NUINSCO RESOURCES LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

DATED MAY 20, 2011

Management's Comments on Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of Nuinsco Resources Limited for the three months ended March 31, 2011 and 2010 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

Consolidated Balance Sheets

(in thousands of Canadian dollars)	Notes	March 31, 2011 (unaudited)	December 31, 2010 (unaudited Note 32)	January 1, 2010 (unaudited Note 32)
ASSETS				
Current assets				
Cash and cash equivalents	*6*	**$ 330**	$ 628	$ 1,490
Restricted cash	*6*	**194**	199	-
Receivables	*7*	**470**	674	350
Marketable securities	*8*	**4,440**	5,463	2,099
Assets classified as held for sale	*10*	**-**	-	11,550
Total current assets		**5,434**	6,964	15,489
Non-current assets				
Property and equipment	*11*	**67**	70	59
Exploration and evaluation projects	*12*	**13,763**	12,382	9,980
Interest in Campbell Resources Inc.	*13*	**4,263**	4,263	2,297
Royalty interest	*14*	**3,000**	3,000	-
Deferred tax asset	*15*	**-**	-	1,297
Total non-current assets		**21,093**	19,715	13,633
Total Assets		**$ 26,527**	$ 26,679	$ 29,122
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	*16*	**$ 2,465**	$ 2,601	$ 1,612
Provision classified as held for sale	*10,17*	**-**	-	111
Total current liabilities		**2,465**	2,601	1,723
Non-current liabilities				
Loans and borrowings	*18*	**-**	-	2,901
Other long-term liability	*18*	**251**	246	-
Total Liabilities		**2,716**	2,847	4,624
Shareholders' equity				
Share capital	*20*	**94,854**	94,340	93,130
Contributed surplus		**4,799**	4,259	3,707
Accumulated other comprehensive income (loss)	*20*	**529**	596	(617)
Deficit		**(76,371)**	(75,363)	(71,722)
Total shareholders' equity		**23,811**	23,832	24,498
Total Liabilities and Shareholders' Equity		**$ 26,527**	$ 26,679	$ 29,122

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 30)

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

Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended March 31, 2011 (unaudited)	2010 (unaudited Note 32)
General and administrative costs	*26*	**$ (537)**	$ (402)
Share-based payment transactions:			
Options	*22*	**(489)**	(228)
Amortization of property and equipment	*11*	**(3)**	(3)
Accretion of decommissioning	*17*	**-**	(3)
Pre-exploration writeoffs	*12*	**(5)**	(158)
Writedown of exploration and evaluation projects	*12*	**-**	(298)
Operating loss		**(1,034)**	(1,092)
Finance income	*23*	**56**	170
Finance costs	*23*	**(5)**	(157)
Net finance income		**51**	13
Loss before income taxes		**(983)**	(1,079)
Income tax expense	*24*	**(25)**	(37)
Net Loss for the Period		**$ (1,008)**	$ (1,116)
Loss per share	*21*		
Basic loss per share		**$ (0.00)**	$ (0.00)
Diluted loss per share		**$ (0.00)**	$ (0.00)

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

Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)	Notes	Three months ended March 31, 2011 (unaudited)	2010 (unaudited Note 32)
Net loss for the period		**$ (1,008)**	$ (1,116)
Other comprehensive (loss) income			
Net change in fair value of financial assets	*9*	**(92)**	112
Income tax recovery	*24*	**25**	-
Other comprehensive (loss) income for the period		**(67)**	112
Total Comprehensive Loss for the Period		**$ (1,075)**	$ (1,004)

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

Consolidated Statements of Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balances as at January 1, 2010	***Notes***	$ 93,130	$ 3,707	$ (617)	$ (71,722)	$ 24,498
Total comprehensive income for the period						
Net loss for the period					(1,116)	(1,116)
Other comprehensive income						
Net change in fair value of financial assets	*9*			112		112
Total other comprehensive income				**112**		**112**
Total comprehensive loss for the period						**(1,004)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the three months ended March 31, 2010						
Share issue costs		(4)	-	-	-	(4)
Options granted and vesting	*22*	-	228	-	-	228
		(4)	**228**	**-**	**-**	**224**
Total contributions by owners		**(4)**	**228**	**-**	**-**	**224**
Total transactions with owners		**(4)**	**228**	**-**	**-**	**224**
Balances as at March 31, 2010		**$ 93,126**	**$ 3,935**	**$ (505)**	**$ (72,838)**	**$ 23,718**
Balances as at January 1, 2011		**$ 94,340**	**$ 4,259**	**$ 596**	**$ (75,363)**	**$ 23,832**
Total comprehensive loss for the period						
Net loss for the period					(1,008)	(1,008)
Other comprehensive loss						
Net change in fair value of financial assets	*9*			(92)		(92)
Income tax recovery	*24*			25		25
Total other comprehensive loss				**(67)**		**(67)**
Total comprehensive loss for the period						**(1,075)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the three months ended March 31, 2011						
Issue of common shares and warrants	*20*	425	68	-	-	493
Options granted and vesting	*22*	-	489	-	-	489
Options exercised	*20,22*	5	(2)	-	-	3
Warrants exercised	*20,22*	84	(15)	-	-	69
Total contributions by owners		**514**	**540**	**-**	**-**	**1,054**
Total transactions with owners		**514**	**540**	**-**	**-**	**1,054**
Balances as at March 31, 2011		**$ 94,854**	**$ 4,799**	**$ 529**	**$ (76,371)**	**$ 23,811**

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	*Notes*	Three months ended March 31, **2011** (unaudited)	2010 (unaudited Note 32)
Cash flows from operating activities			
Net loss for the period		**$ (1,008)**	$ (1,116)
Adjustments for:			
Share-based payment transactions	*22*	**489**	228
Amortization of property and equipment	*11*	**3**	3
Accretion of decommissioning	*17*	**-**	3
Pre-exploration write-offs	*12*	**5**	158
Writedown of exploration and evaluation projects	*12*	**-**	298
Net finance (income) costs	*23*	**(38)**	3
Income tax expense	*24*	**25**	37
Net change in non-cash working capital:			
Change in receivables		**204**	19
Change in trade and other payables		**(157)**	104
Net cash used by operating activities		**(477)**	(263)
Cash flows from investing activities			
Deposit on offer to purchase Campbell's assets	*13*	**-**	(465)
Expenditures on exploration and evaluation projects	*12*	**(1,317)**	(438)
Proceeds on sale of marketable securities	*8*	**931**	-
Purchase of equipment	*11*	**-**	(6)
Net cash used by investing activities		**(386)**	(909)
Cash flows from financing activities			
Issue of common shares and warrants	*20*	**565**	(4)
Net cash from (used by) financing activities		**565**	(4)
Net Decrease in Cash and Cash Equivalents		**(298)**	(1,176)
Cash and Cash Equivalents, Beginning of the Period		**628**	1,490
Cash and Cash Equivalents, End of the Period		**$ 330**	$ 314

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

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company domiciled in Canada. The address of the Company's registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the three months ended March 31, 2011 and 2010 comprise the Company and its subsidiaries (together referred to as "Nuinsco" and individually as "Nuinsco entities") and Nuinsco's interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada, Turkey and Egypt. The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 12, 13 and 28 to these consolidated financial statements.

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

Sale of Cameron Lake Property to Coventry Resources Limited

On December 23, 2009, the Company announced that it had entered into a binding agreement with Coventry Resources Limited ("Coventry"), a company listed on the Australian Stock Exchange ("ASX"), to sell its Cameron Lake property and mill. The transaction was completed on April 20, 2010 and involved the receipt of consideration as follows:

- Cash of $100,000 received in December 2009;
- Cash of $5,900,000 received on April 20, 2010;
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company. Coventry shares had a closing price of A$0.265 ($0.247) on April 20, 2010; and
- A 3% net smelter return ("NSR") royalty under which Coventry will have the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value (Note 14).

The following table illustrates the components of the gain on sale of the Cameron Lake property, after adjustments in accordance with IFRS as outlined in Note 32:

Consideration received		
Cash		$ 6,000
Coventry shares		2,958
Royalty interest (Note 14)		3,000
Aggregate consideration		11,958
Net book value of assets sold (liabilities assumed) and expenses of sale		
Cameron Lake property (Note 32)	$ 11,904	
Mill	54	
Decommissioning liability assumed	(114)	
	11,844	
Transaction expenses	114	
		11,958
Gain on sale of Cameron Lake		-
Income tax expense (drawdown of previously recorded deferred tax asset)		1,297
Net after-tax loss		$ (1,297)

The income tax expense is a non-cash item and offsets the recovery for income taxes recognized in the fourth quarter of 2009. Upon sale of Cameron Lake, the Company repaid its interest-bearing promissory note along with accrued interest thereon. Refer to Note 18 to these unaudited interim consolidated financial statements.

Going Concern
These consolidated financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. At March 31, 2011, the Company had working capital of $2,969,000 (December 31, 2010 – $4,363,000).

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. Development of the Company's current projects to the production stage will require significant financing. Given the current economic climate, the ability to raise funds may prove difficult.

None of the Company's projects has commenced 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 recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which have the potential for the discovery of economically recoverable reserves and resources, 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 continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). Refer to Note 13 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 30.

Should the Company not be able to continue to achieve favourable exploration results, obtain the necessary financing or achieve future profitable production or sale of properties, the carrying value of the Company's assets could be subject to material adjustment and, in addition, other adjustments may be necessary to these financial statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under GAAP.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). These are Nuinsco's first consolidated financial statements in accordance with IFRS and IFRS 1, *First time adoption of International Financial Reporting Standards* ("IFRS 1"), has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Nuinsco is provided in Note 32.

As these are the Company's first set of unaudited interim consolidated financial statements prepared under IFRS, the disclosures herein exceed the minimum requirements under IAS 34, *Interim Financial Reporting*. In particular, the Company's accounting policies under IFRS are presented in full and certain notes include more detail than the conventional updates required under interim reporting standards in order to provide the reader with additional contextual information. In future interim reports, the Company may not provide the same amount of disclosure as the reader will be able to refer to earlier reports prepared in accordance with IFRS.

The management of Nuinsco prepare the unaudited interim consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited interim consolidated financial statements were authorized for issue by the Board of Directors on May 20, 2011. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR. The shareholders approve the annual financial statements at the annual general meeting; the date of which has not yet been announced.

(b) Basis of Measurement
The consolidated financial statements have been prepared on the historic cost basis except for the following:

- financial assets at fair value through operations are measured at fair value; and
- financial assets at fair value through Other Comprehensive Income or Loss ("OCI") are measured at fair value.

The methods used to measure fair values are discussed further in Note 5.

(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. Tabular amounts have been rounded to the nearest thousand.

(d) Use of Estimates and Judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates 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.

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.

The accompanying unaudited interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The results of operations and cash flows for the current periods as presented are not necessarily indicative of the results to be expected for the full year.

Information regarding significant areas of estimation uncertainty and critical judgements 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:

- Notes 8 and 9 — valuation of financial assets at fair value through operations;
- Note 12 — measurement of the recoverable amounts of exploration and evaluation projects;
- Note 13 — valuation of interest in Campbell;
- Note 14 — valuation of royalty interest and recoverable amount;
- Notes 15 and 24 — utilization of tax losses;
- Notes 17 and 30 — provisions and contingencies; and
- Note 22 — measurement of share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Nuinsco entities.

a) Basis of Consolidation
(i) *Subsidiaries*
Subsidiaries are entities controlled by Nuinsco. Control exists when Nuinsco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Nuinsco. Company entities are listed in Note 27.

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

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

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

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

c) Financial Instruments
(i) *Non-derivative financial instruments*
Non-derivative financial instruments comprise investments in equity securities, receivables, cash and cash equivalents, restricted cash, loans and borrowings, other long-term liability and trade and other payables.

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

Cash and cash equivalents comprise cash balances and call deposits. Restricted cash comprises funds held in a GIC supporting a letter of guarantee (Note 6).

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

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

Financial assets at fair value through OCI
Nuinsco's investments in equity securities are classified as financial assets at fair value through OCI. Subsequent to

initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on monetary items (which do not include equity investments) (Note 3(b)(i)), are recognized directly in OCI.

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

(ii) Derivative financial instruments
Financial assets at fair value through operations
Nuinsco may hold warrants as part of its portfolio of marketable securities which are classified as financial assets at fair value through operations.

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

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

e) Property and Equipment
(i) *Recognition and measurement*
Items of property, plant 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, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant 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 is recognized through operations as follows over the estimated useful lives of each part of an item of property, plant and equipment.

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

Item	**Method**	**2011**	2010
Equipment	Declining-balance	**20%**	20%

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

f) Exploration & Evaluation Projects
(i) Exploration & Evaluation expenditures
Exploration & 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 of 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 other otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the project are continuing.

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

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

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

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

(iii) Impairment

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

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

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

g) Borrowing Costs

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

h) Government Grants

Government grants are recognized initially when there is reasonable assurance that they will be received and Nuinsco will comply with the conditions associated with the grant. 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, interest in Campbell or mine property and development projects, the government grant is deducted from the related asset.

i) Royalty Interest

The royalty interest that was acquired by the Company, which has an indefinite life, is measured at initial fair value under the cost basis less accumulated impairment losses. The royalty interest represents the 3% NSR acquired pursuant to the Cameron Lake sale (Note 1). The fair value of the acquisition cost was determined using estimated net cash flows discounted at management's best estimate of a discount rate taking into account project risk factors. Acquisition costs of development and exploration stage mineral royalty interests are not depleted until such time as royalty-generating production begins.

j) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

(ii) *Non-financial assets*

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

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

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

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

k) Employee Benefits

(i) Termination benefits

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

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if Nuinsco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(iii) Share-based payment transactions

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.

l) Provisions

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

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

m) Finance Income and Finance Costs

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

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

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

n) Income Taxes

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

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Nuinsco has unrecorded deferred tax assets equal to the full amount of the deferred income tax benefit, after deduction of the tax benefits which were realized in 2010 due to the sale of Cameron Lake (Note 1). The likelihood of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time.

o) Share Capital

Common shares

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

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

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

Furthermore, as eligible expenditures are incurred, the Company recognises a pro rata amount of the Flow-through Premium through *Finance income* in the Consolidated Statement of Operations (Note 23) with a decrement to the liability in *Trade and other payables* on the Consolidated Balance Sheet (Note 16).

Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the “Stock Option Plan”) which is described in Note 22. 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 compensation expense. Compensation expense 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 profitable growth of the business.

The Share Incentive Plan is described in Note 20. The Company uses the fair value method of accounting for, and to recognize as compensation expense, its stock-based compensation for employees. Shares issued under the Share Incentive Plan are valued based on to the quoted market price on the date of the award. This amount is expensed over the vesting period.

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

q) 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.

r) New Standards and Interpretations not yet Adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. Most of these are not expected to have a significant effect on the consolidated financial statements of the Company. The Company is evaluating the impact of IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities.

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

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

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

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

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and

employees' roles and obligations are outlined. The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

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

Cash and cash equivalents and restricted cash
The Company's cash and cash equivalents and restricted cash are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper.

Receivables
The Company's receivables consist primarily of amounts due from federal and provincial governments. Amounts due from related parties are settled on a regular basis.

Concentration of credit risk arises as a result of the loan and convertible debenture due from Campbell totalling $7,923,000 before impairment writedown and other acquisitions of debt (Note 13). Campbell is in default on its loans to the Company as it has not made the required principal or interest payments. These deficient interest payments have been included in the balance of the loan up to September 30, 2008. Given Campbell's current financial position, there is a significant credit risk associated with these loans. For that, and reasons further described in Note 13, the Company determined that a writedown of the loans was required in 2008.

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, as described above.

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.

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

Guarantees
The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will enure to the Company. At March 31, 2011, the Company had US$200,000 in guarantees outstanding secured by restricted cash (December 31, 2010 - US$200,000) (Notes 6 and 12).

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.

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

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures

below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company's only significant long-term liability was the debt and accrued interest on the opening transition balance sheet due by July 31, 2011 which was repaid in April 2010 upon completion of the Cameron Lake sale. All other contractually obligated cash flows are payable within the next fiscal year with the exception of the other long-term liability disclosed in Note 18 and the decommissioning liability described in Note 17 – which was assumed by the purchaser upon the sale of the Cameron Lake property.

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

The Company incurs expenditures related to the Berta and Elmalaan projects in Turkey, and certain general and administrative expenses, in US$ and occasionally in the Euro, LE and TL. The Company also has marketable securities denominated in A$ and, as at the transition balance sheet date until its repayment in April 20, 2010, had a loan denominated in US$.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash equivalents earn interest at variable short-term rates. The estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. The Company's advances to Campbell under the revolving credit facility and its convertible debentures earn interest at fixed rates – accrual of such interest ceased effective September 30, 2008. The Company's loan payable at the transition balance sheet date bears fixed rate interest. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

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

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

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

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and

damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

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

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

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

	March 31, 2011	December 31, 2010	January 1, 2010
Shareholders' equity	**$ 23,811**	$ 23,832	$ 24,498
Loans and borrowings	**-**	-	2,901
Other long-term liability	**251**	246	-
Balance as at end of period	**$ 24,062**	$ 24,078	$ 27,399

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful. In order to achieve these objectives, the Company invests its unexpended cash in highly-liquid, rated financial instruments.

There were no changes in the Company's approach to capital management during the period.

Neither the Company, nor any of its subsidiaries, are subject to externally imposed capital requirements.

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

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

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

Fair value hierarchy

The different levels of valuation are defined as follows:

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

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

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

c) Receivables

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

d) Warrants

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

e) Non-derivative Financial Liabilities

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

f) Share-based Payment Transactions

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

6. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	March 31, 2011	December 31, 2010	January 1, 2010
Bank balances	**$ 280**	$ 528	$ 140
Short-term deposits	**50**	100	1,350
Cash and Cash Equivalents in the Statement of Cash Flows	**$ 330**	$ 628	$ 1,490

The Company has issued a letter of guarantee to support the obligations of its activities in Egypt on its own and its partner's obligations in the amount of US$200,000. The letter or guarantee is secured on a GIC included in restricted cash in the amount of US$200,000 or $194,000 (December 31, 2010 - $199,000) (Note 12).

7. RECEIVABLES

	Note	**March 31, 2011**	December 31, 2010	January 1, 2010
Due from Victory Nickel Inc.	*26*	**$ 40**	$ 21	$ 33
Other receivables		**389**	603	259
Prepaid expenses and deposits		**41**	50	58
		$ 470	$ 674	$ 350

8. MARKETABLE SECURITIES

	Notes		**March 31, 2011**		December 31, 2010		January 1, 2010
Financial assets at fair value through OCI: Shares	9						
Gold Hawk Resources Inc.		**$**	**75**	$	991	$	945
Victory Nickel Inc.			**935**		807		800
Coventry Resources Limited			**3,430**		3,665		-
Other			**-**		-		1
			4,440		5,463		1,746
Financial assets at fair value through operations:							
Warrants	9		**-**		-		353
		$	**4,440**	$	5,463	$	2,099

With the exception of the Victory Nickel warrants, which were exercised in 2010, all of the Company's marketable securities are publicly-listed. All of the shares owned by the Company are valued using Level One methodologies.

In July, 2010, Nuinsco advanced $366,000 to Victory Nickel as prepayment for the exercise of warrants. The related fee and interest expense of $33,000 charged to Victory Nickel for the advance represents the difference between the aggregate exercise price of the warrants and the amount of the advance. The warrants were exercised by the Company in September, 2010. As at the exercise date, the value of the warrants had declined. Accordingly, a loss on financial assets at fair value through operations of $403,000 was recorded as part of finance costs (Note 23) in the third quarter of 2010. The Company no longer has any Level Two securities.

The amount of change in fair value of Coventry shares attributable to the change in foreign exchange rates and included in OCI is a loss of $54,000 for the three months ended March 31, 2011 (three months ended March 31, 2010 - $nil; year ended December 31, 2010 a gain of $169,000).

Sensitivity Analysis – Equity Price Risk
All of the Company's financial assets at fair value through OCI are listed on public stock exchanges such as the TSX, the TSX-V or the ASX. For such investments, a 5% increase in the equity prices at the reporting date would have increased equity by $194,000, after tax effects of $28,000 (December 31, 2010 - an increase of $239,000, after tax effects of $34,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

9. FINANCIAL INSTRUMENTS

Credit Risk

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

	Notes		**March 31, 2011**		December 31, 2010		January 1, 2010
Carrying amount							
Cash and cash equivalents	6	**$**	**330**	$	628	$	1,490
Restricted cash	6		**194**		199		-
Receivables	7		**470**		674		350
Financial assets at fair value through OCI	8		**4,440**		5,463		1,746
Financial assets at fair value through operations	8		**-**		-		353
Interest in Campbell	13		**4,263**		4,263		2,297
		$	**9,697**	$	11,227	$	6,236

Liquidity Risk
The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Non-derivative financial liabilities		
	Secured loan	Trade and other payables	Total
As at March 31, 2011			
Carrying amount	$ -	$ 2,465	$ 2,465
Contractual cash flows	-	2,465	2,465
6 months or less	-	2,465	2,465
As at December 31, 2010			
Carrying amount	$ -	$ 2,601	$ 2,601
Contractual cash flows	-	2,553	2,553
6 months or less	-	2,553	2,553
As at January 1, 2010			
Carrying amount	$ 2,901	$ 1,612	$ 4,513
Contractual cash flows	3,459	1,243	4,702
6 months or less	-	1,243	1,243
6 - 12 months	-	-	-
1 - 2 years	3,459	-	3,459

Note that the secured loan was repaid in full on April 20, 2010 for aggregate cash of $2,972,000. The contractual cash flows reflected in the table above exclude the non-cash flow-through premium liability but include estimated interest to maturity of the loan otherwise due on July 31, 2011; the contractual amount due on the loan was translated into C$ using the exchange rate in effect at January 1, 2010.

Currency Risk
Exposure to currency risk
The Company's exposures to foreign currency risk are as follows based on notional foreign-denominated amounts translated into C$ at the respective dates:

(in thousands of Canadian dollars)

As at March 31, 2011	C$	US$	A$
Cash and cash equivalents	$ 322	$ 8	$ -
Restricted cash	-	194	-
Receivables	470	-	-
Marketable securities	1,010	-	3,430
Trade and other payables	(1,733)	(732)	-
Other long-term liabilities	(251)	-	-
Net exposure	$ (182)	$ (530)	$ 3,430

(in thousands of Canadian dollars)

As at December 31, 2010	C$	US$	A$
Cash and cash equivalents	$ 620	$ 8	$ -
Restricted cash	-	199	-
Receivables	674	-	-
Marketable securities	1,798	-	3,665
Trade and other payables	(1,963)	(638)	-
Other long-term liabilities	(246)	-	-
Net exposure	$ 883	$ (431)	$ 3,665

(in thousands of Canadian dollars)

As at January 1, 2010	C$	US$	A$
Cash and cash equivalents	$ 1,474	$ 16	$ -
Receivables	350	-	-
Marketable securities	2,099	-	-
Trade and other payables	(948)	(664)	-
Loans and borrowings	144	(3,045)	-
Net exposure	$ 3,119	$ (3,693)	$ -

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

As at March 31, 2011	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (53)	$ (53)
A$ (10 percent strengthening)	$ 343	$ -

As at December 31, 2010	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (43)	$ (43)
A$ (10 percent strengthening)	$ 367	$ -

As at January 1, 2010	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (369)	$ (369)
A$ (10 percent strengthening)	$ -	$ -

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

Fair Value
Fair values versus carrying amounts
The fair values of financial assets and liabilities equal the carrying amounts shown in the consolidated balance sheets.

The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value. Furthermore, the Company has not derecognized any financial assets or liabilities in the period.

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

Interest rate used for determining fair value
The interest rate used to discount estimated cash flows, when applicable, is based on the rate charged in the most recent financing obtained by the Company and was 8%.

10. ASSETS CLASSIFIED AS HELD FOR SALE

The Cameron Lake project and related balances is presented as a disposal group held for sale following the commitment of the Company's management, in December, 2009, to a plan to sell the project. Efforts to sell the disposal group resulted in a binding agreement and a sale was expected by June 2010; the sale closed on April 20, 2010. As at January 1, 2010, the disposal group comprised assets of $11,550,000 and liabilities of $111,000.

The Cameron Lake project had been written down significantly in 1999; upon transition to IFRS, the project was written-up through a partial reversal of that writedown given that the fair value of the consideration less costs to sell significantly exceeded the carrying value of the project (Note 32).

		January 1, 2010
Assets Classified as Held for Sale		
Exploration and evaluation project	$	11,496
Mill		54
	$	11,550
Provision Classified as Held for Sale		
Decommissioning liability	$	(111)
	$	(111)

11. PROPERTY AND EQUIPMENT

Equipment	*Notes*		Cost		Accumulated Depreciation		Carrying Amount
Balance as at January 1, 2010		**$**	**331**	**$**	**272**	**$**	**59**
Addition			24		-		24
Depreciation	*3*		-		13		13
Balance as at December 31, 2010			**355**		**285**		**70**
Depreciation	*3*		-		3		3
Balance as at March 31, 2011		**$**	**355**	**$**	**288**	**$**	**67**

12. EXPLORATION AND EVALUATION PROJECTS

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

		December 31, 2010		Current Expenditures		Writedown of E&E Projects		March 31, 2011
URANIUM AND RARE METALS								
Diabase Peninsula	$	6,943	$	663	$	-	$	7,606
Prairie Lake		2,333		368		-		2,701
		9,276		1,031		-		10,307
GOLD, COPPER AND ZINC								
Berta		1,733		28		-		1,761
Elmalaan		1,100		24		-		1,124
Bukari		273		298		-		571
		3,106		350		-		3,456
	$	12,382	$	1,381	$	-	$	13,763

	January 1, 2010	Current Expenditures	Writedown of E&E Projects	March 31, 2010
URANIUM AND RARE METALS				
Diabase Peninsula	$ 5,772	$ 153	$ -	$ 5,925
Prairie Lake	1,542	29	-	1,571
	7,314	182	-	7,496
GOLD, COPPER AND ZINC				
Berta	1,595	-	-	1,595
Elmalaan	1,071	-	-	1,071
Olympian	-	115	-	115
	2,666	115	-	2,781
	$ 9,980	$ 297	-	$ 10,277
Adjustment to fair value of assets classified as held for sale - Cameron Lake			(298)	
Writedown of E&E Projects in Consolidated Statement of Operations			$ (298)	

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of $1,000,000. Expenditures as at March 31, 2011 have increased this ownership interest to approximately 89% (December 31, 2010 – 89%). Should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes. It is expected that Trend's interest will drop to a royalty upon an additional $400,000 of expenditures by the Company.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims are optioned while seven were staked by Nuinsco; all are subject to the option agreement with Trend. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in the fall/winter of 2010. If the project progresses to a development stage, before its interest drops below 10% as described above, then Trend has a one-time 50% back-in right upon reimbursing Nuinsco for 140% of its total expenditures to that date. In order to maintain the option on one of the claims, the Company must make an option payment of approximately $935,000 by September 2, 2012. That same claim is subject to a 3% gross production royalty ("GPR") defined as actual metal/mineral sales with no deduction for refining or transportation expenses. The GPR can be purchased before September 2, 2012 for $11,000,000 as follows: first percentage - $1,000,000; second percentage - $3,000,000; third percentage - $7,000,000.

Prairie Lake

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

Gold, Copper & Zinc

Berta

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

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project. Xstrata participates pro-rata in funding exploration expenditures and is the operator of the project. Nuinsco recorded an amount owing to Xstrata of approximately $454,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company's share of expenditures on Berta. Discussions with Xstrata have been ongoing, including discussions to buy Xstrata's share of the joint venture. Subsequent to March 31, 2011, Xstrata advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco will not be paying the full share of the recorded expenditures and will allow itself to be diluted to approximately 36%. In the second quarter, the Company will make adjustments to the carrying value of the project, trade and other payables and foreign exchange, as appropriate.

In 2006 and 2007, the Company completed airborne geophysics followed by diamond drilling. Drilling intersected a significant, continuous domain of strong sulphide mineralization with copper, gold, silver and zinc values. Three drill holes were completed in 2008 demonstrating further evidence of widespread copper mineralization. The Berta property is subject to a 2% NSR.

Elmalaan

The Company finalized an agreement (the "Elmalaan Agreement") in August 2006 to acquire 100% of the Elmalaan copper-zinc property from Xstrata. The Company has spent US$250,000 to earn its interest. Xstrata has back-in rights to reacquire a 50% interest in the project upon incurring expenditures equal to 200% of the aggregate expenditures incurred by the Company and a further 20% interest by incurring additional expenditures of US$20,000,000. In the event that Xstrata elects not to exercise its back-in right, it will be entitled to a 2% NSR which can be reduced to 1% on the payment by the Company of US$1,000,000. Mapping, sampling and diamond drilling programs have identified strongly anomalous copper-zinc-gold-silver mineralization on the property. The Elmalaan licenses have been converted to exploitation status and will be transferred to a Turkish subsidiary of Nuinsco. In 2011, the licenses are in the process of being transferred to Nuinsco Madencilik, the Company's Turkish subsidiary.

Egypt

In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for gold exploration concessions in Egypt – Bukari and Umm Samra. The receipt of final title is subject to negotiating a suitable production sharing agreement with the Egyptian Mineral Resources Authority ("EMRA"). Negotiations have been completed with EMRA for the Bukari gold concession and, despite recent turmoil, the Egyptian State Council recently advised that it had recommended the agreement be passed into law by the Egyptian People's Assembly. While final approval is pending, the Company has received legal authority to conduct certain exploration programs on the property. Among other terms, the production sharing agreement sets out the rights and responsibilities of the Company, through a 50%-owned subsidiary, and EMRA, terms of production sharing and cost recovery as well as exploration programs. The first-year expenditure commitment is US$2,000,000 which is required to be supported by a letter of guarantee upon ratification of the agreement.

The shareholders' agreement between the Company and its partner, Quartz Core for Mineral Resources ("QCC") governing the 50%-owned subsidiary contains dilution provisions. Presently, the Company has exceeded its expenditure commitment. Nuinsco has recorded $253,000 (December 31, 2010 - $171,000) in Receivables for the expenditure difference. Should QCC fail to make the required expenditures, its interest in the subsidiary will be proportionately reduced and Nuinsco will record an increased proportionate interest in the subsidiary.

During the fourth quarter of 2010, the Company finalized a letter of guarantee to EMRA in the amount of US$200,000 to support initial exploration activities on the Bukari project. The letter of guarantee is supported by an equal amount of cash included as restricted cash on the consolidated balance sheet. This initial letter of guarantee will be replaced by the one pertaining to the first-year expenditure commitment.

Olympian

In March, 2010, the Company announced that it had optioned a claim package collectively referred to as the Olympian Project. The Olympian Project consists of 18 mining claims and three patented mining claims totalling 1,405 ha in Ontario's Lake of the Woods region. The claims were assembled through four option agreements with consideration aggregating cash of $705,000 and 2,450,000 common shares of the Company payable over 2010 to 2012. In 2010, payments under the agreements of $120,000 had been made and 625,000 shares had been issued.

In October 2010, the Company had determined that the results to date on the Triggs option did not support the

expenditures to date and accordingly, decided to writedown the property to $nil effective September 30, 2010. Subsequently, the Company decided that it would not maintain the remaining options comprising the Olympian Project. Accordingly, the Olympian Project has been written down to $nil in 2010 and no option commitments are outstanding. A writedown of $679,000 was recorded through operations in 2010.

Pre-exploration write-offs

Pre-E&E expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* in the Consolidated Statement of Operations. Exploration costs in the amount of $5,000 were written off during the three months ended March 31, 2011 (three months ended March 31, 2010 - $158,000).

The following table shows the pre-exploration expenditures and associated write-offs immediately through operations:

	Current Expenditures	Pre-exploration Write-offs	March 31, 2011
PRE-EXPLORATION EXPENDITURES - Other	$ 5	$ (5)	$ -

	Current Expenditures	Pre-exploration Write-offs	March 31, 2010
PRE-EXPLORATION EXPENDITURES			
Bukari	$ 126	$ (126)	$ -
Other	32	(32)	-
	$ 158	$ (158)	$ -

13. INTEREST IN CAMPBELL RESOURCES INC.

The Company holds various investments in and loans to Campbell. Given the nature of the security underlying the loan and convertible debenture, the Company considers these elements together and has recorded them in *Interest in Campbell Resources Inc.* on the Consolidated Balance Sheets. The Company's security on amounts owing by Campbell includes Corner Bay and other exploration and evaluation properties, among other things.

Effective December 31, 2008, the Company determined that its balances with Campbell were impaired and therefore recorded an aggregate impairment allowance against the *Interest in Campbell Resources Inc.* of $7,923,000 through the Consolidated Statement of Operations as a provision for writedown of amounts owing from Campbell.

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a Court-appointed monitor was engaged. Since that date, the Company has been actively involved in trying to protect its interests throughout the CCAA proceedings and has held several meetings with the court-appointed monitors as well as attended court sessions. The Company is continuing to assess its options to best realize on its interests including the debenture and revolving credit facility (collectively, the "loan") and will continue to be actively involved in the process until its conclusion.

In 2010, the Company, along with its partner with respect to Campbell matters Ocean Partners Holdings Limited ("Ocean Partners"), through a jointly-owned subsidiary, acquired substantially all of the remaining secured debt of Campbell (that the Company and Ocean Partners did not already own) for aggregate staged payments over a three-year period of $4,050,000 (including those deposits already made by each of Nuinsco and Ocean Partners). The face value of the aggregate debt acquired by the Company and Ocean Partners was $24,245,000. Acquisition of all of the secured debt will facilitate joint exercise of security over the Campbell assets including Corner Bay, the Copper Rand mill and other exploration properties in the Chibougamau mining camp in Québec.

Accordingly, the deposits previously made in the second quarter of 2010 of $465,000, along with additional cash payments made in the third quarter of $1,060,000, have been reclassified as acquisition of debt to *Interest in Campbell Resources Inc*. The agreements require additional staged payments by the Company of $200,000 within one year and $300,000 by no earlier than April 20, 2013; discounted at 8%, the fair value of the long-term payable was $241,000 at that time. Such amounts are included in *Interest in Campbell Resources Inc., Trade and other payables* (Note 16) and *Other long-term liability* (Note 18) in the Consolidated Balance Sheet.

The Company's share of expenditures incurred in the first quarter of 2011 to protect its interest in Campbell assets

amounted to approximately $152,000 (three months ended March 31, 2010 - $61,000). Such expenditures included legal fees, court-appointed monitor's fees and other costs and are included in general and administrative expenses.

	Note	**March 31, 2011**	December 31, 2010	January 1, 2010
Acquisition of debt		**$ 2,025**	$ 2,025	$ -
Less: fair value adjustment		**(59)**	(59)	-
		1,966	1,966	-
Interest in Campbell	(a)	**2,297**	2,297	2,297
		$ 4,263	$ 4,263	$ 2,297

(a) The Interest in Campbell is shown net of Québec mining duties of $202,855.

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

14. ROYALTY INTEREST

On April 20, 2010, pursuant to the sale of Cameron Lake to Coventry, the Company received a royalty interest in the Cameron Lake property. The royalty interest is a 3% NSR under which Coventry has the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value. The royalty is accounted for using the cost basis. The royalty has no end date therefore is considered to have an indefinite life. The Company will monitor Coventry's plans to determine whether conditions affecting the royalty change such that it becomes an intangible with a finite life. As described above, this is an investment which is subject to the highest degree of measurement uncertainty. Accordingly, future changes in any parameters used in the valuations could give rise to material changes in asset carrying values.

The valuation of the royalty interest was based upon cash flow models of the project previously developed by the Company as adjusted for metals prices and expectations of Coventry's plans and discounted using a rate of 8%. The Company will continue to monitor Coventry's progress towards bringing the property into production and will review the royalty for impairment on a regular basis. The Company considers that the royalty itself is a CGU for the purposes of impairment testing. It is not allocated.

15. DEFERRED TAX ASSETS

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

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

	March 31, 2011	December 31, 2010	January 1, 2010
Temporary differences			
Equipment	**$ 58**	$ 57	$ 54
Share issue costs	**96**	108	213
Net tax losses carried forward	**1,011**	885	1,142
Eligible capital property and other	**262**	262	333
Capital losses (gains), net	**1,264**	1,239	1,326
	2,691	2,551	3,068
Unrecognized deferred tax assets	**(2,058)**	(1,971)	(304)
	633	580	2,764
Deferred tax liability			
Exploration and development	**(633)**	(580)	(1,467)
Deferred Tax Assets, Net	**$ -**	$ -	$ 1,297

Unrecognized deferred tax assets equal the full amount of the deferred tax benefit, after deduction of the tax benefits which were realized in 2010 due to the sale of Cameron Lake, as the likelihood of utilizing the remaining unused tax losses and other tax deductions is not probable; it cannot be determined at this time.

Non-capital losses expire as follows:

	Amount
2028	**$ 111**
2029	**1,317**
2030	**2,078**
2031	**504**
	$ 4,010

The Company also has capital losses available for carryforward of approximately $5,000,000.

Movement in Temporary Differences during the Period

	As at January 1, 2011	Recognized in operations	Recognized in other comprehensive income	Recognized in share capital	As at March 31, 2011
Property and equipment	$ 57	$ 1	$ -	$ -	$ 58
Share issue costs	108	-	-	(12)	96
Net tax losses carried forward	885	112	-	14	1,011
Eligible capital property and other	262	-	-	-	262
Capital losses (net)	1,239	-	25	-	1,264
	2,551	113	25	2	2,691
Unrecognized deferred tax assets	(1,971)	(85)	-	(2)	(2,058)
	580	28	25	-	633
Future income tax liability					
Exploration and evaluation projects	(580)	(53)	-	-	(633)
Deferred income tax assets, net	$ -	$ (25)	$ 25	$ -	$ -

	As at January 1, 2010	Recognized in operations	Recognized in other comprehensive income	Recognized in share capital	As at December 31, 2010
Property and equipment	$ 54	$ 3	$ -	$ -	$ 57
Share issue costs	213	-	-	(105)	108
Net tax losses carried forward	1,142	(379)	-	122	885
Eligible capital property and other	333	(71)	-	-	262
Capital losses (net)	1,326	75	(162)	-	1,239
	3,068	(372)	(162)	17	2,551
Unrecognized deferred tax assets	(304)	(1,727)	77	(17)	(1,971)
	2,764	(2,099)	(85)	-	580
Future income tax liability					
Exploration and evaluation projects	(1,467)	887	-	-	(580)
Deferred income tax asset, net	$ 1,297	$ (1,212)	$ (85)	$ -	$ -

16. TRADE AND OTHER PAYABLES

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Trade payables				
E&E projects		**$ 968**	$ 1,069	$ 59
Non-project related	*26*	**201**	236	84
Flow-through premium liability		**-**	48	369
Other payables	*13*	**210**	212	-
Accrued liabilities				
E&E projects		**854**	684	664
Non-project related	*26*	**232**	352	436
		$ 2,465	$ 2,601	$ 1,612

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

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Balance as at beginning of period		**$ 48**	$ 369	$ -
Flow-through premium from financing				
Transition	*32*	**-**	-	369
Flow-through premium through finance income	*23*	**-**	(369)	-
Flow-through premium from financing				
October, 2010		**-**	143	-
Flow-through premium through finance income		**-**	(143)	-
Flow-through premium from financing				
December, 2010		**-**	97	-
Flow-through premium through finance income	*23*	**(48)**	(49)	-
Balance as at end of period		**$ -**	$ 48	$ 369

17. PROVISION CLASSIFIED AS HELD FOR SALE

Decommissioning

The balance of $111,000 in the consolidated balance sheet as at January 1, 2010, was related to the Cameron Lake property. The Cameron Lake property was sold to Coventry on April 20, 2010 as described in Note 1 and the cost of decommissioning was assumed by the purchaser at that time. Accordingly, the decommissioning liability was de-recognized upon sale of the property.

18. LONG-TERM LIABILITIES

Loans and Borrowings - Secured Loan

As at January 1, 2010, the Company had a loan outstanding with a balance of $2,901,000 in relation to a long-term loan agreement entered into in 2009. The loan was due July 31, 2011 and bore interest at 8% calculated monthly and due upon repayment of the loan. Prepayment of the loan plus outstanding interest was allowed in full or in part. The loan was secured by the Company's shares in Cameron Lake JEX which owned an interest in the Cameron Lake project, the Company's shares in Gold Hawk as well as a mortgage over the Cameron Lake property.

The Company repaid the loan and related balances in full for cash $2,972,000 on April 20, 2010 upon closing of the sale of Cameron Lake to Coventry as described in Note 1. The amount of interest on the long-term debt charged to the consolidated statement of operations for the three months ended March 31, 2010 amounted to $84,000, including $23,000 of amortization of loan fees.

Payable from Acquisition of Campbell Debt

The Company has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 13). The Company is required to pay $300,000 no earlier than April, 2013. The fair value of the amount, using a discount rate of 8%, is $251,000 as at March 31, 2011 (December 31, 2010 - $246,000). Nuinsco will accrete the value of the obligation by interest charges through operations until its payment. In the three months ended March 31, 2011, accretion of $5,000 (three months ended March 31, 2010 - $nil) was added to long-term obligations and recorded as interest expense.

19. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	March 31, 2011	December 31, 2010	January 1, 2010
Office rental			
Less than 1 year	$ 43	$ 61	$ 88
Between 1 and 5 years	-	5	66
Total Minimum Lease Payments Payable	$ 43	$ 66	$ 154

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts.

The Company leases its head office under operating leases. The main lease has a lease term of five years and expires in 2011. One of the leases is subject to a sublease which also expires in 2011. As at March 31, 2011, total future minimum sublease payments of $7,000 are expected to be received.

During the three months ended March 31, 2011 and 2010 amounts of $23,000 and $22,000 respectively, were recognized as rent expense through operations in respect of operating leases. Furthermore, amounts of $11,000 and $11,000 were recognized as a contra to rent expense through operations in respect of the sublease in the same periods.

20. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares. 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. The issued and outstanding common shares are as follows:

	Notes	Three months ended March 31, 2011	Year ended December 31, 2010
Balance as at beginning of period		**254,205,292**	230,935,509
Shares issued for property	*(a)*	**-**	625,000
Issue of shares under Share Bonus Plan	*(b)*	**-**	1,871,600
Issue of flow-through common shares	*(c)(e)*	**-**	9,576,085
Issue of common shares	*(d)(h)*	**3,125,000**	10,000,000
Options exercised	*(f)(i)*	**50,000**	575,000
Warrants exercised	*(g)(j)*	**689,451**	622,098
Balance as at end of period		**258,069,743**	254,205,292

(a) In May, 2010, the Company issued 625,000 common shares with a fair value of $38,000 pursuant to the option agreements entered into with respect to the Olympian property.

(b) In May, 2010, the Company issued 1,871,600 common shares with a fair value of $131,000 to employees and consultants as discretionary bonuses pursuant to the Company's Share Bonus Plan.

(c) In October, 2010, the Company issued 7,142,857 flow-through common shares at a price of $0.07 per share, respectively, for gross proceeds of $500,000. After fees and other out-of-pocket costs, net proceeds aggregated $421,000; the costs included 600,000 finder warrants with a fair value of $38,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to the flow-

through premium liability and warrants amounted to $143,000 and $53,000, respectively.

(d) Also in October 2010, the Company issued 10,000,000 common shares at a price of $0.05 per share for gross proceeds of $500,000. After fees and other out-of-pocket costs, net proceeds aggregated $490,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $120,000.

(e) In December, 2010, the Company issued 2,433,228 flow-through common shares at a price of $0.18 per share for gross proceeds of approximately $438,000. After fees and other out-of-pocket costs, net proceeds aggregated $420,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to the flow-through premium liability and warrants amounted to $97,000 and $38,000, respectively.

(f) In December, 2010, 575,000 common shares were issued upon the exercise of options for proceeds of $39,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the options exercised in the amount of $27,000.

(g) Throughout 2010, 622,098 common shares were issued upon the exercise of warrants for proceeds of $79,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the warrants exercised in the amount of $16,000.

(h) On January 10, 2011, the Company completed a private placement financing of 3,125,000 units of securities at a price of $0.16 per unit generating gross proceeds of $500,000. After fees and other out-of-pocket costs, net proceeds aggregated $493,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $68,000.

(i) In January, 2011, 50,000 common shares were issued upon the exercise of options for proceeds of $3,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the options exercised in the amount of $2,000.

(j) During the quarter ended March 31, 2011, 689,451 common shares were issued upon the exercise of warrants for proceeds of $69,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the warrants exercised in the amount of $15,000.

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 the 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.

Under the Share Purchase Plan, eligible directors, senior officers and employees of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume weighted-average of the trading prices of the common shares on the TSX for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2011 or 2010. 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.

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. In 2011, nil common shares were issued under the Share Bonus Plan (May, 2010 - 1,871,600). The maximum number of common shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 common shares; and (ii) 2% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

The entitlement to shares issued under the Share Bonus Plan in 2010 vested immediately. The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged through operations immediately.

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

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

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

Accumulated Other Comprehensive Income or Loss
AOCI is comprised of the following separate components of equity:

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

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

21. EARNINGS (LOSS) PER SHARE
Basic Earnings (Loss) per Share
The calculation of basic EPS for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of $1,008,000 (the three months ended March 31, 2010 – loss of $1,116,000), and a weighted average number of common shares outstanding of 257,388,000 (March 31, 2010 – 230,936,000).

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.

Weighted Average Number of Common Shares (Basic)

	Notes	Three months ended March 31, 2011	2010
Balance at beginning of period		**254,205,000**	230,936,000
Effect of share options exercised	*22*	**40,000**	-
Effect of warrants exercised	*22*	**330,000**	-
Effect of shares issued	*20*	**2,813,000**	-
Weighted average number of common shares (basic)		**257,388,000**	230,936,000

Diluted Earnings (Loss) per Share
The calculation of diluted EPS for the three months ended March 31, 2011 was based on loss attributable to common shareholders of $1,008,000 (for the quarter ended March 31, 2010 – loss of $1,116,000), and a weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares for each period of 277,122,000 (March 31, 2010 – 233,289,000).

Weighted Average Number of Common Shares (Diluted)

	Notes	Three months ended March 31, 2011	2010
Weighted average number of common shares (basic)		**257,388,000**	230,936,000
Effect of share options granted and outstanding	*22*	**8,287,000**	2,353,000
Effect of warrants issued and outstanding	*22*	**11,447,000**	-
Weighted average number of common shares (diluted)		**277,122,000**	233,289,000

For the period ended March 31, 2011, 14,173,000 options and 16,452,000 warrants (March 31, 2010 – 18,332,000 options and all 17,593,000 warrants) were excluded from the diluted weighted average number of common shares calculation as the effect of these options would have been anti-dilutive and the warrants were not “in-the-money”.

The average market value of the Company’s shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

22. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements
The Company has the following share-based payment arrangements:

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. At March 31, 2011, the Company had 16,250,461 (December 31, 2010 – 20,595,794) common shares available for the granting of future options. Options are exercisable at the market price of the shares at the date of grant. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)
Outstanding warrants as at March 31, 2011 consist of warrants issued for services rendered, warrants issued pursuant to the rights offering and warrants issued pursuant to private placements. Warrants are exercisable at the market price of the shares at the date of grant. The Company does not have any cash-settled transactions.

Share Bonus Plan
The terms of the Company’s Share Bonus Plan are set out in Note 20.

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; all options are to be settled by physical delivery of shares:

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

Share purchase warrants

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

Disclosure of Share-based Payment Arrangements

Stock Option Plan

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

	Number of options		**Weighted average exercise price**	
	March 31, 2011	December 31, 2010	**March 31, 2011**	December 31, 2010
Outstanding at beginning of period	**17,535,000**	15,985,000	**$ 0.14**	$ 0.16
Granted	**4,975,000**	5,850,000	**$ 0.17**	$ 0.08
Cancelled	**-**	(200,000)	**$ -**	$ 0.25
Exercised	**(50,000)**	(575,000)	**$ 0.06**	$ 0.07
Expired	**-**	(3,525,000)	**$ -**	$ 0.13
Outstanding at end of period	**22,460,000**	17,535,000	**$ 0.15**	$ 0.14
Exercisable at end of period	**21,347,500**	16,410,000	**$ 0.15**	$ 0.14

	Number of options outstanding		**Weighted average remaining contractual life (years)**	
	March 31, 2011	December 31, 2010	**March 31, 2011**	December 31, 2010
Range of exercise prices				
$0.030 to $0.050	**4,600,000**	4,625,000	**2.95**	3.19
$0.055 to $0.055	**1,150,000**	1,150,000	**4.37**	4.61
$0.060 to $0.100	**4,350,000**	4,375,000	**3.76**	4.01
$0.110 to $0.150	**1,350,000**	1,350,000	**1.67**	1.91
$0.160 to $0.170	**4,750,000**	-	**4.93**	-
$0.180 to $0.210	**1,675,000**	1,675,000	**0.37**	0.62
$0.220 to $0.260	**2,400,000**	2,175,000	**3.01**	3.06
$0.270 to $0.350	**1,635,000**	1,635,000	**1.82**	2.06
$0.360 to $0.488	**550,000**	550,000	**0.82**	1.07
	22,460,000	17,535,000	**3.20**	2.96

For options granted during 2011, the weighted average fair value at the date of grant was $0.124 (2010 - $0.053). A total of 4,975,000 options were granted during the three months ended March 31, 2011 (the three months ended March 31, 2010 – 4,700,000) to key management personnel, employees and consultants. This resulted in a share-

based payment expense of $489,000 in the three months ended March 31, 2011 (the three months ended March 31, 2010 - $228,000). Of the 22,460,000 options outstanding as at March 31, 2011, 1,112,500 are subject to vesting in the following year (as at December 31, 2010 – 17,535,000 outstanding of which 1,125,000 were subject to vesting in the following year). The aggregate fair value of these unvested options not yet charged to operations is $132,000 (as at December 31, 2010 - $2,000). For options exercised during the first quarter of 2011, the weighted average market price at exercise was $0.25; during the year ended December 31, 2010, the weighted average market price was $0.14.

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

		Number of warrants		Weighted average exercise price	
	Date Issued	**March 31, 2011**	December 31, 2010	**March 31, 2011**	December 31, 2010
Issued for services rendered	July 17, 2008		233,000		$ 0.22
	September 10, 2008		100,000		$ 0.20
Expired in 2010			(333,000)		
Issued pursuant to rights offering	April 22, 2009	**7,629,996**	7,629,996	**$ 0.10**	$ 0.10
Exercised in 2011 and 2010		**(978,216)**	(288,765)		
Issued pursuant to private placements	December 21, 2009	**9,445,020**	9,445,020	**$ 0.15**	$ 0.15
	December 31, 2009	**185,000**	185,000	**$ 0.15**	$ 0.15
Exercised in 2010		**(333,333)**	(333,333)		
Issued pursuant to private placements	October 4, 2010	**3,571,429**	3,571,429	**$ 0.10**	$ 0.10
	October 4, 2010	**5,600,000**	5,600,000	**$ 0.10**	$ 0.10
	December 31, 2010	**1,216,615**	1,216,615	**$ 0.25**	$ 0.25
Issued pursuant to private placement	January 10, 2011	**1,562,500**		**$ 0.22**	
Outstanding at end of period		**27,899,011**	27,025,962	**$ 0.13**	$ 0.12

Warrants expire 12 to 24 months from issue date. The warrants issued in December 2010 and January 2011 expire 12 months from issue date. The 3,571,429 warrants issued in October, 2010, expire in 12 months; the 5,600,000 warrants expire in 24 months. Warrants issued pursuant to the rights offering are exercisable for a period of twelve months commencing April 23, 2010; all other warrants are exercisable upon issue for 24 months. As at the filing date, 6,372,613 additional warrants issued pursuant to the rights offering were exercised generating proceeds of $637,000; the remaining 279,167 warrants expired unexercised.

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

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

Options granted or modified during the period	**March 31, 2011**	December 31, 2010
Fair value at grant or modification date	**$0.122 to $0.169**	$0.037 to $0.057
Share price at grant or modification date	**$0.170 to $0.235**	$0.055 and $0.080
Assumptions		
Exercise price	**$0.170 to $0.235**	$0.050 to $0.080
Expected volatility	**104% and 105%**	100% to 104%
Option life (years)	**4**	3.75 to 4.5
Expected dividends	**-**	-
Risk-free interest rate	**2.25% and 2.31%**	2.0% and 2.5%

Warrants issued during the period	**March 31, 2011**	December 31, 2010
Fair value at grant date	**$0.057**	$0.035 to $0.063
Share price at grant date	**$0.18**	$0.10 and $0.17
Assumptions		
Exercise price	**$0.22**	$0.10 and $0.25
Expected volatility	**97%**	90% to 126%
Warrant life (years)	**1**	1 and 2
Expected dividends	**-**	-
Risk-free interest rate	**1.67%**	1.37% to 1.67%

23. FINANCE INCOME AND FINANCE COSTS

	Notes	**Three months ended March 31, 2011**	2010
Interest income on bank deposits		**$ 1**	$ 1
Flow-through premium	*16*	**48**	50
Net foreign exchange gain		**7**	119
Finance income		**56**	170
Interest expense on financial liabilities measured at amortized cost	*18*	**5**	84
Net change in fair value of financial assets through operations	*8*	**-**	73
Finance costs		**5**	157
Net Finance Income		**$ 51**	$ 13

24. INCOME TAXES

The income tax amount in the three months ended March 31, 2011 is an expense of $25,000 (2010 – $37,000), and relate to income taxes on change in value of marketable securities in 2011 and in 2010 related to the change in value of Cameron Lake.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for the three months ended March 31, 2011 and 2010, of 28.5% and 29.0% respectively, to the income before income taxes.

The differences are summarized as follows:

	Three months ended March 31, 2011	2010
Statutory rate applied to income before income taxes	**$ (280)**	$ (313)
Non-taxable income	**5**	(1)
Non-deductible items, net	**142**	69
Effect of rate change	**16**	34
Effect of flow-through renunciation	**54**	60
Other adjustments	**88**	188
Income tax expense	**$ 25**	$ 37

25. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel Inc. ("Victory Nickel") (Note 26). The projects are located in Canada, Turkey and Egypt. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as *Exploration and evaluation projects* on the Consolidated Balance Sheets.

Geographical Information

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Canada				
Corporate		**$ 5,501**	$ 7,034	$ 16,845
Interest in Campbell	*13*	**4,263**	4,263	2,297
Royalty interest	*14*	**3,000**	3,000	-
Diabase	*12*	**7,606**	6,943	5,772
Prairie Lake	*12*	**2,701**	2,333	1,542
		23,071	23,573	26,456
Turkey				
Berta	*12*	**1,761**	1,733	1,595
Elmalaan	*12*	**1,124**	1,100	1,071
		2,885	2,833	2,666
Egypt				
Bukari	*12*	**571**	273	-
		571	273	-
Total Assets		**$ 26,527**	$ 26,679	$ 29,122

Revenues in each period are all attributable to the corporate office in Canada. There have been no changes in the reportable segments or the treatment of segmented assets and revenues period-over-period.

26. RELATED PARTIES & MANAGEMENT AGREEMENT

Transactions and Balances with Victory Nickel and Related Parties

The Company shares management administrative assistance and facilities with Victory Nickel pursuant to a management agreement. The costs recovered from Victory Nickel are recorded at the cost to the Company of such services plus 10 per cent. The management agreement commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice.

Balances and transactions with Victory Nickel and related parties as at and in the three months ended March 31, 2011 are shown in the following tables:

	March 31, 2011	December 31, 2010	January 1, 2010
Balances Outstanding			
Receivable from Victory Nickel Inc.	**$ 40**	$ 21	$ 33
Payable to key management personnel	**$ 93**	$ 111	$ 301

Transaction Values	Three months ended March 31, 2011	2010
Overhead charges to Victory Nickel Inc.	**$ 197**	$ 170
Project costs charged by Victory Nickel Inc.	**$ 7**	$ 5
Project recoveries charged to Victory Nickel Inc.	**$ 16**	$ 18

Amounts due to or from Victory Nickel are unsecured, non-interest bearing and due on demand. Amounts due to or from Victory Nickel are settled on a regular basis. Payables to key management personnel generally relate to directors' fees, consulting fees and expense reimbursements.

Transactions with Key Management Personnel

Short-term employee benefits provided by the Company include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan (Note 20).

Key management personnel compensation comprised:

	Notes	Three months ended March 31, 2011	2010
Short-term employee benefits		**$ 163**	$ 153
Share-based payments - options	*22*	**495**	251
		$ 658	$ 404

The outstanding balances as at March 31, 2011 and December 31, 2010 relating to key management personnel are included in the tables above.

27. COMPANY ENTITIES

Significant Subsidiaries

Ownership Interest	Country of Incorporation	March 31, 2011	December 31, 2010	January 1, 2010
Cameron Lake JEX Corporation	Canada	**n/a**	n/a	100%
Lakeport Gold Corporation	Canada	**100%**	100%	100%
7591802 Canada Inc.	Canada	**50%**	50%	n/a
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%	100%
Nuinsco Exploration Inc.	BVI	**50%**	50%	n/a
Z-Gold Corporation (through Nuinsco Exploration)	Egypt	**50%**	50%	n/a
NuMENA	Canada	**100%**	n/a	n/a

None of the companies included in the table above is a public company. Cameron Lake JEX was sold on April 20, 2010 as described in Note 1. Lakeport Gold Corporation is inactive; 7591802 Canada Inc. is a jointly-controlled entity with Ocean Partners and owns certain loan balances related to Campbell; Nuinsco Madencilik Sanaye Ticaret is a wholly-owned subsidiary and was incorporated to hold the Company's Turkish licenses which are in the process of

being transferred; Nuinsco Exploration Inc. is a jointly-controlled entity with Quartz Core for Minerals and has the rights, through Z-Gold Corporation to the gold concessions in Egypt; NuMENA is presently inactive and has been incorporated as a potential vehicle to spin off certain of the Company's assets in the MENA region.

28. JOINTLY-CONTROLLED ENTITIES
The Company has interests in two joint ventures that are jointly-controlled. The joint ventures are proportionately consolidated. Included in the Company's consolidated financial statements are the following items that represent the Company's interests in the assets and liabilities, revenues and expenses of the respective joint ventures:

		March 31, 2011		December 31, 2010
7591802 Canada Inc.				
Interest in Campbell	**$**	**1,125**	$	1,125
Nuinsco Exploration Inc.				
Current assets	**$**	**253**	$	171
Exploration and evaluation assets	**$**	**306**	$	237
Current liabilities	**$**	**12**	$	6
Expenses	**$**	**15**	$	16

29. COMMITMENT
Flow-through Commitment
As at March 31, 2011, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2010 of $nil (December 31, 2010 - $217,000). This commitment was required to be satisfied by December 31, 2011.

30. CONTINGENCY
CRA Reassessment
In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately $4,400,000 from the CRA related to transactions completed in 2006. The Company is in the process of carefully reviewing these reassessments and has consulted legal counsel in this regard. The Company intends to vigorously defend what it and its counsel believe to have been a correct filing position related to these transactions. The appeal process could be lengthy and the Company believes that its position is correct and believes it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter. The Company filed notices of objection on May 19, 2011.

31. SUBSEQUENT EVENT

Warrants Exercised
Since March 31, 2011, 6,372,613 of the Company's warrants issued with respect to the rights offering have been exercised for gross proceeds of approximately $637,000. The remaining 279,167 warrants with respect to the rights offering expired unexercised.

32. EXPLANATION OF TRANSITION TO IFRS
As stated in Note 2(a), these are Nuinsco's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the consolidated financial statements for the period ended March 31, 2011, the comparative information presented in these consolidated financial statements for the year ended December 31, 2010 and the opening IFRS consolidated balance sheet as at January 1, 2010 (Nuinsco's date of transition).

In preparing its opening IFRS consolidated balance sheet, Nuinsco has adjusted amounts reported previously in financial statements prepared in accordance with predecessor Canadian GAAP in effect for the Company prior to the transition date ("pre-transition Canadian GAAP"). An explanation of how the transition from pre-transition Canadian GAAP to IFRS has affected Nuinsco's financial position, financial performance and cash flows is set out in the

following tables and the notes that accompany the tables.

The Company did not identify any material errors in its application of pre-transition Canadian GAAP.

Concurrent with the work performed for transition to IFRS, the Company took the opportunity to consider its financial disclosures and decided to make additional reclassifications. While these are not as a direct result of the IFRS transition, the Company has identified such reclassifications in order to assist the reader in making comparisons with historic financial information which has previously been published. These reclassifications are identified as being non-IFRS reclassifications in the notes to the reconciliations.

Reconciliation of Equity – Comparative and Transition Balance Sheets

		December 31, 2010			January 1, 2010		
	Notes	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
ASSETS							
Current assets							
Cash and cash equivalents		$ 628	$ -	$ 628	$ 1,490	$ -	$ 1,490
Restricted cash		199	-	199	-	-	-
Receivables	*b*	603	71	674	259	91	350
Due from Victory Nickel Inc.	*b*	21	(21)	-	33	(33)	-
Marketable securities		5,463	-	5,463	2,099	-	2,099
Prepaid expenses and deposits	*b*	50	(50)	-	58	(58)	-
Assets classified as held for sale	*d*	-	-	-	-	11,550	11,550
Total current assets		6,964	-	6,964	3,939	11,550	15,489
Non-current assets							
Property and equipment	*e*	70	-	70	59	-	59
Exploration and evaluation projects	*f,g*	12,266	116	12,382	9,657	323	9,980
Assets classified as held for sale	*d*	-	-	-	1,700	(1,700)	-
Interest in Campbell Resources Inc.		4,263	-	4,263	2,297	-	2,297
Royalty interest	*h*	3,000	-	3,000	-	-	-
Deferred tax assets		-	-	-	1,297	-	1,297
Total non-current assets		19,599	116	19,715	15,010	(1,377)	13,633
Total Assets		$ 26,563	$ 116	$ 26,679	$ 18,949	$ 10,173	$ 29,122
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Trade and other payables	*j*	$ 2,553	$ 48	$ 2,601	$ 1,243	$ 369	$ 1,612
Provision classified as held for sale	*i*	-	-	-	-	111	111
Total current liabilities		2,553	48	2,601	1,243	480	1,723
Non-current liabilities							
Loans and borrowings		-	-	-	2,901	-	2,901
Other long-term liability		246	-	246	-	-	-
Provisions	*i*	-	-	-	111	(111)	-
Total Liabilities		2,799	48	2,847	4,255	369	4,624
Shareholders' equity							
Share capital	*j*	94,314	26	94,340	93,396	(266)	93,130
Contributed surplus	*j*	4,291	(32)	4,259	3,707	-	3,707
Accumulated other comprehensive income (loss)	*m*	735	(139)	596	(617)	-	(617)
Deficit	*n*	(75,576)	213	(75,363)	(81,792)	10,070	(71,722)
Total shareholders' equity		23,764	68	23,832	14,694	9,804	24,498
Total Liabilities and Shareholders' Equity		$ 26,563	$ 116	$ 26,679	$ 18,949	$ 10,173	$ 29,122

Reconciliation of Equity – Interim Balance Sheet

	Notes	March 31, 2010		
		Pre-transition Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 314	$ -	$ 314
Receivables	b	251	513	764
Due from Victory Nickel Inc.	b	22	(22)	-
Marketable securities		2,138	-	2,138
Prepaid expenses and deposits	b	491	(491)	-
Assets classified as held for sale	d	1,775	9,552	11,327
Deferred tax assets	d	1,297	(1,297)	-
Total current assets		6,288	8,255	14,543
Non-current assets				
Property and equipment	e	62	-	62
Exploration and evaluation projects	f,g	10,080	197	10,277
Interest in Campbell Resources Inc.		2,297	-	2,297
Deferred tax assets	d	-	1,260	1,260
Total non-current assets		12,439	1,457	13,896
Total Assets		$ 18,727	$ 9,712	$ 28,439
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	j	$ 1,407	$ 319	$ 1,726
Loans and borrowings		2,881	-	2,881
Provision classified as held for sale		114	-	114
Total Liabilities		4,402	319	4,721
Shareholders' equity				
Share capital	j	92,892	234	93,126
Contributed surplus		3,935	-	3,935
Accumulated other comprehensive income (loss)		(505)	-	(505)
Deficit	n	(81,997)	9,159	(72,838)
Total shareholders' equity		14,325	9,393	23,718
Total Liabilities and Shareholders' Equity		$ 18,727	$ 9,712	$ 28,439

Reconciliation of Profit or Loss for the Year Ended December 31, 2010 and Three Months Ended March 31, 2010

		Year ended December 31, 2010			Three months ended March 31, 2010		
(unaudited)	*Notes*	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
Revenues							
Interest income	*m*	$ 3	$ (3)	$ -	$ 1	$ (1)	$ -
Net (loss) gain on disposal of financial assets transferred from equity	*m*	(158)	158	-	-	-	-
Loan fee	*m*	33	(33)	-	-	-	-
Revenues		(122)	122	-	1	(1)	-
Operating profit							
General and administrative costs		(1,422)	-	(1,422)	(402)	-	(402)
Share-based payments - options		(346)	-	(346)	(228)	-	(228)
Share-based payments - Share Bonus Plan		(131)	-	(131)	-	-	-
Amortization of property and equipment		(14)	-	(14)	(3)	-	(3)
Accretion of decommissioning		(3)	-	(3)	(3)	-	(3)
Interest expense	*m*	(224)	224	-	(84)	84	-
Pre-exploration write-offs	*f*	-	(223)	(223)	-	(158)	(158)
Writedown of exploration and evaluation projects	*d,g*	(695)	274	(421)	(32)	(266)	(298)
Net foreign exchange gain	*m*	161	(161)	-	119	(119)	-
Operating loss		(2,674)	114	(2,560)	(633)	(459)	(1,092)
Finance income	*j,m*	-	758	758	-	170	170
Finance costs	*m*	-	(627)	(627)	-	(157)	(157)
Net finance income		-	131	131	-	13	13
Gain on sale of Cameron Lake	*d*	10,108	(10,108)	-	-	-	-
Provision for writedown of investment	*m*	(1)	1	-	-	-	-
Net change in fair value of financial assets at fair value through operations	*m*	(403)	403	-	(73)	73	-
Income (loss) before income tax		6,908	(9,337)	(2,429)	(705)	(374)	(1,079)
Income tax (expense) recovery	*d,j,o*	(692)	(520)	(1,212)	500	(537)	(37)
Net Income (Loss) for the Period		$ 6,216	$ (9,857)	$ (3,641)	$ (205)	$ (911)	$ (1,116)
Earnings (loss) per share							
Basic earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.00)
Diluted earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.00)

Reconciliation of Comprehensive Income (Loss) for the Year Ended December 31, 2010 and the Three Months Ended March 31, 2010

		Year ended December 31, 2010			Three months ended March 31, 2010		
(unaudited)	*Notes*	Pre-transition Canadian GAAP	Effect of Transition	IFRS	Pre-transition Canadian GAAP	Effect of Transition	IFRS
Net income (loss) for the period		$ 6,216	$ (9,857)	$ (3,641)	$ (205)	$ (911)	$ (1,116)
Other comprehensive income							
Net change in fair value of financial assets		1,298	-	1,298	112	-	112
Net change in fair value of financial assets transferred to profit or loss	*m*	158	(158)	-	-	-	-
Change in the fair value as "other-than-temporary" and reclassification through operations	*m*	1	(1)	-	-	-	-
Income tax expense	*m*	(105)	20	(85)	-	-	-
Other comprehensive income (loss) for the period		1,352	(139)	1,213	112	-	112
Total Comprehensive Income (Loss) for the Period		$ 7,568	$ (9,996)	$ (2,428)	$ (93)	$ (911)	$ (1,004)

Notes to the Reconciliations

a) Adjustments to the Statement of Cash Flows for 2010

Consistent with the Company's accounting policy choice under IAS 7, Statement of Cash Flows, there were several reclassifications required as a result of the requirements for reporting finance income and finance costs. There are no material differences between the cash flows presented under IFRS and the cash flows presented under pre-transition Canadian GAAP.

b) Non-IFRS reclassifications

While not specifically related to IFRS changes, the Company determined that it would reclassify certain elements on the face of the consolidated balance sheets; these elements are now included in the notes to the consolidated financial statements. Such reclassifications are summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in receivables	$ 71	$ 513	$ 91
Decrease in due from Victory Nickel Inc.	(21)	(22)	(33)
Decrease in prepaid expenses and deposits	(50)	(491)	(58)
	$ -	$ -	$ -

c) IFRS 3 Business Combinations ("IFRS 3")

The Company has elected under IFRS 1, not to apply IFRS 3 retrospectively to business combinations that occurred prior to January 1, 2010 (the date of transition to IFRS). Accordingly, the Company has continued with the same accounting treatment of the business combinations under pre-transition Canadian GAAP.

d) Assets classified as held for sale

Under IFRS, upon management's determination of a plan to divest assets, such assets should be classified as current assets. As at the transition date, a binding agreement had been reached with Coventry to sell the Cameron Lake project and mill. Accordingly, a reclassification from non-current to current assets is required to conform with IFRS.

Furthermore, the Cameron Lake project had been written down in 1999 by $17,705,000 and a further $250,000 in 2005. Under IFRS, reversals of writedowns are permitted and required where the recoverable value of the project is supported. Accordingly, because terms of the sales agreement had been reached, the Company has increased the value of the Cameron Lake project which is included in exploration and evaluation projects by $9,850,000 to reflect the then-fair-value of the sales consideration. Note that the difference between the gain on sale of Cameron Lake recorded under pre-transition Canadian GAAP in the second quarter of 2010 of $10,108,000 is effectively accounted for by the difference in the market value of the Coventry shares between January 1, 2010 and April 20, 2010 when the sale actually occurred. The market value of the Coventry shares declined further to March 31, 2010 requiring an adjustment to the then-fair-value of the consideration and thus the fair value of the Cameron lake property by $298,000. In addition, this required an adjustment to the deferred income tax asset. Also note that this represents a timing difference; under IFRS, the gain on sale of Cameron Lake will be eliminated in the June 30, 2010 comparative interim financial statements. At that time, the net effect of these adjustments on the Company's deficit will be $nil.

The effect of the above is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in assets classified as held for sale - current assets	$ -	$ 9,850	$ 9,850
Decrease in assets classified as held for sale - current assets	-	(298)	-
Increase in assets classified as held for sale - current assets	-	-	1,700
Decrease in assets classified as held for sale - non-current assets	-	-	(1,700)
Decrease in deferred tax asset - current assets	-	(1,297)	-
Increase in deferred tax asset - non-current assets	-	1,297	-
Decrease in deferred tax asset - adjustment to fair value of proceeds	-	(37)	-
Decrease in deficit	$ -	$ 9,515	$ 9,850

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in recovery (writedown) of exploration and evaluation projects - Cameron Lake	$ 258	$ (298)
Eliminate gain on sale of Cameron Lake	(10,108)	-
Increase in income tax expense	-	(37)
Increase in net loss	$ (9,850)	$ (335)

e) Property and equipment

In accordance with IFRS 1, the Company has elected to continue to account for its property and equipment using the cost model. The Company reviewed its property and equipment for impairment as at the transition date and determined that no impairment existed.

f) Expenditures on exploration and evaluation projects

The Company has elected to continue to capitalize exploration costs; furthermore, the Company believes that the value of exploration and evaluation costs does not contain any material costs which were incurred prior to securing the legal right to explore the properties, except for certain expenditures incurred in Egypt prior to the terms of the concession agreement being reached with EMRA. Furthermore, the Company previously recorded all write-offs of project generation costs within writedown of exploration and development projects, under IFRS these are now reclassified as pre-exploration write-offs; there was no impact on deficit from these reclassifications.

The impact arising from the change in capitalization of exploration costs is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Decrease in exploration and evaluation projects - Bukari Egypt	$ (209)	$ (128)	$ (2)
Increase in deficit	$ (209)	$ (128)	$ (2)

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in pre-exploration write-offs - Bukari Egypt	$ (207)	$ (126)
Increase in pre-exploration write-offs - Other	(16)	(32)
Increase in pre-exploration write-offs	(223)	(158)
Decrease in writedown of exploration and evaluation projects	16	32
Increase in operating loss	$ (207)	$ (126)

g) Impairment of exploration and evaluation projects

Under pre-transition Canadian GAAP, the Company evaluated its exploration and evaluation projects for impairment using information including projected cash flows. Such cash flows were not discounted. Under IFRS, impairment evaluations are performed using discounted cash flows. At the date of transition, the Company assessed its exploration and evaluation projects using discounted cash flows at a rate of 8% where such cash flows were available and determined that no adjustment was required to writedown the value of its projects.

In the year ended December 31, 2005, Nuinsco recorded a writedown of its Prairie Lake property in the amount of $325,000 due to a change in recoverable value at that time. Under IFRS, reversals of writedowns are permitted and required where the recoverable value of the project is supported. Accordingly, given the inherent value in the property, the Company has increased the value of the Prairie Lake project which is included in exploration and evaluation projects by the amount of the previous writedown.

The impact arising from the reversal of the writedown is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in exploration and evaluation projects - Prairie Lake	$ 325	$ 325	$ 325
Decrease in deficit	$ 325	$ 325	$ 325

The net effect of reclassifications to pre-exploration write-offs and adjustments to the carrying values of Cameron Lake on writedown/ recovery of exploration and evaluation projects is as follows:

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase from change in value of Cameron Lake	$ 258	$ (298)
Decrease from reclassification to pre-exploration write-offs	16	32
Net effect on writedown of exploration and evaluation projects	$ 274	$ (266)

Refer to Notes (d) and (f) for discussion of the items above.

h) Impairment of royalty interest

The royalty interest was valued under pre-transition Canadian GAAP using discounted cash flow estimates among other things. Impairment testing under IFRS also requires cash flows to be discounted. Accordingly, the Company determined that no impairment of the royalty interest existed after transition – in particular, this would have had an impact on the fair value of the Cameron Lake property discussed earlier in this note.

i) Decommissioning

Under pre-transition Canadian GAAP, an asset retirement obligation (decommissioning provision) was recorded in respect of Nuinsco's legal obligation to restore a site to its original condition. The obligation was measured at fair value and accretion of the obligation was recorded as an operating expense under Canadian GAAP prior to transition date. In accordance with IFRS, the obligation would require to be re-measured based on management's best estimate of the expenditures required to restore the site at the transition date and the accretion would be recorded as a finance expense. Given the impending sale of the Cameron Lake project and the resultant de-recognition of the decommissioning (which in any case was not material), the Company did not calculate any adjustments as they would have been immaterial and meaningless in the circumstances.

Furthermore, the decommissioning liability is classified as a liability held for sale under IFRS which requires it to be classified as a current liability; pre-transition Canadian GAAP required it to be classified as a non-current liability.

The impact arising from the reclassification is as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in provision classified as held for sale	$ -	$ 114	$ 111
Decrease in asset retirement obligation - current liabilities	-	(114)	-
Decrease in asset retirement obligation - non-current liabilities	-	-	(111)
	$ -	$ -	$ -

j) Flow-through share financing

Under pre-transition Canadian GAAP, the Company accounted for the tax effects of renouncing expenditures in favour of its investors upon formal renunciation to the CRA on its deadline of February 28 in each year. Furthermore, the Company recorded the entire amount of financing received, net of issue expenses and any related taxes, as equity in share capital with an appropriate apportionment of proceeds to any warrants issued. In accordance with interpretations of IFRS, the Company's selected accounting treatment requires recognition of the tax effects of renunciation upon incurring expenditures related to the flow-through shares, as well as an identification of the premium associated with the tax benefits passed on to the subscribers of the flow-through shares and amortization thereof to operations

upon incurring expenditures related to the flow-through shares. Flow-through expenditures are sometimes made in different reporting periods than the one in which formal renunciation to the CRA takes place.

The accounting policy determined by the Company is reflected in Note 3.

There is no applicable exemption available to the Company and the cumulative impact of the bifurcation of the flow-through premium as well as the different treatment of renunciation must be made. The Company made a best-efforts attempt to calculate the historic impact of renunciation and premium recognition based upon the presently-available information; given that historic differences would represent a reclassification between share capital and deficit upon transition, both of which are components of equity, the Company considers that any differences are not material.

The impact arising from the change is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in trade and other payables - set up flow-through premium liability	$ (609)	$ (369)	$ (369)
Increase in deficit - reverse historic renunciation	5,362	5,362	5,362
Decrease in income tax recovery - reverse renunciation	500	500	-
Decrease in deficit - set up premium	(5,259)	(5,259)	(5,259)
Decrease in contributed surplus - adjust proceeds attributable to warrants	32	-	-
Increase (decrease) in share capital	$ 26	$ 234	$ (266)
Decrease in share capital - set up flow-through premium liability	$ 609	$ 369	$ 369
Decrease in deficit - adjust flow-through premium liability	(561)	(50)	-
Increase in trade and other payables	$ 48	$ 319	$ 369

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in finance income - record premium upon flow-through spending	$ 561	$ 50
Decrease in trade and other payables - adjust flow-through premium liability	$ 561	$ 50

k) Share-based payments

The Company has elected under IFRS 1 not to adopt retroactive application of fair value accounting on share-based payments granted prior to transition.

Accordingly, there are no differences arising from the transition to IFRS.

l) Borrowing costs

Under pre-transition Canadian GAAP, the Company's policy was to expense borrowing costs as incurred. The Company has elected under IFRS 1 not to adopt retroactive capitalization of borrowing costs to qualifying assets.

Accordingly, there are no differences arising from the transition to IFRS.

m) IFRS 9, compound financial instruments and finance income and finance costs

Under IFRS there are several reclassifications required to report components of finance income and finance costs. Furthermore, the Company chose to early-adopt the provisions of IFRS 9 and determined that changes in the value of the shares in its marketable securities portfolio would be accounted for as financial assets through OCI; there are also income tax effects with respect to this. Under IFRS 1, the Company made retroactive designations to its equity instruments at transition in conformity with its choices under IFRS 9. Also under IFRS 1, the Company elected not to separate out the portions of its convertible debt issued in prior years since the liability component no longer existed at transition.

The impact arising from the changes is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Decrease in AOCI - (loss) gain on marketable securities	$ (159)	$ -	$ -
Increase in AOCI - tax effect thereon	20	-	-
Net decrease in AOCI	(139)	-	-
Decrease in deficit - (loss) gain on marketable securities	158	-	-
Decrease in deficit - provision for writedown of investment	1	-	-
Increase in deficit - tax effect thereon	(20)	-	-
Net decrease in deficit	139	-	-
	$ -	$ -	$ -

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Decrease in interest income	$ 3	$ 1
Decrease in loan fee	33	-
Decrease in net foreign exchange gain	161	119
Record premium on flow-through spending	561	50
Finance income	$ 758	$ 170

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Decrease in interest expense	$ 224	$ 84
Decrease in fair value of financial assets at fair value through operations	403	73
Finance costs	$ 627	$ 157

n) Deficit

The above changes decreased (increased) deficit as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Gain on sale of Cameron Lake	$ (10,108)	$ -	$ -
Adjustment to fair value of Cameron Lake	9,850	9,850	9,850
Adjustment to fair value of Cameron Lake proceeds	258	(298)	-
Deferred tax adjustment on fair value of Cameron Lake proceeds	-	(37)	-
Pre-exploration write-offs - Egypt	(209)	(128)	(2)
Adjustment to fair value of Prairie Lake	325	325	325
IFRS 9 - reclassify (gain)/loss through OCI	159	-	-
IFRS 9 - tax effects	(20)	-	-
Flow-through share premium - transition	5,209	5,209	5,209
Flow-through share renunciation - transition	(5,362)	(5,362)	(5,362)
Adjust premium on flow-through upon spending	611	100	50
Adjust renunciation on flow-through	(500)	(500)	-
Decrease in deficit	$ 213	$ 9,159	$ 10,070

o) *Income tax*

The above changes affected income taxes recorded through the consolidated statements of operations as follows:

Consolidated Statements of Operations	**Year ended December 31, 2010**	**Three months ended March 31, 2010**
Increase in income tax expense - fair value of Cameron Lake proceeds	$ -	$ 37
Decrease in income tax recovery - reverse renunciation of flow-through expenditures	500	500
Record income taxes on changes in fair values through OCI	20	-
Net increase in income tax expense	$ 520	$ 537

p) *Future considerations*

Should the Company raise debt financing in the future for any of its specific projects, under IFRS interest must be capitalized to that project for qualifying assets.

The Company has three foreign subsidiaries and the volume of transactions in the subsidiaries is expected to increase with increased activity in Turkey and Egypt. Presently, the amounts in the cumulative translation accounts are immaterial and insignificant. Should transactions and balances increase, foreign exchange differences may increase and the Company will commence recording these through the translation reserve through OCI.

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2011

DATED MAY 20, 2011

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Ended March 31, 2011

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of May 20, 2011 consolidates management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2011, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's Unaudited Interim Consolidated Financial Statements as at and for the three months ended March 31, 2011 and 2010 ("Unaudited Interim Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

The Unaudited Interim Consolidated Financial Statements are the Company's first financial statements to be prepared in accordance with IFRS. Note 32 to those statements include reconciliations to assist the reader in understanding the effects that the transition to IFRS has had on the Company's financial statements. The reconciliations include a reconciliation of equity as at January 1, 2010, December 31, 2010 and March 31, 2010. As described in previously-filed management's discussion and analysis ("MD&A"s), the Company has had an IFRS implementation project plan which involved its advisers; this plan is drawing to a close, only post-implementation review is outstanding. However, it should be noted that, because of the nature of IFRS being principles-based, accounting practice under IFRS will continue to develop and evolve in Canada and in the junior mining sector. While the Company has been diligent in its selection of appropriate accounting policies and methodologies and has been guided by the anticipated papers of the Mining Industry Task Force on IFRS (the "Mining Industry Task Force"), it may later choose to amend those selections. Any changes will be accounted for in accordance with the accounting and disclosure requirements under IFRS, including any concessions made to first-time adopters.

Readers are encouraged to consult the audited consolidated financial statements for the years ended December 31, 2010 and 2009 ("2010 Audited Consolidated Financial Statements"), which were prepared in accordance with predecessor Canadian generally accepted accounting principles prior to the transition date to IFRS ("pre-transition Canadian GAAP"). Certain information and discussion included in this MD&A constitutes forward-looking information. Readers are encouraged to refer to the cautionary notes contained in the section Forward-Looking Statements at the end of this MD&A.

The Unaudited Interim Consolidated Financial Statements and the 2010 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.

COMPANY OVERVIEW

Nuinsco is focused on identifying and exploiting mineral investment opportunities worldwide using its exploration programs and operating and financial expertise. The Company currently has gold, uranium, rare metals, copper and zinc assets in world-class mineralized belts in Canada, Egypt and Turkey. In 2010, the Company, in conjunction with an Egyptian-based partner, was the winning bidder on two gold exploration concessions in Egypt for which tenure has yet to be granted. In addition to its property holdings, Nuinsco owns common shares of Victory Nickel Inc. ("Victory Nickel") TSX:NI and common shares of Coventry Resources Limited ("Coventry") listed on the Australian Stock Exchange ("ASX") ASX:CVY. These investments are available to be monetized to finance the Company's exploration programs and minimize equity dilution to shareholders. Shares of Nuinsco trade on the Toronto Stock Exchange ("TSX") under the symbol NWI.

Sale of Cameron Lake Property to Coventry Resources Limited

On December 23, 2009, the Company announced that it had entered into a binding agreement with Coventry to sell its Cameron Lake property and mill ("Cameron Lake"). The transaction was completed on April 20, 2010 and involved the receipt of consideration as follows:

- Cash of $100,000 received in December 2009;
- Cash of $5,900,000 received on April 20, 2010;
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company. Coventry shares had a closing price of A$0.265 ($0.247) on April 20, 2010; and

- A 3% net smelter return (“NSR”) royalty under which Coventry will have the right to reduce the NSR to 1% at any time within five years of April 20, 2010 by making, at Coventry’s option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value. (Note 14 to the Company’s Unaudited Interim Consolidated Financial Statements.)

The following table illustrates the components of the net loss on sale of Cameron Lake property, after adjustments in accordance with IFRS as outlined in Note 32 to the Company’s Unaudited Interim Consolidated Financial Statements:

Consideration received		
Cash		$ 6,000
Coventry shares		2,958
Royalty interest		3,000
Aggregate consideration		11,958
Net book value of assets sold (liabilities assumed) and expenses of sale		
Cameron Lake property	$ 11,904	
Mill	54	
Asset retirement obligation ("ARO") assumed	(114)	
	11,844	
Transaction expenses	114	
		11,958
Gain on sale of Cameron Lake		-
Income tax expense (drawdown of previously recorded deferred tax asset)		1,297
Net after-tax loss		$ (1,297)

The provision for income taxes was a non-cash item and offset the recovery for income taxes recognized in the fourth quarter of 2009. Upon completion of the sale of Cameron Lake, the Company repaid its interest-bearing promissory note (the “Note”) with Jien International Investment, Ltd. (“JIIL”) as described below, along with accrued interest thereon. Refer to Liquidity and Capital Resources section. Further note that the loss on sale under IFRS arises because of the reversal of previously-made write-downs upon transition to IFRS. Accordingly, the cumulative impact on the deficit for this transaction at the sale date was identical under IFRS and pre-transition Canadian GAAP.

Transactions with Jien International Investment, Ltd.

On July 31, 2009, the Company entered into an agreement with JIIL, a Canadian subsidiary of Jilin Jien Nickel Industry Co. Ltd. of the city of Panshi, Province of Jilin, China, which enabled it to repay a short-term loan and related balances, originally due June 15, 2009, in full. The terms of the financing arrangement entered into are described in Note 1 to the 2010 Audited Consolidated Financial Statements and enabled Nuinsco to settle its short-term loan, provided Victory Nickel with a strategic investor, reduced the rate of interest and eliminated immediate cash debt-servicing requirements. As described above, the Note was settled with funds from the Cameron Lake sale.

Going Concern

The transactions described above have resulted in a company with an improved financial condition which should be well-positioned to grow and take advantage of future opportunities presented by its existing complement of properties or through acquisitive growth.

Nonetheless, 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. Development of the Company’s current projects to the production stage will require significant financing. Furthermore, the Company has received reassessments from the Canada Revenue Agency (“CRA”) as described in Note 30 to the Unaudited Interim Consolidated Financial Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties section for additional information.

None of the Company's projects has commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, 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 has made significant progress in its strategy to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). In July, 2010, the Company announced that it, along with Ocean Partners Holdings Limited ("Ocean Partners"), through a jointly-owned Canadian subsidiary, had acquired substantially all of the remaining secured debt of Campbell that Nuinsco and Ocean Partners did not previously own. Nuinsco and Ocean Partners will make additional payments over three years to complete the purchase; the Company's payments are described in Note 13 to the Unaudited Interim Consolidated Financial Statements. As a result, the two companies now hold Campbell's secured debt and have effectively gained control over one of Canada's major mining camps.

The Company's Unaudited Interim 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. If the going concern assumption were not appropriate, then adjustments to the carrying values of assets and liabilities, reported expenses and balance sheet classifications may be necessary. These adjustments could be material.

SIGNIFICANT EVENTS

During and subsequent to the three months ended March 31, 2011, the Company:

Corporate

- Added Dr. J.M. Franklin as an independent Director.
- Received, and commenced an appeal of, notices of reassessment from the CRA.

Gold

- Continued field exploration at the Bukari gold concession.
- Announced that the Egyptian State Council had approved the Bukari Concession Agreement.
- More than doubled the known strike length of the Bukari One gold showing and confirmed the existence of a previously-unknown gold vein system, Bukari North, with a strike length of five kilometres.
- Confirmed a four kilometre strike length at the Talat Gadalla gold showing on the Bukari concession.
- Announced assays from surface sampling on the Bukari concession grading up to 135.0 g/t (4.34 oz/t).

Uranium and Rare Metals

- Announced trenching results from Prairie Lake grading up to 6.14% phosphorous, 1.08% combined rare earth elements, 0.27% niobium and 13ppm tantalum.
- Announced results from the first hole of the 4,000 metre diamond drilling program at Prairie Lake: grades up to 0.957% niobium (Nb_2O_5) and 8.68% phosphorous (P_2O_5) as part of a 246 metre interval grading 0.118% Nb_2O_5 and 3.41% P_2O_5.
- Announced that all holes in the 2,321 metre December 2010 drill program at the Diabase Peninsula property returned uranium values.
- Began and completed an additional 2,000 metres of diamond drilling at the Diabase Peninsula property.

OUTLOOK

Economies around the globe remain in a state of confusion. Turmoil in the Middle East and North Africa region ("MENA"), although subsiding somewhat, adds to the uncertainty of the world. Several European Union countries are in financial difficulties. China continues to take monetary steps to slow growth and potential inflation, so far unsuccessfully. Base metal prices, led by copper which repeatedly fails to break the US$4.25 price on its way to US$5.00, are also showing signs of confusion and weakness along with gold. The price of uranium has settled into the mid US$50s. The direction of the stock market has divided many market analysts with bullish traders targeting a higher trend for the benchmark Standard & Poor's 500 stock index. But others are saying that because of the unsettled economy, the market cannot continue higher and is headed for a correction.

The old trading adage of "sell in May and go away" appears to be holding true and establishing a market with more buying opportunities.

Nuinsco won't be directed by market opinion and continues, although cautiously, its growth mode with its involvement in not only a variety of metals but also in a variety of jurisdictions. Nuinsco is very active and works all of its projects with exploration programs at its Diabase uranium project, its Prairie Lake rare metals project, its copper, zinc, gold projects in Turkey and its Egyptian concessions. The recent turmoil in Egypt has delayed our ability to embark on a full exploration program until more certainty of tenure is established. Recent meetings in Egypt with high-level Egyptian officials and Canadian Embassy representatives is providing comfort that we will obtain full tenure, possibly before a new government is formed. Nuinsco is ready when Egypt's politics stabilize.

Three surface programs have been completed and a recent news release described the very promising results with numerous samples from several occurrences returning multi-gram gold grades. These historic occurrences have been observed to be up to five km in length. The Egyptian civil service continues to operate as evidenced by the approval from the State Council of the Bukari concession agreement and its recommendation that the People's Assembly enact the agreement into law. The second agreement to finalize the acquisition of the Umm Samra project has now been submitted to the Egyptian Mineral Resources Authority ("EMRA") for signature. Projects in other MENA countries are being evaluated and we will provide information as discussions advance.

Nuinsco is fortunate to have very attractive projects in world class locations and therefore hopes to have increased investment interest over the next year. While today's confused equity markets continue, the significant disconnect between share price and asset value cannot persist. The recent lack of funding available for the exploration activities that are required to replace depleting resources and to fuel growing demand for natural resources will hopefully result in a recovery as the availability of advanced exploration projects disappears.

Unfortunately, financing exploration activities during recessionary and unsettled times has always been difficult. Exploration is high-risk and investors are disinclined to participate in high-risk activities when cash is tight. The existence of flow-through equity financing in Canada is of vital importance to the exploration industry. It has allowed exploration to continue at unprecedented rates and has kept Canada as a world leader in mining.

Exploration companies must find creative ways to fund their activities. The sale of assets has been an important source of funding for Nuinsco. As a result of asset sales in the past, Nuinsco is in a relatively strong financial position for a junior exploration company.

Funding exploration activities outside of Canada is even more difficult. For this reason, the Company is actively taking steps to create a new public company by combining its Turkish and Egyptian assets. This will form the base of a new company focused on the MENA region. We believe MENA countries are significantly underexplored and will provide excellent opportunities in the future. That's why we are establishing our presence now. In addition, creation of a MENA-focussed company will enable direct funding of programs on these projects which will not dilute Nuinsco's other projects and vice versa.

Management continues to look for high-potential projects to add to its already attractive portfolio. With assets in Turkey and now Egypt, Nuinsco is becoming a significant international exploration company which opens up many more opportunities. We believe that Egypt and the surrounding region is the next attractive exploration frontier and we are there early.

Nuinsco continues to be active and currently has several field programs underway. Assay results from the last drill program at our Diabase uranium project in the Athabasca Basin of Saskatchewan are pending along with further results from three surface programs completed on the Bukari and Umm Samra concessions in Egypt. Recent news releases have reported results which indicate very attractive potential.

The Company announced the acquisition of substantially all of the secured debt of Campbell not already owned in conjunction with Ocean Partners. As a result, a proposal made to the trustee handling the Campbell Resources CCAA proceedings has been approved and is being presented to the court on May 24, 2011. Nuinsco and Ocean Partners should then be in a position to determine the best approach to take the substantial assets of the Chibougamau camp forward. The Company and Ocean Partners are assembling a comprehensive inventory and evaluation of the substantial assets available. Following this exercise, a decision will be made on the best alternative to realize value from these assets. Alternatives include: a potential sale in aggregate, piecemeal sale of individual assets and creating a new public company and distributing shares to shareholders to name just a few.

Management has always believed that the Chibougamau properties not only present production opportunities but also extremely attractive exploration potential.

The Company is in the exploration business and value can only be generated with good exploration results and increasing opportunities for discovery. Nuinsco follows this approach as shown by its recent activities in Canada, Turkey and Egypt. Nuinsco has never been more active.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2011, Compared With Three Months Ended March 31, 2010

All of the information described below is accounted for in accordance with IFRS. The reader is encouraged to refer to Notes 3 and 32 of the Company's Unaudited Interim Consolidated Financial Statements for the Company's IFRS accounting policies and a complete analysis and reconciliation of the Company's accounting under pre-transition Canadian GAAP and IFRS. The discussion below includes certain references to some of the main effects of the changes under IFRS where it is considered helpful.

In the three months ended March 31, 2011, the Company generated a net loss of $1,008,000, or $0.00 per share, compared with a net loss of $1,116,000, or $0.00 per share, in the three months ended March 31, 2010.

General and administrative expenses increased by $135,000 from $402,000 in 2010 to $537,000 in 2011. The main contributing factors to increases in general and administrative expenditures are: fees with respect to the ongoing monitoring and legal activity with respect to Campbell assets, directors' fees, investor and public relations costs, tax services to support the challenge of the CRA reassessment and increased salaries. The Board of Directors approved salary increases for 2011 plus the current period includes salary costs for the controller who was hired in July of 2010. Increases in costs were partially offset by a decrease in management expenses and general legal fees. Expenses in 2010 also included a provision for Part XII.6 tax on unexpended flow-through amounts; there were no unexpended amounts subject to such tax in 2011.

Overhead recoveries through charges to Victory Nickel for services under the management agreement and deducted from operating expenses amounted to $197,000 in the three months ended March 31, 2011, compared with $170,000 in the same period of 2010. Costs allocated to Victory Nickel pursuant to the management agreement between the Company and Victory Nickel are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The increase in costs allocated is primarily a function of salary increases in 2011 and the effects of hiring an extra staff member in July 2010 to support additional compliance requirements.

It is estimated that approximately $211,000 of general and administrative expenditures were incurred on supporting the Company's public status in the three months ended March 31, 2011 (March 31, 2010 - $190,000). Such costs are non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The increase from 2010 to 2011 is mainly due to higher audit and consulting fees.

Share-based payments increased from $228,000 in 2010 to $489,000 in 2011 which is a function of the higher fair value of options issued in 2011 compared with 2010, as well as options issued to a new director and an additional employee in 2011. During the three months ended March 31, 2011, the Board of Directors granted 4,975,000 stock options to directors, officers, employees and consultants with a weighted exercised price of $0.17 per share and a weighted average fair value of $0.124 per share. Of the options granted, 3,887,500 vest immediately and 1,087,500 vest over one year. During the three months ended March 31, 2010, the Board of Directors granted 4,700,000 stock options with a weighted exercise price of $0.08 per share and a weighted average fair value of $0.057 per share.

The Company separates its pre-exploration write-offs from its writedowns of exploration and evaluation projects in the consolidated statements of operations. Routine write-offs of pre-exploration expenditures in the three months ended March 31, 2011 aggregated $5,000. In 2010, pre-exploration cost write-offs of $158,000 were made that were mainly a result of IFRS transitional adjustments. This comprised routine write-offs of $32,000 combined with write-offs of $126,000 related to pre-exploration and evaluation expenditures incurred on the Bukari project prior to the terms of the concession agreement being reached with EMRA (IFRS does not allow capitalization of such expenditures when they are incurred prior to a legal right being granted to explore the property). An additional writedown of exploration and evaluation projects of $298,000 in the first quarter of 2010 related to the adjustment to the fair value of Cameron Lake (refer to Note 32 to the Company's Unaudited Interim Consolidated Financial Statements). There have been no writedowns of projects in 2011 to date.

Note that a significant IFRS difference related to the value of Cameron Lake. A transition adjustment was made of $9,850,000 which related to the reversal of prior writedowns which are required if there is an improvement in the recoverable value of a project. The adjustment was calculated by reference to the proceeds of sale of the project, the terms of which were determined in December 2009. Those terms included marketable securities the value of which declined to March 31, 2010 therefore requiring the writedown of $298,000 and an associated adjustment to income taxes of $37,000. Adjustments to Cameron Lake values are timing differences, upon completion of the sale in the second quarter of 2010, all differences will offset through deficit.

Management of the Company determined that no significant events had been experienced during the three months ended March 31, 2011 that would prompt an impairment review of its exploration and evaluation projects. Metals prices and other market factors continue to improve. This conclusion is summarized under Impairment Analysis Update below.

Finance income decreased from $170,000 in the first quarter of 2010 to $56,000 in 2011 and is primarily a function of a significant decrease in the net foreign exchange gain from $119,000 to $7,000 – the foreign exchange amount was generated by the US-denominated loan balance as more fully discussed below. Finance income also includes the premium recorded on flow-through spending. The premium on flow-through spending in the quarter of $48,000 (March 31, 2010 - $50,000) was recorded through income as applicable expenditures related to the flow-through financings in December 2010 and December 2009, respectively, were incurred. The Company completed its obligations under the flow-through financing from December 2010 in the three months ended March 31, 2011; accordingly, the entire flow-through premium was reflected through operations by the end of the period. The Company completed its obligations under the flow-through financing from December 2009 during the fourth quarter of 2010. No additional flow-through financing has occurred since those financings. The flow-through premium concept is one of the more significant changes to the Company's accounting as a result of the transition to IFRS.

The Company recognized a net foreign exchange gain of $7,000 in the first quarter of 2011 and $119,000 in the comparative period of 2010. The net foreign exchange gain in 2010 was primarily a function of the US dollar-denominated loan. As at March 31, 2011, the Company had US-denominated net liability balances of approximately US$546,000 (March 31, 2010 - US$3,567,000). Accordingly, the impact of US$ foreign exchange fluctuations has been reduced. The Company also has a significant holding of marketable securities which is denominated in Australian dollars ("A$"); A$3,420,000 as at March 31, 2011 (March 31, 2010 - $nil). Consequently, fluctuations in the Australian dollar impact the fair value of the securities, any changes in which are recorded through other comprehensive income or loss ("OCI").

Finance costs decreased from $157,000 in 2010 to $5,000 in 2011. Finance costs incurred in the three months ended March 31, 2010 included interest expense and the net change in fair value of financial assets at fair value through operations, described further below. During the three months ended March 31, 2010, the Company incurred interest expense of $84,000, including amortization of loan fees, on its US-dollar-denominated loan that was outstanding. As noted above, the loan and related balances were repaid in full on April 20, 2010 upon consummation of the sale of Cameron Lake. Refer also to Liquidity and Capital Resources discussion below. The Company has had no loans outstanding since that date.

In August, 2009, the Company acquired warrants in Victory Nickel with a strike price of $0.12. The net change of $73,000 in the fair value of financial assets at fair value through operations during the three months ended March 31, 2010, represents the change in the fair value of Victory Nickel warrants. The warrants were exercised in the third quarter of 2010. The Company did not hold any financial assets at fair value through operations during the three months ended March 31, 2011.

The income tax expense in the amount of $25,000 recorded in 2011 is related to income tax expense on the change in value of financial assets at fair value through OCI. In the three months ended March 31, 2010, the income tax expense of $37,000 was related to the change in the fair value of Cameron Lake as described above. Refer to Note 32 to the Company's Unaudited Interim Consolidated Financial Statements.

OCI in the first quarter of 2011 of a loss of $67,000 relates to a decrease of $92,000 in the market value of the Company's financial assets at fair value through OCI partially offset with a recovery in income tax recorded through OCI of $25,000. Note that under IFRS 9, Financial Instruments ("IFRS 9"), all changes in market value on financial assets at fair value through OCI (along with related tax effects) are reflected in OCI; this includes realized gains which, under pre-transition Canadian GAAP, were formerly reflected through operations. This is further discussed in the IFRS reconciliations in Note 32 to the Company's Unaudited Interim Consolidated Financial Statements.

In the first quarter of 2011, the net change in the fair value of financial assets was comprised of a decrease of $235,000 in the fair value of Coventry shares partially offset by an increase in the fair value of Victory Nickel shares of $127,000. Coventry shares had a market price of $0.286 per share as at March 31, 2011. Note that the fair value of Coventry shares is impacted by the fluctuation in the value of the A$. Approximately $54,000 of OCI is attributable to a weakened exchange rate during the three months ended March 31, 2011. The fair value of Victory Nickel shares was $0.11 as at March 31, 2011.

During the three months ended March 31, 2011, the Company also sold a significant portion of its holdings of Gold Hawk shares for liquidity purposes; the sales generated gross proceeds of $931,000, resulting in a net increase of $16,000 in the net change in fair value of Gold Hawk shares as at March 31, 2011 and recorded through OCI. Shortly after the end of the first quarter of 2011, the Company sold its remaining shares in Gold Hawk.

OCI in 2010 of $112,000 represented the net change in the fair value of the Company's holdings of Gold Hawk and Victory Nickel shares. Approximately $215,000 related to the increase in the fair value of Gold Hawk shares with the balance attributable to a decline in the fair value of Victory Nickel shares. The Company did not have any holdings of Coventry shares during the three months ended March 31, 2010.

The Company has capital loss pools available to it of approximately $5,000,000 (Note 15 to the Company's Unaudited Interim Consolidated Financial Statements). Since the Company has unrecognized deferred tax assets for such capital losses, a future income tax recovery of $25,000 was recorded through OCI with an equal and opposite amount being recorded through operations.

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

Receivables have decreased from $674,000 as at December 31, 2010 to $470,000 as at March 31, 2011. The decrease is primarily due to the receipt in the first quarter of 2011 of Quebec mining duties in the amount of $203,000.

Marketable securities as at March 31, 2011 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. The balance decreased from $5,463,000 as at December 31, 2010 to $4,440,000 as at March 31, 2011. The decrease is primarily as a result of the decline in the market value of Coventry shares and the sale of a significant portion of the Company's holdings of Gold Hawk shares for liquidity purposes as discussed above; offset by an increase in the market value of Victory Nickel shares. The shares of Coventry, Gold Hawk and Victory Nickel had a market value of $3,430,000, $75,000 and $935,000, respectively, as at March 31, 2011.

Share capital has increased by $514,000 from December 31, 2010 to March 31, 2011. This is as a result of the shares issued pursuant to a private placement that generated gross proceeds of $500,000 in January, 2011, as well as the exercise of warrants and options. All of which are discussed under Liquidity and Capital Resources. The conversion to IFRS also had significant impact on the components of shareholders' equity. In particular, changes in flow-through accounting and the reversal of previously-recorded impairment.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last nine quarters ended March 31, 2011 is as follows:

The information for 2011 and 2010 is accounted for in accordance with IFRS

Fiscal year 2011		1st Quarter	
Net finance income	$	51	
Net loss	$	(1,008)	(1)
Total comprehensive loss	$	(1,075)	
Loss per share - basic and diluted	$	(0.00)	

Fiscal year 2010		4th Quarter			3rd Quarter			2nd Quarter			1st Quarter	
Net finance income (costs)	$	366	(2)	$	(66)		$	(182)		$	13	
Net income (loss)	$	58		$	(1,179)	(4)	$	(1,404)	(6)	$	(1,116)	(8)
Total comprehensive income (loss)	$	1,266	(3)	$	(155)	(5)	$	(2,535)	(7)	$	(1,004)	
Income (loss) per share - basic and diluted	$	0.00		$	(0.01)		$	(0.01)		$	(0.00)	

The information for 2009 is accounted for in accordance with pre-transition Canadian GAAP

Fiscal year 2009		*4th Quarter*			*3rd Quarter (Restated)*	(10)		*2nd Quarter*			*1st Quarter*	
Revenue and other income	*$*	*(46)*		*$*	*-*		*$*	*297*		*$*	*-*	
Net income (loss)	*$*	*429*	*(9)*	*$*	*1,798*	*(11)*	*$*	*194*	*(12)*	*$*	*(745)*	*(13)*
Total comprehensive income	*$*	*610*		*$*	*956*		*$*	*751*		*$*	*136*	
Income (loss) per share - basic and diluted	*$*	*0.00*		*$*	*0.01*		*$*	*0.00*		*$*	*(0.00)*	

The information for 2011 and 2010 is accounted for in accordance with IFRS and the notes thereto are as follows:

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

(2) Net finance income includes $356,000 premium on flow-through financing.

(3) Includes an increase of $1,320,000 in the net change in fair value of financial assets at fair value through OCI, partly offset by incomes taxes of $85,000.

(4) Includes a writedown of exploration and evaluation projects of $606,000, related to the Triggs option in the Olympian project.

(5) Includes an increase of $997,000 in the net change in the fair value of financial assets at fair value through OCI.

(6) Reflects a non-cash future income tax provision of $1,260,000, refer to (9) below and a $556,000 recovery on exploration and evaluation projects, some of which reverses the writedown described in (8).

(7) Includes a decrease of $1,131,000 in the net change in fair value of financial assets at fair value through OCI.

(8) Includes $228,000 of share-based payments, $298,000 writedown of exploration and evaluation projects and $158,000 pre-exploration write-offs related to IFRS changes (Note 32 to the Unaudited Interim Consolidated Financial Statements).

The information for 2009 is accounted for in accordance with pre-transition Canadian GAAP and the notes thereto are as follows:

(9) Includes recognition of a future income tax recovery of $1,297,000 related to tax benefits that were expected to be realized upon the closing of the sale of Cameron Lake to Coventry in April 2010.

(10) Restated in the fourth quarter to include a gain on warrants of $333,000 in net income which had previously been included in other comprehensive income.

(11) Includes $1,360,000 gain on sale of Victory Nickel as well as $493,000 foreign exchange gain primarily on the Company's loan-related balances.

(12) Includes $538,000 net foreign exchange gain primarily on the Company's loan payable as well as $296,000 gain on sale of Rainy River Resources shares.

(13) Includes $606,000 of income tax recoveries on flow-through share renunciations offset by a dilution loss of $322,000 on the share of Victory Nickel's flow-through share renunciations.

Variations in the quarterly results of operations are largely a function of the timing of property and other writedowns, gains on sales of marketable securities or properties and tax recoveries or provisions. Variations in comprehensive income are primarily a function of the changes in the fair values of the Company's financial assets recorded through OCI.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2011, the Company had working capital of $2,969,000 (December 31, 2010 - $4,363,000).

The Company required cash and cash equivalents of $298,000 during the three months ended March 31, 2011 compared with cash required of $1,176,000 during the same period in 2010.

In the three months ended March 31, 2011, the Company used cash of $478,000 in operating activities, compared with the cash used of $263,000 in the three months ended March 31, 2010. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the three months ended March 31, 2011 generated cash of $47,000 compared with generating cash of $123,000 in the same period in 2010. The main reason for the change in non-cash working capital relates to an increase in receivables partly offset by a reduction in trade and other payables.

Investing activities in the three months ended March 31, 2011 used funds of $385,000, compared with funds used of $909,000 in the same period in 2010. During the three months ended March 31, 2010, a deposit of $465,000 was made as a good faith gesture behind the confidential bid process for Campbell's assets in conjunction with Ocean Partners, representing the Company's portion of the deposit under the bid. Aggregate payments of $1,525,000 were made by the Company during 2010 with respect to Campbell debt acquisition. The Company, along with Ocean Partners, through a jointly-controlled Canadian subsidiary, has acquired substantially all of the remaining secured debt of Campbell that Nuinsco and Ocean Partners did not previously own. Nuinsco expects to make a further payment of $200,000 within one year (which is included in trade and other payables) and $300,000 no earlier than April 2013 (which is included in long-term liabilities at a fair value of $251,000 using a discount rate of 8%).

As a result, the two companies have effectively gained control over a significant Canadian mining camp. The formal proposal to complete this is expected to be ratified by the courts upon satisfactory clearance; a court date has been set for May 24, 2011. The Chibougamau mining camp in Québec historically has produced over 40 million tonnes of ore, 3 million ounces of gold and 1.5 billion pounds of copper. As discussed in the Outlook, there are several alternatives available to Nuinsco and Ocean Partners once the courts have completed the CCAA proceedings and ownership of assets is transferred to Nuinsco and Ocean Partners.

Expenditures on exploration and evaluation projects amounted to $1,317,000 in the three months ended March 31, 2011, compared with $438,000 in the same period in 2010. Refer to the Exploration and Evaluation Activities section for additional discussion.

During the three months ended March 31, 2011, the Company received gross proceeds of $931,000 on the sale of Gold Hawk shares as discussed earlier; the Company no longer considers this a strategic investment. Accordingly, shares are being sold for liquidity purposes and the entire Gold Hawk portfolio was liquidated shortly after the end of the first quarter of 2011. The Company did not sell any marketable securities during the three months ended March 31, 2010.

Cash generated from financing activities was $565,000 in the three months ended March 31, 2011, compared with cash used of $4,000 in the same period in 2010. Management is continuing to actively pursue additional ways to realize on the potential of its assets or secure financing in order to provide funds for operations. On January 10, 2011, the Company completed a private placement financing of 3,125,000 units of securities at a price of $0.16 per unit generating net proceeds of $493,000. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 12 months from closing.

Other cash consideration received in the three months ended March 31, 2011 was from the exercise of warrants and options. In 2009, the Company completed a rights offering which included warrants which could be exercised after one year and up to two years after the rights offering date. The warrants are exercisable at $0.10 and expired in April 2011. During the three months ended March 31, 2011, 689,451 warrants that were issued pursuant to the rights offering were exercised for an aggregate consideration of approximately $69,000. Other financing activities in the three months ended March 31, 2011 included the exercise of 50,000 options at exercise prices of $0.08 and $0.05 for aggregate consideration of approximately $3,000.

Due to improvements in the Company's share price, most of the Company's warrants are "in-the-money" and were exercisable during the period (refer to Note 22 to the Company's Unaudited Interim Consolidated Financial

Statements). Subsequent to March 31, 2011, 6,372,613 warrants that were issued pursuant to the rights offering in 2009 were exercised for aggregate cash consideration of approximately $637,000. The number of warrants from the rights offering that remained unexercised amounted to 279,167 and these consequently expired in April 2011.

As at March 31, 2011, the Company did not have any outstanding flow-through expenditure commitment for flow-through share financing. Accordingly, the entire flow-through premium (a non-cash item) had been amortized through operations by that date. Note that flow-through renunciation under IFRS is recognized as eligible expenditures are made and, since Nuinsco has unrecognized deferred tax assets, there effectively is no accounting entry required as renunciation merely adjusts the amount of the unrecognized deferred tax assets.

Flow-through financings do not provide the funding necessary to meet corporate expenditures which do not qualify for flow-through eligibility. The significant cost to maintain and comply with regulatory requirements for the Company's public listing cannot be financed with flow-through shares. Consideration received from the Company's warrants and options are "hard" dollars and can be utilized without restriction.

In order to facilitate exploration on the Bukari project in Egypt in 2010, the Company was required to issue a letter of guarantee supported by US$200,000. Accordingly, the Company deposited funds with its bank supporting the guarantee. Such funds are restricted until either one year from issue date of the letter of guarantee or upon EMRA providing official notification that the concession agreement has been ratified by the Egyptian People's Assembly. Upon ratification of the Bukari concession agreement by the Egyptian People's Assembly, Nuinsco will have a commitment of US$2,000,000 of expenditures in the first year of exploration on the Bukari concession. The Company is actively considering financing alternatives for this commitment.

Due to the decision to not pursue the projects collectively known as the Olympian project shortly after the end of the third quarter of 2010, the Company no longer has any expenditure commitment for that option.

In order to maintain the option on one of the Diabase Peninsula claims, the Company must make an option payment of approximately $935,000 by September 2, 2012.

Nuinsco does not own asset-backed commercial paper. The Company has a corporate policy of investing its available cash in cash equivalents comprising Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise approved by the Board. The portfolio of marketable securities is available to fund the Company's activities. As mentioned above, the Company sold the remainder of its Gold Hawk shares in April, 2011. Furthermore, it sold approximately 2.75 million of its Coventry shares for aggregate proceeds of approximately $748,000 to the date of this report.

The total value of the Company's marketable securities as at May 20, 2011, is approximately $2,767,000. These are available to fund the Company's ongoing operations.

As described above, exploration and evaluation companies such as Nuinsco are heavily reliant upon the equity markets to fund their activities as they typically have no short-term sources of revenue other than through monetization of assets. Opportunities available to Nuinsco for financing would normally be through private placements in the equity markets. However, today's equity markets continue to make this alternative difficult if not impossible without incurring significant dilution to existing shareholders. The Company closed a financing in January 2011 of $500,000. However, additional financings will be required to properly exploit the Company's Canadian and foreign assets. The Company will consider all alternatives given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets.

The Company's estimated monthly commitments, net of recoveries from Victory Nickel for ongoing administrative support in 2011, are approximately $136,000. The Company's working capital requirements continue to be modest. At March 31, 2011, the major routine item requiring financing was an HST/GST receivable of $93,000 (received in May, 2011) which averaged approximately $50,000 per quarter in 2010 – this is activity-related and has increased with higher Canadian-based expenditures and the higher-rated HST which came into force on July 1, 2010. We estimate that approximately $600,000 in non-discretionary costs is required on an ongoing annual basis to support the Company as a public entity. Such expenditures are not eligible for flow-through funding and must be financed through other means.

Given its current cash and marketable securities position with no significant debt, the Company is in a relatively strong financial position for a junior exploration company. The Company will continue to make expenditures on Canadian exploration activities to fulfil any flow-through commitments; presently $nil. Partners are also being sought for certain of the Company's projects where significant funding would be required for proper exploration programming.

The Company is taking active steps towards creating a new company focussed on the MENA region which will include the Company's Turkish and Egyptian interests. Nuinsco believes the MENA region is underexplored and this makes it an interesting proposition for the Company and should attract prospective investors.

As mentioned above, the Company, along with Ocean Partners, has considerably advanced the prospects of realizing value from the Campbell assets. Nuinsco and Ocean Partners hold substantially all of the secured debt of Campbell and are in a position to execute the security in order to restructure the assets in the manner most advantageous for our shareholders. Nuinsco and Ocean Partners are exploring several alternatives.

Measures which were implemented to control costs in 2010 remain in place to ensure the Company remains viable and exploits its assets at an appropriate level until market conditions further improve in the junior resource sector.

EXPLORATION AND EVALUATION ACTIVITIES

In the three months ended March 31, 2011, the Company incurred exploration and evaluation expenditures of $1,381,000 on its mineral interests, compared with $297,000 in the same period in 2010. Expenditures were lower during the three months ended March 31, 2010 due to the general economic and financing environment experienced during that period. The most significant expenditures in the three months ended March 31, 2011 were on the Diabase Peninsula project in the amount of $663,000 (March 31, 2010 - $153,000), the Bukari project in the amount of $298,000 (March 31, 2010 - $nil; treated as pre-exploration expenditures) and Prairie Lake expenditures were $368,000 (March 31, 2010 - $29,000). Costs on other programs were: Olympian $nil (March 31, 2010 - $115,000), Berta $28,000 (March 31, 2010 - $nil) and Elmalaan $24,000 (March 31, 2010 - $nil).

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

Nuinsco's Diabase Peninsula uranium project is located 150km northwest of La Ronge, Saskatchewan within, and approximately 5km from, the southern boundary of the Athabasca Basin; the region that hosts the world's richest uranium mines. The 21,900ha Diabase Peninsula property is located on the western shore of Cree Lake. The property encompasses a 35km strike length covering a north-easterly-trending graphite-bearing conductive horizon of regional extent lying beneath the Athabasca sandstones, and the sub-parallel oft-juxtaposed Cable Bay Shear Zone – a major terrane boundary within the Proterozoic basement sequence which is considered to be an important potential host structure for uranium mineralization in this part of the Athabasca Basin.

The Diabase Peninsula project is a joint venture with Trend Mining Company of Denver ("Trend") whose interest approximates 11%. Should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes. The Company estimates that an additional $400,000 of expenditures would reduce Trend's interest to a royalty. If the project progresses to a development stage before its interest drops below 10% as described above, Trend has a one-time 50% back-in right upon reimbursing Nuinsco for 140% of its total expenditures to that date. It is extremely unlikely that this could occur. In order to maintain the option on one of the claims, the Company must make an option payment of approximately $935,000 by September 2, 2012. That same claim is subject to a 3% gross production royalty ("GPR") defined as actual metal/mineral sales with no deduction for refining or transportation expenses. The GPR can be purchased before September 2, 2012 for $11,000,000 as follows: first percentage - $1,000,000; second percentage - $3,000,000; third percentage - $7,000,000.

Since acquiring the property in early 2005, as uranium demand began to drive prices into a steep climb from their US$15-US$20 per pound historic range, Nuinsco has completed a property-wide deep-penetrating MEGATEM survey which mapped the regional graphite-pyrite conductor the length of the property. This was followed by ground geophysical TEM surveys over two priority target areas (the Main and Rowan Lake grids) located 8km apart, and has been complemented by both widespread geophysical gravity-survey profiling to map fault structures along the length of the Cable Bay trend and detailed gravity work upon both gridded priority targets.

Initial diamond drilling (10 holes) in 2005-2006 confirmed the highly-prospective nature of the geology and structure present within the Main grid area, and has focussed the Company's attention upon a 1.5km length segment of the 6km of strike covered by the Main grid. Geochemical evidence of uranium-related mineralizing processes and significantly anomalous radioactivity and uranium values were encountered in several holes. A radon gas survey in summer 2006 revealed a strong anomaly at the northern end of the 1.5km target area, but thick glaciofluvial esker cover elsewhere along the segment may have obscured additional bedrock sources. A winter 2007-2008 $2,500,000 drilling program consisted of 17 holes (plus extending a 2006 hole which had failed to reach basement), with 5 holes devoted to follow-up on the Main grid and the remainder testing four high-ranking gravity survey/fault structure targets scattered the length of the property.

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

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

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

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

The November-December 2010 2,000m drill program targeted the central portion of the project area on the Diabase Peninsula, an area which demonstrates significantly anomalous uranium mineralization in conjunction with other indicators of a uranium mineralizing event. Results continue to be positive for a combination of geochemistry, geology, alteration and structure and as such provided sufficient reason to conduct a winter drilling program on the project. The March-April 2011 drill program comprised five drill holes totalling approximately 1,800m and additional gravity geophysics to expand upon results and coverage obtained from earlier programs. The field component was completed in mid-April and analytical results are anticipated shortly. Due to the small size of uranium orebodies relative to most other types of economic mineral deposits, tight drill-hole spacing is necessary in order to adequately evaluate prospective targets.

Although the potential for discovery in the Main grid north and Rowan Lake grid areas is assessed as excellent, further work in these areas has been deferred for the present time due to the arduous permitting process and technically-challenging nature of drilling from the frozen lake surface, plus the time requirement and cost per hole for greater hole lengths in the northward-thickening sandstone sequence. Nonetheless, the work to date in these areas

has clearly demonstrated their high potential to host uranium mineralization and, as Nuinsco's priorities and general economic conditions dictate, these most attractive targets will be drill tested in due course.

Prairie Lake Property, Ontario

Prairie Lake, located near Marathon, Ontario, hosts a near-surface historic (non-NI-43-101-compliant) uranium resource of over 180,000 tonnes grading 0.09% U_3O_8 (and 0.25% niobium) identified in exploration dating from the mid-1960s.

On January 13, 2010, the Company announced the results of an Exploration Target Mineralization Inventory ("ETMI") that demonstrated the presence of between 330 million and 360 million tonnes averaging 3.5% to 3.7% P_2O_5 and 0.12% to 0.14% Nb_2O_5. The surface area used for the ETMI covers just 12% of the total project surface area.

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

In December, 2010, the Company completed a 4,000m drilling program in the western half of the Prairie Lake complex. The drill program was designed to test the northward extension of the SW target defined in the ETMI and included 7 holes, each 500m to 600m in length. Approximately 1,800 core samples were collected. Analytical results for the first drill hole of the program have returned niobium, tantalum, phosphorus and REE results comparable with those of previous drilling; results from the remaining six holes are still pending.

The property is subject to a 2% NSR payable on any production from any claim that comprises the property. Up to a maximum of one half of the royalty can be purchased for $1,000,000 in either cash or common shares of the Company.

GOLD, COPPER AND ZINC

Turkish Properties

Nuinsco has two properties in northeastern Turkey: the Berta copper project and the Elmalaan copper-zinc project. Berta is a 50:50 joint venture with Xstrata Copper Canada ("Xstrata"), one of the commodity business units within Xstrata plc. Exploration began at Berta in 2004. The Company completed its 100% earn-in at Elmalaan in 2007 subject to Xstrata's back-in right to reacquire a 50% interest. Xstrata's back-in right is exercisable upon, among other things, incurring expenditures equal to 200% of the aggregate expenditures incurred by the Company. In addition, Xstrata is entitled to acquire a further 20% interest in the property by incurring an additional US$20,000,000 in expenditures. In the event that Xstrata elects not to exercise its back-in right, it will be entitled to a 2% NSR which can be reduced to 1% on payment by the Company of US$1,000,000. Under the terms of the joint venture agreement, Xstrata is the operator.

At Berta during 2007, the Company intersected a significant, continuous domain of strong sulphide mineralization grading up to 30.0% copper and 7.19% zinc. Copper, gold, silver and zinc values occurred over the entire 771.5m length of Hole SD-07-08, which was drilled adjacent to the interpreted Berta copper porphyry system and ended in mineralization.

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

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

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

Nuinsco recorded an amount owing to Xstrata of approximately $454,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company's share of expenditures on Berta. Discussions with Xstrata have been ongoing, including discussions to buy Xstrata's share of the joint venture. Subsequent to March 31, 2011, Xstrata advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco will not be paying the full share of the recorded expenditures and will allow itself to be diluted to approximately 36%. In the second quarter, the Company will make adjustments to the carrying value of the project, trade and other payables and foreign exchange, as appropriate.

The Elmalaan licence, covering 947ha, is located 6km south of the Black Sea coast and is easily accessible year round. Previous work identified massive sulphide in outcrop and locally-derived boulders that graded up to 3.38% copper and 6.30% zinc. Drilling during the second quarter of 2007 continued to return high-grade polymetallic mineralization over significant widths. For example, drill hole EKD-07-06 intersected 2.43% zinc, 0.50g/t gold and 31.07g/t silver over 10.10m between 98.9m-109.0m; between 102.6m-103.2m, zinc values peaked at 9.25%, gold at 2.85g/t and silver at 211g/t. With completion of its earn-in, the Company is in the process of transferring ownership of the Elmalaan property to a wholly-owned Turkish subsidiary, Nuinsco Madencilik.

Egypt

In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for two gold exploration concession areas in Egypt. The receipt of final title is subject to initially negotiating suitable production sharing agreements (individually the "Agreement" and collectively the "Agreements") with the government of Egypt through EMRA. Among other terms, the Agreements set out the rights and responsibilities of the Company and EMRA, tax implications (as a result of the provisions of the Agreements, no tax is incurred on activities related to the concession areas), terms of production sharing and cost recovery.

On February 19, 2011, the Company announced that the Egyptian State Council has reviewed and approved the Agreement covering the Bukari Concession Area, Eastern Desert, Egypt. Approval by the State Council signifies that the Agreement is in compliance with Egyptian law and with Egypt's regulatory framework. The Agreement will now be forwarded to the Egyptian People's Assembly for passage into law followed by execution by the Minister of Petroleum and Mines. At that time, formal title will be granted to Z-Gold, Nuinsco's Egyptian subsidiary, and tax-free status in Egypt will be attained. Nuinsco will also be able to proceed with its full exploration program. Given recent events in Egypt, State Council approval of the Agreement demonstrates that Egypt's civil service is functioning and indicates that Egypt is open for business and remains committed to developing a modern mining sector and to foreign investment in general.

In anticipation of the Bukari Agreement's passage into law, a third program of field work was completed in late January 2011 in preparation for a systematic and comprehensive exploration program that will begin as soon as possible. The results obtained from the sampling and mapping to date provide ample reason for the Company to consider the Bukari and Umm Samra licences to be very prospective; three occurrences have now been evaluated, with a combined total of at least 11km of strike, comprising a system of gold-mineralized quartz veins within sheared and altered host rock. There is uncertainty as to when the Bukari Agreement will be presented to the People's Assembly for final approval.

Olympian Project Option

In March, 2010, the Company announced that it had optioned a claim package hosting significant, high-grade, gold occurrences collectively referred to as the "Olympian Project". The property consists of 18 mining claims and three patented mining claims totalling 14.05 km^2 in Ontario's Lake of the Woods region. The claims were assembled through four option agreements with consideration aggregating cash of $705,000 and 2,450,000 common shares of the Company payable through 2012.

A work program commenced during the winter of 2010. To date, grid control has been established over the main surface exposures and ground geophysics have been conducted (magnetic induced polarization surveys). Trenching, mapping and prospecting have also been undertaken on the gridded area. The Company received the results of a 1,164m diamond drilling program targeting both geology and geophysics in November. At that time, the Company determined that it would not continue with the Triggs option agreement and one of the optioned properties will be returned to its owners. Subsequently, the Company decided not to pursue any of the Olympian options. Accordingly, writedowns were taken in the third quarter of 2010 for the Triggs option and in the fourth quarter of

2010 for the remaining Olympian options to bring the value of the property to $nil and no future option payments will be made.

Cameron Lake Project, Ontario
Cameron Lake was sold effective April 20, 2010. Refer to Note 1 to the Unaudited Interim Consolidated Financial Statements for a description of this transaction.

Other Projects
The Company, on an ongoing basis, evaluates exploration and development projects for possible acquisition. In particular, the Company is currently examining several projects in the MENA region.

INVESTMENTS

Interest in Campbell
In early 2006, Nuinsco acquired a significant equity interest in Campbell and entered into an agreement to provide consulting services to Campbell for its copper and gold mines in the Chibougamau mining camp. The Company also acquired a 50% interest in future cash flows, as defined, from the high-grade Corner Bay copper deposit. In late 2008, the Company acquired a royalty interest in Corner Bay comprising 10% of operating cash flow from the Corner Bay copper deposit from production at the 145-metre level and above.

Campbell experienced significant financial difficulties resulting from production delays, falling metal prices and the inability to obtain financing and in January, 2009 Campbell announced that it had re-entered CCAA protection.

Pursuant to the acquisition of substantially all of the remaining secured debt of Campbell by Ocean Partners and Nuinsco as described earlier, the Company and Ocean Partners are now in a position to exercise the security over all of Campbell's assets and to realize upon the value of the Chibougamau mining camp.

Campbell had an arrangement with the Société de développement de la Baie-James ("SDBJ") with respect to funding any environmental restoration. Ocean Partners and Nuinsco are discussing an arrangement with the SDBJ to satisfy future environmental requirements.

Gold Hawk Resources Inc.
In July, 2008, the Company acquired 1,196,800 shares (post-consolidation) in Gold Hawk, an approximate 13% interest, with a view to a possible combination of Gold Hawk's mine with Cameron Lake. Gold Hawk has since sold its mine therefore the Company's ownership of Gold Hawk is no longer considered strategic and will be sold. As referred to above, the Company sold 698,800 shares in 2010, 456,100 shares in the first quarter of 2011, with the remaining balance being sold in April, 2011.

Victory Nickel Inc.
As described in Note 1 to the Company's 2010 Audited Consolidated Financial Statements, the approximate 15% interest in Victory Nickel which the Company then owned was sold effective July 31, 2009. Additional information on Victory Nickel's Minago, Lynn Lake and Mel projects in Manitoba and Lac Rocher project in Québec can be obtained from Nuinsco's previous financial reports and regulatory filings and directly from Victory Nickel at www.victorynickel.ca. The Company presently owns 8,493,715 shares, an approximate 2% interest in Victory Nickel, which is held as marketable securities.

Coventry Resources Limited
Pursuant to the sale of Cameron Lake, Nuinsco owned 12,000,000 shares in Coventry (an approximate 6.9% interest) as well as a 3% NSR royalty over future production from the property. By selling the asset but retaining an interest in Coventry, as well as the royalty, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focussed on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Ardeen Gold Project in Northern Ontario. During April and May to date, the Company has sold approximately 2.75 million shares of Coventry for aggregate proceeds of approximately $748,000. The Company presently owns approximately 9.25 million shares with an estimated fair value of $1.9 million.

IMPAIRMENT ANALYSIS UPDATE

While the metals markets and other general economic factors have improved over the prior year, the Company performed a detailed impairment analysis, which considered factors pertinent to IFRS such as the reversals of prior writedowns, on each of its exploration and evaluation projects as at December 31, 2010. The Company does not believe that there have been any material changes to date which would adversely affect this analysis or would cause the Company to initiate another recoverability assessment. Furthermore there has been no change in management's plans for the projects which would cause a reassessment.

Management concluded that no impairment existed in each of its projects effective March 31, 2011 and that costs incurred to date are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

Despite recent turmoil being experienced in Egypt, approval by the State Council was received in February 2011 and the Company remains confident that the Bukari Agreement will be ratified by the Egyptian People's Assembly. The benefits of the Agreement enure both to Egypt and to the Company and this remains unchanged. However, the Company, along with its Egyptian-based partner, will continue to monitor developments and will respond appropriately.

Management concluded that no impairment existed in each of its projects effective March 31, 2011, and that costs incurred to date on all projects are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of the recoverable value of its exploration and evaluation projects, assessing the fair value of royalty interests, assessing the impairment of long-lived assets and the fair value estimates for share-based payments and warrants and assessing the value of deferred income tax assets. 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 and measurement uncertainty, reference should be made to Notes 2 and 3 to the Company's Unaudited Interim Consolidated Financial Statements. The reader may also choose to review Notes 2 and 3 to the Company's 2010 Audited Consolidated Financial Statements however, the reader is cautioned that these were prepared under pre-transition Canadian GAAP and are no longer directly comparable to the present basis of accounting under IFRS. Note 32 to the Unaudited Consolidated Financial Statements provides the reader with information, analyses and reconciliations of historic information from pre-transition Canadian GAAP to IFRS. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to the Company's 2010 Audited Consolidated Financial Statements as well as Note 1 to the Company's Unaudited Interim Consolidated Financial Statements.

The Company's recorded value of its exploration and evaluation projects is based on historic costs that are expected to be recovered in the underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties. Accordingly, 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 an 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.

NEW ACCOUNTING POLICIES

IFRS issued by the International Accounting Standards Board ("IASB") have been adopted in the Company's Unaudited Interim Consolidated Financial Statements. Note 3 thereto includes the accounting policies that have been applied in preparing the consolidated financial statements for the period ended March 31, 2011 and 2010. The comparative information presented in the financial statements for the year ended December 31, 2010 and the opening IFRS balance sheet as at January 1, 2010 (date of transition) were also compiled using IFRS. Note 32 to the Unaudited Interim Consolidated Financial Statements details the adjustments made and the reconciliations between pre-transition Canadian GAAP and IFRS.

SUMMARY OF IFRS IMPLEMENTATION

Overview

As discussed above and in the Company's previous MD&As, the Company implemented a project plan to guide its transition to IFRS. The project plan is essentially complete with only post-implementation review outstanding. However, the Company will continue to monitor the publications of the Mining Industry Task Force and how practice develops with respect to some of the more industry-specific matters such as accounting for flow-through financings.

Note 32 to the Unaudited Interim Consolidated Financial Statements includes detailed reconciliations of the effects of IFRS on the Company's previously-published financial statements issued under pre-transition Canadian GAAP. The reader is encouraged to refer to that information for a full description of matters summarized below. Furthermore, the Company has identified the more significant adjustments to IFRS throughout this MD&A in places where it was considered helpful.

The Company's guiding principle during the transition has been to manage the number of changes and to minimize the effect of implementation of IFRS unless there was a compelling reason for change. Where pre-transition Canadian GAAP was consistent with IFRS, the Company generally made no change to its accounting policies. Certainly the volume of disclosure has increased. At present, the Company took a more conservative approach to disclosure but it expects to streamline future disclosures as part of its post-implementation review and ongoing monitoring of industry practice.

IFRS 1 Elections

The Company elected under IFRS 1, as follows:

- not to apply IFRS 3 Business Combinations ("IFRS 3") retrospectively;
- to retroactively designate its marketable securities in conformity with its choices under the early adoption of IFRS 9;
- not to adopt retroactive application of IAS 32 Financial Instruments: Presentation with respect to its convertible debt;
- not to adopt retroactive application of fair value accounting on options issued and fully vested before the transition date; and
- not to adopt retroactive capitalization of borrowing costs to qualifying assets.

Summary of Significant Accounting Policy Differences and/or Choices under IFRS

Assets classified as held for sale

Under IFRS, the Cameron Lake sale met the test to be classified as current assets. Furthermore, because a binding agreement was in place which stated the consideration to be received, there was evidence of fair value of the project. Cameron Lake had been written down in earlier years. IFRS require reversals of impairment where recoverable value can be supported. The IFRS aggregate adjustments to decrease deficit are $nil, $9,515,000 (net of tax of $37,000) and $9,850,000 as at each of December 31, March 31 and January 1 of 2010, respectively. In the first quarter of 2010, the adjustment is to reverse writedowns on exploration and evaluation projects, in the second quarter of 2010, the reversal is effectively a contra to the gain on sale of Cameron Lake in the pre-transition Canadian GAAP statement of operations. Note that the amounts adjusted differ from the gain because of changes in the market value of securities which were part of the consideration.

Property and equipment

The Company has chosen to continue to account for its property and equipment using the cost model.

Expenditures on exploration and evaluation projects

The Company has chosen to continue to capitalize exploration costs. Under IFRS, certain expenditures incurred on the Bukari project in Egypt occurred before the terms of the concession agreement were reached and were

therefore written off. Accordingly, pre-exploration write-offs against that project were made of $209,000, $128,000 and $2,000 as at each of December 31, March 31 and January 1 of 2010, respectively. The Company also reclassified certain amounts formerly included in writedown of exploration projects to pre-exploration write-offs in the consolidated statements of operations.

Impairment of exploration and evaluation projects
Under IFRS, impairment provisions must be reversed where there is evidence supporting the recoverable value. Accordingly, the values of the Prairie Lake project as at each of the reported dates of December 31, March 31 and January 1 of 2010 have been increased by $325,000.

Flow-through share financing
In accordance with interpretations of IFRS, the Company's selected accounting treatment requires recognition of the tax effects of renunciation upon incurring expenditures related to the flow-through shares, as well as an identification of the premium associated with the tax benefits passed on to the subscribers of the flow-through shares and amortization thereof to operations upon incurring expenditures related to the flow-through shares. The Company has chosen to record the flow-through premium as an element of finance income.

The accounting treatment has impacts upon trade and other payables, share capital, contributed surplus, deficit as well as finance income. Since there is no applicable exemption, the Company made a best-efforts attempt to calculate the historic impact of renunciation and premium recognition; given that historic differences would represent a reclassification between share capital and deficit upon transition, the Company considers that any differences are not material. The following table summarizes the effects on the balance sheets of flow-through accounting.

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in trade and other payables	$ 48	$ 319	$ 369
Increase (decrease) in share capital	26	234	(266)
Decrease in contributed surplus	(32)	-	-
Net increase in deficit	(42)	(553)	(103)
	$ -	$ -	$ -

Finance income and finance costs
Under IFRS there are several reclassifications required to report the components of finance income and finance costs. The Company has chosen to record the premium on flow-through as a component of finance income. The components are reported in Note 23 to the Unaudited Interim Consolidated Financial Statements.

IFRS 9 – Financial Instruments
The Company has chosen to early-adopt the provisions of IFRS 9 in order to avoid a subsequent change to IFRS. The means that all gains and losses on marketable securities selected as being financial assets through OCI are recorded through OCI including realized gains. Accordingly, the Company has reclassified its applicable gains or losses through OCI. This is applicable from January 1, 2010 onwards with no historic adjustment required. Because of the timing of transactions, the only applicable reportable effect is as at December 31, 2010 where a net reclassification was required of $139,000, after income taxes of $20,000, to increase net profit through operations and to decrease OCI.

Deficit
The combined effects of the matters discussed above on deficit are as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Adjust gain on sale of Cameron Lake	$ (10,108)	$ -	$ -
Adjust fair value of Cameron Lake	10,108	9,515	9,850
Pre-exploration write-offs Bukari Egypt	(209)	(128)	(2)
Adjust fair value of Prairie Lake	325	325	325
IFRS 9 reclassify loss through OCI, net of tax	139	-	-
Effects of flow-through accounting	(42)	(553)	(103)
Net decrease in deficit	$ 213	$ 9,159	$ 10,070

Involvement by Advisers

The Company engaged its auditors, BDO Canada LLP, to conduct a special consultation with respect to its IFRS transition project. While the consultation was neither an audit nor a review, as such terms are formally defined and therefore cannot and should not be relied upon, it was undertaken to assist the Company in ensuring that its IFRS adjustments were complete and appropriate and that its Unaudited Interim Consolidated Financial Statements, in particular Note 32 thereto, contain materially complete and appropriate disclosures. The IFRS consultation is complete.

FUTURE ACCOUNTING CHANGES

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. Most of these are not expected to have a significant effect on the consolidated financial statements of the Company. The Company is evaluating the impact of IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities.

Should the Company raise debt financing in the future for any of its specific projects, under IFRS interest must be capitalized to that project for qualifying assets.

The Company has three foreign subsidiaries and the volume of transactions in the subsidiaries is expected to increase with increased activity in Turkey and Egypt. Presently, the amounts in the cumulative translation accounts are immaterial and insignificant. Should transactions and balances increase, foreign exchange differences may increase and the Company will commence recording these through the translation reserve through OCI.

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised entirely of independent directors, meets with management to review the Unaudited Interim Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the Unaudited Interim Consolidated Financial Statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Design of Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer, (collectively, the “Certifying Officers”), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal quarter ended March 31, 2011, the Certifying Officers have concluded that the design of the Company’s disclosure controls and procedures were effective as at March 31, 2011. Such controls are facilitated by the small size of the Company’s senior management team and their access to material information.

There were no changes to the Company’s disclosure controls and procedures that occurred during the quarter ended March 31, 2011 that materially affected, or are reasonably likely to affect, the Company’s disclosure controls and procedures.

Design of Internal Control over Financial Reporting

The Company’s Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal quarter ended March 31, 2011, the Certifying Officers have concluded that the design of the Company’s internal controls over financial reporting and procedures were effective as at March 31, 2011.

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

There were no changes to the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2011 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENT

Included in trade and other payables at March 31, 2011 are amounts owing to directors and officers of $93,000 (December 31, 2010 - $111,000). The amounts consist primarily of directors' fees and reimbursement of expenses incurred by officers and directors.

The Company shares management administrative assistance and facilities with Victory Nickel pursuant to a management agreement. The costs recovered from Victory Nickel are recorded at the cost to the Company of such services plus 10 per cent. The management agreement commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice. Costs recovered from Victory Nickel in the three months ended March 31, 2011 total $197,000 (March 31, 2010 - $170,000) and have been deducted from general and administrative expenses. In addition, project-related costs aggregating $16,000 have been charged by the Company to Victory Nickel during the three months ended March 31, 2011 (March 31, 2010 - $18,000). Furthermore, project-related costs aggregating $7,000 have been charged to the Company by Victory Nickel and are included in exploration and evaluation costs on the balance sheet (March 31, 2010 - $5,000).

Amounts due to or from Victory Nickel are unsecured, non-interest bearing and due on demand. Amounts due to or from Victory Nickel are settled on a regular basis.

OUTSTANDING SHARE DATA

At March 31, 2011, the Company had 258,069,743 common shares outstanding. At May 20, 2011, the Company had 264,442,356 common shares issued and outstanding. In addition, there were 22,460,000 stock options outstanding at May 20, 2011 as well as 21,247,231 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 308,149,587 and would generate approximately $6,329,000.

CONTINGENCY

CRA Reassessment

In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately $4.4 million from the CRA related to transactions completed in 2006. The Company is in the process of carefully reviewing these reassessments and has consulted legal counsel in this regard. The Company intends to vigorously defend what it and its counsel believe to have been a correct filing position related to these transactions. The appeal process could be lengthy and the Company believes that its position is correct and believes it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter. The Company filed notices of objection on May 19, 2011.

RISKS AND UNCERTAINTIES

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

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

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

Industry Risks

Speculative Nature of Mineral Exploration

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that Nuinsco's exploration efforts will be successful. 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.

Development Projects

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For 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.

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.

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.

Resources, Reserves and Production

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.

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. 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. Not all such risks are insurable.

Financial and Investment Risks

Substantial Capital Requirements

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

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

Metal 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.

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

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

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

Regulatory Risks

Government Regulation
Existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality, mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond Nuinsco's capacity to fund.

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 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.

Foreign Operations
In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. In early 2010, the Company announced that it has, with its Egyptian

partner, been successful in the bid process for gold exploration concessions in Egypt; a similar caveat to that expressed for Turkey is appropriate.

Egypt continues to experience a state of civil unrest and political transition, the consequences of which are difficult to determine with certainty at this time and which may adversely affect the ability of Nuinsco to obtain tenure to its Egyptian projects and may negatively affect the Company's exploration activities. There is no assurance that future political and economic conditions in Egypt will not result in the Government of Egypt adopting different policies respecting foreign development and ownership of mineral resources.

Economic and political conditions in Egypt and Turkey could adversely affect the business activities of the Company. These conditions are beyond Nuinsco's control, and there can be no assurances that any mitigating actions by Nuinsco will be effective. Any potential adverse impacts as a result of political volatility in Egypt or Turkey cannot be predicted. The enforcement by Nuinsco of its legal rights to exploit its properties may not be recognized by the government of Egypt or Turkey or by its respective court system.

Other risks include, but are not limited to: terrorist acts, corruption attempts, military repression, extreme fluctuations in currency exchange rates and high rates of inflation.

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 gold from the Bukari Concession will be based on the Bukari Concession Agreement. Should Nuinsco's rights under the Agreements not be honoured or be unenforceable for any reason, or if any material term of the Agreements is unilaterally changed or not honoured, including the boundaries of the property, Nuinsco's ability to explore and produce gold in the future would be materially and adversely affected.

Investments and Other Agreements with Resource Companies

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

Summary

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

FORWARD-LOOKING STATEMENTS

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

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production); changes in equity markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "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.

May 20, 2011