



NUINSCO RESOURCES LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

DATED MAY 10, 2013

Management's Comments on Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of Nuinsco Resources Limited for the three months ended March 31, 2013 and 2012 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

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

Condensed Consolidated Balance Sheets

As at		March 31,	December 31,
(in thousands of Canadian dollars)	<i>Notes</i>	2013	2012
		(unaudited)	
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 2,433	\$ 2,275
Receivables	7	134	110
Marketable securities	8	865	828
Total current assets		3,432	3,213
Non-current assets			
Property and equipment	9	1,049	1,077
Exploration and evaluation projects	10	18,744	18,333
Loan receivable	11	752	1,009
Other assets	14	-	210
Total non-current assets		20,545	20,629
Total Assets		\$ 23,977	\$ 23,842
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	13	\$ 882	\$ 1,016
Total current liabilities		882	1,016
Non-current liabilities			
Long-term liabilities	14	1,019	213
Total Liabilities		1,901	1,229
Shareholders' equity			
Share capital	16	98,169	98,169
Contributed surplus		5,457	5,436
Accumulated other comprehensive loss		(1,966)	(1,753)
Deficit		(79,584)	(79,239)
Total shareholders' equity		22,076	22,613
Total Liabilities and Shareholders' Equity		\$ 23,977	\$ 23,842

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 25)

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

Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended March 31,	
		2013 (unaudited)	2012 (unaudited)
Other expenses			
General and administrative		\$ (385)	\$ (417)
Share-based payments:	18		
Options		(21)	(69)
Amortization of property and equipment	9	(6)	(3)
Pre-exploration write-offs	10	(16)	-
Writedown of exploration and evaluation projects	10	-	(79)
Operating loss		(428)	(568)
Finance income	19	135	102
Finance costs	19	(52)	(6)
Net finance income		83	96
Loss before income taxes		(345)	(472)
Income tax expense		-	-
Net Loss for the Period		\$ (345)	\$ (472)
Earnings (loss) per share	17		
Basic loss per share		\$ (0.00)	\$ (0.00)
Diluted loss per share		\$ (0.00)	\$ (0.00)

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

Condensed Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)	Note	Three months ended March 31,	
		2013 (unaudited)	2012 (unaudited)
Net loss for the period		\$ (345)	\$ (472)
Other comprehensive (loss) income			
Net change in fair value of financial assets	8	(213)	18
Income tax recovery		-	-
Other comprehensive (loss) income for the period		(213)	18
Total Comprehensive Loss for the Period		\$ (558)	\$ (454)

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

Condensed Consolidated Statements of Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balances as at January 1, 2012	<i>Notes</i>	\$ 97,195	\$ 4,985	\$ (1,155)	\$ (79,766)	\$ 21,259
Total comprehensive loss for the period						
Net loss for the period					(472)	(472)
Other comprehensive income						
Net change in fair value of financial assets	8			18		18
Total other comprehensive income				18		18
Total comprehensive loss for the period						(454)
Transactions with owners, recorded directly in equity						
Contributions by owners in the period						
Issue of flow-through common shares and warrants		503	86	-	-	589
Shares issued for property		288	-	-	-	288
Options granted and vesting		-	69	-	-	69
Total contributions by owners		791	155	-	-	946
Total transactions with owners		791	155	-	-	946
Balances as at March 31, 2012		\$ 97,986	\$ 5,140	\$ (1,137)	\$ (80,238)	\$ 21,751
Balances as at January 1, 2013		\$ 98,169	\$ 5,436	\$ (1,753)	\$ (79,239)	\$ 22,613
Total comprehensive loss for the period						
Net loss for the period					(345)	(345)
Other comprehensive loss						
Net change in fair value of financial assets	8			(213)		(213)
Total other comprehensive loss				(213)		(213)
Total comprehensive loss for the period						(558)
Transactions with owners, recorded directly in equity						
Contributions by owners in the period						
Options vesting	18	-	21	-	-	21
Total contributions by owners		-	21	-	-	21
Total transactions with owners		-	21	-	-	21
Balances as at March 31, 2013		\$ 98,169	\$ 5,457	\$ (1,966)	\$ (79,584)	\$ 22,076

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

Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	Three months ended March 31,	
		2013 (unaudited)	2012 (unaudited)
Cash flows from operating activities			
Net loss for the period		\$ (345)	\$ (472)
Adjustments for:			
Share-based payments	18	21	69
Amortization of property and equipment	9	6	3
Writedown of exploration and evaluation projects	10	-	79
Net finance income	19	(58)	(95)
Net change in non-cash working capital:			
Change in receivables		(2)	(50)
Change in trade and other payables		23	122
Net cash used by operating activities		(355)	(344)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	10	(424)	(771)
(Purchase) sale of equipment	9	(56)	60
Loan interest received accrued in prior year	11	9	-
Net cash used by investing activities		(471)	(711)
Cash flows from financing activities			
Issue of common shares and warrants		-	898
Net proceeds of loan	14	984	-
Net cash from financing activities		984	898
Net Increase (Decrease) in Cash and Cash Equivalents		158	(157)
Cash and Cash Equivalents, Beginning of the Period		2,275	516
Cash and Cash Equivalents, End of the Period		\$ 2,433	\$ 359

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

Notes to the Condensed Consolidated Financial Statements

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

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited (“Nuinsco” or the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The condensed consolidated financial statements of the Company as at and for the three months ended March 31, 2013 and 2012 comprise the Company and its subsidiaries (together referred to as “Nuinsco” and individually as “Nuinsco entities”) and Nuinsco’s interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada and internationally when attractive opportunities arise (Note 20). The Company conducts its activities on its own or participates with others on a joint operations basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 10 and 11 to these condensed consolidated financial statements.

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

These condensed consolidated financial statements have been prepared using generally accepted accounting principles (“GAAP”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at March 31, 2013, the Company had working capital of \$2,550,000 (December 31, 2012 – working capital of \$2,197,000). Working capital is defined as current assets including assets held for sale less current liabilities, excluding restricted cash, if any.

Notwithstanding the significant improvement in the Company’s financial condition, it is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Development of the Company’s current projects to the production stage will require significant financing. Given the current economic climate, the ability to raise funds may prove difficult.

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. (“Campbell”) presently recorded under *Property and equipment* and *Exploration and evaluation projects* on the condensed consolidated balance sheets and held through CBay Minerals Inc. (“CBay”) a joint operation with Ocean Partners Investments Limited (“Ocean Partners”). Refer to Notes 9 and 10 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency (“CRA”) refer to Note 25.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34, Interim Financial Reporting (“IAS 34”). This is GAAP for a Canadian public company.

These unaudited condensed consolidated financial statements reflect the accounting policies described in Note 3 to the Company’s Audited Consolidated Financial Statements for the years ended December 31, 2012 and 2011 (“2012 Audited Consolidated Financial Statements”) (with the exception of any changes set out in Note 3 below) and accordingly, should be read in conjunction with those financial statements and the notes thereto.

The management of Nuinsco prepares the unaudited condensed consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2013. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

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

Notes to the Condensed Consolidated Financial Statements

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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

Significant estimates and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

- Note 8 valuation of financial assets at fair value through OCI;
- Note 10 measurement of the recoverable amounts of exploration and evaluation projects; and
- Note 18 measurement of share-based payments.

Significant judgements

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

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

- Note 1 going concern assessment;
- Note 10 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 10 impairment of exploration and evaluation projects
- Note 11 recognition of the convertibility feature of the loan; and
- Note 25 disclosure of contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in detail in Note 3 to the 2012 Audited Consolidated Financial Statements. Such policies have been applied consistently to all periods presented in these condensed consolidated financial statements and have been applied consistently by Nuinsco entities.

(a) New Accounting Policies

There have been no new accounting policies adopted by the Company. The joint operation in CBay continues to be accounted for on a proportionate consolidation basis which is in accordance with IFRS 11 which came into effect on January 1, 2013.

(b) New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company's 2012 Audited Consolidated Financial Statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued no additional new and revised standards and interpretations which are applicable to the Company.

Notes to the Condensed Consolidated Financial Statements

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

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

Overview

The Company has exposure to credit risk, liquidity risk, market risk and operational risk from its use of financial instruments. A complete description of the Company's financial risk management and capital management is included in Note 4 to the 2012 Audited Consolidated Financial Statements. This note updates information about the Company's exposure to each of the above risks where there have been material or noteworthy changes. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit Risk

Loan receivable

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

Liquidity Risk

The Company's only significant long-term liabilities are the ones disclosed in Note 14. All other contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's lease commitment described in Note 15.

Market Risk

Interest rate risk

The Company's loan receivable (Note 11) and debt (Note 14) bear interest at fixed rates. Accordingly, the estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Capital Management Disclosures

	Notes	March 31, 2013	December 31, 2012
Shareholders' equity		\$ 22,076	\$ 22,613
Long-term liabilities	14	1,019	213
		23,095	22,826
Available loans and borrowings	14	1,500	2,500
		\$ 24,595	\$ 25,326

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

5. DETERMINATION OF FAIR VALUES

There have been no changes in how the Company determines fair value for both financial and non-financial assets and liabilities from the descriptions included in Note 5 to the Company's 2012 Audited Consolidated Financial Statements. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

(a) Royalty Interest

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

(b) Marketable Securities

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

Notes to the Condensed Consolidated Financial Statements

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

Fair value hierarchy

The different levels of valuation are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

(c) Receivables

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

(d) Warrants

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

(e) Non-derivative Financial Liabilities

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

(f) Share-based Payment Transactions

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012
Bank balances	\$ 2,433	\$ 2,275
Cash and Cash Equivalents in the Statement of Cash Flows	\$ 2,433	\$ 2,275

7. RECEIVABLES

	March 31, 2013	December 31, 2012
Other receivables	\$ 106	\$ 74
Prepaid expenses and deposits	28	36
	\$ 134	\$ 110

8. MARKETABLE SECURITIES

	March 31, 2013	December 31, 2012
Financial assets at fair value through OCI		
Coventry Resources Limited	\$ 306	\$ 660
Victory Nickel Inc.	558	165
Other	1	3
	\$ 865	\$ 828

All of the Company's marketable securities are publicly-listed and are valued using Level 1 methodologies.

Notes to the Condensed Consolidated Financial Statements

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

9. PROPERTY AND EQUIPMENT

Equipment		Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2012	\$	1,742	\$ 299	\$ 1,443
Additions		57	-	57
Disposals		(412)	-	(412)
Amortization		-	11	(11)
Balance as at December 31, 2012		1,387	310	1,077
Disposals		(22)	-	(22)
Amortization		-	6	(6)
Balance as at March 31, 2013	\$	1,365	\$ 316	\$ 1,049

Effective October 25, 2011, the Company, through CBay, owns a 50% proportionate interest in the mill and related equipment at the Chibougamau camp; during the periods, CBay sold various equipment, the disposals represent 50% of the effect of those transactions.

10. EXPLORATION AND EVALUATION PROJECTS

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

	January 1, 2013	Current Expenditures	Writedown of E&E Projects	March 31, 2013
URANIUM AND RARE METALS				
Diabase Peninsula	\$ 9,046	\$ 28	\$ -	\$ 9,074
Prairie Lake	3,372	53	-	3,425
	12,418	81	-	12,499
GOLD, COPPER AND ZINC				
Chibougamau Camp	4,713	327	-	5,040
Berta	1,202	3	-	1,205
	5,915	330	-	6,245
	\$ 18,333	\$ 411	\$ -	\$ 18,744

	January 1, 2012	Current Expenditures	Writedown of E&E Projects	March 31, 2012
URANIUM AND RARE METALS				
Diabase Peninsula	\$ 8,041	\$ 601	\$ -	\$ 8,642
Prairie Lake	2,886	410	-	3,296
	10,927	1,011	-	11,938
GOLD, COPPER AND ZINC				
Chibougamau Camp	3,820	133	-	3,953
Berta	1,197	1	-	1,198
Bukari	-	23	(23)	-
J. Tobrar	-	40	(40)	-
	5,017	197	(63)	5,151
	\$ 15,944	\$ 1,208	\$ (63)	\$ 17,089

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of \$1,000,000. As at March 31, 2012, cumulative expenditures increased this ownership interest to greater than 90% as

Notes to the Condensed Consolidated Financial Statements

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

Trend did not contribute its share of expenditures. Under the agreement, should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property (as defined). Accordingly, Trend's interest was converted to a royalty and Nuinsco owns the project in its entirety. Effective December 19, 2012, the Company acquired that royalty through a one-time cash payment of \$15,000. Accordingly, Trend has no remaining interest whatsoever in the Diabase Peninsula property.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims were optioned while seven were staked by Nuinsco. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in the winter of 2011. All back in rights have been extinguished with regard to Trend's participation in the project.

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

Prairie Lake

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

Gold & Copper

Chibougamau Camp

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

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,722 tonnes per day mill and tailings facility (included in *Property and equipment* on the consolidated balance sheet – Note 9); and,
- in excess of 38,000 ha of highly-prospective exploration property.

In the third quarter of 2012, CBay sold a royalty and received a return of funds from the receiver; the Company's share of funds amounted to \$450,000 net of expenses and is shown as a recovery against the property.

In 2012, the Company entered into an option agreement with CBay to make expenditures on its Portage and Corner Bay properties in exchange for an undivided interest in each property as follows: \$300,000 incurred on Portage up to December 31, 2012 earns a 30% undivided interest with the option to incur up to an additional \$500,000 in \$100,000 increments each earning a 5% additional undivided interest; \$1,000,000 in expenditures incurred on Corner Bay in \$250,000 increments each earning a 5% undivided interest in the property. Aggregate expenditures incurred pursuant to that agreement on the Chibougamau camp amount to \$621,000 (\$440,000 were expended in 2012). Substantially all of the expenditures are on the Portage property.

During the first quarter of 2013, CBay entered into an agreement to option the Perch River copper project for a total cost of \$200,000 payable over four years. CBay paid \$30,000 in the first quarter of 2013. In early May 2013, CBay announced the acquisition of the Devlin copper project for \$363,000. Both transactions provide for 2% NSRs to be retained by the vendors and are intended to provide near-term feed for the Copper Rand mill.

Notes to the Condensed Consolidated Financial Statements

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

Berta

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

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

In 2012, Xstrata commenced a 7,500 metre drilling program with budgeted expenditures of US\$2,672,000 to the end of December 2012. Full results and accounting for the work program have now been received. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata. In April 2013, Xstrata indicated that they are prepared to resign as operator and Nuinsco is considering its options.

Writedown of exploration and evaluation projects

The Company made a decision on various of its foreign properties in early 2012. Aggregate expenditures of \$63,000 were incurred prior to the decisions being made and were written off, along with a project-related receivable of \$16,000 to *Writedown of exploration and evaluation projects* in 2012.

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Exploration costs in the amount of \$16,000 were written off during the three months ended March 31, 2013 (March 31, 2012 - \$nil).

11. LOAN RECEIVABLE

	March 31, 2013	December 31, 2012
Loan receivable	\$ 1,000	\$ 1,000
Accrued interest receivable	-	9
	1,000	1,009
Less: unamortized loan fees	(248)	-
	\$ 752	\$ 1,009

The Company entered into a loan agreement in November 2012 that provided an advance for \$1,000,000. The Loan bears interest at 12% per annum and matures on January 31, 2015; it is secured by equipment and a general security agreement over the borrower's assets.

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

Notes to the Condensed Consolidated Financial Statements

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

The borrower will pay, with shares, an arrangement fee of up to \$300,000 plus a commitment fee of 1.5% per annum on unutilized balances. An arrangement fee of \$250,000 in shares (included in marketable securities) was received effective March, 2013 based on a \$2,500,000 facility, and is being amortized into interest income using the effective interest method over the life of the loan; amortization of \$2,000 was recorded in the three months ended March 31, 2013.

12. ROYALTY INTEREST

On April 20, 2010, pursuant to the sale of Cameron Lake to Coventry, the Company retained a royalty interest in the Cameron Lake property. The royalty interest was accounted for using the cost basis and recorded at \$3,000,000.

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

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	March 31, 2013	December 31, 2012
Trade payables			
E&E projects		\$ 108	\$ 93
Non-project related		101	104
Flow-through premium liability		173	265
Other payables		19	9
Due to Victory Nickel Inc.	21	-	43
Accrued liabilities			
E&E projects		63	91
Non-project related		418	411
		\$ 882	\$ 1,016

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

As at and for the periods ended	<i>Note</i>	March 31, 2013	December 31, 2012
Balance as at beginning of period		\$ 265	\$ 171
July and August, 2011 financing:			
Flow-through premium through finance income		-	(126)
December, 2011 financing:			
Flow-through premium through finance income		-	(45)
February and March, 2012 financing:			
Flow-through premium		-	321
Flow-through premium through finance income	19	(92)	(56)
Balance as at end of period		\$ 173	\$ 265

14. LONG-TERM LIABILITIES

	March 31, 2013	December 31, 2012
Long-term loan facility	\$ 800	\$ -
Payable from acquisition of Campbell debt	219	213
	\$ 1,019	\$ 213

Notes to the Condensed Consolidated Financial Statements

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

Long-term Loan Facility

	March 31, 2013	December 31, 2012
Advances	\$ 1,000	\$ -
Unamortized loan fees	(200)	(210)
	\$ 800	\$ (210)

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility"). The Facility can be drawn down in minimum amounts of \$500,000, with \$1,500,000 immediately available and the balance available six months from closing. The Facility matures on June 18, 2014 with the availability of a one-time extension period of six months upon issuance of 3% of the principal amount extended payable in CBay shares owned by Nuinsco. A facility fee of \$50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco's CBay shares.

The loan was drawn down by \$1,000,000 on February 1, 2013. The aggregate loan fees and expenses related to the loan of \$226,000 (December 31, 2012 - \$210,000 included as *Other assets* on the consolidated balance sheet) are amortized through operations as interest expense using the effective interest rate method over the life of the loan; amortization of \$27,000 was charged during the three months ended March 31, 2013. Interest of \$19,000 was paid in cash in the first quarter of 2013.

Payable from Acquisition of Campbell Debt

The Company, through CBay, has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell. The Company is required to pay \$300,000 on the basis of \$0.25 per ton of ore processed through the CBay mill with any remaining balance due three years after implementation of a mine plan. The mill requires refurbishment, processing is not presently possible and a mine plan has not been completed. Therefore, the Company has used a time horizon of three years from the end of 2012; the time horizon will be reassessed on a frequent basis. The fair value of the amount, using a discount rate of 11.5%, is \$219,000 as at March 31, 2013 (December 31, 2012 - \$213,000). A net adjustment was made to accretion and the long-term obligation in 2012 of \$53,000 to reflect these assumptions and Nuinsco will accrete the future value of the obligation by interest charges through operations. Accordingly, in the three months ended March 31, 2013, aggregate accretion of \$6,000 (March 31, 2012 - \$6,000) was added to the long-term obligation and recorded as interest expense.

15. OPERATING LEASE

In June, 2011, the Company amended and extended its main lease for premises at 80 Richmond Street West, Toronto. The extension term is for five years terminating on September 30, 2016 and includes basic rent commitments as follows:

	March 31, 2013
Office rental	
Less than 1 year	\$ 98
Between 1 and 5 years	268
Total Minimum Lease Payments Payable	\$ 366

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts. During the three months ended March 31, 2013, \$49,000 was recognized as rent expense through operations in respect of operating leases including operating costs (March 31, 2012 - \$48,000).

16. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares. The Company is also authorized to issue an unlimited number of Class A special shares, issuable in series, an unlimited number of Class B special shares, issuable in series, an unlimited number of Class C special shares, issuable in series, an unlimited number of Class D special shares, issuable in series, and an unlimited number of Class E special shares, issuable in series.

Notes to the Condensed Consolidated Financial Statements

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

Number of shares issued and outstanding

There are no special shares outstanding; all shares are fully paid. There were no common shares issued during the three months ended March 31, 2013.

Share Incentive Plan

The Company has a Share Incentive Plan which includes both a Share Purchase Plan and a Share Bonus Plan. Both are described fully in the Company's 2012 Audited Consolidated Financial Statements.

Shareholder Rights Plan

The Company has a Shareholder Rights Plan which is described fully in the Company's 2012 Audited Consolidated Financial Statements.

Accumulated Other Comprehensive Income or Loss ("AOCI")

AOCI is comprised of the following separate components of equity:

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

17. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the three months ended March 31, 2013 and 2012 was based on the information in the table below.

	Three months ended March 31,	
	2013	2012
Balance as at beginning of period	295,526,000	280,212,000
Effect of shares issued pursuant to private placements	-	1,491,000
Effect of shares issued for property	-	2,742,000
Weighted average number of common shares - basic	295,526,000	284,445,000
Effect of share options granted and outstanding	13,000	3,439,000
Effect of warrants issued and outstanding	-	-
Weighted average number of common shares - diluted	295,539,000	287,884,000
Number of options excluded	23,217,000	17,076,000
Number of warrants excluded	9,292,718	14,892,718
Net loss attributable to shareholders	\$ (345)	\$ (472)
Basic loss per share	\$ (0.00)	\$ (0.00)
Diluted loss per share	\$ (0.00)	\$ (0.00)

The effect of adjustments to the weighted average number of common shares would be anti-dilutive when the Company incurs losses. The table above provides the weighted average number of shares on a dilutive basis for periods when losses are incurred for information only. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the respective periods during which the options were outstanding.

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

Notes to the Condensed Consolidated Financial Statements

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

18. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements

The Company's share-based payment arrangements are described in Note 21 to the Company's 2012 Audited Consolidated Financial Statements.

Stock option plan (equity-settled)

As at March 31, 2013, the Company had 21,097,000 (December 31, 2012 – 20,099,000) common shares available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)

Outstanding warrants as at March 31, 2013 consist of warrants issued pursuant to private placements. The Company does not have any cash-settled transactions.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 19 to the Company's 2012 Audited Consolidated Financial Statements.

Terms and Conditions of Share-based Payment Arrangements

The terms of the Company's share-based payment arrangements are set out in Note 21 to the Company's 2012 Audited Consolidated Financial Statements.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

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

As at and for the periods ending	Number of options		Weighted average exercise price	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Outstanding as at beginning of period	24,230,000	20,515,000	\$ 0.11	\$ 0.14
Granted	-	5,550,000	\$ -	\$ 0.06
Expired	(1,000,000)	(1,835,000)	\$ 0.15	\$ 0.29
Outstanding as at end of period	23,230,000	24,230,000	\$ 0.11	\$ 0.11
Exercisable as at end of period	21,505,000	22,505,000	\$ 0.11	\$ 0.11

As at	Number of options outstanding		Weighted average remaining contractual life (years)	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Range of exercise prices				
\$0.030 to \$0.050	4,600,000	4,600,000	0.95	1.19
\$0.055 to \$0.055	1,100,000	1,100,000	2.37	2.61
\$0.060 to \$0.075	5,680,000	5,680,000	4.01	4.25
\$0.080 to \$0.100	4,350,000	4,350,000	1.76	2.01
\$0.110 to \$0.150	-	1,000,000	-	0.01
\$0.160 to \$0.170	4,750,000	4,750,000	2.95	3.20
\$0.180 to \$0.260	2,400,000	2,400,000	1.01	1.26
\$0.270 to \$0.350	350,000	350,000	0.24	0.48
	23,230,000	24,230,000	2.32	2.49

Notes to the Condensed Consolidated Financial Statements

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

Additional disclosures relating to the Company's options are as follows:

	Three months ended March 31,	
	2013	2012
Number of options granted during the period	-	-
Weighted average fair value of options granted at grant date	n/a	n/a
Number of options subject to vesting as at end of period	1,725,000	65,000
Share-based payment expense - vesting options	\$ 21	\$ 29
Share-based payment expense - vesting options in CBay Minerals Inc.	\$ -	\$ 40
Unvested options not yet charged to operations	\$ 1	\$ 3

Share purchase warrants

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

As at and for the periods ended	Date Issued	Life ⁽¹⁾	Number of warrants		Weighted average exercise price	
			March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Issued pursuant to private placements						
	October 4, 2010	24		5,600,000		\$ 0.10
	<i>Expired</i>			(5,600,000)		
	January 10, 2011	12		1,562,500		\$ 0.22
	<i>Expired</i>			(1,562,500)		
	July 29, 2011	24	1,833,315	1,833,315	\$ 0.20	\$ 0.20
	August 3, 2011	24	2,151,533	2,151,533	\$ 0.20	\$ 0.20
	August 29, 2011	24	333,334	333,334	\$ 0.20	\$ 0.20
	August 30, 2011	24	970,984	970,984	\$ 0.20	\$ 0.20
	December 30, 2011	18	22,833	22,833	\$ 0.09	\$ 0.09
	February 24, 2012	18	3,410,750	3,410,750	\$ 0.20	\$ 0.20
	February 24, 2012	18	409,290	409,290	\$ 0.14	\$ 0.14
	March 12, 2012	18	138,250	138,250	\$ 0.20	\$ 0.20
	March 13, 2012	18	22,429	22,429	\$ 0.20	\$ 0.20
Outstanding as at end of period			9,292,718	9,292,718	\$ 0.26	\$ 0.26

(1) The life of warrants is stated in months from issue date.

Inputs for Measurement of Grant-Date Fair Values

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

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

Periods ended	Options		Warrants	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Fair value at grant/modification date	n/a	\$0.001 to \$0.048	n/a	\$0.018 to \$0.031
Share price at grant/modification date	n/a	\$0.055 to \$0.065	n/a	\$0.09 and \$0.095
Assumptions				
Exercise price	n/a	\$0.05 to \$0.065	n/a	\$0.14 and \$0.20
Expected volatility	n/a	82% to 110%	n/a	87% and 93%
Life (years)	n/a	0.58 to 4.83	n/a	1.5
Expected dividends	n/a	-	n/a	-
Risk-free interest rate	n/a	0.99% to 1.53%	n/a	1.12% to 1.20%

Notes to the Condensed Consolidated Financial Statements

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

There were no options or warrants issued during the three months ended March 31, 2013. On April 4, 2013, 3,475,000 options were issued to employees, consultants and directors at an exercise price of \$0.03. Of these options, 2,337,500 vest immediately and 1,137,500 vest in one year.

19. FINANCE INCOME AND FINANCE COSTS

	Notes	Three months ended March 31,	
		2013	2012
Interest income on bank deposits		\$ 6	\$ 1
Interest income on loan receivable	11	32	-
Flow-through premium	13	92	101
Net foreign exchange gain		5	-
Finance income		135	102
Interest expense on loan payable	14	46	-
Interest expense on financial liabilities measured at amortized cost	14	6	6
Finance costs		52	6
Net Finance Income		\$ 83	\$ 96

20. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel and CBay (Note 21). The projects are currently located in Canada and Turkey. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as *Exploration and evaluation projects* on the consolidated balance sheets.

Geographic Information

	Notes	March 31, December 31,	
		2013	2012
Canada			
Corporate		\$ 4,282	\$ 4,535
Chibougamau camp	10	5,991	5,687
Diabase Peninsula	10	9,074	9,046
Prairie Lake	10	3,425	3,372
		22,772	22,640
Turkey			
Berta	10	1,205	1,202
		1,205	1,202
Total Assets		\$ 23,977	\$ 23,842

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

21. RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

Short-term employee benefits provided by the Company to key management personnel include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan (Notes 16 and 18).

Notes to the Condensed Consolidated Financial Statements

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

Balances and transactions with related parties as at March 31, 2013 and December 31, 2012 and for the periods ended March 31, 2013 and 2012 are shown in the following tables:

	March 31, 2013	December 31, 2012
Balances Outstanding		
Payable to key management personnel	\$ 54	\$ 57

Key management personnel compensation comprised:

	Three months ended March 31,	
	2013	2012
Short-term employee benefits	\$ 185	\$ 175
	\$ 185	\$ 175

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

The Company shares management, administrative assistance and facilities with Victory Nickel and CBay pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director. The costs recovered from Victory Nickel and CBay are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBay upon 60 days' notice.

Balances and transactions with Victory Nickel and CBay under the management agreements as at March 31, 2013 and December 31, 2012 and for the periods ended March 31, 2013 and 2012 are shown in the following tables:

	March 31, 2013	December 31, 2012
Balances Outstanding under Management Agreements		
Receivable from CBay Minerals Inc.	\$ 13	\$ -
Receivable from Victory Nickel Inc.	\$ 25	\$ -
Payable to Victory Nickel Inc.	\$ -	\$ 43

	Three months ended March 31,	
	2013	2012
Transaction Values under Management Agreements		
Overhead charges to Victory Nickel Inc.	\$ 158	\$ 214
Overhead charges from Victory Nickel Inc.	\$ 6	\$ 7
Project costs charged by Victory Nickel Inc.	\$ 8	\$ 9
Project recoveries charged to Victory Nickel Inc.	\$ -	\$ 5
Overhead charges to CBay Minerals Inc.	\$ 82	\$ 36
Project recoveries charged to CBay Minerals Inc.	\$ -	\$ 3

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

Notes to the Condensed Consolidated Financial Statements

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

22. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

		March 31, 2013	December 31, 2012
Ownership Interest	Country of Incorporation		
Lakeport Gold Corporation	Canada	100%	100%
CBay Minerals Inc.	Canada	50%	50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	50%	50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	50%	50%
NuMENA Minerals Corp.	Canada	100%	100%

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

23. JOINTLY-CONTROLLED ENTITIES

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

As at and for the periods ended	Notes	March 31, 2013	December 31, 2012
CBay Minerals Inc.			
Current assets		\$ 76	\$ 79
Property and equipment	9	\$ 951	\$ 974
Exploration and evaluation project	10	\$ 4,420	\$ 4,273
Current liabilities		\$ 267	\$ 283
Long-term liability	14	\$ 219	\$ 213
Other income		\$ -	\$ 120
Operating expenses		\$ 102	\$ 352

24. COMMITMENT

Flow-through Commitments

As at March 31, 2013, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2012 of \$539,000 (December 31, 2012 – \$792,000). The 2012 commitment is required to be satisfied by December 31, 2013.

25. CONTINGENCY

CRA Reassessment

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



NUINSCO RESOURCES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2013**

DATED MAY 10, 2013

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2013

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of May 10, 2013 consolidates management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2013, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2013 ("Unaudited Condensed Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

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

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2012 and 2011 ("2012 Audited Consolidated Financial Statements"). The Unaudited Condensed Consolidated Financial Statements and the 2012 Audited Consolidated Financial Statements are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

NATURE OF OPERATIONS

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

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

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

Notwithstanding the significant improvement in the Company's financial condition, it is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") as described in Note 29 to the 2012 Audited Consolidated Financial Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties and Liquidity and Capital Resources sections for additional information.

The Company's Unaudited Condensed Consolidated Financial Statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at March 31, 2013, the Company had working capital of \$2,550,000 (December 31, 2012 – working capital of \$2,197,000). Working capital is defined as current assets less current liabilities.

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility"). The terms of the Facility are described in the Liquidity and Capital Resources section. As at March 31, 2013,

the Facility was drawn down by \$1,000,000; refer to Note 14 to the Unaudited Condensed Consolidated Financial Statements.

SIGNIFICANT EVENTS

During and subsequent to the three months ended March 31, 2013, the Company:

Corporate

- Entered into a loan agreement with Victory Nickel Inc. ("Victory Nickel") to advance up to \$3 million. The loan is secured by Victory Nickel's assets and the bulk of the funds are to be used to finance capital expenditures on its frac sand processing facility in Medicine Hat, Alberta. The loan bears interest at 12% per annum and is convertible at Nuinsco's option into a limited participating interest in cash flow from Victory Nickel's frac sand business.

Gold

- Announced positive drill results , including multiple intercepts grading greater than 20.0g/T gold, with the highest grade core-length intercept – 93.20g/T over 0.25 metres, coming from a newly-identified geophysical target, on CBay's Chibougamau gold properties.
- Followed up the very encouraging drill results noted above with ground geophysics on CBay's Portage Island properties.

Copper

- Announced drill results with intercepts up to 12.65m grading 1.59% copper that further indicate large scale of copper mineralization at the Berta property in Turkey.
- Announced the option of the advanced-stage Perch River copper project in the Chibougamau mining camp in Northern Québec through CBay. Perch River is a shallow, flat-lying, ramp-accessible copper deposit with the potential to be a feed source for CBay's Copper Rand mill in the near-term.
- Announced the acquisition by CBay of the high-grade Devlin copper project. Also located in the Chibougamau mining camp, near CBay's high-grade Corner Bay copper project, Devlin also has the potential to be a feed source for CBay's Copper Rand mill in the near-term.

Uranium, Phosphorus and Rare Metals

- Announced the production of additional phosphorous concentrate from Prairie Lake for evaluation of agricultural and industrial applications of Prairie lake mineralization.
- Commenced a radon gas survey on the Diabase Peninsula property to follow up on drill results showing widespread anomalous uranium mineralization, peaking at 707 ppm. Radon surveys were instrumental in the recent discovery of high-grade uranium mineralization on the Patterson Lake South JV in the southwestern part of the Athabasca Basin.

OUTLOOK

The market continues to impose very low valuations on junior exploration companies. As a result, financing of Nuinsco's activities continues to be extremely dilutive if this is accomplished with the traditional equity issues. We continue to conserve cash while finding less dilutive sources of funding. We highlight our differences and distinctiveness and take advantage of opportunities created by the market.

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

To this end, Nuinsco recently announced a loan to Victory Nickel which should result in generating up to \$10 million of cash in the near term. Specifics of the loan are available elsewhere in this MD&A. This transaction at first glance appears to change Nuinsco's business direction but it does not. This is a short-term investment with the potential of providing the much needed cash to advance Nuinsco's very attractive projects.

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

Chibougamau

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

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,722 tonnes per day mill and tailings facility; and
- in excess of 96,000 acres (38,000 ha) of highly-prospective exploration property.

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

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

A significant asset in the Chibougamau mining camp is the 2,722 tonnes per day concentrator. The plan is to fill the mill as soon as possible and, to that end, Nuinsco recently announced the acquisition of two projects in Chibougamau which could supply feed in the near term: the Perch River project and the Devlin project.

Prairie Lake

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

Diabase Peninsula

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

Turkey

At the Berta project, Xstrata Copper Canada (“Xstrata”), our joint venture partner, has completed a six-hole 4,720m drill program. Every hole, even though very widely spaced, has returned anomalous copper mineralization indicating the huge scale and continuity of the anomaly. Nuinsco has always been promoting for more aggressive exploration with its partner and operator, Xstrata. The 2012 program was a step in the right direction but still not to the extent that Nuinsco would implement. Xstrata has indicated that they are prepared to resign as operator and Nuinsco is considering its options.

Overall

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

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

RESULTS OF OPERATIONS

Three Months Ended March 31, 2013 Compared with Three Months Ended March 31, 2012

In the three months ended March 31, 2013, the Company had a net loss of \$345,000, or \$0.00 per share, compared with a net loss of \$472,000, or \$0.00 per share, in the three months ended March 31, 2012. The principal reasons for the change are decreased general and administrative expenses and share-based payments and a reduction in the writedown of exploration and evaluation projects.

General and administrative expenses (“G&A”) in the three months ended March 31, 2013 decreased to \$385,000 from \$417,000 in the three months ended March 31, 2012. Audit fees were higher in 2012 due to additional work being required on the valuation of CBay assets acquired during the year; further, the Company cancelled certain discretionary work effective the first quarter of 2012. In addition, expenditures on technology and conventions was lower in 2013 compared with 2012.

G&A expenses are shown net of recoveries under management agreements; Nuinsco entered into a management agreement with CBay in 2012 and the Victory Nickel agreement continues. As a result of the CBay agreement, fixed costs are now spread across an additional party and, due to proportionate consolidation of CBay, 50% of these costs are borne by Ocean Partners. Decreases in costs in general were partly offset by increases in CBay spending related to Chibougamau that is also proportionately consolidated; in the three months ended March 31, 2013, Nuinsco’s share of CBay’s G&A expenses amounted to \$102,000; in the comparative period of 2012 these were \$46,000. CBay’s expenses increased because of the hiring of a dedicated CEO for that business partway through the first quarter of 2012.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreements and deducted from operating expenses amounted to \$158,000 and \$82,000 respectively in the three months ended March 31, 2013, compared with \$214,000 and \$36,000 for 2012. Victory Nickel charged the Company \$6,000 and \$7,000 in 2013 and 2012. The management agreement with CBay commenced on February 14, 2012 thus charges in 2012 were for a part-period only. Costs allocated to Victory Nickel and CBay pursuant to the management agreements between the Company and Victory Nickel and the Company and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The decrease in costs allocated to Victory Nickel is primarily a function of a reduced proportion of fixed costs being allocated to Victory Nickel because of the agreement with CBay.

It is estimated that approximately \$218,000 of general and administrative expenditures were incurred in supporting the Company’s public status in the three months ended March 31, 2013 (March 31, 2012 - \$235,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The change is mainly related to the decreased spending on audit services and in investor and public relations costs.

Share-based payments related to options decreased to \$21,000 in the three months ended March 31, 2013, from \$69,000 in the comparative period. This is primarily a function of the options issued to the CEO of CBay in 2012 the proportionate cost of which amounted to \$40,000 for Nuinsco.

The Company separates its pre-exploration write-offs from its writedowns of exploration and evaluation projects in the condensed consolidated statement of operations. In the three months ended March 31, 2013, pre-exploration expenditures amounted to \$16,000; there were no pre-exploration expenditures in the comparative period.

In the three months ended March 31, 2012, the Company recorded an aggregate writedown of exploration and evaluation projects of \$79,000 (including \$16,000 writedown of a receivable related to Egypt). These writedowns relate to expenditures that were incurred in 2012 prior to the decision to write off the respective properties and are in addition to the main write-offs which were taken in the fourth quarter of 2011 against Egypt, J. Tobrar in Sudan and Elmalaan in Turkey. There have been no impairment adjustments in 2013 to date.

Net finance income decreased to \$83,000 in the three months ended March 31, 2013 from \$96,000 in the comparative period. *Finance income* of \$135,000 was earned in the period, compared with \$102,000 in the same period of 2012. This is primarily due to amortization of the flow-through premium of \$92,000 in the three months ended March 31, 2013, compared with \$101,000 in 2012. The Company entered into finance agreements in late 2012 and early 2013 which resulted in interest income of \$32,000 and interest expense of \$46,000 in the three months ended March 31, 2013. Both include non-cash amortization of loan fees using the effective interest method as described in the Unaudited Condensed Consolidated Financial Statements.

As at March 31, 2013, the Company had a remaining flow-through premium liability to be amortized through finance income of \$173,000 from the flow-through financing that was completed in 2012. Note 13 to the Unaudited Condensed Consolidated Financial Statements includes an analysis of the flow-through premium liability.

Other comprehensive loss in the three months ended March 31, 2013 of \$213,000 (March 31, 2012 – income of \$18,000) relate to changes in the market value of the Company’s financial assets at fair value through OCI. The main changes in

market values in the quarter were in Victory Nickel shares of a gain of \$142,000 offset by a loss of \$354,000 in Coventry shares; for 2012, the primary decrease was in Victory Nickel shares of \$83,000 offset by an increase in the market value of Coventry shares of \$109,000.

The Company has capital loss pools available to it of approximately \$6,536,000 (Note 15 to the 2012 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, any future income taxes with respect to marketable securities and recorded through OCI has an equal and opposite amount recorded through operations. In 2012 and to date in 2013, the pool of marketable securities has been below cost so no income taxes have been recorded.

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

Cash and cash equivalents as at March 31, 2013 was \$2,433,000 compared with \$2,275,000 as at December 31, 2012. Refer to the Liquidity and Capital Resources section for discussion of periodic cash flows in more detail.

Marketable securities as at March 31, 2013 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. The value of marketable securities as at March 31, 2013 increased to \$865,000 from \$828,000 as at December 31, 2012 as a result of declines in the market value of financial assets offset by the receipt of shares during the quarter as consideration for fees on the loan entered into in March 2013.

The *Loan receivable* of \$752,000 as at March 31, 2013 (December 31, 2012 - \$1,009,000) relates to an advance paid by the Company to Victory Nickel and is due on January 31, 2015. The loan was amended and extended in March 2013 (the "Amended Loan") to up to \$3,000,000 under certain circumstances as described in Liquidity and Capital Resources below. The loan is disclosed net of unamortized loan fees which are being accounted for on the effective interest rate method. The Amended Loan is subject to a conversion right into a limited participating interest in cash flow based on results of Victory Nickel's frac sand business. Presently, the frac sand business is not in operation and cash is not being generated; Nuinsco has not exercised its conversion right. Therefore, the Company has not recognized the conversion right. Nuinsco will re-evaluate the probability of conversion and will reassess the value of that right as circumstances warrant.

Other assets as at December 31, 2012 are loan fees paid with respect to the Facility entered into in the fourth quarter of 2012 and were netted against the advances under the Facility as at March 31, 2013 and included in *Long-term liabilities*.

Long-term liabilities as at March 31, 2013 have increased due to a \$1,000,000 drawdown of the Facility in February, partly offset by the unamortized loan fees formerly included in *Other assets* as at December 31, 2012.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last nine quarters ended March 31, 2013 is as follows:

<u>Fiscal year 2013</u>	<u>1st Quarter</u>			
Net finance income	\$ 83			
Net loss	\$ (345)			
Total comprehensive loss	\$ (558)			
Loss per share - basic and diluted	\$ (0.00)			
<u>Fiscal year 2012</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income	\$ 216 ⁽¹⁾	\$ 14	\$ 34	\$ 96
Net (loss) income	\$ (226)	\$ 1,717 ⁽²⁾	\$ (492)	\$ (472)
Total comprehensive (loss) income	\$ (452)	\$ 2,054 ⁽³⁾	\$ (1,219) ⁽⁴⁾	\$ (454)
(Loss) earnings per share - basic and diluted	\$ (0.00)	\$ 0.01	\$ (0.00)	\$ (0.00)
<u>Fiscal year 2011</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income (costs)	\$ 7	\$ (13)	\$ (68)	\$ 51
Net loss	\$ (2,115) ⁽⁵⁾	\$ (463)	\$ (817) ⁽⁷⁾	\$ (1,008) ⁽⁹⁾
Total comprehensive loss	\$ (2,597) ⁽⁶⁾	\$ (574)	\$ (1,908) ⁽⁸⁾	\$ (1,075)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

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

- (3) Total comprehensive income includes the gain in (2) as well as a net increase in the value of marketable securities of \$337,000.
- (4) Total comprehensive loss includes a decrease of \$727,000 in the value of marketable securities.
- (5) Net loss includes writedown of Sudan of \$719,000, writedown of Egypt of \$803,000 and writedown of Elmalaan of \$1,100,000 offset by a recovery of provision for Chibougamau of \$870,000.
- (6) Total comprehensive loss includes items referred to in (5) as well as decrease in value of marketable securities of \$482,000.
- (7) Net loss includes \$122,000 of pre-exploration write-offs.
- (8) Total comprehensive loss includes a decrease of \$1,171,000 in the value of marketable securities.
- (9) Net loss includes \$489,000 of share-based payments.

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

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2013, the Company had working capital of \$2,550,000 (December 31, 2012 – working capital of \$2,197,000); being defined as current assets less current liabilities.

The Company generated cash and cash equivalents of \$158,000 during the three months ended March 31, 2013, compared with cash used of \$157,000 during the three months ended March 31, 2012.

In the three months ended March 31, 2013, the Company used cash of \$355,000 in operating activities, compared with \$344,000 in 2012. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the period provided \$21,000, compared with providing cash of \$72,000 in 2012.

Investing activities in the period ended March 31, 2013 used funds of \$471,000, compared with funds used of \$711,000 in 2012. The primary cash outflows in each period were for exploration and evaluation projects.

Expenditures on exploration and evaluation projects ("E&E") amounted to \$424,000 in the period ended March 31, 2013, compared with \$771,000 in 2012. Refer to the Exploration and Evaluation Activities section for additional discussion.

Cash generated from financing activities was \$984,000 in the three months ended March 31, 2013, compared with \$898,000 in the same period of 2012. The nature of the financing in each period indicates the difficulties being experienced in securing equity financing in the difficult markets. On January 23, 2012, the Company issued 7,142,858 flow-through units at a subscription price of \$0.14 per unit generating net proceeds of \$910,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of 18 months from closing; the market for flow-through financing deteriorated significantly over the period.

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

As described earlier and in Note 17 to the 2012 Audited Consolidated Financial Statements, Nuinsco entered into the Facility in December of 2012. On February 1, 2013, the Company drew down \$1,000,000 on the Facility and paid loan-related legal fees of \$16,000. Additional amounts can be drawn down on the Facility in minimum amounts of \$500,000, with \$1,500,000 immediately available and the balance available six months from closing. The Facility matures in 18 months with the availability of one six-month extension period upon issuance of 3% of the amount payable in CBay shares owned by Nuinsco. A facility fee of \$50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco's CBay shares.

The transactions described above resulted in an increase in cash of \$158,000 over December 31, 2012 and resulted in aggregate cash and cash equivalents of \$2,433,000 which, along with other current assets and other resources is available to fund future activities.

The table below summarizes Nuinsco's contractual commitments as at March 31, 2013 and December 31, 2012.

Table of Contractual Commitments

\$'000's	Due Date		March 31, 2013		December 31, 2012
Flowthrough expenditures outstanding	December 31, 2013	\$	539	\$	792
Diabase extended option payment	Within one year	\$	19	\$	28
Diabase option payment ⁽¹⁾	September 2, 2013	\$	935	\$	935
Perch River aggregate option payments - Nuinsco's share	To July 14, 2017	\$	85	\$	-
Long-term liability		\$	300	\$	300
Long-term loan ⁽²⁾	June 18, 2014	\$	1,000	\$	-
Operating lease - premises	Refer to Note 18 in the 2012 Audited Consolidated Financial Statements				

(1) Additional extension is provided for in the extension agreement

(2) Additional extension of six months is provided for in the agreement

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

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

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

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

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

The total market value of the Company's marketable securities as at March 31, 2013, is approximately \$865,000; as at May 10, 2013 the approximate value is \$589,000. These are available to fund the Company's ongoing operations. The market value can go down as well as up. Trading volumes continue to be suppressed and it is generally acknowledged that equities are being undervalued.

As described above, exploration companies such as Nuinsco have historically been heavily reliant upon the equity markets to fund their activities as they typically have no short-term sources of revenue other than through monetization of assets. Opportunities available to Nuinsco for financing would normally be through private placements in the equity

markets. However, today's equity markets continue to make this alternative difficult if not impossible without incurring significant dilution to existing shareholders.

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

The Company closed flow-through financings in 2012 of \$1,000,000, a portion of which is to provide funds for exploration at the Chibougamau camp. While flow-through financings appear to continue to be available for exploration in certain provinces, prices make the financing under increasingly prohibitively dilutive terms. However, despite the funds generated from the royalty sale in 2012, additional financings will be required to properly exploit the Company's Canadian and foreign assets. This requirement has been reduced significantly with the withdrawal from Egypt and Sudan as well as Elmalaan, Turkey. The Company will consider all alternatives to protect and further improve liquidity as described above given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets including royalty arrangements.

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

On September 27, 2012, the Company sold its royalty interest in Coventry's Cameron Gold Project for US\$5,100,000. The proceeds from this sale will help fund ongoing operations and commitments. Furthermore, the Facility has improved the Company's flexibility and ability to participate in potential cash-generating activities. To this end, the Company loaned \$2.5 million and up to \$3 million, under certain circumstances, to Victory Nickel for use in developing its frac sand business (the "Amended Loan"). The loan is secured and contains a convertibility option which would, at Nuinsco's option, convert the loan to a limited participating interest in net cash flows of an operating business. This is intended to provide Nuinsco with a cash flow stream which would be available to fund operations or exploration programs in the future.

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

The Company's average monthly expenditures on a cash basis, net of recoveries from Victory Nickel and the net proportion from CBay for ongoing administrative support in 2012, were approximately \$123,000; budgeted net monthly commitments for expenses average \$158,000 for the whole of 2013; including salaries capitalized to projects, increases the monthly budgeted commitment to \$179,000 or approximately \$2,150,000 on an annual basis. In the first quarter of 2013, average monthly expenditures on a cash basis, including salaries capitalized to projects were \$172,000 compared with budget for the same period of \$185,000. Expenditures are higher than average at the beginning of a year due to compliance requirements such as audit.

These figures assume that the management agreements remain in place throughout 2013; no notification of intention to cancel the arrangements has been received or made. Note that these figures exclude the effect of both interest expense on the Facility which is payable on a quarterly basis and interest income on the loan receivable.

As described above, the salary deferral mechanism has been used when required to reduce the pressure on cash; other controls on discretionary expenditures are also in place and non-essential services have been cancelled. The Company estimates that approximately \$623,000 was incurred in 2012 (2011 - \$663,000) in non-discretionary costs on an ongoing annual basis to support the Company as a public entity; \$203,000 has been incurred in 2013 to date – such costs are generally biased towards the first half of a year. Such expenditures are not eligible for flow-through funding (even when available) and must be financed through other means. The 2012 budgeted program cost on Berta was approximately US\$2,672,000 of which Nuinsco's proportionate interest would be US\$953,000. The Company chose to not fund its proportionate share. In April 2013, Xstrata indicated that it is prepared to resign as operator and Nuinsco is considering its options for going forward.

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

Overall, given the working capital of \$2,550,000 and the available Facility, the Company expects to be able to fulfil its operating requirements and flow-through commitments for 2013.

EXPLORATION AND EVALUATION ACTIVITIES

In the three months ended March 31, 2013, the Company incurred E&E expenditures of \$411,000 on its mineral interests compared with \$1,208,000 in the three months ended March 31, 2012. The most significant expenditures in the period were on the Chibougamau Camp in the amount of \$327,000 (March 31, 2012 - \$133,000). Costs on other programs in 2012 included: Diabase Peninsula \$601,000 and Prairie Lake \$410,000.

In the first quarter of 2012, the Company determined that it would cease its activity in Egypt, Sudan and Elmalaan, Turkey. Accordingly, effective December 31, 2011, the projects were written down to \$nil. Expenditures incurred on those projects in 2012 prior to the decision being made were also written off in the quarter ended March 31, 2012. Such amounts were: Bukari, Egypt \$23,000 expended and written off, J. Tobrar in Sudan \$40,000 expended and written off.

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

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

In May, 2012, the Company announced an extension with the option holder on one of the claims, to extend that option for one year in exchange for four quarterly cash payments for an aggregate amount of \$37,000 and \$38,000 in the Company's shares; as at March 31, 2013, the shares have been issued and two of the cash payments have been made. The shares were issued in July, 2012. Accordingly, the option payment of approximately \$935,000 originally due by September 2, 2012 has been deferred to September 2, 2013 with an option to extend the terms and option payment further. That same claim is subject to a 3% gross production royalty defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

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

During the winter of 2013, a modest program of geochemical sampling was planned and initiated over several parts of the Diabase Peninsula property. The survey, consisting of sampling for detection of radon gas (an indicator of uranium mineralization), is underway at time of writing and results are pending.

Prairie Lake Property, Ontario

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

On January 13, 2010, the Company announced the results of an NI 43-101-compliant Exploration Target Mineralization Inventory (“ETMI”) that demonstrated the presence of between 330 million and 360 million tonnes averaging 3.5% to 3.7% P₂O₅ and 0.12% to 0.14% Nb₂O₅. The surface area used for the ETMI covered just 12% of the total project surface area. The ETMI was increased to 515 – 630 million tonnes in October 2011.

The most recent results clearly show that Prairie Lake rock is amenable to processing and concentration. The tests confirm the potential to produce a marketable fertilizer product by meeting and exceeding published specifications for phosphate concentrate and most importantly demonstrating that a concentrate grading greater than 30% P₂O₅ is attainable with appropriate thresholds. Current work is continuing to assess the viability of phosphorus concentration and to optimize a processing flow sheet. Additional work will evaluate the potential to concentrate niobium and to develop an optimized flow sheet for such. Investigations into the possibility of exploiting other elements such as rare earths and iron are also contemplated.

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

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

** Insufficient samples

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

GOLD AND COPPER

Chibougamau Camp, Québec

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

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines on the Lac Doré complex alone. Nuinsco and Ocean Partners now own eight past-producers on the Lac Doré complex and the significant potential to add to the known mineralization at these projects, one partially-developed high-grade copper mine - Corner Bay, a permitted 2,722 tonnes

per day mill and tailings facility and in excess of 96,000 acres (38,000 hectares) of highly-prospective exploration property.

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

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

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

In the fourth quarter of 2012, an 18-hole, 1,683m drilling program tested a number of gold targets, including a portion of the McKenzie Vein above where it was mined as part of the Portage Mine between 1959 and 1997 as well as new targets acquired from an induced polarization geophysical survey that was also completed during the autumn of 2012. The Portage Mine is only one of three past-producing copper/gold mines that are 100%-owned by CBay and located on Portage Island. The results obtained demonstrate the presence of widespread, near-surface gold mineralization and warrant additional work in follow-up programs. During the winter of 2013, additional geophysical surveys were conducted on Portage Island – a continuous east-west corridor of geophysical coverage across the island now exists (results from the most recent surveys are pending). In conjunction with the fieldwork, a data review is being conducted of extensive and very valuable historic information – this is to assess and unlock the potential of the other underexplored CBay-owned assets within the camp. Further compilation and modelling of the past-producing Cedar Bay and Jaculet mines is also underway in order to develop order-of-magnitude” estimates of targets, provide “scoping” for possible future drilling and allow visualization of the mineralization.

During the first quarter of 2013, CBay entered into an agreement to option the Perch River copper project for a total cost of \$200,000 payable over four years. CBay paid \$30,000 in the first quarter of 2013. In early May 2013, CBay announced the acquisition of the Devlin copper project for \$363,000. Both transactions provide for 2% NSRs to be retained by the vendors and are intended to provide near-term feed for the Copper Rand mill.

Turkish Properties

Berta

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

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

Most recently, a total of six diamond drill holes were completed in a work program conducted in the third and fourth quarters of 2012 that follows-up on the widespread and very anomalous copper mineralization identified in previous work programs. The principal aim of the work was to assess parts of the Berta Project that, to date, have seen no drilling but which are overlain by very strong copper-in-soil anomalies located at the centre, east and north of the Berta porphyry system. Results from past drill programs conducted between 2005 and 2008 returned very positive results, including the results from DDH SD-07-08 (reported above) and DDH SD-08-10 (collared 500m south of SD-07-08) which returned 164.0m grading 0.20% copper and 0.06g/t gold between 250.5m and 414.5m. All of the holes drilled to date, including those from the most recent program at Berta, have returned copper mineralization with variable alteration associated with porphyry copper mineralization and thus the drilling indicates the huge scale and continuity of the anomaly in the Berta porphyry system. The wide spacing of the drill holes and the long anomalous and altered intercepts obtained continue to demonstrate the scope of the copper mineralization at Berta. The property remains a very large and very prospective

exploration opportunity. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata. Xstrata has recently indicated that it is prepared to resign as operator and Nuinsco is considering its options for going forward.

INVESTMENTS

Victory Nickel Inc.

As at May 10, 2013, the Company owns 13,935,533 shares, an approximate 3% interest in Victory Nickel, which is held as marketable securities, with a fair value of \$413,000.

Coventry Resources Limited

Pursuant to the sale of Cameron Lake, Nuinsco received 12,000,000 shares in Coventry (an approximate 6.9% interest) as well as the 3% NSR royalty over future production from the property, which was sold in September 2012. By selling the property but retaining an interest in Coventry, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focused on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Rainy River Greenstone Belt and the Ardeen Gold Project in Northern Ontario. In early 2013, Coventry completed a corporate transaction with Crescent Resources Inc. which resulted in a merged corporation trading under the name Coventry Resources Inc. on the TSX-V – CYY as well as the ASX. As at May 10, 2013, the Company owns 1,458,528 shares post-reorganization with a fair value of \$168,000.

IMPAIRMENT ANALYSIS UPDATE

The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2012. The Company does not believe that there have been any material changes to date which would adversely affect this analysis. Furthermore, there has been no change in management's plans which would cause a reassessment. All projects have had recent expenditures or are otherwise considered to be active.

Management concluded that no impairment existed in each of its projects effective March 31, 2013 and that costs incurred to date on all projects are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

NEW ACCOUNTING POLICIES

IFRS issued by the International Accounting Standards Board (“IASB”) have been adopted in the Company’s 2012 Audited Consolidated Financial Statements. Note 3 to those statements include the accounting policies that have been applied. Note 3 to the Unaudited Condensed Consolidated Financial Statements includes any new accounting policies – there have been none implemented to date. The joint operation in CBay continues to be accounted for on a proportionate consolidation basis which is in accordance with IFRS 11 which came into effect on January 1, 2013.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company’s 2012 Audited Consolidated Financial Statements the IASB and International Financial Reporting Interpretations Committee (“IFRIC”) have issued no new and revised standards and interpretations which are applicable to the Company. Refer to Note 3 to those statements.

CORPORATE GOVERNANCE

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

Design of Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer, (collectively, the “Certifying Officers”), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal quarter ended March 31, 2013, the Certifying Officers have concluded that the design of the Company’s disclosure controls and procedures were effective as at March 31, 2013. Such controls are facilitated by the small size of the Company’s senior management team and their access to material information.

There were no changes to the Company’s disclosure controls and procedures that occurred during the quarter ended March 31, 2013 that materially affected, or are reasonably likely to affect, the Company’s disclosure controls and procedures.

Design of Internal Control over Financial Reporting

The Company’s Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal quarter ended March 31, 2013, the Certifying Officers have concluded that the design of the Company’s internal controls over financial reporting and procedures were effective as at March 31, 2013.

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

There were no changes to the Company’s internal controls over financial reporting that occurred during the quarter ended March 31, 2013 that materially affected, or are reasonably likely to affect, the Company’s internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

Short-term employee benefits provided by the Company include salaries, consulting fees, directors’ fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company’s non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan (Notes 19 and 21 to the 2012 Audited Consolidated Financial Statements).

Balances and transactions with related parties as at March 31, 2013 and December 31, 2012 and for the periods ended March 31, 2013 and 2012 are shown in the following tables:

	March 31, 2013	December 31, 2012
Balances Outstanding		
Payable to key management personnel	\$ 54	\$ 57

Key management personnel compensation comprised:

	Three months ended March 31,	
	2013	2012
Short-term employee benefits	\$ 185	\$ 175
	\$ 185	\$ 175

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

The Company shares management, administrative assistance and facilities with Victory Nickel and CBay pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director. The costs recovered from Victory Nickel and CBay are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBay upon 60 days' notice.

Balances and transactions with Victory Nickel and CBay under the management agreements as at March 31, 2013 and December 31, 2012 and for the periods ended March 31, 2013 and 2012 are shown in the following tables:

	March 31, 2013	December 31, 2012
Balances Outstanding under Management Agreements		
Receivable from CBay Minerals Inc.	\$ 13	\$ -
Receivable from Victory Nickel Inc.	\$ 25	\$ -
Payable to Victory Nickel Inc.	\$ -	\$ 43

	Three months ended March 31,	
	2013	2012
Transaction Values under Management Agreements		
Overhead charges to Victory Nickel Inc.	\$ 158	\$ 214
Overhead charges from Victory Nickel Inc.	\$ 6	\$ 7
Project costs charged by Victory Nickel Inc.	\$ 8	\$ 9
Project recoveries charged to Victory Nickel Inc.	\$ -	\$ 5
Overhead charges to CBay Minerals Inc.	\$ 82	\$ 36
Project recoveries charged to CBay Minerals Inc.	\$ -	\$ 3

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

OUTSTANDING SHARE DATA

As at May 10, 2013, the Company had 295,525,745 common shares issued and outstanding. In addition, there were 23,230,000 stock options outstanding as at May 10, 2013, as well as 9,292,718 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 328,048,463 and would generate approximately \$4,372,000. However, most of the options and warrants are not "in the money".

RECENT DEVELOPMENTS

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

CONTINGENCY

CRA Reassessment

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

RISKS AND UNCERTAINTIES

The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. The risk factors which should be taken into account in assessing Nuinsco's activities and an investment in its securities include, but are not necessarily limited to, those set out in detail in the Company's 2012 MD&A. A summary is provided 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 results will be successful. No assurance can be given that Nuinsco's exploration programs will result in the establishment or expansion of resources or reserves. Furthermore, Nuinsco cannot give any assurance that its current and future exploration activities will result in the discovery of mineral deposits containing mineral reserves.

Evaluation and Development Projects

In general, evaluation and development projects have no operating history upon which to base estimates of future cash operating costs. For evaluation and development projects such as those projects that Nuinsco has an interest in, estimates of proven and probable reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies.

Competition

The mineral exploration business is highly competitive in all of its phases. Nuinsco competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Nuinsco, in the search for and acquisition of exploration and development rights on attractive mineral properties.

Operational Risks

Limited History of Operations

Nuinsco has a limited history of earnings and limited financial resources. Nuinsco currently has no operating mines and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future, as well as its ability to access capital markets for its development requirements.

Development Targets, Permitting and Operational Delays

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

Resources and Reserves

Figures relating to mineral resources and mineral reserves are estimates and no assurance can be given that the anticipated level of recovery and/or grades of mineral reserves or mineral resources will be realized.

Title Risks

Nuinsco's ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorizations from various governmental and quasi-governmental authorities. However, Nuinsco's ability to obtain, sustain or renew such licences, permits and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies.

Insurance Risk

Nuinsco faces all of the hazards and risks normally incidental to the exploration of precious and base metals, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. Not all such risks are insurable.

Financial and Investment Risks

Substantial Capital Requirements

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

Market Perception

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

Metal and Mineral Prices

There is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond Nuinsco's control – including factors which are influenced by worldwide circumstances.

Areas of Investment Risk

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

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

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

Regulatory Risks

Government Regulation

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

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

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

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

Certain of Nuinsco's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Foreign Operations

In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. While the Company has terminated its activity in Sudan and Egypt and has reduced activity in Turkey, it remains open to appropriate opportunities in the Middle East North Africa ("MENA") region.

Nuinsco's investments in foreign countries carry certain risks associated with different political, business, social and economic environments. The ability to carry on business in any country can be affected by possible political or economic instability in that country. Changes in mining or investment policies or shifts in political attitude may adversely affect private business. The effect of these factors cannot be accurately predicted. Should the respective government later seek to control any aspect of production, distribution or pricing of gold or precious metals, Nuinsco runs the risk that, at any time, its operations may be terminated for failure to comply with any permit, rule or regulation; or that its operations may prove to be unprofitable if the costs of compliance with such governmental regulations prove to be excessive.

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

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

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

Investments and Other Agreements with Resource Companies

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

Summary

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

Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product. Such risks are likely to be more extensive in foreign jurisdictions.

FORWARD-LOOKING STATEMENTS

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

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing expected or needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the testwork carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production); changes in equity or debt markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "Risks and Uncertainties" and elsewhere. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

May 10, 2013