NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

DATED MARCH 27, 2012

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The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of March 27, 2012 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2011 and 2010, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the years ended December 31, 2011 and 2010 ("2011 Audited Consolidated Financial Statements") and the notes thereto. Readers are encouraged to consult the 2011 Audited Consolidated Financial Statements which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). Similarly, Note 32 to the 2011 Audited Consolidated Financial Statements contains reconciliations as at the transition date and December 31, 2010 which reconcile previously-published information prepared in accordance with predecessor Canadian generally accepted accounting principles prior to the transition date to IFRS ("pre-transition Canadian GAAP" or "predecessor GAAP") with that prepared in conformity with IFRS.

Nuinsco's first consolidated financial statements prepared in accordance with IFRS wherein IFRS 1, *First time adoption of International Financial Reporting Standards* ("IFRS 1"), was applied were the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011 and 2010 ("First Quarterly Consolidated Financial Statements of 2011"). Note 32 to those statements included reconciliations to assist the reader in understanding the effects that the transition to IFRS had on the Company's financial statements. The reconciliations include a reconciliation of equity as at January 1, 2010, December 31, 2010 and March 31, 2010.

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.

The 2011 Audited Consolidated Financial Statements and the First Quarterly Consolidated Financial Statements of 2011, in addition to the financial statements for all interim periods, are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars, unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

COMPANY OVERVIEW

Nuinsco is focused on identifying and exploiting mineral investment opportunities worldwide using its exploration programs and operating and financial expertise. The Company currently has gold, uranium, phosphate, rare metals, copper and zinc assets in world-class mineralized belts in Canada's provinces of Saskatchewan, Ontario and Québec and in Turkey.

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 Holdings 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 2,000m drill program is ongoing at the Diabase Peninsula uranium project in Saskatchewan, additional testing is underway to establish whether or not marketable phosphate and niobium concentrates can be produced at Prairie Lake and an exploration program at Chibougamau is planned for the second quarter of 2012.

In 2010, the Company, in conjunction with an Egyptian-based partner, was the winning bidder on two gold exploration concessions in Egypt for which tenure has yet to be granted. To obtain full tenure, the agreements require Parliamentary approval. As a result of recent events in Egypt and other countries in the Middle East, it is uncertain when this approval will be received. Due to recent political events, market sentiment has changed significantly, negatively impacting the value of the concessions and making the required financing difficult to obtain. As a result, the Company has chosen to withdraw from Egypt at this time and will reconsider participating should a future bid round occur. The Company advised the Egyptian Mineral Resources Authority ("EMRA") of its decision on March 27, 2012. In 2011, the Company entered into an option arrangement to acquire a gold property in Sudan – the option was not exercised, as required, by February, 2012.

In addition to its property holdings, Nuinsco owns common shares of Victory Nickel Inc. ("Victory Nickel") TSX:NI and common shares of Coventry Resources Limited ("Coventry") listed on the Australian Stock Exchange ("ASX") ASX:CVY. These investments are available to be monetized to finance the Company's exploration programs and reduce equity dilution to shareholders. Shares of Nuinsco trade on the Toronto Stock Exchange ("TSX") under the symbol NWI.

Going Concern

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. 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 30 to the 2011 Audited Consolidated Financial Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties section for additional information.

None of the Company's projects has commenced commercial production and, accordingly, the Company is dependent upon debt and/or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Company's ability to continue as a going concern, is dependent upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, the Company's ability to finance exploration of its projects through debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding.

The Company has made significant progress in its strategy to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). In July, 2010, the Company announced that it, along with Ocean Partners, through a jointly-owned Canadian company CBay Minerals Inc. ("CBay", formerly named 7591802 Canada Inc.), had acquired substantially all of the remaining secured debt of Campbell that Nuinsco and Ocean Partners did not previously own. Additional payments will be made over three years to complete the purchase; the Company's payments are described in Note 13 to the 2011 Audited Consolidated Financial Statements. The Company, along with Ocean Partners recognized that the variety of individual secured creditors and the complexity of security structures would take a very long time to resolve, if ever. This was not in the best interest of the Company or any other stakeholder, especially the people living in the Chibougamau area. As a result of buying the majority of Campbell's secured debt, the two companies, through CBay, were able to make a proposal to the court which did not offend other secured lenders. On June 28, 2011, the Company announced that the Québec Superior Court had approved the proposal and as a result directed the receiver to transfer ownership of all exploration, mining, processing and other assets located in and near Chibougamau, Québec. Effective October 25, 2011, ownership of this outstanding suite of assets was transferred to CBay, a jointly-owned company.

The Company's 2011 Audited Consolidated Financial Statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. If the going concern assumption were not appropriate, then adjustments to the carrying values of assets and liabilities, reported expenses and balance sheet classifications may be necessary. These adjustments could be material. At December 31, 2011, the Company had working capital of $1,138,000, excluding restricted cash of $nil (December 31, 2010 – $4,164,000, excluding restricted cash of $199,000).

Sale of Cameron Lake Property to Coventry Resources Limited

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

- Cash of $100,000 received in December 2009;
- Cash of $5,900,000 received on April 20, 2010;
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company. Coventry shares had a closing price of A$0.265 ($0.247) on April 20, 2010; and
- A 3% net smelter return ("NSR") royalty under which Coventry will have the right to reduce the NSR to 1% at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value. (Note 14 to the 2011 Audited Consolidated Financial Statements)

The following table illustrates the components of the gain on sale of Cameron Lake:

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

The provision for income taxes was a non-cash item and offset the recovery for income taxes recognized in the fourth quarter of 2009. Upon completion of the sale of Cameron Lake, the Company repaid its interest-bearing promissory note (the "Note") with Jien International Investment, Ltd., along with accrued interest thereon.

SIGNIFICANT EVENTS

During and subsequent to the year ended December 31, 2011, the Company:

Corporate

- Appointed Dr. J.M. Franklin as an independent Director.
- Received, and filed objections to, notices of reassessment from the CRA.
- Advanced the spin-out of the Company's projects in the Middle East North Africa ("MENA") region. The NuMENA Minerals Corp. ("NuMENA") spinoff initiative is on hold.
- Completed two flow-through financings totalling 17,143,000 units, raising aggregate gross proceeds of $2,500,000; approximately $1 million of which is slated for exploration of the Company's new projects in and near Chibougamau, Québec.

Gold

- Announced that the Egyptian State Council had approved the Bukari Concession Agreement.
- Finalized, with the EMRA, a concession agreement on the Umm Samra gold concession.
- Confirmed, or improved the known strike lengths at Bukari, including identifying a previously-unknown gold vein system.
- Announced assays from surface sampling on the Bukari concession grading up to 135.0 g/t (4.34 oz/t).
- Announced cessation of activity in Egypt.
- Expanded the Company's presence in the MENA region by entering into an option agreement to acquire 85% of the high-grade J. Tobrar gold concession in north-eastern Sudan.
- Announced positive results from surface sampling at the J. Tobrar gold concession, with anomalous gold results returned from all 12 veins sampled, including a 324m interval averaging 16.07 g/t gold and a width of 1.34m.
- Commenced and completed a second field exploration program, including trenching, at J. Tobrar.
- Elected not to exercise option on J. Tobrar gold concession in north-eastern Sudan.

Copper

- Received a favourable decision from the Québec Superior Court allowing 50:50 joint ownership, between the Company and Ocean Partners, of an impressive suite of exploration, mining, processing and other assets in Québec's Chibougamau mining camp.
- Completed the documentation transferring the ownership of the Chibougamau assets formerly held by Campbell to CBay a company jointly-owned by Nuinsco and Ocean Partners.

- Appointed Roland Horst as CEO of CBay to lead the restructuring and exploitation of the Chibougamau mining assets.

Uranium, Phosphorus and Rare Metals

- Announced trenching results from Prairie Lake grading up to 6.14% phosphorous, 1.08% combined rare earth elements, 0.27% niobium and 13ppm tantalum.
- Announced results from the first hole of the 4,000m diamond drilling program at Prairie Lake: grades up to 0.957% niobium (Nb_2O_5) and 8.68% phosphorus (P_2O_5) as part of a 246m interval grading 0.118% Nb_2O_5 and 3.41% P_2O_5.
- Updated the Exploration Target Mineralization Inventory ("ETMI") at Prairie Lake, making it one of the ten largest carbonatite-hosted niobium deposits in the world, and the second largest in North America with 515 – 630 million tonnes.
- Commenced process testing of Prairie Lake ore to upgrade phosphate and niobium concentrate in separate concentrates to saleable levels.
- Repurchased the 2% royalty interest on Prairie Lake for $300,000 in Nuinsco shares; the property is now royalty-free.
- Announced that all holes in the 2,321m December 2010 drill program at the Diabase Peninsula property returned uranium values.
- Completed an additional 2,000m of diamond drilling at the Diabase Peninsula property, with results grading up to 92 parts per million ("ppm") uranium, indicating the potential for a lens of uranium mineralization in the immediate vicinity of the drilling.
- Announced commencement of a 2,000m, $1.2 million drilling program at Diabase Peninsula to follow up on strong uranium anomalies and deposit indicators from past work.
- Diluted Trend Mining Company of Denver ("Trend") to a royalty interest in Diabase Peninsula with the 2012 drill program.

OUTLOOK

The global economy continues to suffer from lack of confidence. As we wait for greater certainty and investor confidence to firm up, Nuinsco must continue its business activities, taking into consideration the tightness of funding. Nuinsco continued to be very active during 2011, with exploration programs at its Diabase uranium project, its Prairie Lake rare metals project in Ontario and its projects in the MENA region. In addition, significant effort was required to resolve the acquisition of the Chibougamau, Québec assets. Unforeseen events such as "Arab Spring" and the financial crisis of EU countries have taken their toll and severely restricted the Company's ability to raise funding for these projects. What initially was well received by the market soon became discounted because of world events and crises.

Chibougamau

Of great significance during 2011 was the acquisition of a pool of assets in Chibougamau, Québec, a historically prolific mining camp. On June 27, 2011, the Company received notice that the Superior Court of Québec had approved its proposal to have the former Campbell assets transferred to CBay, jointly-owned by Nuinsco and its partner Ocean Partners. The asset transfer agreement has now been completed and Roland Horst has been appointed CEO of CBay with the task of releasing the substantial value of these assets. Mr. Horst has over 35 years of mining industry experience as a chief executive officer, investment banker, corporate banker and geologist, including close to 15 years as a CEO of both public and private companies involved in mining, development and exploration in North and South America, Indonesia and Europe.

Management believes that the acquisition of the Chibougamau mining camp is a very important opportunity for a company such as Nuinsco. There is a significant amount of historical information yet to be reviewed and the magnitude of these assets is yet to be fully understood.

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.4 million ounces of gold from 18 past-producing mines. CBay has the rights to:

- 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 3,000 tonne per day mill and tailings facility; and
- in excess of 96,000 acres 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.

It is worthwhile to explain why Campbell, the previous owner of the Chibougamau assets, had to declare creditor protection in early 2009. Campbell had been upgrading its Copper Rand mine and developing the Corner Bay deposit and other sources of ore over the previous couple of years and was within months of recognizing its efforts when the price of copper dropped precipitously from just under $4.00 per pound to less than $1.50 per pound and, to top it off, the financial crisis hit at the same time in December 2008. Burdened by more than $40 million of debt in a disastrous economic environment, Campbell became a victim and had no choice but to take the actions it did.

With the appointment of Roland Horst as Chief Executive Officer of CBay, the intention is to quickly develop a plan to early production and also to establish exploration programs that should result in additional potential for the area. The priority is to identify sufficient feed for the 3,000 tonne per day mill which will make it economic to operate. Several possibilities have already been identified and will be the focus of immediate study. At today's metal prices, the Chibougamau mining camp is 50-50 copper and gold based on historical production.

Prairie Lake
At Prairie Lake, drill results from the most recent drilling and trenching program have been incorporated into a revised ETMI and the property now ranks as one of the largest deposits of its kind in the world at 515 – 630 million tonnes of phosphorus, niobium-bearing rock with other minerals of potentially economic significance as well. The ETMI tonnage represents only a small portion of the existing target, the ultimate size of which is only constrained by drilling, or the lack thereof. No further drilling will be conducted until process testing being performed by COREM is completed to determine the viability of producing marketable concentrates from the project. Results are expected in the very near future.

Diabase Peninsula
On the uranium front, the Company's Diabase Peninsula project in the Athabasca Basin of Saskatchewan continues to gain prominence. The bidding war between Cameco and Rio Tinto which increased the initial valuation of $431 million for Hathor Exploration Limited's Roughrider project to a value of approximately $654 million is an indicator of the value of uranium deposits in the Athabasca Basin. Recent diamond drilling returned uranium values up to 92ppm and, as stated in our press release: "uranium values exceeding 10ppm suggest the presence of an alteration zone and the distinct possibility of a lens of uranium mineralization in the immediate vicinity". In fact, 26 of 38 holes drilled to date, a remarkable 68%, contain significant uranium assays of 10ppm or greater. Having identified all of the indicators necessary to find a uranium deposit in the Athabasca Basin, a drill program has commenced which is designed with the sole objective of finding the deposit indicated by the significant information accumulated by past programs. The drill program is for four or five holes at a budgeted cost of $1,200,000.

MENA (Egypt, Turkey and Sudan)
Nuinsco's efforts to create a new company focused on the MENA region are temporarily suspended pending resolution of the business environment in Egypt and a return of confidence in the MENA region.

Egypt and Sudan
Nuinsco was successful in being granted two concessions, Bukari and Umm Samra, during the 2009 bid round. The terms then agreed to reflected economics and valuations which were reasonable at the time. However, it has become evident that recent events have changed the market valuation for exploration properties in certain areas such as Egypt and Sudan and other MENA region countries. For these reasons, the Company decided not to exercise its option in Sudan and not to pursue tenure of Bukari and Umm Samra in Egypt. The Company will consider participating in future bidding for concessions in Egypt, assuming that stability returns to the area. Through the process, the Company has obtained valuable experience and knowledge of the MENA region and established strong personal and business relationships with government and local officials. It is hopeful that the next bid round will reflect revised expectations and valuations and that the business environment in the MENA region will have stabilized.

The Egyptian exploration operation has been conducted efficiently and effectively from the Company's perspective and the agreements were well-placed to receive final blessing and passage into law by the Egyptian parliament. In the absence of an elected, civilian government, this approval continues to be delayed. Although the election process is near completion, save for the election of a new President, and Parliamentary committees are being established, including the Industry and

Energy Committee, continuing unrest seems to be delaying the government from getting back to business. Egypt has yet to demonstrate that it is open for business. This uncertainty and near crisis financial events in other parts of the world have had a tremendously negative impact on the value and level of interest from the investment community for projects in the Middle East.

In Sudan, Nuinsco completed its evaluation program at the J. Tobrar project which lies in the Nubian Shield, the same geological setting as Bukari and Umm Samra in the Eastern Desert of Egypt. Although results were positive in that the potential for a small, high-grade gold deposit was identified, the vein structure does not appear to be sufficiently robust to warrant further work and, with the additional disinterest of investors, it was decided not to exercise the option to acquire the property.

It is unfortunate that recent political issues and ongoing negative news reports concerning mining in Egypt have caused a delay which is not acceptable for a junior company such as Nuinsco. We empathise with the people of the region, not only Egypt, and can only hope that the political climate becomes more settled and that changes will be effective and result in a political and economic environment that enhances opportunity to the benefit of all.

Turkey

The extraordinary exploration potential of Berta and Elmalaan in Turkey first gave Nuinsco its entry into the MENA region in 1995.

Drill results at Berta have been exceptional, but the property continues to be significantly underexplored. Berta remains a joint venture with Xstrata Copper Canada (“Xstrata”) which, as operator, has proposed an approximate $1.7 million work program. This has been a long time coming but is scheduled now for 2012 and we eagerly anticipate the results.

Work at Elmalaan was delayed due to a government moratorium on the transfer of properties in Turkey. Further, under Turkish mining regulations, Elmalaan now requires planning for mining operations – a costly exercise for a project that requires and deserves significant additional exploration. As a result, the time left before expiry of the exploration licence is not adequate to justify continuing with this project and the decision has been made to surrender the Elmalaan licence. The difficulty in funding these activities in this market also has a bearing on this decision. Management believes that its resources would be better used elsewhere.

Overall

Nuinsco is fortunate to have always had numerous very attractive projects in a variety of world class locations. The strength and benefits of this strategy, a form of hedge against adverse events, have been made even more evident with the need to curtail activities on some of its projects due to political and economic events beyond its control. 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.

Unfortunately, financing exploration activities during recessionary and unsettled times has always been difficult. Exploration is high-risk and investors are disinclined to participate in such activities when cash is tight. The existence of flow-through equity financing in Canada is of vital importance to its exploration industry. It has allowed exploration to continue at unprecedented rates and has kept Canada at the global forefront of mineral exploration and mining. Until the international political and social environment sorts itself out, Nuinsco will refocus its activities. Management will maintain a watch in Canada and internationally for exceptional projects, where the financing environment for exploration is strongly supported by the government and investment community.

We continue to be drawn to the MENA region because of the prospective geology and the relatively unexplored nature of the region that will provide excellent opportunities in the future.

Nuinsco is in the exploration business and value can only be generated through vigorous exploration programs, good exploration results and increasing opportunities for discovery. Nuinsco follows this approach as shown by its recent activities to create value through exploration in a growing list of countries where the potential is exceptional. Management also recognizes that events beyond its control require re-thinking of its growth strategy. This is where we are today. Management will not send good money after bad unless it sees a clear path to success.

As mentioned earlier, Nuinsco is in the exploration business. It is through systematic programs that we will generate the exploration results and the market reaction that all shareholders, including management and your Board of Directors, are looking for.

SELECTED FINANCIAL INFORMATION

The information in the table below is stated in accordance with IFRS except for the information for 2009 with respect to the income statement items which are stated in accordance with predecessor GAAP. Please refer to the section in this MD&A titled Summary of IFRS Implementation for detailed information with respect to the differences in accounting from predecessor GAAP and accounting in accordance with IFRS.

(in thousands of Canadian dollars, except per share amounts)		2011		2010		2009
Summary Operating Results Data		**IFRS**		**IFRS**		**Predecessor GAAP**
Other income		**$ 100**		$ -		$ 251
General and administrative costs		**(1,878)**		(1,422)		(927)
Pre-exploration write-offs		**(120)**		(223)		-
Writedown of exploration and evaluation projects		**(2,622)**		(421)		(879)
Elements of net finance (costs) income						
Flow-through premium	***$ 72***		*$ 561*		*n/a*	
Foreign exchange (loss) gain	***(74)***		*161*		*897*	
Interest expense	***(25)***		*(224)*		*(964)*	
(Loss) gain on securities held for trading	***-***		*(403)*		*686*	
Other	***4***		*36*		*n/a*	
Net finance (costs) income		**(23)**		131		*n/a*
Recovery of provision for Chibougamau		**870**		-		-
Net gain related to equity-accounted investee		**-**		-		1,002
Income tax (expense) recovery		**(105)**		(1,212)		1,903
Net (loss) income		**(4,403)**		(3,641)		1,676
Total comprehensive (loss) income		**(6,154)**		(2,428)		2,453
(Loss) income per share		**(0.02)**		(0.02)		0.01
Summary Balance Sheet Data		**IFRS**		**IFRS**		**IFRS**
Cash and cash equivalents		**$ 516**		$ 628		$ 1,490
Marketable securities		**1,531**		5,463		2,099
Other current assets		**120**		873		350
Assets classified as held for sale		**-**		-		11,550
Property and equipment		**1,443**		70		59
Exploration and evaluation projects		**15,944**		12,382		9,980
Other resource interests		**3,000**		7,263		2,297
Deferred tax asset		**-**		-		1,297
Total assets		**22,554**		26,679		29,122
Current liabilities		**1,029**		2,601		1,723
Long-term obligations		**266**		246		2,901
Total shareholders' equity		**$ 21,259**		$ 23,832		$ 24,498

RESULTS OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS except for operating results for the year ended December 31, 2009 which is stated under pre-transition Canadian GAAP. The reader is encouraged to refer to Notes 3 and 32 of the Company's 2011 Audited Consolidated Financial Statements for the Company's IFRS accounting policies and a complete analysis and reconciliation of the Company's accounting under pre-transition Canadian GAAP and IFRS. The discussion below includes certain references to some of the main effects of changes under IFRS where it is considered helpful.

Year Ended December 31, 2011, Compared With Year Ended December 31, 2010

In the year ended December 31, 2011, the Company had a net loss of $4,403,000 or $0.02 per share, compared with a net loss of $3,641,000 or $0.02 per share in the year ended December 31, 2010. The principal reasons for the increase in loss are increased writedowns of exploration and evaluation projects in 2011 offset by income tax expense recorded in 2010 related to the Cameron Lake sale which was effectively a reversal of a future tax asset set up at the end of 2009.

Other income in the year ended December 31, 2011 of $100,000 was a non-refundable fee related to due diligence on the Chibougamau assets; no such income was received during 2010.

General and administrative expenses in 2011 increased to $1,878,000 in 2011 from $1,422,000 in 2010. The main contributing factors to the increase are: increased investor and public relations costs, tax services to support the challenge of the CRA reassessment, costs supporting the protection of the Company's interests in Chibougamau, rent, insurance, director's fees and increased staff costs. The Board of Directors approved salary increases for 2011 as well as an IFRS-project-related bonus. These were partly offset by expenses incurred in 2010 that did not reoccur in 2011. Non-recurring expenses in 2010 included legal fees related to the terminated acquisition of Gold Hawk Resources Inc. ("Gold Hawk"), recruitment fees and a provision for Part XII.6 tax on unexpended flow-through amounts.

Overhead recoveries through charges to Victory Nickel for services under the management agreement and deducted from operating expenses amounted to $829,000 in the year ended December 31, 2011, compared with $719,000 in the same period of 2010. Costs allocated to Victory Nickel pursuant to the management agreement between the Company and Victory Nickel are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The increase in costs allocated is primarily a function of salary increases in 2011 plus only half a year of the controller was included in 2010.

It is estimated that approximately $665,000 of general and administrative expenditures were incurred on supporting the Company's public status in the year ended December 31, 2011 (2010 - $575,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The increase from 2010 to 2011 is mainly due to increased salaries as discussed earlier, investor and public relations costs and insurance.

Share-based payments related to options increased to $595,000 in 2011 from $346,000 in 2010. This is a function of the higher fair value of options issued in 2011 compared with 2010. In 2011, the Board of Directors granted 5,105,000 stock options to directors, officers, employees and consultants with a weighted average exercise price of $0.17 per share and a weighted average fair value of $0.12 per share. Of the options granted, 3,952,500 vested immediately and 1,152,500 vest over one year. In 2010, the Board of Directors granted 5,850,000 stock options with a weighted average exercise price of $0.08 per share and a weighted average fair value of $0.053 per share. Of the options granted, 4,725,000 vested immediately and 1,125,000 vested over one year.

The Company also issued shares under the Share Bonus Plan in 2011 and 2010 and therefore recorded other share-based payments of $17,000 and $131,000, respectively. The issuances in 2011 were related to the completion of the IFRS project, whereas the issuances in 2010 were more general and to a larger number of recipients.

Routine write-offs of pre-exploration expenditures in the year ended December 31, 2011 aggregated $120,000 and related primarily to preliminary work in Sudan in advance of the option agreement. In 2010, pre-exploration write-offs of $223,000 were made that were a result of routine write-offs and related primarily to pre-exploration and evaluation expenditures incurred on the Bukari project prior to the terms of the concession agreement being reached with EMRA. IFRS does not allow capitalization of such expenditures when they are incurred prior to a legal right being granted to explore the property.

In 2011, the Company recorded an aggregate writedown of exploration and evaluation projects of $2,622,000. This includes $1,100,000 related to Elmalaan, $803,000 in respect of Egyptian properties and $719,000 with respect to the J. Tobrar project in Sudan. The writedown for Egypt includes $378,000 provision for impairment against amounts due from the Company's Egyptian partner, being the partner's share of expenditures financed by Nuinsco, and is net of an accrual reversal of $204,000 which the Company no longer considers payable due to force majeure circumstances. On February 7, 2012, the Company elected to not exercise its option to acquire an 85% interest in UAE for Gold Minerals and Investment Company Ltd., the company that owns the J. Tobrar concession in Sudan; accordingly, the project was written down to $nil effective December 31, 2011. In 2010, the writedown of $421,000 comprised the write-off of the Triggs option of $679,000 as described earlier, partly offset by an adjustment to the fair value of the Coventry shares received upon sale of Cameron Lake of $258,000 (refer to Note 32 to the Company's First Quarterly Consolidated Financial Statements of 2011).

Note that there was a significant IFRS difference related to the value of Cameron Lake. A transition adjustment was made of $9,850,000 which related to the reversal of prior writedowns which are required if there is an improvement in the recoverable value of a project. The adjustment was calculated by reference to the proceeds from sale of the project, the terms of which were determined in December 2009. Those terms included marketable securities, the value of which changed until the completion of the sale in April 2010 by an aggregate of $258,000, the adjustment referred to above. Adjustments to Cameron Lake values were timing differences, upon completion of the sale in the second quarter of 2010, all differences in accounting between IFRS and predecessor GAAP were offset through deficit.

Net finance costs decreased to a net cost $23,000 in 2011 from a net income of $131,000 in 2010. *Finance income* of $76,000 was earned in 2011 compared with $758,000 in 2010. The main reason for the change arises from flow-through premium of $561,000 in 2010 compared with $72,000 in 2011 as well as a foreign exchange gain of $161,000 in 2010 (a loss was reflected in finance costs in 2011 and is discussed below).

The flow-through premium concept is one of the more significant changes to the Company's accounting as a result of the transition to IFRS. The Company completed its obligations under the flow-through financing from December 2009 during the fourth quarter of 2010 and by that time the flow-through premium was fully amortized through operations. The Company completed approximately half of its obligations under the flow-through financing from December 2010 by the end of 2010; therefore approximately one-half of the related flow-through premium had been amortized through operations. The remaining flow-through premium of $48,000 was reflected through operations by the end of the first quarter of 2011. An additional flow-through premium on spending in 2011 of $24,000 was recorded, bringing the total to $72,000. As at December 31, 2011, the Company had a remaining flow-through commitment outstanding under the flow-through financing from July, August and December, 2011 of $1,668,000 and a remaining flow-through premium liability to be amortized through finance income of $171,000. Note 16 to the 2011 Audited Consolidated Financial Statements includes an analysis of the flow-through premium liability.

Finance income in 2010 also included $33,000 related to fee and interest expense charged by Nuinsco to Victory Nickel for an advance prepayment for the exercise of warrants. The warrants were exercised by Nuinsco in September, 2010.

The main component of finance costs in 2011 is a net foreign exchange loss of $74,000 in 2011. As at December 31, 2011, the Company had US$-denominated net liability balances of approximately US$35,000 (December 31, 2010 - US$475,000). Accordingly, the impact of US$ foreign exchange fluctuations has been reduced. However, the Company made dilution adjustments in 2011 with respect to the Berta project; the dilution adjustment reduced the carrying cost of the Berta project, accounts payable and foreign exchange. As the capitalized expenditures were recorded in periods where the Canadian dollar was weaker relative to the US$, an exchange loss of $63,000 was recorded, which is the most significant element of the total net exchange loss of $74,000.

The finance costs incurred in 2010 include interest expense of $224,000, including amortization of loan fees, on the US$-denominated loan that was outstanding combined with the net change of $403,000 in the fair value of financial assets at fair value through operations being the Victory Nickel warrants, as discussed earlier. The Company no longer has significant debt and no longer has any warrants with changes in fair value through operations.

In 2011, the Company recorded a recovery of provision for Chibougamau of $870,000. The Company acquired the assets of the Chibougamau mining camp pursuant to its joint offer through CBay to the receiver of Campbell as supervised by the courts. This prompted a review of the estimated recoverable amount and enabled the Company to effectively reverse a portion of its writedown reflected in 2008.

The *Income tax expense* in the amount of $105,000 recorded in 2011 reflects tax expense matching the recovery of taxes recorded through OCI on the change in value of financial assets at fair value through OCI; the Company has an unrecognized deferred tax asset. In 2010, income tax expense of $1,212,000 was recorded, $85,000 income tax recovery matched the income tax expense recorded through OCI on the change in value of financial assets at fair value through OCI and $1,297,000 income tax expense was related to the sale of Cameron Lake as described above.

OCI in 2011 of a loss of $1,751,000 (2010 – income of $1,213,000) relates to a decrease of $1,856,000 (2010 – increase of $1,298,000) in the market value of the Company's financial assets at fair value through OCI, partially offset with an income tax recovery recorded through OCI of $105,000 (2010 – expense of $85,000). Note that under IFRS 9, *Financial Instruments* ("IFRS 9"), all changes in market value on financial assets at fair value through OCI (along with related tax effects) are reflected in OCI; this includes realized gains which, under pre-transition Canadian GAAP, were formerly reflected through operations. This is further discussed in the IFRS reconciliations and supporting descriptions in Note 32 to the Company's 2011 Audited Consolidated Financial Statements.

In 2011, the net change in the fair value of financial assets through OCI was comprised of the decreases in fair value of the Company's shareholdings in various public companies. During 2011, the Company sold shares for liquidity purposes. Note that the fair value of Coventry shares is impacted by the fluctuation in the value of the A$. Approximately a loss of $8,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the year ended December 31, 2011 (2010 – gain of $284,000). OCI in 2010 represented net improvements in the value of marketable securities.

The Company has capital loss pools available to it of approximately $4,942,000 (Note 24 to the 2011 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, a future income tax recovery of $105,000 with respect to marketable securities was recorded through OCI with an equal and opposite amount being recorded through operations.

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

Receivables decreased to $120,000 as at December 31, 2011 primarily due to the write off of the amount of $378,000 due from the Company's Egypt partner to equalize expenditures and avoid dilution of the Egyptian partner's interest in accordance with the shareholders' agreement. Because of the uncertainty in Egypt and an assessment of the Egyptian partner's ability to repay given the Company's decision not to proceed with activities in Egypt, this was written off and is included in the overall *Writedown of exploration and evaluation projects* as described above.

Marketable securities as at December 31, 2011 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. Marketable securities decreased to $1,531,000 as at December 31, 2011 from $5,463,000 as at December 31, 2010. The decrease is primarily a result of the decline in market values, as well as the sale of a portion of the portfolio of shares for liquidity purposes as discussed above. The shares of Coventry and Victory Nickel had a market value of $926,000 and $582,000, respectively, as at December 31, 2011.

Due to the asset acquisition related to the Company's interest in the former Campbell assets, the *Interest in Chibougamau* was reclassified to *Property and equipment* of $1,386,000, accounting for the significant increase in that balance, and *Exploration and evaluation projects* of $3,820,000 or an aggregate of $5,206,000 in 2011 from $4,263,000 in 2010. The allocation of estimated recoverable amount between the categories is subject to a high degree of measurement uncertainty.

As described earlier, the Company, through its 50% interest in CBay, now owns the assets comprising the Chibougamau mining camp in northern Québec. The Company acquired the assets of the Chibougamau mining camp pursuant to its joint offer through CBay to the receiver of Campbell as supervised by the courts. This prompted a review of the estimated recoverable amount and enabled the Company to effectively reverse a portion of its writedown reflected in 2008. Also, the Company incurred $30,000 to clear a lien over the Chibougamau assets.

Trade and other payables decreased to $1,029,000 as at December 31, 2011 from $2,601,000 as at December 31, 2010. The decrease is primarily due to less activity on projects around the end of 2011 compared to 2010, as well as the adjustment of $553,000 during the second quarter of 2011 relating to the dilution of Nuinsco's interest in Berta as discussed further under Exploration and Evaluation Activities below.

Share capital has increased by $2,855,000 to $97,195,000 as at December 31, 2011. This is primarily as a result of shares issued pursuant to private placements that generated gross proceeds of $500,000 in January, 2011, $1,500,000 in July and August 2011 and $407,000 in December 2011 as well as the exercise of warrants and options for total consideration of $754,000. Non-cash transactions included: the issuance of shares pursuant to the Share Bonus Plan and under the option agreement entered into with respect to the J. Tobrar property in Sudan. Refer also to discussion under Liquidity and Capital Resources. The conversion to IFRS had significant impact on the components of shareholders' equity. In particular, this related to accounting changes in flow-through accounting and the reversal of previously-recorded impairment. Refer to Note 32 in the Company's 2011 Audited Consolidated Financial Statements.

Year Ended December 31, 2010, Compared With Year Ended December 31, 2009

As referred to above, figures for the year ended December 31, 2009 are stated in accordance with pre-transition Canadian GAAP. For a description of the main differences in accounting, please read the section in this MD&A titled Summary of IFRS Implementation.

In the year ended December 31, 2010, the Company generated a net loss of $3,641,000, or $0.02 per share, compared with net income of $1,676,000, or $0.01 per share, in the year ended December 31, 2009 (under pre-transition Canadian GAAP). There were many unusual, or otherwise non-recurring, items in the 2009 results and these are described below. Also note that, under IFRS, the gain on the sale of Cameron Lake was effectively recognized upon transition to IFRS since the detail of the transaction was known at that time and a previously-taken impairment loss was reversed – refer to discussion under Summary of IFRS Implementation later in this MD&A.

Other income in 2009 relates to a gain on sale of marketable securities primarily to the Rainy River Resources Inc. ("Rainy River Resources") share sale. Under IFRS, the Company's gains and losses on security sales are recorded through OCI unless they are gains or losses on warrants which are recorded in net finance income.

General and administrative costs increased by $495,000 to $1,422,000 in 2010, from $927,000 in 2009; there were no changes in this as a result of accounting under IFRS. Overhead recoveries through charges to Victory Nickel for services under the management agreement and deducted from operating expenses amounted to $719,000 in the year ended December 31, 2010, compared with $612,000 in the same period of 2009. Costs allocated to Victory Nickel pursuant to the management agreement between the Company and Victory Nickel are activity related. Such amounts are recorded at the exchange amount which is equal to the cost to the Company of such services plus 10%. The increase in costs allocated is primarily a function of salary increases in 2010 as well as the hiring of a controller in July 2010. In 2009, salaries were held at the same base level as in 2008.

It is estimated that approximately $575,000 of general and administrative expenditures were incurred on supporting the Company's public status in the year ended December 31, 2010 (2009 - $438,000). The Company has continued to control its regular expenditures but improvements in the Company's financial position have facilitated spending on various initiatives considered essential to preserving asset values and advance its projects.

The main contributing factors to increases in general and administrative expenditures are: legal and other support costs for the preservation of recoverable value of the Interest in Chibougamau of $343,000 compared with $46,000 in 2009, other legal costs including those related to the terminated acquisition of Gold Hawk and the effect of employment costs including: salary increases, hire of controller in the third quarter and statutory benefits on the catch-up of directors' fees paid in 2010.

Share-based payments for options increased to $346,000 in 2010, from $252,000 in 2009 which is a function of the higher fair value of options in 2010 compared with 2009, options issued to new directors as well as the cost to modify the terms of a retiring director's options which would otherwise have expired. The Company also issued shares under the Share Bonus Plan in the second quarter of 2010, at a cost of $131,000; no such shares were issued during 2009.

Pre-exploration write-offs of $223,000 were recorded in 2010 as discussed above and are required under IFRS; no such pre-exploration write-offs were recorded in 2009 under pre-transition Canadian GAAP.

In 2010, the aggregate net writedown of exploration and evaluation projects amounted to $421,000 as described above. This represented a timing difference and the net effect on deficit of the Cameron Lake sale was the same under IFRS and pre-transition GAAP by the time the sale was completed in April 2010. In 2009, project writedowns of $879,000 were made, of which $760,000 was related to the writedown of the Marijane and Huston Lakes project.

The main elements of net finance income, a new category under IFRS disclosure standards, of $131,000 in the year ended December 31, 2010 are flow-through premium of $561,000, a new concept under IFRS and described more fully under IFRS Implementation, the net foreign exchange gain of $161,000 described below, offset by interest expense of $224,000, also described below, and a net decrease in the fair value of warrants of $403,000.

The Company recognized a net foreign exchange gain of $897,000 in 2009, primarily as a function of loan-related balances; in 2010 there was a net foreign exchange loss recorded in net finance income of $161,000. As at December 31, 2010, the Company had US-denominated balances of approximately US$475,000 in net liabilities; as at December 31, 2009 the Company had US-denominated net liabilities of approximately US$3,514,000. Accordingly, the impact of US$ foreign exchange fluctuations has been reduced. The Company also has a significant holding of marketable securities which is denominated in Australian dollars (“A$”); A$3,600,000 as at December 31, 2010. Consequently, fluctuations in the Australian dollar impact the fair value of the securities with changes recorded through OCI.

The Company incurred interest expense of $224,000 on the loan in the year ended December 31, 2010 compared with $964,000 in 2009. As noted above, the loan and related balances were repaid in full on April 20, 2010. Although the interest expense in 2010 reflects a charge of $121,000 related to the unamortized balance of loan fees charged upon repayment, the interest expense is much lower as a function of a reduced rate and lower loan balances across the comparative years.

In 2010, the Company recorded a loss of $403,000 which relates primarily to the change in the fair value of Victory Nickel warrants prior to their exercise. In the year ended December 31, 2009, the change in value of the warrants of $686,000 reflects the difference between the fair value and the purchase cost of Victory Nickel shares acquired under the rights offering as well as the change in fair market value to the end of the year. The warrants were not acquired until August 2009 and were not considered to have any fair value until the fourth quarter of 2009 when they first became “in-the-money”.

The Company no longer has any equity-accounted investees. In 2009, the share of losses of the equity-accounted investee was $36,000 and related solely to the Company’s investment in Victory Nickel. In addition, the Company recorded a dilution loss of $322,000 in 2009 which related to the Company’s share of Victory Nickel’s flow-through renunciations through capital in the first quarter of 2009. In the third quarter of 2009, the Company sold its interest in Victory Nickel except for certain rights from the rights offering completed in August of 2009. A gain on sale of $1,360,000 was recorded. No such transactions occurred in 2010.

The way that the Company accounts for renunciation of flow-through share expenditures was changed under IFRS as described under Summary of IFRS Implementation. The income tax expense of $1,212,000 in 2010 reflects a net recovery of $85,000 recorded for utilization of capital losses offset against a provision for income taxes in the second quarter of $1,297,000 against the sale of Cameron Lake. In 2009, the Company recorded an income tax recovery of $1,297,000 due to the expected close in 2010 on the sale of Cameron Lake combined with the effect of renunciation of flow-through expenditures of $606,000 under pre-transition Canadian GAAP. All accounting for flow-through financing and the related tax effects formed part of the transition adjustments and were recorded on a cumulative basis through deficit effective January 1, 2010, the date of transition.

OCI of $1,213,000 in the year ended December 31, 2010 represents net increases in the market value of the Company’s marketable securities from December 31, 2009 or date of acquisition and after tax effects of $85,000 as described above. OCI of $777,000 in the year ended December 31, 2009 represents the net increases in the market value of the Company’s marketable securities year-over-year – primarily shares of Gold Hawk and Victory Nickel. Approximately $642,000 relates to Gold Hawk with the balance attributable to Victory Nickel. Note that OCI under pre-transition GAAP did not include $250,000 of gains on sales of marketable securities which are required to be recorded through operations under IFRS.

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

Marketable securities have increased to $5,463,000 as at December 31, 2010 from $2,099,000 as at December 31, 2009. The increase is primarily as a result of the Coventry shares received as part of the consideration for the Cameron Lake sale. At the date of acquisition, the shares had an aggregate market value of $2,958,000. By the end of 2010, the aggregate fair value had improved to $3,665,000. The market value of the Gold Hawk shares was $945,000 at the end of 2009 at a price per share of $0.79 and improved to a price per share of $1.99 by the end of 2010, albeit on a smaller portfolio of shares with a market value of $991,000.

The Company disposed of 698,800 Gold Hawk shares in 2010 for liquidity purposes, generating gross proceeds of approximately $889,000. The remaining balance comprises mainly of shares of Victory Nickel which were acquired through the exercise of rights during 2009 at an aggregate cash cost of $400,000 and through the exercise of warrants in 2010 as described earlier; the shares have a market value of $807,000 as at the end of 2010, compared with $800,000 at the end of 2009.

The *Interest in Chibougamau* has increased by $1,966,000 to $4,263,000 from $2,297,000 as at December 31, 2009. As reported in the second quarter of 2010, the Company, along with its partner with respect to Campbell matters, Ocean Partners, has acquired substantially all of the secured debt not collectively already owned. This has been completed primarily through a jointly-controlled company. The Company paid $1,525,000 in the year ended December 31, 2010 and has two scheduled payments outstanding; $200,000 due within one year of signing the asset transfer agreement (included in *Trade and other payables*) and $300,000 due no earlier than April 2013; recorded at a discounted value of $246,000 as at December 31, 2010 – this amount is being accreted over time using the effective interest method and is included in long-term liabilities.

The sale of Cameron Lake in April, 2010, has accounted for other significant changes in the consolidated balance sheets. For example, the exploration property held for sale has been derecognized. The consideration included a royalty interest in Cameron Lake with an estimated fair value of $3,000,000. The deferred tax asset recorded in 2009 was eliminated through recognition of an income tax expense upon sale in 2010. The decommissioning was also eliminated and the loan payable and related balances were repaid in full.

Trade and other payables have increased to $2,601,000 from $1,612,000 as at December 31, 2009. The increase is primarily due to project related payables on the two drilling programs at Diabase and Prairie Lake; project activity at the end of December 31, 2009 was quite limited, accordingly, project payables were low. Under IFRS, the Company recorded a flow-through premium liability of $48,000 as at December 31, 2010 and $369,000 upon transition to IFRS.

Share capital has increased by $1,210,000. This is primarily as a result of the shares issued for the Olympian option, the Company's Share Bonus Plan, a private placement on a non-flow-through basis and two flow-through financings, net of the effects of accounting for flow-through expenditures in accordance with IFRS.

Accumulated other comprehensive income (loss) improved significantly over the period to income of $596,000 from a loss of $617,000. This is as a result of the net after-tax improvements in the market value of securities as discussed above.

SUMMARY OF QUARTERLY RESULTS

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

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

Fiscal year 2011	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance income (costs)	$ 7	$ (13)	$ (68)	$ 51
Net loss	$ (2,115) (1)	$ (463)	$ (817) (3)	$ (1,008) (5)
Total comprehensive loss	$ (2,597) (2)	$ (574)	$ (1,908) (4)	$ (1,075)
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

Fiscal year 2010	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance income (costs)	$ 366 (6)	$ (66)	$ (182)	$ 13
Net income (loss)	$ 58	$ (1,179) (8)	$ (1,404) (10)	$ (1,116) (12)
Total comprehensive income (loss)	$ 1,266 (7)	$ (155) (9)	$ (2,535) (11)	$ (1,004)
Income (loss) per share - basic and diluted	$ 0.00	$ (0.01)	$ (0.01)	$ (0.00)

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

(1) 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.

(2) Includes items referred to in (1) as well as decrease in value of marketable securities of $482,000.

(3) Net loss includes $122,000 of pre-exploration write-offs.

(4) Total comprehensive loss includes a decrease of $1,171,000 in the fair value of financial assets at fair value through OCI.

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

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

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

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

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

(10) Reflects a non-cash future income tax provision of $1,260,000, refer to (11) below and a $556,000 recovery on exploration and evaluation projects, some of which reverses the writedown described in (10).

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

(12) Includes $228,000 of share-based payments, $298,000 writedown of exploration and evaluation projects and $158,000 pre-exploration write-offs related to IFRS changes (Note 32 to the 2011 Audited Consolidated Financial Statements).

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 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 December 31, 2011, the Company had working capital of $1,138,000. This excludes restricted cash of $nil (December 31, 2010 - $4,164,000, excluding restricted cash of $199,000).

The Company required cash and cash equivalents of $112,000 during the year ended December 31, 2011, compared with $862,000 during the year ended December 31, 2010.

In the year ended December 31, 2011, the Company used cash of $2,015,000 in operating activities, compared with cash used of $1,924,000 in the previous year. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the year ended December 31, 2011 provided cash of $12,000 compared with cash used of $328,000 in the same period in 2010. The main reason for the change in non-cash working capital relates to a reduction in trade and other payables.

Investing activities in the year ended December 31, 2011 used funds of $1,168,000, compared with funds generated of $2,547,000 in the same period in 2010. In 2011, the Company incurred $73,000 on its interests in the Chibougamau camp which included capitalized costs in 2011 of $43,000 for Nuinsco's share of exploration and evaluation expenditures related to management and ongoing maintenance of the assets (refer below) plus $30,000 to settle a claim made against the Chibougamau assets. Aggregate payments of $1,525,000 were made by the Company throughout the fiscal year of 2010 with respect to Campbell debt acquisition. The Company, along with Ocean Partners, through CBay, a jointly-controlled Canadian company, acquired substantially all of the remaining secured debt of Campbell that Nuinsco and Ocean Partners did not previously own. Nuinsco expects to make a further payment of $200,000 within one year (which is included in trade and other payables) and $300,000 no earlier than April 2013 (which is included in long-term liabilities at a fair value of $266,000 using a discount rate of 8%). Since October 25, 2011, the Company and Ocean Partners effectively own the assets of the Chibougamau mining camp. On that date, Nuinsco reclassified its *Interest in Chibougamau* into *Property and equipment* and *Exploration and evaluation projects* given it now has a direct interest in such assets through CBay.

Nuinsco and Ocean Partners have effectively gained control over a significant Canadian mining camp. On June 28, 2011, the Company announced the Québec Superior Court's decision to allow the receiver to transfer ownership of all exploration, mining, processing and other assets that were formerly owned by Campbell to CBay. Effective October 25, 2011, the transfer of ownership was completed. The Lac Doré complex, on which the Chibougamau mining camp in Québec is situated historically has produced 47.6 million tons of ore containing 1.6 billion pounds of copper and 3.2 million ounces of gold. As discussed, there are several alternatives available to Nuinsco and Ocean Partners to ensure that the value of these assets is recognized. On February 15, 2012, the Company and Ocean Partners announced the hire of Roland Horst as Chief Executive Officer of CBay to take this camp forward.

Expenditures on exploration and evaluation projects amounted to $3,467,000 in the year ended December 31, 2011 (including the $43,000 on Chibougamau referred to above), compared with $2,144,000 in 2010. Refer to the Exploration and Evaluation Activities section for additional discussion.

During 2011, the Company received gross proceeds of $2,126,000 on the sale of shares as discussed earlier. Shares are being sold for liquidity purposes and the remaining Gold Hawk portfolio was liquidated in 2011. In 2010, the Company received $889,000 gross proceeds on the sale of shares.

In 2010, the Company received the remaining cash proceeds from the sale of Cameron Lake totalling $5,900,000; no projects have been sold in 2011.

The purchase of marketable securities used funds of $366,000 in 2010. The purchase represented the cash cost of exercising the warrants which were acquired in 2009 along with Victory Nickel shares. No purchases of marketable securities took place in 2011.

In order to facilitate exploration on the Bukari project in Egypt, the Company was required to issue a letter of guarantee supported by US$200,000. Accordingly, the Company deposited funds with its bank supporting the guarantee in 2010.

Such funds were restricted until one year from issue date of the letter of guarantee and were returned to the Company in 2011.

Cash generated from financing activities was $3,071,000 in the year ended December 31, 2011, compared with cash used of $1,485,000 in 2010. On January 10, 2011, the Company completed a private placement financing of 3,125,000 units of securities at a price of $0.16 per unit generating net proceeds of $493,000. Each unit 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 $0.22 for a period of 24 months from closing. In July and August, 2011, the Company completed another private placement financing of 10,000,000 units of securities at a price of $0.15 per unit generating net proceeds of $1,424,000. 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 24 months from closing. In December 31, 2011, a further private placement closed on a flow-through basis generating net proceeds of $400,000.

Other cash consideration received in 2011 was from the exercise of warrants and options. During 2011, 7,062,064 warrants that were issued pursuant to the rights offering in 2009 were exercised for an aggregate consideration of $706,000. The number of warrants from the rights offering that remained unexercised amounted to 279,167 and these consequently expired in April 2011. In 2011, 415,050 warrants issued pursuant to the October 2010 flow-through financing were exercised for an aggregate consideration of $42,000, while the remaining 3,156,379 expired unexercised. Other warrants issued pursuant to the December 2009 and December 2010 private placements expired unexercised during 2011. Other financing activities in 2011 included the exercise of 100,000 options at various exercise prices for aggregate consideration of approximately $6,000.

In October 2010, the Company announced the closing of two private placements raising aggregate net proceeds of $953,000. One financing was issued on a flow-through basis to progress Canadian exploration projects and the other was on a “hard-dollar” basis for the Company’s foreign projects in Turkey and Egypt. 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 $0.10 for a period of 12 and 24 months from closing of the flow-through financing and non-flow-through private placement, respectively. In December, 2010, the Company announced another closing of private placements, raising net proceeds of approximately $420,000, on a flow-through basis. 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 $0.25 for a period of 12 months from closing. Other cash considerations received in 2010 was from the exercise of warrants and options. During 2010, 288,765 and 333,333 warrants issued pursuant to the rights offering in April 2009 and the December 2009 private placement, respectively, were exercised for aggregate proceeds of $79,000. Other financing activities in 2010 included the exercise of 575,000 options at various exercise prices for aggregate consideration of $39,000.

In 2010, the Company repaid its loan from the cash proceeds received from the sale of Cameron Lake in April 2010. This amounted to $2,972,000 including interest of $168,000.

As at December 31, 2011, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2011 of $1,668,000 which must be completed by the end of 2012. Note that flow-through renunciation under IFRS is recognized as eligible expenditures are made and, since Nuinsco has unrecognized deferred tax assets, there effectively is no accounting entry required as renunciation merely adjusts the amount of the unrecognized deferred tax assets.

Management is continuing to actively pursue additional ways to realize on the potential of its assets or secure financing in order to provide funds for operations. 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.

Upon ratification of the Bukari concession agreement by the Egyptian People’s Assembly, Nuinsco would have had a commitment to issue a letter of guarantee supporting US$2,000,000 of expenditures in the first year of exploration on the Bukari concession. With the decision to withdraw from Egypt until better times, this commitment no longer exists. The interim letter of guarantee expired in 2011 and funds were returned unrestricted.

The Company has also announced that it has executed a concession agreement with EMRA for the Umm Samra concession in Egypt. The first year expenditure commitment would have been approximately US$1,500,000. As with the commitment on the Bukari concession, this commitment no longer exists.

Further, the commitment with respect to the J. Tobrar property in north-eastern Sudan announced in July, 2011 of approximately $800,000 by the end of the option period has been met. The decision by the Company in February, 2012, not to continue with the option will eliminate the requirement to pay the option payment of US$4,000,000 in either cash or shares.

In order to maintain the option on one of the Diabase Peninsula claims, the Company must make an option payment of approximately $935,000 by September 2, 2012. The Company is in discussion with the owner with respect to the terms of the option.

In January, 2012, the Company acquired the royalty on the Prairie Lake property by issuing common shares with a value of $300,000. This non-cash consideration has eliminated any future cash royalty obligations on the property, thereby improving its future economics.

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

The total market value of the Company's marketable securities as at March 27, 2012, is approximately $1,678,000. These are available to fund the Company's ongoing operations. The market value can go down as well as up.

As described above, exploration and evaluation companies such as Nuinsco are heavily reliant upon the equity markets to fund their activities as they typically have no short-term sources of revenue other than through monetization of assets. Opportunities available to Nuinsco for financing would normally be through private placements in the equity markets. However, today's equity markets continue to make this alternative difficult if not impossible without incurring significant dilution to existing shareholders.

The Company closed a flow-through financing in 2012 of $1,000,000 to provide funds for exploration at the Chibougamau camp. The Company had a 96.3% success on the take-up of warrants from the rights offering in April, 2011, thereby generating $735,000 and also raised $1,907,000 in flow-through financings as well as a non-flow-through financing of $500,000 during 2011. This demonstrates the Company's ability to continue to generate funds albeit under increasingly dilutive terms. However, 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. In 2011, only 415,050 warrants issued pursuant to the October, 2010 flow-through financing were exercised and the remaining 3,156,379 warrants expired unexercised as did 10,792,469 other warrants during 2011 – this indicates the dilutive pressure exerted on the Company. The Company will consider all alternatives given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets.

The Company's estimated monthly commitments, net of recoveries from Victory Nickel for ongoing administrative support in 2011, were approximately $136,000; budgeted net monthly commitments average $152,000 for 2012. The Company's working capital requirements continue to be modest. At December 31, 2011, the major routine item requiring financing was an HST/GST receivable of $19,000 (received in February 2012) which averaged approximately $41,000 per quarter in 2011. The Company estimates that approximately $655,000 in non-discretionary costs is required on an ongoing annual basis to support the Company as a public entity. Such expenditures are not eligible for flow-through funding and must be financed through other means.

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.

EXPLORATION AND EVALUATION ACTIVITIES

In the year ended December 31, 2011, the Company incurred exploration and evaluation expenditures of $2,980,000 on its mineral interests (before reclassification of expenditures regarding Chibougamau), compared with $3,081,000 in 2010. Expenditures were higher during 2011 mainly due to activity on the Diabase Peninsula, Prairie Lake, Bukari and J. Tobrar projects. The most significant expenditures in 2011 were on the Diabase Peninsula project in the amount of $1,098,000 (2010 - $1,171,000). Costs on other programs included: Prairie Lake $553,000 (2010 - $791,000), Bukari $530,000 (2010 - $273,000), Berta $80,000 (2010 - $138,000) and Elmalaan $nil (2010 - $29,000). In addition, the Company reclassified $3,820,000 to exploration and evaluation projects with respect to the Chibougamau camp given the transfer of assets to CBay in October, 2011. Projects written off during 2011 included costs incurred on programs related to: Elmalaan of $1,100,000, Bukari of $803,000 (including a provision of $378,000 against expenditures owing by the Company's Egyptian partner and offset by a reversal of an accrual of $204,000 which is no longer required) and J. Tobrar of $719,000. In 2010 the Company wrote off $679,000 for the Olympian project; this is partly offset in the statement of operations in 2010 by $258,000 which represented a change in the value of the consideration of the Cameron Lake sale proceeds from December 31, 2009 to its sale in 2010 – refer to Summary of IFRS Implementation for additional information.

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

The Diabase Peninsula project is a joint venture with Trend whose interest approximates 10.11% as at December 31, 2011 (2010 – 11.33%). Should the interest of one of the joint venture participants drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes. The Company estimates that, as at December 31, 2011, an additional $111,000 of expenditures would reduce Trend's interest to a royalty. Because of the drilling program underway in 2012, Trend's interest will be reduced to a royalty.

In order to maintain the option on one of the claims, the Company must make an option payment of approximately $935,000 by September 2, 2012. That same claim is subject to a 3% gross production royalty ("GPR") defined as actual metal/mineral sales with no deduction for refining or transportation expenses. The GPR can be purchased before September 2, 2012 for $11,000,000 as follows: first percentage - $1,000,000; second percentage - $3,000,000; third percentage - $7,000,000.

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

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

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

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

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

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

The November-December 2010 2,000m drill program targeted the central portion of the project area on the Diabase Peninsula, an area which demonstrates significantly anomalous uranium mineralization in conjunction with other indicators of a uranium mineralizing event. Results continue to be positive for a combination of geochemistry, geology, alteration and structure and as such provided sufficient reason to conduct a winter drilling program on the project. The March-April 2011 drill program comprised five drill holes totalling approximately 1,800m and additional gravity geophysics to expand upon results and coverage obtained from earlier programs. Analytical results grading up to 92 parts per million (ppm) U, in association with a number of other elements at anomalous concentrations continue to highlight the possibility of significantly anomalous uranium mineralization at the Diabase Peninsula project.

A winter 2012 drilling program is being conducted. Approximately 2,000m of drilling in four or five holes is contemplated. These holes will target those parts of the property deemed to have highest potential for providing significant uranium mineralization based upon the results of the previous drilling programs. The holes will be collared on the Main grid and about 8km to the north on the Rowan Lake grid.

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.

Prairie Lake Property, Ontario

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

On January 13, 2010, the Company announced the results of an ETMI that demonstrated the presence of between 330 million and 360 million tonnes averaging 3.5% to 3.7% P_2O_5 and 0.12% to 0.14% Nb_2O_5. The surface area used for the ETMI covered just 12% of the total project surface area. The ETMI was increased to 515 – 630 million tonnes in October 2011 as described below.

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

At the Grouse Trench, one of two trenches excavated in the NE quadrant of the Prairie Lake project, the results include individual analyses of up to 9.89% P_2O_5, 0.423% Nb_2O_5 and 1.1% combined REEs (La+Ce+Sm+Nd+Y). At the Raspberry Hill Trench, excavated about 200m north of the Grouse Trench in the NE quadrant of the project, of 231 samples collected from the trench, 58% returned assays of greater than 0.1% Nb_2O_5 (14% of all samples ≥ 0.2% Nb_2O_5). Results included individual analyses of up to 6.98% P_2O_5, 0.352% Nb_2O_5 and 0.48% combined REEs. The Wollastonite Trench was excavated in the SE quadrant of the complex and includes two East-West segments which branch out from the Wollastonite Showing. Sampling was completed only on the East branch, known as the Trailside Trench, which extends for 71.5m. Both branches were excavated for the purpose of defining the extent of the Wollastonite Showing. Results included individual analyses of up to 11.26% P_2O_5, 0.265% Nb_2O_5 and 0.446% combined REEs, and an intersection of 4.352% P_2O_5 and 0.157% combined REEs over 169.5m.

In December, 2010, the Company completed a 4,000m drilling program in the western half of the Prairie Lake complex. The drill program was designed to test the northward extension of the SW target defined in the ETMI and included seven holes, each 500m to 600m in length. Approximately 1,800 core samples were collected. The results from the seven holes continue to demonstrate strong Nb and P mineralization, with REEs and Ta, over very significant sampling lengths. Intervals of elevated assays were obtained from all holes and include 183.88m grading 3.49% P_2O_5 and 0.109% Nb_2O_5 in NP1002 and 294m grading 3.14% P_2O_5 and 0.121% Nb_2O_5 in NP1004. When combined with previous drilling and trenching results they define an enormous domain of rock mineralized with elements of economic interest.

The ETMI was updated in October 2011 and has expanded the ETMI to 515 to 630 million tonnes grading between 0.09 to 0.11% Nb and 3.0 to 4.0% P making it one of the largest deposits of its kind in the world. Only a small percentage of the surface area of the Prairie Lake carbonatite has been explored and is included in the ETMI, meaning the potential for further expansion is high.

A 1,000kg sample was submitted to COREM in Québec City in September 2011 for metallurgical testing – the work program is currently in progress with final results expected in the second quarter of 2012. A significant aim of the current testwork is to determine whether Prairie Lake material can attain the requirements of the fertilizer industry – namely P_2O_5 content of >30%, a CaO/P_2O_5 ratio of <1.6 and MgO content <1%. COREM conducted an earlier metallurgical program on Prairie Lake mineralization in which it was demonstrated that the production of high-grade phosphorus concentrates is possible – concentrate containing up to 23.6% P_2O_5 was produced from a non-optimized process with the possibility of concentrate containing greater than 30% P_2O_5 considered realistic. A comprehensive series of tests comprising: sample preparation and characterization including amenability to gravity separation and pre-concentration using a Mozley Separator, shaking table and spiral tests; mineralogical investigation and identification; development of an apatite grinding curve in preparation for flotation tests; magnetic separation of magnetite; bench flotation to determine the most suitable apatite collectors, depressants and pH; reverse flotation tests to further remove calcium containing minerals; Nb-Ta concentration by gravity separation using a Mozley Separator, shaking tables and Kelsey Centrifugal Jig; Nb-Ta concentration by flotation using suitable collectors, depressants and pH; and including locked cycle tests.

The property is subject to a 2% NSR payable on any production from any claim that comprises the property. Under the terms of the NSR up to a maximum of one half of the royalty can be purchased for $1,000,000 in either cash or common shares of the Company. On January 23, 2012, the Company announced that it had acquired the NSR through issuing 3,157,894 shares with a market value of $300,000; the property is now royalty-free.

GOLD, COPPER AND ZINC
Chibougamau Camp, Québec
In early 2006, Nuinsco acquired a significant equity interest in Campbell and entered into an agreement to provide consulting services to Campbell for its copper and gold mines in the Chibougamau mining camp. The Company determined that the Chibougamau mining camp had significant undefined exploration potential and agreed to participate with Campbell. The Company also acquired a 50% interest in future cash flows, as defined, from the high-grade Corner

Bay copper deposit. In late 2008, the Company acquired a royalty interest in Corner Bay comprising 10% of operating cash flow from the Corner Bay copper deposit from production at the 145-metre level and above.

Campbell experienced significant financial difficulties resulting from production delays, falling metal prices and the demise of the financial markets in 2008; and in January, 2009 Campbell announced that it had re-entered CCAA protection.

With the acquisition of substantially all of the remaining secured debt of Campbell by Nuinsco and Ocean Partners as described earlier, 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.

As described in the Outlook, 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 16 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 3,000 tonne per day mill and tailings facility and in excess of 96,000 acres of highly-prospective exploration property.

Upon transfer of assets to CBay, the Company reclassified its *Interest in Chibougamau* to *Property and equipment* in the amount of $1,386,000 and $3,820,000 was transferred to *Exploration and evaluation projects*. The Company expects to develop an exploration program and to capitalize on the huge potential which the Chibougamau camp offers.

Related to these assets, a restoration fund had been set up between Campbell and the Société de Développement de la Baie-James ("SDBJ"). This fund continues to exist to fund future reclamation work with respect to the Copper Rand assets. An updated reclamation plan is in the process of being prepared.

On February 15, 2012, Nuinsco and Ocean Partners announced the appointment of Roland Horst as the Chief Executive Officer of CBay which was created to advance the exploration, mining and processing assets located in and near Chibougamau that were jointly acquired late last year.

Turkish Properties
The Berta copper project and the Elmalaan copper-zinc project are both located in north-eastern Turkey. Berta was originally a 50:50 joint venture with Xstrata Copper ("Xstrata") one of the commodity business units within Xstrata plc (see below). Exploration began at Berta in 2004. The Company completed its 100% earn-in at Elmalaan in 2007 subject to Xstrata's back-in right to reacquire a 50% interest. Xstrata's back-in right is exercisable upon, among other things, incurring expenditures equal to 200% of the aggregate expenditures incurred by the Company. In addition, Xstrata is entitled to acquire a further 20% interest in the property by incurring an additional US$20,000,000 in expenditures. In the event that Xstrata elects not to exercise its back-in right, it will be entitled to a 2% NSR which can be reduced to 1% on payment by the Company of US$1,000,000. In 2012, the Company decided not to proceed with the Elmalaan project as the exploration licence is expiring and would require conversion to an exploitation licence. The property is not ready for exploitation and the cost to do so would be non-productive. As such, ownership of the property will be relinquished.

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

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

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

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

Nuinsco recorded an amount owing to Xstrata of approximately $454,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company's share of expenditures on Berta. As noted in the MD&A for March 31, 2011, discussions with Xstrata were underway, including discussions to buy Xstrata's share of the joint venture. Subsequently, Xstrata advised that it is 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 has allowed itself to be diluted to approximately 36%. In the second quarter, the Company made adjustments to the carrying value of the project of $616,000, trade and other payables of $553,000 and recorded a foreign exchange loss of $63,000. Nuinsco continues to accrue for its reduced proportionate share of expenditures on Berta based on budgets provided by Xstrata.

Nuinsco has been advised of a proposed work program, comprising predominantly diamond drilling, to be conducted at Berta during 2012. At time of writing, final details of the program are awaited from Xstrata.

The Elmalaan licence, covering 947ha, is located 6km south of the Black Sea coast and is easily accessible year round. Previous work identified massive sulphide in outcrop and locally-derived boulders that graded up to 3.38% copper and 6.30% zinc. Drilling during the second quarter of 2007 continued to return high-grade polymetallic mineralization over significant widths. For example, drill hole EKD-07-06 intersected 2.43% zinc, 0.50g/t gold and 31.07g/t silver over 10.10m between 98.9m-109.0m; between 102.6m-103.2m, zinc values peaked at 9.25%, gold at 2.85g/t and silver at 211g/t. With completion of its earn-in, the Company was in the process of transferring ownership of the Elmalaan property to a wholly-owned Turkish subsidiary, Nuinsco Madencilik. The transfer will not be made based on the decision to not proceed with the project. Accordingly, a writedown in the amount of $1,100,000 was made against Elmalaan.

Egypt
In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for two gold exploration concession areas in the Eastern Desert of Egypt – Bukari and Umm Samra. Both concession agreements still require execution by the Minister of Petroleum and Mines to be passed into law.

The Company completed several programs of field exploration work with positive results, however, political events in Egypt, and elsewhere in the MENA region, have had a negative impact on values and the resulting difficulty of financing projects in the MENA region has forced the Company to make the decision to not proceed with its Egyptian projects at this time. Accordingly, the Company recorded a net writedown of $803,000 against project expenditures incurred to December 31, 2011 to writedown the value of the project to $nil. In 2012, additional writedowns will be made against expenditures incurred to date. On March 27, 2012, the Company advised EMRA of its decision not to proceed.

Sudan
On July 18, 2011, the Company announced that it has expanded its presence in the MENA region by entering into an option agreement with Makaseb Holding LLC ("Makaseb"), to acquire an 85% interest in that company's subsidiary UAE for Gold Minerals and Investment Company Ltd. ("UAE Gold"). UAE Gold owns 100% of the J. Tobrar (Block 64) concession, located in northeastern Sudan that hosts the Hamil Gold Vein System. The terms of the option provide for an initial payment of US$200,000, half in cash and half in either cash or shares of Nuinsco (at Nuinsco's option), and a commitment to spend approximately €400,000 on due diligence and property evaluation over the next six months. Prior to the end of the option period, Nuinsco was required to deliver US$4,000,000 in cash or Nuinsco shares or, under certain circumstances, shares of NuMENA. NuMENA was created by the Company as a vehicle to acquire and explore mineral projects in the MENA region.

The Company commenced a field program in September 2011 at the J.Tobrar project. Initially this work consisted of the excavation of trenches in the immediate vicinity of the known gold mineralized Hamel Gold Vein System ("HGVS"). Results from this program demonstrate that the HGVS remains an attractive target with economic potential for a low-tonnage, high-grade gold deposit. However, the cost of exercising the option and proceeding with delineation and development were considered too high given the potential scale of the mineralization. Additional work to evaluate other gold showings elsewhere on the 3,400 km^2 licence area also occurred but results were not sufficiently encouraging to warrant further investment by the Company under current market conditions.

On February 7, 2012, the Company announced that it had elected to not exercise its option. The scale of mineralization identified did not justify the option price and continued expenditures under current market conditions. Accordingly, a writedown of $719,000 was made against the project expenditures incurred to December 31, 2011 to writedown the property to $nil. In 2012, additional writedowns will be taken against expenditures incurred to February 7, 2012.

Olympian Project Option

In March, 2010, the Company announced that it had optioned a claim package hosting significant, high-grade, gold occurrences collectively referred to as the "Olympian Project". In October 2010, the Company determined that the results on the Triggs option did not support the expenditures and, accordingly, decided to writedown the property to $nil effective September 30, 2010. Subsequently, the Company decided that it would not maintain the remaining options comprising the Olympian Project. Accordingly, the Olympian Project was written down to $nil in 2010 and no option commitments are outstanding. A writedown of $679,000 was recorded through operations in 2010.

Cameron Lake Project, Ontario

Cameron Lake was sold effective April 20, 2010. Refer to Note 1 to the 2011 Audited Consolidated Financial Statements for a description of this transaction. Note that there was an improvement in the value of the consideration for the Cameron Lake project to its sale date of $258,000; this was recorded in *Writedown of exploration and evaluation projects* in the consolidated statement of operations in 2010.

INVESTMENTS

Gold Hawk Resources Inc.

In July, 2008, the Company acquired 1,196,800 shares (post-consolidation) in Gold Hawk, an approximate 13% interest, with a view to a possible combination of Gold Hawk's mine with Cameron Lake. Gold Hawk has since sold its mine therefore the Company's ownership of Gold Hawk was no longer considered strategic. The Company sold the remaining holdings of its shares in Gold Hawk in April, 2011.

Victory Nickel Inc.

The approximate 15% interest in Victory Nickel which the Company then owned was sold effective July 31, 2009. Additional information on Victory Nickel's Minago, Lynn Lake and Mel projects in Manitoba and Lac Rocher project in Québec can be obtained from Nuinsco's previous financial reports and regulatory filings and directly from Victory Nickel at www.victorynickel.ca. As at March 27, 2012, the Company owns 8,313,715 shares, an approximate 2% interest in Victory Nickel, which is held as marketable securities with a fair value of $582,000.

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 a 3% NSR royalty over future production from the property. By selling the asset but retaining an interest in Coventry, as well as the royalty, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focussed on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Ardeen Gold Project in Northern Ontario. As at March 27, 2012, the Company owns 7.4 million shares with a fair value of $1,079,000.

IMPAIRMENT ANALYSIS

While the metals markets and other general economic factors have improved or stabilized over the prior year, the Company performed a detailed impairment analysis on each of its exploration and evaluation projects as at December 31, 2011. An initial indicator of impairment considers the market capitalization of a company compared with its net book value. At and around the end of December 31, 2011, the Company's market capitalization varied from 90% to 120% of its book value, after reflecting the writedowns. Furthermore there has been no change in management's plans for the projects which would cause a reassessment except that, in February, 2012, the Company announced that it would not exercise its option on the J. Tobrar project in Sudan and accordingly, recorded a writedown of $719,000 against that project. Furthermore, the Board approved decisions to withdraw from Egypt at this time and from the Elmalaan project in Turkey; accordingly, writedowns of $803,000 and $1,100,000, respectively, were made in 2011.

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

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

Furthermore, management's intentions with respect to future expenditures and plans for the projects were considered. The results from the Sudan option at J. Tobrar were determined, effective December 31, 2011, not to support continuation of the option under the required terms and accordingly, the Company decided to write down the value of that property to $nil. Similarly, the Bukari and Elmalaan projects were written down to $nil. All other projects have had recent expenditures or are otherwise considered to be active.

Management concluded that no impairment existed in each of its projects effective December 31, 2011 (except for J. Tobrar in Sudan, the Bukari project in Egypt and the Elmalaan project in Turkey all of which were written down to $nil) and that costs incurred to date on all projects are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of the recoverable value of its exploration and evaluation projects, assessing the fair value of royalty interests, assessing the impairment of long-lived assets, assessing the allocation of assets into their components and the fair value estimates for share-based payments and warrants and assessing the value of deferred income tax assets. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

For a complete list of the significant accounting policies as well as information concerning the use of estimates and measurement uncertainty, reference should be made to Notes 2 and 3 to the Company's 2011 Audited Consolidated Financial Statements. Note 32 to the 2011 Audited Consolidated Financial Statements provides the reader with information, analyses and reconciliations of historic information from pre-transition Canadian GAAP to IFRS. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to the Company's 2011 Audited Consolidated Financial Statements.

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

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

NEW ACCOUNTING POLICIES

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

SUMMARY OF IFRS IMPLEMENTATION

Overview

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

Note 32 to the 2011 Audited Consolidated Financial Statements includes detailed reconciliations of the effects of IFRS on the Company's previously-published financial statements issued under pre-transition Canadian GAAP. The reader is encouraged to refer to that information for a full description of matters summarized below. Furthermore, the Company has identified the more significant adjustments to IFRS throughout this MD&A in places where it was considered helpful.

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

IFRS 1 Elections

The Company elected under IFRS 1, as follows:

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

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

Assets classified as held for sale

Under IFRS, the Cameron Lake sale met the test to be classified as current assets. Furthermore, because a binding agreement was in place which stated the consideration to be received, there was evidence of fair value of the project. Cameron Lake had been written down in earlier years. IFRS require reversals of impairment where recoverable value can be supported. The IFRS aggregate adjustments to decrease deficit are $nil and $9,850,000 as at each of December 31 and January 1 of 2010, respectively. This represented a timing difference; under IFRS, the gain on sale of Cameron Lake was eliminated in the June 30' 2010 financial statements with a net effect of increasing the period's net loss under IFRS by $9,850,000. Therefore, the net effect of these adjustments on the Company's deficit by June 30, 2010 was $nil. Note that the amounts adjusted differ from the gain because of changes in the market value of securities which were part of the consideration. In the year ended December 31, 2010, $258,000 improvement in the consideration for Cameron Lake was recorded as a recovery in *Writedown of exploration and evaluation projects* in the consolidated statement of operations.

Property and equipment

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

Expenditures on exploration and evaluation projects

The Company has chosen to continue to capitalize exploration costs. Under IFRS, certain expenditures incurred on the Bukari project in Egypt occurred before the terms of the concession agreement were reached and were therefore written off. Accordingly, pre-exploration write-offs against that project were made of $209,000 and $2,000 as at each of December 31 and January 1 of 2010, respectively. The Company also reclassified certain amounts formerly included in writedown of exploration projects to pre-exploration write-offs in the consolidated statements of operations.

Impairment of exploration and evaluation projects

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

Flow-through share financing

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

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

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

Finance income and finance costs

Under IFRS there are several reclassifications required to report the components of finance income and finance costs. The Company has chosen to record the premium on flow-through as a component of finance income. The components are reported in Note 32 to the 2011 Audited Consolidated Financial Statements.

IFRS 9 – Financial Instruments

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

Deficit

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

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

Involvement by Advisers

The Company engaged its auditors, BDO Canada LLP, to conduct a special consultation with respect to its IFRS transition project. While the consultation was neither an audit nor a review, as such terms are formally defined and therefore cannot and should not be relied upon, it was undertaken to assist the Company in ensuring that its IFRS adjustments were complete and appropriate and that its Unaudited Interim Consolidated Financial Statements, in particular the IFRS note thereto, contain materially complete and appropriate disclosures. The IFRS consultation is complete and the audit of the 2011 Audited Consolidated Financial Statements has confirmed the completeness and accuracy of the IFRS adjustments made on an annual basis by the Company.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised standards and interpretations which are applicable to the Company but which are not yet effective for the year ended December 31, 2011 and have not been applied in preparing these financial statements.

IFRS 10 - Consolidated Financial Statements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.

IFRS 11 - Joint Arrangements

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 11 provides a new definition of joint arrangement focusing on the rights and obligations of the arrangement, rather than its legal form. The IFRS classifies joint arrangements into two types, joint operations and joint ventures.

IFRS 12 – Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

Early adoption of these standards is only permitted if IFRS 10, 11, 12 and the consequential amendments to IAS 17 and IAS 18 are adopted at the same time, with the exception of early adopting only the disclosure provisions for IFRS 12 without the other new standards.

IFRS 13 – Fair Value Measurement

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IFRS 13 provides a definition of fair value, a single framework for measuring fair value and disclosure requirements about fair value measurements.

IAS 28 – Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, IAS 28 makes consequential amendments to IAS 28 – Investments in Associates, to describe the application of the equity method to investments in joint ventures in addition to associates.

These standards, amendments and interpretations have not been early adopted by the Company. Furthermore, the Company is currently assessing the impact that the application of these standards or amendments may have on the consolidated financial statements of the Company.

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, meets with management to review the 2011 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the Audited Consolidated Financial Statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Evaluation of Disclosure Controls and Procedures

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

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

Evaluation of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal year ended December 31, 2011, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's internal controls over financial reporting and procedures were effective as at December 31, 2011. During the evaluation process, the Company made improvements to the internal controls over financial reporting.

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

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

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENT

Included in accounts payable and accrued liabilities at December 31, 2011 are amounts owing to directors and officers of $158,000 (December 31, 2010 - $111,000). The amounts consist primarily of directors' fees and reimbursement of expenses incurred by officers and directors.

The Company shares management administrative assistance and facilities with Victory Nickel pursuant to a management agreement. The costs recovered from Victory Nickel are recorded at the exchange amount which is equal to the cost to the Company of such services plus 10 per cent. The management agreement commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice. Costs recovered from Victory Nickel in the year ended December 31, 2011 total $829,000 (2009 - $719,000) and have been deducted from general and administrative expenses. In addition, project-related costs aggregating $67,000 have been charged by the Company to Victory Nickel during the year ended December 31, 2011 (2010 - $38,000). Furthermore, project-related costs aggregating $39,000 have been charged to the Company by Victory Nickel and are included in exploration and development costs on the balance sheet (2010 - $26,000).

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

OUTSTANDING SHARE DATA

At December 31, 2011, the Company had 280,211,807 common shares outstanding. At March 27, 2012, the Company had 290,512,559 common shares issued and outstanding. In addition, there were 20,515,000 stock options outstanding at March 27, 2012 as well as 14,892,718 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 325,920,277 and would generate approximately $5,249,000.

RECENT DEVELOPMENTS

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

Flow-through Financing

On March 13, 2012, the Company announced that it had completed a non-brokered private placement of an aggregate of 7,142,858 flow-through units (each, a "Unit") at a subscription price of $0.14 per Unit (the "Offering"). The Offering was completed in three tranches, with the Company issuing 6,821,500 Units on February 24, 2012, 276,500 Units on March 12, 2012 and 44,858 Units on March 13, 2012, for aggregate gross proceeds of$1,000,000.

Each Unit consists of one common share of the Company and one-half of one warrant (each whole warrant, a "Warrant"), each issued on a flow-through basis pursuant to the Income Tax Act (Canada). Each Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.20 per share for a period of 18 months from the issue date.

The Company has also issued 409,290 finder warrants ("Finder Warrant") in connection with certain subscriptions under the Offering. Each Finder Warrant entitles the holder to acquire one common share of the Company at a price of $0.14 per share for a period of 18 months from the issue date.

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 below.

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

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Development Projects
In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as those projects that Nuinsco has an interest in, estimates of proven and probable reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost, cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. In addition, there remains to be undertaken certain feasibility and development preparation work on the projects that could adversely impact estimates of capital and operating costs required for the development of the projects. Costs necessary to develop the projects could be significant and will have a direct impact on the economic evaluation of the projects. As a result, it is possible that the actual capital cost, cash operating costs and economic returns of the projects may differ from those currently estimated.

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

Operational Risks

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

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

Resources, Reserves and Production
Figures relating to mineral resources and mineral reserves are estimates and no assurance can be given that the anticipated level of recovery and/or grades of mineral reserves or mineral resources will be realized. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an ore body or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

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

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

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

Financial and Investment Risks

Substantial Capital Requirements
Nuinsco will have to make substantial capital expenditures for the development of and to achieve production from the projects. There can be no assurance that any debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Nuinsco. Moreover, future activities may require Nuinsco to alter its capitalization significantly. The inability of Nuinsco to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects. Flow-through financing cannot be used to fund the Company's corporate costs 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 Prices
There is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond Nuinsco's control – including factors which are influenced by worldwide circumstances. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of precious and base metals has historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Nuinsco's business, financial condition and prospects. Given the stage of development of Nuinsco's projects, the above factors have had no material impact on present operations but are considered in evaluating the impairment of long-lived assets.

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

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

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

Regulatory Risks

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

Environmental laws are becoming more actively enforced. Environmental and social impact studies may be required for some operations and significant fines and clean up responsibilities may be assessed for companies causing damage to the environment in the course of their activities.

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

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

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

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

Foreign Operations

In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. In early 2010, the Company commenced exploration work in Egypt and in July, 2011, the Company, along with a partner, acquired interests in north-eastern Sudan. 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 MENA region.

Turkey is seeking membership to the European Union (the "EU") and is progressing to conform to EU standards and develop greater political and economic stability. However, Turkey has historically, and to some degree continues to experience heightened levels of political and economic instability due to regional geopolitical instability. These conditions may be exacerbated by current global economic conditions. This instability may have a material adverse effect on Nuinsco.

Nuinsco's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Exploration and development activities in Turkey are subject to regulation by the General Directorate of Forestry of the Ministry of Environment and Forestry. The judiciary in Turkey has substantial discretion to impose injunctions.

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 or to find strategic partners to fund expenditure commitments as they fall due, as the Company currently has limited funds. Furthermore, the development of any natural resource interest may take years to complete and the resulting income, if any, from the sale of any natural resources produced by the Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product. Such risks are likely to be more extensive in foreign jurisdictions.

FORWARD-LOOKING STATEMENTS

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

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

March 27, 2012