NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2012 and 2011

DATED MARCH 25, 2013

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The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of March 25, 2013 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2012 and 2011, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the years ended December 31, 2012 and 2011 ("2012 Audited Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

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

The 2012 Audited Consolidated Financial Statements are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

NATURE OF OPERATIONS

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

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

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

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

The Company continues to make significant progress in its strategy to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). On June 28, 2011, the Company announced that the Québec Superior Court had approved the joint proposal of Nuinsco and Ocean Partners and as a result directed the receiver to transfer ownership of all exploration, mining, processing and other assets located in and near Chibougamau, Québec. Effective October 25, 2011, ownership of this suite of assets was transferred to CBay, a jointly-owned company.

The Company's 2012 Audited Consolidated Financial Statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. 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 less current liabilities.

On December 18, 2012, the Company entered into a loan agreement with a third party for a $2,500,000 loan facility (the “Facility”) 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 one six-month extension period upon issuance of 3% of the amount payable in CBay shares owned by Nuinsco. A facility fee of $50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company’s shares; interest of 11.5% per annum is payable quarterly in arrears. The Facility is secured by a first ranking pledge upon Nuinsco’s CBay shares. As at December 31, 2012, the Facility was unutilized; refer to Note 17 to the 2012 Audited Consolidated Financial Statements.

SIGNIFICANT EVENTS
During and subsequent to the year ended December 31, 2012, the Company:

Corporate

- Postponed the NuMENA Minerals Corp. (“NuMENA”) spinoff initiative indefinitely due to political uncertainty in the Middle East North Africa (“MENA”) region.
- Completed a flow-through financing, raising gross proceeds of $1,000,000; which is primarily slated for exploration of the Company’s projects in and near Chibougamau, Québec.
- Appointed Roland Horst as CEO of CBay to lead the restructuring and exploitation of the Chibougamau mining assets.
- Entered into a management agreement with CBay.
- Signed a loan facility of $2,500,000 as described above.
- Entered into a loan agreement with a third party to advance up to $3 million as described in Liquidity and Capital Resources.

Gold

- Advised the Egyptian Mineral Resources Agency (“EMRA”) that the Company would not continue to pursue tenure of two concessions in Egypt.
- Elected not to exercise option on the J. Tobrar gold concession in north-eastern Sudan.
- Sold the Cameron Gold project royalty for US$5,100,000.
- Sold the Eastmain royalty through CBay.
- Commenced an exploration program, including data management and evaluation, ground geophysics and drilling, on CBay’s Chibougamau gold properties.
- Announced positive drill results from program at Chibougamau.

Copper

- Announced 2012 drill program and its commencement at Berta in Turkey by its joint venture partner Xstrata Copper Canada (“Xstrata”).
- Elected to surrender interest in the Elmalaan copper/zinc project in Turkey.
- Filed updated NI 43-101 mineral resource estimate for CBay’s Corner Bay copper deposit in Québec.
- Announced results that further indicate large scale of copper mineralization at Berta.
- Announced the option of Perch River copper project through CBay.

Uranium, Phosphorus and Rare Metals

- Repurchased the 2% royalty interest on Prairie Lake for $300,000 of Nuinsco shares making the property royalty-free.
- Conducted a 1,500 metre drilling program at Diabase Peninsula targeting uranium mineralization indicated by strong uranium anomalies and deposit indicators from past work.
- Diluted Trend Mining Company of Denver (“Trend”) to a royalty interest in Diabase Peninsula with the 2012 drill program; subsequently purchased Trend’s royalty interest.
- Advanced metallurgical studies at Prairie Lake; results demonstrate the ability to produce a marketable phosphate concentrate grade.
- Announced the extension of the Diabase Peninsula Uranium project agreement and option payment for one year with additional extension available.
- Announced drill results from the Diabase Peninsula Uranium project which provide further support for the potential of a significant mineral occurrence.

OUTLOOK

The market continues to impose very low valuations on junior exploration companies. So what now? We wait. We conserve cash. We highlight our differences and distinctiveness and take advantage of opportunities created by the market.

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

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

Chibougamau

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

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

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

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

Prairie Lake

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

Diabase Peninsula

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

Turkey

At the Berta project, Xstrata, our joint venture partner, has completed a six-hole 4,720m drill program. Every hole, even though very widely spaced, has returned anomalous copper mineralization indicating the huge scale and continuity of the anomaly. Results are being reviewed to determine the next step.

Overall

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

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

SELECTED CONSOLIDATED FINANCIAL INFORMATION

For the years ended December 31, (in thousands of Canadian dollars, except per share amounts)		**2012**		2011		2010
Summary Operating Results Data						
Other income		**$ 120**		$ 100		$ -
General and administrative costs		**(1,478)**		(1,878)		(1,422)
Pre-exploration write-offs		**(17)**		(120)		(223)
Writedown of exploration and evaluation projects		**(79)**		(2,622)		(421)
Elements of net finance income (costs)						
Flow-through premium	***$ 227***		*$ 72*		*$ 561*	
Foreign exchange gain (loss)	***64***		*(74)*		*161*	
Net interest income (expense)	***53***		*(25)*		*(224)*	
Loss on securities held for trading	***-***		*-*		*(403)*	
Other	***16***		*4*		*36*	
Net finance income (costs)		**360**		(23)		131
Gain on sale of royalty interest		**1,992**		-		-
Recovery of provision for Chibougamau		**30**		870		-
Income tax expense		**-**		(105)		(1,212)
Net income (loss)		**527**		(4,403)		(3,641)
Total comprehensive loss		**(71)**		(6,154)		(2,428)
Earnings (loss) per share		**0.00**		(0.02)		(0.02)

As at December 31, (in thousands of Canadian dollars, except per share amounts)	**2012**	2011	2010
Summary Balance Sheet Data			
Cash and cash equivalents	**$ 2,275**	$ 516	$ 628
Marketable securities	**828**	1,531	5,463
Other current assets	**110**	120	873
Property and equipment	**1,077**	1,443	70
Exploration and evaluation projects	**18,333**	15,944	12,382
Other resource interests	**-**	3,000	7,263
Loan receivable	**1,009**	-	-
Total assets	**23,842**	22,554	26,679
Current liabilities	**1,016**	1,029	2,601
Long-term obligations	**213**	266	246
Total shareholders' equity	**$ 22,613**	$ 21,259	$ 23,832

RESULTS OF OPERATIONS

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

In the year ended December 31, 2012, the Company had net income of $527,000, or $0.00 per share, compared with a net loss of $4,403,000, or $0.02 per share, in the year ended December 31, 2011. The principal reasons for the change are the gain on sale of royalty interest in 2012 of $1,992,000, as described earlier, combined with decreased general and administrative expenses and share-based payments, an increase in finance income as described below and a reduction in the writedown of exploration and evaluation projects.

Other income in the year ended December 31, 2012 of $120,000 was from the Company's proportionate share of CBay's gold sales from a clean-up of the Copper Rand mill; a contractor was engaged by CBay to collect, process and refine dirt and grime from around the Copper Rand mill in exchange for a share of the gold sales which resulted from the processing and refining of the muck which had been collected. In the year ended December 31, 2011, the Company earned a non-refundable fee of $100,000 related to due diligence performed by a third party on the Chibougamau assets.

General and administrative expenses ("G&A") in the year ended December 31, 2012 decreased to $1,478,000 from $1,878,000 in the year ended December 31, 2011. There were non-recurring costs in the year ended December 31, 2011; the Company incurred tax services fees to support the challenge of the CRA reassessment and costs to support the protection of the Company's interests in Chibougamau. Other costs that decreased from 2011 to 2012 include discretionary investor and public relations spending; these decreases were partly offset by an increase in rent as a result of the premises expansion which occurred late in 2011.

G&A expenses are shown net of recoveries under management agreements; Nuinsco entered into a management agreement with CBay in 2012 and the Victory Nickel agreement continues. As a result of the CBay agreement, fixed costs are now spread across an additional party and, due to proportionate consolidation of CBay, 50% of these costs are borne by Ocean Partners. Decreases in costs in general were partly offset by increases in CBay spending related to Chibougamau that is also proportionately consolidated; in 2012, Nuinsco's share of CBay's G&A expenses amounted to $311,000, in 2011 these were minimal. CBay's expenses increased because of the hiring of a dedicated CEO for that business as well as the management agreement with Nuinsco.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreements and deducted from operating expenses amounted to $654,000 and $247,000 respectively in the year ended December 31, 2012, compared with $829,000 charged to Victory Nickel alone in 2011; there were no such charges to CBay in 2012. Victory Nickel charged the Company $27,000 in 2012, there were no such charges in 2011. The management agreement with CBay commenced on February 14, 2012. Costs allocated to Victory Nickel and CBay pursuant to the management agreements between the Company and Victory Nickel and the Company and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The decrease in costs allocated to Victory Nickel is primarily a function of a reduced proportion of fixed costs being allocated to Victory Nickel because of the agreement with CBay during 2012 that was not in place in 2011.

It is estimated that approximately $623,000 of general and administrative expenditures were incurred in supporting the Company's public status in the year ended December 31, 2012 (December 31, 2011 - $665,000). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The change is mainly related to the decreased spending in investor and public relations costs and higher allocation of fixed costs under management agreements now spread across an additional party as described above.

Share-based payments related to options decreased to $365,000 in the year ended December 31, 2012, from $595,000 in the year ended December 31, 2011. This is primarily a function of the lower fair value of options issued in 2012 which was $0.048 compared to $0.15 in 2011. The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 21 to the 2012 Audited Consolidated Financial Statements.

In 2012, the Board approved the issuance of 454,545 shares (2011 – 112,000 shares) pursuant to the Share Bonus Plan as described in Note 19 to the 2012 Audited Consolidated Financial Statements. The shares were issued at a fair value of $0.055 per share (2011 - $0.15 per share), which was recorded as bonus shares within share-based payments of $25,000 (2011 - $17,000).

The Company separates its pre-exploration write-offs from its writedowns of exploration and evaluation projects in the consolidated statement of operations. In the year ended December 31, 2012, pre-exploration expenditures amounted to $17,000. Routine write-offs of pre-exploration expenditures in the year ended December 31, 2011 aggregated $120,000 and related primarily to initial work in Sudan.

In the year ended December 31, 2012, the Company recorded an aggregate writedown of exploration and evaluation projects of $79,000 compared with $2,622,000 in 2011. The writedown in 2012 reflects $39,000 in respect of Egyptian properties and $40,000 with respect to the J. Tobrar project in Sudan. The writedown for Egypt includes a $16,000 provision for impairment against amounts due from the Company's Egyptian partner, being the partner's share of expenditures financed by Nuinsco. These writedowns relate to expenditures that were incurred in 2012 prior to the decision to write off the respective properties and are in addition to the main write-offs which were taken in the fourth quarter of 2011 – Egypt $803,000 and J. Tobrar $719,000. There was an additional writedown in the year ended December 31, 2011 against Elmalaan in Turkey of $1,100,000.

Net finance income increased to $360,000 in the year ended December 31, 2012 from *Net finance costs* of $23,000 in the year ended December 31, 2011. *Finance income* of $360,000 was earned in the year ended December 31, 2012, compared with $76,000 in the same period of 2011. This is primarily due to amortization of the flow-through premium of $227,000 in the year ended December 31, 2012, compared with $72,000 in 2011. Furthermore, the Company remeasured the long-term liability associated with the acquisition of debt related to CBay since the term of the liability has been re-evaluated to December 31, 2015 based on present circumstances. Accordingly, an adjustment of $75,000 was recorded which brought the net interest income on financial liabilities measured at amortized cost to $53,000. The Company will continue to monitor the circumstances affecting this payment and will re-evaluate it as required.

As at December 31, 2012, the Company had a remaining flow-through premium liability to be amortized through finance income of $265,000 from the flow-through financing that was completed in 2012. As at December 31, 2011, the Company had a remaining flow-through premium liability of $171,000 related to the flow-through financings that were completed in 2011. Note 16 to the 2012 Audited Consolidated Financial Statements includes an analysis of the flow-through premium liability.

Finance costs of $nil were incurred during the year ended December 31, 2012, compared with $99,000 in 2011. The adjustment related to the acquisition of debt referred to above resulted in a net interest income adjustment. The Company recognized a net foreign exchange loss of $74,000 in 2011 largely as a result of dilution adjustments in the second quarter of 2011 with respect to the Berta project. As reported in prior MD&As, the dilution adjustment reduced the carrying cost of the Berta project, accounts payable and foreign exchange. As the capitalized expenditures were recorded in periods where the Canadian dollar was weaker relative to the US$, an exchange loss of $63,000 was recorded during the second half of 2011. In 2012, the Company recorded a foreign exchange gain of $64,000 in finance income which was primarily earned on the US$ funds from the proceeds of the royalty sale until their conversion to Canadian funds.

As at December 31, 2012, the Company had a US$-denominated cash balance of US$289,000 remaining unconverted from the sale of the royalty interest. The Company generally does not have a significant need for US$ funds and, given the uncertainties facing the US and its potential tumble over a so-called “fiscal cliff”, it was deemed prudent to convert the funds into Canadian dollars as approved by the board. Given the recent reduction in foreign exchange exposure to the US$ and Australian dollar (“A$”) (now that, through a corporate reorganization, Coventry shares are quoted on the TSX-V), one might expect future foreign exchange gains or losses through either operations or OCI to be less significant.

The most significant single transaction during the year ended December 31, 2012 was the sale of the royalty interest in the Cameron Lake property for US$5,100,000 which generated a net gain on sale of $1,992,000; there were no such sales in 2011. The royalty had been retained as part of the consideration for the sale of the Company’s Cameron Lake project to Coventry in 2010. In September 2012, the Company sold all of its holdings of Campbell shares that were previously written down to $nil for $30,000; this was recorded as a recovery of provision for Chibougamau.

The *Recovery of Provision for Chibougamau* in 2012 was $30,000 which represented a reversal of an amount which had been written off in 2008; in 2011, the Company re-evaluated the recoverable amount for its interests in Chibougamau given the progress which had been made in the asset acquisition process and effectively reversed $870,000 of amounts written down in 2008.

The *Income tax expense* in the amount of $105,000 recorded in the year ended December 31, 2011 reflects tax expense matching the recovery of taxes recorded through OCI on the change in value of financial assets at fair value through OCI. The Company has an unrecognized deferred tax asset. When the Company’s pool of marketable securities is in excess of its cost, a tax provision is recorded in OCI with an equal tax recovery through operations. As the excess reduces, the tax provision in OCI is reversed as a recovery and an equal tax provision is recorded through operations. No adjustments are made to the unrecognized deferred tax asset and no income tax recovery is recorded through OCI that is not related to a reversal of a previously-recorded provision. Presently, the Company’s pool of marketable securities is below cost and no income tax is required to be recorded.

Other comprehensive loss in the year ended December 31, 2012 of $598,000 (December 31, 2011 – loss of $1,751,000) relates to a decrease of $598,000 (December 31, 2011 – decrease of $1,856,000) in the market value of the Company’s financial assets at fair value through OCI, partially offset with an income tax recovery recorded through OCI of $nil (December 31, 2011 – recovery of $105,000). The main decreases in market values in the year were in Victory Nickel shares of $414,000 and $162,000 in Coventry shares; for 2011, the primary decrease was in Coventry shares of $1,642,000.

The net change in the fair value of financial assets through OCI comprised of a net decrease in the fair value of the Company’s shareholdings in various public companies combined with sales of securities in the period that generated proceeds of $135,000 (December 31, 2011 – sales generated proceeds of $2,126,000). Note that the fair value of Coventry shares was impacted by the fluctuation in the value of the A$. An approximate net loss of $12,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the year ended December 31, 2012 (December 31, 2011 – net loss of $8,000). As explained above, there will no longer be any foreign exchange differences through OCI since Coventry is now quoted on a Canadian exchange.

The Company has capital loss pools available to it of approximately $6,536,000 (Note 15 to the 2012 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, any future income taxes with respect to marketable securities and recorded through OCI has an equal and opposite amount recorded through operations. In the year ended December 31, 2011, an income tax recovery of $105,000 was recorded with an offsetting amount recorded through operations. In 2012, the pool of marketable securities has been below cost so no income taxes have been recorded.

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

Cash and cash equivalents as at December 31, 2012 was $2,275,000 representing an increase of $1,759,000 over 2011. These are the residual funds from the royalty sale as referred to above. Refer to the Liquidity and Capital Resources section for discussion of annual cash flows in more detail.

Marketable securities as at December 31, 2012 consist of the Company's financial assets at fair value through OCI. The Company presently has no financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes. The value of marketable securities as at December 31, 2012 decreased to $828,000 from $1,531,000 as at December 31, 2011 as a result of significant declines in the market value of financial assets combined with the sale of shares during 2012.

The *Loan receivable* of $1,009,000 in 2012 relates to an advance paid by the Company to a third party and is due on January 31, 2015. Subsequent to the end of the year, the loan was amended and extended as described in Liquidity and Capital Resources below.

Property and equipment decreased to $1,077,000 from $1,443,000 as at December 31, 2011 mainly due to the disposal by CBay of various capital items no longer required. As described earlier, the Company, through its 50% interest in CBay, now owns significant production, development and exploration assets in the Chibougamau mining camp in northern Québec.

Royalty interest on Coventry's Cameron Gold Project was sold on September 27, 2012 as described earlier.

Share capital has increased by $974,000 to $98,169,000 as at December 31, 2012. This is primarily as a result of flow-through shares issued pursuant to private placements that generated gross proceeds of $1,000,000 in February and March 2012 before allocation to warrants and flow-through premium liability. There were various non-cash transactions during the year: in the first quarter of 2012, shares were issued with a fair value of $300,000 to acquire the royalty on the Prairie Lake property and, in the third quarter, $38,000 to extend the option payments on the Diabase property. A non-cash loan fee was paid to the lender in shares with a value of $125,000 in the fourth quarter of 2012. Note that this loan fee, along with a cash loan fee of $50,000 and legal expenses constitute the $210,000 balance in *Other assets* as at December 31, 2012. This balance will be reclassified as a contra-liability once advances are made under the loan. Refer also to discussion under Liquidity and Capital Resources.

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

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

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

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

Overhead recoveries through charges to Victory Nickel for services under the management agreement and deducted from operating expenses amounted to $829,000 in the year ended December 31, 2011, compared with $719,000 in the same period of 2010. The increase in costs allocated is primarily a function of salary increases in 2011 plus only half a year of the controller's salary was included in 2010.

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

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

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

Routine write-offs of pre-exploration expenditures in the year ended December 31, 2011 aggregated $120,000 and related primarily to preliminary work in Sudan in advance of the option agreement. In 2010, pre-exploration write-offs of $223,000 were made that were a result of routine write-offs and related primarily to pre-exploration and evaluation expenditures incurred on the Bukari project prior to the terms of the concession agreement being reached with EMRA.

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

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

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

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

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

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

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

OCI in 2011 of a loss of $1,751,000 (2010 – income of $1,213,000) relates to a decrease of $1,856,000 (2010 – increase of $1,298,000) in the market value of the Company's financial assets at fair value through OCI, partially offset with an income tax recovery recorded through OCI of $105,000 (2010 – expense of $85,000).

In 2011, the net change in the fair value of financial assets through OCI was comprised of the decreases in fair value of the Company's shareholdings in various public companies. During 2011, the Company sold shares for liquidity purposes. Note that the fair value of Coventry shares was impacted by the fluctuation in the value of the A$ until its corporate reorganization in 2013 and its listing on the TSX-V. Approximately a loss of $8,000 of the OCI related to Coventry is attributable to exchange rate fluctuations during the year ended December 31, 2011 (2010 – gain of $284,000). OCI in 2010 represented net improvements in the value of marketable securities.

The Company has capital loss pools available to it as at December 31, 2011 of approximately $6,268,000 (Note 15 to the 2012 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, a future income tax recovery of $105,000 with respect to marketable securities was recorded through OCI with an equal and opposite amount being recorded through operations.

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

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

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

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

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

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

Share capital has increased by $2,855,000 to $97,195,000 as at December 31, 2011. This is primarily as a result of shares issued pursuant to private placements that generated gross proceeds of $500,000 in January, 2011, $1,500,000 in July and August 2011 and $407,000 in December 2011 as well as the exercise of warrants and options for total consideration of $754,000. Non-cash transactions included: the issuance of shares pursuant to the Share Bonus Plan and under the option agreement entered into with respect to the J. Tobrar property in Sudan. Refer also to discussion under Liquidity and Capital Resources.

SUMMARY OF QUARTERLY RESULTS

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

Fiscal year 2012	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance income	$ 216 (1)	$ 14	$ 34	$ 96
Net (loss) income	$ (226)	$ 1,717 (2)	$ (492)	$ (472)
Total comprehensive (loss) income	$ (452)	$ 2,054 (3)	$ (1,219) (4)	$ (454)
(Loss) earnings per share - basic and diluted	$ (0.00)	$ 0.01	$ (0.00)	$ (0.00)

Fiscal year 2011	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance income (costs)	$ 7	$ (13)	$ (68)	$ 51
Net loss	$ (2,115) (5)	$ (463)	$ (817) (7)	$ (1,008) (9)
Total comprehensive loss	$ (2,597) (6)	$ (574)	$ (1,908) (8)	$ (1,075)
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

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

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

(3) Total comprehensive income includes the gain in (2) as well as a net increase in the value of marketable securities of $337,000.

(4) Total comprehensive loss includes a decrease of $727,000 in the value of marketable securities.

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

(6) Total comprehensive loss includes items referred to in (5) as well as decrease in value of marketable securities of $482,000.

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

(8) Total comprehensive loss includes a decrease of $1,171,000 in the value of marketable securities.

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

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

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2012, the Company had working capital of $2,197,000 (December 31, 2011 – working capital of $1,138,000); being defined as current assets less current liabilities. The improvement has occurred because of the sale of the royalty interest which was included as a long-term asset as at December 31, 2011. This sale provided liquidity during this period when equity financings are difficult, portfolios of marketable securities are being undervalued and trading volumes of most junior companies are depressed. With lower trading volumes, marketable securities are not as saleable as they have been in the past. Other initiatives which have been taken by the Company to improve its economic position are discussed later.

The Company generated cash and cash equivalents of $1,755,000 during the year ended December 31, 2012, compared with cash used of $112,000 during the year ended December 31, 2011.

In the year ended December 31, 2012, the Company used cash of $1,485,000 in operating activities, compared with $2,015,000 in 2011. The Company has no recurring sources of revenue and no regular operations and the change in non-cash working capital in the year ended December 31, 2012 used $177,000, compared with providing cash of $12,000 in 2011.

Investing activities in the year ended December 31, 2012 generated funds of $2,397,000, compared with funds used of $1,168,000 in 2011. The most significant cash transaction in 2012 was from the sale of the Company's royalty interest on Coventry's Cameron Gold Project for US$5,100,000 which generated net cash proceeds of $5,003,000; an additional royalty was sold by CBay, Nuinsco's portion of the net cash proceeds was $450,000. The proceeds will help fund ongoing administrative support and monthly expenditures incurred by CBay. In 2011, the most significant cash inflows were from sales of marketable securities which generated $2,126,000 compared with $135,000 in 2012. Shares were sold for liquidity purposes; the adverse market conditions have impacted the proceeds on sales as well as future potential proceeds.

Expenditures on exploration and evaluation projects amounted to $2,602,000 in the year ended December 31, 2012, compared with $3,467,000 in 2011; there were more exploration programs in 2011. Refer to the Exploration and Evaluation Activities section for additional discussion.

Also in 2012, CBay sold a truck, backfill plant, house and other equipment; the Company's share of the proceeds on these sales was $412,000. There were no similar sales in 2011.

Nuinsco advanced $1,000,000 in the fourth quarter of 2012 in the form of a long-term loan. Subsequent to the end of the year, the agreement was amended and extended to $2.5 million and up to $3 million under certain circumstances (Note 30 to the 2012 Audited Consolidated Financial Statements).

The return of restricted cash of $203,000 in 2011 related to the letter of credit which had been lodged with respect to the Company's activities in Egypt. The funds were returned when the letter of credit expired.

Cash generated from financing activities was $843,000 in the year ended December 31, 2012, compared with $3,071,000 in the same period of 2011. The reduction of $2,228,000 indicates the difficulties being experienced in securing financing in the difficult markets. On January 23, 2012, the Company issued 7,142,858 flow-through units at a subscription price of $0.14 per unit generating net proceeds of $910,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of 18 months from closing; the market for flow-through financing deteriorated significantly over the period.

In the first quarter of 2012, the Company also issued 3,157,894 shares to acquire the royalty on the Prairie Lake property and incurred $12,000 in share issue costs on this transaction. In the third quarter of 2012, the Company issued 923,864 shares to acquire the royalty from Trend on the Diabase Peninsula property and incurred $5,000 in share issue costs. Issuing shares for property and other services is a means to conserve cash in cash-constrained times.

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

Other cash consideration received in the year ended December 31, 2011 was from the exercise of warrants and options as follows: 7,477,114 warrants were exercised including warrants that were issued pursuant to the rights offering in 2009 for an aggregate consideration of $748,000 and 100,000 options were exercised for aggregate consideration of approximately $6,000.

As described earlier and in Note 17 to the 2012 Audited Consolidated Financial Statements, Nuinsco entered into the Facility in December of 2012. As part of the financing, Nuinsco issued shares as described above and also paid a cash loan fee of $50,000. As at December 31, 2012, the Facility was undrawn.

The transactions described above resulted in an increase in cash of $1,755,000 over December 31, 2011 and resulted in aggregate cash and cash equivalents of $2,275,000 which, along with other current assets and other resources is available to fund future activities.

The table below summarizes Nuinsco's contractual commitments as at December 31, 2012 and 2011.

Table of Contractual Commitments

	Due Date	December 31, 2012	December 31, 2011
Flowthrough expenditures outstanding	December 31, 2012	$ -	$ 1,668,000
	December 31, 2013	$ 792,000	n/a
Diabase extended option payment	Within one year	$ 28,050	n/a
Diabase option payment	September 2, 2013	$ 935,000	n/a
	(Additional extension is provided for in the extension agreement)		
	September 2, 2012	n/a	$ 935,000
Long-term liability	Refer to Note 17 in the 2012 Audited Consolidated Financial Statements		
		$ 300,000	$ 300,000
Operating lease - premises	Refer to Note 18 in the 2012 Audited Consolidated Financial Statements		

As at December 31, 2012, the Company had entered into the Facility; as mentioned above, it remained unutilized as at the end of the year. The Company drew down $1,000,000 of the Facility on February 1, 2013. Unless extended in accordance with the terms of the Facility, this amount is due by June 18, 2014.

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

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

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

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

Managing in challenging times takes as much, if not more, senior management effort. However, senior management of Nuinsco had agreed, effective August 1, 2012, to accept salary deferrals of an average of 25% until financial conditions improve. As a result of the improvement in the Company's financial condition, because of the sale of the royalty interest, salary deferrals were paid in October 2012 and senior management cash salaries returned to pre-deferral levels. Directors had also accepted deferral of directors' fees until circumstances improved. Such fees aggregating $191,000 were also paid in October 2012. Nuinsco has agreed to defer the payment of a portion of its salary-related charges allocated under the management agreement with Victory Nickel; as at December 31, 2012 this amounted to approximately $36,000 and is netted in the amount payable to Victory Nickel of $43,000 in Note 25 to the Audited Consolidated Financial Statements.

The Company has a corporate policy of investing its available cash in cash equivalents comprising Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise approved by the Board. The portfolio of marketable securities is available to fund the Company's activities. Since December 31, 2011, markets have continued to be difficult.

As at December 31, 2011, the average price of the Company's portfolio of marketable shares was $0.096 per share. As at March 31, 2012, this had increased by 2.1% to $0.098 per share. By June 30, 2012, the average price was $0.052 which represented a decline of 47% from March 31, 2012 values. As at September 30, 2012, the average price had partly recovered to $0.074 per share or a 42% increase from June 30, 2012 and as at December 31, 2012 the average price was $0.058. Whilst this is by no means a statistically valid analysis, it indicates the challenges being faced by the Company in volatile markets. From December 31, 2011 to December 31, 2012, the Company's own shares have (based on closing prices) declined from $0.08 to $0.035.

The total market value of the Company's marketable securities as at March 25, 2013, is approximately $734,000. These are available to fund the Company's ongoing operations. The market value can go down as well as up. Trading volumes continue to be suppressed and it is generally acknowledged that equities are being undervalued.

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

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

The Company closed flow-through financings in 2012 of $1,000,000, a portion of which is to provide funds for exploration at the Chibougamau camp. The Company had a 96.3% success on the take-up of warrants from the rights offering in April, 2011, thereby generating $735,000 and also raised $1,907,000 in flow-through financings as well as a non-flow-through financing of $500,000 during 2011. This demonstrated the Company's ability to continue to generate funds albeit under increasingly dilutive terms. However, despite the funds generated from the royalty sale, additional financings will be required to properly exploit the Company's Canadian and foreign assets. This requirement has been reduced significantly with the withdrawal from Egypt and Sudan as well as Elmalaan, Turkey. The Company will consider all alternatives to protect and further improve liquidity as described above given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets including royalty arrangements.

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

On September 27, 2012, the Company sold its royalty interest in Coventry's Cameron Gold Project for US$5,100,000. The proceeds from this sale will help fund ongoing operations and commitments. Furthermore, the Facility has improved the Company's flexibility and has allowed Nuinsco to advance funds to a third party in the junior mining sector; the loan is secured by equipment and a general security agreement. The loan has been amended and extended (the "Amended Loan") subsequent to December 31, 2012 to provide an aggregate of $2.5 million and up to $3 million, under certain circumstances, and contains a convertibility option which would, at Nuinsco's option, convert the loan to a participating interest in net cash flows of an operating business. This is intended to provide Nuinsco with a cash flow stream which would be available to fund operations or exploration programs in the future.

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

The Company's average monthly expenditures on a cash basis, net of recoveries from Victory Nickel and the net proportion from CBay for ongoing administrative support in 2012, were approximately $123,000; budgeted net monthly commitments for expenses average $158,000 for the whole of 2013; including salaries capitalized to projects, increases the monthly budgeted commitment to $179,000 or approximately $2,150,000 on an annual basis. These figures assume that the management agreements remain in place throughout 2013; no notification of intention to cancel the arrangements has been received or made. Note that these figures exclude the effect of both interest expense on the Facility which is payable on a quarterly basis and interest income on the loan receivable.

As described above, the salary deferral mechanism has been used when required to reduce the pressure on cash; other controls on discretionary expenditures are also in place and non-essential services have been cancelled. The Company estimates that approximately $623,000 was incurred (2011 - $663,000) in non-discretionary costs on an ongoing annual basis to support the Company as a public entity. Such expenditures are not eligible for flow-through funding (even when available) and must be financed through other means. The 2012 budgeted program cost on Berta was approximately US$2,672,000 of which Nuinsco's proportionate interest would be US$953,000, should the Company agree to participate. The Company is discussing its alternatives with respect to participation with Xstrata.

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

Overall, given the working capital of $2,197,000 and the available Facility, the Company expects to be able to fulfil its operating requirements and flow-through commitments for 2013.

EXPLORATION AND EVALUATION ACTIVITIES

In the year ended December 31, 2012, the Company incurred exploration and evaluation ("E&E") expenditures of $2,902,000 on its mineral interests compared with $6,800,000 in the year ended December 31, 2011 which includes the transfer in related to the Chibougamau camp of $3,820,000 from *Interest in Chibougamau*. The most significant expenditures in the year ended December 31, 2012 were on the Diabase Peninsula project in the amount of $1,005,000 (December 31, 2011 - $1,098,000). Costs on other programs included: Prairie Lake $486,000 (December 31, 2011 - $553,000), Berta $5,000 (December 31, 2011 - $80,000) and the Company's share of expenditures on the Chibougamau Camp of $1,343,000 before the effect of the sale of the Eastmain royalty of $450,000 (December 31, 2011 - $3,820,000 in expenditures were transferred in as described earlier).

In the first quarter of 2012, the Company determined that it would cease its activity in Egypt, Sudan and Elmalaan, Turkey. Accordingly, effective December 31, 2011, the projects were written down to $nil. Expenditures incurred on those projects in 2012 prior to the decision being made were also written off in the year ended December 31, 2012. Such amounts were: Bukari, Egypt $23,000 expended and written off (December 31, 2011 - $530,000 expended, $803,000 written off), J. Tobrar in Sudan $40,000 expended and written off (December 31, 2011 - $719,000 expended and written off) and Elmalaan $nil (December 31, 2011 - $nil expended and $1,100,000 written off). In the fourth quarter of 2011, the Company reclassified $3,820,000 to exploration and evaluation projects with respect to the Chibougamau camp given the transfer of assets to CBay.

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

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

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

Since acquiring the property in early 2005, when uranium demand began to drive prices into a steep climb from their US$15-US$20 per pound historic range, Nuinsco has completed a property-wide deep-penetrating MEGATEM survey which mapped the regional graphite-pyrite conductor the length of the property. This was followed by ground geophysical TEM surveys over two priority target areas (the "Main" and "Rowan Lake" grids) separated by 8km of prospective strike length, and has been complemented by both widespread geophysical gravity-survey profiling to map fault structures along the length of the Cable Bay trend and detailed gravity work upon both gridded priority targets. Late winter gravity survey programs conducted during 2010 and 2011 (refer below) in conjunction with drilling campaigns have partially filled in the 8km gap in coverage and continue to reveal coincident alteration-fault structure anomalies which merit investigation by means of diamond drilling.

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

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

Results from a single follow-up hole in March 2012, collared 100m to the east of ND0808 to investigate an interpreted crosscutting fault, suggest that the area of highest potential within the target area lies a short distance to the southwest (within 250m), and that two additional holes should be completed at this site.

Following completion of the 2008 work, which aggregated 28 drill-holes totalling 11,205m, all parts of the project area have sufficient assessment work filed to hold the property 10-12 years without additional work. Key dispositions, where the bulk of the drilling has been undertaken, are in good standing for 15-20 years.

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

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

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

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

Prairie Lake Property, Ontario

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

On January 13, 2010, the Company announced the results of an NI 43-101-compliant Exploration Target Mineralization Inventory (“ETMI”) that demonstrated the presence of between 330 million and 360 million tonnes averaging 3.5% to 3.7% P_2O_5 and 0.12% to 0.14% Nb_2O_5. The surface area used for the ETMI covered just 12% of the total project surface area. The ETMI was increased to 515 – 630 million tonnes in October 2011 as described below.

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

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

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

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

A 1,000kg sample was submitted to COREM in Québec City in September 2011 for metallurgical testing. A significant aim of the testwork was to determine whether Prairie Lake material can attain the requirements of the fertilizer industry – namely Phosphorus (P_2O_5) content of >30%, a CaO/P_2O_5 ratio of <1.6 and MgO content <1% - important thresholds for viability. COREM conducted an earlier metallurgical program on Prairie Lake mineralization in which it was demonstrated that the production of high-grade phosphorus concentrates is possible – concentrate containing up to 23.6% P_2O_5 was produced from a non-optimized process with the possibility of concentrate containing greater than 30% P_2O_5 considered realistic.

The most recent results clearly show that Prairie Lake rock is amenable to processing and concentration. The tests confirm the potential to produce a marketable fertilizer product by meeting and exceeding published specifications for phosphate concentrate and most importantly demonstrating that a concentrate grading greater than 30% P_2O_5 is attainable with thresholds as described above.

Selected results from the Prairie Lake tests are tabulated below and are compared to published specifications of the Bureau of Indian Standards for phosphate concentrate (Type I and II). Test 35 from the Prairie Lake program has produced the best overall concentrate results to date with a P_2O_5 content of 30.6%: other parameters tested are SiO_2 content of 1.37%, F content of 0.62%, MgO content of 0.7%, Cl content of 0.012% and Al_2O_3+Fe_2O_3 of 0.65%. Selected size ranges from Test 35 produced even higher P_2O_5 concentrations with <150 micrometres ("μm") to >106μm and <106μm to >75μm attaining 38% and 38.1% P_2O_5 content respectively (and with the other tabulated criteria) while Test 27 attained 34.4% P_2O_5 with the use of an HCl acid leach to remove carbonate.

Bureau of Indian Standards (BIS) - IS: 11224-1985, reaffirmed 2003	Type I	Type II	Test 35 Con.	Test 35 Con.	Test 35 Con.	Test 27 Con. after Leach
				-150+106μm	-106+75μm	
Total phosphate (P_2O_5) % by mass	≥ 30	≥ 32	30.6	38	38.1	34.4
Silica (SiO_2) % by mass	≤ 10	≤ 5	1.37	1.12	1.2	5
Fluoride (F) % by mass	≤ 2	≤ 4	0.62	0.72	0.83	**
Mixed aluminium and iron oxide (Al_2O_3 and Fe_2O_3) % by mass	≤ 3	≤ 3.5	0.65	0.44	0.48	2.99
Magnesium oxide (MgO) % by mass	≤ 0.5	≤ 0.5	0.7	0.32	0.39	2.26
Chloride (Cl) % by mass	≤ 0.015	≤ 0.05	0.012	0.033	0.009	0.043

** Insufficient samples

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

GOLD AND COPPER

Chibougamau Camp, Québec

In early 2006, Nuinsco acquired a significant equity interest in Campbell and entered into an agreement to provide consulting services to Campbell for its copper and gold mines in the Chibougamau mining camp. The Company determined that the Chibougamau mining camp had significant undefined exploration potential and agreed to participate with Campbell. Campbell experienced significant financial difficulties resulting from production delays, falling metal prices and the demise of the financial markets in 2008; and in January, 2009 Campbell announced that it had re-entered CCAA protection.

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

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines on the Lac Doré complex alone. Nuinsco and Ocean Partners now own eight past-producers on the Lac Doré complex and the significant potential to add to the known mineralization at these projects, one partially-developed high-grade copper mine - Corner Bay, a permitted 2,772 tonnes per day mill and tailings facility and in excess of 96,000 acres of highly-prospective exploration property.

Upon transfer of assets to CBay, the Company reclassified its *Interest in Chibougamau* to *Property and equipment* in the amount of $1,386,000 and $3,820,000 was transferred to *Exploration and evaluation projects*. The Company has developed an initial exploration program to begin to capitalize on the huge potential which the Chibougamau copper-gold camp offers. The program commenced in September 2012 with an initial site visit and field examination. Subsequently, grid control has been established and ground geophysics conducted on the Portage Island part of the land package with the aim of assessing near-surface land targets that have not been explored in at least 20 years. Diamond drilling began in November on targets developed from the geophysical surveys and from historic work. The program will continue into 2013.

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

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

In the fourth quarter of 2012, an 18-hole, 1,683m drilling program tested a number of gold targets, including a portion of the McKenzie Vein above where it was mined as part of the Portage Mine between 1959 and 1997 as well as new targets acquired from an induced polarization geophysical survey that was also completed during the autumn of 2012. The Portage Mine is only one of three past-producing copper/gold mines that are 100%-owned by CBay and located on Portage Island. The results obtained demonstrate the presence of widespread, near-surface gold mineralization and warrant additional work in follow-up programs. In conjunction with the fieldwork currently underway, a data review is being conducted of extensive and very valuable historic information – this is to assess and unlock the potential of the other underexplored CBay-owned assets within the camp.

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

During 2007, a significant, continuous domain of strong sulphide mineralization grading up to 0.28% copper and 0.07 g/t gold was intersected. Copper and gold values occurred over an interval of 710.90M of Hole SD-07-08, which was drilled adjacent to the interpreted Berta copper porphyry system and ended in mineralization.

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

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

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

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

Most recently, a total of six diamond drill holes were completed in a work program conducted in the third and fourth quarters of 2012 that follows-up on the widespread and very anomalous copper mineralization identified in previous work programs and described above. The principal aim of the work was to assess parts of the Berta Project that, to date, have seen no drilling but which are overlain by very strong copper-in-soil anomalies located at the centre, east and north of the Berta porphyry system. Results from past drill programs conducted between 2005 and 2008 returned very positive results, including the results from DDH SD-07-08 (reported above) and DDH SD-08-10 (collared 500m south of SD-07-08) which returned 164.0m grading 0.20% copper and 0.06g/t gold between 250.5m and 414.5m. All of the holes drilled to date, including those from the most recent program at Berta, have returned copper mineralization with variable alteration associated with porphyry copper mineralization and thus the drilling indicates the huge scale and continuity of the anomaly in the Berta porphyry system. The wide spacing of the drill holes and the long anomalous and altered intercepts obtained continue to demonstrate the scope of the copper mineralization at Berta. The property remains a very large and very prospective exploration opportunity. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Xstrata.

Elmalaan

Ownership of the property has been relinquished. Accordingly, a writedown in the amount of $1,100,000 was made against Elmalaan in 2011.

Egypt

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

The Company completed several programs of field exploration work with positive results, however, political events in Egypt, and elsewhere in the MENA region, have had a negative impact on values and the resulting difficulty of financing projects in the MENA region has forced the Company to make the decision to not proceed with its Egyptian projects at this time. Accordingly, the Company recorded a net writedown of $803,000 against project expenditures incurred to December 31, 2011 to writedown the value of the project to $nil. In 2012, additional writedowns of $23,000 were made against expenditures incurred to date. On March 27, 2012, the Company advised EMRA of its decision not to proceed.

Sudan

On July 18, 2011, the Company announced that it had entered 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 concession. The terms of the option provided for an initial payment of US$200,000, and a commitment to spend approximately €400,000 on due diligence and property evaluation. Prior to the end of the option period, Nuinsco was required to deliver US$4,000,000 in cash or shares.

On February 7, 2012, the Company announced that it had elected to not exercise its option. The scale of mineralization identified did not justify the option price and continued expenditures under 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. In 2012, additional writedowns of $40,000 were taken against expenditures incurred to February 7, 2012.

INVESTMENTS

Victory Nickel Inc.

As at March 25, 2013, the Company owns 8,253,715 shares, an approximate 2% interest in Victory Nickel, which is held as marketable securities, with a fair value of $413,000.

Coventry Resources Limited

Pursuant to the sale of Cameron Lake, Nuinsco received 12,000,000 shares in Coventry (an approximate 6.9% interest) as well as the 3% NSR royalty over future production from the property, which was sold in September 2012. By selling the property but retaining an interest in Coventry, Nuinsco is able to participate in any upside potential of the Cameron Lake property without having to finance additional exploration or the development of the mine. Coventry is focused on acquiring, finding and developing high-quality gold assets in the Superior Province geological region in eastern Canada. Coventry is based in Perth, Western Australia and its principal asset is the 100% interest in Cameron Lake. It also has interests in the Rainy River Greenstone Belt and the Ardeen Gold Project in Northern Ontario. In early 2013, Coventry completed a corporate transaction with Crescent Resources Inc. which resulted in a merged corporation trading under the name Coventry Resources Inc. on the TSX-V – CYY as well as the ASX. As at March 25, 2013, the Company owns 1,458,528 shares post-reorganization with a fair value of $321,000.

IMPAIRMENT ANALYSIS

While the metals markets and other general economic factors continue to be relatively stable, there has been no marked recovery. The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2012. The Company does not believe that there have been any material changes to date which would adversely affect this analysis. Furthermore, there has been no change in management's plans which would cause a reassessment.

While the metals markets and other general economic factors have continued to stabilize over the prior year, there has been no marked improvement and the challenge remains to find financing for development of projects. This difficulty is not a reflection of the quality of the Company's projects but is indicative of a general malaise affecting the junior resources sector in general. The Company performed a detailed impairment analysis at the project level.

An initial indicator of impairment considers the market capitalization of a company compared with its net book value. At and around the end of December 31, 2012, the Company's market capitalization was below its net book value – being around 45% of its net book value. A 100% ratio would require a share price of approximately $0.076 which was most recently achieved in early 2012. However, many resource companies continue to experience similar circumstances in present markets despite having good projects. In particular, we continue to note situations where a company's cash balances may exceed its market capitalization. An analysis was performed on each of the Company's E&E projects.

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

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

Furthermore, management's intentions with respect to future expenditures and plans for the projects were considered. All projects have had recent expenditures or are otherwise considered to be active.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

NEW ACCOUNTING POLICIES

IFRS issued by the International Accounting Standards Board ("IASB") have been adopted in the Company's 2012 Audited Consolidated Financial Statements. Note 3 to those statements include the accounting policies that have been applied in preparing the consolidated financial statements as at and for the years ended December 31, 2012 and 2011.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised standards and interpretations which are applicable to the Company but which are not yet effective for the year ended December 31, 2012 and have not been applied in preparing these financial statements.

IFRS 10 - Consolidated Financial Statements

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

IFRS 11 - Joint Arrangements

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

IFRS 12 – Disclosure of Interests in Other Entities

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

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

IFRS 13 – Fair Value Measurement

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

IAS 28 – Investments in Associates and Joint Ventures

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

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.

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, none of whom are employees or officers of the Company, meets with management to review the 2012 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Evaluation of Disclosure Controls and Procedures

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

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

Evaluation of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO control framework. For the fiscal year ended December 31, 2012, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's internal controls over financial reporting and procedures were effective as at December 31, 2012. During the year, the Company made improvements to the internal controls over financial reporting as part of its continuous improvement process.

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

There were no changes to the Company's internal controls over financial reporting that occurred during the year ended December 31, 2012 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

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

Balances and transactions with related parties as at 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 payment in the amount of $36,000 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.

OUTSTANDING SHARE DATA

As at March 25, 2013, the Company had 295,525,745 common shares issued and outstanding. In addition, there were 23,230,000 stock options outstanding as at March 25, 2013, as well as 9,292,718 warrants, which if exercised and issued would bring the fully diluted issued common shares to a total of 328,048,463 and would generate approximately $4,372,000. However, most of the options and warrants are not "in the money".

RECENT DEVELOPMENTS

Loan Receivable

On March 25, 2013, the Company amended and extended the loan agreement (the "Amended Loan") to up to $3,000,000 under certain circumstances. The Amended Loan bears interest at 12% per annum, payable quarterly, 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 million, with a minimum of $7.5 million, 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 additional developments not already discussed elsewhere in this MD&A.

CONTINGENCY

CRA Reassessment

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

RISKS AND UNCERTAINTIES

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

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

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Evaluation Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

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

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

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

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

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

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

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

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

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

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

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

Regulatory Risks
Government Regulation
Existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality, mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond Nuinsco's capacity to fund. Environmental laws are becoming more actively enforced. Environmental and social impact studies may be required for some operations and significant fines and clean-up responsibilities may be assessed for companies causing damage to the environment in the course of their activities.

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

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

Key Personnel
Nuinsco relies on a limited number of key consultants and there is no assurance that Nuinsco will be able to retain such key consultants or other senior management. The loss of one or more of such key consultants or members of senior management, if not replaced, could have a material adverse effect on Nuinsco's business, financial condition and prospects. Directors and management have previously accepted deferrals of remuneration in order to assist the Company through the economic turmoil; however, this potentially adds to the risk of losing experienced personnel. Deferrals were paid in October 2012.

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

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

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

March 25, 2013