NUINSCO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

DATED MARCH 25, 2013

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 judgements 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 25, 2013

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 25, 2013

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

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011, and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

(signed) BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 25, 2013

Consolidated Balance Sheets

As at December 31, (in thousands of Canadian dollars)	Notes	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents	*6*	**$ 2,275**	$ 516
Receivables	*7*	**110**	120
Marketable securities	*8*	**828**	1,531
Total current assets		**3,213**	2,167
Non-current assets			
Property and equipment	*10,12*	**1,077**	1,443
Exploration and evaluation projects	*11,12*	**18,333**	15,944
Loan receivable	*13*	**1,009**	-
Royalty interest	*14*	**-**	3,000
Other assets	*17*	**210**	-
Total non-current assets		**20,629**	20,387
Total Assets		**$ 23,842**	$ 22,554
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	*16*	**$ 1,016**	$ 1,029
Total current liabilities		**1,016**	1,029
Non-current liability			
Long-term liability	*17*	**213**	266
Total Liabilities		**1,229**	1,295
Shareholders' equity			
Share capital	*19*	**98,169**	97,195
Contributed surplus		**5,436**	4,985
Accumulated other comprehensive loss		**(1,753)**	(1,155)
Deficit		**(79,239)**	(79,766)
Total shareholders' equity		**22,613**	21,259
Total Liabilities and Shareholders' Equity		**$ 23,842**	$ 22,554

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 29)

Approved by the Board of Directors

(signed)	(signed)
Robert G. Wardell	**Ed Guimaraes**
Director	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***		**2012**		2011
Other income		**$**	**120**	$	100
Other expenses					
General and administrative			**(1,478)**		(1,878)
Share-based payments:	*21*				
Options			**(365)**		(595)
Bonus shares			**(25)**		(17)
Amortization of property and equipment	*10*		**(11)**		(13)
Pre-exploration write-offs	*11*		**(17)**		(120)
Writedown of exploration and evaluation projects	*11*		**(79)**		(2,622)
Operating loss			**(1,855)**		(5,145)
Finance income	*17,22*		**360**		76
Finance costs	*22*		**-**		(99)
Net finance income (costs)			**360**		(23)
Gain on sale of royalty interest	*14*		**1,992**		-
Recovery of provision for Chibougamau	*12*		**30**		870
Income (loss) before income taxes			**527**		(4,298)
Income tax expense	*23*		**-**		(105)
Net Income (Loss) for the Year		**$**	**527**	$	(4,403)
Earnings (loss) per share	*20*				
Basic earnings (loss) per share		**$**	**0.00**	$	(0.02)
Diluted earnings (loss) per share		**$**	**0.00**	$	(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***		**2012**		2011
Net income (loss) for the year		**$**	**527**	$	(4,403)
Other comprehensive (loss) income					
Net change in fair value of financial assets	*8*		**(598)**		(1,856)
Income tax recovery	*23*		**-**		105
Other comprehensive loss for the year			**(598)**		(1,751)
Total Comprehensive Loss for the Year		**$**	**(71)**	$	(6,154)

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

Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balances as at January 1, 2011	***Notes***	$ 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	*8*			(1,856)		(1,856)
Income tax recovery	*23*			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	*19*	425	68	-	-	493
Issue of flow-through common shares and warrants	*19*	1,398	231	-	-	1,629
Shares issued for property	*11,19*	93	-	-	-	93
Options granted and vesting	*21*	-	595	-	-	595
Issue of shares under Share Bonus Plan	*19*	17	-	-	-	17
Options exercised	*19,21*	10	(4)	-	-	6
Warrants exercised	*19,21*	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
Balances as at January 1, 2012		$ 97,195	$ 4,985	$ (1,155)	$ (79,766)	$ 21,259
Total comprehensive income (loss) for the year						
Net income for the year					527	527
Other comprehensive loss						
Net change in fair value of financial assets	*8*			(598)		(598)
Total other comprehensive loss				(598)		(598)
Total comprehensive loss for the year						(71)
Transactions with owners, recorded directly in equity						
Contributions by owners in the year						
Shares issued for property, net	*11,19*	321	-	-	-	321
Issue of flow-through common shares and warrants	*19*	503	86	-	-	589
Options granted and vesting	*21*	-	365	-	-	365
Issue of shares under Share Bonus Plan	*19*	25	-	-	-	25
Shares issued for loan fee	*17,19*	125	-	-	-	125
Total contributions by owners		974	451	-	-	1,425
Total transactions with owners		974	451	-	-	1,425
Balances as at December 31, 2012		**$ 98,169**	**$ 5,436**	**$ (1,753)**	**$ (79,239)**	**$ 22,613**

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***	**2012**	2011
Cash flows from operating activities			
Net income (loss) for the year		**$ 527**	$ (4,403)
Adjustments for:			
Gain on sale of royalty	*14*	**(1,992)**	-
Share-based payments	*21*	**390**	612
Amortization of property and equipment	*10*	**11**	13
Fee received in shares		**-**	(50)
Writedown of exploration and evaluation projects	*11*	**79**	2,622
Recovery of provision for Chibougamau	*12*	**(30)**	(870)
Net finance income	*22*	**(293)**	(56)
Income tax expense	*23*	**-**	105
Net change in non-cash working capital:			
Change in receivables		**(6)**	176
Change in trade and other payables		**(171)**	(164)
Net cash used by operating activities		**(1,485)**	(2,015)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	*11*	**(2,602)**	(3,467)
Proceeds on sale of marketable securities		**135**	2,126
Proceeds on sale of Cameron Lake royalty	*14*	**5,003**	-
Proceeds on sale of other royalty	*11*	**450**	-
Net proceeds on sale of equipment	*10*	**411**	-
Loan advanced	*13*	**(1,000)**	-
Return of restricted cash		**-**	203
Interest in Chibougamau	*12*	**-**	(30)
Net cash from (used by) investing activities		**2,397**	(1,168)
Cash flows from financing activities			
Issue of common shares and warrants	*19*	**893**	3,071
Loan fee paid	*17*	**(50)**	-
Net cash from financing activities		**843**	3,071
Net Increase (Decrease) in Cash and Cash Equivalents		**1,755**	(112)
Unrealized foreign exchange gain on cash		**4**	-
Cash and Cash Equivalents, Beginning of the Year		**516**	628
Cash and Cash Equivalents, End of the Year		**$ 2,275**	$ 516

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 and for the years ended December 31, 2012 and 2011 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 24). 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 11, 12, 13 and 26 to these consolidated financial statements.

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

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, 2012, the Company had working capital of $2,197,000 (December 31, 2011 – working capital of $1,138,000). Working capital is defined as current assets including assets held for sale less current liabilities, excluding restricted cash, if any.

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

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell") presently recorded under *Property and equipment* and *Exploration and evaluation projects* on the consolidated balance sheets and held through CBay Minerals Inc. ("CBay") a jointly-controlled company with Ocean Partners Investments Limited ("Ocean Partners"). Refer to Notes 10, 11 and 12 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 29.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). This is GAAP for a Canadian public company.

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 25, 2013. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

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

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

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

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

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

- Notes 8 and 9 valuation of financial assets at fair value through OCI;
- Note 11 measurement of the recoverable amounts of exploration and evaluation projects;
- Note 12 valuation and allocation of interest in Chibougamau;
- Note 14 valuation of royalty interest and recoverable amount;
- Note 15 valuation of deferred tax asset; and
- Note 21 measurement of share-based payments.

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

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

- Note 1 going concern assessment;
- Note 11 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 11 impairment of exploration and evaluation projects;
- Note 15 recoverability of deferred tax assets; and
- Note 29 disclosure of 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.

(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 26.

(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.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, receivables, loan 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.

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 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 and equipment are determined by comparing the proceeds from disposal with the carrying amount of property 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 and equipment.

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

Item	**Method**	**2012**	2011
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 and Evaluation Projects
(i) Exploration and Evaluation expenditures
Exploration and 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 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 on qualifying assets.

(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 or mine property and development projects, the government grant is deducted from the related asset.

(j) Royalty Interest

Royalty interests with indefinite lives are measured initially at fair value under the cost basis less accumulated impairment losses. The fair value is 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, amortization of 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. 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 22) 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 21. 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 growth of the business.

The Share Incentive Plan is described in Note 19. 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 the quoted market price on 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, 2012 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.

Amendments to IAS 1 – Presentation of Financial Statements
Effective for annual periods beginning on or after July 1, 2012, the amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the income or loss section of the statement of operations.

These pronouncements have not been early-adopted by the Company. The Company does not expect the application of these pronouncements to have a significant effect 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, receivables, loan receivable and marketable securities.

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

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

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.

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.

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

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. As at December 31, 2012 and 2011, the Company had no guarantees outstanding.

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. When possible, spending plans are adjusted accordingly 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 other long-term liability disclosed in Note 17. All other contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's lease commitment described in Note 18 and the long-term loan taken out but not drawn down until February 1, 2013, described in Note 17.

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 and other payables 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 project in Turkey, and certain general and administrative expenses, in US$ and occasionally in the Euro, LE and TL. The Company also has had marketable securities denominated in A$; in January 2013, these securities became listed on the TSX-V which has eliminated the A$ currency risk.

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 Company's loan receivable (Note 13) and debt (Note 17) bear interest at fixed rates. Accordingly, the estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

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.

	Notes	**December 31, 2012**	December 31, 2011
Shareholders' equity		**$ 22,533**	$ 21,259
Long-term liability	*17*	**213**	266
		22,746	21,525
Available loans and borrowings	*17*	**2,500**	-
		$ 25,246	$ 21,525

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.

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

(b) Marketable Securities

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

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

	December 31, 2012	December 31, 2011
Bank balances	**$ 2,275**	$ 516
Cash and Cash Equivalents in the Statement of Cash Flows	**$ 2,275**	$ 516

7. RECEIVABLES

	December 31, 2012	December 31, 2011
Other receivables	**$ 74**	$ 83
Prepaid expenses and deposits	**36**	37
	$ 110	$ 120

8. MARKETABLE SECURITIES

	Note	**December 31, 2012**	December 31, 2011
Financial assets at fair value through OCI	*9*		
Coventry Resources Limited		**$ 660**	$ 926
Victory Nickel Inc.		**165**	582
Other		**3**	23
		$ 828	$ 1,531

All of the Company's marketable securities are publicly-listed and are valued using Level 1 methodologies. The amount of change in fair value of Coventry Resources Limited ("Coventry") shares attributable to the change in foreign exchange rates and included in OCI are net losses of $12,000 for the year ended December 31, 2012 and net losses of $8,000 for the year ended December 31, 2011. In early 2013, Coventry underwent a corporate merger thereby

becoming listed on the TSX-V. Accordingly, there will be no future effects of foreign exchange movements in OCI.

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 (until early 2013). Recently, the markets have experienced extreme volatility, therefore a sensitivity analysis is now performed using 15%; prior to the second quarter of 2012, the analysis was performed using 5%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by $108,000, net of tax effects of $16,000 (December 31, 2011 using 15% - an increase of $199,000, net of tax effects of $30,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

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, 2012**	December 31, 2011
Carrying amount			
Cash and cash equivalents	*6*	**$ 2,275**	$ 516
Receivables	*7*	**110**	120
Financial assets at fair value through OCI	*8*	**828**	1,531
Loan receivable	*13*	**1,009**	-
		$ 4,222	$ 2,167

Liquidity Risk
The following tables show the contractual maturities of financial assets and liabilities, including estimated interest payments.

	Non-derivative financial assets		
	Loan receivable	**Receivables**	**Total**
As at December 31, 2012			
Carrying amount	$ 1,009	$ 110	$ 1,119
Contractual cash flows	1,009	74	1,083
6 months or less	-	74	74
2 - 5 years	1,009	-	1,009
As at December 31, 2011			
Carrying amount	$ -	$ 120	$ 120
Contractual cash flows	-	83	83
6 months or less	-	83	83

	Non-derivative financial liabilities		
	Long-term liability	Trade and other payables	Total
As at December 31, 2012			
Carrying amount	$ 213	$ 1,016	$ 1,229
Contractual cash flows	300	751	1,051
6 months or less	-	751	751
2 - 5 years	300	-	300
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

The contractual cash flows reflected in the tables above exclude the non-cash prepaid expenses and deposits and 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, 2012	C$	US$	A$(see note)
Cash and cash equivalents	$ 1,987	$ 288	$ -
Receivables	110	-	-
Marketable securities	168	-	660
Loan receivable	1,009	-	-
Trade and other payables	(956)	(60)	-
Long-term liability	(213)	-	-
Net exposure	$ 2,105	$ 228	$ 660

Note: Effective January 8, 2013, the Company eliminated its exposure to the A$ since Coventry shares are now quoted on the TSX-V.

(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)	-
Long-term liability	(266)	-	-
Net exposure	$ (18)	$ (36)	$ 926

Sensitivity analysis

A strengthening of the C$, as indicated below, against US$ 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, 2012	Equity	Profit or Loss
US$ (10 percent strengthening)	$ 23	$ 23
A$ (10 percent strengthening - see note above)	$ 66	$ -

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

A weakening of the C$ 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.

Fair Value

Fair values versus carrying amounts

The fair values of financial assets and liabilities equal the carrying amounts shown in the consolidated 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 and unless otherwise stated, is 8%.

10. PROPERTY AND EQUIPMENT

Equipment	*Note*	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2011		**$ 356**	**$ 286**	**70**
Transfer from Interest in Chibougamau	*12*	1,386	-	1,386
Amortization		-	13	(13)
Balance as at January 1, 2012		**1,742**	**299**	**1,443**
Additions		57	-	57
Disposals		(412)	-	(412)
Amortization		-	11	(11)
Balance as at December 31, 2012		**$ 1,387**	**$ 310**	**$ 1,077**

Effective October 25, 2011, the Company, through CBay, owns a 50% proportionate interest in the mill and related equipment at the Chibougamau camp; during 2012, CBay sold a truck and other equipment, the disposals represent 50% of the effect of those transactions. Refer to Note 12 for additional information.

11. 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, 2012	Current Expenditures	Effect of Recoveries (see below)	Writedown of E&E Projects	December 31, 2012
URANIUM AND RARE METALS						
Diabase Peninsula		$ 8,041	$ 1,005	$ -	$ -	**$ 9,046**
Prairie Lake		2,886	486	-	-	**3,372**
		10,927	1,491	-	-	**12,418**
GOLD AND COPPER						
Chibougamau camp	*12*	3,820	1,343	(450)	-	**4,713**
Berta		1,197	5	-	-	**1,202**
Bukari		-	23	-	(23)	**-**
J. Tobrar		-	40	-	(40)	**-**
		5,017	1,411	(450)	(63)	**5,915**
		$ 15,944	$ 2,902	$ (450)	$ (63)	**$ 18,333**

	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	*12*	-	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**

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of $1,000,000. As at March 31, 2012, cumulative expenditures increased this ownership interest to greater than 90% as Trend did not contribute its share of expenditures. Under the agreement, should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property (as defined). Accordingly, Trend's interest was converted to a royalty and Nuinsco owns the project in its entirety. Effective December 19, 2012, the Company acquired that royalty through a one-time cash payment of $15,000. Accordingly, Trend has no remaining interest whatsoever in the Diabase Peninsula property.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims are optioned while seven were staked by Nuinsco. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in the winter of 2011. 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 was required to make an option payment of approximately $935,000 by September 2, 2012; in May, 2012, the Company was successful in extending the option terms for a year, with additional extensions being possible, for four quarterly cash payments of $9,350 and $37,600 of the Company's shares. This has deferred the option payment of $935,000 by at least one year. The shares were issued in the third quarter of 2012 and one quarterly cash payment was made in the fourth quarter of 2012. That same claim is subject to a 3% gross production royalty defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

Prairie Lake

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

Gold & Copper

Chibougamau Camp

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

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,772 tonnes per day mill and tailings facility (included in *Property and equipment* on the consolidated balance sheet – Note 10); 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 12). In the third quarter of 2012, CBay sold a royalty and received a return of funds from the receiver; the Company's share of funds amounted to $450,000 net of expenses and is shown as a recovery against the property.

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

Berta

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

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

In 2012, Xstrata commenced a 7,500 metre drilling program with budgeted expenditures of US$2,672,000 to the end of December 2012. The Company awaits complete drill results and a comprehensive reporting and accounting of expenditures incurred. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata.

Elmalaan

The decision was made in the first quarter of 2012 to not continue with Elmalaan and ownership of the property was relinquished. Accordingly, the Company recorded a writedown of $1,100,000 to record the carrying value of Elmalaan at $nil effective December 31, 2011.

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. In the first quarter of 2012, the Company announced that it had decided not to pursue tenure of the Egyptian properties and advised EMRA of this on March 27, 2012. Accordingly, effective December 31, 2011, a net writedown of $803,000 was recorded in *Writedown of exploration and evaluation projects* which comprises $629,000 expenditures, $378,000 receivable from Quartz Core for Mineral Resources ("QCC"), the Company's partner in Egypt, representing its share of expenditures as described

below offset by $204,000 reversal of an accrual which is no longer required. The writedown brought the value of the Bukari project to $nil. Any commitments under the concession agreements for future expenditures are no longer applicable.

The shareholders' agreement between the Company and QCC governing the 50%-owned company contains dilution provisions. Presently, the Company has exceeded its expenditure commitment. Nuinsco recorded an incremental amount of $16,000 in the first quarter of 2012 with an equal and opposite amount in *Writedown of exploration and evaluation projects* (December 31, 2011 - $378,000) for the expenditure difference. 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.

In the first quarter of 2012, the Company incurred $23,000 of expenditures on its Egyptian properties before its decision to not pursue tenure; accordingly, these were written off to *Writedown of exploration and evaluation projects.*

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, to acquire an 85% interest in that company's subsidiary UAE for Gold Minerals and Investment Company Ltd. which owns 100% of the J. Tobrar (Block 64) concession.

On February 7, 2012 the Company announced that it had elected not to exercise the option. The scale of mineralization identified did not justify the option price and continued expenditures under then extant 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. Expenditures of $40,000 were incurred prior to the decision being made; these were written off to *Writedown of exploration and evaluation* projects in the first quarter of 2012.

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Exploration costs in the amount of $17,000 were written off during the year ended December 31, 2012, (December 31, 2011 - $120,000).

12. INTEREST IN CHIBOUGAMAU

The Company historically held various investments in and loans to Campbell Resources Inc. ("Campbell") which were written down in 2008 by $7,923,000 to their estimated recoverable amount and had 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.

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a court-appointed monitor was engaged. 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 thereby rationalizing 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 CCAA process concluded on October 25, 2011 with the completion of the asset transfer as described below; the Company's share of expenditures incurred up to that point to protect its interest in Campbell assets amounted to $488,000. 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.

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
Acquisition of debt and claims		$ 2,055
Less: fair value adjustment		(59)
		1,996
Originated debt	*(a)*	2,297
		4,293
Revaluation to estimated recoverable amount		870
Project costs		43
		5,206
Transfer to property and equipment	*10*	(1,386)
Transfer to exploration and evaluation projects	*11*	(3,820)
		$ -

(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 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 share of direct asset components being *Property and equipment* of $1,386,000 (Note 10) and *Exploration and evaluation projects* of $3,820,000 (Note 11) on the consolidated balance sheets. The allocation between components is subject to a high degree of measurement uncertainty.

During 2012, the Company recovered approximately $30,000 on its investment in Campbell shares; this is recorded as a *Recovery of provision for Chibougamau* through the consolidated statement of operations.

13. LOAN RECEIVABLE

	December 31, 2012	December 31, 2011
Loan receivable	**$ 1,000**	$ -
Accrued interest receivable	**9**	-
	$ 1,009	$ -

The Company entered in a loan agreement in November 2012 that provided a loan facility for $1,000,000. The Loan bears interest at 12% per annum and matures on January 31, 2015; it is secured by equipment and a general security agreement over the borrower's assets. Subsequent to December 31, 2012, the Company amended the loan agreement as described in Note 30.

14. ROYALTY INTEREST

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

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

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, 2012	December 31, 2011
Temporary differences		
Equipment	**$ 389**	$ 385
Share issue costs	**65**	72
Net tax losses carried forward	**1,587**	1,443
Eligible capital property and other	**258**	262
Capital losses, net	**1,075**	947
	3,374	3,109
Unrecognized deferred tax assets	**(3,339)**	(3,273)
	35	(164)
Deferred tax liability		
Exploration and development	**(35)**	164
Deferred Tax Asset, Net	**$ -**	$ -

Unrecognized deferred tax assets equal the full amount of the available deferred tax benefit, as the likelihood of utilizing the remaining unused tax losses and other tax deductions is not probable; it cannot be determined at this time. In 2012, the Company determined that certain reclassifications were required to certain of its deferred tax asset/liability components related to 2011. Because the criteria for net presentation was met, there was no material effect on the unrecognized deferred tax assets.

Non-capital losses expire as follows:

	Amount
2028	**$ 103**
2029	**1,317**
2031	**2,078**
2032	**2,275**
	$ 5,773

The Company also has realized capital losses available for carryforward of approximately $6,536,000 (December 31, 2011 - $6,268,000). 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, 2012	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2012
Property and equipment	$ 385	$ 4	$ -	$ -	**$ 389**
Share issue costs	72	(36)	-	29	**65**
Net tax losses carried forward	1,443	144	-	-	**1,587**
Eligible capital property and other	262	(4)	-	-	**258**
Capital losses (net)	947	-	128	-	**1,075**
	3,109	108	128	29	**3,374**
Unrecognized deferred tax assets	(3,273)	91	(128)	(29)	**(3,339)**
	(164)	199	-	-	**35**
Deferred tax liability					
Exploration and evaluation projects	164	(199)	-	-	**(35)**
Deferred tax asset, net	$ -	$ -	$ -	$ -	**$ -**

	As at January 1, 2011	Recognized in operations	Recognized in OCI	Recognized in share capital	As at December 31, 2011
Property and equipment	$ 57	$ 328	$ -	$ -	$ 385
Share issue costs	108	(59)	-	23	72
Net tax losses carried forward	875	568	-	-	1,443
Eligible capital property and other	262	-	-	-	262
Capital losses (net)	1,235	(393)	105	-	947
	2,537	444	105	23	3,109
Unrecognized deferred tax assets	(1,957)	(1,293)	-	(23)	(3,273)
	580	(849)	105	-	(164)
Deferred tax liability					
Exploration and evaluation projects	(580)	744	-	-	164
Deferred tax asset, net	$ -	$ (105)	$ 105	$ -	$ -

16. TRADE AND OTHER PAYABLES

	Note	**December 31, 2012**	December 31, 2011
Trade payables			
E&E projects		**$ 93**	$ 162
Non-project related		**104**	123
Flow-through premium liability		**265**	171
Other payables		**9**	5
Due to Victory Nickel Inc.	*25*	**43**	20
Accrued liabilities			
E&E projects		**91**	60
Non-project related		**411**	488
		$ 1,016	$ 1,029

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

As at and for the years ended December 31,	Notes		2012		2011
Balance as at beginning of year		**$**	**171**	$	48
December, 2010 financing:					
Flow-through premium through finance income			**-**		(48)
July and August, 2011 financing:					
Flow-through premium	*19*		**-**		150
Flow-through premium through finance income			**(126)**		(24)
December, 2011 financing:					
Flow-through premium	*19*		**-**		45
Flow-through premium through finance income			**(45)**		-
February and March, 2012 financing:					
Flow-through premium	*19*		**321**		-
Flow-through premium through finance income			**(56)**		-
Balance as at end of year		**$**	**265**	$	171

17. LONG-TERM LIABILITIES

Payable from Acquisition of Campbell Debt

The Company, through CBay, has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 12). The Company is required to pay $300,000 on the basis of $0.25 per ton of ore processed through the CBay mill with any remaining balance due three years after implementation of a mine plan. The mill requires refurbishment, processing is not presently possible and a mine plan has not been completed. Therefore, the Company has used a time horizon of three years from the end of the calendar year; the time horizon will be reassessed on a frequent basis. The fair value of the amount, using a discount rate of 11.5% (the rate of the financing with OP), is $213,000 as at December 31, 2012 (December 31, 2011 using a discount rate of 8% - $266,000). Accordingly, a net adjustment was made to accretion and the long-term obligation in the year of $53,000 and Nuinsco will accrete the future value of the obligation by interest charges through operations. Accordingly, in the year ended December 31, 2012, aggregate accretion of $nil (December 31, 2011 - $25,000) was added to the long-term obligation and recorded as interest expense.

Long-term Loan Facility

On December 18, 2012, the Company entered into a loan agreement with a third party for a $2,500,000 loan facility (the "Facility") which is subject to customary conditions for a financing of this type. The terms of the Facility are as follows. The Facility can be drawn down in minimum amounts of $500,000, with $1,500,000 immediately available and the balance available six months from closing. The Facility matures in 18 months with the availability of a one-time extension period of six months upon issuance of 3% of the principal amount extended payable in CBay shares owned by Nuinsco. A facility fee of $50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco's CBay shares. As at December 31, 2012, the Facility was unutilized.

The aggregate loan fees and expenses related to the loan of $210,000 are included as *Other assets* on the Consolidated Balance Sheet and will be reclassified as a contra-liability upon drawdown of the loan and amortized through operations as interest expense using the effective interest rate method over the life of the loan. On February 1, 2013, the Company drew down $1,000,000 on this Facility.

18. OPERATING LEASE

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

		December 31, 2012
Office rental		
Less than 1 year	$	**98**
Between 1 and 5 years		**293**
Total Minimum Lease Payments Payable	**$**	**391**

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts. During the year ended December 31, 2012, $191,000 was recognized as rent expense through operations in respect of operating leases including operating costs (December 31, 2011 – $141,000). In 2011, $22,000 was recognized as a contra to rent expense through operations in respect of a sublease which expired on June 30, 2011.

19. 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; all shares are fully paid. The issued and outstanding common shares during the years ended December 31, 2012 and 2011 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, 2011		254,205,292						$ 94,340
Issue of common shares	*(a)*	3,125,000	$ 500	$ -	$ (7)	$ -	$ (68)	425
Options exercised	*(b)*	100,000	6	-	-	-	4	10
Warrants exercised	*(c)*	7,477,114	748	-	-	-	164	912
Issue of shares under Share Bonus Plan	*(d)*	112,000	-	17	-	-	-	17
Issue of flow-through common shares	*(e)*	10,000,000	1,500	-	(76)	(150)	(230)	1,044
Issue of flow-through common shares	*(f)*	4,517,823	407	-	(7)	(45)	(1)	354
Shares issued for property	*(g)*	674,578	-	93	-	-	-	93
Balance as at December 31, 2011		280,211,807	$ 3,161	$ 110	$ (90)	$ (195)	$ (131)	$ 97,195

	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, 2012		280,211,807						$ 97,195
Shares issued for property	*(h)*	3,157,894	$ -	$ 300	$ (12)	$ -	$ -	288
Issue of flow-through common shares	*(i)*	7,142,858	1,000	-	(90)	(321)	(86)	503
Shares issued for property	*(j)*	923,864	-	38	(5)	-	-	33
Issue of shares under Share Bonus Plan	*(k)*	454,545	-	25	-	-	-	25
Shares issued for loan fee	*(l)*	3,634,777	-	125	-	-	-	125
Balance as at December 31, 2012		**295,525,745**	**$ 1,000**	**$ 488**	**$ (107)**	**$ (321)**	**$ (86)**	**$ 98,169**

(a) 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 in Note 21 below. The Company apportioned proceeds of $68,000 to the cost of the warrants in contributed surplus.

(b) 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.

(c) In 2011, 7,477,114 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.

(d) 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.

(e) 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.

(f) 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.

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

(h) On January 23, 2012, the Company issued common shares to acquire the royalty on the Prairie Lake property (Note 11).

(i) In February and March 2012, the Company issued flow-through units (each a "Unit") at a subscription price of $0.14 per Unit generating aggregate proceeds of $1,000,000. Each Unit consisted of one common share and one-half of a share purchase warrant. The Company apportioned proceeds of $321,000 to the flow-through premium and $86,000 was attributed to the share purchase warrants recorded through contributed surplus.

(j) On July 30, 2012, the Company issued 923,864 common shares to extend the agreement on Diabase Peninsula as described in Note 11.

(k) In November 2012, the Company issued common shares to an officer as a discretionary bonus pursuant to the Company's Share Bonus Plan.

(l) In December 2012, the Company issued common shares as part of a loan fee with respect to the Facility (Note 17).

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 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 2012 or 2011. 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. At the Company's Annual and Special Meeting of Shareholders held on June 18, 2012 (the "ASM"), shareholders approved an increase in the maximum number of common shares issuable under the Share Bonus Plan to 8,000,000.

In 2012, 454,545 common shares were issued under the Share Bonus Plan (2011 – 112,000). The entitlement to shares issued under the Share Bonus Plan in 2012 and 2011 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 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.

20. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the years ended December 31, 2012 and 2011 was based on the information in the table below.

Years ended December 31,		2012		2011
Balance as at beginning of year		280,212,000		254,205,000
Effect of share options exercised		-		66,000
Effect of warrants exercised		-		5,088,000
Effect of shares issued pursuant to private placements		5,738,000		7,065,000
Effect of shares issued for property		3,445,000		279,000
Effect of shares issued under Share Bonus Plan		70,000		68,000
Effect of shares issued for loan fee		109,000		n/a
Weighted average number of common shares - basic		289,574,000		266,771,000
Effect of share options granted and outstanding		732,000		5,811,000
Effect of warrants issued and outstanding		-		1,796,000
Weighted average number of common shares - diluted		290,306,000		274,378,000
Net income (loss) attributable to shareholders	$	527	$	(4,403)
Basic earnings (loss) per share	$	0.00	$	(0.02)
Diluted earnings (loss) per share	$	0.00	$	(0.02)

For the year ended December 31, 2012, 23,498,000 options and 9,293,000 warrants were excluded from the diluted weighted average number of common shares' calculation. For December 31, 2011, all outstanding options and warrants were anti-dilutive since the Company incurred a loss in the year. The table above provides the weighted average number of shares on a dilutive basis for 2011 for information only. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the respective periods during which the options were outstanding.

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

21. 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, 2012, the Company had 20,099,000 (December 31, 2011 – 21,517,000) common shares available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)

Outstanding warrants as at December 31, 2012 consist of warrants issued pursuant to private placements. The Company does not have any cash-settled transactions.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 19.

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 expired 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,	**2012**	2011	**2012**	2011
Outstanding as at beginning of year	**20,515,000**	17,535,000	**$ 0.14**	$ 0.14
Granted	**5,550,000**	5,105,000	**$ 0.06**	$ 0.17
Exercised	**-**	(100,000)	**$ -**	$ 0.06
Expired	**(1,835,000)**	(2,025,000)	**$ 0.29**	$ 0.24
Outstanding as at end of year	**24,230,000**	20,515,000	**$ 0.11**	$ 0.14
Exercisable as at end of year	**22,505,000**	19,362,500	**$ 0.11**	$ 0.14

For options granted during 2012, the weighted average fair value at the date of grant was $0.048 (2011 - $0.15).

	Number of options outstanding		Weighted average remaining contractual life (years)	
As at December 31,	**2012**	2011	**2012**	2011
Range of exercise prices				
$0.030 to $0.050	**4,600,000**	4,600,000	**1.94**	2.20
$0.055 to $0.055	**1,100,000**	1,100,000	**2.61**	3.61
$0.060 to $0.075	**5,680,000**	130,000	**4.25**	4.95
$0.080 to $0.100	**4,350,000**	4,350,000	**2.01**	3.01
$0.110 to $0.150	**1,000,000**	1,350,000	**0.01**	0.92
$0.160 to $0.170	**4,750,000**	4,750,000	**3.20**	4.18
$0.180 to $0.260	**2,400,000**	2,400,000	**1.26**	2.26
$0.270 to $0.350	**350,000**	1,635,000	**0.48**	1.06
$0.360 to $0.488	**-**	200,000	**-**	0.28
	24,230,000	20,515,000	**2.49**	2.74

A total of 5,550,000 options were granted during 2012 (2011 – 5,105,000) to key management personnel, employees and consultants. This resulted in share-based payment expense of $277,000 in the year ended December 31, 2012. Furthermore, on June 6, 2012, the Company agreed to extend options granted to a retiring director to their original terms; this resulted in an additional expense of $48,000. Aggregate share-based payment expense in the year ended December 31, 2011 was $595,000.

Of the 24,230,000 options outstanding as at December 31, 2012, 1,725,000 are subject to vesting (as at December 31, 2011 – 20,515,000 options were outstanding of which 1,152,500 were subject to vesting). The aggregate fair

value of these unvested options not yet charged to operations is $22,000 (as at December 31, 2011 - $32,000). For options exercised during 2011, the weighted average market price was $0.15; no options were exercised in 2012.

The Company's jointly-controlled company, CBay, has entered into an arrangement with its CEO to provide options in that company. Nuinsco's share of the cost of the option arrangement is $40,000. Given that CBay is a private entity and newly-created, there is a high degree of measurement uncertainty associated with this estimate which was derived using an estimated term to expiry of one year and a volatility of 68%.

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

As at and for the years ended			Number of warrants		Weighted average exercise price	
December 31,	**Date Issued**	**Life [1]**	**2012**	2011	**2012**	2011
Issued pursuant to rights offering						
	April 22, 2009	12		7,629,996		$ 0.10
	Exercised			(7,350,829)		
	Expired			(279,167)		
Issued pursuant to private placements						
	December 21, 2009	24		9,445,020		$ 0.15
	Exercised			(333,333)		
	Expired			(9,111,687)		
	December 31, 2009	24		185,000		$ 0.15
	Expired			(185,000)		
	October 4, 2010	12		3,571,429		$ 0.10
	Exercised			(415,050)		
	Expired			(3,156,379)		
	October 4, 2010	24	**5,600,000**	5,600,000	**$ 0.10**	$ 0.10
	Expired		**(5,600,000)**			
	December 31, 2010	12		1,216,615		$ 0.25
	Expired			(1,216,615)		
	January 10, 2011	12	**1,562,500**	1,562,500	**$ 0.22**	$ 0.22
	Expired		**(1,562,500)**			
	July 29, 2011	24	**1,833,315**	1,833,315	**$ 0.20**	$ 0.20
	August 3, 2011	24	**2,151,533**	2,151,533	**$ 0.20**	$ 0.20
	August 29, 2011	24	**333,334**	333,334	**$ 0.20**	$ 0.20
	August 30, 2011	24	**970,984**	970,984	**$ 0.20**	$ 0.20
	December 30, 2011	18	**22,833**	22,833	**$ 0.09**	$ 0.09
	February 24, 2012	18	**3,410,750**	n/a	**$ 0.20**	n/a
	February 24, 2012	18	**409,290**	n/a	**$ 0.14**	n/a
	March 12, 2012	18	**138,250**	n/a	**$ 0.20**	n/a
	March 13, 2012	18	**22,429**	n/a	**$ 0.20**	n/a
Outstanding as at end of year			**9,292,718**	12,474,499	**$ 0.26**	$ 0.16

(1) The life of warrants is generally stated in months from issue date; for warrants issued pursuant to the rights offering, the warrants were exercisable 12 months from issue date.

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

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

	Options		Warrants	
Years ended December 31,	**2012**	2011	**2012**	2011
Fair value at grant/modification date	**$0.001 to $0.048**	$0.055 to $0.169	**$0.018 to $0.031**	$0.041 to $0.064
Share price at grant/modification date	**$0.055 to $0.065**	$0.075 to $0.235	**$0.09 and $0.095**	$0.08 to $0.18
Assumptions				
Exercise price	**$0.05 to $0.065**	$0.075 to $0.235	**$0.14 and $0.20**	$0.09 to $0.22
Expected volatility	**82% to 110%**	104% and 108%	**87% and 93%**	88% to 97%
Life (years)	**0.58 to 4.83**	4	**1.5**	1 to 2
Expected dividends	**-**	-	**-**	-
Risk-free interest rate	**0.99% to 1.53%**	1.18% and 2.31%	**1.12% to 1.20%**	0.96% to 1.67%

22. FINANCE INCOME AND FINANCE COSTS

Years ended December 31,	***Notes***	**2012**	2011
Interest income on bank deposits		**$ 7**	$ 4
Interest on loan receivable	*13*	**9**	-
Flow-through premium	*16*	**227**	72
Net foreign exchange gain		**64**	-
Net interest income on remeasurement of financial liabilities measured at amortized cost	*17*	**53**	-
Finance income		**360**	76
Interest expense on financial liabilities measured at amortized cost	*17*	**-**	25
Net foreign exchange loss		**-**	74
Finance costs		**-**	99
Net Finance Income (Costs)		**$ 360**	$ (23)

23. INCOME TAXES

The income tax amount in the year ended December 31, 2012 is $nil; in 2011, the expense of $105,000 relates to income taxes on the change in value of marketable securities.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for each of the years ended December 31, 2012 and 2011, of 26.5% to the income before income taxes.

The differences are summarized as follows:

Years ended December 31,	**2012**	2011
Statutory rate applied to income (loss) before income taxes	**$ 140**	$ (1,139)
Non-taxable income	**-**	(27)
Non-deductible items, net	**89**	169
Effect of rate change	**(138)**	(74)
Effect of change through OCI	**-**	105
Unrecognized deferred tax assets	**(91)**	1,071
Income tax expense	**$ -**	$ 105

24. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel and CBay (Note 25). The projects are currently located in Canada and Turkey. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as *Exploration and evaluation projects* on the consolidated balance sheets.

Geographic Information

As at December 31,	*Notes*		2012		2011
Canada					
Corporate		**$**	**4,535**	$	2,224
Chibougamau camp	*10,11,12*		**5,687**		5,206
Diabase Peninsula	*11*		**9,046**		8,041
Prairie Lake	*11*		**3,372**		2,886
Royalty interest	*14*		**-**		3,000
			22,640		21,357
Turkey					
Berta	*11*		**1,202**		1,197
			1,202		1,197
Total Assets		**$**	**23,842**	$	22,554

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

25. RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

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

Balances and transactions with related parties as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,		2012		2011
Balances Outstanding				
Payable to key management personnel	**$**	**57**	$	158

Key management personnel compensation comprised:

Years ended December 31,		2012		2011
Short-term employee benefits	**$**	**750**	$	715
Share-based payments - options		**209**		451
Share-based payments - Share Bonus Plan		**25**		11
	$	**984**	$	1,177

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

The Company shares management, administrative assistance and facilities with Victory Nickel and CBay pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director. The costs recovered from Victory Nickel and CBay

are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBay commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBay upon 60 days' notice.

Balances and transactions with Victory Nickel and CBay under the management agreements as at and for the years ended December 31, 2012 and 2011 are shown in the following tables:

As at December 31,		**2012**		2011
Balances Outstanding				
Payable to Victory Nickel Inc. under management agreement	**$**	**43**	$	20

Years ended December 31,		**2012**		2011
Transaction Values				
Overhead charges to Victory Nickel Inc.	**$**	**654**	$	829
Overhead charges from Victory Nickel Inc.	**$**	**27**	$	-
Project costs charged by Victory Nickel Inc.	**$**	**22**	$	39
Project recoveries charged to Victory Nickel Inc.	**$**	**31**	$	67
Overhead charges to CBay Minerals Inc.	**$**	**247**	$	-
Project recoveries charged to CBay Minerals Inc.	**$**	**35**	$	-

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

26. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

Years ended December 31,		**2012**	2011
Ownership Interest	**Country of Incorporation**		
Lakeport Gold Corporation	Canada	**100%**	100%
CBay Minerals Inc.	Canada	**50%**	50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%
Nuinsco Exploration Inc.	BVI	**50%**	50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	**50%**	50%
NuMENA Minerals Corp.	Canada	**100%**	100%

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

27. JOINTLY-CONTROLLED ENTITIES

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

As at and for the years ended December 31,	Notes	2012	2011
CBay Minerals Inc.			
Current assets		**$ 79**	$ 2
Property and equipment	*10*	**$ 974**	$ 1,386
Exploration and evaluation project	*11*	**$ 4,273**	$ 3,820
Current liabilities		**$ 283**	$ 212
Long-term liability	*17*	**$ 213**	$ 266
Other income		**$ 120**	$ -
Operating expenses		**$ 352**	$ 4
Writedown of interest in Chibougamau	*(a)*	**$ -**	$ 3,526
Net finance income (costs)	*22*	**$ 53**	$ (25)

(a) The writedown of interest in Chibougamau in 2011 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.

28. COMMITMENT

Flow-through Commitments

As at December 31, 2012, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2011 and 2012 of $nil and $792,000, respectively (December 31, 2011 – financings in 2011 of $1,668,000). The 2012 commitment is required to be satisfied by December 31, 2013; the 2011 commitment has been fulfilled.

29. 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.

30. SUBSEQUENT EVENT

Loan Receivable

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

The borrower will pay, with shares, an arrangement fee of up to $300,000 plus a commitment fee of 1.5% per annum on unutilized balances.

There have been no other additional developments not already discussed elsewhere in these consolidated financial statements.