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NUINSCO NEWS

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• COPPER/GOLD •

Restructuring of Chibougamau Mining Assets Underway

Industry veteran Horst hired to lead CBay Minerals, fall public listing targeted

Chibougamau, Quebec - The Chibougamau mining camp in northwestern Quebec is one of Canada's premier copper and gold producing regions. Nuinsco and its 50% partner Ocean Partners Holdings Limited ("Ocean Partners") are fortunate to control a dominant asset position in this prominent camp, and are rapidly moving forward to give these valuable assets the recognition they deserve with a separate public listing in the fall of 2012.

"CBay Minerals Inc. ("CBay") was created by Nuinsco and Ocean Partners as a focused company mandated to realize the significant value of the exploration, mining and processing assets in Chibougamau that were acquired last year," said René Galipeau, Vice-Chairman and CEO of Nuinsco and Chairman of CBay. "Our goal is to list CBay on the TSX later this year. It's important to understand that we are not selling the Chibougamau assets. We are structuring them to extract the highest value for our shareholders by getting market recognition of that value through CBay. As a major shareholder in CBay, the value of CBay as a standalone public company will be reflected in Nuinsco's share price and help minimize dilution when funding Nuinsco's other exploration projects in the future."

To help achieve this goal, CBay took a significant step forward earlier this year with the hiring of Roland Horst as its Chief Executive Officer. Mr. Horst has over 35 years of mining industry experience as a private and public company chief executive officer, investment banker, corporate banker and geologist.

The CBay assets incorporate eight past-producing mines representing 75% of total copper and gold production from the Lac Doré Complex in northern Quebec. The Lac Doré Complex has produced 47.6 million tons of ore containing 1.6 billion pounds of copper and 3.2 million ounces of gold. In addition, the CBay assets include development-stage properties like the ramp acccessible, high-grade Corner Bay copper deposit, an operational 3,000 ton per day mill and permitted tailings facility and numerous exploration properties throughout the Chibougamau mining camp.

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PLEASE SEE **CHIBOUGAMAU**

• LETTER TO SHAREHOLDERS •

CEO

NWI

Exciting Times Ahead

To our Shareholders

2011 was a fascinating year with many ups and downs that have altered the face of the Company in the near-term. At the start of the year we put a lot of effort into our initiatives in the Middle East North Africa ("MENA") region, particularly in Egypt; by year end and into 2012, we had secured control of the Chibougamau copper/gold assets and our focus had turned to taking definitive steps to move them forward and also to get aggressive on our other Canadian projects.

Despite the revolution underway in Egypt which has led to the current lack of political direction and leadership, we continued to evaluate and explore the Bukari and Umm Samra projects in the Eastern Desert early in 2011, and with very encouraging results. This work was fueled along the way by successes in advancing the process of receiving full tenure to the properties. We believed we were on track to receive full tenure to Bukari and Umm Samra, and were committed to the plan of spinning off NuMENA Minerals Corp. as a separate public company. To this end, we also optioned a gold project in Sudan, within the same geological domain as that underlying the Eastern Desert.

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PLEASE SEE **LETTER TO SHAREHOLDERS**

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NUINSCO at a

Building …on a Proven Track Record

Significant Events 2011-2012

Corporate

- Appointed Dr. J.M. Franklin as an independent Director.
- Appointed Roland Horst as CEO of CBay to lead the revitalization of the Chibougamau mining assets.
- Placed the NuMENA Minerals Corp. ("NuMENA") spinoff initiative on hold in the Middle East North Africa ("MENA") region.
- Advised the Egyptian Mineral Resources Authority that the Company would not continue to pursue tenure of two gold concessions in Egypt.
- Elected not to exercise option on J. Tobrar gold concession in north-eastern Sudan.

Copper/Gold

- Received a favourable decision from the Québec Superior Court allowing 50:50 joint ownership, between the Company and Ocean Partners, of an impressive suite of exploration, mining, processing and other assets in Québec's Chibougamau mining camp.
- Completed the documentation transferring ownership of the Chibougamau assets to CBay Minerals Inc., a company jointly-owned by Nuinsco and Ocean Partners.
- Announced 2012 drill program at Berta in Turkey with joint venture partner Xstrata Copper Canada ("Xstrata").
- Elected to surrender interest in the Elmalaan copper/zinc project in Turkey.

Uranium, Phosphorus and Rare Metals

- Announced trenching results from Prairie Lake grading up to 6.14% phosphorous, 1.08% combined rare earth elements, 0.27% niobium and 13 parts per million ("ppm") tantalum.
- Announced results from the 4,000m diamond drilling program at Prairie Lake: grades up to 0.957% niobium (Nb_2O_5) and 8.68% phosphorus (P_2O_5) as part of a 246m interval grading 0.118% Nb_2O_5 and 3.41% P_2O_5.
- Updated the Exploration Target Mineralization Inventory ("ETMI") at Prairie Lake, making it one of the ten largest carbonatite-hosted niobium deposits in the world, and the second largest in North America at 515-630 million tonnes.
- Advanced the metallurgical study of Prairie Lake mineralization which now indicates the ability to produce a marketable phosphate concentrate.
- Repurchased the 2% royalty interest on Prairie Lake for $300,000 in Nuinsco shares; the property is now royalty-free.
- Completed, in 2011, 2,000m of diamond drilling at the Diabase Peninsula property, with results grading up to 92ppm uranium, indicating the potential for a lens of uranium mineralization in the immediate vicinity of the drilling.
- Completed, in 2012, an additional drilling program at Diabase Peninsula to follow up on the strong uranium anomalies and deposit indicators from past work.
- Diluted joint venture partner Trend Mining Company of Denver to a royalty interest in Diabase Peninsula with the 2012 drill program.

2012 Objectives

- Implement drill program at Berta in Turkey.
- Continue exploration at the Diabase Peninsula uranium project.
- Continue process testing at the Prairie Lake project and evaluate production of marketable concentrates.
- Continue to evaluate new project opportunities in Canada and elsewhere.
- Advance CBay projects by creating a publicly-traded company.

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Strategic Investments

Nuinsco maintains equity investments that can be monetized to generate cash that finances operations and exploration. Currently those holdings are in:

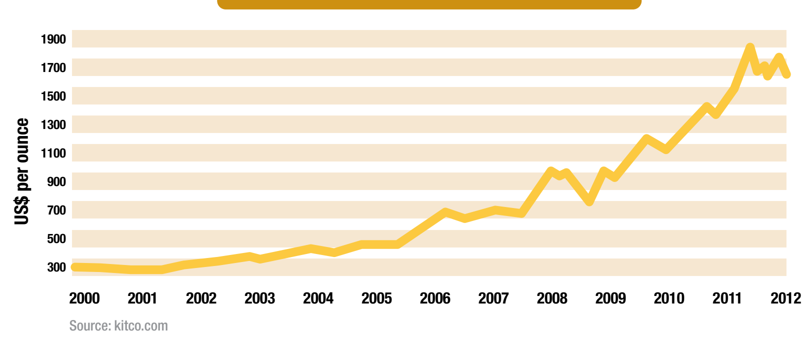
Company	Percentage Equity Ownership
CBay Minerals (Private):	50%
Coventry Resources (ASX: CVY):	4%
Victory Nickel (TSX: Ni):	2%

Glance TSX NWI

Who We Are

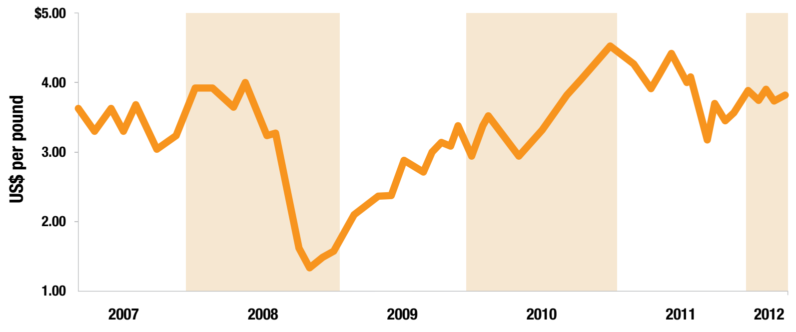
Nuinsco Resources Limited (the "Company") has over 40 years of exploration success and is a growth-oriented, multi-commodity mineral exploration company that today is focused on world-class mineralized belts in Canada and Turkey. In addition to its property holdings, Nuinsco owns common shares in Coventry Resources Limited (ASX:CVY) and Victory Nickel Inc. (TSX:NI) as well as 50% of CBay Minerals Inc. which holds the most prominent position in Quebec's Chibougamau mining camp.

Gold Price



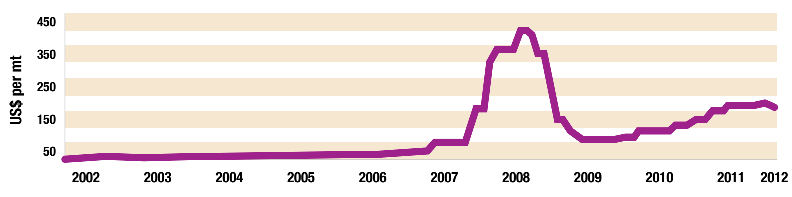
Source: kitco.com

5 Year Copper Spot



Source: kitcometals.com

World Phosphate Rock Pricing



Source: World Bank

OVER 40 YEARS OF EXPLORATION SUCCESS

- **1970** Management group takes control of "New Insco Mines Ltd."
- **1971** Hebecourt, 1.2 million ton copper rich deposit discovered in Noranda, Quebec.
- **1973** Uranium exploration begins at Prairie Lake.
- **1979** Nuinsco Resources Ltd. is successor to New Insco Mines Ltd.
- **1981** Work begins at Cameron Lake gold deposit, Kenora.
- **1983** Gold resource identified at Cameron Lake.
- **1987** Aldermac 7 and 8 zones (Cu/Zn/Au/Ag) discovered near Rouyn-Noranda, Quebec.
- **1994** Rainy River deposit, 17 Zone (Au) discovered.
- **1995** Rainy River deposit, 34 Zone (Ni/Cu/Au/PGE) discovered.
- **1999** Lac Rocher Ni deposit discovered in Quebec.
- **2000** Mel sulphide nickel property, Manitoba, optioned from Inco Limited.
- **2001** Minago sulphide nickel property, Manitoba, acquired from Black Hawk Mining.
- **2004** Nuinsco expands into Turkey (Berta Cu/Au porphyry) and Saskatchewan (Diabase Peninsula property).
- **2005** Second Turkish property optioned: Elmalaan (Cu/Zn VMS).
- **2006** Chibougamau mining camp entered via agreement with Campbell Resources Inc.
- **2007** Nuinsco creates Victory Nickel inc. through the spin-off of its Minago, Mel and Lac Rocher projects.
- **2009** Nuinsco bids on Egyptian gold concessions Bukari and Umm Samra.
- **2010** 330-360 million tonne ETMI at Prairie Lake Property announced.

  Bukari and Umm Samra bid is successful.

  Cameron Lake sold to Coventry Resources for $12 million consideration.

  Nuinsco and Ocean Partners gain effective control of Chibougamau mining camp, Quebec.
- **2011** Nuinsco and Ocean Partners complete transfer of ownership of Chibougamau assets to CBay Minerals.

  Prairie Lake ETMI increased to 515-530 million tonnes.

Our FUTURE …built on Our PAST

nuinsco RESOURCES LIMITED

CHIBOUGAMAU

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"The CBay assets are a unique mix of exploration, development and production projects that require a similarly unique skill set to realize their value," said Mr. Galipeau. "With a career that encompasses exploration, development, production, M&A and project finance, Roland is the ideal person to structure and finance these mining and exploration projects within a new public company and take them forward to benefit all stakeholders."

CBay's land position covers 96,000 acres, making it a dominant player in the Chibougamau mining camp. Chibougamau is located about 500km north of Montreal. Copper and gold production in the camp dates back to the early 1900s. The following table summarizes the past producing Lac Doré Complex mines situated on CBay's property package:

> **The Lac Doré Complex has produced 47.6 million tons of ore containing 1.6 billion pounds of copper and 3.2 million ounces of gold.**

Mine	Production Periods	Production *(tons)*	Cu Grade *(%)*	Au Grade *(oz/ton)*	Historic Resource
Portage Mine	1959-97	6,212,934	1.77	0.114	Yes
Henderson 2 Mine	1960-88	6,483,479	1.6	0.041	Yes
Henderson 1 Mine	1960-71	1,818,976	2.23	0.045	Yes
Jaculet Mine	1960-71	1,202,119	1.93	0.055	Yes
Copper Rand Mine	1960-2008	16,445,493	1.8	0.089	Yes
Mine: Shaft #3	1960s	245,000	2.15	–	Yes
Copper Cliff Mine	1970-74	951,830	1.6	0.028	Yes
Cedar Bay Mine	1958-90	3,782,850	1.57	0.091	Yes

CBay's objectives are to:

- Put three mines back into production by 2016;
- Develop sufficient resources to feed, partially or fully, the 3,000 TPD mill, possibly including custom milling;
- Embark on exploration programs to evaluate the camp's full potential, and;
- Create employment and growth in the Chibougamau mining camp.

The most advanced project is the Corner Bay copper deposit located approximately 20 kilometres from CBay's Copper Rand mill.

Development of the high-grade Corner Bay copper deposit began in 2007 for extraction of a 50,000 tonne bulk sample. Development ceased in 2008 due to the previous operator's deteriorating financial situation as a result of the worldwide financial crisis and a significant drop in the price of copper. A National Instrument 43-101-compliant estimate of resources at Corner Bay, dated July 12, 2006, is available under the Campbell Resources Inc. profile at www.sedar.com.

Corner Bay will likely be the first asset developed for production, at a rate of about 500 TPD-650 TPD. Ideally copper production would begin next year. Subsequently, the goal is to get two additional mines up and running and operating the mill at a rate in the neighbourhood of 2,500TPD-3,000TPD during 2016.

"CBay has a suite of assets that provide a tremendous base to create a new, revitalized copper/gold producer," said Mr. Horst. "As the value of these assets gets uncovered and becomes recognized by the market this should be reflected in the value of Nuinsco shares."

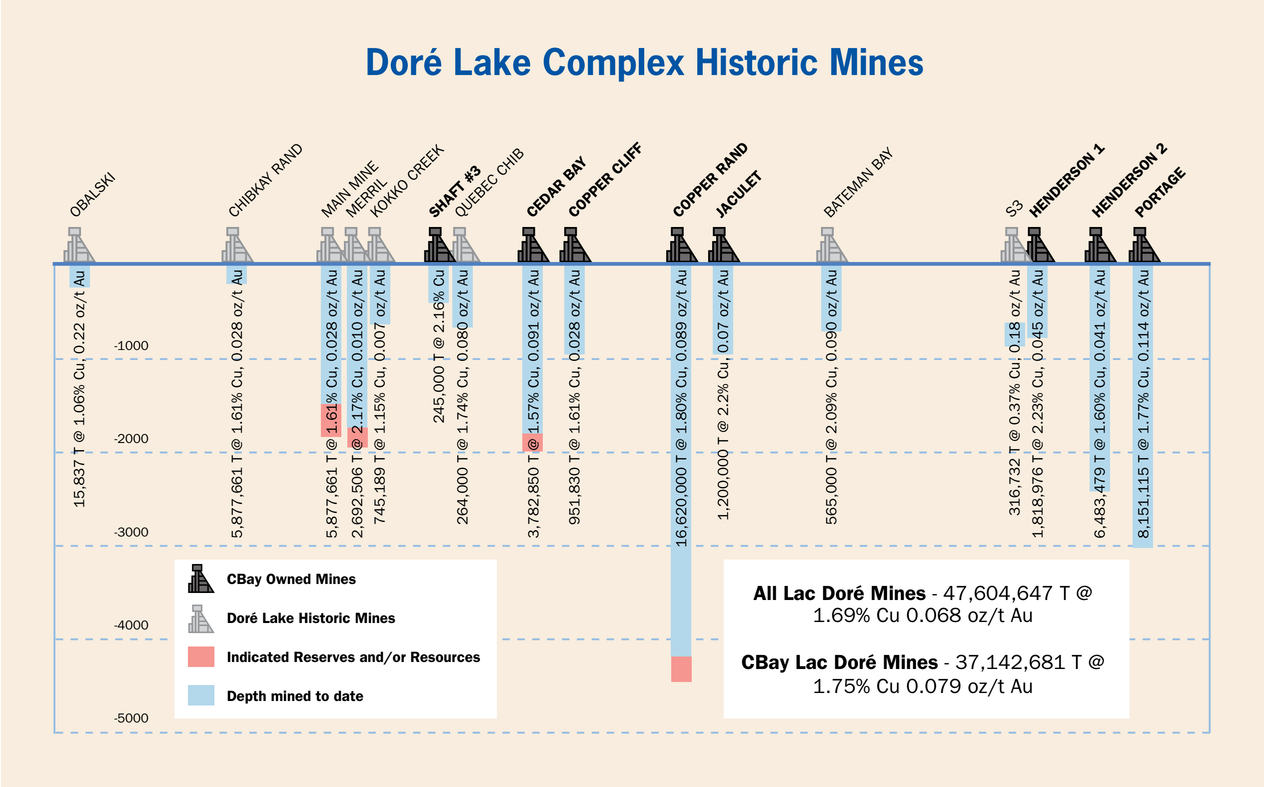
Did You Know

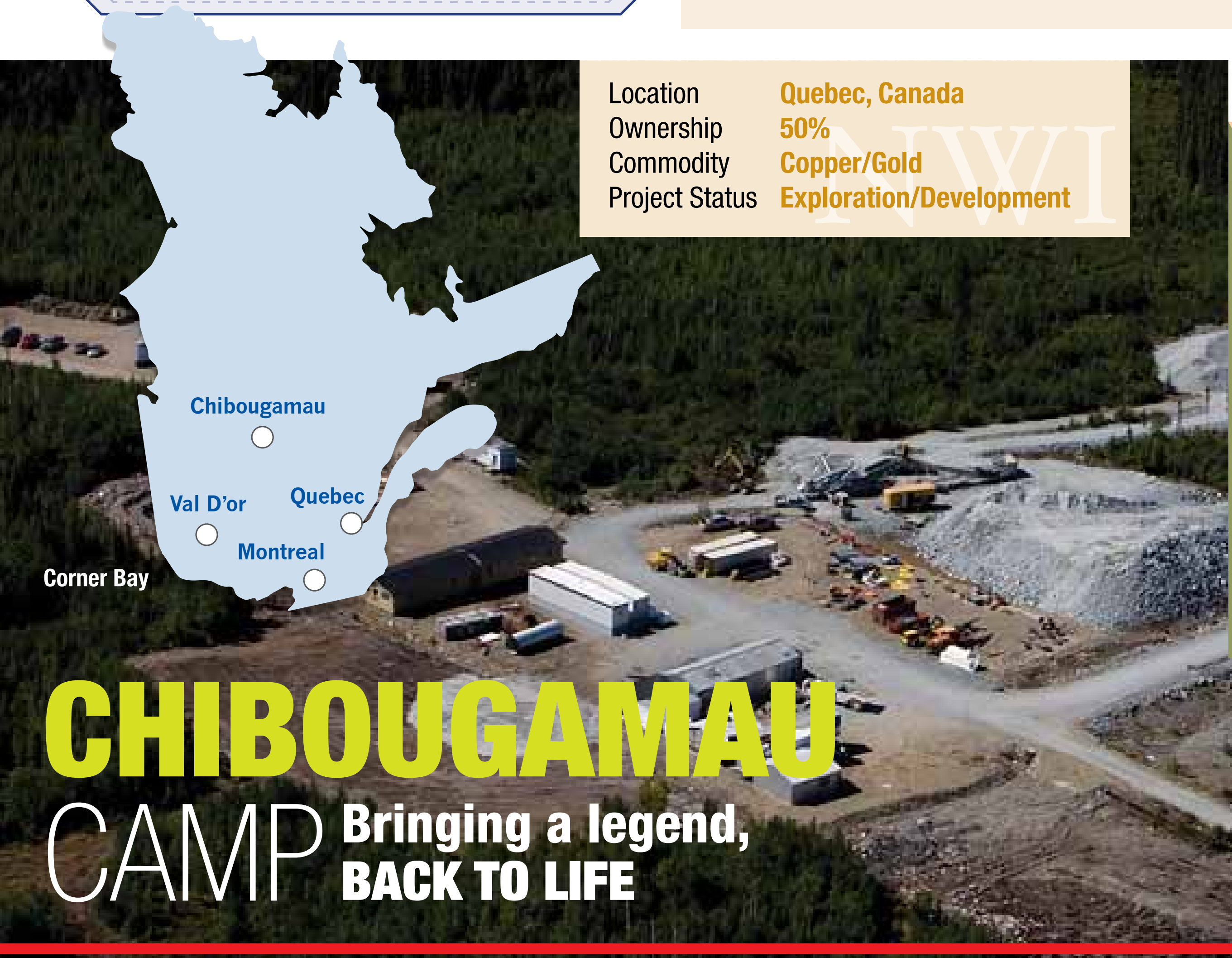
Did you know that Chibougamau is only as far north as Winnipeg?

Did you know that the first mineral-bearing indications in the Chibougamau area were observed in 1870?

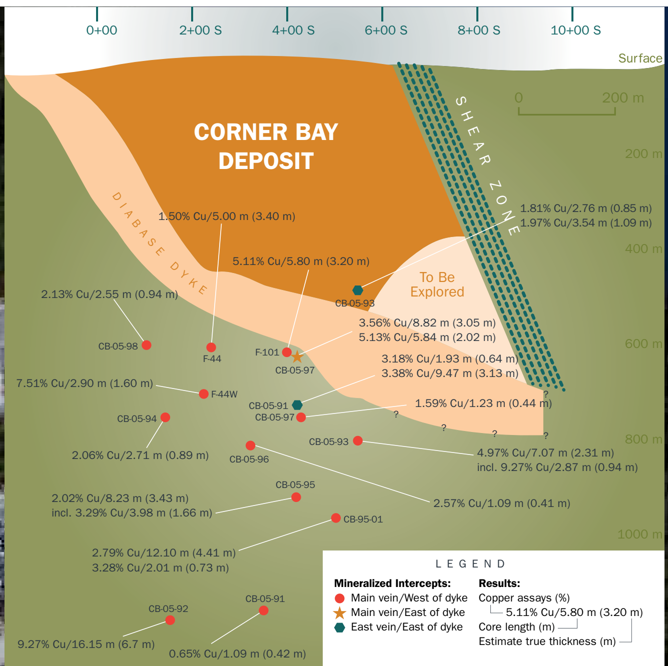
Did you know that CBay has the most prominent position in the Chibougamau mining camp?

Did you know that Chibougamau qualifies for Plan Nord, launched in the spring of 2011 as the Quebec government's plan for development of territory north of the 49th parallel, involving $80-billion in public and private investment over the next 25 years?





Location	**Quebec, Canada**
Ownership	**50%**
Commodity	**Copper/Gold**
Project Status	**Exploration/Development**



New CBay CEO Takes the Reins

In Conversation with…

CBay Minerals CEO Roland Horst

Roland Horst joined CBay Minerals in February 2012 to lead the restructuring of the Chibougamau assets on behalf of Nuinsco and Ocean Partners.

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. He holds a Masters in Business Administration from the Richard Ivey School of Business Administration, University of Western Ontario; a Bachelor of Law from the University of Western Ontario; a M.Sc. in Geology from Laurentian University; and a B.Sc. in Geology from McGill University.

What attracted you to CBay?

I was primarily attracted to CBay for the following reasons. First, the people - Nuinsco has an excellent team and CBay will be able to draw upon this talent to increase the value of CBay and therefore the value for Nuinsco shareholders. In addition, Ocean Partners has as excellent team and can successfully market the copper concentrate and gold. CBay also has an experienced General Manager, Jean Tanguay, who is based in Chibougamau.

> **CBay has the potential to become a solid intermediate copper and gold producer**

The second reason was the assets. CBay has an excellent suite of past producing copper/gold mines. The Chibougamau camp historically has produced over 47 million tons of 1.7% copper and over 2 grams per ton gold or 1.6 billion pounds of copper and 3.2 million ounces of gold. Almost 80% of this past production was from mines now owned by CBay. Substantial resources remain to be mined at these past producers.

CBay also has the high-grade Corner Bay copper project. Over $20 million was spent on developing this mine prior to 2008. Corner Bay is permitted for a bulk sample right now and given the existing development can be put into production in a short time. We think a mining rate of up to 650 tons per day is achievable.

The fact that CBay has the only permitted mill and tailings impoundment in the Chibougamau region is also a huge benefit. Replacement cost of the mill alone could well be over $75 million, so right there we have tremendous value.

The third reason was the jurisdiction and community support. Quebec is one of the best jurisdictions for mining. In addition, Chibougamau is part of Plan Nord, a Quebec mining initiative. Chibougamau, with a population of 7,500, has had mining in its blood for over 60 years and is a very supportive community. The Cree Nation also recognizes that, managed properly, the revitalization of the Chibougamau mining camp can mesh with the objectives of their community.

What is the plan to realize value for Nuinsco shareholders?

It's quite clear that the CBay value is not being reflected in the Nuinsco share price currently. As

Roland Horst, CEO CBay Minerals

I mentioned a 3,000 ton per day mill alone would cost over $75 million to replace and this does not include any value for the resources that are in the Chibougamau mining camp in CBay. So how do we unlock this value?

Well, the plans are first to raise $3 million from the public and our existing shareholders - Nuinsco and Ocean Partners - for exploration. This should result in the release of drilling results to enhance value.

Secondly, we have undertaken an updated NI-43-101-compliant resource at Corner Bay, which we expect will be the first mine to be put into production. Current resources were estimated in 2006 based on a copper price of $1.25. Once this report is completed and exploration drilling results are released, our plan is then to complete an Initial Public Offering (IPO) or Reverse Takeover (RTO) and take CBay public in the fall of 2012. We expect to raise $10 million to $15 million dollars once CBay is public to put Corner Bay into production and to refurbish the mill. Once Corner Bay and the mill are producing, we must then decide which subsequent mines to develop to fill the mill at 3,000 tons per day. The idea is to have three producing mines by 2016.

So in summary, CBay has the potential to become a solid intermediate copper and gold producer and as the CBay value increases this value should be reflected in the Nuinsco share price.

Over and above the production potential, what are your thoughts about the exploration upside?

CBay has a land position of over 96,000 acres covering the core of the Lac Doré Complex, much of which is highly prospective exploration ground that has not been systematically explored. Clearly there is exploration upside adjacent to and on strike with the past producing mines, however there is much more than that. Corner Bay has had most of its work done on the Main Zone which hosts all the resources, but there are at least four other parallel zones to test right there.

Drill-ready targets also exist elsewhere on the land package, including Portage Island where excellent grades over mineable widths were returned when it was last drilled in 1956-1957 - a time at which the gold price was $35 per ounce. There was also a MegaTEM survey flown over the entire land package in 2002 which correlates well with known mineralization, identifies many new showings and has never been fully interpreted. This is representative of the lack of systematic exploration done in the camp over the past several decades.

Nuinsco to Maintain Presence in MENA Region Through Subsidiary Z-Gold

Cairo, Egypt - Exceptional geology and a will on the part of governments to create a modern mining industry are two of the factors that led Nuinsco to evaluate gold projects in Egypt and Sudan, and these advantages of the Middle East North Africa ("MENA") region have not changed. What has changed in recent times is the political climate, and it is for this reason that Nuinsco opted earlier this year to put its plans to spin off NuMENA Minerals Corp. ("NuMENA") on hold.

"In 2009 Z-Gold, our jointly-owned Egyptian subsidiary, successfully bid on two gold concessions, Bukari and Umm Samra, and since that time has done field exploration and advanced the process toward receiving full tenure on these concessions. While the exploration results were positive and well-received by the market prior to Egypt's political revolution in early 2011, it has become apparent that recent political events have changed the market's perception and valuation of exploration properties in Egypt and other MENA region countries," said René Galipeau, Vice-Chairman and CEO. "As a result, Nuinsco decided not to continue to participate in the process to obtain full tenure on the concessions, and to deploy its resources elsewhere."

The Company continues to believe in the potential of Egypt's mineral resources and will consider participating in future bidding for concessions in Egypt, assuming that stability returns to the area. Management was very impressed with the professionalism exhibited by the leadership of the Egyptian Mineral Resources Authority and their willingness to provide assistance and guidance. Given the political issues impacting the region, Nuinsco's previously announced plan to spin off NuMENA as a public vehicle focused on projects in the MENA region has been delayed pending a return of investor confidence to the MENA region.

"Through its involvement in Egypt Nuinsco has established strong personal and business relationships with government and local officials and has obtained valuable experience and knowledge of the MENA region. It is hoped that the next round of bidding for Egyptian gold concessions will reflect revised expectations and valuations and that the business environment in the MENA region will have stabilized by that time," added Mr. Galipeau. "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."

With regard to the Company's election not to exercise its option to acquire an 85% interest in the J. Tobrar gold project in Sudan, this again is not a reflection on the prospectivity of the geology of the country in general, but of the realities of a change in market sentiment at the present time.

"Although our evaluation of the property returned positive results and demonstrated the presence of gold mineralization, the scale of mineralization identified didn't justify the option price of US$4 million in Nuinsco shares and ongoing exploration and development expenditures under current market conditions," said Paul Jones, President. "Our relationship with the property owner remains strong, and may result in other opportunities in the MENA region. Nuinsco will continue to evaluate opportunities in this underexplored region of high exploration potential."

Prairie Lake

A Project Whose Time Has Come

Marathon, Ontario - Nuinsco's Prairie Lake phosphorus/rare metals property has all the attributes you look for in a project - large scale, good location, excellent proximity to infrastructure, year-round access and robust mineralization. A further piece of the puzzle - confirmation that desirable and marketable concentrates can be produced, is expected to fall into place shortly and the Company is readying for increased interest in this valuable property.

Preliminary results from a second round of metallurgical work are confirming that the primary objective of the testing program is achievable - to produce a concentrate that meets the requirements of the fertilizer industry, namely phosphorus (P_2O_5) content of >30%, and magnesium oxide (MgO) content <1%, with a calcium oxide ratio of (CaO)/P_2O_5 <1.6[1].

"Achieving these thresholds is a significant milestone for the project," said Paul Jones, President. "Prairie Lake is one of the largest deposits of its type in the world. Not only does it have tremendous scale, but its location near existing infrastructure and transportation networks, the relative ease with which it could be exploited from surface using quarry methods, the continuing potential for expansion of the known mineralization and now favourable phosphorus metallurgy all point to Prairie Lake being a very valuable asset within Nuinsco's property portfolio."

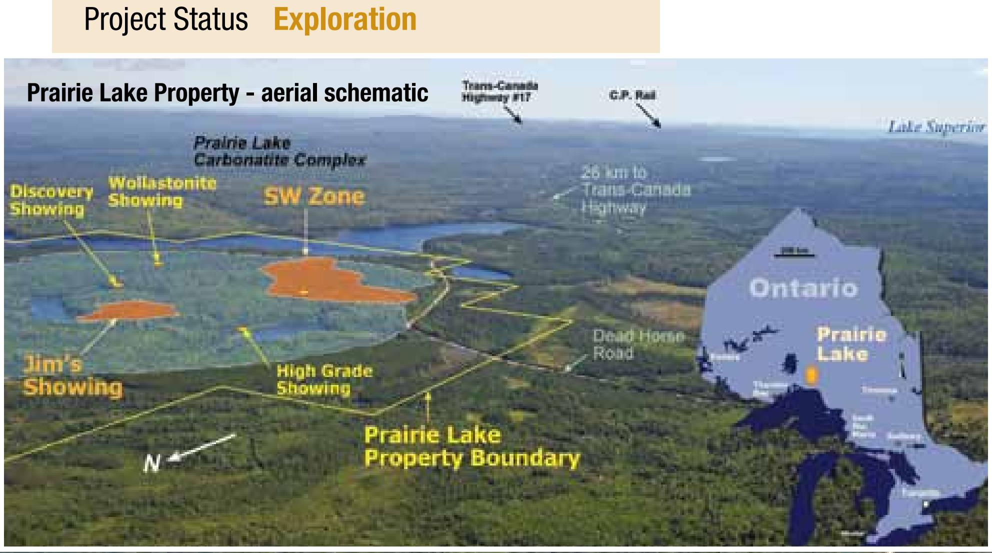
The NI-43-101-compliant Exploration Target Mineralization Inventory[2] (ETMI) is 515 - 630 million tonnes grading between 0.09-0.11% niobium (Nb_2O_5) (0.9 to 1.1 kg/tonne) and 3.0-4.0% P_2O_5 - making Prairie Lake one of the world's ten largest carbonatite-hosted niobium deposits (and in North America second only to the Iron Hill Project in Colorado, USA, in contained tonnes - the grade at Prairie Lake is however greater). The current metallurgical work establishes the project as a substantial, recoverable, phosphorus inventory. The suite of minerals of potentially economic significance also includes tantalum (Ta), uranium (U) and rare earth elements (REE) (including lanthanum (La), cerium (Ce), samarium (Sm), neodymium (Nd) and yttrium (Y)).

Located about 45 kilometres northwest of Marathon, Ontario, Prairie Lake covers the entire 2.8 km^2 (at surface) Prairie Lake Carbonatite Complex. The buyback of a 2% production royalty by Nuinsco In January 2012, made the property royalty free.

[1] Sis, H. and S. Chander, 2003. Reagents used in the flotation of phosphorus ores; A critical review. In Minerals Engineering, v.16, pp577-585.
[2] The potential quantity and grade of the ETMI is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the discovery of a mineral resource. The ETMI was undertaken by Eugene Puritch, P.Eng. and Antoine Yassa, P.Geo of P&E Mining Consultants Inc. of Brampton, Ontario.

Location	Ontario, Canada
Ownership	100%
Commodity	Multiple commodities: U, Ta, Nb, P, REEs
Project Status	Exploration

Prairie Lake Property - aerial schematic



Did You Know

Did you know the vast majority of phosphorus compounds are consumed as fertilizers? Other applications include detergents, pesticides and matches.

Did you know Rare Earth Elements ("REEs") are a group of chemical elements that take their name from the fact that concentrated deposits of the elements are rare, even though the elements themselves are widely dispersed in the Earth's crust?

Did you know REEs are used in manufacturing and are components of many common electronics such as cell phones and laptops? Many rechargeable batteries are made with rare earth compounds.

WHY PHOSPHATE?

Phosphate (PO_4) is a "vital non-renewable resource" that is essential for sustaining the life of plants and animals. Phosphate plays a key role in the formation and strengthening of bones and teeth, forms part of the backbone of the structure of DNA molecules and also plays a vital role in the biochemical reactions in cells that provide energy to living matter.

Phosphate is one of the primary nutrients that is essential for plant growth and crop production, but it is also happens to be one of the most immobile of major plant nutrients. It must therefore be applied in a soluble form such as in fertilizer in order to be absorbed by plants. As the continuous farming of land depletes the quality of the soil, fertilizers must be applied to maintain or increase crop yields. As the world population increases, so does the demand for arable land and fertilizers. The world consumption of fertilizers is projected to grow at a rate of 2.5% per year during the next five years, with the largest increases in Asia and South America.

Phosphate cannot be recycled and can therefore only be obtained through mining. For this reason Canada, Australia, the United States and several other countries have classified it as a 'strategic mineral resource'. Canada is currently responsible for only about 0.5% of the world's phosphate production. Agrium's Kapuskasing Mine is the only producing phosphate mine in Canada, producing 645,000 metric tonnes in 2011. But with reserves at the Kapuskasing Mine expected to be depleted by the second half of 2013, there is a need to identify new economic sources of phosphate within Canada.

Phosphates are mined from both sedimentary and igneous deposits. Sedimentary deposits, the ancient remains of sea life, account for more than 80% of phosphate mining. Sedimentary deposits are typically higher grade but less amenable to concentration and may contain some contaminants. The largest sedimentary deposits are found in North Africa, China, the Middle East and the USA. The most significant igneous deposits, intrusions of molten rock, are found in Brazil, Canada, Russia and South Africa. Nuinsco's Prairie Lake Carbonatite and Agrium's Kapuskasing Mine are both examples of igneous-type deposits. They are typically lower grade than sedimentary deposits but are often more amenable to concentration than sedimentary deposits, producing a product that contains fewer contaminants that can often be sold at a premium price.

World Mine Production and Phosphate Reserves (USGS, 2012)

COUNTRY	MINE PRODUCTION 2010 (x1000 tons)	2011 (est.) (x1000 tons)	RESERVES (x1000 tons)
United States	25,800	28,400	1,400,000
Algeria	1,800	1,800	2,200,000
Australia	2,600	2,700	82,000
Brazil	5,700	6,200	340,000
Canada	700	1,000	2,000
China	68,000	72,000	3,700,000
Egypt	6,000	6,000	100,000
Iraq	–	–	5,800,000
Israel	3,140	3,200	180,000
Jordan	6,000	6,000	1,500,000
Mexico	1,510	1,620	30,000
Morocco and Western Sahara	25,800	27,000	50,000,000
Peru	791	2,400	240,000
Russia	11,000	11,000	1,300,000
Senegal	950	950	180,000
South Africa	2,500	2,500	1,500,000
Syria	3,000	3,100	1,800,000
Togo	850	800	60,000
Tunisia	7,600	5,000	100,000
Other countries	6,400	7,400	500,000
World total (rounded)	181,000	191,000	71,000,000

• Uranium •

Diabase Peninsula

Location	Athabasca Basin, Saskatchewan, Canada
Ownership	100%
Commodity	Uranium
Project Status	Exploration

Nuinsco Focuses on Diamond Drilling at Diabase Peninsula Uranium Project

A remarkable 68% of holes drilled have returned values greater than 10ppm uranium

La Ronge, Saskatchewan - Nuinsco is known for its systematic exploration focus that utilizes the most effective and cost-effective tools available to achieve its exploration goals. Among those tools that have been used to evaluate the Diabase Peninsula uranium project are a property-wide deep-penetrating MegaTEM survey, ground geophysical TEM surveys over two priority target areas and reconnaissance and detailed gravity survey profiling. With all of this essential work done, the focus in 2012 and going forward is on drilling.

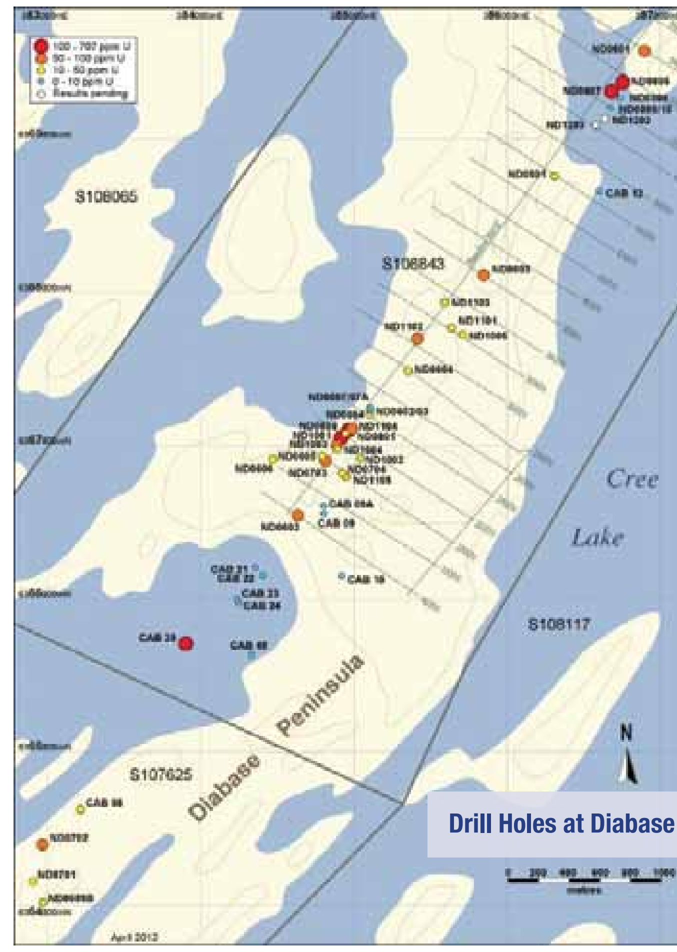
"We have all the signs," said Paul Jones, President of Nuinsco. "Our objective now is to drill to find the uranium deposit."

And drill is exactly what Nuinsco did earlier in 2012 with a program that began in March to follow up on previous work that identified all the elements indicative of a uranium mineralizing event.

Prior to the start of this year's program, Nuinsco had drilled 38 holes on the project, totaling 15,787m. Of these, a remarkable 13 holes have returned samples with very substantial uranium content exceeding 50ppm (>10ppm uranium in sandstone is evidence of a mineralized system and proximity to concentrations of high-grade mineralization). In total 26 drill holes (68% of all holes drilled) have returned values greater than 10ppm uranium - serving to further reinforce and highlight the outstanding scale of anomalous mineralization at Diabase.

"Past drilling has encountered up to 707 ppm uranium and uranium values exceeding 10 ppm are considered significant in the Athabasca basin," said Mr. Jones. "Such a high proportion of drill holes intersecting strongly anomalous uranium mineralization suggests that the potential for a deposit in the immediate vicinity is a distinct possibility."

The 21,959 hectare Diabase Peninsula project is located in the south-central part of Saskatchewan's Athabasca Basin, home to the highest grade uranium deposits in the world. A combination of uranium-arsenic-nickel-cobalt-magnesium oxide is typical of the mines in the Athabasca Basin. The widespread presence this combination of elements in the holes drilled by Nuinsco indicates the influence of a mineralizing system in the area.



Drill Holes at Diabase

World Nuclear Power Reactors & Uranium Requirements

Nuclear Electricity Generation 2011		Reactors Operable May 2012		Reactors Under Construction May 2012		Reactors Planned May 2012		Reactors Proposed May 2012		Uranium Required 2012
billion kWh	% e	No.	MWe net	No.	MWe gross	No.	MWe gross	No.	MWe gross	tonnes U
2518	c13.5	433	371,422	63	62,174	160	179,655	329	376,255	67,990

Sources:
Reactor data: WNA to 1/5/12 (excluding 8 shut-down German units)
IAEA- for nuclear electricity production & percentage of electricity (% e) 13/4/12.
WNA: Global Nuclear Fuel Market report Sept 2011 (reference scenario) - for U.
Operable = Connected to the grid;
Under Construction = first concrete for reactor poured, or major refurbishment under way;
Planned = Approvals, funding or major commitment in place, mostly expected in operation within 8-10 years;
Proposed = Specific program or site proposals, expected operation mostly within 15 years.
New plants coming on line are largely balanced by old plants being retired. Over 1996-2009, 43 reactors were retired as 49 started operation. There are no firm projections for retirements over the period covered by this Table, but WNA estimates that at least 60 of those now operating will close by 2030, most being small plants. The 2011 WNA Market Report reference case has 156 reactors closing by 2030, and 298 new ones coming on line.
TWh = Terawatt-hours (billion kilowatt-hours), MWe = Megawatt (electrical as distinct from thermal), kWh = kilowatt-hour.

Did You Know

Did you know that one ton of natural uranium can produce more than 40 million kilowatt-hours of electricity? This is equivalent to burning 16,000 tons of coal or 80,000 barrels of oil?

Did you know that the price of uranium was approximately US$10.75 per pound in early 2003. By mid-2006, the price had risen to approximately US$45.00 per pound. In early 2007 the price approached US$100.00 per pound. As of 2012, the price is US$52 per pound.

• Copper/Gold •

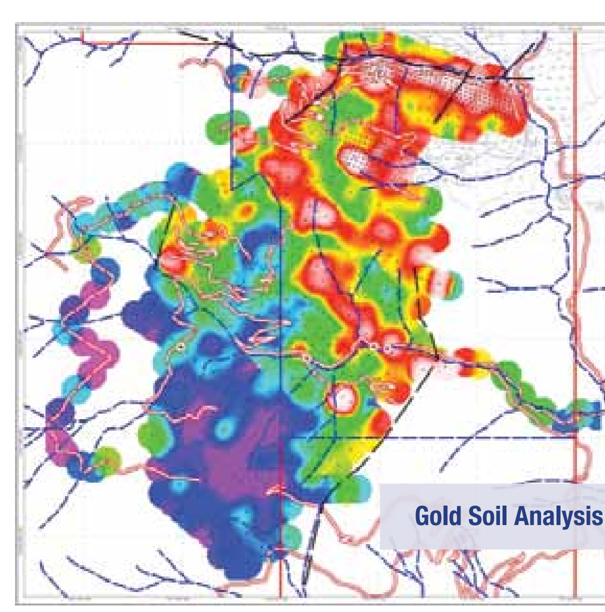
Turkey - Berta

Location	Northeastern Turkey
Ownership	NWI/Xstrata Copper JV
Commodity	Porphyry Copper/Gold/Moly
Project Status	Exploration

Nuinsco Announces 2012 Drill Program at Berta Project in Turkey

Emphasis to be placed on strongest anomalies identified at centre of Berta porphyry

Istanbul, Turkey - Nuinsco has long seen the potential of Turkey as a mining destination, and of its Berta copper project which is a joint venture with Xstrata Copper Canada ("Xstrata"). Turkey continues to enhance its popularity around the world as explorers and miners meet with success there, and Nuinsco is hoping a 7,500 metre drill program will go a long way to raise Berta's profile as a premier property in this booming region.


Gold Soil Analysis

Two diamond drills will be used to conduct the drill program which will comprise up to nine holes ranging from 800m to 1,000m in length focused on high-priority copper in soil anomalies overlying the central part of the Berta porphyry system. This program will expand drill coverage on the project to areas not previously drilled. Drilling was expected to begin by early June. Previous drill results demonstrate the extensive nature of anomalous copper mineralization in the rocks at Berta, highlighted by the results of DDH SD-07-08 which intersected 710.9m grading 0.28% copper and 0.07g/t gold between 3.80m and 714.7m (see press release dated Apr. 25, 2007) and DDH SD-08-10 which returned 164.0m grading 0.20% copper and 0.06g/t gold between 250.5m and 414.5m (see press release dated Oct. 20, 2008).

"Berta is a very exciting project with exceptional exploration potential from which we've seen outstanding results," said Paul Jones, President. "We're very pleased that Xstrata is committing to test the bedrock geology underlying the strongest domain of copper enrichment in soils identified in what is reputed to be the largest copper anomaly in the Turkish Pontides."

The Berta Property is located approximately 50 kilometres south of the Black Sea in northeastern Turkey, within the prolifically mineralized Tethyan-Eurasian Metalogenic Belt which hosts numerous ore deposits in several countries including Iran's Sarcheshmeh Mine, one of the world's largest copper mines at 1.2 billion tonnes grading about 1% copper.

LETTER TO SHAREHOLDERS

continued from page 1

As the year progressed, it became increasingly apparent that there would be no quick solution to the issues we, and other companies, were facing in the MENA region. As a result, early in 2012 we announced the decisions not to exercise our option in Sudan and later not to pursue full tenure on the Egyptian properties.

It's important for shareholders to understand why these decisions were made. It's not because we didn't believe in the quality of the projects - we got very encouraging exploration results. It's not because we didn't believe in the ability of Egypt or other countries in the MENA region to build a viable mining industry to capitalize on their underexplored and highly prospective geology.

Nuinsco is an exploration company. It needs to be actively exploring because that is how we will create value for shareholders. Without tenure in Egypt, meaningful exploration was not possible, and without political stability neither was financing.

Recent political events have meant greatly reduced valuations for projects in certain MENA countries. The equity markets continue to reflect uncertainty from economic question marks around the globe, and political instability like Egypt is experiencing only adds to this perception of risk. All this impacts on project valuations. All this impacts the share price.

> **with Roland Horst on board to lead CBay Minerals, the process of unlocking value has begun**

The terms of our concession agreements in Egypt reflected the reality of the equity and gold markets at the time, 2009, when they were negotiated. But, this reality has changed and so too must the terms of the deals going forward. We are very pleased with the relationship we have developed with the Egyptian mining authorities and with our Egyptian Partner, Quartz Core Corp. *(see page 5)*. We will maintain these relationships that will hopefully give us a competitive advantage in future bid rounds for gold properties once political stability returns and we are willing to participate again under reasonable terms.

What the events of 2011 in the MENA region have highlighted is the benefit of Nuinsco's diverse portfolio of projects. By focusing on exploration and having a variety of projects in different commodities and political regions we can offset any negative impact of events in one region or metal and still work to create value for shareholders.

Earlier I mentioned Chibougamau, a group of assets that we have always believed has tremendous value both in terms of production potential and unrecognized exploration upside. The old adage is "the best place to look for a new mine is in the shadow of a headframe," and the Chibougamau mining camp is a case in point. There is tremendous untapped value in these assets, and with Roland Horst on board to lead CBay Minerals *(see page 5)*, the process of unlocking that value has begun. Our immediate goal is to publicly list CBay on the TSX before the end of the year, and we are confident that this will mark merely the end of the beginning of the value recognition process. Such an opportunity rarely comes to a junior exploration company. There is much more to come, so stay tuned.

At the same time, we are continuing to advance our other projects in Canada. The Prairie Lake phosphorus/rare metals project *(see page 6)* hosts one of the largest deposits of its type in the world containing a vast array of valuable minerals including rare earth elements (REEs). Preliminary results show that we can produce an attractive concentrate using proven, conventional processing techniques that will be in high demand with fertilizer producers and other potential buyers.

At the Diabase Peninsula uranium project *(see page 7)* we continue to get all the right indications. Everything, that is, except the deposit - yet. Deposits in the Athabasca Basin are very small but very rich in uranium value making it harder to find but worth the hunt. We've done the basic exploration so now the focus is squarely on diamond drilling, which we did this winter, and there will be more to come.

We were also pleased to announce recently that our joint venture partner in Turkey Xstrata Copper Canada has decided to drill the Berta copper/gold project *(see page 7)*. This follow-up to excellent drill results that included 710.9 metres grading 0.28% copper starting at surface should start in June, and we look forward to rapid turnaround of good drill results.

Challenging times call for tough choices. It was not easy to make the decisions about Egypt and Sudan, but it was necessary. With the scarcity of financial resources today, companies need to devote their energy and funds where they have the best potential to create shareholder value in the near-term. For Nuinsco, this is to focus on exploration in our own backyard while continuing to scan the horizon for good projects in countries other than Canada.

In closing, I'd like to thank our directors, employees, suppliers and partners for their loyalty and support. Most of all, I give a big thank you to our other shareholders who have stuck with us during difficult times and who have seen the excitement of a new discovery. We truly believe you are in for an exciting ride and we at Nuinsco will continue to put everything we can into creating value on your behalf.

René R. Galipeau
Vice-Chairman and Chief Executive Officer

May 14, 2012

Forward-Looking Information: This document contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future 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: 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 "Risk Factors" and elsewhere in the Company's annual information form dated March 31, 2012 filed on SEDAR at www.sedar.com. Forward-looking information 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. All exploration work is supervised by Paul Jones, President, who acts as QP under National Instrument 43-101.

nuinsco
RESOURCES LIMITED

Corporate Information

Directors
Robert Wardell, *Chairman*
René Galipeau, *Vice-Chairman*
George Archibald
Dr. J.M. Franklin
Ed Guimaraes
W. Warren Holmes
Marvin Singer

Officers
René Galipeau, *CEO*
Paul Jones, *President*
Alison Sutcliffe, *VP, Finance and Chief Financial Officer*
Sean Stokes, *Corporate Secretary and VP, Corporate Affairs*
Dr. David Mchaina, *VP Environment & Sustainable Development*
Margaret Lai, *Controller*

Auditors
BDO Canada LLP,
Chartered Accountants,
Licensed Public Accountants,
Toronto, Ontario

Legal Counsel
Norton Rose Canada
Toronto, Ontario

Transfer Agent & Registrar
Computershare Trust Company of Canada,
Toronto, Ontario

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Fax: 416.868.6198
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Annual General Meeting
The annual general meeting of shareholders will be held at The Toronto Board of Trade, 1 First Canadian Place, Toronto, Ontario, Monday, June 18th, 2012 at 4:00 p.m. (local time).

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NUINSCO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

DATED MARCH 27, 2012

MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of independent non-executive Directors, meets with management and the external auditor to review the auditor's report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

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

René R. Galipeau
Vice-Chairman and CEO
March 27, 2012

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 27, 2012

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nuinsco Resources Limited and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has not commenced commercial production and accordingly the Company is dependent upon debt or equity financing and the optioning and/or sale of resource or resource-related assets for its funding. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(signed) "BDO Canada LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 27, 2012

Consolidated Balance Sheets

(in thousands of Canadian dollars)	*Notes*	**December 31, 2011**	December 31, 2010 (Note 32)	January 1, 2010 (Note 32)
ASSETS				
Current assets				
Cash and cash equivalents	*6*	**$ 516**	$ 628	$ 1,490
Restricted cash	*6*	**-**	199	-
Receivables	*7*	**120**	674	350
Marketable securities	*8*	**1,531**	5,463	2,099
Assets classified as held for sale	*10*	**-**	-	11,550
Total current assets		**2,167**	6,964	15,489
Non-current assets				
Property and equipment	*11,13*	**1,443**	70	59
Exploration and evaluation projects	*12,13*	**15,944**	12,382	9,980
Interest in Chibougamau	*13*	**-**	4,263	2,297
Royalty interest	*14*	**3,000**	3,000	-
Deferred tax asset	*15*	**-**	-	1,297
Total non-current assets		**20,387**	19,715	13,633
Total Assets		**$ 22,554**	$ 26,679	$ 29,122
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	*16*	**$ 1,029**	$ 2,601	$ 1,612
Provision classified as held for sale	*10,17*	**-**	-	111
Total current liabilities		**1,029**	2,601	1,723
Non-current liabilities				
Loans and borrowings	*18*	**-**	-	2,901
Other long-term liability	*18*	**266**	246	-
Total Liabilities		**1,295**	2,847	4,624
Shareholders' equity				
Share capital	*20*	**97,195**	94,340	93,130
Contributed surplus		**4,985**	4,259	3,707
Accumulated other comprehensive (loss) income		**(1,155)**	596	(617)
Deficit		**(79,766)**	(75,363)	(71,722)
Total shareholders' equity		**21,259**	23,832	24,498
Total Liabilities and Shareholders' Equity		**$ 22,554**	$ 26,679	$ 29,122

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 30)

Approved by the Board of Directors

(signed)
Robert G. Wardell
Director

(signed)
Ed Guimaraes
Director

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

Consolidated Statements of Operations

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)	Notes		2011		2010 (Note 32)
Other income		**$**	**100**	$	-
Other expenses					
General and administrative			**(1,878)**		(1,422)
Share-based payments:	*22*				
Options			**(595)**		(346)
Bonus shares			**(17)**		(131)
Amortization of property and equipment	*11*		**(13)**		(14)
Accretion of decommissioning	*17*		**-**		(3)
Pre-exploration write-offs	*12*		**(120)**		(223)
Writedown of exploration and evaluation projects	*12*		**(2,622)**		(421)
Operating loss			**(5,145)**		(2,560)
Finance income	*23*		**76**		758
Finance costs	*23*		**(99)**		(627)
Net finance (costs) income			**(23)**		131
Recovery of provision for Chibougamau	*13*		**870**		-
Loss before income taxes			**(4,298)**		(2,429)
Income tax expense	*24*		**(105)**		(1,212)
Net Loss for the Year		**$**	**(4,403)**	$	(3,641)
Loss per share	*21*				
Basic loss per share		**$**	**(0.02)**	$	(0.02)
Diluted loss per share		**$**	**(0.02)**	$	(0.02)

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

Consolidated Statements of Comprehensive Loss

Years ended December 31, (in thousands of Canadian dollars)	Notes		2011		2010 (Note 32)
Net loss for the year		**$**	**(4,403)**	$	(3,641)
Other comprehensive (loss) income					
Net change in fair value of financial assets	*9*		**(1,856)**		1,298
Income tax recovery (expense)	*24*		**105**		(85)
Other comprehensive (loss) income for the year			**(1,751)**		1,213
Total Comprehensive Loss for the Year		**$**	**(6,154)**	$	(2,428)

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

Consolidated Statements of Shareholders' Equity

(Note 32) (in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balances as at January 1, 2010	***Notes***	$ 93,130	$ 3,707	$ (617)	$ (71,722)	$ 24,498
Total comprehensive loss for the year						
Net loss for the year					(3,641)	(3,641)
Other comprehensive income						
Net change in fair value of financial assets	*9*			1,298		1,298
Income tax expense	*24*			(85)		(85)
Total other comprehensive income				1,213		1,213
Total comprehensive loss for the year						(2,428)
Transactions with owners, recorded directly in equity						
Contributions by owners - in the year						
Issue of common shares and warrants	*20*	306	158	-	-	464
Issue of flow-through common shares and warrants	*20*	574	91	-	-	665
Shares issued for property	*20*	38	-	-	-	38
Issue of shares under Share Bonus Plan	*20*	131	-	-	-	131
Options granted and vesting	*22*	-	346	-	-	346
Options exercised	*20,22*	66	(27)	-	-	39
Warrants exercised	*20,22*	95	(16)	-	-	79
Total contributions by owners		1,210	552	-	-	1,762
Total transactions with owners		1,210	552	-	-	1,762
Balances as at December 31, 2010		$ 94,340	$ 4,259	$ 596	$ (75,363)	$ 23,832
Balances as at January 1, 2011		$ 94,340	$ 4,259	$ 596	$ (75,363)	$ 23,832
Total comprehensive loss for the year						
Net loss for the year					(4,403)	(4,403)
Other comprehensive loss						
Net change in fair value of financial assets	*9*			(1,856)		(1,856)
Income tax recovery	*24*			105		105
Total other comprehensive loss				(1,751)		(1,751)
Total comprehensive loss for the year						(6,154)
Transactions with owners, recorded directly in equity						
Contributions by owners - in the year						
Issue of common shares and warrants	*20*	425	68	-	-	493
Issue of flow-through common shares and warrants	*20*	1,398	231	-	-	1,629
Shares issued for property	*20*	94	-	-	-	94
Options granted and vesting	*22*	-	595	-	-	595
Issue of shares under Share Bonus Plan	*20*	16	-	-	-	16
Options exercised	*20,22*	10	(4)	-	-	6
Warrants exercised	*20,22*	912	(164)	-	-	748
Total contributions by owners		2,855	726	-	-	3,581
Total transactions with owners		2,855	726	-	-	3,581
Balances as at December 31, 2011		**$ 97,195**	**$ 4,985**	**$ (1,155)**	**$ (79,766)**	**$ 21,259**

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

Consolidated Statements of Cash Flows

Years ended December 31, (in thousands of Canadian dollars)	***Notes***	**2011**	2010 (Note 32)
Cash flows from operating activities			
Net loss for the year		**$ (4,403)**	$ (3,641)
Adjustments for:			
Share-based payments	*22*	**612**	477
Amortization of property and equipment	*11*	**13**	14
Fee received in shares	*8*	**(50)**	-
Accretion of decommissioning	*17*	**-**	3
Writedown of exploration and evaluation projects	*12*	**2,622**	421
Recovery of provision for Chibougamau	*13*	**(870)**	-
Net finance income	*23*	**(56)**	(82)
Income tax expense	*24*	**105**	1,212
Net change in non-cash working capital:			
Change in receivables		**176**	(389)
Change in trade and other payables		**(164)**	61
Net cash used by operating activities		**(2,015)**	(1,924)
Cash flows from investing activities			
Interest in Chibougamau	*13*	**(30)**	(1,525)
Expenditures on exploration and evaluation projects	*12*	**(3,467)**	(2,144)
Proceeds on sale of marketable securities		**2,126**	889
Proceeds on sale of Cameron Lake	*1*	**-**	5,900
Purchase of marketable securities		**-**	(366)
Purchase of equipment	*11*	**-**	(8)
Return (deposit) of restricted cash	*6*	**203**	(199)
Net cash (used by) from investing activities		**(1,168)**	2,547
Cash flows from financing activities			
Issue of common shares and warrants	*20*	**3,071**	1,487
Repayments of loan	*1,18*	**-**	(2,804)
Interest paid	*1,18*	**-**	(168)
Net cash from (used by) financing activities		**3,071**	(1,485)
Net Decrease in Cash and Cash Equivalents		**(112)**	(862)
Cash and Cash Equivalents, Beginning of the Year		**628**	1,490
Cash and Cash Equivalents, End of the Year		**$ 516**	$ 628

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

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company domiciled in Canada. The address of the Company's registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at December 31, 2011 and 2010 comprise the Company and its subsidiaries (together referred to as "Nuinsco" and individually as "Nuinsco entities") and Nuinsco's interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada and internationally when attractive opportunities arise (Note 25). The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 12, 13 and 27 to these consolidated financial statements.

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

Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at December 31, 2011, the Company had working capital of $1,138,000, excluding restricted cash of $nil (December 31, 2010 - $4,164,000, excluding restricted cash of $199,000). Working capital is defined as current assets less current liabilities, excluding restricted cash, if any.

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

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

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell") presently recorded under *Property and equipment* and *Exploration and evaluation projects* and formerly held under *Interest in Chibougamau* on the consolidated balance sheets and held through CBay Minerals Inc. ("CBay" and formerly 7591802 Canada Inc.) a jointly-controlled company with Ocean Partners Holdings Inc. ("Ocean Partners"). Refer to Notes 11, 12 and 13 to these consolidated financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 30.

Should the Company not be able to continue to achieve favourable exploration results, obtain the necessary financing or achieve future profitable production or sale of properties, the carrying value of the Company's assets could be subject to material adjustment and, in addition, other adjustments may be necessary to these consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under GAAP.

Sale of Cameron Lake Property to Coventry Resources Limited

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

- Cash of $100,000 received in December 2009;
- Cash of $5,900,000 received on April 20, 2010;
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company. Coventry

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

shares had a closing price of A$0.265 ($0.247) on April 20, 2010; and
- A 3% net smelter return (“NSR”) royalty under which Coventry will have the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry’s option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value (Note 14).

The following table illustrates the components of the loss on sale of the Cameron Lake property, after adjustments in accordance with IFRS as outlined in Note 32:

Consideration received		
Cash		$ 6,000
Coventry shares		2,958
Royalty interest (Note 14)		3,000
Aggregate consideration		11,958
Net book value of assets sold (liabilities assumed) and expenses of sale		
Cameron Lake property (Note 32)	$ 11,904	
Mill	54	
Decommissioning liability assumed	(114)	
	11,844	
Transaction expenses	114	
		11,958
Gain on sale of Cameron Lake		-
Income tax expense (drawdown of previously recorded deferred tax asset)		1,297
Net after-tax loss		$ (1,297)

The income tax expense is a non-cash item and offsets the recovery for income taxes recognized in the fourth quarter of 2009. Upon sale of Cameron Lake, the Company repaid its then-outstanding interest-bearing promissory note along with accrued interest thereon.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

Nuinsco’s first consolidated financial statements prepared in accordance with IFRS wherein IFRS 1, *First time adoption of International Financial Reporting Standards* (“IFRS 1”), was applied were the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011 and 2010 (“First Quarterly Consolidated Financial Statements of 2011”). Note 32 to those statements includes a detailed explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Nuinsco for the periods then presented.

Note 32 to these consolidated financial statements explains the adjustments which were necessary to the comparative information as at and for the year ended December 31, 2010 and as at the transition date to IFRS being January 1, 2010 which has previously been reported in the First Quarterly Consolidated Financial Statements of 2011.

These consolidated financial statements reflect the accounting policies described in Note 3.

The management of Nuinsco prepares the consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2012. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historic cost basis except for the following:
- financial assets at fair value through operations are measured at fair value; and
- financial assets at fair value through Other Comprehensive Income or Loss (“OCI”) are measured at fair value.

(c) Functional and Presentation Currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated. Tabular amounts are shown in thousands of dollars.

(d) Use of Estimates and Judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

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

The accompanying consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

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

- Notes 8 and 9 — valuation of financial assets at fair value through OCI;
- Note 12 — measurement of the recoverable amounts of exploration and evaluation projects;
- Note 13 — valuation and allocation of interest in Chibougamau;
- Note 14 — valuation of royalty interest and recoverable amount;
- Note 15 — valuation of deferred tax asset;
- Note 22 — measurement of share-based payments; and
- Note 30 — contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies of the Company are set out in detail below. Such policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Nuinsco entities.

(a) New Accounting Policies
There have been no new accounting policies adopted by the Company, except those necessary to conform with IFRS.

(b) Basis of Consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by Nuinsco. Control exists when Nuinsco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Nuinsco. Significant Company entities are listed in Note 27.

(ii) Jointly-controlled operations
A jointly-controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that Nuinsco controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that Nuinsco incurs and its share of the income that it earns from the joint operation.

Joint ventures are accounted for by including the Company's proportionate share of the entities' assets, liabilities, revenue and expenses with items of similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(iii) Transactions eliminated on consolidation
Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Nuinsco's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Foreign Currency
(i) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Nuinsco entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized through operations, except for differences arising on the retranslation of financial assets at fair value, which are recognized directly in OCI. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

(d) Financial Instruments
IFRS 9 Financial Instruments
IFRS 9 Financial Instruments ("IFRS 9"), which impacts the classification and measurement of financial assets, has been early-adopted by the Company concurrent with its implementation of IFRS.

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity securities, receivables, cash and cash equivalents, restricted cash, loans and borrowings, other long-term liability and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through operations, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Restricted cash comprises funds held in a GIC supporting a letter of guarantee (Note 6).

Loans, receivables and borrowings are financial instruments with fixed or determinable payments that are not quoted in an active market. Such assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans, receivables and borrowings are measured at amortized cost using the effective interest method, less any impairment losses. Loans, receivables and borrowings comprise trade and other payables or receivables.

Accounting for finance income and expenses is discussed in Note 3(n).

Financial assets at fair value through OCI
Nuinsco's investments in equity securities are classified as financial assets at fair value through OCI. Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on monetary items (which do not include equity investments) are recognized directly in OCI.

Financial assets at amortized cost
Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

Financial assets at fair value through operations

Nuinsco may hold warrants as part of its portfolio of marketable securities which are classified as financial assets at fair value through operations.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized through operations when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized immediately through operations.

(e) Assets Classified as Held for Sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with Nuinsco's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets or deferred tax assets, which continue to be measured in accordance with Nuinsco's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized through operations. Gains are not recognized in excess of any cumulative impairment loss until ultimate realization.

(f) Property and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within *Other income* in the consolidated statement of operations.

(ii) Depreciation

Depreciation is calculated as a function of the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation commences when assets are available for use.

Depreciation is recognized through operations as follows over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated depreciation rate or useful lives for the current and comparative periods are as follows:

Item	**Method**	**2011**	2010
Equipment	Declining-balance	**20%**	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Exploration & Evaluation Projects

(i) Exploration & Evaluation expenditures

Exploration & Evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses, are capitalized as E&E assets on an "area of interest basis" which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proved to exist and, in most cases, comprises of a single mine or deposit.

E&E assets are recognized if the rights to the project are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the project, or alternatively by its sale; or

- activities on the project have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or other otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the project are continuing.

E&E expenditures are initially capitalized as intangible E&E assets. Such E&E expenditures may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, materials and fuels used, rentals and payments made to contractors and consultants. To the extent that a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, E&E assets attributable to that project are first tested for impairment and then reclassified to *Mine property and development projects* on the Consolidated Balance Sheet. Currently, Nuinsco does not hold any assets classified as *Mine property and development projects*.

(ii) Pre-E&E (project generation) expenditures
Pre-E&E (project generation) expenditures are incurred on activities that precede exploration for an evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area. Pre-E&E expenditures are expensed immediately as *Pre-exploration write-offs* through the consolidated statement of operations.

(iii) Impairment
E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount and any impairment loss is recognized as *Writedown of exploration and evaluation projects* through the consolidated statement of operations. The following facts and circumstances, among other things, indicate that E&E assets must be tested for impairment:

- the term of exploration license for the project has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the project area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the project area have not led to the discovery of commercially viable quantities of mineral resources and the Company plans to discontinue activities in the specific area; or
- sufficient data exists to indicate that while development activity is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full through such activity.

E&E assets are tested for impairment on an individual project (area of interest) basis. As noted above, a project would also be tested for impairment before being transferred to *Mine property and development projects* on the consolidated balance sheet.

(h) Borrowing Costs
The Company's policy is to capitalize project-related borrowing costs related to qualifying assets as incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company presently does not have any project-related borrowings.

(i) Government Grants
Government grants that compensate Nuinsco for expenses incurred are recognized through operations on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate Nuinsco for the cost of an asset are recognized through operations on a systematic basis over the useful life of the asset. For assets which are not being amortized, such as E&E assets, interest in Campbell or mine property and development projects, the government grant is deducted from the related asset.

(j) Royalty Interest
The royalty interest that was acquired by the Company, which has an indefinite life, is measured initially at fair value under the cost basis less accumulated impairment losses. The royalty interest represents the 3% NSR acquired pursuant to the Cameron Lake sale (Note 1). The fair value of the acquisition cost was determined using estimated net cash flows discounted at management's best estimate of a discount rate taking into account project risk factors.

Acquisition costs of development and exploration stage mineral royalty interests are not depleted until such time as royalty-generating production begins.

(k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized through operations.

(ii) Non-financial assets

The carrying amounts of Nuinsco's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") (see definition below) is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates, or has the potential to generate, cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, the CGU. Generally, a CGU is analogous to an individual project. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized through operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Employee Benefits

(i) Termination benefits

Termination benefits are recognized as an expense when Nuinsco is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if Nuinsco has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be reliably estimated.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if Nuinsco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(iii) Share-based payments

The grant date fair value of options granted to employees, directors and consultants is recognized as an employee expense, with a corresponding increase in equity, over the period that the individuals become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by Nuinsco.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration or decommissioning in respect of land restoration, and the related expense, is recognized when the land is contaminated and there is a legal obligation to restore the site. The Company presently has no decommissioning liabilities.

(n) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including financial assets at fair value), dividend income, gains on the disposal of financial assets, flow-through premiums and changes in the fair value of financial assets at fair value through operations. Interest income is recognized as it accrues through operations, using the effective interest method. Dividend income is recognized through operations on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Gains on the disposal of financial assets are recognized on the settlement date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through operations and impairment losses recognized on financial assets. All borrowing costs are recognized through operations using the effective interest method, except for those amounts capitalized as part of the cost of qualifying assets.

Foreign currency gains and losses are reported on a net basis.

(o) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized through operations except to the extent that it relates to items recognized either in OCI or directly in equity, in which case it is recognized in OCI or in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Nuinsco has unrecorded deferred tax assets equal to the full amount of the deferred income tax benefit, after deduction of the tax benefits which were realized in 2010 due to the sale of Cameron Lake (Note 1). The likelihood of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time.

(p) Share Capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issued on a flow-through basis typically include a premium because of the tax benefits associated therewith ("Flow-through Premium"). Flow-through shares may also be issued with a warrant feature. At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, the common share and the warrant with reference to closing market prices and such techniques as the Black-Scholes option-pricing model. The flow-through premium is estimated as the excess of the subscription price over the market value of the share and is recorded as a liability in *Trade and other payables* on the consolidated balance sheet (Note 16). The proceeds attributable to the warrants are also treated as equity and recorded in *Contributed surplus* on the consolidated balance sheet until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise.

The effect of renunciation of the tax benefits to holders of such shares is recognized pro rata with the associated expenditures being incurred by the Company. This could occur either before or after the formal renunciation of expenditures to the tax authorities have been made. When the eligible expenditures are incurred, the tax value of the renunciation is recorded as a deferred tax liability and charged against operations as a deferred tax expense. At the same time, where the Company has unrecognized deferred tax assets, they are reduced and a deferred tax recovery is recorded in the consolidated statement of operations, thereby offsetting the renunciation entries.

Furthermore, as eligible expenditures are incurred, the Company recognises a pro rata amount of the Flow-through Premium through *Finance income* in the consolidated statement of operations (Note 23) with a decrement to the liability in *Trade and other payables* on the consolidated balance sheet (Note 16).

Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the "Stock Option Plan") which is described in Note 22. Awards to non-employees are measured at the fair value of the goods or services received. Awards made to employees are measured at the grant date. All share-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate the share-based payment. The share-based payment is charged to operations over the vesting period of the options or service period, whichever is shorter. Stock options vest either immediately or over a 12-month period.

Share Incentive Plan

The Company has a share incentive plan (the "Share Incentive Plan"), which includes both a share purchase plan (the "Share Purchase Plan") and a share bonus plan (the "Share Bonus Plan"). The Share Incentive Plan is administered by the Directors of the Company. The Share Incentive Plan provides that eligible persons thereunder include Directors, senior officers and employees of the Company and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of the business.

The Share Incentive Plan is described in Note 20. The Company uses the fair value method of accounting for, and to recognize as its share-based payments for employees. Shares issued under the Share Incentive Plan are valued based on to the quoted market price on the date preceding the date of the award. This amount is expensed over the vesting period.

(q) Revenue Recognition
Consulting fees are recognized when services are rendered which includes amounts amortized over the non-cancellable term of the agreement. Other income is recognized on an accrual basis using the effective interest rate method.

(r) Earnings (Loss) per Share
The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options.

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

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

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

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

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

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

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

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

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfils its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined. The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

Credit Risk

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, restricted cash, receivables and marketable securities.

Cash and cash equivalents and restricted cash

The Company's cash and cash equivalents and restricted cash are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board.

Receivables

The Company's receivables consist primarily of amounts due from federal and provincial governments. Amounts due from related parties are settled on a regular basis.

Concentration of credit risk arose as a result of the loan and convertible debenture due from Campbell totalling $7,923,000 before impairment writedown and other acquisitions of debt (Note 13). Campbell was in default on its loans to the Company as it had not made the required principal or interest payments. As described in Note 13, the Company determined that a writedown of the loans was required in 2008. Refer to Notes 11, 12 and 13 for an update on Campbell whereby credit risk has been eliminated as the Company, through CBay, now beneficially owns the assets formerly underlying the loans.

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures, as described above.

Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

Marketable securities

The Company limits its exposure to credit risk by investing only in securities which are listed on public stock exchanges. Such strategic investments are approved by the Board of Directors of the Company. Management actively monitors changes in the markets and management does not expect any counterparty to fail to meet its obligations. The Company's investments are generally in the junior natural resources sector and these companies are subject to similar areas of risk as the Company itself.

Guarantees
The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will enure to the Company. At December 31, 2011, the Company had $nil in guarantees outstanding secured by restricted cash (December 31, 2010 - US$200,000) (Notes 6 and 12).

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents and marketable securities. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company's only significant long-term liability was the debt and accrued interest on the opening transition balance sheet due by July 31, 2011 which was repaid in April 2010 upon completion of the Cameron Lake sale. All other contractually obligated cash flows are payable within the next fiscal year with the exception of the other long-term liability disclosed in Note 18, the Company's lease commitment described in Note 19 and the decommissioning liability described in Note 17 – which was assumed by the purchaser upon the sale of the Cameron Lake property (Note 1).

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income, the value of its E&E properties or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The Company is exposed to currency risk on purchases, certain marketable securities, other payables and borrowings that are denominated in a currency other than the respective functional currencies of Company entities, primarily the Canadian dollar. The currencies in which these transactions primarily are denominated are the United States and Australian dollars ("US$" and "A$" respectively), but also the European Euro ("Euro" or "€"), the Egyptian Pound ("LE") and Turkish Lira ("TL"). The Company does not actively hedge its foreign currency exposure.

The Company incurs expenditures related to the Berta and Elmalaan projects in Turkey, and certain general and administrative expenses, in US$ and occasionally in the Euro, LE and TL. The Company also has marketable securities denominated in A$ and, as at the transition balance sheet date until its repayment in April 20, 2010, had a loan denominated in US$.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash equivalents earn interest at variable short-term rates. The estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. The Company's advances to Campbell under the revolving credit facility and its convertible debenture earned interest at fixed rates – pursuant to the approval of the offer to purchase Campbell assets by the courts, this interest has been converted into non-interest-bearing assets effective October 25, 2011. The Company's loan payable at the transition balance sheet date bore fixed rate interest. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

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

Other market price risk
The Company's marketable securities and strategic investments are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments.

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The value of the Company's mineral resource properties is related to the price of, and outlook for, base and precious metals. Historically, such prices have fluctuated and are affected by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures. The Company does not have any hedging or other commodity-based risks respecting its operations. The value of the Company's strategic investments is also related to the price of, and outlook for, base and precious metals.

Operational Risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The Company has a small but hands-on and experienced executive team which facilitates communication across the Company. This expertise is supplemented, when necessary, by the use of experienced consultants in legal, compliance and industry-related specialties. The Company also has standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective and available.

Compliance with Company standards is supported by a code of conduct which is provided to employees, officers and directors. The Company requires sign off of compliance with the code of conduct.

Capital Management Disclosures
The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued project development and corporate activities. Capital is defined by the Company as the aggregate of its shareholders' equity as well as any long-term debt, equipment-based and/or project-based financing.

	December 31, 2011	December 31, 2010	January 1, 2010
Shareholders' equity	**$ 21,259**	$ 23,832	$ 24,498
Loans and borrowings	**-**	-	2,901
Other long-term liability	**266**	246	-
Balance as at end of year	**$ 21,525**	$ 24,078	$ 27,399

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful. In order to achieve these objectives, the Company invests its unexpended cash in highly-liquid, rated financial instruments.

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

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

5. DETERMINATION OF FAIR VALUES

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

(a) Royalty Interest

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

(b) Marketable Securities

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

Fair value hierarchy

The different levels of valuation are defined as follows:

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

(c) Receivables

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

(d) Warrants

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

(e) Non-derivative Financial Liabilities

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

(f) Share-based Payment Transactions

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

6. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	December 31, 2011	December 31, 2010	January 1, 2010
Bank balances	**$ 516**	$ 528	$ 140
Short-term deposits	**-**	100	1,350
Cash and Cash Equivalents in the Statement of Cash Flows	**$ 516**	$ 628	$ 1,490

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

In 2010, the Company issued a letter of guarantee to support the obligations of its activities in Egypt on its own and its partner's obligations in the amount of US$200,000. The letter of guarantee was secured on a GIC which was included in restricted cash until its expiry in the fourth quarter of 2011 (December 31, 2010 - US$200,000 or $199,000) (Note 12).

7. RECEIVABLES

	Note		December 31, 2011		December 31, 2010		January 1, 2010
Due from Victory Nickel Inc.	*26*	**$**	**-**	$	21	$	33
Other receivables			**83**		603		259
Prepaid expenses and deposits			**37**		50		58
		$	**120**	$	674	$	350

8. MARKETABLE SECURITIES

	Note		December 31, 2011		December 31, 2010		January 1, 2010
Financial assets at fair value through OCI: Shares	*9*						
Victory Nickel Inc.		**$**	**582**	$	807	$	800
Coventry Resources Limited			**926**		3,665		-
Gold Hawk Resources Inc.			**-**		991		945
Other			**23**		-		1
			1,531		5,463		1,746
Financial assets at fair value through operations:							
Warrants			**-**		-		353
		$	**1,531**	$	5,463	$	2,099

With the exception of the Victory Nickel Inc. ("Victory Nickel") warrants, which were exercised in 2010, all of the Company's marketable securities are publicly-listed. All of the Company's shares are valued using Level 1 methodologies.

In July, 2010, Nuinsco advanced $366,000 to Victory Nickel as prepayment for the exercise of warrants. The related fee and interest expense of $33,000 charged to Victory Nickel for the advance represents the difference between the aggregate exercise price of the warrants and the amount of the advance. The warrants were exercised by the Company in September, 2010. As at the exercise date, the value of the warrants had declined. Accordingly, a loss on financial assets at fair value through operations of $403,000 was recorded as part of finance costs (Note 23) by the end of the third quarter of 2010. The Company no longer has any Level 2 securities.

The amount of change in fair value of Coventry shares attributable to the change in foreign exchange rates and included in OCI is a loss of $8,000 for the year ended December 31, 2011 and a gain of $284,000 for the year ended December 31, 2010.

Sensitivity Analysis – Equity Price Risk
All of the Company's financial assets at fair value through OCI are listed on public stock exchanges, including the TSX, the TSX-V and the ASX. For such investments, a 5% increase in the equity prices at the reporting date would have increased equity by $67,000, net of tax effects of $10,000 (December 31, 2010 - an increase of $239,000, net of tax effects of $34,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

The analysis was performed on the same basis for 2011 and 2010.

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

9. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Carrying amount				
Cash and cash equivalents	*6*	**$ 516**	$ 628	$ 1,490
Restricted cash	*6*	**-**	199	-
Receivables	*7*	**120**	674	350
Financial assets at fair value through OCI	*8*	**1,531**	5,463	1,746
Financial assets at fair value through operations	*8*	**-**	-	353
Interest in Chibougamau	*13*	**-**	4,263	2,297
		$ 2,167	$ 11,227	$ 6,236

Note that the *Interest in Chibougamau* is no longer considered to have credit risk associated with it since the Company, along with Ocean Partners through CBay, now own the non-financial assets comprising the *Interest in Chibougamau* pursuant to the transaction described in Note 13.

Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Non-derivative financial liabilities			
	Secured loan	**Long-term liabilities**	**Trade and other payables**	**Total**
As at December 31, 2011				
Carrying amount	$ -	$ 266	$ 1,029	$ 1,295
Contractual cash flows	-	300	858	1,158
6 months or less	-	-	858	858
2 - 5 years	-	300	-	300
As at December 31, 2010				
Carrying amount	$ -	$ 246	$ 2,601	$ 2,847
Contractual cash flows	-	300	2,553	2,853
6 months or less	-	-	2,553	2,553
2 - 5 years	-	300	-	300
As at January 1, 2010				
Carrying amount	$ 2,901	$ -	$ 1,612	$ 4,513
Contractual cash flows	3,459	-	1,243	4,702
6 months or less	-	-	1,243	1,243
1 - 2 years	3,459	-	-	3,459

The contractual cash flows reflected in the table above exclude the non-cash flow-through premium liability.

Currency Risk

Exposure to currency risk

The Company's exposures to foreign currency risk are as follows based on foreign-denominated amounts translated into Canadian dollars ("C$") at the respective dates:

(in thousands of Canadian dollars)

As at December 31, 2011	C$	US$	A$
Cash and cash equivalents	$ 468	$ 48	$ -
Receivables	120	-	-
Marketable securities	605	-	926
Trade and other payables	(945)	(84)	-
Other long-term liability	(266)	-	-
Net exposure	$ (18)	$ (36)	$ 926

(in thousands of Canadian dollars)

As at December 31, 2010	C$	US$	A$
Cash and cash equivalents	$ 620	$ 8	$ -
Restricted cash	-	199	-
Receivables	674	-	-
Marketable securities	1,798	-	3,665
Trade and other payables	(1,963)	(638)	-
Other long-term liability	(246)	-	-
Net exposure	$ 883	$ (431)	$ 3,665

(in thousands of Canadian dollars)

As at January 1, 2010	C$	US$	A$
Cash and cash equivalents	$ 1,474	$ 16	$ -
Receivables	350	-	-
Marketable securities	2,099	-	-
Trade and other payables	(948)	(664)	-
Loans and borrowings	144	(3,045)	-
Net exposure	$ 3,119	$ (3,693)	$ -

Sensitivity analysis

A strengthening of the Canadian dollar, as indicated below, against US$ and A$ would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting periods. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at December 31, 2011	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (4)	$ (4)
A$ (10 percent strengthening)	$ 93	$ -

As at December 31, 2010	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (43)	$ (43)
A$ (10 percent strengthening)	$ 367	$ -

As at January 1, 2010	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (369)	$ (369)
A$ (10 percent strengthening)	$ -	$ -

A weakening of the Canadian dollar against the above currencies would have had the equal but opposite effect on the amounts shown above. Note that the Company has transactions and balances in the Euro, LE and TL, but the balances as well as the effect of exchange rate differences would not be material.

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

Fair Value

Fair values versus carrying amounts

The fair values of financial assets and liabilities equal the carrying amounts shown in the balance sheets. The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value.

There have been no transfers of financial assets between Level 1 and Level 2 during the current and previous reporting periods. All of the shares owned by the Company are valued using Level 1 methodologies.

Interest rate used for determining fair value

The interest rate used to discount estimated cash flows, when applicable, is based on the rate charged in the most recent financing obtained by the Company and was 8%.

10. ASSETS CLASSIFIED AS HELD FOR SALE

The Cameron Lake project and related balances is presented as a disposal group held for sale following the commitment of the Company's management, in December, 2009, to a plan to sell the project. Efforts to sell the disposal group resulted in a binding agreement and a sale was expected by June 2010; the sale closed on April 20, 2010. As at January 1, 2010, the disposal group comprised assets of $11,550,000 and liabilities of $111,000.

The Cameron Lake project had been written down significantly in 1999; upon transition to IFRS, the project was written-up through a partial reversal of that writedown given that the fair value of the consideration less costs to sell significantly exceeded the carrying value of the project (Note 32).

	Notes		January 1, 2010
Assets Classified as Held for Sale			
Exploration and evaluation project		$	11,496
Mill			54
		$	11,550
Provision Classified as Held for Sale			
Decommissioning liability	*17*	$	(111)
		$	(111)

11. PROPERTY AND EQUIPMENT

Equipment	***Note***		**Cost**		**Accumulated Depreciation**		**Carrying Amount**
Balance as at January 1, 2010		**$**	**331**	**$**	**272**	**$**	**59**
Additions			25		-		25
Depreciation			-		14		(14)
Balance as at December 31, 2010			**356**		**286**		**70**
Transfer from Interest in Chibougamau	*13*		1,386		-		1,386
Depreciation			-		13		(13)
Balance as at December 31, 2011		**$**	**1,742**	**$**	**299**	**$**	**1,443**

Effective October 25, 2011, the Company, through CBay, owns a 50% proportionate interest in the mill and related equipment at the Chibougamau camp. Refer to Note 13 for additional information.

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

12. EXPLORATION AND EVALUATION PROJECTS

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

	Note	January 1, 2011	Current Expenditures/ Transfer in	Writedown of E&E Projects	Effect of Dilution	December 31, 2011
URANIUM AND RARE METALS					(see below)	
Diabase Peninsula		$ 6,943	$ 1,098	$ -	$ -	**$ 8,041**
Prairie Lake		2,333	553	-	-	**2,886**
		9,276	1,651	-	-	**10,927**
GOLD, COPPER AND ZINC						
Chibougamau camp	*13*	-	3,820	-	-	**3,820**
Berta		1,733	80	-	(616)	**1,197**
Elmalaan		1,100	-	(1,100)	-	**-**
Bukari		273	530	(803)	-	**-**
J. Tobrar		-	719	(719)	-	**-**
		3,106	5,149	(2,622)	(616)	**5,017**
		$ 12,382	$ 6,800	$ (2,622)	$ (616)	**$ 15,944**

	January 1, 2010	Current Expenditures	Writedown of E&E Projects	Effect of Dilution	December 31, 2010
URANIUM AND RARE METALS					
Diabase Peninsula	$ 5,772	$ 1,171	$ -	$ -	$ 6,943
Prairie Lake	1,542	791	-	-	2,333
	7,314	1,962	-	-	9,276
GOLD, COPPER AND ZINC					
Berta	1,595	138	-	-	1,733
Elmalaan	1,071	29	-	-	1,100
Bukari	-	273	-	-	273
Olympian	-	679	(679)	-	-
	2,666	1,119	(679)	-	3,106
	$ 9,980	$ 3,081	(679)	$ -	$ 12,382
Adjustment to fair value of assets classified as held for sale - Cameron Lake			258		
Writedown of E&E Projects in Consolidated Statement of Operations			$ (421)		

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of $1,000,000. Expenditures as at December 31, 2011 have increased this ownership interest to approximately 89.89% as Trend did not contribute its share of expenditures (December 31, 2010 – 88.67%). 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. It is expected that Trend's interest will drop to a royalty upon an additional $111,000 of expenditures by the Company. Subsequent to December 31, 2011, Trend's interest had dropped below 10%, thereby diluting Trend's ownership interest to a royalty.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims are optioned while seven were staked by Nuinsco; all are subject to the option agreement with Trend. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in autumn of 2010 and winter of 2011. Trend had a one-time 50% back-in right, subject to certain conditions, which expired upon its conversion to a royalty interest. 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.

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

Gold, Copper & Zinc
Chibougamau Camp
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. Nuinsco and Ocean Partners have the rights to:

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 3,000 tonne per day mill and tailings facility (included in *Property and equipment* on the consolidated balance sheet – Note 11); and,
- in excess of 11,000 ha of highly-prospective exploration property.

The amount of $3,820,000 was transferred from *Interest in Chibougamau* on the consolidated balance sheet upon completion of the asset transfer agreement (Note 13).

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

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project. Xstrata participates pro-rata in funding exploration expenditures and is the operator of the project. Nuinsco recorded an amount owing to Xstrata of US$468,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company’s share of expenditures on Berta. Discussions with Xstrata have been ongoing, including discussions to buy Xstrata’s share of the joint venture. Xstrata has advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco will not be paying the full share of the recorded expenditures and has allowed itself to be diluted to approximately 36%. In the second quarter of 2011, the Company made adjustments to the carrying value of the project by $517,000, reduced trade and other payables by $454,000 and recorded a foreign exchange loss of $63,000 to effect the dilution. The Company also adjusted the amounts previously accrued for 2010 and 2011 based on the reduced share of Xstrata work programs, bringing the aggregate adjustment in the carrying value of Berta in 2011 to $616,000.

In 2006 and 2007, the Company completed airborne geophysics followed by diamond drilling. Drilling intersected a significant, continuous domain of strong sulphide mineralization with copper, gold, silver and zinc values. Three drill holes were completed in 2008 demonstrating further evidence of widespread copper mineralization. The Berta property is subject to a 2% NSR.

Elmalaan
The Company finalized an agreement (the “Elmalaan Agreement”) in August 2006 to acquire 100% of the Elmalaan copper-zinc property from Xstrata. The Company has spent US$250,000 to earn its interest. Xstrata has back-in rights to reacquire a 50% interest in the project upon incurring expenditures equal to 200% of the aggregate expenditures incurred by the Company and a further 20% interest by incurring additional expenditures of

US$20,000,000. In the event that Xstrata elects not to exercise its back-in right, it will be entitled to a 2% NSR which can be reduced to 1% on the payment by the Company of US$1,000,000. Mapping, sampling and diamond drilling programs have identified strongly anomalous copper-zinc-gold-silver mineralization on the property. The Elmalaan licenses have been converted to exploitation status and were to be transferred to a Turkish subsidiary of Nuinsco. Given the present Turkish mining regulations applicable to Elmalaan, the project requires planning for mining operations. The decision has been made to not continue with Elmalaan. Accordingly, the Company has recorded a writedown of $1,100,000 to record the carrying value of Elmalaan at $nil.

Egypt
In February, 2010, the Company announced that it had been successful, along with its Egyptian partner, in the bid process for gold exploration concessions in Egypt – Bukari and Umm Samra. The receipt of final title is subject to negotiating a suitable production sharing agreement with the Egyptian Mineral Resources Authority ("EMRA"). Negotiations have been completed with EMRA for the Bukari gold concession and, despite recent turmoil, the Egyptian State Council recently advised that it had recommended the agreement be passed into law by the Egyptian People's Assembly. While final approval is pending, the Company has received legal authority to conduct certain exploration programs on the property. Among other terms, the production sharing agreement sets out the rights and responsibilities of the Company, through a 50%-owned company, and EMRA, terms of production sharing and cost recovery as well as exploration programs. The first-year expenditure commitment is US$2,000,000 which is required to be supported by a letter of guarantee upon ratification of the agreement.

The shareholders' agreement between the Company and its partner, Quartz Core for Mineral Resources ("QCC") governing the 50%-owned company contains dilution provisions. Presently, the Company has exceeded its expenditure commitment. Nuinsco initially recorded $378,000 (December 31, 2010 - $171,000 net) for the expenditure difference (refer below). Should QCC fail to make the required expenditures, its interest in the company will be proportionately reduced and Nuinsco will record an increased proportionate interest in the company.

During the fourth quarter of 2010, the Company finalized a letter of guarantee to EMRA in the amount of US$200,000 to support initial exploration activities on the Bukari project. The letter of guarantee was supported by an equal amount of cash included as restricted cash on the balance sheet as at December 31, 2010. This initial letter of guarantee which expired in November 2011 was expected to be replaced by the one pertaining to the first-year expenditure commitment.

Subsequent to December 31, 2011, the Company announced that it has decided not to pursue tenure of the Egyptian properties and advised EMRA of this on March 27, 2012. Accordingly, a net writedown of $803,000 has been recorded in Writedown of exploration and evaluation projects which comprises $629,000 expenditures, $378,000 receivable from QCC representing its share of expenditures offset by $204,000 reversal of an accrual which is no longer required. The writedown brings the value of the Bukari project to $nil. The commitment referred to above is no longer applicable.

Sudan
On July 18, 2011, the Company announced that it had expanded its presence in the Middle East North Africa ("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 must deliver US$4,000,000 in cash or Nuinsco shares or, under certain circumstances, shares of NuMENA Minerals Corporation ("NuMENA"). On February 7, 2012 the Company announced that it had elected not to exercise the option. Accordingly, expenditures were written down to $nil effective December 31, 2011.

NuMENA was intended to own the Company's MENA assets including Turkey and Egypt and was recently created by the Company as a vehicle to acquire and explore mineral projects in the MENA region. Given the recent decisions made with respect to the Company's Turkish and Egyptian properties, NuMENA will be inactive until circumstances warrant otherwise.

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

Olympian

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

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Exploration costs in the amount of $120,000 were written off during the year ended December 31, 2011, (year ended December 31, 2010 - $223,000).

The following table shows the pre-exploration expenditures and associated write-offs made immediately through operations:

	Current Expenditures	Pre-exploration Write-offs	December 31, 2011
PRE-EXPLORATION EXPENDITURES - Other	$ 120	$ (120)	$ -

	Current Expenditures	Pre-exploration Write-offs	December 31, 2010
PRE-EXPLORATION EXPENDITURES			
Bukari	$ 207	$ (207)	$ -
Other	16	(16)	-
	$ 223	$ (223)	$ -

13. INTEREST IN CHIBOUGAMAU

The Company held various investments in and loans to Campbell. Given the nature of the security underlying the loan and convertible debenture, the Company considers these elements together and has recorded them in *Interest in Chibougamau* on the consolidated balance sheet. The Company's security on amounts owing by Campbell included Corner Bay and other exploration and evaluation properties, among other things.

Effective December 31, 2008, the Company determined that its balances with Campbell were impaired and therefore recorded an aggregate impairment allowance against the balances of $7,923,000 through operations as a provision for writedown of amounts owing from Campbell.

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a court-appointed monitor was engaged. Since that date, the Company has been actively involved in trying to protect its interests throughout the CCAA proceedings and has held several meetings with the court-appointed monitors as well as attended court sessions.

In 2010, the Company, along with Ocean Partners, through a jointly-owned company, acquired substantially all of the remaining secured debt and claims of Campbell (that the Company and Ocean Partners did not already own) for aggregate staged payments over a three-year period of $4,050,000 (including those deposits already made by each of Nuinsco and Ocean Partners). The face value of the aggregate debt acquired by the Company and Ocean Partners was $24,245,000 excluding interest. Acquisition of all of the secured debt rationalized the number of secured creditors and the complicated security over the Campbell assets including Corner Bay, the Copper Rand mill and other exploration properties in the Chibougamau mining camp in Québec.

The agreements require additional staged payments by the Company of $200,000 within one year of signing of the asset transfer agreement and $300,000 by no earlier than April 20, 2013; discounted at 8%, the fair value of the long-term payable was $241,000 at that time. Such liabilities are included in *Trade and other payables* (Note 16) and *Long-term liabilities* (Note 18) in the consolidated balance sheet.

The Company's share of expenditures incurred in 2011 to protect its interest in Campbell assets amounted to approximately $488,000, (2010 - $343,000). Such expenditures included legal fees, court-appointed monitor's fees, certain property taxes and other costs and were included in *General and administrative costs* in the consolidated statement of operations.

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

On June 28, 2011, the Company announced that the Québec Superior Court had accepted the Company's proposal made through its jointly-controlled company, CBay, and directed the receiver to transfer the assets, thereby giving ownership to Nuinsco and Ocean Partners of all exploration, mining and processing and other assets located in and near Chibougamau, Québec. The Company, along with Ocean Partners, completed the asset transfer agreement effective October 25, 2011. Upon completion of the agreement and transfer of legal ownership, the Company commenced capitalization of eligible project expenditures to the *Interest in Chibougamau* and also increased the carrying value of the *Interest in Chibougamau* by an amount of $870,000; the increase in the carrying value was reflected as *Recovery of provision for Chibougamau* in the consolidated statement of operations. The Company believes that carrying value is fair value and that capitalized costs will be recovered.

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Acquisition of debt and claims		**$ 2,055**	$ 2,025	$ -
Less: fair value adjustment		**(59)**	(59)	-
		1,996	1,966	-
Originated debt	*(a)*	**2,297**	2,297	2,297
		4,293	4,263	2,297
Revaluation to estimated recoverable amount		**870**	-	-
Project costs		**43**	-	-
		5,206	4,263	2,297
Transfer to property and equipment	*11*	**(1,386)**	-	-
Transfer to exploration and evaluation projects	*12*	**(3,820)**	-	-
		$ -	$ 4,263	$ 2,297

(a) The Originated debt is shown net of Québec mining duties of $203,000.

In order to complete the asset transfer, the Company and Ocean Partners transferred their rights to the originated debt, the acquired debt and claims to CBay. Accordingly, the estimated recoverable amount of the transferred assets can be viewed as the value of the assets or originated debt being given up. This was based upon an analysis of the transactions to acquire claims or debt compared with the gross amount of the debt or claim. The Company determined an appropriate ratio and applied that to the originated debt values to derive a surrogate value.

Furthermore, an alternative value of the estimated recoverable amount (similar to the approach adopted in 2010) was derived based primarily upon a discounted cash flow model of the Corner Bay project, adjusted for other potential claims against the property and taking into account the continuation of the partnership with Ocean Partners. However, additional factors were also taken into account including: the estimated value of a fully-permitted mill, probabilities and risk weightings of outcomes, discussions with potential acquirers and estimated value of possible deals, the length of time of alternatives including time to production and so on.

There is a high degree of variability in many of the factors used to arrive at an estimated recoverable amount. The Company believes that, absent any acceptable definitive offer, the methodology used is an appropriate, prudent measure of the estimated recoverable amount. The Company is continuing to assess its options to best realize on its interests and will continue to be actively involved in the process with CBay and Ocean Partners until its conclusion.

Given that CBay now owns assets directly, the Company has reclassified the former *Interest in Chibougamau* into its direct asset components being *Property and equipment* of $1,386,000 (Note 11) and *Exploration and evaluation projects* of $3,820,000 (Note 12) on the consolidated balance sheets. The allocation between components is subject to a high degree of measurement uncertainty.

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

14. ROYALTY INTEREST

On April 20, 2010, pursuant to the sale of Cameron Lake to Coventry, the Company received a royalty interest in the Cameron Lake property. The royalty interest is a 3% NSR under which Coventry has the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value. The royalty is accounted for using the cost basis. The royalty has no end date therefore is considered to have an indefinite life. The Company will monitor Coventry's plans to determine whether conditions affecting the royalty change such that it becomes an intangible with a finite life. As described above, this is an investment which is subject to the highest degree of measurement uncertainty. Accordingly, future changes in any parameters used in the valuations could give rise to material changes to this asset's carrying values.

The valuation of the royalty interest was based upon cash flow models of the project previously developed by the Company as adjusted for metals prices and expectations of Coventry's plans and discounted using a rate of 8%. The Company will continue to monitor Coventry's progress towards bringing the property into production and will review the royalty for impairment on an annual basis. During 2011, Coventry announced a 17% increase in resources and gold prices continued to rise. The Company considers that the royalty itself is a Cost Generating Unit for the purposes of impairment testing.

15. DEFERRED TAX ASSET

Deferred tax assets and liabilities are recognized for temporary differences between the carrying value of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are considered probable to be realized.

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Temporary differences			
Equipment	**$ 405**	$ 57	$ 54
Share issue costs	**72**	108	213
Net tax losses carried forward	**2,121**	875	935
Eligible capital property and other	**262**	191	191
Capital losses (gains), net	**1,235**	1,235	1,371
	4,095	2,466	2,764
Unrecognized deferred tax assets	**(3,035)**	(1,886)	-
	1,060	580	2,764
Deferred tax liability			
Exploration and development	**(1,060)**	(580)	(1,467)
Deferred Tax Asset, Net	**$ -**	$ -	$ 1,297

Unrecognized deferred tax assets equal the full amount of the available deferred tax benefit, after deduction of the tax benefits which were realized in 2010 due to the sale of Cameron Lake, as the likelihood of utilizing the remaining unused tax losses and other tax deductions is not probable; it cannot be determined at this time.

Non-capital losses expire as follows:

	Amount
2027	**$ 103**
2028	**1,317**
2029	**2,078**
2031	**4,984**
	$ 8,482

The Company also has capital losses available for carryforward of approximately $4,942,000 (December 31, 2010 -

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

$4,942,000). These losses do not expire and may be utilized to reduce future capital gains, if any.

Movement in Temporary Differences during the Year

	As at January 1, 2011	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2011
Property and equipment	$ 57	$ 348	$ -	$ -	$ 405
Share issue costs	108	(59)	-	23	72
Net tax losses carried forward	875	1,246	-	-	2,121
Eligible capital property and other	262	-	-	-	262
Capital losses (net)	1,235	(105)	105	-	1,235
	2,537	1,430	105	23	4,095
Unrecognized deferred tax assets	(1,957)	(1,055)	-	(23)	(3,035)
	580	375	105	-	1,060
Future income tax liability					
Exploration and evaluation projects	(580)	(480)	-	-	(1,060)
Deferred income tax asset, net	$ -	$ (105)	$ 105	$ -	$ -

	As at January 1, 2010	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2010
Property and equipment	$ 54	$ 3	$ -	$ -	$ 57
Share issue costs	213	(122)	-	17	108
Net tax losses carried forward	935	(60)	-	-	875
Eligible capital property and other	333	(71)	-	-	262
Capital losses (net)	1,371	26	(162)	-	1,235
	2,906	(224)	(162)	17	2,537
Unrecognized deferred tax assets	(142)	(1,875)	77	(17)	(1,957)
	2,764	(2,099)	(85)	-	580
Deferred tax liability					
Exploration and evaluation projects	(1,467)	887	-	-	(580)
Deferred income tax asset, net	$ 1,297	$ (1,212)	$ (85)	$ -	$ -

16. TRADE AND OTHER PAYABLES

	Note	**December 31, 2011**	December 31, 2010	January 1, 2010
Trade payables				
E&E projects		**$ 162**	$ 1,069	$ 58
Non-project related		**123**	236	85
Flow-through premium liability		**171**	48	369
Other payables		**5**	212	-
Due to Victory Nickel Inc.	*26*	**20**	-	-
Accrued liabilities				
E&E projects		**60**	684	663
Non-project related	*26*	**488**	352	437
		$ 1,029	$ 2,601	$ 1,612

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

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

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Balance as at beginning of year		**$ 48**	$ 369	$ -
Flow-through premium from financing				
Transition	*32*	**-**	-	369
December, 2009 financing:				
Flow-through premium through finance income	*23*	**-**	(369)	-
October, 2010 financing:				
Flow-through premium	*20*	**-**	143	-
Flow-through premium through finance income	*23*	**-**	(143)	-
December, 2010 financing:				
Flow-through premium	*20*	**-**	97	-
Flow-through premium through finance income	*23*	**(48)**	(49)	-
July and August, 2011 financing:				
Flow-through premium	*20*	**150**	-	-
Flow-through premium through finance income	*23*	**(24)**	-	-
December, 2011 financing:				
Flow-through premium	*20*	**45**	-	-
		$ 171	$ 48	$ 369

17. PROVISION CLASSIFIED AS HELD FOR SALE

Decommissioning

The balance of $111,000 in the consolidated balance sheet as at January 1, 2010, was related to the Cameron Lake property. The Cameron Lake property was sold to Coventry on April 20, 2010 as described in Note 1 and the cost of decommissioning was assumed by the purchaser at that time. Accordingly, the decommissioning liability was de-recognized upon sale of the property.

18. LONG-TERM LIABILITIES

Loans and Borrowings - Secured Loan

As at January 1, 2010, the Company had a loan outstanding with a balance of $2,901,000 in relation to a long-term loan agreement entered into in 2009. The loan was due July 31, 2011 and bore interest at 8% calculated monthly and due upon repayment of the loan. Prepayment of the loan plus outstanding interest was allowed in full or in part. The loan was secured by the Company's shares in Cameron Lake JEX which owned an interest in the Cameron Lake project, the Company's shares in Gold Hawk as well as a mortgage over the Cameron Lake property.

The Company repaid the loan and related balances in full for cash of $2,972,000 on April 20, 2010 upon closing of the sale of Cameron Lake to Coventry as described in Note 1. The amount of interest on the long-term debt charged to the consolidated statement of operations and included in *Finance Costs* for 2010 amounted to $224,000, including $143,000 of amortization of loan fees.

Payable from Acquisition of Campbell Debt

The Company has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 13). The Company is required to pay $300,000 no earlier than April, 2013. The fair value of the amount, using a discount rate of 8%, is $266,000 as at December 31, 2011 (December 31, 2010 - $246,000). Nuinsco will accrete the value of the obligation by interest charges through operations until its repayment. In the year ended December 31, 2011, accretion of $20,000 (2010 - $5,000) was added to long-term obligations and recorded as interest expense.

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

19. OPERATING LEASE

Lease as Lessee

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

		December 31, 2011
Office rental		
Less than 1 year	$	98
Between 1 and 5 years		391
Total Minimum Lease Payments Payable	**$**	**489**

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts. The Company leases its head office under operating leases and has a lease term of five years and expires on September 30, 2016. During 2011, $141,000 was recognized as net rent expense through operations in respect of operating leases including operating costs (2010 – $117,000). Furthermore, $22,000 was recognized as a contra to rent expense through operations in respect of a sublease in 2011 (2010 - $44,000). The sublease expired on June 30, 2011.

20. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital

Authorized

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

Number of shares issued and outstanding

There are no special shares outstanding. The issued and outstanding common shares during the years ended December 31, 2011 and 2010 are as follows:

	Notes	Number of Shares	Gross Proceeds/ Consideration	Non-cash Items	Share Issue Costs	Flow-through Premium	Warrants and Options	Share Capital
Balance as at January 1, 2010		230,935,509						$ 93,130
Share issue costs		-	$ -	$ -	$ (4)	$ -	$ -	(4)
Shares issued for property	*(a)*	625,000	-	38	-	-	-	38
Issue of shares under Share Bonus Plan	*(b)*	1,871,600	-	131	-	-	-	131
Issue of flow-through common shares	*(c)*	7,142,857	500	-	(11)	(143)	(53)	293
Issue of flow-through common shares	*(d)*	2,433,228	438	-	(18)	(97)	(38)	285
Issue of common shares	*(e)*	10,000,000	500	-	(36)	-	(158)	306
Warrants exercised	*(f)*	622,098	79	-	-	-	16	95
Options exercised	*(g)*	575,000	39	-	-	-	27	66
Balance as at December 31, 2010		254,205,292	$ 1,556	$ 169	$ (69)	$ (240)	$ (206)	$ 94,340

	Notes	Number of Shares	Gross Proceeds/ Consideration	Non-cash Items	Share Issue Costs	Flow-through Premium	Warrants and Options	Share Capital
Balance as at January 1, 2011		254,205,292						$ 94,340
Issue of common shares	*(h)*	3,125,000	500	-	(7)	-	(68)	425
Options exercised	*(i)*	100,000	6	-	-	-	4	10
Warrants exercised	*(j)*	7,477,114	748	-	-	-	164	912
Issue of shares under Share Bonus Plan	*(k)*	112,000	-	16	-	-	-	16
Issue of flow-through common shares	*(l)*	10,000,000	1,500	-	(76)	(150)	(230)	1,044
Issue of flow-through common shares	*(m)*	4,517,823	407	-	(7)	(45)	(1)	354
Shares issued for property	*(n)*	674,578	-	94	-	-	-	94
Balance as at December 31, 2011		**280,211,807**	**$ 3,161**	**$ 110**	**$ (90)**	**$ (195)**	**$ (131)**	**$ 97,195**

(a) In May, 2010, the Company issued common shares pursuant to the option agreements entered into with respect to the Olympian property.

(b) In May, 2010, the Company issued common shares to employees and consultants as discretionary bonuses pursuant to the Company's Share Bonus Plan.

(c) In October, 2010, the Company issued flow-through common shares at a price of $0.07 per unit. The units included a half share purchase warrant as stated in Note 22. The Company apportioned proceeds of $143,000 to the flow-through premium and $53,000 was attributed to the unit warrants recorded in contributed surplus.

(d) In December, 2010, the Company issued flow-through common shares at a price of $0.18 per unit. The units included a half share purchase warrant as stated in Note 22. The Company apportioned proceeds of $97,000 to the flow-through premium and $38,000 was attributed to the unit warrants recorded in contributed surplus.

(e) Also in October 2010, the Company issued common shares at a price of $0.05 per unit. The units included a half share purchase warrant as stated in Note 22. Upon closing, the Company issued 600,000 finder's warrants. The Company apportioned proceeds of $120,000 to the unit warrants and $38,000 to the cost of the finder's warrants recorded in contributed surplus.

(f) Throughout 2010, 622,098 common shares were issued upon the exercise of warrants. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(g) In December, 2010, 575,000 common shares were issued upon the exercise of options. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(h) On January 10, 2011, the Company completed a private placement financing of securities at a price of $0.16 per unit. The units included a half share purchase warrant as described below. The Company apportioned proceeds to the cost of the warrants in contributed surplus as indicated in the table above.

(i) In 2011, 100,000 common shares were issued upon the exercise of options. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(j) During 2011, common shares were issued upon the exercise of warrants. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(k) On May 25, 2011, the Company issued common shares to an employee and officer as discretionary bonuses pursuant to the Company's Share Bonus Plan.

(l) In July and August 2011, the Company issued flow-through common shares at a price of $0.15 per unit. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of 24 months from closing. Upon closing, the Company issued 289,165 finder's warrants that entitle the holder to purchase one common share at an exercise price of $0.15 for a period of 24 months. The Company apportioned proceeds of $150,000 to the flow-through premium, $212,000 was attributed to the share purchase warrants and $18,000 to the cost of the finder's warrants recorded through contributed surplus.

(m) In December 2011, the Company issued flow-through common shares at a price of $0.09 per unit. Upon closing, the Company issued 22,833 finder's warrants that entitle the holder to purchase one common share at an exercise price of $0.09 for a period of 18 months. The Company apportioned proceeds of $45,000 to the flow-through premium and $1,000 to the cost of the finder's warrants recorded through contributed surplus.

(n) In August 2011, the Company issued common shares pursuant to the option agreement entered into with respect to the J. Tobrar property in Sudan.

Share Incentive Plan

The Company has a Share Incentive Plan which includes both a Share Purchase Plan and a Share Bonus Plan.

The purpose of the Share Incentive Plan is to encourage ownership of the common shares by directors, senior officers and employees of the Company and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of its business, to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company and its designated affiliates to attract and retain valued directors, officers, employees and consultants.

Share Purchase Plan

Under the Share Purchase Plan, eligible directors, senior officers and employees of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume weighted-average of the trading prices of the common shares on the TSX for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2011 or 2010. The maximum number of common shares issuable under the Share Purchase Plan is the lesser of: (i) that number of common shares that can be purchased with a dollar amount equal to 20% of the gross annual salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

Share Bonus Plan

The Share Bonus Plan permits common shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Company and its designated affiliates, and consultants from time-to-time. In 2011, 112,000 common shares were issued under the Share Bonus Plan (2010 - 1,871,600). The maximum number of common shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 common shares; and (ii) 2% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

The entitlement to shares issued under the Share Bonus Plan in 2011 and 2010 vested immediately. The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged through operations immediately.

Shareholder Rights Plan

In April, 2007, the Company adopted a shareholder rights plan ("Shareholder Rights Plan") which was subsequently confirmed by its shareholders at its 2007 Annual Meeting and the term extended to 2013 at the Annual Meeting held on June 2, 2010. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors authorized the issuance of one right (a "Right") in respect of each common share outstanding at the close of business on April 23, 2007 (the "Record Time"). In addition, the Board authorized the issuance of one Right in respect of each additional common share issued after the Record Time. Rights trade with and are represented by common share certificates, including certificates issued prior to the Record Time. Until such time as the Rights separate from the common shares and become exercisable, Rights certificates will not be distributed to shareholders.

If a person, or a group acting in concert, acquires (other than pursuant to an exemption available under the Shareholder Rights Plan) beneficial ownership of 20% or more of the common shares, Rights (other than those held by such acquiring person which will become void) will separate from the common shares and permit the holder thereof to purchase common shares at a 50% discount to their market price. A person, or a group acting in concert, who is the beneficial owner of 20% or more of the outstanding common shares as of the Record Time is exempt from the dilutive effects of the Shareholder Rights Plan provided such person (or persons) does not increase its beneficial ownership by more than 1% (other than in accordance with the terms of the Shareholder Rights Plan). At any time prior to the Rights becoming exercisable, the Board may waive the operation of the Shareholder Rights Plan with respect to certain events before they occur.

The issuance of the Rights is not dilutive until the Rights separate from the underlying common shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders currently trade their common shares.

Accumulated Other Comprehensive Income or Loss ("AOCI")

AOCI is comprised of the following separate components of equity:

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

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

21. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share ("EPS") for 2011 was based on the loss attributable to common shareholders of $4,403,000 (2010 – loss of $3,641,000) and, a weighted average number of common shares outstanding of 266,771,000 (2010 – 236,738,000) or after adjustment for the effects of all dilutive potential common shares of 274,378,000 (2010 – 239,641,000).

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

Weighted Average Number of Common Shares (Basic)

Years ended December 31,	Notes	2011	2010
Balance as at beginning of period		**254,205,000**	230,936,000
Effect of share options exercised	*20,22*	**66,000**	29,000
Effect of warrants exercised	*20,22*	**5,088,000**	72,000
Effect of shares issued pursuant to private placements	*20*	**7,065,000**	4,186,000
Effect of shares issued for property	*20*	**279,000**	397,000
Effect of shares issued under Share Bonus Plan	*20*	**68,000**	1,118,000
		266,771,000	236,738,000

Weighted Average Number of Common Shares (Diluted)

Years ended December 31,	Note	2011	2010
Weighted average number of common shares (basic)		**266,771,000**	236,738,000
Effect of share options granted and outstanding	*22*	**5,811,000**	2,903,000
Effect of warrants issued and outstanding	*22*	**1,796,000**	-
Weighted average number of common shares (diluted)		**274,378,000**	239,641,000

For 2011, 14,704,000 options and 10,678,000 warrants (2010 – 14,632,000 and 27,026,000 warrants) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the respective periods during which the options were outstanding.

22. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements

The Company's share-based payment arrangements are as follows:

Stock option plan (equity-settled)

The Company has a Stock Option Plan to encourage ownership of its shares by key management personnel (directors and executive management), employees and consultants, and to provide compensation for certain services. The terms of the Stock Option Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time-to-time.

As at December 31, 2011, the Company had 21,517,000 (December 31, 2010 – 20,596,000) common shares available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant. The Company does not have any cash-settled transactions.

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

Share purchase warrants (equity-settled)
Outstanding warrants as at December 31, 2011 consist of warrants issued pursuant to the rights offering and warrants issued pursuant to private placements. The Company does not have any cash-settled transactions.

Share Bonus Plan
The terms of the Company's Share Bonus Plan are set out in Note 20.

Terms and Conditions of Share-based Payment Arrangements
Stock Option Plan
The terms and conditions relating to the grants of the Stock Option Plan are as follows:

- Options issued during the period and granted to executive management, employees and consultants have a maximum term of five years and are equity-settled. Of the options granted, 50% vest immediately, while the remaining options are exercisable after one year.
- Options issued during the period and granted to directors have a maximum term of five years and are equity-settled. All options granted to directors vest immediately.
- Certain options issued prior to August 2006, had a maximum term of 10 years.
- All options are to be settled by physical delivery of shares.

Share purchase warrants
The terms and conditions relating to the grants of the share purchase warrants are as follows; all warrants are to be settled by physical delivery of shares and as such, are equity-settled. Warrants issued are generally exercisable for a period of 12 to 24 months from issue date; the warrants issued under the rights offering were not exercisable until 12 months from issue and expire 12 months thereafter.

Disclosure of Share-based Payment Arrangements
Stock Option Plan
The number and weighted average exercise prices of options are as follows:

	Number of options		**Weighted average exercise price**	
Years ended December 31,	**2011**	2010	**2011**	2010
Outstanding as at beginning of year	**17,535,000**	15,985,000	**$ 0.14**	$ 0.16
Granted	**5,105,000**	5,850,000	**$ 0.17**	$ 0.08
Cancelled	**-**	(200,000)	**$ -**	$ 0.25
Exercised	**(100,000)**	(575,000)	**$ 0.06**	$ 0.07
Expired	**(2,025,000)**	(3,525,000)	**$ 0.24**	$ 0.13
Outstanding as at end of year	**20,515,000**	17,535,000	**$ 0.14**	$ 0.14
Exercisable as at end of year	**19,362,500**	16,410,000	**$ 0.14**	$ 0.14

For options granted during 2011, the weighted average fair value at the date of grant was $0.15 (2010 - $0.053).

	Number of options outstanding		**Weighted average remaining contractual life (years)**	
Years ended December 31,	**2011**	2010	**2011**	2010
Range of exercise prices				
$0.030 to $0.050	**4,600,000**	4,625,000	**2.20**	3.19
$0.055 to $0.055	**1,100,000**	1,150,000	**3.61**	4.61
$0.060 to $0.100	**4,480,000**	4,375,000	**3.07**	4.01
$0.110 to $0.150	**1,350,000**	1,350,000	**0.92**	1.91
$0.160 to $0.170	**4,750,000**	-	**4.18**	-
$0.180 to $0.210	**-**	1,675,000	**-**	0.62
$0.220 to $0.260	**2,400,000**	2,175,000	**2.26**	3.06
$0.270 to $0.350	**1,635,000**	1,635,000	**1.06**	2.06
$0.360 to $0.488	**200,000**	550,000	**0.28**	1.07
	20,515,000	17,535,000	**2.74**	2.96

A total of 5,105,000 options were granted during 2011 (2010 – 5,850,000) to key management personnel, employees and consultants. This resulted in share-based payment expenses of $595,000 in 2011 (2010 - $346,000). Of the 20,515,000 options outstanding as at December 31, 2011, 1,152,500 are subject to vesting in the following year (as at December 31, 2010 – 17,535,000 options were outstanding of which 1,125,000 were subject to vesting in the following year). The aggregate fair value of these unvested options not yet charged to operations is $32,000 (as at December 31, 2010 - $2,000). For options exercised during 2011, the weighted average market price was $0.15; during 2010, the weighted average market price was $0.14.

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

Share purchase warrants

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

		Number of warrants		**Weighted average exercise price**	
Years ended December 31,	**Date Issued**	**2011**	2010	**2011**	2010
Issued for services rendered	July 17, 2008		233,000		$ 0.22
	September 10, 2008		100,000		$ 0.20
Expired			(333,000)		
Issued pursuant to rights offering	April 22, 2009	**7,629,996**	7,629,996	**$ 0.10**	$ 0.10
Exercised		**(7,350,829)**	(288,765)		
Expired		**(279,167)**	-		
Issued pursuant to private placements					
	December 21, 2009	**9,445,020**	9,445,020	**$ 0.15**	$ 0.15
Exercised		**(333,333)**	(333,333)		
Expired		**(9,111,687)**	-		
	December 31, 2009	**185,000**	185,000	**$ 0.15**	$ 0.15
Expired		**(185,000)**	-		
	October 4, 2010	**5,600,000**	5,600,000	**$ 0.10**	$ 0.10
	October 4, 2010	**3,571,429**	3,571,429	**$ 0.10**	$ 0.10
Exercised		**(415,050)**	-		
Expired		**(3,156,379)**	-		
	December 31, 2010	**1,216,615**	1,216,615	**$ 0.25**	$ 0.25
Expired		**(1,216,615)**	-		
	January 10, 2011	**1,562,500**		**$ 0.22**	
	July 29, 2011	**1,833,315**		**$ 0.20**	
	August 3, 2011	**2,151,533**		**$ 0.20**	
	August 29, 2011	**333,334**		**$ 0.20**	
	August 30, 2011	**970,984**		**$ 0.20**	
	December 30, 2011	**22,833**		**$ 0.09**	
Outstanding as at end of year		**12,474,499**	27,025,962	**$ 0.16**	$ 0.12

Warrants generally expire 12 to 24 months from issue date. Warrants issued pursuant to the rights offering were exercisable for a period of twelve months commencing April 23, 2010. The warrants issued in January, 2011 and December, 2011, expire in 12 and 18 months, respectively; all other warrants outstanding are exercisable upon issue for 24 months.

Inputs for Measurement of Grant Date Fair Values

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

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

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

	Options		Warrants	
Years ended December 31,	**2011**	2010	**2011**	2010
Fair value at grant or modification date	**$0.055 to $0.169**	$0.037 to $0.057	**$0.041 to $0.064**	$0.035 to $0.063
Share price at grant date	**$0.075 to $0.235**	$0.055 and $0.080	**$0.08 to $0.18**	$0.10 and $0.17
Assumptions				
Exercise price	**$0.075 to $0.235**	$0.050 to $0.080	**$0.09 to $0.22**	$0.10 and $0.25
Expected volatility	**104% and 108%**	100% to 104%	**88% to 97%**	90% to 126%
Life (years)	**4**	3.75 to 4.5	**1 to 2**	1 and 2
Expected dividends	**-**	-	**-**	-
Risk-free interest rate	**1.18% and 2.31%**	2.0% and 2.5%	**0.96% to 1.67%**	1.37% to 1.67%

23. FINANCE INCOME AND FINANCE COSTS

Years ended December 31,	***Notes***	**2011**	2010
Interest income on bank deposits		**$ 4**	$ 3
Loan fee	*8*	**-**	33
Flow-through premium	*16*	**72**	561
Net foreign exchange gain		**-**	161
Finance income		**76**	758
Interest expense on financial liabilities measured at amortized cost	*1,18*	**(25)**	(224)
Net change in fair value of financial assets through operations	*8*	**-**	(403)
Net foreign exchange loss		**(74)**	-
Finance costs		**(99)**	(627)
Net Finance (Costs) Income		**$ (23)**	$ 131

24. INCOME TAXES

The income tax amount in the year ended December 31, 2011 is an expense of $105,000 (2010 – $1,212,000), and in 2011, relates to income taxes on the change in value of marketable securities, whereas in 2010 is related to the sale of Cameron Lake.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for the years ended December 31, 2011 and 2010, of 26.5% and 29.0% respectively, to the income before income taxes.

The differences are summarized as follows:

Years ended December 31,	**2011**	2010
Statutory rate applied to loss before income taxes	$ (1,139)	$ (704)
Non-taxable income	(19)	(163)
Non-deductible items, net	169	147
Effect of rate change	(66)	6
Effect of change through OCI	105	(20)
Unrecognized deferred tax assets	1,055	1,946
Income tax expense	**$ 105**	$ 1,212

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

25. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel (Note 26). The projects are currently located in Canada and Turkey. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as *Exploration and evaluation projects* on the consolidated balance sheets.

Geographical Information

As at December 31,	*Notes*		**2011**		2010
Canada					
Corporate		**$**	**2,224**	$	7,034
Chibougamau camp	*11,12,13*		**5,206**		4,263
Royalty interest	*14*		**3,000**		3,000
Diabase	*12*		**8,041**		6,943
Prairie Lake	*12*		**2,886**		2,333
			21,357		23,573
Turkey					
Berta	*12*		**1,197**		1,733
Elmalaan	*12*		**-**		1,100
			1,197		2,833
Egypt					
Bukari	*12*		**-**		273
			-		273
Total Assets		**$**	**22,554**	$	26,679

Revenues in each period are all attributable to the corporate office in Canada. There have been no changes in the reportable segments or the treatment of segmented assets and revenues year-over-year.

26. RELATED PARTIES & MANAGEMENT AGREEMENT

Transactions and Balances with Victory Nickel and Related Parties

The Company shares management, administrative assistance and facilities with Victory Nickel pursuant to a management agreement. The costs recovered from Victory Nickel are recorded at the cost to the Company of such services plus 10 per cent. The management agreement commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice.

Balances and transactions with Victory Nickel and related parties as at and for the years ended December 31, 2011 and 2010 are shown in the following tables:

		December 31, 2011		December 31, 2010		January 1, 2010
Balances Outstanding						
Receivable from Victory Nickel Inc.	**$**	**-**	$	21	$	33
Payable to Victory Nickel Inc.	**$**	**20**	$	-	$	-
Payable to key management personnel	**$**	**158**	$	111	$	301

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

Years ended December 31,		2011		2010
Transaction Values				
Overhead charges to Victory Nickel Inc.	**$**	**829**	$	719
Project costs charged by Victory Nickel Inc.	**$**	**39**	$	26
Project recoveries charged to Victory Nickel Inc.	**$**	**67**	$	38

Amounts due to or from Victory Nickel are unsecured, non-interest bearing and due on demand. Amounts due to or from Victory Nickel are settled on a regular basis. Payables to key management personnel generally relate to directors' fees, consulting fees and expense reimbursements.

Transactions with Key Management Personnel

Short-term employee benefits provided by the Company include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Stock Option Plan and the Share Bonus Plan (Notes 22 and 20).

Key management personnel compensation comprised:

Years ended December 31,	*Notes*		2011		2010
Short-term employee benefits		**$**	**715**	$	646
Share-based payments - options	*22*		**451**		294
Share-based payments - Share Bonus Plan	*20*		**11**		116
		$	**1,177**	$	1,056

27. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

Years ended December 31,		2011	2010
Ownership Interest	**Country of Incorporation**		
Lakeport Gold Corporation	Canada	**100%**	100%
CBay Minerals Inc. (formerly 7591802 Canada Inc.)	Canada	**50%**	50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%
Nuinsco Exploration Inc.	BVI	**50%**	50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	**50%**	50%
NuMENA Minerals Corp.	Canada	**100%**	n/a

None of the companies included in the table above is a public company. Lakeport Gold Corporation is inactive; CBay Minerals Inc. (formerly 7591802 Canada Inc.) is a jointly-controlled entity with Ocean Partners and owns the Chibougamau mining camp; Nuinsco Madencilik Sanaye Ticaret is a wholly-owned subsidiary and was incorporated to hold the Company's Turkish licenses; Nuinsco Exploration Inc. is a jointly-controlled entity with QCC and was pursuing the rights, through Z-Gold Resources Limited to the gold concessions in Egypt; NuMENA Minerals Corp. is presently inactive and was incorporated as a potential vehicle to spin off certain of the Company's assets in the MENA region. This initiative has been put on hold.

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

28. JOINTLY-CONTROLLED ENTITIES

The Company has interests in two joint ventures that are jointly-controlled. The joint ventures are proportionately consolidated. Included in the Company's consolidated financial statements are the following items that represent the Company's interests in the assets and liabilities, revenues and expenses of the respective joint ventures:

As at and for the years ended December 31,	Notes		2011		2010
CBay Minerals Inc. (formerly 7591802 Canada Inc.)					
Current assets		**$**	**2**	$	-
Property and equipment	*11*	**$**	**1,386**	$	-
Exploration and evaluation project	*12*	**$**	**3,820**	$	-
Interest in Chibougamau	*13*	**$**	**-**	$	1,125
Current liabilities		**$**	**212**	$	-
Long-term liabilities		**$**	**266**	$	-
Writedown of interest in Chibougamau	*(a)*	**$**	**3,526**	$	-
Nuinsco Exploration Inc.					
Current assets		**$**	**10**	$	171
Exploration and evaluation projects		**$**	**-**	$	237
Current liabilities		**$**	**-**	$	6
Other expenses		**$**	**44**	$	16

(a) The writedown of interest in Chibougamau is offset by an equal and offsetting adjustment in Nuinsco therefore the writedown is $nil on consolidation, before taking effect of revaluation of estimated recoverable amount.

29. COMMITMENT

Flow-through Commitments

As at December 31, 2011, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2011 of $1,668,000 (December 31, 2010 - $217,000 for flow-through share financings in 2010). The 2011 commitment is required to be satisfied by December 31, 2012; the 2010 commitment has been fulfilled.

30. 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.

31. SUBSEQUENT EVENT

There are no subsequent events not already disclosed elsewhere in the consolidated financial statements except as follows:

Flow-through Financing

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

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

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

32. EXPLANATION OF TRANSITION TO IFRS
As stated in Note 2(a), these consolidated financial statements are prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the consolidated financial statements for the year ended December 30, 2011, the comparative information presented in these consolidated financial statements for the year ended December 31, 2010 and the opening IFRS consolidated balance sheet as at January 1, 2010 (Nuinsco's date of transition).

In preparing its IFRS financial information, Nuinsco has adjusted amounts reported previously in financial statements prepared in accordance with predecessor Canadian GAAP in effect for the Company prior to the transition date ("pre-transition Canadian GAAP"). An explanation of how the transition from pre-transition Canadian GAAP to IFRS has affected Nuinsco's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The Company did not identify any material errors in its application of pre-transition Canadian GAAP. Furthermore, there have been no material differences identified in previously-disclosed adjustments to IFRS.

Concurrent with the work performed for transition to IFRS, the Company took the opportunity to consider its financial disclosures and decided to make additional reclassifications. While these are not as a direct result of the IFRS transition, the Company has identified such reclassifications in order to assist the reader in making comparisons with historic financial information which has previously been published. These reclassifications are identified as being non-IFRS reclassifications in the notes to the reconciliations.

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

Reconciliation of Equity – Comparative and Transition Balance Sheets

	Notes	December 31, 2010 Pre-transition Canadian GAAP	December 31, 2010 Effect of Transition	December 31, 2010 IFRS	January 1, 2010 Pre-transition Canadian GAAP	January 1, 2010 Effect of Transition	January 1, 2010 IFRS
ASSETS							
Current assets							
Cash and cash equivalents		$ 628	$ -	$ 628	$ 1,490	$ -	$ 1,490
Restricted cash		199	-	199	-	-	-
Receivables	*b*	603	71	674	259	91	350
Due from Victory Nickel Inc.	*b*	21	(21)	-	33	(33)	-
Marketable securities		5,463	-	5,463	2,099	-	2,099
Prepaid expenses and deposits	*b*	50	(50)	-	58	(58)	-
Assets classified as held for sale	*d*	-	-	-	-	11,550	11,550
Total current assets		6,964	-	6,964	3,939	11,550	15,489
Non-current assets							
Property and equipment	*e*	70	-	70	59	-	59
Exploration and evaluation projects	*f,g*	12,266	116	12,382	9,657	323	9,980
Assets classified as held for sale	*d*	-	-	-	1,700	(1,700)	-
Interest in Chibougamau		4,263	-	4,263	2,297	-	2,297
Royalty interest	*h*	3,000	-	3,000	-	-	-
Deferred tax assets		-	-	-	1,297	-	1,297
Total non-current assets		19,599	116	19,715	15,010	(1,377)	13,633
Total Assets		$ 26,563	$ 116	$ 26,679	$ 18,949	$ 10,173	$ 29,122
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Trade and other payables	*j*	$ 2,553	$ 48	$ 2,601	$ 1,243	$ 369	$ 1,612
Provision classified as held for sale	*i*	-	-	-	-	111	111
Total current liabilities		2,553	48	2,601	1,243	480	1,723
Non-current liabilities							
Loans and borrowings		-	-	-	2,901	-	2,901
Other long-term liability		246	-	246	-	-	-
Asset retirement obligation	*i*	-	-	-	111	(111)	-
Total Liabilities		2,799	48	2,847	4,255	369	4,624
Shareholders' equity							
Share capital	*j*	94,314	26	94,340	93,396	(266)	93,130
Contributed surplus	*j*	4,291	(32)	4,259	3,707	-	3,707
Accumulated other comprehensive income (loss)	*m*	735	(139)	596	(617)	-	(617)
Deficit	*n*	(75,576)	213	(75,363)	(81,792)	10,070	(71,722)
Total shareholders' equity		23,764	68	23,832	14,694	9,804	24,498
Total Liabilities and Shareholders' Equity		$ 26,563	$ 116	$ 26,679	$ 18,949	$ 10,173	$ 29,122

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

Reconciliation of Profit or Loss for the Year Ended December 31, 2010

	Notes	Year ended December 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS
Revenues				
Interest income	*m*	$ 3	$ (3)	$ -
Net loss on sale of marketable securities	*m*	(158)	158	-
Loan fee	*m*	33	(33)	-
Expenses				
General and administrative costs		(1,422)	-	(1,422)
Share-based payments - options		(346)	-	(346)
Share-based payments - Share Bonus Plan		(131)	-	(131)
Amortization of property and equipment		(14)	-	(14)
Accretion of decommissioning		(3)	-	(3)
Interest expense	*m*	(224)	224	-
Pre-exploration write-offs	*f*	-	(223)	(223)
Writedown of exploration and evaluation projects	*d,f,g*	(695)	274	(421)
Net foreign exchange gain	*m*	161	(161)	-
Operating loss		(2,796)	236	(2,560)
Finance income	*m*	-	758	758
Finance costs	*m*	-	(627)	(627)
Net finance income		-	131	131
Gain on sale of Cameron Lake	*d*	10,108	(10,108)	-
Provision for writedown of marketable security	*m*	(1)	1	-
Net change in fair value of financial assets at fair value through operations	*m*	(403)	403	-
Income (Loss) before income tax		6,908	(9,337)	(2,429)
Income tax expense	*o*	(692)	(520)	(1,212)
Net Income (Loss) for the Period		$ 6,216	$ (9,857)	$ (3,641)
Earnings (loss) per share				
Basic earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)
Diluted earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)

Reconciliation of Comprehensive Income (Loss) for the Year Ended December 31, 2010

	Notes	Year ended December 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS
Net income (loss) for the year		$ 6,216	$ (9,857)	$ (3,641)
Other comprehensive income (loss)				
Net change in fair value of financial assets		1,298	-	1,298
Net change in fair value of financial assets transferred to profit or loss	*m*	158	(158)	-
Change in the fair value as "other-than-temporary" and reclassification through operations	*m*	1	(1)	-
Income tax expense	*m*	(105)	20	(85)
Other comprehensive income (loss) for the year		1,352	(139)	1,213
Total Comprehensive Income (Loss) for the Year		$ 7,568	$ (9,996)	$ (2,428)

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

Notes to the Reconciliations

a) *Adjustments to the Statement of Cash Flows for 2010*

Consistent with the Company's accounting policy choice under IAS 7, Statement of Cash Flows, there were several reclassifications required as a result of the requirements for reporting finance income and finance costs. There are no material differences between the cash flows presented under IFRS and the cash flows presented under pre-transition Canadian GAAP.

b) *Non-IFRS reclassifications*

While not specifically related to IFRS changes, the Company determined that it would reclassify certain elements on the face of the balance sheets; these elements are now included in the notes to the consolidated financial statements. Such reclassifications are summarized as follows:

Consolidated Balance Sheets	**December 31, 2010**	**January 1, 2010**
Increase in receivables	$ 71	$ 91
Decrease in due from Victory Nickel Inc.	(21)	(33)
Decrease in prepaid expenses and deposits	(50)	(58)
	$ -	$ -

c) *IFRS 3 Business Combinations ("IFRS 3")*

The Company has elected under IFRS 1, not to apply IFRS 3 retrospectively to business combinations that occurred prior to January 1, 2010 (the date of transition to IFRS). Accordingly, the Company has continued with the same accounting treatment of the business combinations under pre-transition Canadian GAAP.

d) *Assets classified as held for sale*

Under IFRS, upon management's determination of a plan to divest assets, such assets should be classified as current assets. As at the transition date, a binding agreement had been reached with Coventry to sell the Cameron Lake project and mill.

Furthermore, the Cameron Lake project had been written down in 1999 by $17,705,000 and a further $250,000 in 2005. Under IFRS, reversals of writedowns are permitted and required where the recoverable value of the project is supported. Accordingly, because terms of the sales agreement had been reached, the Company had increased the value of the Cameron Lake project which is included in exploration and evaluation projects to reflect the then-fair-value of the sales consideration. As at the date of transition, the IFRS adjustment was to reduce deficit by $9,850,000. This represented a timing difference; under IFRS, the gain on sale of Cameron Lake has been eliminated in the December 31, 2010 comparative financial statements with a net effect of increasing the period's net loss by $9,850,000. Therefore, the net effect of these adjustments on the Company's deficit by December 31, 2010 was $nil.

The effect of the above is summarized as follows:

Consolidated Balance Sheets	**December 31, 2010**	**January 1, 2010**
Increase in assets classified as held for sale - current assets	$ -	$ 9,850
Increase in assets classified as held for sale - current assets	-	1,700
Decrease in assets classified as held for sale - non-current assets	-	(1,700)
Decrease in deficit	$ -	$ 9,850

Consolidated Statement of Operations	**Year ended December 31, 2010**
Increase in recovery of exploration and evaluation projects - Cameron Lake	$ 258
Eliminate gain on sale of Cameron Lake	(10,108)
Increase in net loss	$ (9,850)

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

e) Property and equipment
In accordance with IFRS 1, the Company has elected to continue to account for its property and equipment using the cost model. The Company reviewed its property and equipment for impairment as at the transition date and determined that no impairment existed.

f) Exploration and evaluation projects
The Company has elected to continue to capitalize exploration costs; furthermore, the Company believes that the value of exploration and evaluation costs does not contain any material costs which were incurred prior to securing the legal right to explore the properties, except for certain expenditures incurred in Egypt prior to the terms of the concession agreement being reached with EMRA. Furthermore, the Company previously recorded all write-offs of project generation costs within writedown of exploration and development projects, under IFRS these are now reclassified as pre-exploration write-offs; there was no impact on deficit from these reclassifications.

The impact arising from the change in capitalization of exploration costs is summarized as follows:

Consolidated Balance Sheets	**December 31, 2010**	**January 1, 2010**
Decrease in exploration and evaluation projects - Bukari Egypt	$ (209)	$ (2)
Increase in deficit	$ (209)	$ (2)

Consolidated Statement of Operations	**Year ended December 31, 2010**
Increase in pre-exploration write-offs - Bukari Egypt	$ (207)
Increase in pre-exploration write-offs - Other	(16)
Increase in pre-exploration write-offs	(223)
Decrease in writedown of exploration and evaluation projects	16
Increase in operating loss	$ (207)

g) Impairment of exploration and evaluation projects
Under pre-transition Canadian GAAP, the Company evaluated its exploration and evaluation projects for impairment using information including projected cash flows. Such cash flows were not discounted. Under IFRS, impairment evaluations are performed using discounted cash flows. At the date of transition, the Company assessed its exploration and evaluation projects using discounted cash flows at a rate of 8% where such cash flows were available and determined that no adjustment was required to writedown the value of its projects.

In the year ended December 31, 2005, Nuinsco recorded a writedown of its Prairie Lake property in the amount of $325,000 due to a change in recoverable value at that time. Under IFRS, reversals of writedowns are permitted and required where the recoverable value of the project is supported. Accordingly, given the inherent value in the property, the Company has increased the value of the Prairie Lake project which is included in exploration and evaluation projects by the amount of the previous writedown.

The impact arising from the reversal of the writedown is summarized as follows:

Consolidated Balance Sheets	**December 31, 2010**	**January 1, 2010**
Increase in exploration and evaluation projects - Prairie Lake	$ 325	$ 325
Decrease in deficit	$ 325	$ 325

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

The net effect of reclassifications to pre-exploration write-offs and adjustments to the carrying values of Cameron Lake on writedown/recovery of exploration and evaluation projects is as follows:

Consolidated Statement of Operations		**Year ended December 31, 2010**
Increase from change in value of Cameron Lake	$	258
Decrease from reclassification to pre-exploration write-offs		16
Net effect on writedown of exploration and evaluation projects	$	274

Refer to Notes (d) and (f) for discussion of the items above.

h) Impairment of royalty interest

The royalty interest was valued under pre-transition Canadian GAAP using discounted cash flow estimates among other things. Impairment testing under IFRS also requires cash flows to be discounted. Accordingly, the Company determined that no impairment of the royalty interest existed after transition – in particular, this would have had an impact on the fair value of the Cameron Lake property discussed earlier in this note.

i) Decommissioning

Under pre-transition Canadian GAAP, an asset retirement obligation (decommissioning provision) was recorded in respect of Nuinsco's legal obligation to restore a site to its original condition. The obligation was measured at fair value and accretion of the obligation was recorded as an operating expense under Canadian GAAP prior to transition date. In accordance with IFRS, the obligation would require to be re-measured based on management's best estimate of the expenditures required to restore the site at the transition date and the accretion would be recorded as a finance expense. Given the impending sale of the Cameron Lake project and the resultant de-recognition of the decommissioning (which in any case was not material), the Company did not calculate any adjustments as they would have been immaterial and meaningless in the circumstances.

Furthermore, the decommissioning liability is classified as a liability held for sale under IFRS which requires it to be classified as a current liability; pre-transition Canadian GAAP required it to be classified as a non-current liability.

The impact arising from the reclassification is as follows:

Consolidated Balance Sheets		**December 31, 2010**		**January 1, 2010**
Increase in provision classified as held for sale - current liabilities	$	-	$	111
Decrease in asset retirement obligation - non-current liabilities		-		(111)
	$	-	$	-

j) Flow-through share financing

Under pre-transition Canadian GAAP, the Company accounted for the tax effects of renouncing expenditures in favour of its investors upon formal renunciation to the CRA on its deadline of February 28 in each year. Furthermore, the Company recorded the entire amount of financing received, net of issue expenses and any related taxes, as equity in share capital with an appropriate apportionment of proceeds to any warrants issued. In accordance with interpretations of IFRS, the Company's selected accounting treatment requires recognition of the tax effects of renunciation upon incurring expenditures related to the flow-through shares, as well as an identification of the premium associated with the tax benefits passed on to the subscribers of the flow-through shares and amortization thereof to operations upon incurring expenditures related to the flow-through shares. Flow-through expenditures are sometimes made in different reporting periods than the one in which formal renunciation to the CRA takes place.

The accounting policy determined by the Company is reflected in Note 3.

There is no applicable exemption available to the Company and the cumulative impact of the bifurcation of the flow-through premium as well as the different treatment of renunciation must be made. The Company made a best-efforts attempt to calculate the historic impact of renunciation and premium recognition based upon the presently-available information; given that historic differences would represent a reclassification between share capital and deficit upon transition, both of which are components of equity, the Company considers that any differences are not material.

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

The impact arising from the change is summarized as follows:

Consolidated Balance Sheets		December 31, 2010		January 1, 2010
Increase in trade and other payables - set up flow-through premium liability	$	(609)	$	(369)
Increase in deficit - reverse historic renunciation		5,362		5,362
Decrease in income tax recovery - reverse renunciation		500		-
Decrease in deficit - set up premium		(5,259)		(5,259)
Decrease in contributed surplus - adjust proceeds attributable to warrants		32		-
Increase in share capital	$	26	$	(266)
Decrease in share capital - set up flow-through premium liability	$	609	$	369
Decrease in deficit - adjust flow-through premium liability		(561)		-
Increase in trade and other payables	$	48	$	369

Consolidated Statement of Operations		Year ended December 31, 2010
Increase in finance income - record premium upon flow-through spending	$	561
Increase in net income - adjust flow-through premium liability	$	561

k) Share-based payments
The Company has elected under IFRS 1 not to adopt retroactive application of fair value accounting on share-based payments granted and vested prior to transition.

Accordingly, there are no differences arising from the transition to IFRS.

l) Borrowing costs
Under pre-transition Canadian GAAP, the Company's policy was to expense borrowing costs as incurred. The Company has elected under IFRS 1 not to adopt retroactive capitalization of borrowing costs to qualifying assets.

Accordingly, there are no differences arising from the transition to IFRS.

m) IFRS 9, finance income and finance costs
Under IFRS there are several reclassifications required to report components of finance income and finance costs. Furthermore, the Company chose to early-adopt the provisions of IFRS 9 and determined that changes in the value of the shares in its marketable securities portfolio would be accounted for as financial assets through OCI; there are also income tax effects with respect to this.

The impact arising from the change is as follows:

Consolidated Balance Sheets		December 31, 2010		January 1, 2010
Decrease in AOCI - (loss) gain on marketable securities	$	(159)	$	-
Increase in AOCI - tax effect thereon		20		-
Net decrease in AOCI		(139)		-
Decrease in deficit - (loss) gain on marketable securities		158		-
Decrease in deficit - provision for writedown of investment		1		-
Increase in deficit - tax effect thereon		(20)		-
Net decrease in deficit		139		-
	$	-	$	-

Consolidated Statement of Operations	**Year ended December 31, 2010**
Decrease in interest income	$ 3
Decrease in loan fee	33
Decrease in net foreign exchange gain	161
Record premium on flow-through spending	561
Finance income	$ 758

Consolidated Statement of Operations	**Year ended December 31, 2010**
Decrease in interest expense	$ 224
Decrease in fair value of financial assets at fair value through operations	403
Finance costs	$ 627

n) Deficit

The above changes (increased) decreased deficit as follows:

Consolidated Balance Sheets	**December 31, 2010**	**January 1, 2010**
Gain on sale of Cameron Lake	$ (10,108)	$ -
Adjustment to fair value of Cameron Lake	9,850	9,850
Adjustment to fair value of Cameron Lake proceeds	258	-
	-	9,850
Pre-exploration write-offs - Egypt	(209)	(2)
Adjustment to fair value of Prairie Lake	325	325
IFRS 9 - reclassify loss through OCI	159	-
IFRS 9 - tax effects	(20)	-
Flow-through share premium - transition	5,209	5,209
Flow-through share renunciation - transition	(5,362)	(5,362)
Adjust premium on flow-through upon spending	611	50
Adjust renunciation on flow-through	(500)	-
Decrease in deficit	$ 213	$ 10,070

o) Income tax

The above changes affected income taxes recorded through the consolidated statement of operations as follows:

Consolidated Statement of Operations	**Year ended December 31, 2010**
Decrease in income tax recovery - reverse renunciation of flow-through expenditures	500
Record income taxes on changes in fair values through OCI	20
Net increase in income tax expense	$ 520

NUINSCO RESOURCES LIMITED

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

DATED MARCH 27, 2012

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010

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

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

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

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

COMPANY OVERVIEW

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

The Company continues to achieve positive results from its Diabase Peninsula project and the Prairie Lake complex and in 2011 achieved a milestone along with Ocean Partners Holdings Limited ("Ocean Partners") by successfully bidding for the assets of the prolific Chibougamau mining camp in northern Québec through the court-supervised CCAA process. In 2012, a 2,000m drill program is ongoing at the Diabase Peninsula uranium project in Saskatchewan, additional testing is underway to establish whether or not marketable phosphate and niobium concentrates can be produced at Prairie Lake and an exploration program at Chibougamau is planned for the second quarter of 2012.

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

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

Going Concern

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company’s projects through exploration and development to the production stage will require significant financing. Furthermore, the Company has received reassessments from the Canada Revenue Agency (“CRA”) as described in Note 30 to the 2011 Audited Consolidated Financial Statements. Given the current economic climate, the ability to raise funds may prove difficult. Refer to the Risks and Uncertainties section for additional information.

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

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

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

Sale of Cameron Lake Property to Coventry Resources Limited

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

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

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

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

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

SIGNIFICANT EVENTS

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

Corporate

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

Gold

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

Copper

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

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

Uranium, Phosphorus and Rare Metals

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

OUTLOOK

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

Chibougamau

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

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

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

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 3,000 tonne per day mill and tailings facility; and
- in excess of 96,000 acres of highly-prospective exploration property.

Management has always believed that the Chibougamau properties provide not only production opportunities but also extremely attractive exploration potential. Given the paucity of exploration on these properties in the past 20-30 years the old adage that "the best place to look for new ore is in the shadow of a head frame" was never more apt than in Chibougamau.

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

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

Prairie Lake

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

Diabase Peninsula

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

MENA (Egypt, Turkey and Sudan)

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

Egypt and Sudan

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

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

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

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

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

Turkey

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

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

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

Overall

Nuinsco is fortunate to have always had numerous very attractive projects in a variety of world class locations. The strength and benefits of this strategy, a form of hedge against adverse events, have been made even more evident with the need to curtail activities on some of its projects due to political and economic events beyond its control. While today’s confused equity markets persist, management believes that the significant disconnect between share price and asset value cannot last. The recent lack of funding available for the exploration activities required to replace global resources which are being depleted at an exponential rate to fuel growing demand for natural resources will hopefully result in a recovery as the availability of advanced exploration projects disappears due to this lack of funding.

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

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

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

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

SELECTED FINANCIAL INFORMATION

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

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

RESULTS OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUMMARY OF QUARTERLY RESULTS

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

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

Fiscal year 2011	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance income (costs)	$ 7	$ (13)	$ (68)	$ 51
Net loss	$ (2,115) (1)	$ (463)	$ (817) (3)	$ (1,008) (5)
Total comprehensive loss	$ (2,597) (2)	$ (574)	$ (1,908) (4)	$ (1,075)
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
Fiscal year 2010	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Net finance income (costs)	$ 366 (6)	$ (66)	$ (182)	$ 13
Net income (loss)	$ 58	$ (1,179) (8)	$ (1,404) (10)	$ (1,116) (12)
Total comprehensive income (loss)	$ 1,266 (7)	$ (155) (9)	$ (2,535) (11)	$ (1,004)
Income (loss) per share - basic and diluted	$ 0.00	$ (0.01)	$ (0.01)	$ (0.00)

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

(1) Includes writedown of Sudan of $719,000, writedown of Egypt of $803,000 and writedown of Elmalaan of $1,100,000 offset by a recovery of provision for Chibougamau of $870,000.

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

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

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

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

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

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

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

Cash generated from financing activities was $3,071,000 in the year ended December 31, 2011, compared with cash used of $1,485,000 in 2010. On January 10, 2011, the Company completed a private placement financing of 3,125,000 units of securities at a price of $0.16 per unit generating net proceeds of $493,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 24 months from closing. In July and August, 2011, the Company completed another private placement financing of 10,000,000 units of securities at a price of $0.15 per unit generating net proceeds of $1,424,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of 24 months from closing. In December 31, 2011, a further private placement closed on a flow-through basis generating net proceeds of $400,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXPLORATION AND EVALUATION ACTIVITIES

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

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

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

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

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

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

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

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

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

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

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

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

Due to the small size of uranium orebodies relative to most other types of economic mineral deposits, tight drill-hole spacing is necessary in order to adequately evaluate prospective targets.

Prairie Lake Property, Ontario

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

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

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

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

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

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

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

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

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

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

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

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

As described in the Outlook, the Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 16 past-producing mines on the Lac Doré complex alone. Nuinsco and Ocean Partners now own eight past-producers on the Lac Doré complex and the significant potential to add to the known mineralization at these projects, one partially-developed high-grade copper mine - Corner Bay, a permitted 3,000 tonne per day mill and tailings facility and in excess of 96,000 acres of highly-prospective exploration property.

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

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

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

Turkish Properties

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

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

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

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

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

Nuinsco recorded an amount owing to Xstrata of approximately $454,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company's share of expenditures on Berta. As noted in the MD&A for March 31, 2011, discussions with Xstrata were underway, including discussions to buy Xstrata's share of the joint venture. Subsequently, Xstrata advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco opted not to pay the full share of the recorded expenditures and has allowed itself to be diluted to approximately 36%. In the second quarter, the Company made adjustments to the carrying value of the project of $616,000, trade and other payables of $553,000 and recorded a foreign exchange loss of $63,000. Nuinsco continues to accrue for its reduced proportionate share of expenditures on Berta based on budgets provided by Xstrata.

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

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

Egypt

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

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

Sudan

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

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

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

Olympian Project Option

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

Cameron Lake Project, Ontario

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

INVESTMENTS

Gold Hawk Resources Inc.

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

Victory Nickel Inc.

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

Coventry Resources Limited

Pursuant to the sale of Cameron Lake, Nuinsco received 12,000,000 shares in Coventry (an approximate 6.9% interest) as well as a 3% NSR royalty over future production from the property. By selling the asset but retaining an interest in Coventry, as well as the royalty, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focussed on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Ardeen Gold Project in Northern Ontario. As at March 27, 2012, the Company owns 7.4 million shares with a fair value of $1,079,000.

IMPAIRMENT ANALYSIS

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

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

NEW ACCOUNTING POLICIES

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

SUMMARY OF IFRS IMPLEMENTATION

Overview

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

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

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

IFRS 1 Elections

The Company elected under IFRS 1, as follows:

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

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

Assets classified as held for sale

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

Property and equipment

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

Expenditures on exploration and evaluation projects

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

Impairment of exploration and evaluation projects

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

Flow-through share financing

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

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

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

Finance income and finance costs

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

IFRS 9 – Financial Instruments

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

Deficit

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

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

Involvement by Advisers

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

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

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

IFRS 10 - Consolidated Financial Statements

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

IFRS 11 - Joint Arrangements

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

IFRS 12 – Disclosure of Interests in Other Entities

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

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

IFRS 13 – Fair Value Measurement

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

IAS 28 – Investments in Associates and Joint Ventures

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

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

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, meets with management to review the 2011 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the Audited Consolidated Financial Statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Evaluation of Disclosure Controls and Procedures

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

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

Evaluation of Internal Control over Financial Reporting

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

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

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

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENT

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

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

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

OUTSTANDING SHARE DATA

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

RECENT DEVELOPMENTS

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

Flow-through Financing

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

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

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

CONTINGENCY

CRA Reassessment

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

RISKS AND UNCERTAINTIES

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

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

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

Resources, Reserves and Production

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

Title Risks

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

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

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

Financial and Investment Risks

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

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

Metal Prices
There is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond Nuinsco's control – including factors which are influenced by worldwide circumstances. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of precious and base metals has historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Nuinsco's business, financial condition and prospects. Given the stage of development of Nuinsco's projects, the above factors have had no material impact on present operations but are considered in evaluating the impairment of long-lived assets.

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

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

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

Regulatory Risks

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

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

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

Other Risks

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

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

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

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

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

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

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

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

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

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

Investments and Other Agreements with Resource Companies

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

Summary

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector. These include the extent to which it can outline natural resources on its properties and establish the economic viability of developing those properties and the political, economic and legislative stability of the territories in which the Company's interests are located. Another significant factor is the ability of the Company to obtain necessary financing or to find strategic partners to fund expenditure commitments as they fall due, as the Company currently has limited funds. Furthermore, the development of any natural resource interest may take years to complete and the resulting income, if any, from the sale of any natural resources produced by the Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product. Such risks are likely to be more extensive in foreign jurisdictions.

FORWARD-LOOKING STATEMENTS

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

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

March 27, 2012