyzed for silver. The range of analytical results is <5ppb to 122g/t gold and <0.2g/t to 24.8g/t silver. The samples are from material mined from the Sunbeam mine workings during operations more than 100 years ago and from samples collected from surface near the historic Sunbeam Shaft. Higher gold grade is directly related to the amount of quartz vein and sulphide mineralization contained within a sample. Highest gold-grade samples contain pyrite, chalcopyrite, sphalerite and galena as well as visible gold grains. Diamond drilling will be necessary to evaluate the potential extension of gold mineralization at Sunbeam and elsewhere more extensive fieldwork is required to provide greater understanding of the property-wide gold mineralization.

Prairie Lake

The Prairie Lake project, located near Marathon, Ontario, is a large multi-commodity deposit, hosted in carbonatite, containing phosphate (P205), niobium (Nb) tantalum (Ta), uranium (U), rare earth elements ("REEs"), and other elements and compounds of economic interest. The Prairie Lake property consists of 46 mining claims (27 single cell and 19 boundary cell mining claims), is owned 100% by the Company, is royalty-free and the mining-land tenure is secure for decades to come.

At Prairie Lake, the Company continues to evaluate the potential for producing concentrates containing a number of minerals – including those containing phosphorus, REEs, niobium and other marketable products. The sheer size of the

project, with a current Exploration Target of between 515 and 630 million tonnes of mineralization, coupled with the excellent logistics and ease of production, are indicators of the prospective nature of the project. The Company is actively seeking funding that will enable further work programs to be conducted including additional sampling for evaluation and resource estimation.

Prairie Lake has the potential to produce a number of minerals and elements for industries which are forecast to require substantially increasing supply over the coming years – high-tech and “green” industries that require the REEs and niobium to fabricate the products of tomorrow. Prairie Lake could also be a very significant source of phosphate or other products of with agricultural applications – phosphate is a compound with vital agricultural and industrial applications and carbonatites are used elsewhere as soil amendment additives. The use of calcium phosphate in agriculture is essential in sustaining crop yields to supply an increasing world population. Other compounds with industrial applications are also being examined for economic viability. The abundance and diversity of minerals in the rocks that comprise the Prairie Lake complex provides broad scope for potential exploitation – the Company continues to evaluate the options to determine those elements and minerals that provide the greatest economic potential.

In the fourth quarter of 2018, a program was conducted to obtain material for evaluation as an agricultural product and soil additive. Presently the core from a number of historic drill holes completed by Nuinsco but incompletely sampled is being cut by diamond saw so as to be available for analysis.

Egypt

Nuinsco has retained a presence in Egypt through its interest in Egypt-based Z-Gold. The Company has been evaluating opportunities there for approximately nine years. Management regards the country as an underexplored opportunity for mineral exploration and development. In 2018, Nuinsco won a competitive bid for the right to evaluate the viability of gold production from waste dumps and tailings at the past-producing El Sid mine in Egypt (at a cost of \$147,000). To fund the acquisition, the Company began selling royalties (the “Royalties”) on future gold and associated minerals produced from El Sid. The Company has received proceeds of \$124,908 from the sale of the Royalties representing 13% of the distributable cash flow from the production of gold and associated minerals. \$74,658 of these Royalties were sold to management and directors of the Company to assist in funding the project. This amount has been credited to the purchase price of El Sid.

Located in Egypt’s Eastern Desert, approximately 90km west of the town of Quseir on the Red Sea coast, the El Sid project is easily accessible via a paved road that passes through the project site. Three past producing gold mines are located on the project – the largest of which is the El Sid Mine which operated primarily between 1947 and 1957 and was Egypt’s largest gold producer. The mineralization exploited at El Sid consisted of sulphide and native gold-bearing quartz veins in granite and deformed volcanic rock. The mines were high-grade – averaging more than 30 g/t gold. Estimates are that the accumulated dumps and tailings on surface at the site amount to more than 300,000 tonnes with an average grade exceeding 3.0 g/t gold for a total of about one tonne (approximately 32,151 troy ounces) of contained gold (all estimates are based upon historic information and Nuinsco is not treating this information as a current mineral resource or mineral reserve).

Of significance to Nuinsco is the fact that the rock adjacent to the exploited veins also carried gold but was rejected and dumped as waste. This waste, which runs to several grams per tonne gold, along with a considerable volume of tailings, is available for processing and gold recovery. If the project proves to be economically viable the timeline to production is short – measured in months – at which point the Company expects to have cash flow for non-dilutive funding of existing projects and evaluation of potential project acquisitions.

The occurrence of broken mineralized rock in the waste dumps and tailings piles already at surface streamlines the process and reduces the cost of evaluation of grade, tonnage, metallurgy and exploitation. Gravity concentration has been demonstrated to be an effective method of gold recovery at other projects in the area. Assuming the same holds true at the El Sid site, capital and operating costs are anticipated to be low and the timeline to production and revenue generation short relative to conventional underground mine development.

Site evaluation, processing equipment selection and metallurgy are continuing, and the Company is rapidly moving toward a production decision. Positive analytical results from sampling at the El Sid gold project in Egypt, with assays grading up to 35.50 g/t gold. The average grade of all 239 samples taken from the waste dump at the past-producing El Sid gold mine is 4.47g/t gold.

In addition to the 239 samples collected from the El Sid mine waste dumps for analysis, an additional 20 blank and standard samples were inserted into the sample stream for QA/QC purposes. The sampling program included the use of a backhoe to excavate trenches and pits into the waste pile in order to ascertain grades other than from the surface of the pile. The waste dump attains a maximum thickness of 15m, maximum trench depth was 4m while pits were excavated at

between 10m and 15m below the upper surface of the waste dump. All analyses were conducted by ALS Limited at their analytical laboratory in Izmir, Turkey.

Definitive agreement

The Company executed a definitive agreement (the “Agreement”) for the El Sid gold waste dumps and tailings recovery project in Egypt’s Eastern Desert, dated November 7, 2018. The Agreement has been executed between Shalateen Mineral Resources Company (“SMRC”), which holds the right to exploit the dumps and tailings, and Z-Gold.

The El Sid project has the potential to generate very near-term cash flow from previously-mined gold-bearing dumps and tailings. The dumps and tailings are located on surface and therefore have already been mined and partially processed. This fact, plus the anticipated use of conventional, off-the-shelf, processing equipment, should positively impact capital and operating costs. The Agreement allows for six months to conduct an economic evaluation of the project, which has already begun. Subject to the results of the economic evaluation, the Company’s next step would be to construct a plant and prepare for gold processing.

The Company continues to evaluate other mineral exploration, mining and processing opportunities in Egypt.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Total revenues	\$ -	\$ -	\$ -
Total income (loss)	\$ 7,690	\$ 398,734	\$ (728,562)
Net income (loss) per share – basic	\$ 0.00	\$ 0.00	\$ (0.00)
Net income (loss) per share – diluted	\$ 0.00	\$ 0.00	\$ (0.00)
	As at December 31, 2018	As at December 31, 2016	As at December 31, 2016
Total assets	\$ 1,008,253	\$ 867,225	\$ 243,693
Total non-current liabilities	\$ (961,938)	\$ (973,413)	\$ (684,413)
Distribution or cash dividends	-	-	-

RESULTS OF OPERATIONS

Year ended December 31, 2018 compared to the year ended December 31, 2017

Revenues

The exploration properties acquired by the Company are still in the early exploration and development stage. Until sufficient work has been completed to confirm the feasibility of any specific interest being placed into production, it is not anticipated that the Company will have any material production revenue.

An excerpt of the expenses and other items for the years ended December 31, 2018 and 2017 is as follows:

(in Canadian dollars)	2018	2017
Other expenses		
General and administrative (a)	\$ 552,880	\$ 415,901
Share-based payments	4,000	-
Depreciation of property and equipment	7,481	9,754
Pre-exploration write-offs	2,495	14,342
Write-down of exploration and evaluation projects	83,919	9,076
Operating loss	650,775	449,073
Other revenue		
Interest and accretion income	10,791	3,084
Gain on reversal of impairment loss (b)	-	459,204
Gain on sale of interest in CBay Minerals (c)	-	341,937
FVTPL (d)	12,716	-
Gain on sale of investment in partnership (e)	314,482	-
Gain on settlement of debt (f)	314,686	-
Consulting income (g)	538	43,582
Flow through premium	5,252	-
Income before income taxes	7,690	398,734
Income tax expense	-	-
Net income and comprehensive income for the year	\$ 7,690	\$ 398,734

- (a) General and administrative expenses consisted of accrued management and directors' fees, rent, salary for administrative staff, insurance, transfer agent, legal and other administrative costs to maintain the company in good standing. During 2018, pursuant to the management agreement with CBay, a portion of these expenses were recovered, and netted against the Company's expenses, therefore reducing the overall expense category.
- (b) A recovery of the fair value of the Diabase property was recognized at December 31, 2017 to reflect the consideration received on the sale of the property subsequent to the year end. In prior years, the Company had recorded a full impairment on the property.
- (c) Gain on sale of 7.5% interest in CBay.
- (d) Represents the realized and unrealized gains on marketable securities.
- (e) On August 7, 2018, the Company entered into a general partnership agreement (the "Partnership") for the purpose of carrying on a trading and investment business. The Company did not control or exert significant influence on the Partnership activities, which were to invest into various forward foreign exchange contracts. Accordingly, the investment was classified as a financial instrument at fair value through profit or loss. On August 28, 2018, the Company sold its interest in the Partnership for net proceeds of \$314,482.
- (f) The Company settled various debts during the year. The gain on settlement was the resulting of the settlement value of the shares being greater than the fair market value of the shares issued. \$464,605 of the debt was owed to directors and management.
- (g) In 2017, the Company earned \$43,590 in consulting income from an engagement to conduct due diligence on a mineral project for a non-related party.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters ended is as follows (rounded):

	<u>4th Quarter 2018</u>	<u>3rd Quarter 2018</u>	<u>2nd Quarter 2018</u>	<u>1th Quarter 2018</u>
Net income (loss)	\$ 157,212	\$ (120,569)	\$ 160,323	\$ (189,276)
Total comprehensive income (loss)	\$ 157,212	\$ (120,569)	\$ 160,323	\$ (189,276)
Income (loss) per share - basic and diluted	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)
	<u>4th Quarter 2017</u>	<u>3rd Quarter 2017</u>	<u>2nd Quarter 2017</u>	<u>1th Quarter 2017</u>
Net loss	\$ 261,087	\$ 266,966	\$ (62,111)	\$ (67,208)
Total comprehensive loss	\$ 261,087	\$ 266,966	\$ (62,111)	\$ (67,208)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Variations in the quarterly results of operations are largely a function of the timing of property and other write-downs, gains on sales of properties, income tax recoveries, the recording of amortization of flow-through premiums and the recognition of gains on derivatives or other fair value changes recognized through operations. 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, 2018, the Company had a working capital of \$251,108 (December 31, 2017 – working capital deficiency of \$93,462); being defined as current assets less current liabilities.

The Company had an increase of cash and cash equivalents of \$216,253 during 2018, compared with an increase of \$107,144 during 2017. The increase in 2018 was related to the \$179,268 of cash used in operating activities and offset by \$372,488 of cash flows from investing activities (as detail below), \$23,033 from the sale of flow through shares.

(in Canadian dollars)	2018	2017
Cash flows from investing activities		
Expenditures on exploration and evaluation projects	(634,819)	(48,383)
Proceeds on early settlement of promissory note	88,262	-
Proceeds on sale of property	225,000	-
Proceeds on sale of royalties	124,908	-
Proceeds on sale of Partnership, net of selling expenses	314,482	-
Proceeds on sale of marketable securities	254,655	-
Net cash from (used in) investing activities	372,488	(48,383)

The table below summarizes Nuinsco's contractual commitments as at the date of this MD&A.

<u>Contractual Commitment</u>	<u>Term</u>
\$18,000 - Operating lease - premises	One-year term expiring September 2019

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 can be used for domestic work programs but do not provide the funding necessary to meet corporate or foreign expenditures which do not qualify for flow-through eligibility.

The Company's management continues to hold discussions on securing financing. There are no assurances that the Company will be successful in obtaining any form of financing on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company's treasury will be depleted and it will be required to curtail all of its operations and may be required to liquidate its assets under a formal process. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

IMPAIRMENT ANALYSIS UPDATE

As at December 31, 2015, all projects were written down due to the lack of funding of the Company and related uncertainty as to future spending on the properties. IFRS requires a write-down of the carrying value of assets to the net recoverable amount. The valuation of resource properties is difficult, and management cannot reliably estimate any recoverable amount. As a result, the Company has chosen to write down the value of the property assets. The Company will revisit the valuation of these assets at the end of every year end and will recognize a recovery if the fair value of these assets can be reliably determined (as was done with the Diabase property as at December 31, 2017).

The Company also monitors the value of the Participating Interest on an ongoing basis. In light of uncertainty over the timing of the payments and the depressed state of the oil and gas industry at the time, the Company wrote down the valuation of the Participating Interest to nil.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates used in the preparation of the Condensed Interim Consolidated Financial Statements include determining the carrying value of investments and Evaluation and Exploration (“E&E”) projects, assessing the impairment and classification of long-lived assets, assessing the allocation of assets into their components, the fair value of the Participating Interest 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 2018 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 (subject to impairment) that are expected to be recovered in the underlying mineral resources associated with the properties. 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 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.

NEW ACCOUNTING POLICIES

New Accounting Standards Adopted During 2018

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company’s previous accounting policy under IAS 39.

Accounting policy under IFRS 9 was applicable from January 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of income (loss) when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

There was no material impact on the implementation of changes in the Company's financial statements.

Interpretations Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states

that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 will not have a material impact on the Company because its future lease obligations are immaterial.

CORPORATE GOVERNANCE

As noted above, 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 Condensed Interim 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 an Audit Committee consisting of financially literate, independent and unrelated directors. Other committees of the Board of Directors are the Corporate Governance and Nominating and Compensation Committees.

RELATED PARTY TRANSACTION AND BALANCES

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

Transactions with related parties for the years ended December 31, 2018 and 2017 are shown in the following table:

	2018		2017	
Short-term employee benefits	\$	341,500	\$	316,960
	\$	341,500	\$	316,960

During the year ended December 31, 2018, the Company was charged \$36,000 (2017 - \$36,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2018, \$30,510 (December 31, 2017 - \$61,020) is included in accounts payable and accrued liabilities. On May 3, 2018, the Company settled \$57,630 of debt owing to CFO Advantage in exchange for 5,763,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$35,393.

During the year ended December 31, 2018, the Company was charged \$150,000 (2017 - \$150,000) by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2018, \$582,992 (December 31, 2017 - \$451,696) is owing and included in long-term liabilities. On May 3, 2018, the Company settled \$140,000 of debt in exchange for 14,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$85,980.

During the year ended December 31, 2018, the Company was charged \$48,000 (2017 - \$48,000) by Sean Stokes, Executive Vice-President of the Company. As at December 31, 2018, \$126,000 (December 31, 2017 - \$98,000) is owing and included in long-term liabilities. On May 3, 2018 the Company settled \$20,000 of debt in exchange for 2,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$12,283.

On May 3, 2018 the Company settled \$246,975 of debt with directors of the Company in exchange for 24,697,500 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share, resulting in a gain on settlement of \$151,677.

Certain directors and management of the Company participated in the purchase of the Royalties (as described in note

10) for a total of \$74,908. The terms and conditions of the Royalties purchased by management and directors were the same as those issued to non-related parties. The Company had no other sources of financing available at the time and the Royalties were essential to move the project forward.

OUTSTANDING SHARE DATA

As at the date of this report, the Company had 424,313,323 common shares issued and outstanding. In addition, there were 34,525,000 stock options outstanding.

RECENT DEVELOPMENTS

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; this amount does not include interest and penalties which could be substantial. The Company filed notices of objection on May 19, 2011. On July 22, 2011, the Company filed a request for adjustment to correspondingly adjust its tax pools and losses, in the unlikely event that the Company's appeal is unsuccessful. On March 7, 2014, the Company received a notice of confirmation with respect to one entity whereby the CRA denied that entity's notice of objection and confirmed the reassessment. The Company has sought, and is following the advice of its tax counsel in this matter.

The appeal process could be lengthy and the Company believes that its position is correct and that 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.

Areas of Investment Risk

The 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.

Financing and Going Concern

The liquidity position of Nuinsco is extremely restricted and the continued operation of the Company depends upon the ability to obtain financing through the sale of assets including project interests or other means. Generally, there is no assurance that the Company will be successful in obtaining the required financing or achieving other means of securing liquidity on a timely basis or on acceptable terms.

If the Company is unable to obtain additional financing, the Company will be required to curtail activities and may be required to liquidate its assets. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from the going concern basis. Ongoing exploration and development of the Company's properties will require substantial additional capital investment. Failure to secure additional financing, and/or secure other funds from asset sales, would result in delaying or infinite postponement of development of these properties. There can be no assurance that additional financing will be available or that, if available, will be on terms favourable or acceptable to the Company.

Loss of Participating Interest

The Company holds an unsecured Participating Interest in the cash flows generated from the sale of frac sand as described in the 2018 Audited Consolidated Financial Statements and elsewhere in this MD&A. Presently, the Company is uncertain as to if or when it may receive any cash flows from the Participating Interest. There can be no assurance that Victory Nickel will be able to restructure all of its debt and/or recapitalize and there is no certainty as to what steps the lenders may take in light of these defaults. As a result, the possibility exists that Nuinsco may lose its Participating Interest and any potential value associated therewith.

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 results 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 and Development 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.

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.

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 its 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 continue to shift such that these companies are viewed even 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.

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 reassessment from the CRA as well as a notice of confirmation 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.

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

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.

Nuinsco, through the limited Participating Interest in cash flows, and its investment in Victory Nickel, has indirect exposure to the frac sand industry which experienced a significant downturn with the decline in oil price in the fourth quarter of 2014. There can be no assurance that frac sand demand and pricing will return to previous levels, leaving the value of the Company's investment in Victory Nickel in doubt.

Summary

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector as well as those specific to the Company. Currently, the most significant risk is the ability of the Company to meet its cash obligations as they come due as the Company currently has very limited funds. Other risks include obtaining necessary financing under acceptable terms or finding strategic partners to fund expenditure commitments as they fall due, 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. 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, working capital, ability to maintain operations and/or assumptions in respect of production, revenue, cash flow, financing, the probability of cash flows from the Participating Interest, 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: uncertainties relating to the availability and costs of financing needed in the immediate future to permit the Company to continue to operate; 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; uncertainty of amount and timing of cash flows from the Participating Interest; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the test work 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.