



NUINSCO RESOURCES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2012**

DATED MAY 10, 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 May 10, 2012 consolidates management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2012, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2012 ("Unaudited Condensed Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

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

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2011 and 2010 ("2011 Audited Consolidated Financial Statements"). The Unaudited Condensed Consolidated Financial Statements and the 2011 Audited Consolidated Financial Statements are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

COMPANY OVERVIEW

Nuinsco is focused on identifying and exploiting mineral investment opportunities worldwide using its exploration programs and operating and financial expertise. The Company currently has gold, uranium, 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 has also established relationships in Egypt, Sudan and the MENA region in general and looks forward to returning to these areas when the political and social situation has stabilized. These areas provide exceptional exploration potential for the future.

The Company continues to achieve positive results from its Diabase Peninsula project and the Prairie Lake complex and in 2011 achieved a milestone along with Ocean Partners Investments Limited ("Ocean Partners") by successfully bidding for the assets of the prolific Chibougamau mining camp in northern Québec through the court-supervised CCAA process. In 2012, a 2,000 metre drill program has been completed at the Diabase Peninsula uranium project in Saskatchewan and additional testing is underway to establish whether marketable phosphate and niobium concentrates can be produced at Prairie Lake. An exploration program at Chibougamau is planned for the second quarter of 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 as well as a 3% royalty on the Cameron Lake gold mine which is owned by Coventry. These assets are available to be monetized to finance the Company's exploration programs, operating costs and reduce equity dilution to shareholders. The royalty interest in the Cameron Lake property is a valuable asset. Management has been approached by a potential buyer and has therefore decided to pursue the sale of this asset to fund cash requirements. Accordingly, this asset has been reflected as being held for sale and has been reclassified as a current asset.

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 26 to the Unaudited Condensed Consolidated Financial

Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties and Liquidity and Capital Resources sections for additional information.

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 such as royalty interests 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"). On June 28, 2011, the Company announced that the Québec Superior Court had approved the joint proposal of Nuinsco and Ocean Partners and as a result directed the receiver to transfer ownership of all exploration, mining, processing and other assets located in and near Chibougamau, Québec. In July, 2010, the Company announced that it, along with Ocean Partners, through a jointly-owned Canadian company CBay Minerals Inc. ("CBay"), 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 12 to the Unaudited Condensed Consolidated Financial Statements. Effective October 25, 2011, ownership of this exceptional suite of assets was transferred to CBay, a jointly-owned company.

The Company's Unaudited Condensed Consolidated Financial Statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. 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. As at March 31, 2012, the Company had working capital of \$3,554,000 (December 31, 2011 – \$1,138,000). Working capital is defined as current assets including assets held for sale less current liabilities, excluding restricted cash, if any. As mentioned above, Management has decided to sell its royalty interest in the Cameron Lake property. Accordingly, this asset has been reflected as being held for sale and has been reclassified as a current asset.

SIGNIFICANT EVENTS

During and subsequent to the quarter ended March 31, 2012, the Company:

Corporate

- Placed the NuMENA Minerals Corp. ("NuMENA") spinoff initiative is on hold in the Middle East North Africa ("MENA") region.
- Completed a flow-through financing, raising gross proceeds of \$1,000,000; which is primarily slated for exploration of the Company's new projects in and near Chibougamau, Québec.
- Appointed Roland Horst as CEO of CBay to lead the restructuring and exploitation of the Chibougamau mining assets.
- Commenced efforts to take CBay public before the end of 2012.
- Entered into a management agreement with CBay.
- Participated in the Vancouver mining show.
- Participated in the prospectors and developers association conference ("PDAC").

Gold

- Advised the Egyptian Mineral Resources Agency ("EMRA") that the Company would not continue to pursue tenure of two concessions in Egypt.
- Elected not to exercise option on J. Tobrar gold concession in north-eastern Sudan.

Copper

- Announced 2012 drill program at Berta in Turkey with its joint venture partner Xstrata Copper Canada ("Xstrata").
- Elected to surrender its interest in the Elmalaan copper/zinc project in Turkey.

Uranium, Phosphorus and Rare Metals

- Repurchased the 2% royalty interest on Prairie Lake for \$300,000 of Nuinsco shares making the property royalty-free.
- Commenced a 2,000 metre, \$1.2 million drilling program at Diabase Peninsula targeting uranium mineralization indicated by 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.
- Advanced its metallurgical study at Prairie Lake which now indicates the ability to produce a marketable phosphate concentrate grade.

OUTLOOK

The global economy continues to suffer from lack of confidence resulting in most junior company shares trading at unrealistically low prices. 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 the first quarter of 2012, with exploration programs at its Diabase uranium project, metallurgical work on its Prairie Lake rare metals project in Ontario and its projects in the MENA region. In addition, significant effort was required to rationalize the Company's ownership of the Chibougamau assets in northern Québec. 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 turned negative because of world events and crises. As a result, the Company chose to not continue its efforts in the MENA region for the time being and advised EMRA of its decision. Nuinsco continues to believe that the exploration potential in the MENA region is exceptional and hopes to return as the political and social environment improves.

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 owns:

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,722 tonnes per day mill and tailings facility; and
- in excess of 96,000 acres 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 production 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 value based on historical production. To fund these activities, the plan is to take CBay public, debt-free, before the end of 2012.

Prairie Lake

At Prairie Lake, with the revised ETMI, 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. Early results are very positive and indicate that a phosphate concentrate grading in excess of 30% can be produced with levels of certain components at acceptable levels. Final results should be available soon. Should the results be as positive as initially indicated, the Company will then move to the next step of finding a partner in the fertilizer business to take the project forward.

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. Diamond drilling by Nuinsco has 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 was completed in 2012 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. Assay results are expected soon.

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 political and 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 Egyptian exploration operation was 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.

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

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 at the present time and the requirement to make a US\$4 million option payment, 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 7,500 metres of drilling at a cost of \$1.9 million. Nuinsco's share of the work program will be approximately \$700,000. This has been a long time coming but is scheduled now for mid-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 the current equity market environment 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.

The Company recognizes that its liquidity is strained due to the lack of cash available from the equity markets. This situation is not unique to Nuinsco, as valuations and trading volumes of junior exploration companies are generally low at the present time. Management will carefully monitor all expenditures and selectively reduce exploration programs if necessary until financing is available.

However, 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.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2012 Compared With Three Months Ended March 31, 2011

In the three months ended March 31, 2012, the Company had a net loss of \$472,000, or \$0.00 per share, compared with a net loss of \$1,008,000 or \$0.00 per share in the three months ended March 31, 2011. The principal reason for the decrease in loss is decreased share-based payments related to options granted and vesting.

General and administrative expenses in the three months ended March 31, 2012 decreased to \$417,000 from \$537,000 in the three months ended March 31, 2011. In the three months ended March 31, 2011, the Company incurred tax services fees to support the challenge of the CRA reassessment and costs to support the protection of the Company's interests in Chibougamau. These costs did not re-occur during 2012 and were partly offset by increased rent and office expenses, convention costs and compliance fees including audit. Nuinsco did not implement an across-the-board salary increase for 2012; executive salaries for the Company remained at 2011 levels.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreement and deducted from operating expenses amounted to \$214,000 and \$36,000, respectively, in the three months ended March 31, 2012, compared with \$197,000 and \$nil in the same period of 2011; Victory Nickel charged the Company \$7,000 in the current quarter in 2012, there were no such charges in 2011. Costs allocated to Victory Nickel and CBay pursuant to the management agreements between the Company and Victory Nickel and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The increase in costs allocated to Victory Nickel is primarily a function of higher overhead charges because of office expense increases offset by slightly lower people costs in 2012. The management agreement with CBay commenced on February 14, 2012, consequently, quarterly charges for subsequent periods will be higher.

It is estimated that approximately \$235,000 of general and administrative expenditures were incurred in supporting the Company's public status in the three months ended March 31, 2012 (March 31, 2011 - \$211,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements.

Share-based payments related to options decreased to \$69,000 in the three months ended March 31, 2012, from \$489,000 in the three months ended March 31, 2011. The decrease was a result of options granted during the three months ended March 31, 2011. No options were granted during the first quarter of 2012, the expense relates to the vesting of options granted in the prior year. Note that 5,550,000 options were granted by the Company to officers, directors and consultants on April 5, 2012 as described in Note 27 to the Unaudited Condensed Consolidated Financial Statements.

Routine write-offs of pre-exploration expenditures in the three months ended March 31, 2011 aggregated \$5,000 and related primarily to preliminary work in Sudan in advance of the option agreement. There have been no such write-offs in 2012 to date.

In the three months ended March 31, 2012, the Company recorded an aggregate writedown of exploration and evaluation projects of \$79,000. This includes \$39,000 in respect of Egyptian properties and \$40,000 with respect to the J. Tobrar project in Sudan. The writedown for Egypt includes a \$16,000 provision for impairment against amounts due from the Company's Egyptian partner, being the partner's share of expenditures financed by Nuinsco. These amounts relate to expenditures that were incurred in 2012 prior to the decision to write off the respective properties; these are in addition to the main write-offs which were taken in the fourth quarter of 2011 – Egypt \$803,000 and J. Tobrar \$719,000. There were no writedowns in the first quarter of 2011.

Net finance income increased to \$96,000 in the three months ended March 31, 2012 from \$51,000 in the three months ended March 31, 2011. *Finance income* of \$102,000 was earned in the three months ended March 31, 2012 compared with \$56,000 in the same period of 2011. The main reason for the change arises from the amortization of flow-through premium of \$101,000 in the three months ended March 31, 2012 compared with \$48,000 in the same period of 2011.

As at March 31, 2012, the company had a remaining flow-through premium liability to be amortized through finance income of \$391,000 from the flow-through financings that were completed in 2011 and February and March of 2012. As at March 31, 2011, the company had a remaining flow-through premium liability of \$nil as the flow-through commitment related to the

December 2010 financing had been fulfilled by the end of the first quarter of 2011. Note 14 to the Unaudited Condensed Consolidated Financial Statements includes an analysis of the flow-through premium liability.

The *Income tax expense* in the amount of \$25,000 recorded in the three months ended March 31, 2011 reflects tax expense matching the recovery of taxes recorded through *Other comprehensive income* ("OCI") on the change in value of financial assets at fair value through OCI; the Company has an unrecognized deferred tax asset.

OCI in the three months ended March 31, 2012 of \$18,000 (March 31, 2011 – loss of \$67,000) relates to an increase of \$18,000 (March 31, 2011 – decrease of \$92,000) 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 \$nil (March 31, 2011 – \$25,000).

During the three months ended March 31, 2012, the net change in the fair value of financial assets through OCI was comprised of increases in the fair value of the Company's shareholdings in various public companies; there were no sales of securities in the period (three months ended March 31, 2011 – sales generated proceeds of \$931,000). Note that the fair value of Coventry shares is impacted by the fluctuation in the value of the A\$. An approximate loss of \$7,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the three months ended March 31, 2012 (March 31, 2011 – \$54,000). In the first quarter of 2011, the net change in the fair value of financial assets was comprised of a decrease of \$235,000 in the fair value of Coventry shares partially offset by an increase in the fair value of Victory Nickel shares of \$127,000.

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, any future income tax recovery with respect to marketable securities and recorded through OCI has an equal and opposite amount recorded through operations. In the three months ended March 31, 2011, an income tax recovery of \$25,000 was recorded with an offsetting amount recorded through operations. In 2012, the pool of marketable securities was below cost so no income taxes were recorded.

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

Marketable securities as at March 31, 2012 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. The value of marketable securities as at March 31, 2012 remains comparable to the balances as at December 31, 2011. As mentioned earlier, there were no sales of marketable securities in the first quarter of 2012.

Property and equipment decreased to \$1,380,000 from December 31, 2011 mainly due to the disposal of a truck by CBay. As described earlier, the Company, through its 50% interest in CBay, now owns the assets comprising the Chibougamau mining camp in northern Québec.

Trade and other payables increased to \$1,508,000 as at March 31, 2012 from \$1,029,000 as at December 31, 2011. The increase is primarily due to increased activity on projects in Nuinsco and CBay during the first quarter of 2012 combined with an increased flow-through premium liability outstanding as at March 31, 2012, as discussed above.

Share capital has increased by \$791,000 to \$97,986,000 as at March 31, 2012. This is primarily as a result of flow-through shares issued pursuant to private placements that generated gross proceeds of \$1,000,000 in February and March 2012 before allocation to warrants and flow-through premium liability. Also, shares were issued with a fair value of \$300,000 to acquire the royalty on the Prairie Lake property. Refer also to discussion under Liquidity and Capital Resources.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last nine quarters ended March 31, 2012 is as follows:

<u>Fiscal year 2012</u>				
	<u>1st Quarter</u>			
Net finance income				\$ 96
Net loss				\$ (472)
Total comprehensive loss				\$ (454)
Loss per share - basic and diluted				\$ (0.00)
<u>Fiscal year 2011</u>				
	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income (costs)	\$ 7	\$ (13)	\$ (68)	\$ 51
Net loss	\$ (2,115) ⁽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)
<u>Fiscal year 2010</u>				
	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
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)

(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 March 31, 2012, the Company had working capital of \$3,554,000 (December 31, 2011 - \$1,138,000). The Company's working capital is largely made up of marketable securities and the Cameron Lake royalty. The Company has received an indication of interest by a potential buyer of the Cameron Lake royalty and therefore has decided to pursue its sale. Accordingly, this asset has been reflected as being held for sale and has been reclassified as a current asset, bringing the Company's working capital to \$3,554,000. This sale would provide liquidity during this period when equity financings are difficult, portfolios of marketable securities are being undervalued and trading volumes of most junior companies are depressed. With lower trading volumes, marketable securities are not as saleable as they have been in the past. Consequently, management is looking to realize on the sale of the Cameron Lake royalty interest as a mechanism to improve liquidity. The Company is also investigating the possibility of generating cash through the sale of new royalty arrangements on its other properties. There is no certainty in the present economic environment that the

Company's working capital will be sufficient to fund the Company's activities including flow through commitments, other project expenditures and corporate costs.

The Company used cash and cash equivalents of \$157,000 during the three months ended March 31, 2012, compared with \$298,000 during the three months ended March 31, 2011.

In the three months ended March 31, 2012, the Company used cash of \$344,000 in operating activities, compared with \$482,000 in the previous comparable period. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the three months ended March 31, 2012 provided cash of \$72,000 compared with \$47,000 in the same period in 2011.

Investing activities in the three months ended March 31, 2012 used funds of \$711,000, compared with \$381,000 in the same period in 2011. During the three months ended March 31, 2012, CBay sold a truck; the Company's share of the proceeds on the sale was \$60,000.

Expenditures on exploration and evaluation projects amounted to \$771,000 in the three months ended March 31, 2012, compared with \$1,312,000 in the same period of 2011. Refer to the Exploration and Evaluation Activities section for additional discussion.

During the first quarter of 2011, the Company received gross proceeds of \$931,000 on the sale of shares. Shares were sold for liquidity purposes. There were no sales of securities in 2012 to date.

Cash generated from financing activities was \$898,000 in the three months ended March 31, 2012, compared with \$565,000 in the same period of 2011. On January 23, 2012, the Company issued 7,142,858 flow-through units at a subscription price of \$0.14 per unit generating net proceeds of \$910,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of 18 months from closing. The Company also issued 3,157,894 shares to acquire the royalty on the Prairie Lake property and incurred \$12,000 in share issue costs on this transaction.

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. Other cash consideration received in the three months ended March 31, 2011 was from the exercise of warrants and options as follows: 689,451 warrants that were issued pursuant to the rights offering in 2009 were exercised for an aggregate consideration of \$69,000 and 50,000 options at exercise prices of \$0.08 and \$0.05 for aggregate consideration of approximately \$3,000 were exercised.

As at March 31, 2012, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2011 and 2012 of \$655,000 and \$1,000,000, respectively. A total of \$655,000 must be fulfilled by the end of 2012 and the \$1,000,000 by the end of 2013.

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

With the acquisition of the royalty on the Prairie Lake property by issuing common shares, the Company has eliminated any future cash royalty obligations on the property, thereby improving its future economics. This could also provide the Company with an opportunity to realize cash through the sale of a new royalty on the property.

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.

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 May 10, 2012, is approximately \$1,034,000. These are available to fund the Company's ongoing operations. The market value can go down as well as up. Trading volumes have recently declined and it is generally acknowledged that equities are being undervalued.

As described above, exploration 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 is actively involved in advancing the Chibougamau camp in which Nuinsco has a 50% interest through CBay. Taking CBay public by the end of 2012 is expected to generate liquidity for the Company. However, given current market conditions there is no guarantee that a successful going-public transaction will be completed in the time frame contemplated.

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 demonstrated 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 as well as Elmalaan. The Company will consider all alternatives to protect liquidity as described above given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets including royalty arrangements.

The Company's monthly expenditures, net of recoveries from Victory Nickel and CBay for ongoing administrative support in 2012 to date, were approximately \$161,000; budgeted net monthly commitments average \$152,000 for the whole of 2012. The Company's working capital requirements continue to be modest. As at March 31, 2012, the major routine item requiring financing was an HST/GST refund receivable of \$50,000 (received in May 2012) which averaged approximately \$41,000 per quarter in 2011. The Company estimates that approximately \$663,000 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. However, in the present market circumstances there is no certainty that the Company's working capital will be sufficient to fund the Company's activities.

EXPLORATION AND EVALUATION ACTIVITIES

In the three months ended March 31, 2012, the Company incurred exploration and evaluation expenditures of \$1,208,000 on its mineral interests compared with \$1,381,000 in the three months ended March 31, 2011. The most significant expenditures in the three months ended March 31, 2012 were on the Diabase Peninsula project in the amount of \$601,000 (March 31, 2011 - \$663,000). Costs on other programs included: Prairie Lake \$410,000 (March 31, 2011 - \$368,000), Berta \$1,000 (March 31, 2011 - \$28,000) and the Company's share of expenditures on the Chibougamau Camp of \$133,000 (March 31, 2011 - \$nil). In the first quarter of 2012, the Company determined that it would curtail its activity in Egypt, Sudan and Elmalaan, Turkey. Accordingly, effective December 31, 2011, the projects were written down to \$nil. Expenditures incurred on those projects in 2012 prior to the decision being made were also written off in the three months ended March 31, 2012. Such amounts were: Bukari \$23,000 expended and written off (March 31, 2011 - \$298,000 expended), J. Tobrar in Sudan \$40,000 expended and written off (2011 - \$nil) and Elmalaan \$nil (2011 - \$24,000 expended). In the fourth quarter of 2011, the Company reclassified \$3,820,000 to exploration and evaluation projects with respect to the Chibougamau camp given the transfer of assets to CBay.

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

The Diabase Peninsula project is a joint venture with Trend Mining Company ("Trend"). As at March 31, 2012, cumulative expenditures have increased this ownership interest to greater than 90% as Trend did not contribute its share of expenditures. Under the joint venture agreement, should a participant's interest drop below 10% that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes. Accordingly, Trend's interest has been converted to a royalty and Nuinsco owns the project in its entirety.

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% P₂O₅ and 0.12% to 0.14% Nb₂O₅. The surface area used for the ETMI covered just 12% of the total project surface area. The ETMI was increased to 515 – 630 million tonnes in October 2011 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 analysed 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% P₂O₅ and 0.356% Nb₂O₅, and an intersection of 3.03% P₂O₅ and 0.157% Nb₂O₅ 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% P₂O₅, 0.423% Nb₂O₅ 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% Nb₂O₅ (14% of all samples ≥ 0.2% Nb₂O₅). Results included individual analyses of up to 6.98% P₂O₅, 0.352% Nb₂O₅ 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% P₂O₅, 0.265% Nb₂O₅ and 0.446% combined REEs, and an intersection of 4.352% P₂O₅ 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% P₂O₅ and 0.109% Nb₂O₅ in NP1002 and 294m grading 3.14% P₂O₅ and 0.121% Nb₂O₅ 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 P₂O₅ content of >30%, a CaO/P₂O₅ 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% P₂O₅ was produced from a non-optimized process with the possibility of concentrate containing greater than 30% P₂O₅ 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 was subject to a 2% NSR payable on any production from any claim that comprises the property. 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.

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.

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.

Turkish Properties

Berta

The Berta copper project is 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.

During 2007, a significant, continuous domain of strong sulphide mineralization grading up to 0.28% copper and 0.07 g/t Au was intersected. Copper and gold values occurred over an interval of 710.90M 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.

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 allowed itself to be diluted to approximately 36%. Nuinsco continues to accrue for its reduced proportionate share of expenditures on Berta based on work plan 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, the work program has not yet commenced.

Elmalaan

The Elmalaan licence, covering 947ha, is located 6km south of the Black Sea coast in northeastern Turkey and is easily accessible year round. The Company completed its 100% earn-in at Elmalaan in 2007 subject to Xstrata's back-in right to reacquire a 50% interest.

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 in early 2012, to not proceed with the project as, under Turkish regulations, commencement of "exploitation" is necessary despite the fact that the project is not technically ready for "exploitation" and the expenditure required for "exploitation" would not advance the project. As such, ownership of the property will be relinquished. Accordingly, a writedown in the amount of \$1,100,000 was made against Elmalaan in 2011.

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 of \$23,000 were 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 km² 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 of \$40,000 were taken against expenditures incurred to February 7, 2012.

INVESTMENTS

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 May 10, 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 \$333,000.

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 property but retaining an interest in Coventry, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. As mentioned earlier, the Company has decided to market the royalty interest in order to generate funds. 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 May 10, 2012, the Company owns 7.4 million shares with a fair value of \$689,000.

IMPAIRMENT ANALYSIS UPDATE

The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2011. Effective that analysis, the Company had determined that it would fully writedown its Egyptian, Sudanese and Elmalaan, Turkey projects. Expenditures incurred in 2012 on those projects prior to the determination of impairment have been written off in the three months ended March 31, 2012; writedowns of \$14,000 and \$40,000 for Bukari, Egypt and J. Tobrar, Sudan were therefore made in the first quarter of 2012 bringing the respective projects to \$nil. The Company does not believe that there have been any material changes to date which would adversely affect this analysis on the projects written down or considered unimpaired, or would cause the Company to initiate another recoverability assessment. Furthermore there has been no change in management's plans for the projects which would cause a reassessment.

Management concluded that no impairment existed in each of its E&E projects effective March 31, 2012 and that costs incurred to date are recoverable. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

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 as updated by Note 3 to the Unaudited Condensed Consolidated Financial Statements. The Company's financial statements have been prepared using the going concern assumption; reference should be made to Note 1 to the Company's 2011 Audited Consolidated Financial Statements as well as to Note 1 to the Company's Unaudited Condensed Consolidated Financial Statements.

The Company's recorded value of its E&E projects is based on historic costs that are expected to be recovered in the underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties. 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 include the accounting policies that have been applied. Note 3 to the Unaudited Condensed Consolidated Financial Statements includes any new accounting policies – there have been none implemented to date.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company's 2011 Audited Consolidated Financial Statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued no additional new and revised standards and interpretations which are applicable to the Company. Refer to Note 3 to those statements.

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, meets with management to review the Unaudited Condensed Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who

approve the financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Design of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, (collectively, the "Certifying Officers"), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal quarter ended March 31, 2012, the Certifying Officers have concluded that the design of the Company's disclosure controls and procedures were effective as at March 31, 2012. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

There were no changes to the Company's disclosure controls and procedures that occurred during the quarter ended March 31, 2012 that materially affected, or are reasonably likely to affect, the Company's disclosure controls and procedures.

Design of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal quarter ended March 31, 2012, the Certifying Officers have concluded that the design of the Company's internal controls over financial reporting and procedures were effective as at March 31, 2012.

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 quarter ended March 31, 2012 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 March 31, 2012 are amounts owing to directors and officers of \$101,000 (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 and CBay pursuant to separate management agreements. The costs recovered from Victory Nickel and CBay are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days notice and by CBay upon 60 days notice upon the earlier of February 14, 2013 or listing on a stock exchange.

Transactions with Victory Nickel and CBay for the three months ended March 31, 2012 and 2011 are shown in the following table:

Transaction Values	Three months ended March 31,	
	2012	2011
Overhead charges to Victory Nickel Inc.	\$ 214	\$ 197
Overhead charges from Victory Nickel Inc.	\$ 7	\$ -
Project costs charged by Victory Nickel Inc.	\$ 9	\$ 7
Project recoveries charged to Victory Nickel Inc.	\$ 5	\$ 16
Overhead charges to CBay Minerals Inc.	\$ 36	\$ -
Project recoveries charged to CBay Minerals Inc.	\$ 3	\$ -

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

OUTSTANDING SHARE DATA

As at March 31, 2012, the Company had 290,512,559 common shares outstanding. As at May 10, 2012, the Company had 290,512,559 common shares issued and outstanding. In addition, there were 25,865,000 stock options outstanding at May 10, 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 331,270,277 and would generate approximately \$5,481,000. However, not all of the options and warrants are "in the money".

RECENT DEVELOPMENTS

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

On April 5, 2012, the Board approved the grant of 5,550,000 options to directors, employees and consultants at an exercise price of \$0.065. Of the options granted, 3,825,000 vest immediately and 1,725,000 vest over one year.

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. No assurance can be given that Nuinsco's exploration

programs will result in the establishment or expansion of resources or reserves. Furthermore, Nuinsco cannot give any assurance that its current and future exploration activities will result in the discovery of mineral deposits containing mineral reserves.

Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

Resources and Reserves

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

Title Risks

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

Insurance Risk

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

Financial and Investment Risks

Capital Requirements

As an exploration company, Nuinsco must make expenditures for the maintenance and exploration of its mineral properties. Such expenditures do not generate cash flow and, as such, the Company is reliant on the equity markets and asset sales to generate cash for ongoing operations. There can be no assurance that any equity financing or cash generated through asset sales will be available or sufficient to meet these requirements. 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.

Areas of Investment Risk

Nuinsco's common shares are listed on the TSX. The share prices of publicly traded companies can be volatile as the price of shares is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to Nuinsco. The market for shares in small public companies is less liquid than for large public companies. Investors should be aware that the value of the Company's common shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

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

Regulatory Risks

Government Regulation

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

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

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

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

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

Foreign Operations

In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. 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.

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.

May 10, 2012