NUINSCO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

DATED MARCH 12, 2010

MANAGEMENT’S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with management and the external auditors to review the auditors' report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

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

René R. Galipeau
Vice Chairman and CEO
March 12, 2010

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 12, 2010

AUDITORS’ REPORT

TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED

We have audited the consolidated balance sheets of Nuinsco Resources Limited as at December 31, 2009 and 2008 and the consolidated statements of operations, comprehensive income (loss), cash flows and shareholders’ equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) “BDO Canada LLP”
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 12, 2010

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

As at December 31, (in thousands of Canadian dollars)		**2009**		**2008**
ASSETS				
Current				
Cash and cash equivalents	**$**	**1,490**	$	793
Marketable securities (Note 5)		**2,099**		548
Due from Victory Nickel Inc. (Note 16)		**33**		18
Accounts receivable		**259**		31
Prepaid expenses and deposits		**58**		86
Total Current Assets		**3,939**		1,476
Investment in Equity-Accounted Investees (Note 6)		**-**		1,732
Interest in Campbell Resources Inc. (Note 7)		**2,297**		2,500
Exploration and Development Projects (Note 8)		**9,657**		11,687
Exploration Property Held for Sale (Notes 1, 8 and 9)		**1,700**		-
Future Income Tax Asset (Notes 1 and 13)		**1,297**		-
Property and Equipment (Note 9)		**59**		124
	$	**18,949**	$	17,519
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 16)	**$**	**1,243**	$	1,403
Loan payable (Note 10)		**-**		6,123
Total Current Liabilities		**1,243**		7,526
Asset retirement obligation (Notes 1 and 11)		**111**		99
Loan payable (Note 10)		**2,901**		-
Total Liabilities		**4,255**		7,625
Shareholders' Equity (Note 12)				
Share capital		**93,396**		91,757
Contributed surplus		**3,707**		2,999
Deficit		**(81,792)**		(83,468)
Accumulated other comprehensive loss (Note 14)		**(617)**		(1,394)
		14,694		9,894
	$	**18,949**	$	17,519

NATURE OF OPERATIONS (Note 1)

Approved by the Board of Directors

(signed)	(signed)
Robert G. Wardell	**Howard Stockford**
Director	Director

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

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)		**2009**		**2008**
Revenue				
Consulting fees (Note 7)	**$**	**-**	$	225
Interest income (Note 7)		**1**		548
Gain on sale of marketable securities		**250**		-
Other (Notes 7 and 8)		**-**		998
		251		1,771
Costs and Expenses				
General and administrative (Note 16)		**927**		1,488
Foreign exchange (gain) loss		**(897)**		881
Stock option compensation (Note 12)		**252**		108
Amortization of property and equipment		**13**		17
Accretion of asset retirement obligation (Note 11)		**12**		-
Interest expense (Note 10)		**964**		576
Writedown of (recoveries from) exploration and development projects (Note 8)		**879**		(12)
		2,150		3,058
Loss before the Undernoted		**(1,899)**		(1,287)
Share of Loss of Equity-Accounted Investees (Note 6)		**(36)**		(4,203)
Gain on Sale of Victory Nickel Inc. (Note 6)		**1,360**		-
Writedown of Investments (Notes 5 and 6)		**(16)**		(436)
Dilution (Loss) Gain (Note 6)		**(322)**		102
Unrealized Loss on Equity-Accounted Investment in Victory Nickel Inc. (Note 6)		**-**		(3,785)
Gain on Derivatives Held for Trading (Note 5)		**686**		-
Writedown of Interest in Campbell Resources Inc. (Note 7)		**-**		(7,923)
Loss before Income Taxes		**(227)**		(17,532)
Income Tax Recoveries (Notes 1 and 13)		**(1,903)**		(1,740)
Net Income (Loss) for the Year	**$**	**1,676**	$	(15,792)
Income (Loss) per Share - Basic and Diluted	**$**	**0.01**	$	(0.09)
Weighted Average Common Shares Outstanding		**203,404,000**		173,232,000

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years ended December 31, (in thousands of Canadian dollars)		**2009**		**2008**
Net income (loss) for the year	**$**	**1,676**	$	(15,792)
Other comprehensive income (loss) (Note 14)		**777**		(2,294)
Comprehensive Income (Loss) for the Year	**$**	**2,453**	$	(18,086)

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

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, (in thousands of Canadian dollars)		**2009**		**2008**
Cash from (used by)				
Operating Activities				
Net income (loss) for the year	**$**	**1,676**	$	(15,792)
Items not affecting cash:				
Gain on sale of marketable securities		**(250)**		-
Stock option compensation		**252**		108
Other stock-based compensation		**-**		52
Expenses settled through issuance of shares or warrants		**-**		47
Amortization of loan fees, property and equipment		**322**		274
Accretion of asset retirement obligation (Note 11)		**12**		-
Writedown of (recoveries from) exploration and development projects (Note 8)		**879**		(12)
Share of loss of equity-accounted investees (Note 6)		**36**		4,203
Interest capitalized to loan		**394**		-
Dilution loss (gain) (Note 6)		**322**		(102)
Unrealized loss on equity-accounted investment in Victory Nickel Inc. (Note 6)		**-**		3,785
Gain on sale of Victory Nickel Inc. (Note 6)		**(1,360)**		-
Gain on derivatives held for trading		**(686)**		-
Writedown of investments (Notes 5 and 6)		**16**		436
Writedown of amounts due from Campbell Resources Inc. (Note 7)		**-**		7,923
Gain on sale of royalty (Note 8)		-		(630)
Unrealized foreign exchange (gain) loss on cash, accounts payable and loan		**(684)**		843
Income tax recoveries (Note 13)		**(1,903)**		(1,740)
Change in non-cash working capital (Note 15)		**21**		440
Cash used by operating activities		**(953)**		(165)
Financing Activities				
Issue of common shares and warrants		**2,424**		1,943
Net proceeds of loan		**2,836**		4,917
Repayments of loan		**(5,915)**		-
Cash (used by) from financing activities		**(655)**		6,860
Investing Activities				
Investment in Campbell Resources Inc.		**-**		(600)
Advances to Campbell Resources Inc.		**-**		(3,193)
Other amounts due from Campbell Resources Inc.		**-**		(886)
Purchase of marketable securities		**(400)**		(1,796)
Expenditures on exploration and development projects		**(673)**		(7,322)
Proceeds on sale of Victory Nickel Inc. (Note 6)		**2,734**		-
Proceeds on sale of marketable securities		**546**		-
Proceeds on sale of exploration properties (Note 8)		**100**		198
Proceeds on sale of royalty (Note 8)		**-**		500
Additions to equipment		**(2)**		(8)
Cash from (used by) investing activities		**2,305**		(13,107)
Foreign Exchange on Cash Held in Foreign Currency		**-**		106
Net Increase (Decrease) in Cash During the Year		**697**		(6,306)
Cash and Cash Equivalents, Beginning of the Year		**793**		7,099
Cash and Cash Equivalents, End of the Year	**$**	**1,490**	$	793
Supplemental Cash Flow Information				
Income taxes paid	**$**	**-**	$	-
Interest paid	**$**	**562**	$	227

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

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars)	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at December 31, 2007	**172,320,350**	**$ 91,442**	**$ 2,860**	**$ (67,676)**	**$ 900**	**$ 27,526**
Private placement	7,981,333	1,943	-	-	-	1,943
Shares issued for property	200,000	44	-	-	-	44
Shares issued for services	204,347	16	-	-	-	16
Shares issued under Share Bonus Plan	167,544	52	-	-	-	52
Warrants issued	-	-	31	-	-	31
Options granted and vesting	-	-	108	-	-	108
Flow-through share renunciation	-	(1,740)	-	-	-	(1,740)
Net loss for the year	-	-	-	(15,792)	-	(15,792)
Other comprehensive loss	-	-	-	-	(2,294)	(2,294)
Balance as at December 31, 2008	**180,873,574**	**91,757**	**2,999**	**(83,468)**	**(1,394)**	**9,894**
Private placements	24,701,943	1,560	288	-	-	1,848
Shares issued in connection with bridge loan	10,000,000	297	-	-	-	297
Shares issued for property	100,000	5	-	-	-	5
Shares and warrants issued under rights offering	15,259,992	383	168	-	-	551
Options granted and vesting	-	-	252	-	-	252
Flow-through share renunciation	-	(606)	-	-	-	(606)
Net income for the year	-	-	-	1,676	-	1,676
Other comprehensive income	-	-	-	-	777	777
Balance as at December 31, 2009	**230,935,509**	**$ 93,396**	**$ 3,707**	**$ (81,792)**	**$ (617)**	**$ 14,694**

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

1. NATURE OF OPERATIONS

Nuinsco Resources Limited ("Nuinsco" or "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 and potentially in 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.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles (Canadian "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 December 31, 2009, the Company had working capital of $2,696,000 (December 31, 2008 – a working capital deficiency of $6,050,000). This working capital improvement was as a result of the repayment of the loan outstanding through the sale of the Company's interest in Victory Nickel Inc. ("Victory Nickel") then shown as an investment in equity-accounted investee and the replacement of short-term debt with a long-term loan, as described below.

Transactions with Jien International Investment, Ltd.
On July 31, 2009, the Company entered into an agreement with Jien International Investment, Ltd. ("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 (the "Arrangement") are as follows:

- The Company sold the 38,500,786 shares of Victory Nickel that it then owned, along with certain associated rights pursuant to the rights offering announced by Victory Nickel on June 24, 2009, to JIIL for cash of US$2,700,000;
- JIIL advanced US$2,800,000 by way of an interest-bearing promissory note to Nuinsco. The note bears interest at 8% per annum calculated and compounded monthly and is payable upon maturity or acceleration of the term. The term of the loan is two years and the Company is permitted to make prepayments at any time. The loan is secured upon the Company's shareholdings in Gold Hawk Resources Inc. ("Gold Hawk") and Cameron Lake JEX Corporation and the Cameron Lake property.

The Arrangement enabled Nuinsco to settle its short-term loan, provided Victory Nickel with a strategic investor and has replaced short-term debt with a note with a two-year term, reduced rate of interest and no immediate cash debt-servicing requirements.

Sale of Cameron Lake 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, to sell its Cameron Lake property and mill. The transaction is expected to be completed in April 2010 and involves consideration as follows:

- Cash of $100,000 received in December 2009;
- Cash of $5.9 million on execution of a Definitive Sale and Purchase Agreement (the "Definitive Agreement");
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company, also upon execution of the Definitive Agreement (Coventry shares had a closing price of A$0.24 ($0.225) on December 31, 2009); and
- A 3% net smelter return ("NSR") royalty under which Coventry will have the right to buy back 2.0% of the royalty (net) at any time within five years of execution of the Definitive Agreement

by making, at Coventry's option, either a cash payment of $2 million or issuing additional Coventry shares with the same market value.

Accordingly, the Cameron Lake property, formerly included in Exploration and Development Projects at $1,646,000, along with the mill, formerly held within Property and Equipment with a carrying value of $54,000, have been reclassified as Exploration Property Held for Sale.

Given that the transaction is expected to be completed in April, 2010, the Company determined that it was more likely than not to utilize certain of the Company's available tax pools and non-capital losses. Accordingly, a future income tax asset was recognized in the amount of $1,297,000 (see Note 13).

Furthermore, the Asset Retirement Obligation ("ARO") of $111,000 relates solely to Cameron Lake and will be assumed by the purchaser upon consummation of the transaction. Upon execution of the Coventry transaction, the Company will repay its interest-bearing promissory note to JIIL along with accrued interest thereon. Refer to Note 10 to these financial statements.

Going Concern
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 exploration or development 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 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 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 amounts due from Campbell Resources Inc. ("Campbell") (even though the Company has written these down). Refer to Note 19 to these financial statements.

Should the Company not be able to discover economically recoverable reserves, 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 Canadian GAAP.

2. BASIS OF PRESENTATION, USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

Basis of Presentation
These consolidated financial statements have been prepared by management in accordance with Canadian GAAP and include the accounts of the Company and those of its inactive subsidiaries. The Company accounts for its interest in joint ventures using proportionate consolidation.

Use of Estimates
The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes those estimates are reasonable. The accounting elements which require management to make significant estimates and assumptions include determining impairment in and values of investments, exploration and development projects and future income tax assets and the valuation of stock option compensation and investments. Accounting for these elements is subject to estimates and assumptions regarding, among other things, metal recoveries, future

metals prices, future operating costs, future mining activities and future market volatility. Management bases its estimates on historic experience and other assumptions it believes to be reasonable under the circumstances. However, actual results could differ from those estimates.

Measurement Uncertainty

The carrying values of the Company's exploration and development projects at December 31, 2009 totalled $9,657,000 (2008 - $11,687,000). Management's review of these carrying values indicated that at December 31, 2009, the properties were not impaired, except for the Marijane and Huston Lakes property which was written down to $nil. As an exploration company, the results of previous work, including drilling and analysis, provides information which either supports or discredits the potential for discovery. If geological information obtained is positive, the projects' values are not considered impaired. Management's conclusion about impairment is also dependent on assumptions about several factors including future operating costs, metal production levels, future metal prices and capital equipment needs and costs. It is also dependent upon the Company's ability to raise financing to successfully complete its projects as discussed in Note 1. Over the last year or so, there has been unprecedented volatility in several of the factors involved in such an analysis including metals prices, costs of fuel, power and other operating supplies and the costs of capital equipment which has resulted in an increased amount of measurement uncertainty. While such volatility appears to have somewhat reduced, future changes in these parameters could give rise to material changes in asset carrying values.

The Company also has investments in marketable securities classified as "level two", as described in Note 3, which involves making estimates on the fair value of its warrants in Victory Nickel which are derivative instruments. The Company utilizes the Black-Scholes option-pricing model to value such securities which involves making estimates on inputs to the model such as stock volatilities.

The Company also made loans to Campbell or has royalty interests in Corner Bay, which are collectively shown as Interest in Campbell Resources Inc. ("Interest in Campbell"), and makes conclusions as to the impairment and future recoverability of such balances. These interests were recorded at an aggregate amount of $10,423,000 before recording an aggregate provision for writedown of $7,923,000 in the year ended December 31, 2008. The provision for writedown is dependent upon assumptions about several factors or conditions affecting Campbell and the value of its exploration and development projects and may be based on limited information despite the Company's significant involvement in Campbell's CCAA proceedings as a secured creditor (see Note 7). Interest in Campbell is classified as a "level three" investment which is subject to the highest degree of measurement uncertainty. Accordingly, future changes in any parameters used in the valuation could give rise to material changes in asset carrying values.

Management will continue to monitor the critical factors impacting its impairment analyses and will re-evaluate the carrying value of its long-lived assets as necessary.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, derivative contracts, loans to Campbell, accounts payable and accrued liabilities, amounts due to or from Victory Nickel and loan payable. Each financial asset and financial liability instrument, other than an asset or liability in a related party transaction, is initially measured at fair value, adjusted for any associated transaction costs. In subsequent periods, the estimated fair values of financial instruments are determined based on the Company's assessment of available market information and appropriate valuation methodologies including reviews of current interest rates, related market values and current pricing of financial instruments with comparable terms; however, these estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction.

Financial assets and financial liabilities are classified into one of five categories: held to maturity, available for sale, loans and receivables, other financial liabilities and held for trading.

All financial instruments classified as available for sale or held for trading are measured at fair value. Changes in the fair value of financial instruments designated as held for trading and recognized derivative financial instruments are charged or credited to the consolidated statement of operations for the relevant period, while changes in the fair value of financial instruments designated as available for sale, excluding impairments that are other than temporary, are charged or credited to other comprehensive income until the instrument is sold. All other financial assets and liabilities are accounted for at cost or at amortized cost depending upon the nature of the instrument. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. Transaction costs associated therewith are originally netted against the loan balance and are amortized to operations using the effective interest rate method.

The Company has classified its cash and cash equivalents and derivative contracts as held for trading and its marketable securities as available for sale for accounting purposes. These instruments are measured on the consolidated balance sheet at fair value. Accounts receivable, amounts due from Victory Nickel and loans to Campbell have been designated as loans and receivables and carried at amortized cost adjusted for any impairment provision. Accounts payable and accrued liabilities along with any amounts due to Victory Nickel and loan payable are carried at amortized cost and are classified as other financial liabilities.

Cash and Cash Equivalents
Cash and cash equivalents consist of balances with banks and investments in money market instruments. The investments are recorded at market value and are redeemable on demand. As at December 31, 2009 and 2008, the entire balance consisted of cash held with banks.

Investments
Investments, other than equity-accounted investments and derivatives, are classified as available for sale and recorded at fair value. Valuations of the investments have been determined based on a hierarchy of valuation principles, which have been applied based on publicly available information. The valuation approach applied is as follows:

- Fair values of instruments traded in active markets are based on quoted bid prices at the reporting date. Such investments are determined to be categorized as “Level One”.
- Where instruments are not traded in an active market, fair value is determined using valuation techniques taking into account market information for financial instruments with similar characteristics as the underlying instrument being valued. Such investments are subject to higher degrees of measurement uncertainty than Level One and are determined to be categorized as “Level Two”.
- Where there is no comparable market information to determine the fair value of the instrument, fair value is calculated using other techniques, such as estimated discounted cash flows using contractual terms of the instrument, discount rates considered appropriate for the credit risk of the instrument and the current volatility in the marketplace. Such investments have an even greater degree of uncertainty and are determined to be categorized as “Level Three”.

When information or events indicate other than a temporary decline in value, the impairment loss is recognized through operations in the period in which such events occur. Impairment losses recognized in net income for a financial instrument classified as available for sale are not reversed.

The Company accounts for its investment in entities which are not controlled, but over which it has the ability to exercise significant influence, using the equity method of accounting. Such entities included its approximate 15% ownership interest in Victory Nickel to July 31, 2009 and, effective December 1, 2007, its approximate 10% ownership interest in Campbell. During the fourth quarter of 2008, the Company determined that it no longer had significant influence over Campbell and accordingly, ceased to account for that investment on the equity basis as explained more fully in Note 6. Effective July 31, 2009, the Company sold its significant interest in Victory Nickel as described in Note 1. Accordingly, as at December 31, 2009, the Company no longer has any equity-accounted investments.

Impaired Loans
When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizeable amount which is measured by either discounting the expected future cash flows at the effective interest rate inherent in the loans or by measuring the fair value of the security underlying the loans, net of expected

costs including amounts legally required to be paid to other borrowers. The amount initially recognized as an impaired loan, together with any subsequent change, is charged to the provision for writedown of amounts due.

Exploration and Development Projects
Exploration and development projects include the direct costs related to the various mineral properties, including cost of acquisition of the properties and deferred exploration and development costs, net of any recoveries. These costs are capitalized and accumulated on a property-by-property basis and will be amortized as operating expenses against future revenue upon commencement of commercial production using a unit-of-production method based upon estimated proven and probable mineral reserves.

The carrying values of exploration and development projects represent unamortized net costs incurred to date and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, upon the Company's ability to obtain the necessary financing to complete the development and upon future profitable production and/or sale.

Government Assistance
Government assistance is recorded in the financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Any government assistance relating to the exploration and development properties is recorded as a reduction of those related expenditures.

Property and Equipment
Property and equipment are recorded at cost less accumulated amortization. Amortization is provided over the related assets' estimated useful life using the declining-balance method at an annual rate of 20% for equipment.

Impairment of Long-Lived Assets
On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration and development activities that are warranted in the future or if there is any impairment in the carrying value. In the event that facts and circumstances indicate that the Company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. Fair value is normally determined using the discounted value of future net cash flows. Where estimates of future net cash flows are not available, such as in the case for exploration assets, management's assessment of the property's estimated fair value is based on exploration results to date, a review of comparable transactions and a consideration of historic costs. Impairment losses on exploration and development projects are recorded as writedown of exploration and development projects in the consolidated statement of operations.

Asset Retirement Obligations
The fair value of liabilities for any ARO will be recognized in the period in which they are incurred and the fair value can be reasonably estimated. The Company recognized an ARO in 2008 relating to its Cameron Lake project. Accordingly, an equal and offsetting amount was included in exploration and development projects for Cameron Lake and as an ARO in liabilities at the discounted value of the liability. In subsequent periods, the Company will record a charge to operations to accrete the discounted ARO amount to the final expected liability. As the development of any additional project progresses, the Company will assess whether an additional ARO has arisen.

Stock-based Compensation Plans
Stock Option Plan
The Company has a stock option plan which is described in Note 12. Awards to non-employees are measured at the earliest of the date at which performance is complete, the date at which a commitment for performance by the counterparty to earn the option is reached or the date at which the equity instruments are granted. Awards made to employees are measured at the grant date. All stock-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 twelve-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 12. 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 the quoted market price on the date of the award. This amount is expensed over the vesting period.

Flow-through Shares
The Company has financed a portion of its exploration and development 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. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the consolidated statement of operations.

Revenue Recognition
Consulting fees are recognized when services are rendered which, in the case of the Operating Consulting Agreement described in Note 7, includes amounts amortized over the non-cancellable term of the agreement. Gains on sales of marketable securities are recognized on the settlement date. Other income, including interest income, is recognized on an accrual basis using the effective interest rate method.

Foreign Currency Translation
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historic rates. Expenses are translated at the average exchange rate during the year (there are no revenues denominated in foreign currencies). Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income for the current period.

Income Taxes
The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Furthermore, temporary differences include the benefit of tax losses available to be carried forward to future years. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates enacted is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Income (Loss) Per Share
The Company uses the treasury stock method in determining the diluted income (loss) per share. The diluted income (loss) per share data assumes the exercise of all outstanding warrants and options except when the assumed exercise is anti-dilutive. Basic income (loss) per share amounts are calculated using the weighted average number of common shares outstanding during the period. The application of the treasury stock method resulted in the weighted average number of shares being increased by 226,000 shares in 2009 for purposes of computing the diluted income per share. However, the diluted income per share amounts equalled the basic income per share amount in 2009. In 2008, the exercise of warrants and options was anti-dilutive. The total options and warrants outstanding as at December 31, 2009 which could dilute future earnings should

they be fully exercised is 33,578,016 (2008 – 14,168,000).

New Accounting Policies
The volume of accounting pronouncements being introduced by The Canadian Institute of Chartered Accountants ("CICA") applicable to the Company has reduced significantly pending the transition to International Financial Reporting Standards ("IFRS") discussed in more detail below.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA approved EIC 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The implementation of this guidance has not had any material impact on the Company's financial statements.

Amendment to Financial Instruments – Disclosures
During 2009, the CICA amended Handbook Section 3862, Financial Instruments – Disclosures to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy of three levels. The levels of the fair value hierarchy are:

Level One – Unadjusted quoted market prices in active markets for identical assets or liabilities;
Level Two – Inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly; and
Level Three – Inputs that are not based on observable market data.

The Company has included such disclosures in Notes 2, 3 and 5.

Future Accounting Changes
International Financial Reporting Standards
The CICA plans to transition Canadian GAAP for public companies to IFRS. The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements is currently being assessed.

Business Combinations
In October 2008, the CICA issued Handbook Section 1582, Business Combinations, which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Non-controlling Interests
Also in October 2008, the CICA issued Handbook Section 1602, Non-controlling Interests, to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January 2011.

Consolidated Financial Statements
In October 2008, the CICA issued Handbook Section 1601, Consolidated Financial Statements, to establish new standards for consolidation of financial statements. This is effective for fiscal years beginning on or after January 2011.

Should the Company engage in a future business combination, it would consider early adoption of Sections 1582, 1601 and 1602, as appropriate, to coincide with the adoption of IFRS.

2008 Figures
Certain of the 2008 figures have been reclassified to conform to the 2009 financial statement presentation.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL DISCLOSURES

Financial Risk Management

The Company's financial instruments include cash and cash equivalents, marketable securities including derivative contracts, accounts receivable, amounts due from or to Victory Nickel, convertible debenture and loan amounts due from Campbell, accounts payable and accrued liabilities and loan payable. The fair value of these financial instruments approximates their carrying value.

The Company's risk exposures with respect to its financial instruments and the impact on the Company's financial statements are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper. The Company's accounts receivable consist primarily of amounts due from federal and provincial governments. Amounts due from or to Victory Nickel 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. 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 7, the Company determined that a writedown of the loans was required in 2008.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company tries 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. 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.

As referred to in Note 1, the Company has entered into a number of transactions which have or will enhance liquidity. The Company's only significant long-term liability is the debt and accrued interest due by July 31, 2011 which it expects to repay in April 2010 assuming completion of the Cameron Lake sale. All other contractually obligated cash flows are payable within the next fiscal year with the exception of the Company's premises disclosed in Note 17 and the ARO described in Note 11 – which will be assumed by the purchaser upon the sale of the Cameron Lake property.

Market risk

The Company is exposed to interest rate risk, commodity price risk and currency risk with respect to its financial instruments.

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 at December 31, 2009 and 2008. 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 bears fixed rate interest. None of the Company's other financial instruments are interest-bearing. The Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Commodity price risk
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 prices. 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 are also related to the price of and outlook for base and precious metals.

Price risk
The Company's marketable securities and strategic investments are subject to 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.

Currency risk
Currency risk is the potential adverse impact on earnings and economic value due to movements and volatilities in foreign exchange rates. The Company recognized $897,000 in net foreign exchange gains in 2009 (losses of $881,000 in 2008).

The Company incurs expenditures related to the Berta and Elmalaan projects in Turkey, and certain general and administrative expenses, in United States ("US") dollars and occasionally in the European Euro and Turkish Lira. The Company also has a loan denominated in US dollars. As at December 31, 2009, US dollar-denominated balances include: cash of approximately US$15,000, accounts payable and accruals of US$632,000 and loan including accrued interest of US$2,897,000. As at December 31, 2008, US dollar-denominated balances include: cash of approximately US$535,000, accounts payable and accruals of approximately US$544,000 and a loan of US$5,000,000.

For every $0.01 change in the US dollar exchange rate there would be an aggregate effect of approximately $37,000 on the Company's results of operations based on the balances as at December 31, 2009 (December 31, 2008 - $61,000). The Company's balances denominated in Euros and Turkish Lira are not significant.

Capital 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.

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. Effective December 31, 2009, there are no externally-imposed capital restrictions (in December 31, 2008 - the only capital restriction related to the loan prepayment obligation described in Note 10. That loan was fully paid in 2009).

5. MARKETABLE SECURITIES

As at December 31,			2009		2008
Level One securities:					
Gold Hawk Resources Inc.	shares	$	945	$	299
Victory Nickel Inc.	shares		800		-
Rainy River Resources Ltd.	shares		-		248
Other	shares		1		1
			1,746		548
Level Two securities:					
Victory Nickel Inc.	warrants		353		-
		$	2,099	$	548

With the exception of the Victory Nickel warrants, all of the Company's marketable securities are publicly-listed. Accordingly, all of the shares owned by the Company are considered to be valued using Level One methodologies. The warrants in Victory Nickel are not publicly-traded. However, they are susceptible to valuation using the Black-Scholes option-pricing model, the inputs for which are readily determinable. The Victory Nickel warrants were valued, using the Black-Scholes option-pricing model, at $0.106 using the following assumptions:

Warrant Assumptions	
Dividend yield	**-**
Expected volatility	**142%**
Risk free interest rate	**1.43%**
Expected remaining term - years	**1.6 years**

The Victory Nickel shares and warrants were acquired through the exercise of rights which had been retained by the Company. The warrants are exercisable at a price of $0.12 commencing August 18, 2010 for a period of one year. At the date of exercise of the rights, the market price of the Victory Nickel shares was $0.11 compared with a unit rights price of $0.06. Since Canadian GAAP requires such shares to be recorded at fair value and since the warrants were determined at that time to have a value of $nil, the difference between the amount paid and the market value of $333,124 was recorded through operations as gain on derivatives held for trading along with the unrealized change in the market value of the warrants of $353,111.

The Company continues to believe in the value of Gold Hawk, as evidenced by its offer to enter into a business combination with the company in January 2010 at a then-premium of approximately 98%, and therefore considers the loss to be temporary and has continued to record the changes in market value on Gold Hawk shares through OCI. The Company believes that the decline in the market value of Gold Hawk is due to general market conditions and general market sentiment toward companies with significant unutilized cash resources which are not specific to Gold Hawk. The amount of unrealized loss recorded in accumulated other comprehensive income for Gold Hawk is approximately $850,000 as at December 31, 2009 (2008 - $1,496,000) and reflects a share price of $0.79 (2008 - $0.25, after adjustment for share consolidation). The junior resource sector continues to be adversely affected by the tightening in the credit and equity markets and the general decline in commodity prices. Given the volatility in the sector over a short period of time, the Company continues to believe that this loss is temporary. Since the end of December, Gold Hawk's share price has ranged from $0.67 to $1.21, indicating its volatility but also its ability to improve.

During 2009, Gold Hawk had experienced challenges in financing which culminated in a deal with Nyrstar Netherlands (Holdings) BV ("Nyrstar"). Gold Hawk sold an 85% interest in its Coricancha mine in Peru to Nyrstar and now has significant cash, no debt and an interest of 15% in the company which owns the mine.

Accordingly, the Company has continued to record the change in market value through other comprehensive loss rather than recording a permanent impairment through the statement of operations. In the first quarter of 2009, the Company determined that an other-than-temporary impairment had occurred in its other shares and recorded a writedown of $15,657 through operations.

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

		Victory Nickel Inc.		Campbell Resources Inc.		Total
Balance as at December 31, 2007	**$**	**6,148**	**$**	**4,216**	**$**	**10,364**
Additional investment, February 2008		-		600		600
Dilution (loss) gain		(153)		255		102
Share of losses of investees		(478)		(3,725)		(4,203)
Recognition of unrealized loss in operations (see below)		(3,785)		(436)		(4,221)
Reversal of unrealized gain previously included in other comprehensive income		-		(910)		(910)
Balance as at December 31, 2008		**1,732**		**-**		**1,732**
Dilution loss		(322)		-		(322)
Share of loss of investee		(36)		-		(36)
Sale of Victory Nickel Inc.		(1,374)		-		(1,374)
Balance as at December 31, 2009	**$**	**-**	**$**	**-**	**$**	**-**

Victory Nickel Inc.

The Company acquired its ownership interest in Victory Nickel pursuant to the corporate reorganization and formation of Victory Nickel in February 2007. As at July 31, 2009 and December 31, 2008, the Company had an approximate 15% interest in Victory Nickel. As at December 31, 2009, the Company no longer had an equity-accounted interest in Victory Nickel due to the disposition effective July 31, 2009 as described in Note 1 wherein the Company sold its equity interest in Victory Nickel for US$2,700,000 or net proceeds of approximately $2,734,000 and generated a gain through the consolidated statement of operations of approximately $1,360,000 after equity-accounting adjustments.

The Company's share of Victory Nickel's loss was $36,000 to the date of disposition of its ownership interest (for the year ended December 31, 2008 - $478,000).

The dilution losses or gains recorded in each year relate to the Company's share of Victory Nickel's share capital transactions including share issuances and the tax value of flow-through renunciations. The Company's proportionate share of these amounts has been shown as an adjustment in the carrying value of the investment in Victory Nickel and a corresponding dilution loss of $322,000 (for the year ended December 31, 2008 – loss of $153,000) has been included in the consolidated statement of operations.

As was the case with the majority of resource companies, the share price of Victory Nickel which is listed on the TSX decreased precipitously in the second half of 2008 from $0.47 on June 30, 2008 to a bid price of $0.045 per share at December 31, 2008. Accordingly, the decline in value of its investment in Victory Nickel was considered other than temporary and the Company recognized an unrealized loss of $3,785,000 in the consolidated statement of operations to reduce the carrying value of the investment to its quoted market value at December 31, 2008.

Campbell Resources Inc.

Prior to December 1, 2007, the Company accounted for its investment in common shares of Campbell as marketable securities available for sale. At that time, the Company concluded that it had the ability to exercise significant influence over Campbell and, until early November 2008, the Company had two representatives on Campbell's nine-member board and provided ongoing consulting services pursuant to an operating consulting agreement (the "Operating Consulting Agreement").

In the third quarter of 2008, Campbell recorded significant losses as a result of writedowns of certain of its exploration and development properties which impacted its share price and ultimately led to Campbell's reentry into CCAA in early 2009. During the nine months ended September 30, 2008, the Company recorded an aggregate equity loss of $3,725,000 and a net dilution gain of $255,000 representing the Company's proportionate share of flow-through share transactions recorded by Campbell in the second quarter of 2008.

Effective September 30, 2008, given the decline in the market value of Campbell, the Company recorded an unrealized writedown of $436,000 to operations and reversed the $910,000 of unrealized gains previously reflected as other comprehensive income. The net result was to record the equity investment in Campbell at $nil.

In November 2008, the Company terminated the Operating Consulting Agreement and the two Company representatives resigned from the board of Campbell. Accordingly, the Company determined that it no longer had significant influence over Campbell and ceased equity accounting at that time.

In addition to its 10% ownership interest, the Company owned warrants and other convertible securities; the warrants expired unexercised on January 18, 2009.

7. TRANSACTIONS WITH CAMPBELL

The following table summarizes the various transactions and balances with Campbell as at and for the years ended December 31, 2009 and 2008:

	Number of Warrants	Number of Common Shares	Convertible Debenture	Loan	Royalty Interest	Other Receivable	Consulting and Other Fees	Interest Income
Balance as at December 31, 2007	**79,432,429**	**42,250,000**	**$ 2,000**	**$ 1,500**	**$ -**	**$ 344**	**$ 400**	**$ 217**
Additional investment in common shares	-	6,000,000	-	-	-	-	-	-
Expiry of warrants	(15,625,000)	-	-	-	-	-	-	-
Received under Operating Consulting Agreement	-	-	-	-	-	-	225	-
Loan agreement, July and August 2008 and consolidation of balances	-	-	-	6,923	-	(344)	50	-
Interest earned	-	-	-	-	-	-	-	434
Conversion to royalty interest	-	-	-	(2,500)	2,500	-	-	-
Balance as at December 31, 2008 before writedown	**63,807,429**	**48,250,000**	**2,000**	**5,923**	**2,500**	**-**		
Impairment writedown	-	-	(2,000)	(3,923)	(2,000)	-		
Balance as at December 31, 2008	**63,807,429**	**48,250,000**	**-**	**2,000**	**500**	**-**	**$ 275**	**$ 434**
Expiry of warrants, January 18, 2009	(63,807,429)	-	-	-	-	-		
Quebec mining duties receivable	-	-	-	-	(203)	-		
Balance as at December 31, 2009	**-**	**48,250,000**	**$ -**	**$ 2,000**	**$ 297**	**$ -**		

In 2006, the Company entered into several agreements with Campbell which outlined the principles upon which the two entities would enter into various proposed transactions. Loans and advances to Campbell have been recorded at the carrying amount, all other transactions are recorded at the exchange amount.

In particular, under the Operating Consulting Agreement, the Company agreed to provide operating consulting services in consideration for which and completing certain requirements, the Company received a 50% interest in Campbell's Corner Bay copper deposit, as further described below, as well as the right to appoint two individuals as Directors of Campbell.

(1) The convertible debenture (the "Debenture") matured in July 2009, remains unpaid and is 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.

(2) In December 2007, the Company provided Campbell with a revolving credit facility (the "Facility") up to a maximum of $1,500,000. The Facility bore interest at 12% per annum payable quarterly, had an initial term of six months and was secured by a charge on various assets of Campbell including a charge on Campbell's Corner Bay assets, subordinate to the debentures described above.

(3) In 2008, the Company and Campbell entered into updated agreements with respect to the Facility which increased the amount available to Campbell to a maximum of $5,000,000 and then to

$10,000,000. The increased amount is payable on demand, is secured as described for the initial facility and includes all balances owing by Campbell to the Company, except for the Debenture described above. The extension to $10,000,000 was on condition that Campbell agree to increase the amount of security available to the Company over various assets of Campbell including the Corner Bay assets and to extend that security over Campbell's Copper Rand mine and mill which security is subordinate to that held by Investissement Québec. The funds were to be used to advance the preparation of the bulk sample at Corner Bay.

(4) In the third quarter of 2008, the Company advanced funds under the Facility to Campbell to be spent on the Corner Bay project. In December 2008, Campbell advised that $2.5 million had been spent on qualifying expenditures and that the Company had earned a Royalty Interest equal to 10% of the net operating cash flows generated from the sale of product from the Corner Bay Property from the 145-metre level and above. Campbell confirmed that these advances were expended on eligible exploration expenditures in December 2008. Accordingly, the Company reclassified $2.5 million from Loan to Campbell Resources Inc. to Royalty Interest.

(5) Effective December 31, 2008, the Company determined that amounts due from Campbell were impaired and wrote the balances down to $2.5 million.

Impairment Writedown

The aggregate amount of the Facility and Debenture as at December 31, 2008 was $7,923,000 and includes accrued interest on the Facility and the Debenture to September 30, 2008, along with other receivables (December 31, 2007 - $1,844,000). The Company recorded interest of $434,196 in the nine months ended September 30, 2008 on the Facility. Due to circumstances described below, the Company ceased recording interest effective that date. Interest due but not recorded at December 31, 2009 is approximately $1,157,000 (December 31, 2008 - $238,000). Furthermore, the Company was entitled to receive an additional month's management fee; due to the uncertainties inherent with Campbell, the October fee of $25,000 was not recorded.

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 of $7,923,000 through the consolidated statement of operations as a provision for writedown of amounts owing from Campbell. Also, given the nature of the security underlying the loan and convertible debenture and the nature of the Royalty Interest, the Company considers these elements together and has recorded them in interest in Campbell on the consolidated balance sheets. The Company's security on amounts owing by Campbell includes Corner Bay and other exploration and development properties, among other things.

As at December 31,		**2009**		**2008**
Loan	**$**	**2,000**	$	2,000
Royalty Interest (1)		**297**		500
Interest in Campbell	**$**	**2,297**	$	2,500

(1) The Royalty Interest at December 31, 2009 is shown net of Québec mining duties receivable 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. Accordingly, the Interest in Campbell is a level three investment.

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a Court-appointed monitor was engaged. Throughout 2009, 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 loan and will continue to be actively involved in the process until its conclusion. Refer to Note 19.

Corner Bay

As described above, the Company acquired an initial entitlement to 50% of the operating cash flow generated by the Corner Bay project. The Company's entitlement is 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 incurred in fiscal 2007 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 50:50 interests.

Pursuant to the loan agreements with Campbell, Nuinsco will receive Campbell's share of cash flow first to repay debt. Following the acquisition of its Royalty Interest, Nuinsco has the right to an additional 10% of cash flow from the Corner Bay project from production at the 145-metre level and above.

8. EXPLORATION AND DEVELOPMENT PROJECTS

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

	Balance as at December 31, 2008	Current Expenditures	Writedowns/ Transfer to Held for Sale	Balance as at December 31, 2009
URANIUM AND RARE EARTHS				
Diabase Peninsula	$ 5,737	$ 35	$ -	$ 5,772
Prairie Lake	1,136	81	-	1,217
Marijane and Huston Lakes	730	30	(760)	-
	7,603	146	(760)	6,989
GOLD, COPPER AND ZINC				
Cameron Lake (1)	1,563	83	(1,646)	-
Berta and Elmalaan	2,521	145	-	2,666
Other	-	121	(119)	2
	4,084	349	(1,765)	2,668
	$ 11,687	$ 495	$ (2,525)	$ 9,657

	Balance as at December 31, 2007	Current Expenditures	Writedowns	Balance as at December 31, 2008
URANIUM AND RARE EARTHS				
Diabase Peninsula	$ 3,548	$ 2,189	$ -	$ 5,737
Prairie Lake	591	545	-	1,136
Marijane and Huston Lakes	-	730	-	730
	4,139	3,464	-	7,603
GOLD, COPPER AND ZINC				
Cameron Lake	848	715	-	1,563
Berta and Elmalaan	1,865	656	-	2,521
Other	12	174	(186)	-
	2,725	1,545	(186)	4,084
	$ 6,864	$ 5,009	$ (186)	$ 11,687

(1) The expenditures on Cameron Lake are shown net of $100,000 deposit by Coventry (Note 1) and were transferred to Exploration Property Held for Sale.

In June 2008, the Company received net proceeds of $198,000 pursuant to the sale of the Rainy River core shack. The property had been written down to $nil in December 2004 as part of the sale of the Rainy River exploration property. Accordingly, the proceeds have been recorded as a recovery from exploration and development properties in the consolidated statement of operations.

Other revenue of $998,000 in the year ended December 31, 2008 includes $300,000 received pursuant to the sale of a royalty interest related to the Bucko exploration and development property which was formerly owned by the Company. In addition, in December 2008, the Company sold its royalty interest related to the Rainy River exploration property, also formerly owned by the Company, for aggregate proceeds of $630,000 comprising cash of $500,000 and 200,000 shares in Rainy River Resources Ltd. which were included in marketable securities until their disposition in 2009.

URANIUM AND RARE EARTHS

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 million. Expenditures to date have increased this ownership interest to approximately 87%. 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 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 spring of 2008. 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.

Prairie Lake

The Prairie Lake property consists of nine claims, 38 claim units, encompassing 608 ha of mineral claims. Given the presence of an historical uranium resource, as well as strongly anomalous tantalum-niobium and phosphorous, along with widespread rare earth mineralization, diamond drilling surface sampling and mapping programs were conducted in 2008 and 2007. The property is subject to a 2% net smelter royalty 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 million in either cash or common shares of the Company.

Marijane and Huston Lakes

In the second quarter of 2008, the Company executed an Option and Joint Venture Agreement with Temex Resources Corp. ("Temex") to acquire a 50% interest in the contiguous Marijane Lake and Huston Lake uranium properties. The Company made a cash payment of $50,000 and issued 200,000 common shares to Temex and, to earn an undivided 50% interest in the property, was required to spend $500,000 on exploration within one year and an aggregate of $750,000 over a two-year period and issue an additional 100,000 shares. The Company has the option to extend the time period of the arrangement, if required, through the issuance of an additional 50,000 shares.

In 2009, the Company determined that the results to date on this exploration property did not support the expenditures to date and accordingly, decided to writedown the property to $nil. The Company has not yet decided whether to complete its commitment to earn the 50% undivided interest in the property.

GOLD, COPPER & ZINC

Cameron Lake

Expenditures on the Cameron Lake project have been transferred to Exploration Property Held for Sale effective December 31, 2009. Upon completion of the transaction with Coventry, expected in April, 2010, expenditures on Cameron Lake, including the amount related to the asset retirement obligation, as well as the asset retirement obligation itself will be derecognized (see Note 1).

The Cameron Lake project consists of one mining lease encompassing 979 ha, 20 contiguous mining claims totalling 1,984 ha and mineral patents at Rowan Lake of 95.7 ha. The surface rights to the Rowan lake property were sold in 2005. During the mid 1980s, approximately $24 million was spent on the project by a former partner to develop the property by ramp to the 800-foot level. A NI 43-101-compliant technical report and resource estimate was completed in April 2004 and was updated in June 2008. Since 2006, work and studies have been undertaken in order to apply for permits to advance the project. The expenditures in 2009 are shown net of the receipt of $100,000 from Coventry related to the prospective sale of the property as described in Note 1. Expenditures in 2008 include $99,000 related to the asset retirement obligation recorded initially at December 31, 2008 (see Note 11).

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.

In the second quarter of 2008, the Company announced it had signed a letter of intent to negotiate an agreement to acquire 100% of the Berta property upon spending $2 million on exploration and completing an independent scoping study within four years. The companies were unable to agree on terms so the negotiations were terminated. Negotiations have recently re-commenced.

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 presently owes Xstrata approximately $492,000, which is included in accounts payable and accrued liabilities, for its share of expenditures on Berta. The agreement contains dilution provisions when amounts are unpaid which may be invoked by Xstrata but have not been to date. In such case, Nuinsco would eliminate the amount payable and reduce the value of the exploration property by a similar amount adjusted for foreign exchange differences. Discussions with Xstrata have been ongoing and the Company does not anticipate that the dilution provisions will be invoked by Xstrata given the tenor of these discussions.

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.

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.

Writedown of Projects

Exploration costs relating to discontinued or impaired projects in the amount of $879,000 were written off in 2009 (2008 - $186,000). In 2009, this primarily related to the Marijane and Huston Lakes property.

Flow-through Commitment

As at December 31, 2009, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2009 of approximately $1,758,000 after taking into consideration amounts included in accounts payable and accrued liabilities of $58,000. This commitment is required to be satisfied by December 31, 2010. There was no commitment outstanding as at December 31, 2008.

9. PROPERTY AND EQUIPMENT

As at December 31,		2009		2008
Equipment				
Cost	**$**	**331**	$	383
Accumulated Amortization		**272**		259
Net Book Value	**$**	**59**	$	124

Equipment in 2008 includes an amount of $54,000 for a mill which has not yet been put into service and, therefore, is not being amortized. Furthermore, the mill will be sold to Coventry as part of the sale of the Cameron Lake property as described in Note 1; accordingly, effective December 31, 2009, it has been included in Exploration Property Held for Sale.

10. LOAN PAYABLE

As at December 31,		2009		2008
Advances in US Dollars	**$**	**2,800**	$	5,000
Capitalized interest in US Dollars		**97**		-
		2,897		5,000
Effect of foreign exchange		**148**		1,123
Unamortized loan fees		**(144)**		-
Balance as at December 31, 2009	**$**	**2,901**	$	6,123

In 2008, the Company entered into a bridge loan. The aggregate amount of the loan was US$5,000,000, bore interest at 12.5% on a monthly basis and was secured by the Company's Victory Nickel shares. The loan was due no later than December 15, 2008 and was subject to a prepayment obligation from proceeds of debt or equity financing excluding flow-through shares, warrants and options. The Company was technically in default on the loan until it was renegotiated subsequent to December 31, 2008 with terms as described below:

- The aggregate amount of the loan was increased to US$5,250,000 to include prepaid interest on amounts underwritten by 80% of the syndicate behind the loan;
- Interest remained at 12.5%;
- The term of the loan was extended to June 15, 2009;
- The issuance, subject to regulatory approval, which was subsequently received, of 10,000,000 common shares of the Company;
- Security supporting the loan was increased to include the Company's shares in Cameron Lake JEX Corporation which owns the Cameron Lake gold mine, the Company's shares in Gold Hawk as well as a mortgage over the Cameron Lake property; and
- The prepayment obligation was amended to include the first $1 million of proceeds from any rights offering, 50% of the next $4 million of proceeds and 100% thereafter.

The lenders agreed to a forbearance on the loan until its repayment in full effective July 31, 2009 as described in Note 1.

In 2009, as described in Note 1, the Company entered into a long-term loan arrangement with JIIL. The loan is due July 31, 2011 and bears interest at 8% which is calculated monthly and is also due upon repayment of the loan. Prepayment of the loan plus outstanding interest is allowed in full or in part. The loan is secured by the Company's shares in Cameron Lake JEX Corporation which owns the Cameron Lake project, the Company's shares in Gold Hawk as well as a mortgage over the Cameron Lake property. The amount of interest on the long-term debt charged through the consolidated statement of operations is $103,336.

The Company expects to repay the loan upon closing of the sale of Cameron Lake to Coventry as described in Note 1.

11. ASSET RETIREMENT OBLIGATION

The Company has estimated an ARO with respect to its Cameron Lake property. The ARO has been estimated using a time horizon of eight years, an estimated closure cost of $253,000, an inflation rate of 2.0% and a discount rate of 12.5%.

		Amount
Balance as at December 31, 2008	**$**	**99**
Accretion for the year		12
Balance as at December 31, 2009	**$**	**111**

Upon sale of the Cameron Lake property to Coventry as described in Note 1, the ARO will be assumed by the purchaser.

12. SHAREHOLDERS' 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.

Issued and Outstanding:

There are no special shares outstanding. The issued and outstanding common shares are as follows:

	Number of Shares		Amount
Balance as at December 31, 2007	**172,320,350**	**$**	**91,442**
Shares issued pursuant to private placement (a)	7,981,333		1,943
Shares issued for option in exploration property (b)	200,000		44
Shares issued for services (c)	204,347		16
Shares issued under the Share Bonus Plan (d)	167,544		52
Flow-through share renunciation (e)	-		(1,740)
Balance as at December 31, 2008	**180,873,574**	**$**	**91,757**
Shares issued pursuant to private placements (f)	24,701,943		1,560
Shares issued for services (g)	10,000,000		297
Shares issued for option in exploration property (b)	100,000		5
Flow-through share renunciation (e)	-		(606)
Shares issued pursuant to rights offering (h)	15,259,992		383
Balance as at December 31, 2009	**230,935,509**	**$**	**93,396**

(a) In July 2008, the Company issued 3,633,333 flow-through common shares at a price of $0.30 per share for gross proceeds of $1,090,000. After fees and other out-of-pocket costs, net proceeds aggregated $1,010,822. In September, 2008, the Company issued 4,348,000 flow-through common shares at a price of $0.23 per share for gross proceeds of $1,000,040. After fees and other out-of-pocket costs, net proceeds aggregated $931,632.

(b) Also in July 2008, the Company issued 200,000 shares with a fair value at the grant date of $44,000 in connection with the option to acquire a 50% interest in the contiguous Marijane Lake and Huston Lake properties from Temex. A further 100,000 shares were issued to Temex in March 2009 with a fair value at grant date of $5,000.

(c) In October 2008, the Company issued 204,347 shares with a fair value at the grant date of $16,348 in connection with services provided to the Company.

(d) In March, June and September, 2008, common shares were issued to employees and consultants as discretionary bonuses and were valued at $51,938.

(e) In February 2009, the Company renounced $2,090,000 (February 2008 - $6,000,000) in Canadian Exploration Expenditures to investors of flow-through shares in 2008 and 2007. The tax value of these renunciations amounted to $606,000 (2008 - $1,740,000) and has been recorded as a future 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 $606,000 (2008 - $1,740,000).

(f) In June and July 2009, the Company issued 7,441,834 flow-through common shares at a price of $0.06 per share for gross proceeds of $446,510. After fees and other out-of-pocket costs, net proceeds aggregated $427,505. In December, 2009, the Company issued 17,260,109 flow-through common shares at a price of $0.09 per unit for gross proceeds of $1,553,410. The units included a half share purchase warrant as described below. After fees and other out-of-pocket costs, net proceeds aggregated $1,421,583. An apportionment of proceeds to warrants amounted to $288,900. As at December 31, 2009, accounts receivable included $33,300 subscriptions receivable from related parties.

(g) In March 2009, 10,000,000 shares were issued to the bridge lender with a fair value of $300,000 with respect to refinancing the loan. Issue costs associated therewith approximated $2,500.

(h) On April 22, 2009, the Company issued 15,259,992 shares and 7,629,996 share purchase warrants in connection with a rights offering. Aggregate proceeds before issue costs were approximately $763,000 (excluding any potential proceeds from the exercise of the warrants). An apportionment of proceeds to warrants amounted to $167,833.

Stock Options
The Company has a stock option plan (the "Plan") to encourage ownership of its shares by directors, officers, employees and others, and to provide compensation for certain services. The terms of the 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 at terms of up to 10 years. 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 December 31, 2009, the Company had 18,655,326 (December 31, 2008 – 13,296,036) common shares available for the granting of future options.

A summary of the status of the Plan and changes during 2009 and 2008 are presented below:

	Number of Options Outstanding		Average Exercise Price
Outstanding as at December 31, 2007	**13,635,000**	**$**	**0.20**
Options granted	450,000		0.27
Options expired	(250,000)		0.28
Outstanding as at December 31, 2008	**13,835,000**	**$**	**0.20**
Options granted	5,575,000		0.05
Options expired	(3,425,000)		0.16
Balance as at December 31, 2009	**15,985,000**	**$**	**0.16**

The following table summarizes further information about the stock options outstanding at December 31, 2009:

Range of Exercise Prices	Options Exercisable	Options Outstanding	Years to Expiry [(1)]		Exercise Price [(1)]
$0.0300 - $0.0500	3,787,500	4,875,000	4.19	$	0.05
$0.0600 - $0.2100	6,250,000	6,250,000	1.14		0.14
$0.2200 - $0.2700	2,825,000	2,825,000	3.53		0.25
$0.2800 - $0.4880	2,035,000	2,035,000	2.74		0.35
	14,897,500	15,985,000	2.69	$	0.16

(1) In this table, "Years to Expiry" and "Exercise Price" have been calculated on a weighted average basis.

The weighted average grant date fair value of options granted during 2009 was $0.04 (2008 - $0.15). A total of 5,575,000 options were granted during 2009 to employees, directors and consultants. This resulted in a compensation expense totalling $211,000, compared with 450,000 options and vesting resulting in compensation expense totalling $108,000 during 2008. Of the 15,985,000 options outstanding at December 31, 2009, 1,087,500 are subject to vesting in the next fiscal year. The aggregate fair value of these unvested options not yet charged to operations is $8,000. The weighted average exercise price of fully-vested options at December 31, 2009 was $0.17.

During 2009, the Company agreed to extend 2,700,000 options of certain retiring directors to their original expiry dates – upon retirement such options would otherwise have expired after 90 days of retirement. The extension was treated as a modification and an additional expense of $41,150 was charged to operations.

The fair value of options granted and modified has been estimated at the date of grant or modification using the Black-Scholes option-pricing model, with the following assumptions:

	Year Ended December 31,	
Option Assumptions	**2009**	**2008**
Dividend yield	**-**	-
Expected volatility	**87% to 112%**	75%
Risk free interest rate	**1.91% to 2.08%**	3.5% to 4.5%
Expected option term - years	**1 1/2 to 5**	3 to 4
Fair value per share of options granted	**$0.003 to $0.037**	$0.11 to $0.17

Share Purchase Warrants

	Date Issued	Number of Warrants		Average Exercise Price
Issued for services rendered:	July 17, 2008	233,000	$	0.22
	September 10, 2008	100,000		0.20
Balance as at December 31, 2008		333,000		0.21
Issued pursuant to rights offering:	April 22, 2009	7,629,996		0.10
Issued pursuant to private placement:	December 21, 2009	9,445,020		0.15
	December 31, 2009	185,000		0.15
Balance as at December 31, 2009		**17,593,016**	**$**	**0.13**

The warrants issued in 2008 each have a term to expiry of 24 months from issue date. The warrants issued pursuant to the rights offering are exercisable for a period of twelve months commencing April 23, 2010. The fair value of these warrants was estimated at $0.022. The warrants issued pursuant to the private placement are exercisable for a period of 24 months from issue date. The fair value of these warrants was estimated at $0.03. The following assumptions were used:

Warrant Assumptions	
Dividend yield	-
Expected volatility	**116% to 125%**
Risk free interest rate	**1.0% to 1.4%**
Expected term - years	**2 years**

Share Incentive Plan

The Company has a share incentive plan ("Share Incentive Plan") which includes both a share purchase plan (the "Share Purchase Plan") and a share bonus plan (the "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 Toronto Stock Exchange 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 2009 or 2008. 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 annual 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 2009, no common shares were issued under the Share Bonus Plan (167,544 common shares were issued under the Share Bonus Plan in 2008). 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.

Entitlements to 167,544 common shares were granted under the Share Bonus Plan effective December 31, 2007. The entitlement to shares vests over the following nine-month period as to one-third in each fiscal quarter. The individuals awarded the right to receive shares have no rights of ownership associated with the shares until the shares have vested and are actually issued to the individual. The fair value of the 167,544 common share entitlements granted under the Share Bonus Plan was determined using the quoted market value on the date of grant ($0.31 per share) for an aggregate fair value of $51,938 which was charged to income over the nine-month vesting period commencing January 1, 2008. No common shares were granted under the Share Bonus Plan in 2008 or 2009.

Shareholder Rights Plan

In April, 2007, the Company adopted a shareholder rights plan ("the Plan") which was subsequently confirmed by its shareholders. In order to implement the adoption of the 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 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 therefore 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 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 Plan). At any time prior to the Rights becoming exercisable, the Board may waive the operation of the 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.

13. INCOME TAXES

The income tax recovery differs from the amount computed by applying the statutory federal and provincial income tax rates for the years ended December 31, 2009 and 2008, of 33.0% and 33.5% respectively, to the income before income taxes. The differences are summarized as follows:

		2009		**2008**
Statutory rate applied to income before income taxes	**$**	**(75)**	$	(5,873)
Non-deductible portion of unrealized losses		**62**		2,886
Non-taxable income		**(511)**		-
Non-deductible items, net		**103**		86
Effect of rate change		**281**		389
Change in valuation allowance		**(1,763)**		772
Future income tax recovery	**$**	**(1,903)**	$	(1,740)

Future income 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 likely 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:

As at December 31,		2009		2008
Future income tax assets				
Temporary differences				
Equipment	**$**	**54**	$	59
Exploration and development		**521**		223
Share issue costs		**213**		288
Net tax losses carried forward		**1,142**		482
Eligible capital property and other		**333**		480
Capital losses (gains), net		**1,326**		2,194
		3,589		3,726
Valuation allowance for future income tax assets		**(2,292)**		(3,726)
Future income tax assets, net	**$**	**1,297**	$	-

A valuation allowance has been recorded in an amount equal to the full amount of the future income tax benefit, after deduction of the tax benefits which will be realized in 2010 due to the sale of Cameron Lake, as the likelihood of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time. Non-capital losses expire as follows:

		Amount
2028	**$**	**345**
2029		**1,317**
2030		**2,078**
	$	**3,740**

The Company also has capital losses available for carry forward of $4,779,000.

14. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Accumulated other comprehensive (loss) income (OCI) is comprised of unrealized gains on marketable securities that are classified as available for sale (see Note 5).

Changes in the components of OCI are summarized as follows:

Year ended December 31,		2009		2008
Accumulated OCI at beginning of year	**$**	**(1,394)**	$	900
OCI for the year representing the change in the fair value of financial assets available for sale		**1,011**		(1,384)
Reclassification through operations upon sale of marketable securities		**(250)**		-
Determination of change in the fair value as "other than temporary" and reclassification through operations (Note 5)		**16**		-
Reversal of unrealized gain in Campbell previously included in OCI		**-**		(910)
Accumulated OCI at end of year	**$**	**(617)**	$	(1,394)

15. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital balances related to operations are as follows:

Year ended December 31,		2009		2008
Accounts receivable, prepaid expenses and deposits	**$**	**3**	$	151
Due from Victory Nickel Inc.		**(15)**		140
Accounts payable and accrued liabilities		**33**		149
	$	**21**	$	440

16. TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENT

Included in accounts payable and accrued liabilities at December 31, 2009 are amounts owing to directors and officers of $300,876 (December 31, 2008 - $115,100). The December 31, 2009 and 2008 amounts consist primarily of directors' fees and reimbursement of expenses. Payment of directors' fees has been deferred until the financial condition of the Company further improves.

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 exchange amount which is equal to 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 year ended December 31, 2009 total $611,703 (2008 - $649,618) and have been deducted from general and administrative expenses. Furthermore, project-related costs aggregating $19,424 have been charged to the Company by Victory Nickel and are included in exploration and development costs on the balance sheet (2008 - $52,920). In addition, project-related costs aggregating $58,540 have been charged by the Company to Victory Nickel during the year ended December 31, 2009 (2008 - $65,580).

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. The Company ceased to be a shareholder with significant influence over Victory Nickel on July 31, 2009, as described in Note 6.

17. LEASE COMMITMENT

The Company is committed under the terms of operating leases for office premises to make future minimum lease payments as follows:

		Minimum Lease Payments
2010	$	88
2011		61
2012		5
	$	154

18. SEGMENT DISCLOSURE – GEOGRAPHIC INFORMATION

The Company presently operates in two geographic areas, Canada and Turkey. The Company has four major exploration and development projects in Canada, namely Diabase Peninsula, Prairie Lake, Cameron Lake and the Marijane and Huston Lakes property as well as the Interest in Campbell which is secured by properties located in Canada. Two exploration projects are in Turkey, namely Berta and Elmalaan. The Company has recently announced its participation in the bid process in Egypt; expenditures to date have been minimal.

	Assets		Revenue	
Geographic Location	**2009**	**2008**	**2009**	**2008**
Canada	$ 16,283	$ 14,998	$ 251	$ 1,771
Turkey	$ 2,666	$ 2,521	$ -	$ -

19. SUBSEQUENT EVENTS

Subsequent events not otherwise referred to in these consolidated financial statements are as follows:

Stock options issuance
On January 4, 2010, the Board of Directors granted 4,700,000 stock options exercisable at $0.08 per share to directors, officers, employees and consultants. Of the options granted, 3,600,000 vest immediately and 1,100,000 vest over one year.

Gold Exploration Concessions in 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. The receipt of final title is subject to negotiating a suitable concession agreement with the Egyptian Mineral Resources Authority ("EMRA"). Negotiations are underway. Among other terms, the concession agreement will set out the rights and responsibilities of the Company through its 50%-owned Egyptian subsidiary, Z-Gold Resources Limited and EMRA, terms of production sharing and cost recovery as well as exploration expenditures.

Olympian Project Option
In March, 2010, the Company announced that it has optioned a claim package 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 1,450,000 common shares of the Company payable over 2010 and 2012.

Offer to Purchase Campbell's assets
In March 2010, the Company, along with its partner Ocean Partners Inc., entered an offer to purchase some or all of Campbell's assets. As part of the confidential bid process which is subject to court supervision under CCAA proceedings, the Company made a deposit of $465,000 in trust for its share of the bid as evidence of good faith.

Business Combination with Gold Hawk Resources Inc.
On January 18, 2010, the Company announced a binding letter agreement with Gold Hawk to combine the two companies. The transaction was expected to close on or before April 15, 2010 and was subject to being approved by both companies' shareholders. On January 29, 2010, Gold Hawk unexpectedly, and contrary to the binding letter agreement, withdrew from the transaction. The Company is presently assessing its options in light of Gold Hawk's actions.

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

DATED MARCH 12, 2010

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of March 12, 2010 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2009 and 2008, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the years ended December 31, 2009 and 2008 ("2009 Audited Consolidated Financial Statements") and the notes thereto. Readers are encouraged to consult the 2009 Audited Consolidated Financial Statements which were prepared in accordance with Canadian generally accepted accounting principles (Canadian "GAAP") and 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 uranium, copper, gold and zinc assets in world-class mineralized belts in Canada and Turkey and has recently announced success, in conjunction with an Egyptian-based partner, in the bid process for two gold exploration concessions in Egypt. In addition to its property holdings, Nuinsco owns approximately 9% of the outstanding common shares (after taking into account recent financings) of precious and base metals producer Gold Hawk Resources Inc. ("Gold Hawk") and approximately 2% of the outstanding common shares of Victory Nickel Inc. ("Victory Nickel"). These investments could potentially be monetized in order to finance the Company's exploration programs, repay debt and minimize equity dilution to shareholders going forward. Shares of Nuinsco trade on the Toronto Stock Exchange under the symbol NWI.

The 2009 Audited Consolidated Financial Statements have been prepared using Canadian 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 December 31, 2009, the Company had working capital of $2,696,000 (December 31, 2008 – a working capital deficiency of $6,050,000). This working capital improvement was as a result of the repayment of the loan outstanding through the sale of the Company's interest in Victory Nickel then shown as an investment in equity-accounted investee.

Transactions with Jien International Investment, Ltd.
On July 31, 2009, the Company entered into an agreement with Jien International Investment, Ltd. ("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 (the "Arrangement") are as follows:

- The Company sold the 38,500,786 shares of Victory Nickel that it then owned, along with certain associated rights pursuant to the rights offering announced by Victory Nickel on June 24, 2009, to JIIL for cash of US$2,700,000;
- JIIL advanced US$2,800,000 by way of an interest-bearing promissory note to Nuinsco. The two-year note bears interest at 8% per annum calculated and compounded monthly and is repayable at any time. The loan is secured upon the Company's shareholdings in Gold Hawk and Cameron Lake JEX Corporation and the Cameron Lake property.

The Arrangement enabled Nuinsco to settle its short-term loan, provided Victory Nickel with a strategic investor and reduced the rate of interest and eliminated immediate cash debt-servicing requirements.

Sale of Cameron Lake 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, to sell its Cameron Lake property and mill. The transaction is expected to be completed in April 2010 and involves consideration as follows:

- Cash of $100,000 received in December 2009;
- Cash of $5.9 million;
- 12 million Coventry shares, representing 17% of the then-currently outstanding shares of that company, (Coventry shares had a closing price of A$0.24 ($0.225) on December 31, 2009); and
- A 3% net smelter return ("NSR") royalty under which Coventry will have the right to buy back 2% of the NSR at any time within five years of execution by making, at Coventry's option, either a cash payment of $2 million or issuing additional Coventry shares with the same market value.

At the time of the transaction, the Company estimated that the aggregate value of the consideration was approximately $12 million.

Accordingly, the Cameron Lake property, formerly included in Exploration and Development Projects at $1,646,000, along with the mill, formerly held within Property and Equipment with a carrying value of $54,000, have been reclassified to Exploration Property Held for Sale.

Given that the transaction is expected to be completed in April 2010, the Company determined that it was more likely than not to utilize certain of the Company's available tax pools and non-capital losses. Accordingly, a future income tax asset was recognized in the amount of $1,297,000. Refer to Note 13 to the 2009 Audited Consolidated Financial Statements.

Furthermore, the Asset Retirement Obligation ("ARO") of $111,000 will be assumed by the purchaser upon consummation of the transaction since it relates solely to Cameron Lake. Upon execution of the Coventry transaction, the Company will repay its interest-bearing promissory note to JIIL along with accrued interest thereon. Refer to Note 10 to the 2009 Audited Consolidated Financial Statements.

Business Combination with Gold Hawk Resources Inc.
On January 18, 2010, the Company announced a binding letter agreement with Gold Hawk to combine the two companies. The transaction was expected to close on or before April 15, 2010 and was subject to being approved by both companies' shareholders. On January 29, 2010, Gold Hawk unexpectedly, and contrary to the binding letter agreement, withdrew from the transaction. The Company is presently assessing its options in light of Gold Hawk's actions.

Summary
The consummated and prospective transactions described above will result 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. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties section in this document for additional information.

None of the Company's exploration or development projects has commenced commercial production or are at the development stage, 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 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 and the optioning and/or sale of resource or resource-related assets for its funding. The sale of Victory Nickel shares and the pending sale of Cameron Lake are examples of funding transactions.

The Company continues to examine a number of strategies to maximize the realization of amounts due from Campbell Resources Inc. ("Campbell") (even though the Company has written these down).

The Company's 2009 Audited Consolidated Financial Statements have been prepared using the going concern assumption. 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.

HIGHLIGHTS

During and subsequent to the year ended December 31, 2009, the Company:

Corporate

- Entered into an agreement with its bridge loan lenders to extend the maturity date to June 15, 2009 on the Company's US$5 million bridge loan which was due and payable on December 15, 2008;
- Announced transactions with JIIL for it to buy the Company's Victory Nickel shares for US$2.7 million and advance US$2.8 million through a two-year loan, thereby enabling the Company to repay its outstanding bridge loan;
- Closed a rights offering generating gross proceeds of approximately $763,000;
- Sold shares of Rainy River Resources Limited ("Rainy River"), generating cash of $426,000;
- Closed two non-brokered private placement "flow-through" financings generating gross proceeds of $1,999,920;
- Announced the joint signing of a binding letter agreement to combine the Company with Gold Hawk Resources Inc. ("Gold Hawk") by acquiring all of the issued and outstanding shares of Gold Hawk that it did not already own. This transaction was unexpectedly terminated by Gold Hawk;
- Announced the appointment of Robert G. (Bob) Wardell as Chairman of the Board of Directors. Mr. Wardell also serves as a Director of Allied Nevada Gold Corp., and as a Director and Chairman of the Audit Committees of Centric Health Corporation, Phoenix Coal Inc. and Katanga Mining Limited;

Copper, Gold and Zinc

- Signed a binding Heads of Agreement to sell a 100% interest in its Cameron Lake Gold Project along with a 700-800 tonne per day gold mill to Coventry Resources Limited ("Coventry") (ASX: CVY) for aggregate consideration of approximately $12 million;
- In conjunction with an Egyptian partner, participated in Egypt's 2009 International Bid Round, an auction of gold exploration concessions, and subsequently was advised that it had the winning bid on two gold concessions, covering approximately 2,270 square kilometres, in the highly prospective Eastern Desert in central-eastern Egypt between the Red Sea coast and the Nile River;
- Optioned a claim package, collectively referred to as the Olympian Project, that hosts numerous previously identified gold occurrences. The project area lies 5 kilometres northeast along strike from the Kenora region's most significant past producer, the Wendigo Mine;

Uranium and Rare Earths

- Completed metallurgical tests of mineralization at the Prairie Lake Project with positive results indicating that it is possible to produce a concentrate grading up to 23.4% phosphorous (P_2O_5), which is used in high-value fertilizers. The concentrate also contains 0.17%, or 1.7kg/tonne, niobium (Nb_2O_5) which is used in steel alloys, superconducting magnets and the aerospace industry, as well as rare earth elements;
- Announced an Exploration Target Mineralization Inventory ("ETMI") estimate of between 330 and 360 million tonnes averaging 3.5% to 3.7% P_2O_5 and 0.12% to 0.14% Nb_2O_5 (1.2 to 1.4 kg/tonne), further demonstrating the huge scale and potential economic significance of the Prairie Lake Project; and

- Announced that additional sample process testing is being conducted on Prairie Lake mineralization to determine if flotation concentration produces better results than those from initial testing.

OUTLOOK

The collective global economies seem to be showing signs that they might be coming out of what could have proven to be one of the worst economic periods in history. Except for the United States, most economies seem to have fared better than expected over the past year. Metals prices, which took a precipitous drop after reaching levels never before seen, have generally recovered and appear to be showing continuing strength. What was referred to as the “super cycle” fizzled faster than anyone could have imagined but it now appears that the recovery is also faster than anyone would have expected. Once the US economy starts perking, we should see even better prices or at least have strong support at the current fairly attractive metal price levels. Gold has been the big winner in the face of this economic turmoil and the resulting weakening of the US currency. Unfortunately, except for gold stocks, this is not being reflected in junior, more speculative, stock prices. The investment community continues to be jittery and is putting its money to work in the more senior, cash-generating segment of the resource industry. Exploration companies are not yet on the radar screen. Typically, when the major companies become fully priced, interest and money moves into the next level of investment and into the junior sector. We expect that this may be the plan of action for 2010 as the majors appear to be fully recovered and fully priced.

This bodes well for companies such as Nuinsco. Nuinsco is fortunate to have a variety of very attractive projects in world class locations and therefore can expect increased investment interest over the next year. Today’s equity markets continue to reflect a significant disconnect between share price and value. This disconnect cannot last long. The inability to fund the exploration activities that are required to replace depleting resources and to fuel growing demand for natural resources will result in a more extreme and accelerated recovery as the availability of advanced exploration projects disappears. The world cannot exist without metals.

Unfortunately, financing exploration activities during recessionary times has always been difficult. Exploration is high-risk and investors are normally not prepared to participate in high-risk activities when cash is tight; investors become cautious, concerned and protect cash. The existence of flow-through equity financing in Canada is of vital importance to the exploration industry and has allowed exploration to continue at unprecedented rates and has kept Canada as a world leader in mining. The recent Canadian federal budget recognized once again the importance of exploration and has extended its exploration credit program. This is positive but did not go far enough. There are costs which cannot be funded with flow-through funds; importantly, that includes the cost of managing a public company and maintaining compliance with an increasingly onerous regulatory framework.

The Company’s Cameron Lake gold project, in today’s gold price environment is a valuable asset. Management has been working hard to find a way to realize the value of this asset. In late 2009, the Company announced the proposed sale of Cameron Lake. The sale accomplishes two very important objectives. The first objective is to secure funding to support the Company’s ongoing exploration activities and secondly, to ensure that the Cameron Lake project will advance without subjecting the Company to the significant dilution it would experience to finance the required start-up costs for the project. Over the last couple of years, management has attempted to find a non-dilutive transaction which would have maximized the value of Cameron Lake to its shareholders. The decision to sell the asset, while maintaining upside through the equity participation in Coventry, was considered the best alternative. Cameron Lake has been sitting idle since the mid 1980s and has finally been re-valued to an attractive level as a result of the higher-than-ever gold price.

The Company’s balance sheet has strengthened significantly since the end of 2008 and, with the sale of Cameron Lake, will strengthen further. This will allow Nuinsco to refocus its efforts on its core business which is exploration and has been for over 40 years. The year 2009 was a milestone year for Nuinsco as it celebrated two 25- year employees, perhaps unprecedented in the junior exploration sector and a testament to Nuinsco’s exploration success and ability to survive in bad cycles and thrive in good.

Management will continue to look for attractive projects to add to its already attractive portfolio. The recent foray into Egypt and the Olympian gold project option in Kenora are examples of these activities. Olympian has the potential for high-grade gold results. Further, we believe that Egypt and the surrounding region is the next attractive exploration frontier and we want to be there at the beginning.

SELECTED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)		2009		2008		2007
Summary Operating Results Data						
Consulting fees	**$**	**-**	$	225	$	707
Interest income		**1**		548		581
Other income		**250**		998		100
General and administrative expenses		**927**		1,488		1,463
Foreign exchange (gain) loss		**(897)**		881		-
Interest expense		**964**		576		-
Share of losses of equity-accounted investees		**(36)**		(4,203)		(868)
Dilution (loss) gains		**(322)**		102		2,071
Gain on sale of Victory Nickel		**1,360**		-		-
Gain on derivatives held for trading		**686**		-		-
Writedown of amounts related to Campbell		**-**		(8,359)		-
Unrealized loss on investment in Victory Nickel		**-**		(3,785)		-
Future income tax recovery		**1,903**		1,740		337
Net income (loss)		**1,676**		(15,792)		1,058
Comprehensive income (loss)		**2,453**		(18,086)		1,900
Income (loss) per share		**0.01**		(0.09)		0.01
Summary Balance Sheet Data						
Cash and cash equivalents	**$**	**1,490**	$	793	$	7,099
Marketable securities		**2,099**		548		6
Other current assets		**350**		135		2,270
Investment in equity-accounted investees		-		1,732		10,364
Exploration and development projects		**9,657**		11,687		6,864
Exploration property held for sale		**1,700**		-		-
Future income tax asset		**1,297**		-		-
Total assets		**18,949**		17,519		28,736
Current liabilities		**1,243**		7,526		1,210
Long-term loan		**2,901**		-		-
Total shareholders' equity	**$**	**14,694**	$	9,894	$	27,526

RESULTS OF OPERATIONS

Year Ended December 31, 2009, Compared With Year Ended December 31, 2008

In 2009, the Company had net income of $1,676,000, or $0.01 per share, compared with a net loss of $15,792,000, or $0.09 per share, in 2008. The primary reasons for the significant change relates to gains on the sale of securities of Victory Nickel aggregating $2,046,000, as well as the recognition of future income tax recoveries of $1,297,000 related to the recognition of income tax benefits that will be realized on the sale of Cameron Lake expected to occur in April 2010. In 2008, the Company wrote down amounts related to Campbell Resources Inc. ("Campbell") of $8,359,000 and had an unrealized loss on the Company's equity-accounted investment in Victory Nickel of $3,785,000, both of which were related to the significant deterioration of capital markets.

Consulting fees in 2008 were $225,000 which represents nine months of fees from Campbell; there were no such fees in 2009. The Operating Consulting Agreement with Campbell was terminated in November, 2008.

Interest income of $548,000 was earned in 2008, which compares with $1,000 in 2009. In 2009, there were minimal invested cash balances and interest rates were significantly lower in 2009. In 2008, interest was recorded on amounts due from Campbell until the fourth quarter.

In 2009, other income was comprised solely of realized gains on the sales of securities: $296,000 was realized on the sale of Rainy River shares and a loss of $46,000 on the sale of Victory Nickel shares (refer also to discussion below on gain on derivatives held for trading). Other income in 2008 of $998,000 included a number of items. In 2008, the Company sold its royalty interest on the Rainy River exploration property which it formerly owned. The aggregate proceeds were $630,000 which comprised cash of $500,000 and 200,000 shares of Rainy River, all of which were sold in 2009. In addition, a royalty interest related to the Bucko nickel property was sold for cash of $300,000.

General and administrative expenses were reduced in 2009, being $927,000 compared with $1,488,000 in 2008. Overhead recoveries through charges to Victory Nickel for services under the management contract and deducted from operating expenses aggregated $612,000 in 2009, compared with $650,000 in 2008. In addition, other charges amounting to $59,000 for project-related costs (2007 - $66,000) were charged to Victory Nickel. Such amounts are recorded at the exchange amount which is equal to the cost to the Company of such services plus 10%. Amounts charged to Victory Nickel are activity based. On average, activity was relatively comparable year-over-year except that in 2008 there was a lot of activity towards the latter half of the year supporting an acquisition made by Victory Nickel. That increase is offset by the fact that costs in 2008 are shown net of amounts charged to Nuinsco by Victory Nickel for financial reporting personnel. In 2009, the overall finance staff complement reduced by one individual; furthermore, costs in 2008 included a portion of severance related to service time earned at Nuinsco amounting to $120,000.

The Company has continued to reduce its expenditures through a concerted effort to eliminate discretionary spending and defer cash outlays. Directors attend meetings telephonically where possible, payment of directors' fees, while being accrued, have been deferred since mid-2008 and management agreed to defer a portion of salaries until financial circumstances further improve. The aggregate amount of such deferrals included in general and administrative expenses in the year ended December 31, 2009 is approximately $172,000. The number of directors as well as the number of meetings has declined in 2009 compared with 2008, thereby reducing the amount of directors' fees otherwise due. In aggregate, the fees for directors' meetings, including travel costs was reduced by approximately $70,000 year-over-year.

Couriers are used sparingly ($20,000 reduction year over year), consultants have, to a great extent, been eliminated unless absolutely necessary for compliance purposes and so on (discretionary consulting reduced by almost $40,000). Nonetheless, it is estimated that approximately $438,000 of general and administrative expenditures were incurred on supporting the Company's public status in the year ended December 31, 2009 (2008 - $700,000). Certain non-discretionary consultants have been challenged to revisit costs and reductions have been attained in 2009 which related to the cost of services accrued in 2008; such costs are accrued when services are received. Furthermore, in 2009, the Company eliminated the formal review process on its interim financial statements. Approximately $52,000 was saved through a combination of cost concessions and service level changes.

Lower exploration activity and the expenditure controls outlined above have resulted in reduced general and administrative expenditures including expenses incurred on investor and public relations where reporting is performed in as cost-effective a manner as possible and by taking advantage of mailing exemptions in order to conserve cash resources. The annual report in 2009 was a very simple document and production costs were reduced through lower quantities and simplicity of content. Approximately $100,000 was saved year-over-year on investor relations and shareholder support costs. Lower general activity also meant reduced legal costs.

In July, 2008, the Company entered into a loan agreement denominated in US dollars which was advanced in several tranches across the period and aggregated US$5 million as at December 31, 2008. Due to a weakening Canadian dollar, the Company incurred a net foreign exchange loss of $881,000 in 2008, primarily due to the loan. Effective July 31, 2009, that loan and related accrued interest was repaid and replaced by one with a US$2,800,000 principal, a lower interest rate and an extended two-year term with no cash servicing costs. A strengthening Canadian dollar across 2009 resulted in a gain on foreign exchange of $897,000, also primarily due to the loan.

The Company incurred interest expense of $964,000 on the loans in 2009 (2008 – $576,000). These amounts include amortization of loan fees pertaining to each loan as required under GAAP. The loan is expected to be repaid in April 2010 upon consummation of the sale of Cameron Lake. Refer also to the Liquidity and Capital Resources discussion.

The share of losses of equity-accounted investees decreased significantly in 2009 to $36,000 from $4,203,000, in 2008. Effective July 31, 2009, the Company sold its then equity-accounted interest in Victory Nickel and thus no longer had any equity-accounted investees. The Company had ceased having significant influence over Campbell in the fourth quarter of 2008. Effective September 30, 2008, the Company considered that there was no value to its equity investment in Campbell and made an adjustment of $436,000 through operations (which is included in the writedown of amounts related to Campbell in the table above), as well as reversing an amount of $910,000 formerly recorded through other comprehensive income ("OCI") to record its interest at $nil.

Other amounts related to equity-accounted investees include a dilution loss of $322,000 in 2009 for Victory Nickel, compared with a net gain of $102,000 in 2008. This relates to a net dilution loss of $153,000 in 2008 on Victory Nickel (the components of which are provided in the 2008 to 2007 comparison below) with a dilution gain of $255,000 arising from Campbell. Dilution gains and losses arise as a consequence of a net increase or decrease in the share of an equity-investee's net assets resulting from transactions through share capital.

The gain on sale of Victory Nickel of $1,360,000 occurred upon the sale to JIIL of the whole of Nuinsco's then interest in shares of Victory Nickel along with certain rights. The rights retained by Nuinsco were exercised in August 2009 resulting in the Company owning 6,662,477 shares and 3,331,238 warrants of Victory Nickel for an aggregate cash payment of approximately $400,000 or $0.06 per unit (each unit comprised one share and one half a share purchase warrant; each warrant exercisable for one year commencing August 18, 2010 at $0.12 per share). At that time, Victory Nickel shares had a market value of $0.11 per share and the Company determined that the warrants had a fair value of $nil.

Accordingly, the Company recorded the Victory Nickel shares at their aggregate fair value of $733,000 (using $0.11 per share) and recorded the difference of $333,000 through operations as gain on derivatives held for trading – effectively this represents a value associated with the rights then exercised and realized. Note that any gain or loss on sale of Victory Nickel shares is calculated using $0.11 as cost rather than the cash purchase price of $0.06 which explains the loss on sale of $46,000 referred to above even though the sale price exceeded the cash cost. Effective December 31, 2009, the Company determined that the warrants had appreciated in fair value using the Black-Scholes option-pricing model which indicated a fair value of $0.106 per warrant. This unrealized amount of $353,000 is also recorded as gain on derivatives held for trading through the consolidated statement of operations; any subsequent change in value will also be reflected through operations. No similar gains were recorded in 2008.

Campbell announced that it had re-entered CCAA protection in January 2009. Accordingly, the Company recorded a writedown of $7,923,000 in the fourth quarter of 2008 against its interest in Campbell described in the 2008 to 2007 discussion below. The Company continues to work with legal advisors to protect its interests, to maximize potential recoveries from any liquidated assets or ensure it benefits from restructuring of Campbell. No similar writedowns were required for impairment in 2009 primarily because of improvements in the outlook for copper and the consequent effect on cash flow models for Corner Bay.

While the Company has security over other assets, including other exploration properties owned by Campbell and the tailings facility at the Copper Rand Mine, the primary asset which is most amenable to valuation is considered to be the high-grade Corner Bay copper project. The Company records its aggregate estimated recoverable amount as Interest in Campbell on the consolidated balance sheets at a carrying value net of Québec mining duties receivable of $2,297,000.

In 2008, Victory Nickel suffered a significant decline in market value which required an adjustment of $3,785,000 through the consolidated statement of operations, thereby recording its investment at market value on December 31, 2008. No such unrealized losses were recorded in 2009.

The Company recorded income tax recoveries of $1,903,000 in 2009 (2008 - $1,740,000). Income tax recoveries of $606,000 were recorded (2008 - $1,740,000) as a function of renunciation of flow-through share expenditures as the Company has recorded a valuation allowance against its future income tax assets. In addition, in 2009, the Company recorded an additional recovery of $1,297,000 since the sale of Cameron Lake is expected to close in 2010 which meant that it was more likely than not that the income tax benefits would be realized. Generally speaking, since the Company has no recurrent source of operating revenue, income tax recoveries are only recorded upon renunciation of flow-through share expenditures.

Comprehensive income totals $2,453,000. This includes net income of $1,676,000 as well as $777,000 other comprehensive income ("OCI") which represents the net increases in the market value of the Company's marketable securities year-over-year – primarily shares of Gold Hawk and Victory Nickel. Approximately $642,000 relates to Gold Hawk with the balance attributable to Victory Nickel. In 2008, comprehensive loss of $18,086,000 included a net loss of $15,792,000 and OCI of a loss of $2,294,000. The primary components are a decrease in the market value of Gold Hawk from acquisition to December 31, 2008 of $1,384,000 combined with the reversal of $910,000 of OCI related to Campbell.

As a result of the JIIL transactions, the deal with Coventry and the partial recovery of the economy, the Company's consolidated balance sheet has improved since 2008. As a result of the expected closing of the Coventry transaction in the second quarter of 2010, additional improvement in the Company's working capital will result - refer to the Liquidity and Capital Resources Section for additional discussion.

A discussion of the more significant changes not addressed in other sections of this Management's Discussion & Analysis ("MD&A") is as follows:

Cash and cash equivalents have improved to $1,490,000 from $793,000 in 2008 – refer to the Liquidity and Capital Resources Section for further discussion.

Marketable securities have improved from $548,000 in 2008 to $2,099,000 as at December 31, 2009. The market value of Gold Hawk shares was $299,000 in 2008 and improved to $945,000 by the end of 2009. The Rainy River shares had a market value of $248,000 at the end of 2008 and were sold for net proceeds of $426,000 during 2009. The remaining securities are shares and warrants of Victory Nickel which were acquired through the exercise of rights during the year at an aggregate cash cost of $400,000; the shares (after sales during 2009) have a market value of $800,000; the warrants were "in-the-money" as at December 31, 2009 and were valued using the Black-Scholes option-pricing model at $353,000. The warrants cannot be exercised until August 18, 2010.

The Company continues to believe in the value of Gold Hawk, as evidenced by its offer to merge with the company at a then-premium of approximately 98%, and therefore considers the loss to be temporary. As such, it has continued to record the changes in market value on Gold Hawk shares through OCI. The Company believes that the decline in the market value of Gold Hawk is due to general market conditions which are not specific to that company and the uncertainty on the part of investors as to how the cash resources of the company will be utilized. The amount of OCI for the year recorded through accumulated OCI for Gold Hawk is approximately $642,000. During 2009, Gold Hawk sold an 85% interest in its Coricancha mine in Peru to Nyrstar Netherlands (Holdings) BV ("Nyrstar") and now has significant cash, no debt and an interest of 15% in the company which owns the mine.

The exploration property held for sale of $1,700,000 represents the Cameron Lake project and related assets which will be sold or otherwise eliminated upon consummation of the deal with Coventry. Given that the deal is expected to close in April 2010, it is more likely than not that certain tax pools and non-capital tax losses will be utilized. In accordance with GAAP, a future income tax asset related to the tax recovery on the deal has been recognized as discussed above.

The investment in equity-accounted investees balance in 2008 was $1,732,000 which represented the market value of Victory Nickel as at December 31, 2008. This interest was eliminated upon the sale of the interest in Victory Nickel to JIIL on July 31, 2009.

Total assets have increased year-over-year due to the recognition of future income taxes related to the Cameron Lake sale to Coventry and described above.

Current liabilities of $1,243,000 have decreased from $7,526,000 in 2008 largely as a result of repayment of the short-term US-denominated loan during the year. The Company now has a long-term US-denominated loan with a principal of US$2,800,000 and a stronger Canadian dollar exchange rate. However, the debt is expected to be repaid in early 2010 from a portion of the proceeds of the sale of Cameron Lake.

Shareholders' equity has increased by approximately $4,800,000. This is as a result of net income in the year, improvements in the market value of securities available for sale, the rights offering which closed in April and the two flow-through financings closing in 2009 and which are discussed under Liquidity and Capital Resources.

Year Ended December 31, 2008, Compared With Year Ended December 31, 2007

In 2008, the Company had a net loss of $15,792,000, or $0.09 per share, compared with net income of $1,058,000, or $0.01 per share, in 2007. The primary reasons for the significant change relates to writedowns of amounts related to Campbell in 2008 of $8,359,000 and an unrealized loss on the Company's equity-accounted investment in Victory Nickel of $3,785,000, both of which were related to the significant deterioration of capital markets during 2008.

Consulting fees in 2008 were $225,000 which represents nine months of fees from Campbell; in 2007 there was a full year of fees which also included a share capital component aggregating $707,000. The operating consulting agreement with Campbell was terminated in November 2008 and fees ceased being accrued effective September 30, 2008 due to the significant operating and financial difficulties being experienced by Campbell and the consequent impact upon the collectability of amounts due from it.

Interest income of $548,000 was earned in 2008, which compares with $581,000 in 2007, as the Company ceased recording interest on amounts due from Campbell in the fourth quarter. Interest income decreased slightly despite average balances due from Campbell being greater in 2008 than 2007.

Other income in 2008 of $998,000 included a number of items, whereas the $100,000 in 2007 reflected only loan set up fees on the Campbell amounts. As discussed above, in 2008 the Company sold its royalty interest on the Rainy River exploration property for aggregate proceeds of $630,000 which comprised cash of $500,000 and 200,000 shares of Rainy River. In addition, a royalty interest related to the Bucko nickel property was sold for cash of $300,000. There were no such royalty sales in 2007.

General and administrative expenses were relatively similar in 2008, being $1,488,000 compared with $1,463,000. Overhead recoveries through charges to Victory Nickel for services under the management contract and deducted from operating expenses aggregated $650,000 in 2008, compared with $809,000 in 2007. In addition, other charges amounting to $66,000 for project-related costs (2007 - $463,000) were charged to Victory Nickel. Such amounts are recorded at the exchange amount which is equal to the cost to the Company of such services plus 10%.

In July, 2008, as mentioned above, the Company entered into a loan agreement which aggregated US$5 million as at December 31, 2008. Due to a weakening Canadian dollar, the Company incurred a net foreign exchange loss of $881,000 in 2008; there was a minimal foreign exchange loss in 2007.

The Company incurred interest expense of $576,000 on the loan in 2008 including amortization of loan fees as required under GAAP. There were no loans in 2007. The loan is included in current liabilities and was originally due December 15, 2008. Subsequent to the end of 2008, the loan was renegotiated with an extension to June 15, 2009. While the interest rate remained at 12.5%, the Company agreed to provide additional security as described in Note 10 to the 2009 Audited Consolidated Financial Statements; the loan was repaid in full in 2009. Refer also to the Liquidity and Capital Resources discussion.

The share of losses of equity-accounted investees increased significantly in 2008 to $4,203,000, compared with $868,000 in 2007. The most significant component results from losses experienced by Campbell in the third quarter of 2008. The Company ceased having significant influence over Campbell in the fourth quarter of 2008. Effective September 30, 2008, the Company considered that there was no value to its equity investment in Campbell and made an adjustment of $436,000 through operations (which is included in the writedown of amounts related to Campbell in the table above), as well as reversing an amount of $910,000 formerly recorded through OCI to record its interest at $nil.

Other amounts related to equity-accounted investees include aggregate dilution gains of $102,000 in 2008, compared with $2,071,000 in 2007. This relates to a net dilution loss of $153,000 in 2008 on Victory Nickel with the balance of $255,000 arising from Campbell; the whole amount in 2007 arose in respect of Victory Nickel. In 2008, there was a dilution loss of $525,000 in the fourth quarter as a result of share issuances by Victory Nickel pursuant to its acquisition of Independent. Combined with a dilution loss of $725,000 in the second quarter and a dilution gain of $1,097,000 related to flow-through renunciation and financings by Victory Nickel respectively, the net amount totals a dilution loss of $153,000.

Campbell announced that it had re-entered CCAA protection in January 2009. Accordingly, the Company recorded a writedown of $7,923,000 in the fourth quarter against its interest in Campbell which it views as the combination of the convertible debenture of $2,000,000, the loan balance of $5,923,000 and the royalty interest of $2,500,000 described below. As at the end of the third quarter of 2008, the Company considered that its loan balances were fully-secured, however, due to continuing adverse economic trends, the Company determined that it would make the provision against the balances as noted above. No similar writedowns occurred in 2007.

In the third quarter of 2008, the Company advanced funds under the loan facility to Campbell to be spent on the Corner Bay project. In December 2008, Campbell advised that $2.5 million had been spent on qualifying expenditures and that the Company had earned a royalty interest in Corner Bay as more fully described in Note 7 to the Company's 2009 Audited Consolidated Financial Statements.

As mentioned above, the Company views its interest in Campbell as the aggregate of the loan, convertible debenture and royalty interest and considers that the interest in Campbell has an estimated recoverable amount of $2.5 million effective December 31, 2008.

The Company's investment in Victory Nickel suffered a significant decline in market value during 2008. On June 30, 2008 Victory Nickel's shares traded at $0.47 and by December 31, 2008, the price had dropped to $0.05 per share (and was valued at the bid price of $0.045 in accordance with GAAP). Given the extent and duration of the decline, accounting principles require an adjustment to market value of the Company's investment in Victory Nickel considering that the decline is other than temporary. Accordingly, the Company recorded an unrealized loss on the value of its investment in Victory Nickel of $3,785,000 through the consolidated statement of operations, thereby recording its investment at market value on December 31, 2008. No such unrealized losses were recorded in 2007.

Income tax recoveries of $1,740,000 were recorded in 2008 as a function of renunciation of flow-through share expenditures as the Company has recorded a full valuation allowance against its future income tax assets. In 2007, income tax recoveries of $337,000 related to flow-through renunciations were recorded for the same reasons.

Other comprehensive loss of $2,294,000 represents a loss of $1,384,000 related to net decreases in the market value of the Company's marketable securities – primarily shares of Gold Hawk – combined with the reversal of $910,000 of OCI related to Campbell for the reasons outlined above.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last twelve quarters ended December 31, 2009 is as follows:

Fiscal year 2009	4th Quarter	3rd Quarter (Restated) (2)	2nd Quarter	1st Quarter
Revenue and other income	$ (46)	$ -	$ 297	$ -
Net income (loss)	$ 429 (1)	$ 1,798 (3)	$ 194 (4)	$ (745) (5)
Other comprehensive income (loss)	$ 181	$ (842)	$ 557	$ 881
Income (loss) per share - basic and diluted	$ 0.00	$ 0.01	$ 0.00	$ (0.00)

Fiscal year 2008	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter (Restated)
Revenue and other income	$ 631 (6)	$ 368	$ 519	$ 253
(Loss) net income	$ (13,173) (7)	$ (2,930) (8)	$ (196)	$ 507 (9)
Other comprehensive (loss) income	$ (786)	$ (1,522)	$ (216)	$ 230
(Loss) income per share - basic and diluted	$ (0.07)	$ (0.02)	$ 0.00	$ 0.00

Fiscal year 2007	4th Quarter (Restated)	3rd Quarter	2nd Quarter	1st Quarter (Restated)
Revenue and other income	$ 361	$ 335	$ 335	$ 357
(Loss) net income	$ (667) (10)	$ (96)	$ (129)	$ 1,950 (11)
(Loss) income per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ 0.02

(1) Includes recognition of a future income tax recovery of $1,297,000 related to tax benefits that will be realized upon anticipated closing of the sale of Cameron Lake to Coventry.

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

(3) 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.

(4) 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 shares.

(5) 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.

(6) Includes $630,000 for the sale of the Rainy River royalty received in cash and shares.

(7) Includes $3,785,000 writedown for unrealized loss on investment in Victory Nickel and $7,923,000 provision for writedown of amounts owing by Campbell.

(8) Includes $3,512,000 of losses related to Campbell partly offset by a dilution gain of $1,097,000 on Victory Nickel as a result of financings.

(9) Restated in 2008 to include a dilution loss on the share of Victory Nickel's flow-through share renunciations.

(10) Restated in 2007 to include a dilution gain of $27,000 on Victory Nickel.

(11) Restated in 2007 to include a dilution gain of $2,044,000 on Victory Nickel.

Variations in the quarterly results of operations are largely a function of the timing of property and other writedowns, gains on sales, tax recoveries and the recording of losses of equity-accounted investees and dilution gains and losses therein. Variations in comprehensive income are primarily a function of the changes in the market values of the Company's securities, as well as those of its equity-accounted investees.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2009, the Company had working capital of $2,696,000 (2008 - working capital deficiency of $6,050,000). The significant improvement is largely as a result of the JIIL transactions whereby the Company sold its interest in Victory Nickel and retired short-term debt through a reduced amount of long-term debt with no immediate cash servicing requirements.

Due to the Cameron Lake sale which is expected to close in April 2010, the Company has recognized a future income tax asset related to the gain on sale. The loan is expected to be repaid in the second quarter of 2010. Note in particular however, that the Company will receive cash of $5.9 million and marketable securities of Coventry of approximately $2.4 million (valued at close of business, March 12, 2010) which will add to working capital in the second quarter of 2010.

The Company increased its cash position in 2009 by $697,000, compared with cash used of $6,306,000 during 2008.

In 2009, the Company used cash of $953,000 in operating activities, compared with the use of cash totalling $165,000 in 2008. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in 2009 was small - $21,000 compared with $440,000 in 2008. This is further highlighted by the fact that the most significant elements of the change are non-recurring items such as gains on sales, interest capitalization and other loan-related items.

Cash used by financing activities in 2009 was $655,000, compared with cash from financing activities of $6,860,000 in 2008. While the amount of financing from common shares and warrants is comparable ($2,424,000 in 2009 versus $1,943,000), financing in 2008 was significantly higher due to the US$5,000,000 loan advanced commencing July 2008 of $4,917,000. In 2009, the loan was repaid using cash of $5,915,000 and a new two-year facility was entered into for net proceeds of $2,836,000. Both of these transactions were a part of the JIIL transactions on July 31, 2009. Interest on the new loan is at 8% and is capitalized to the loan until its maturity or repayment at the option of Nuinsco. The loan is expected to be repaid in 2010.

In 2009, the $2,424,000 issue of common shares and warrants represents: the net proceeds of the flow-through private placements closing in the third and fourth quarters of $427,000 and $1,421,000, respectively, combined with the net proceeds of the rights offering of $551,000 which closed in the second quarter. The flow-through share issuances were for 7,441,834 shares at $0.06 per share and 17,260,109 units, comprising one share and one-half of a share purchase warrant, at $0.09 per unit. The prices show the impact of the economic environment when compared with the prices in 2008 shown below and are illustrative of the difficulty in raising financing.

In 2008, net proceeds from two private placements of flow-through share financings aggregated $1,943,000 which represented the issuance of a total of 7,981,333 shares. In July, 2008, 3,633,333 flow-through common shares were issued at a price of $0.30 per share followed by 4,348,000 common shares at $0.23 per share in September 2008.

The change in the nature of financing and reduction of share issue price is indicative of the changes experienced in the equity markets generally and facing resource companies in particular. When the original bridge loan was taken out in July, 2008, the Victory Nickel shares provided as security had a market value of approximately $15.4 million and the Company believed that the absolute worst case would be that a portion of the Company's Victory Nickel holdings may need to be liquidated to satisfy the debt obligation.

The deal with JIIL in July 2009 was instrumental in improving the Company's balance sheet, however, the value of security behind the loan is significant. The Coventry deal described earlier will facilitate repayment of the loan as well as removing encumbrances over the Gold Hawk shares and will allow the Company to move forward more freely with its future plans.

Management is continuing to actively pursue additional ways to realize on assets or secure financing in order to provide funds for operations and continue its return to active exploration in Canada and elsewhere. The Company is already lean but the cost reduction measures implemented in 2009 continue to be in force and advance approvals must be received for travel, consulting and other similar discretionary expenditures. All other discretionary spending is continuing to be tightly controlled.

Investing activities in 2009 provided funds of $2,305,000, compared with a use of funds of $13,107,000 in 2008. There were significant aggregate advances to Campbell in 2008 of $4,679,000, including loans and securities which were not repeated in 2009. The exercise of the Company's rights in Victory Nickel used cash of $400,000 in August 2009 to purchase 6,662,477 common shares and 3,331,238 warrants. As at December 31, 2009, the Victory Nickel portfolio (after the sales mentioned below) has an aggregate market value of $1,153,000. This portfolio is unencumbered although the warrants cannot be exercised until mid-August 2010.

The investment in Gold Hawk made in July, 2008, required funds of $1,796,000. These shares had a market value of $945,000 as at December 31, 2009 and are part of the security over the loan.

Additions to exploration and development projects amounted to $673,000 in 2009 compared with $7,322,000 in 2008. Refer to the Exploration and Development Activities section for additional discussion.

Non-recurring cash revenues in 2009 included the sale of the Company's equity-accounted investment in Victory Nickel which generated cash proceeds of $2,734,000 and sales of Rainy River and Victory Nickel securities of $426,000 and $120,000 respectively. In addition, $100,000 was received from Coventry on account of the prospective sale of the Cameron Lake property.

Non-recurring cash revenues in 2008 were received for the sale of a core shack which had previously been written off in the amount of $198,000 and the Rainy River royalty for cash proceeds of $500,000 (shares were also received).

Total net cash received in 2009 amounted to $697,000, compared with a net use of $6,306,000 in 2008. At December 31, 2009, the Company had an outstanding flow-through expenditure commitment of $1,758,000 after taking into account $58,000 in accounts payable and accrued liabilities; there was no flow-through commitment outstanding as at December 31, 2008. 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.

As described above, exploration and development 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 make this alternative difficult if not impossible without incurring significant dilution to existing shareholders. The Company completed a rights offering in 2009, has closed two flow-through share financings and has entered into a deal to sell the Cameron Lake property in early 2010. 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 and sale of assets.

The Company's estimated monthly commitments, net of recoveries from Victory Nickel for ongoing administrative support, are approximately $100,000. The Company's working capital requirements are modest. At December 31, 2009, the major routine item requiring financing was a GST receivable which averaged approximately $15,000 per quarter of 2009 (2008 - $45,000) – although this is activity-related and will increase with higher Canadian-based expenditures. We estimate that approximately $700,000 is required on an ongoing annual basis to support the Company as a public entity. Although such costs were reduced significantly to a "bare bones" level in 2009, this would not be recommended as a sustainable measure. Such expenditures are not eligible for flow-through funding and must be financed through other means.

Given its current cash position and liquid resources from the Cameron Lake sale, the Company's plans are to concentrate on Canadian exploration activities to fulfil flow-through commitments and to seek partners on certain Canadian projects where significant funding would be required for proper exploration programming. Partners are also being sought actively for the Company's foreign projects. Measures which were implemented to control costs in 2009 remain in place as described above to ensure the Company remains viable and exploits its assets at an appropriate level until metal, financial and equity markets return.

EXPLORATION AND DEVELOPMENT ACTIVITIES

In 2009, the Company incurred exploration and development costs of $595,000 on its mineral interests (shown gross of $100,000 deposit from Coventry), compared with $5,009,000 in 2008 (excluding $2,500,000 on the Campbell Royalty Interest). Expenditures were significantly lower due to the general economic and financing environment experienced during 2009. Due to the prospective sale of Cameron Lake as discussed earlier, the carrying value of that property as at December 31, 2009 of $1,646,000 has been reclassified to Exploration Property Held for Sale. The Company also determined that expenditures on the Marijane and Huston Lakes property are impaired and accordingly, wrote the property down to $nil.

Paul Jones, President, is a "qualified person" as defined under NI-43-101, and he has supervised the preparation of 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.

GOLD

Cameron Lake Project, Ontario

Located near Kenora in northwestern Ontario, the Cameron Lake Project has been the subject of considerable historic work. Approximately $24 million was spent in the 1980s by a former partner of Nuinsco to develop the mine to the 800-foot level, and drilling has demonstrated that gold mineralization extends to greater than 700m.

In 2008, the Company restarted the previously-suspended (in 2006) process of securing permits required to dewater the underground workings at Cameron Lake; as part of the process, the Company conducted environmental and engineering studies at the site. Further, in June, 2008, an updated NI 43-101 compliant resource estimate was completed that reported 100,000 tonnes grading 6.17g/t Au in the Measured category, 648,000 tonnes 6.51g/t Au in the Indicated category and 1,819,000 tonnes grading 4.99g/t in the Inferred category.

In 2008, the Company determined that it was appropriate to record an asset retirement obligation of $99,000 for the Cameron Lake property. The obligation is being accreted periodically through a charge in the consolidated statement of operations to build up to an expected site closure cost of $253,000 by 2016. Refer to Note 11 to the Company's 2009 Audited Consolidated Financial Statements.

The Company has chosen to sell the Cameron Lake property to Coventry. Significant cash expenditures will be required to bring the project to production and raising finance continues to be difficult for junior exploration companies. The cash generated by the sale will reduce the need to issue shares to fund the Company's exploration activities.

URANIUM AND RARE EARTHS

Diabase Peninsula Property, Saskatchewan

Nuinsco's Diabase Peninsula uranium project is located 150km northwest of La Ronge, Saskatchewan on the Athabasca Basin; the region that hosts the world's richest uranium mines. The 21,900-hectare property is a joint venture with Trend Mining Company of Denver ("Trend") whose interest currently approximates 13%. Should a participant's interest drop below 10%, the 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. 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.

Nuinsco completed two drill programs in 2005 and 2006 that returned uranium values as well as key indicator minerals associated with uranium deposits in the Athabasca Basin which, combined with past drilling and other studies, points toward the local presence of unconformity style mineralization.

An 18-hole, 6,534m $2.5 million drill program, designed to follow up on previous positive exploration results, began in the fourth quarter of 2007 and was completed in the second quarter of 2008. The winter

2007-2008 drilling was conducted over 23km of strike testing four widely-separated target areas within the previously-identified primary target along the prospective Cable Bay Shear Zone that underlies the entire property for 35km from north to south. Assays from the most recent drilling provide anomalous uranium levels that are typical of values at the margins of economic uranium deposits in the Athabasca Basin including a 14.85m interval of anomalous uranium mineralization peaking at 0.07% uranium (0.083% U_3O_8), as well as a number of other anomalous uranium results and other key indicator geochemistry demonstrating strong and widespread evidence of a mineralizing event capable of producing unconformity style uranium mineralization on the property.

No new field work was conducted at Diabase Peninsula in 2009. A gravity survey and geochemical sampling will be conducted during the winter of 2010 in order to expand upon existing coverage over portions of the property. The intention is for prospective target areas to be tested by diamond drilling in subsequent work programs.

Exploration work on the 21,900 hectare property now includes 28 widely spaced drill holes totalling 11,205m with additional supporting airborne and ground geophysical surveys, prospecting and sampling.

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. In the second quarter of 2007, 1,878m of drilling was undertaken on this large carbonatite intrusion to follow up on values from recent surface sampling of up to 0.08% U_3O_8 (1.656 lb/tonne).

Assays clearly demonstrate the presence of strong uranium mineralization at Prairie Lake in conjunction with a suite of other minerals of economic interest. Results from hole DDH NP-07-01, collared at the centre of the complex, returned 0.106% U_3O_8 (or 2.3 lb/t) over 13.5m (11.49m true width), as well as 9.03% phosphorous, 1,744ppm niobium, 89ppm tantalum and elevated rare earth element (REE) values averaging a combined 2,986ppm for lanthanum, cerium, neodymium, samarium as well as yttrium (1ppm = 1 g/t) over the same interval. Assay results for the balance of the holes were received in the fourth quarter of 2007 and showed similar significant economic potential of this underexplored easily accessible property.

A surface sampling program was undertaken during the second and third quarters of 2007. Rock chip samples were collected from surface pits and auger holes following a 50-100m spaced grid which covered the circular intrusion. Samples returned individual peak assays of 886ppm uranium, 4,390ppm niobium, 507ppm tantalum and 19.9% phosphorus (P_2O_5).

Another drill program was completed in the third quarter of 2008 with 2,543m (ten holes) of drilling including three approximately 500m deep holes which were designed to test the intrusion to a much greater depth than previously drilled as well as to attempt to characterize the outer contact of the carbonatite intrusion. The remaining shorter seven holes (approximately 100m each) were drilled in the SW quadrant of the intrusion to follow up on positive historic drilling results and historic radiometric data as well as information obtained from the 2007 grid sampling program.

The property is subject to a 2% net smelter royalty 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 million in either cash or common shares of the Company.

On January 13, 2010, the Company announced the results of an 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 surface area of the Prairie Lake complex.

Marijane and Huston Lakes Property
Nuinsco entered into an agreement with Temex in 2008 in order to earn an undivided 50% interest in claims staked by Temex in the Marijane – Huston lakes area. The property area straddles the Ontario-Manitoba boundary 75km east of Lac du Bonnet, Manitoba. Temex acquired the properties, totalling 87 mining claims (the "Claims") and covering 52,604 acres, by staking in July, 2007.

Prospecting during the third quarter of 2008 resulted in positive results including 72 samples out of a total of 336 samples collected that returned >200ppm uranium. Discrete areas anomalous in uranium range up to 0.5km by 1.5km within anomalous trends up to 4.0km in length. Airborne radiometric anomalies are located within and around the western margins of the 30km by 10km east-west trending Marijane Lake Batholith, a granite similar in mineral composition to that which hosts the large tonnage, low grade Rössing Uranium Mine in Namibia.

A follow-up diamond drilling program commenced in early December and was completed by the end of December 2008. Early in 2009, it was reported that anomalous uranium mineralization greater than 100ppm was returned in seven holes of the 12-hole, 1,386m diamond drilling program. With the completion of this program, the Company has now fulfilled its first tier of expenditure commitments under the option agreement, with no additional expenditures required until May, 2010.

In 2009, the Company determined that the results to date on this exploration property did not support the expenditures to date and accordingly, decided to writedown the property to $nil. The Company has not yet decided whether to complete its commitment to earn the 50% undivided interest in the property.

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 ("Xstrata"), one of the commodity business units within Xstrata plc, on which exploration began 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 million 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 million. 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 0.07 g/t gold between 3.80m and 714.7m, including: 6.85m grading 3.79% copper, 0.22 g/t gold, 11.6 g/t silver and 1.05% zinc; 5.90m grading 2.60% copper, 1.14 g/t gold and 8.3 g/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 presently owes Xstrata approximately $492,000, which is included in accounts payable and accrued liabilities, for its share of expenditures on Berta. The agreement contains dilution provisions when amounts are unpaid which may be invoked by Xstrata but have not been to date. In such case, Nuinsco would eliminate the amount payable and reduce the value of the exploration property by a similar amount adjusted for foreign exchange differences. Discussions with Xstrata have been ongoing and the Company does not anticipate that the dilution provisions will be invoked given the tenor of these discussions.

Elmalaan, covering 947 hectares, 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 98.90-109.0m; between 102.6-103.2m, 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 newly-formed wholly-owned Turkish subsidiary.

No new field work was performed in 2009

OTHER

Gold Exploration Concessions in 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. The receipt of final title is subject to negotiating a suitable concession agreement with the Egyptian Mineral Resources Authority ("EMRA"). Negotiations are underway. Among other terms, the concession agreement will set out the rights and responsibilities of the Company through its 50%-owned Egyptian subsidiary, Z-Gold Resources Limited and EMRA, terms of production sharing and cost recovery as well as exploration expenditures.

Olympian Project Option
In March, 2010, the Company announced that it has 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 the Lake of the Woods region. The claims were assembled through four option agreements with consideration aggregating cash of $705,000 and 1,450,000 common shares of the Company payable over 2010 and 2012.

STRATEGIC INVESTMENTS

Campbell Resources Inc.
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 the Royalty Interest in Corner Bay of 10% of operating cash flow from the Corner Bay project from production at the 145-metre level and above.

Campbell's strategy was to capitalize on available mill capacity to lower unit costs by increasing throughput at the Copper Rand Mill as a consequence of increasing production at its Copper Rand mine as well as milling ore from other regional deposits including Corner Bay. While development in ore at Corner Bay commenced and shipment to the Copper Rand mill started in 2008, significant financial difficulties resulting from production delays, falling metal prices and the inability to obtain financing forced Campbell to curtail its operations towards the end of 2008 at both Copper Rand and Corner Bay. In January, 2009 Campbell announced that it had re-entered CCAA protection.

A significant part of Nuinsco's interest in Campbell hinges upon Corner Bay, whether through security agreements on loans or through the interest in cash flows. Nuinsco also has security interests in, among other things, the other exploration properties owned by Campbell in the Chibougamau mining camp and the tailings pond at the Copper Rand Mill.

Campbell had planned a Phase I extraction of a 42,000-tonne bulk sample, Phase II anticipated mining an additional 500,000 tonnes of ore grading 4.5% copper over three years. Corner Bay remains open at depth, and drilling results had returned intercepts grading up to 9.27% copper over 6.7m at 1,200 vertical metres.

At a 3% Cu cut-off, Corner Bay has measured and indicated resources of 446,000 tonnes averaging 5.58% Cu (181,000 tonnes at 5.07% Cu measured and 265,000 tonnes at 5.93% Cu indicated); inferred resources total 1,441,000 tonnes averaging 6.76% Cu (Ref.: GEOSTAT Technical Report, July 2006, available on SEDAR at www.sedar.com).

In March 2010, the Company, along with its partner Ocean Partners Inc., entered an offer to purchase Campbell's assets. As part of the confidential bid process which is subject to court supervision under CCAA proceedings, the Company made a deposit of $465,000 in trust for its share of the bid as evidence of good faith.

Victory Nickel Inc.
As described above, pursuant to the transactions with JIIL, 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 an approximate 2% interest in the shares of Victory Nickel which is held as a marketable security available for sale.

IMPAIRMENT ANALYSIS

While the metals markets and other general economic factors have improved over the prior year, the Company performed an impairment analysis. An initial indicator of impairment considers the market capitalization of a company compared with its net book value. At and around the end of December 31, 2009, the Company's market capitalization exceeded its book value and this has continued into 2010. An analysis was performed on each of the Company's exploration and development projects.

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

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

Furthermore, management's intentions with respect to future expenditures and plans for the projects were considered. The results from the Marijane and Huston Lakes property have not met expectations and accordingly, the Company decided to writedown the value of that property to $nil. All other projects have had recent expenditures and are considered to be active.

Management concluded that no impairment existed in each of its projects effective December 31, 2009, except that the estimated recoverable amount of the Company's interest in the Marijane and Huston Lakes property is $nil, and that costs incurred to date on all other 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 development projects, assessing the impairment of long-lived assets and the fair value estimates for stock options and warrants and assessing the value of future income tax assets and valuation reserves. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to the Company's 2009 Audited Consolidated Financial Statements.

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 of the Company's 2009 Audited Consolidated Financial Statements. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to the Company's 2009 Audited Consolidated Financial Statements.

The Company's recorded value of its exploration and development 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 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/warrant.

NEW ACCOUNTING POLICIES

The volume of accounting pronouncements being introduced by The Canadian Institute of Chartered Accountants ("CICA") applicable to the Company has reduced significantly pending the transition to International Financial Reporting Standards ("IFRS") discussed in more detail below.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The implementation of this guidance has not had any material impact on the Company's financial statements.

Amendment to Financial Instruments – Disclosures

During 2009, the CICA amended Handbook Section 3862, Financial Instruments – Disclosures to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy of three levels. The levels of the fair value hierarchy are:

Level One – Unadjusted quoted market prices in active markets for identical assets or liabilities;
Level Two – Inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly; and
Level Three – Inputs that are not based on observable market data.

The Company has included such disclosures in Notes 2, 3 and 5 to the 2009 Audited Consolidated Financial Statements.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Company is continuing to review the requirements of IFRS. Senior financial management has attended training courses on IFRS designed to be industry-specific. Nuinsco will be required to produce IFRS-compliant financial statements for the quarter ended March 31, 2011 which will include the applicable disclosures and information for the comparative 2010 period.

A project management document has been prepared and approved by the Company's Audit Committee which includes the project governance, including escalation and issues management as well as the key steps required to meet conversion. The document includes a high-level project plan which will continue to be developed and refined as the project progresses past the diagnostic review. The project plan includes three main phases, which may overlap:

Phase 1: Preliminary Impact Assessment – this includes the preparation of a diagnostic review, the identification of preliminary GAAP differences, will define additional information requirements, will define the preliminary approach for managing dual reporting, will include a project timeline and a training plan.

Phase 2: Detailed Planning and Implementation – this includes determination of accounting policies and transition elections, development of statement and note disclosure templates, development of transition balance sheet, identification of new system requirements and their design.

Phase 3: Post Implementation Review – this includes an analysis of ongoing roles, continuous improvement process and ongoing monitoring of future IFRS changes.

Status of Project
The Company has completed Phase 1 as outlined above and has commenced Phase 2 of its IFRS transition. The diagnostic review, in particular, has been prepared and the preliminary selection of transition election options has been made. All such work has been carried out primarily on a "business as usual" basis; should the Company make significant capital acquisitions, secure significant financing and move ahead towards production, it will need to upgrade accounting systems and make additional accounting policy selections. Such choices will be made with IFRS transition in mind in order to manage differences until full conversion is achieved. The Company believes that it is well-positioned to meet the transition to IFRS.

Diagnostic Review
In common with many junior mining companies, the main differences in accounting under IFRS relate to exploration and development properties. In particular, accounting for impairment has some major differences. Firstly, the test for impairment requires a "trigger" rather than being an annual test. It is performed on a cash-generating-unit basis (likely analogous to a defined project for the Company), the recoverable amount uses discount factors (unlike the two-tier test under extant Canadian GAAP) and write-ups are required to historic cost. The concept of a write-up is a major paradigm shift and is expected to lead to increased volatility of earnings. The Company will be required to perform impairment tests at the transition date of January 1, 2010 with any transition adjustments being made to retained earnings.

The Company may enter into joint venture arrangements with third parties. Presently, the accounting policy is to account for these using the proportionate consolidation method. IFRS may remove this alternative and require equity accounting. This is not expected to represent a major change for the Company.

The definition and test for functional currency is different under IFRS. The Company expects that the Canadian dollar will continue to be its functional currency but both primary and secondary tests are required which consider such factors as the denomination of major revenues, expenditures and financing.

Should the Company raise debt financing in the future for any of its specific projects, interest must be capitalized to that project. Under extant Canadian GAAP, there is a choice of capitalizing or expensing interest.

Expected Transition Elections
The Company's guiding premise with respect to transition elections is to manage changes to a minimum unless there is a compelling reason for making a change. This also appears to have been the experience in other jurisdictions where IFRS conversion has already taken place. Accordingly the Company expects to make the following elections, where applicable:

- Continue to capitalize exploration costs;
- Retain prior accounting for historic business combinations – no retroactive application of IFRS;
- Reset the cumulative translation account to zero for any non-monetary items of any foreign subsidiaries;
- Use cost for property and equipment rather than revaluation; and
- Choose not to adopt retroactive application of fair value accounting on options (or predecessor options) granted prior to November 2002.

Business Combinations
In October 2008, the CICA issued Handbook Section 1582, Business Combinations, which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Non-controlling Interests
Also in October, 2008, the CICA issued Handbook Section 1602, Non-controlling Interests, to provide guidance on accounting for non-controlling interests subsequent to a business combination. This is effective for fiscal years beginning on or after January, 2011.

Consolidated Financial Statements
In October 2008, the CICA issued Handbook Section 1601, Consolidated Financial Statements, to establish new standards for consolidation of financial statements. This is effective for fiscal years beginning on or after January 2011.

Should the Company engage in a future business combination, it would consider early adoption of Sections 1582, 1601 and 1602, as appropriate to coincide with the adoption of IFRS.

CORPORATE GOVERNANCE

Evaluation of Disclosure Controls and Procedures
The Company's Chief Executive Officer and Chief Financial Officer, (collectively, the "Certifying Officers"), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal year ended December 31, 2009, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2009. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

Evaluation of Internal Control over Financial Reporting
The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal year ended December 31, 2009, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's internal controls over financial reporting and procedures were effective as at December 31, 2009. During the evaluation process, the Company made improvements to the internal controls over financial reporting.

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 controls over financial reporting that occurred during the year ended December 31, 2009 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

RELATED PARTY TRANSACTIONS AND MANAGEMENT AGREEMENT

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 exchange amount which is equal to the costs incurred by 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 2009 totalled $612,000 (2008 - $650,000) and have been deducted from general and administrative expenses. Furthermore, project-related costs of $19,000 have been charged to the Company by Victory Nickel and are included in exploration and development costs on the balance sheet (2008 - $53,000). In addition, project-related costs aggregating $59,000 have been charged by the Company to Victory Nickel during the year ended December 31, 2009 (2008 - $66,000).

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. The Company ceased to be a shareholder with significant influence over Victory Nickel on July 31, 2009, as described earlier.

Accounts payable and accrued liabilities include $301,000 (2008 - $115,000) owing to directors and officers. The amounts consist primarily of directors' fees and reimbursement of expenses.

The Company commenced equity accounting for its investment in Campbell effective December 1, 2007 and continued to do so until the termination of the operating consulting agreement in late 2008. During 2008 and 2007, the Company made various loans to and investments in Campbell, and earned interest, consulting fees and loan set-up fees from Campbell. These transactions are described in Note 7 to the Company's 2009 Audited Consolidated Financial Statements. The Company recorded significant writedowns on these amounts in 2008 as described elsewhere in this MD&A.

OUTSTANDING SHARE DATA

At December 31, 2009, the Company had 230,935,509 common shares outstanding. At March 12, 2010, the Company had 230,935,509 common shares issued and outstanding. In addition, there were 20,685,000 stock options outstanding at March 12, 2010 as well as 17,593,016 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 269,213,525 and would generate approximately $5,212,000. The majority of the warrants cannot be exercised until April 23, 2010.

RECENT DEVELOPMENTS

Recent developments for the Company, not covered elsewhere in this MD&A are as follows:

Stock Options Issuance
On January 4, 2010, the Board of Directors granted 4,700,000 stock options at $0.08 per share to directors, officers, employees and consultants. Of the options granted, 3,600,000 vest immediately and 1,100,000 vest over one year. These options are included in the outstanding share data above.

RISKS AND UNCERTAINTIES

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

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

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

Industry Risks

Speculative Nature of Mineral Exploration

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

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. This information is used to calculate estimates of the capital cost, cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. In addition, there remains to be undertaken certain feasibility and development preparation work on the projects that could adversely impact estimates of capital and operating costs required for the development of the projects. Costs necessary to develop the projects could be significant and will have a direct impact on the economic evaluation of the projects. As a result, it is possible that the actual capital cost, cash operating costs and economic returns of the projects may differ from those currently estimated.

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

Resources, 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. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an ore body or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

Title Risks

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

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

Insurance Risk

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

Financial and Investment Risks

Substantial Capital Requirements

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

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. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of precious and base metals has historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Nuinsco's business, financial condition and prospects. Given the stage of development of Nuinsco's projects, the above factors have had no material impact on present operations but are considered in evaluating the impairment of long-lived assets.

Areas of Investment Risk

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

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

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

Regulatory Risks

Government Regulation

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

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

Nuinsco may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the areas in which Nuinsco does or will operate and holds its interests, as well as unforeseen matters.

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

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

Foreign Operations

In 2004, the Corporation 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.

Strategic 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.

FORWARD-LOOKING STATEMENTS

Forward-Looking Information: This MD&A contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (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.

March 12, 2010