



NUINSCO RESOURCES LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2007

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, 2007 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS Three Months Ended March 31, 2007

This Management's Discussion and Analysis is dated May 10, 2007, reflects the three-month period ended March 31, 2007 and should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2007 and the financial statements and Management's Discussion and Analysis for the year ended December 31, 2006 available in the Company's Annual Report. These documents, along with an Annual Information Form and other documents published by Nuinsco Resources Limited ("Nuinsco" or the "Company"), are available on SEDAR at www.sedar.com or from the office of the Company.

COMPANY OVERVIEW

Nuinsco is a Canadian exploration and development-stage mineral resource company engaged in the acquisition, exploration and development of precious and base metal properties. Property interests are located in northwestern Ontario, northern Quebec, and in Saskatchewan's Athabasca Basin and in northeastern Turkey.

During the second quarter of 2006, Nuinsco entered into a transaction to provide operating consulting services to gold and copper producer Campbell Resources Inc. ("Campbell"). This transaction was a significant step forward toward Nuinsco's goal of making the transition to mine development and commercial production as it offers the potential for Nuinsco to become a producer in the fourth quarter of 2007 as a 50% partner with Campbell in the high-grade Corner Bay copper deposit in Quebec's Chibougamau mining camp.

CORPORATE REORGANIZATION AND FORMATION OF VICTORY NICKEL INC.

Pursuant to a Plan of Arrangement which became effective February 1, 2007, the Company completed a series of transactions which resulted in the transfer of the following assets to a newly-listed public company, Victory Nickel Inc. ("Victory Nickel"):

- a) The Company's interest in three mineral resources projects, namely the Minago and Mel sulphide nickel projects on the Thompson Nickel Belt in Manitoba and the Lac Rocher sulphide nickel project in Quebec (collectively the "Nickel Properties"); and,
- b) Unexpended cash of \$12,668,000 from the proceeds of a December 2006 private placement from which the Company raised net proceeds of \$14,045,317.

Pursuant to the Plan of Arrangement, Victory Nickel acquired the Nickel Properties and cash in exchange for the issuance of common shares. Of the common shares issued, 75% were initially held by the Company's shareholders and 25% initially retained by the Company. Accordingly, the Company's shareholders continued to own 100% of the transferred assets by virtue of their holdings of Victory Nickel common shares and common shares of the Company. As a consequence, this related party transaction has been recorded by Victory Nickel at the carrying value of the Nickel Properties in the accounts of the Company and the cash transferred to it.

Under generally accepted accounting principles, the difference between the carrying value of the Nickel Properties and cash transferred and the 25% ownership interest in Victory Nickel retained by the Company is treated as a capital transaction. Accordingly, this resulted in a charge to deficit on the effective date of transfer of \$13,791,000.

This transaction is described in detail in Note 3 to the Company's unaudited interim financial statements for the three months ended March 31, 2007.

RESULTS OF OPERATIONS

For the three months ended March 31, 2007, the Company had a net loss of \$94,000 or \$0.00 per share, compared with net income of \$1,744,000 or \$0.02 per share, in the same period of 2006. The income in 2006 included a gain on the sale of marketable securities of \$1,053,000. No such gain was realized in the current period.

As explained in more detail below under Liquidity and Capital Resources, on May 1, 2006 the Company commenced providing operating consulting services to Campbell which resulted in consulting fees totaling \$224,000 being earned in the current quarter.

General and administrative expenses totaled \$488,000 in the three months ended March 31, 2007 compared with \$400,000 in the same 2006 period. The increase in general and administrative expenses is consistent with increased activities and additional employees.

The increase was reduced, however, by an overhead recovery of \$102,000 deducted from general and administrative expenses with respect to amounts charged to Victory Nickel pursuant to a management agreement whereby the Company provides management, administrative assistance and facilities to Victory Nickel at cost plus 10%.

The current period results also include the Company's share of Victory Nickel's loss for the period ended March 31, 2007 in the amount of \$258,000. The Company acquired a 25% interest in Victory Nickel Inc. on February 1, 2007 pursuant to the Corporate Reorganization described above and is accounting for this investment on the equity basis. The quoted market value of the 38,500,786 Victory Nickel common shares held at March 31, 2007 was \$28,875,000.

The Company recognized income tax recoveries in the first quarters of 2007 and 2006 of \$337,000 and \$1,076,000, respectively. These income tax recoveries represent the tax benefits realized from the renunciation of Canadian exploration expenses to the investors in flow-through share financings as explained in Note 7(e) of the Company's interim consolidated financial statements for the three months ended March 31, 2007.

The three-month period ended March 31, 2007 includes stock option compensation expense of \$29,000 representing the fair value of options issued to an employee in March 2007 plus an amount attributable to previously issued options which vested during the period. There was no stock option compensation in the corresponding period in 2006.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the first quarter of fiscal 2007 and each of the quarters of fiscal 2006 and 2005.

<u>Fiscal year 2007</u>	<u>1st Quarter</u>
Revenue and other income	\$ 357,000
Loss	\$ (94,000)
Loss per share – basic and diluted	\$ 0.00

<u>Fiscal year 2006</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Revenue and other income	\$ 755,000	\$ 873,000	\$ 895,000	\$1,070,000
(Loss) Net income	\$ (493,000)	\$ 34,000	\$ 928,000	\$ 1,744,000
Loss per share – basic and diluted	\$ (0.01)	\$ 0.00	\$ 0.01	\$ 0.02

<u>Fiscal year 2005</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Revenue and other income	\$ 404,000	\$ 2,000	\$ 2,000	\$ -
(Loss) Net income	\$ (3,798,000)	\$ (1,064,000)	\$ 247,000	\$ (395,000)
Loss per share – basic and diluted	\$ (0.04)	\$ (0.01)	\$ 0.00	\$ 0.00

EXPLORATION AND DEVELOPMENT ACTIVITIES

For the three months ended March 31, 2007, the Company incurred exploration expenditures of \$1,238,000 on mineral interests excluding the nickel projects transferred to Victory Nickel Inc. compared with \$869,000 in the same period of 2006. Significant expenditures of \$1,094,000 were made on its Berta and Elmalaan properties in Turkey. Complete details of the mineral properties are included in the 2006 Annual Report and on the Company's website at www.nuinsco.ca.

COPPER, ZINC

Turkish Properties

Nuinsco has two properties in northeastern Turkey: the Berta copper project, a 50:50 joint venture with Xstrata Copper, on which exploration began in 2004; and the Elmalaan copper-zinc property in which the Company recently completed its 100% earn-in subject to back-in rights held by Xstrata exercisable under certain conditions.

At Berta, drilling in early 2007 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 occur over the entire 771.5 metre

length of hole SD-07-08 which ended in mineralization. The results in this highly mineralized hole highlight the potential of the essentially unexplored Berta property, and further drilling is planned for 2007.

Elmalaan, a 947 hectare property is located 6 kilometres 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. Recent drilling intersected both massive and stringer sulphide.

URANIUM

Diabase Peninsula Property

Saskatchewan: Nuinsco's Diabase Peninsula uranium project is located 150 kilometres northwest of La Ronge, Saskatchewan on the Athabasca Basin, the region that hosts the world's largest and richest uranium mines. The 21,900-hectare property is a joint venture with Trend Mining Company of Denver whose interest currently approximates 30%. Nuinsco has completed two drill programs that returned uranium values as well as key indicator minerals associated with uranium deposits in the Basin which, combined with past drilling and other studies, points toward the local presence of unconformity style mineralization.

Prairie Lake Property, Ontario

Nuinsco is preparing to drill at Prairie Lake, located near Marathon, Ontario, which hosts a near-surface historic (non-NI-43-101-compliant) uranium resource of over 180,000 tonnes grading 0.09% U₃O₈ (and 0.25% niobium) identified in exploration dating from the mid-1960s. This resource has a significant value at current uranium prices and an initial 2,000 metres of drilling is planned on this large carbonatite intrusion to follow up on values from recent surface sampling of up to 0.08% U₃O₈ (1.656 lb/tonne). Prairie Lake also hosts tantalum and niobium.

GOLD

Cameron Lake Project, Ontario

Located near Kenora in northwestern Ontario, Cameron Lake hosts a NI 43-101-compliant measured and indicated gold resource of 572,000 tonnes grading 6.51 g/t and an inferred resource of 1,012,000 tonnes grading 5.22 g/t. Approximately \$24 million was spent in the 1980's by a former partner of Nuinsco to develop the mine to the 865 foot level, and drilling has demonstrated that gold mineralization extends to greater than 700 metres. Nuinsco is currently in the process of obtaining dewatering permits. Following dewatering, Nuinsco intends to do further drilling underground in 2007.

STRATEGIC INVESTMENTS

Campbell Resources Inc.

In early 2006, Nuinsco made a significant step toward having its first cash flowing project through an agreement with Campbell Resources Inc. ("Campbell"). Under the agreement, Nuinsco acquired a significant equity interest in Campbell and is providing consulting services for the operation of Campbell's copper and gold mines in the Chibougamau mining camp. It also has acquired a 50% carried interest in the high-grade Corner Bay copper deposit.

The milling of ore from Corner Bay is expected to begin in October of this year. Corner Bay is an important part of Campbell's strategy to increase throughput at Campbell's Copper Rand mill which is located about 45 kilometres from Corner Bay. In addition, Campbell and Nuinsco are evaluating other satellite deposits in the Chibougamau camp (in which Nuinsco would participate as a 50% partner) that will allow a further increase in throughput to improve Campbell's operating results in 2007 and beyond.

Measured and indicated resources in the upper part of the Corner Bay ore body stand at 446,000 tonnes averaging 5.58% copper, for 54,000,000 pounds of in-situ copper. Inferred resources total 1,441,000 tonnes averaging 6.76% copper, for a further 214,000,000 pounds of in-situ copper. Campbell is the operator of the Corner Bay project and began mobilizing for development in early May 2007. The CMAC-Thyssen Mining Group of Val-d'or, Quebec was engaged for underground development and mining, initially, of a 42,000 tonne bulk sample.

Following the extraction of a 42,000 tonne bulk sample, Phase Two anticipates mining an additional 500,000 tonnes of ore grading 4.5% copper over four years. The Corner Bay deposit remains open at depth, and drilling has returned intercepts grading up to 9.27% copper over 6.7 metres at 1,200 vertical metres. Exploration is ongoing to confirm and add to the existing resource.

Victory Nickel Inc.

As described above, in early 2007, Nuinsco spun off its Minago, Mel and Lac Rocher sulphide nickel projects along with approximately \$12,000,000 in cash to create Victory Nickel. Nuinsco retained an initial 25% equity interest in Victory Nickel, which has over 660 million pounds of in-situ nickel in NI-43-101-compliant resources.

Minago Project

Victory Nickel is rapidly advancing its 100% - owned Minago Project, located in the Thompson Nickel Belt, toward production. Minago has more than 553 million pounds of in-situ nickel in measured and indicated resources and an additional 513 million pounds inferred, making it one of Canada's largest undeveloped sulphide nickel deposits. A full feasibility study is expected to be completed in early 2008.

Mel Project

The Mel Project is located in northern Manitoba, 25 kilometres north of Thompson, and Victory Nickel is earning a 100% interest from Inco CVRD. The Mel resource was recently increased by 79% and the grade by 14%, to 4.3 million tonnes of indicated resources grading 0.875% nickel between 46 and 183 metres, and Mel offers both near-term production potential and substantial exploration upside.

Lac Rocher Project

Located in northwestern Quebec, 140 kilometres northeast of Matagami, the high-grade Lac Rocher project has measured and indicated resources of 1,190,288 tonnes grading 0.91% nickel, at a 0.5% nickel cut-off for approximately 25,000,000 pounds of in-situ nickel located between surface and 125 vertical metres. Mineralization is open to the southwest, and Victory Nickel is currently evaluating near-term production potential from the property.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2007, the Company had working capital of \$8,599,000, compared with \$21,694,000 at December 31, 2006.

In the three months ended March 31, 2007, the Company generated cash of \$639,000 from operating activities, compared with the use of cash totaling \$478,000 in the same period in 2006. The increase in the cash provided from operations is primarily a result of cash resulting from changes in non-cash working capital items including amounts due to Victory Nickel.

Cash from financing activities in the current period was \$313,000, being the proceeds received on the issuance of common shares. There were no financing activities in the corresponding period in 2006.

Investing activities in the current period primarily related to additions to exploration and development projects of \$1,880,000 less reimbursements of Plan of Arrangement costs of \$377,000 incurred on behalf of Victory Nickel in 2006, as well as advances to Campbell of \$2,000,000 to finance the development of the Corner Bay project.

In April 2007, the Company completed an issuance of 10,344,828 flow-through common shares at \$0.58 per share for proceeds before costs of issue of \$6,000,000 and received proceeds of \$553,000 upon the issuance of 2,887,198 common shares on the exercise of warrants.

Total cash used in the current three-month period amounted to \$15,240,000 including \$12,668,000 distributed on the formation of Victory Nickel, versus an increase in cash of \$152,000 in the comparable period in 2006.

Given its current cash position, the Company is sufficiently financed to fund its anticipated future administration and exploration costs unless a decision is made to advance one or more of its projects to production.

OUTSTANDING SHARE DATA

At May 10, 2007, the Company had 167,675,065 common shares issued and outstanding. In addition, there were 12,425,000 stock options outstanding, and 4,191,935 warrants and underlying warrants issued and outstanding which if exercised would bring the fully diluted issued common shares to a total of 184,292,000 and would generate approximately \$3,550,000 of cash.

CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Company adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1530 - Comprehensive Income, Section 3855 - Financial Instruments - Recognition and Measurement, and Section 3865 - Hedges. The Company adopted these standards prospectively; accordingly, comparative amounts for prior periods have not been restated.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be represented. This section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method;
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self sustaining foreign operations; unrealized gains or losses on available for sale investments; and the effective portion of gains and losses on derivatives designated as cash flow hedges or hedges on the net investment in self sustaining foreign operations.

Section 3865 provides alternative treatments to section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

The effects of adopting these new accounting standards is set out in Note 4 to the Company’s interim financial statements for the three months ended March 31, 2007.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of the recoverable value of its exploration and development projects, and the fair value estimates for stock options and warrants. These estimates involve considerable judgment 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 reference should be made to Note 2 of the Company’s 2006 audited consolidated financial statements.

The Company’s recorded value of its exploration and development projects is based on historical 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 stock options and warrants 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.

DISCLOSURE CONTROLS

The Company’s certifying officers have designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them with respect to financial and operational conditions. Such controls are facilitated by the small size of the Company’s senior management team and their access to material information. The certifying officers have evaluated the effectiveness of the disclosure controls and procedure as of March 31, 2007 and have concluded that these disclosure controls and procedures are effective at the reasonable assurance level. The management of the Company was required to apply its judgment 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 control over financial reporting that occurred during the three months ended March 31, 2007 that materially affected, or are reasonably likely to affect, the Company’s internal control over financial reporting.

RELATED PARTY TRANSACTIONS

Related party transactions in the three months ended March 31, 2007 include the following:

- a) The Company provides management, administrative assistance and facilities to Victory Nickel pursuant to a management agreement. The fees payable by Victory Nickel are equal to the cost to the Company of providing

such services plus 10 per cent. The management agreement has an initial term of twenty four months and is terminable thereafter by the Company upon ninety days notice and by Victory Nickel upon one hundred and eighty days notice. Fees charged to Victory Nickel in the current period total \$101,615 and have been deducted from general and administrative expenses.

- b) In January 2007, two directors who held convertible notes of the Company exercised their conversion rights resulting in the issuance of 833,333 common shares on conversion of \$200,000 of outstanding convertible debentures. In addition, during the current period, the two directors were repaid accrued interest owing to them (including interest applicable to the current period of \$4,531), aggregating \$136,753.

OUTLOOK

The Company is pleased with the progress it is making in advancing its projects in Canada and Turkey. All of the Company's projects are active, and during the first quarter three drills were operating on the Berta and Elmalaan projects in Turkey. Programs planned and underway during the second quarter, are as follows:

Uranium

Diabase Peninsula: Geochemistry (radon survey) to better identify drill targets, as well as boulder and drift sampling programs are scheduled prior to 6,000 metres of diamond drilling. Results of a gravity survey completed earlier this year are pending.

Prairie Lake: Sampling and mapping will begin in May, which will overlap with a 1,500 metre initial diamond drill program scheduled for this month.

Copper/Gold/Zinc

Elmalaan & Berta: The final hole of the current 2,700 metre, eight hole program is expected to be complete this month. At both Berta and Elmalaan, data from the recent drill programs is being interpreted in advance of further drilling planned for both properties later this year.

Corner Bay: As part of its agreement with Campbell, Nuinsco is entitled to a 50% interest in the high-grade Corner Bay copper deposit near Campbell's Joe Mann and Copper Rand mines in Chibougamau, Quebec. Final documentation is being completed, while development of the Corner Bay deposit is progressing and Corner Bay will be Nuinsco's first producing mining asset.

The contract for the ramp excavation and related work was given to mining contractor CMAC-Thyssen, and mobilization was initiated on April 25th. About 700 metres of decline and the opening of two levels at 85 and 100 metres below the surface will lead to the extraction of a bulk sample of about 40,000 tonnes of development ore at an expected grade of 3.70% Cu. The milling of material from the bulk sample is scheduled to begin at Campbell's Copper Rand mill in October of this year. Following the extraction of the bulk sample, Campbell plans to continue the development of the project. The latest exploration drilling has intersected 6.3 metres (true thickness) grading 9.27% Cu at a depth of 1,250 metres. To date, the Corner Bay project resources are estimated as follows: measured: 181,000 tons grading 5.07% copper, indicated: 265,000 tons grading 5.93% copper, inferred: 1,441,000 tons grading 6.76% copper (for further information, please refer to the 43-101 compliant technical report entitled "*Corner Bay Deposit, Audit of Mineral Resources, Technical Report*" dated July 12, 2006 and prepared by Geostat Systems International Inc. ("Geostat"). The report is available under Campbell's profile on SEDAR at www.sedar.com).

Cameron Lake: Permitting to dewater the Cameron Lake underground is continuing, and the Company is evaluating its options for definition and exploration drilling from both surface and underground in an effort to better define and expand the existing ore body. Current resources stand at: measured: 187,000 tonnes grading 6.77 g/t gold, indicated: 385,000 tonnes grading 6.43 g/t, and inferred: 1,012,000 grading 5.22 g/t gold.

RISKS AND UNCERTAINTIES

The nature of risks and uncertainties are discussed in the Annual Information Form filed by the Company and in the Management's Discussion and Analysis for the year ended December 31, 2006, and apply to the period under review.

FORWARD LOOKING STATEMENTS

These consolidated financial statements and management's discussion and analysis contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs.

Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

May 10, 2007

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

	<u>March 31, 2007</u> (unaudited)	<u>December 31, 2006</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 4,805	\$ 20,045
Marketable securities (Notes 4 and 5)	4,787	2,976
Accounts receivable	256	105
Prepaid expenses and deposits	40	199
Total Current Assets	<u>9,888</u>	<u>23,325</u>
Investment in Victory Nickel Inc. (Note 3)	4,339	-
Advances to Campbell Resources Inc. (Note 5)	2,000	-
Exploration Advances	-	1,368
Exploration and Development Projects (Note 6)	5,083	8,483
Property and Equipment	78	61
Other Deferred Costs	-	377
	<u>\$ 21,388</u>	<u>\$ 33,614</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Deferred revenue	\$ 28	\$ 113
Due to Victory Nickel Inc.	236	-
Accounts payable and accrued liabilities	1,025	1,318
Convertible notes – current portion (Note 7)	-	200
Total Current Liabilities	<u>1,289</u>	<u>1,631</u>
Shareholders' Equity (Note 7)		
Share capital	84,207	83,887
Stock option compensation	1,435	1,458
Share purchase warrants	304	348
Contributed surplus	1,234	1,233
Deficit	(68,828)	(54,943)
Accumulated other comprehensive income (Note 8)	1,747	-
Net Shareholders' Equity	<u>20,099</u>	<u>31,983</u>
	<u>\$ 21,388</u>	<u>\$ 33,614</u>

Nature of Operations (Note 1)

Corporate Reorganization and Formation of Victory Nickel (Note 3)

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited - in thousands of Canadian dollars, except per share amounts)

	<u>Three Months Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Revenue		
Consulting fees	\$ 224	\$ -
Interest income	133	14
Gain on sale of marketable securities	-	1,053
Other	-	3
	<u>357</u>	<u>1,070</u>
Costs and Expenses		
General and administrative	488	400
Stock option compensation	29	-
Amortization	4	2
Writedown of exploration and development projects	9	-
	<u>530</u>	<u>402</u>
(Loss) Income Before the Undernoted	(173)	668
Share of Loss of Equity -Accounted Investee (Note 3)	(258)	-
(Loss) Income Before Income Taxes	(431)	668
Income Tax Recoveries (Note 7)	337	1,076
(Loss) Net Income for Period	(94)	1,744
Deficit, Beginning of Period	(54,943)	(57,156)
Distribution of Net Assets on Formation of Victory Nickel Inc. (Note 3)	(13,791)	-
Deficit, End of Period	\$ (68,828)	\$ (55,412)
Income Per Share – Basic and Diluted	\$ 0.00	\$ 0.02
Weighted Average Outstanding Common Shares	<u>153,361,379</u>	<u>105,777,412</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars)

	<u>Three Months Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
(Loss) Net Income for Period	\$ (94)	\$ 1,744
Other Comprehensive Income (Note 8)	936	-
Comprehensive Income for Period	\$ 842	\$ 1,744

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited - in thousands of Canadian dollars)

	<u>Three Months Ended March 31,</u>	
Cash from (used by)	<u>2007</u>	<u>2006</u>
Operating Activities		
Loss (net income) for period	\$ (94)	\$ 1,744
Items not affecting cash:		
Gain on sale of marketable securities	-	(1,053)
Consulting fees received in marketable securities	(149)	-
Stock option compensation	29	-
Other stock-based compensation	49	-
Amortization	4	2
Writedown of exploration and development projects	9	-
Share of loss of equity-accounted investee	258	-
Income tax recoveries	(337)	(1076)
Changes in non-cash working capital (Note 9)	870	(95)
Cash from (used by) operating activities	<u>639</u>	<u>(478)</u>
Financing Activities		
Issue of common shares	313	-
Cash from financing activities	<u>313</u>	<u>-</u>
Investing Activities		
Advances to Campbell Resources Inc. (Note 5)	(2,000)	-
Long-term receivable	-	250
Sale of marketable securities	-	1203
Reimbursement of deferred costs (Note 3)	377	-
Additions to exploration and development projects	(1,880)	(817)
Additions to equipment	(21)	(6)
Cash (used by) from investing activities	<u>(3,524)</u>	<u>630</u>
Cash Distributed on Formation of Victory Nickel Inc. (Note 3)	<u>(12,668)</u>	<u>-</u>
Net (Decrease) Increase in Cash During Period	(15,240)	152
Cash and Cash Equivalents, Beginning of Period	20,045	2,650
Cash and Cash Equivalents, End of Period	<u>\$ 4,805</u>	<u>\$ 2,802</u>
Cash and Cash Equivalents, End of Period		
Cash and Cash Equivalents	\$ 4,805	\$ 1,408
Cash for Exploration Expenditures	-	1,394
	<u>\$ 4,805</u>	<u>\$ 2,802</u>
Supplementary Cash Flow Information		
Cash Interest Paid (Note 9)	\$ 137	\$ -
Cash Income Taxes Paid	\$ -	\$ -

NUINSCO RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007 (unaudited)

(all tabular amounts are in thousands of Canadian dollars)

1. Basis of Presentation

The unaudited interim consolidated financial statements of the Company are prepared by management using generally accepted accounting principles for interim financial statements and reflect the accounting principles in the notes to the Company's audited financial statements for the year ended December 31, 2006 (with the exception of the changes in account policies set out in Note 4 below) and accordingly should be read in conjunction with those annual financial statements and the notes thereto. 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 period are not necessarily indicative of the results to be expected for the full year.

2. Nature of Operations

The Company is primarily engaged in the acquisition, exploration and development of properties for the mining of precious and base metals in Canada and Turkey. The Company conducts its activities on its own or participates with others on a joint venture basis.

As a development stage enterprise, none of the Company's exploration or development projects have commenced commercial production and accordingly the Company historically has been 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 development projects, and ultimately the Company's ability to continue as a going concern, is dependent upon the discovery of economically recoverable reserves and resources, the Company's ability to finance development of its projects through debt or equity financings, or alternatively upon the profitable disposal of projects.

Should the Company not be able to discover economically recoverable reserves, obtain the necessary financings and 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 consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under Canadian generally accepted accounting principles.

3. Corporate Reorganization and Formation of Victory Nickel Inc.

Pursuant to a Plan of Arrangement which became effective February 1, 2007, the Company completed a series of transactions which resulted in the transfer of the following assets to a newly-listed public company, Victory Nickel Inc. ("Victory Nickel"):

- a) The Company's interest in three sulphide nickel projects, namely the Minago and Mel projects on the Thompson Nickel Belt in Manitoba and the Lac Rocher project in Quebec (collectively the "Nickel Properties"); and,
- b) Unexpended cash from the proceeds of a December 2006 private placement from which the Company raised net proceeds of \$14,045,317.

Pursuant to the Plan of Arrangement, Victory Nickel acquired the Nickel Properties and cash in exchange for the issuance of common shares. Of the common shares issued, 75% were initially held by the Company's shareholders and 25% initially retained by the Company. Accordingly, the Company's shareholders continued to own 100% of the transferred assets by virtue of their holdings of Victory Nickel common shares and common shares of the Company. As a consequence, this related party transaction has been recorded by Victory Nickel at the carrying value of the Nickel Properties in the accounts of the Company and the cash transferred to it.

Under generally accepted accounting principles, the difference between the carrying value of the Nickel Properties and cash transferred and the 25% ownership interest in Victory Nickel retained by the Company is treated as a capital transaction. Accordingly, this resulted in a charge to deficit on the effective date of transfer of \$13,791,000.

The following is a summary of the cash and nickel assets (net of related accounts payable) transferred to Victory Nickel pursuant to the Plan of Arrangement:

Cash and cash equivalents	\$ 12,668 ¹
Exploration advances	448
Exploration and development projects	<u>5,800</u>
	18,916
Accounts payable	<u>528</u>
	18,388
Less 25% interest retained in Victory Nickel	<u>4,597²</u>
	<u>\$ 13,791</u>

- (1) The cash transferred represents the net proceeds from the December 31, 2006 private placement less expenditures incurred on the Nickel Properties to the date of the Plan of Arrangement, February 1, 2007.
- (2) Computed at 25% of net assets transferred

In addition, as Victory Nickel was responsible for all costs relating to the Plan of Arrangement, the Company was reimbursed for all costs incurred by it prior to the formation of Victory Nickel. Such costs amounted to \$377,000 at December 31, 2006.

The retained interest in Victory Nickel (38,500,786 common shares) is being accounted for on the equity basis. The Company's share of Victory Nickel's loss for the period ended March 31, 2007 amounted to \$258,000. The quoted market value of the Victory Nickel common shares held at March 31, 2007 was \$28,875,000.

4. Changes In Accounting Policies

Effective January 1, 2007, the Company adopted new accounting recommendations from the Canadian Institute of Chartered Accountants (CICA), Handbook Section 1530 - Comprehensive Income, Section 3855 - Financial Instruments – Recognition and Measurement and Section 3865 - Hedges. The changes are applied prospectively with no restatement of prior periods.

Section 1530 established standards for reporting and presenting a comprehensive income statement.

Section 3855 requires all financial assets and financial liabilities to be classified as one of five categories. Financial assets are to be classified as either held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at fair value in the consolidated balance sheet, except held to maturity, loans and receivables and other financial liabilities which are carried at amortized cost.

Subsequent accounting for changes in fair value will depend on initial classification. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will continue to be recorded in the consolidated statement of operations. Unrealized gains and losses on financial assets that are held as available for sale are to be recorded in other comprehensive income until realized, at which time they will be recorded in the consolidated statement of operations.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied and the accounting for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposures of net investments in self sustaining foreign operations. Currently, the Company is not involved in any hedging activities.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents as held for trading for accounting purposes, which are measured on the balance sheet at fair value. Marketable securities are classified as available for sale. Accounts receivable are classified as loans and receivables and along with advances to Campbell Resources Inc., are recorded at amortized cost. Accounts payable and accrued liabilities and amounts due to Victory Nickel are also measured at amortized cost and are classified as other financial liabilities.

5. Transactions with Campbell Resources Inc.

As described more fully in the Company's audited consolidated financial statements for the year ended December 31, 2006, in 2006 the Company entered into an agreement with Campbell Resources Inc. ("Campbell") which outlined various consulting, operating and financing arrangements between the two companies (the "Campbell Transaction").

Pursuant to the Campbell Transaction, the Company is providing operating consulting services for Campbell's development and mining activities including completing development of Campbell's Corner Bay copper deposit ("Corner Bay"). The Company also committed to subscribe for units (comprising common shares and warrants) of Campbell for gross proceeds to Campbell of \$2,500,000. This investment was completed in December 31, 2006 and resulted in the Company holding an approximate 10% equity interest in Campbell and owning 67,807,429 warrants to increase this interest by a further 20% through the exercise of the warrants at a price of \$0.10 per share.

Finally, pursuant to the Campbell Transaction, upon execution of a \$4,000,000 project loan (the "Corner Bay loan") the Company was entitled to a 50% interest in the Corner Bay copper deposit. In March 2007, the Company advanced \$2,000,000 to Campbell. In May 2007, these advances were converted into a \$2,000,000 convertible debenture. The convertible debenture bears interest at 11.5% per annum, is convertible into units of Campbell ("units") at a price of \$ 0.13 per unit. Each unit consists of one common share and one half a common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of Campbell at a price \$ 0.16 per common share for a period of 24 months of the closing date in May, 2007. A third party is also subscribing for \$2,000,000 in Campbell's convertible debentures on terms identical to the above. The convertible debentures mature in May, 2009 and are secured by, among other things, a first charge on the assets of the Corner Bay project, certain equity investments and the shares of certain subsidiaries of Campbell.

As a consequence of completion of the financing described above, the Company acquired an entitlement to 50% of the operating cash flow generated by the Corner Bay project subject to Campbell's recoupment of capital expenditures as follows:

- a) Initially all operating cash flow (as defined) will be payable to Campbell until it recoups all development costs it will incur prior to commencement of production;
- b) Following recoupment of the development costs referred to above, 50% of operating cash flow will be retained by Campbell until it recoups past development costs to a maximum of approximately \$4,000,000 with the remaining 50% of cash flow distributed equally to the Company and Campbell; and,
- c) Thereafter operating cash flow will be distributed to the Company and Campbell pro rata to their respective 50% interests.

At March 31, 2007, the Company held 36,450,000 common shares of Campbell including shares acquired pursuant to its equity investment and shares received in consideration for consulting and other services. At March 31, 2007, the fair value of these marketable securities (\$4,787,000) exceeded amounts recorded on initial recognition of \$3,040,000 by \$1,747,000. This amount has been included in Accumulated Other Comprehensive Income (see Note 8).

6. Exploration and Development Projects

Cumulative costs relative to the acquisition of mineral properties and deferred exploration and development expenditures have been incurred on the following projects:

	Balance December 31, 2006	Current Expenditures	Transferred to Victory Nickel Inc. (Note 3)	Writedowns, Losses and Recoveries	Balance March 31, 2007
<u>Nickel</u>					
Lac Rocher	\$ 2,116	\$ 2	\$ 2,118	\$ -	\$ -
Mel	172	534	706	-	-
Minago	2,341	635	2,976	-	-
	<u>4,629</u>	<u>1,171</u>	<u>5,800</u>	<u>-</u>	<u>-</u>
<u>Uranium</u>					
Diabase Peninsula	2,294	91	-	-	2,385
Prairie Lake	4	7	-	-	11
	<u>2,298</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>2,396</u>
<u>Gold, Copper and Zinc</u>					
Cameron Lake	671	36	-	-	707
Berta and Elmalaan	874	1,094	-	-	1,968
Other	11	10	-	9	12
	<u>1,556</u>	<u>1,140</u>	<u>-</u>	<u>9</u>	<u>2,687</u>
	<u>\$ 8,483</u>	<u>\$ 2,409</u>	<u>\$ 5,800</u>	<u>\$ 9</u>	<u>\$ 5,083</u>
	Balance December 31, 2005	Current Expenditures	Writedowns, Losses and Recoveries		Balance March 31, 2006
<u>Nickel</u>					
Lac Rocher	\$ 1,693	\$ -	\$ -		\$ 1,693
Mel	-	53	-		53
Minago	1,158	259	-		1,417
	<u>2,851</u>	<u>312</u>	<u>-</u>		<u>3,163</u>
<u>Uranium</u>					
Diabase Peninsula	769	772	-		1,541
Prairie Lake	-	-	-		-
	<u>769</u>	<u>772</u>	<u>-</u>		<u>1,541</u>
<u>Gold, Copper and Zinc</u>					
Cameron Lake	531	24	-		555
Berta and Elmalaan	534	35	-		569
Other	241	38	99		180
	<u>1,306</u>	<u>97</u>	<u>99</u>		<u>1,304</u>
	<u>\$ 4,926</u>	<u>\$ 1,181</u>	<u>\$ 99</u>		<u>\$ 6,008</u>

7. Share Capital

During the three months ended March 31, 2007, the following changes in share capital occurred:

	<u>Number of Shares</u>	<u>Amount</u>
Balance – December 31, 2006	152,228,887	\$ 83,887
Options exercised (a)	425,000	211
Warrants exercised (b)	774,019	197
Shares issued under the Share Bonus Plan (c)	106,800	49
Exercise of conversion rights on convertible debentures	833,333	200
Flow-through share renunciation	-	(337)
Balance – March 31, 2007	<u>154,368,039</u>	<u>\$ 84,207</u>

(a) During the period, the Company issue 425,000 common shares for proceeds of \$158,000 upon the exercise of 425,000 options. This resulted in an increase in share capital of \$158,000 plus the carrying value of the options exercised of \$53,150.

(b) During the period, 774,019 common shares were issued upon the exercise of warrants for proceeds of \$155,408. This resulted in an increase in share capital in the amount of the proceeds plus the carrying value of the warrants in the amount of \$42,287

(c) During the period, 106,800 common shares with an ascribed value of \$48,594 were issued to employees as discretionary bonuses pursuant to the Company's Share Bonus Plan.

(d) In January 2007, the two directors who held the Company's convertible debentures exercised their conversion rights, resulting in the issuance of 833,333 common shares upon the conversion of \$200,000 in convertible debentures.

(e) In February 2007, the Company renounced \$988,000 (February 2006 - \$3,154,977) in Canadian Exploration Expenditures to investors of flow-through shares in 2006. The tax value of these renunciations amounts to \$337,000 (2006 – \$1,076,000) and has been recorded as a future income tax liability and charged against share capital. Since the Company has a valuation allowance which reduces the future income tax assets, the valuation allowance was reduced and income tax recoveries were recognized in the consolidated statement of operations in the amount of \$337,000 (2006 - \$1,076,000).

During the period, 30,765 warrants expired unexercised resulting in a transfer of \$1,323 from warrants to contributed surplus.

8. Other Comprehensive Income

Other comprehensive income (OCI) is comprised of unrealized gains on marketable securities (shares of Campbell Resources Inc). that are classified as available for sale. Changes in the components of OCI are summarized as follows:

	<u>Three Month Ended March 31,</u>	
	2007	2006
Accumulated OCI at beginning of period	\$ -	\$ -
Adjustments to accumulated OCI at beginning of period due to the change in method of accounting for financial assets available for sale	811	-
OCI for the period representing the change the fair value of financial assets available for sale	936	-
	<u>\$ 1,747</u>	<u>\$ -</u>

9. Changes in Non-Cash Working Capital

Changes in non-cash working capital balances impacting cash from operations are as follows:

	<u>Three Month Ended March 31,</u>	
	2007	2006
Accounts receivable, prepaid expenses and deposits	\$ 8	\$ (62)
Accounts payable and accrued liabilities	626	(33)
Due to Victory Nickel Inc.	236	-
	<u>\$ 870</u>	<u>\$ (95)</u>

10. Related Party Transactions

Related party transactions not otherwise disclosed in these financial statements include the following:

- a) The Company provides management, administrative assistance and facilities to Victory Nickel pursuant to a management agreement. The fees payable by Victory Nickel are equal to the cost to the Company of providing such services plus 10 per cent. The management agreement has an initial term of twenty four months and is terminable thereafter by the Company upon ninety days notice and by Victory Nickel upon one hundred and eighty days notice. Fees charged to Victory Nickel in the current period total \$101,615 and have been deducted from general and administrative expenses.
- b) In January 2007, two directors who held convertible notes of the Company exercised their conversion rights resulting in the issuance of 833,333 common shares on the conversion of \$200,000 of outstanding convertible debentures. In addition, during the current period, the two directors were repaid accrued interest owing to them (including interest applicable to the current period of \$4,531), aggregating \$136,753.
- c) Amounts due to Victory Nickel are unsecured, non-interest bearing, and due on demand.

11. Subsequent Events

- a) In April 2007, the Company issued 10,344,828 flow-through common shares at \$0.58 per share for gross proceeds before costs of issue of \$6,000,000.
- b) In April 2007, the Company issued 2,887,198 common shares upon the exercise of warrants for proceeds of \$553,000.