



NUINSCO RESOURCES LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

DATED AUGUST 9, 2013

Management's Comments on Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of Nuinsco Resources Limited for the three and six months ended June 30, 2013 and 2012 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed consolidated financial statements have not been reviewed by an auditor.

Condensed Consolidated Balance Sheets

As at		June 30, 2013	December 31, 2012
(in thousands of Canadian dollars)	Notes	(unaudited)	
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 1,910	\$ 2,275
Receivables	7	68	110
Marketable securities	8	523	828
Total current assets		2,501	3,213
Non-current assets			
Property and equipment	9	1,040	1,077
Exploration and evaluation projects	10	19,431	18,333
Loan receivable	11	786	1,009
Other assets	14	-	210
Total non-current assets		21,257	20,629
Total Assets		\$ 23,758	\$ 23,842
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	13	\$ 733	\$ 1,016
Loan payable	14	1,348	-
Total current liabilities		2,081	1,016
Non-current liability			
Long-term liability	14	226	213
Total Liabilities		2,307	1,229
Shareholders' equity			
Share capital	16	98,169	98,169
Contributed surplus		5,508	5,436
Accumulated other comprehensive loss		(2,308)	(1,753)
Deficit		(79,918)	(79,239)
Total shareholders' equity		21,451	22,613
Total Liabilities and Shareholders' Equity		\$ 23,758	\$ 23,842

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 25)

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

Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income		\$ -	\$ 118	\$ -	\$ 118
Other expenses					
General and administrative		(355)	(386)	(740)	(803)
Share-based payments:	18				
Options		(51)	(253)	(72)	(322)
Amortization of property and equipment	9	(4)	(2)	(10)	(5)
Pre-exploration write-offs	10	(22)	(3)	(38)	(3)
Writedown of exploration and evaluation projects	10	-	-	-	(79)
Operating loss		(432)	(526)	(860)	(1,094)
Finance income	19	183	40	316	142
Finance costs	19	(85)	(6)	(135)	(12)
Net finance income		98	34	181	130
Loss before income taxes		(334)	(492)	(679)	(964)
Income tax expense		-	-	-	-
Net Loss for the Period		\$ (334)	\$ (492)	\$ (679)	\$ (964)
Earnings (loss) per share	17				
Basic loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

Condensed Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)	Note	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Loss for the Period		\$ (334)	\$ (492)	\$ (679)	\$ (964)
Other comprehensive loss					
Net change in fair value of financial assets	8	(342)	(727)	(555)	(709)
Other comprehensive loss for the period		(342)	(727)	(555)	(709)
Total Comprehensive Loss for the Period		\$ (676)	\$ (1,219)	\$ (1,234)	\$ (1,673)

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

Condensed Consolidated Statements of Shareholders' Equity

		Share	Contributed	Accumulated Other Comprehensive	Deficit	Total
(unaudited)		Capital	Surplus	Income (Loss)		Equity
(in thousands of Canadian dollars)						
Balances as at January 1, 2012	Notes	\$ 97,195	\$ 4,985	\$ (1,155)	\$ (79,766)	\$ 21,259
Total comprehensive loss for the period						
Net loss for the period					(964)	(964)
Other comprehensive loss						
Net change in fair value of financial assets	8			(709)		(709)
Total other comprehensive loss				(709)		(709)
Total comprehensive loss for the period						(1,673)
Transactions with owners, recorded directly in equity						
Contributions by owners in the period						
Issue of flow-through common shares and warrants		503	86	-	-	589
Shares issued for property		288	-	-	-	288
Options granted and vesting		-	322	-	-	322
Total contributions by owners		791	408	-	-	1,199
Total transactions with owners		791	408	-	-	1,199
Balances as at June 30, 2012		\$ 97,986	\$ 5,393	\$ (1,864)	\$ (80,730)	\$ 20,785
Balances as at January 1, 2013		\$ 98,169	\$ 5,436	\$ (1,753)	\$ (79,239)	\$ 22,613
Total comprehensive loss for the period						
Net loss for the period					(679)	(679)
Other comprehensive loss						
Net change in fair value of financial assets	8			(555)		(555)
Total other comprehensive loss				(555)		(555)
Total comprehensive loss for the period						(1,234)
Transactions with owners, recorded directly in equity						
Contributions by owners in the period						
Options vesting	18	-	72	-	-	72
Total contributions by owners		-	72	-	-	72
Total transactions with owners		-	72	-	-	72
Balances as at June 30, 2013		\$ 98,169	\$ 5,508	\$ (2,308)	\$ (79,918)	\$ 21,451

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

Condensed Consolidated Statements of Cash Flows

		Six months ended June 30,	
		2013	2012
(in thousands of Canadian dollars)	Notes	(unaudited)	(unaudited)
Cash flows from operating activities			
Net loss for the period		\$ (679)	\$ (964)
Adjustments for:			
Share-based payments	18	72	322
Amortization of property and equipment	9	10	5
Writedown of exploration and evaluation projects	10	-	79
Net finance income	19	(155)	(129)
Net change in non-cash working capital:			
Change in receivables		64	17
Change in trade and other payables		22	173
Net cash used by operating activities		(666)	(497)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	10	(1,141)	(1,042)
Net (purchase) sale of equipment	9	(51)	293
Loan interest received accrued in prior year	11	9	-
Net cash used by investing activities		(1,183)	(747)
Cash flows from financing activities			
Issue of common shares and warrants		-	898
Net proceeds of loan	14	1,484	-
Net cash from financing activities		1,484	898
Net Decrease in Cash and Cash Equivalents		(365)	(346)
Cash and Cash Equivalents, Beginning of the Period		2,275	516
Cash and Cash Equivalents, End of the Period		\$ 1,910	\$ 170

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

Notes to the Condensed Consolidated Financial Statements

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

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company domiciled in Canada. The address of the Company's registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The condensed consolidated financial statements of the Company as at and for the three and six months ended June 30, 2013 and 2012 comprise the Company and its subsidiaries (together referred to as "Nuinsco" and individually as "Nuinsco entities") and Nuinsco's interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada and internationally when attractive opportunities arise (Note 20). The Company conducts its activities on its own or participates with others on a joint operations basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 10 and 11 to these condensed consolidated financial statements.

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

These condensed consolidated financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at June 30, 2013, the Company had working capital of \$420,000 (December 31, 2012 – working capital of \$2,197,000). Working capital is defined as current assets including assets held for sale less current liabilities, excluding restricted cash, if any. The loan payable is due in June 2014 although it can be extended for a six-month period as described in Note 14 and additional funds of \$1,000,000 are available to the Company.

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

In an effort to generate cash from the Company's available assets, the Company has entered into a secured loan agreement with Victory Nickel (Note 11) which has a conversion feature which, pursuant to contractual terms, could generate significant cash flows commencing in the first quarter of 2014. The loan has provided the initial funding required by Victory Nickel to implement a three phase business plan to enter the frac sand business beginning in 2013.

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell") presently recorded under *Property and equipment* and *Exploration and evaluation projects* on the condensed consolidated balance sheets and held through CBay Minerals Inc. ("CBay") a joint operation with Ocean Partners Investments Limited ("Ocean Partners"). Refer to Notes 9 and 10 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 25.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). This is GAAP for a Canadian public company.

These unaudited condensed consolidated financial statements reflect the accounting policies described in Note 3 to the Company's Audited Consolidated Financial Statements for the years ended December 31, 2012 and 2011 ("2012 Audited Consolidated Financial Statements") (with the exception of any changes set out in Note 3 below) and accordingly, should be read in conjunction with those financial statements and the notes thereto.

The management of Nuinsco prepares the unaudited condensed consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on August 9, 2013. Shortly thereafter, the financial

Notes to the Condensed Consolidated Financial Statements

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

statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

The accompanying unaudited condensed consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The results of operations and cash flows for the current periods as presented are not necessarily indicative of the results to be expected for the full year.

Significant estimates and assumptions

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

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

- Note 8 valuation of financial assets at fair value through OCI;
- Note 10 measurement of the recoverable amounts of exploration and evaluation projects;
- Note 11 valuation of the convertibility feature of the loan; and
- Note 18 measurement of share-based payments.

Significant judgements

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

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

- Note 1 going concern assessment;
- Note 10 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 10 impairment of exploration and evaluation projects
- Note 11 recognition of the convertibility feature of the loan; and
- Note 25 disclosure of contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in detail in Note 3 to the 2012 Audited Consolidated Financial Statements. Such policies have been applied consistently to all periods presented in these condensed consolidated financial statements and have been applied consistently by Nuinsco entities.

(a) New Accounting Policies

There have been no new accounting policies adopted by the Company. The joint operation in CBay continues to be accounted for on a proportionate consolidation basis which is in accordance with IFRS 11 which came into effect on January 1, 2013.

Notes to the Condensed Consolidated Financial Statements

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

(b) New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company's 2012 Audited Consolidated Financial Statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued no additional new and revised standards and interpretations which are applicable to the Company.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

Overview

The Company has exposure to credit risk, liquidity risk, market risk and operational risk from its use of financial instruments. A complete description of the Company's financial risk management and capital management is included in Note 4 to the 2012 Audited Consolidated Financial Statements. This note updates information about the Company's exposure to each of the above risks where there have been material or noteworthy changes. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit Risk

Loan receivable

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

Liquidity Risk

The Company's only significant long-term liabilities are the ones disclosed in Note 14. All other contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's lease commitment described in Note 15.

Market Risk

Interest rate risk

The Company's loan receivable (Note 11) and debt (Note 14) bear interest at fixed rates. Accordingly, the estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. None of the Company's other financial instruments are interest-bearing. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Capital Management Disclosures

	Notes	June 30, 2013	December 31, 2012
Shareholders' equity		\$ 21,451	\$ 22,613
Long-term liabilities	14	226	213
		21,677	22,826
Loan payable	14	1,348	-
Available loans and borrowings	14	1,000	2,500
		\$ 24,025	\$ 25,326

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

5. DETERMINATION OF FAIR VALUES

There have been no changes in how the Company determines fair value for both financial and non-financial assets and liabilities from the descriptions included in Note 5 to the Company's 2012 Audited Consolidated Financial Statements. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

Notes to the Condensed Consolidated Financial Statements

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

(a) Royalty Interest

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

(b) Marketable Securities

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

Fair value hierarchy

The different levels of valuation are defined as follows:

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

(c) Receivables

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

(d) Warrants

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

(e) Non-derivative Financial Liabilities

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

(f) Share-based Payment Transactions

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012
Bank balances	\$ 1,910	\$ 2,275
Cash and Cash Equivalents in the Statement of Cash Flows	\$ 1,910	\$ 2,275

7. RECEIVABLES

	June 30, 2013	December 31, 2012
Other receivables	\$ 46	\$ 74
Prepaid expenses and deposits	22	36
	\$ 68	\$ 110

Notes to the Condensed Consolidated Financial Statements

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

8. MARKETABLE SECURITIES

	June 30, 2013	December 31, 2012
Financial assets at fair value through OCI		
Coventry Resources Limited	\$ 102	\$ 660
Victory Nickel Inc.	418	165
Other	3	3
	\$ 523	\$ 828

All of the Company's marketable securities are publicly-listed and are valued using Level 1 methodologies.

On July 30, 2013, Nuinsco significantly increased its shareholding in Victory Nickel through its agreement to backstop an equity issue under the loan agreement described in Note 11. Refer also to Note 26.

9. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2012	\$ 1,742	\$ 299	\$ 1,443
Additions	57	-	57
Disposals	(412)	-	(412)
Amortization	-	11	(11)
Balance as at December 31, 2012	1,387	310	1,077
Disposals	(27)	-	(27)
Amortization	-	10	(10)
Balance as at June 30, 2013	\$ 1,360	\$ 320	\$ 1,040

Effective October 25, 2011, the Company, through CBay, owns a 50% proportionate interest in the mill and related equipment at the Chibougamau camp; during the periods, CBay sold various equipment, the disposals represent 50% of the effect of those transactions.

10. EXPLORATION AND EVALUATION PROJECTS

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

Note	January 1, 2013	Current Expenditures	Writedown of E&E Projects	June 30, 2013
URANIUM AND RARE METALS				
Diabase Peninsula	\$ 9,046	\$ 168	\$ -	\$ 9,214
Prairie Lake	3,372	154	-	3,526
	12,418	322	-	12,740
GOLD, COPPER AND ZINC				
Chibougamau camp	13 4,713	764	-	5,477
Berta	1,202	12	-	1,214
	5,915	776	-	6,691
	\$ 18,333	\$ 1,098	\$ -	\$ 19,431

Notes to the Condensed Consolidated Financial Statements

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

	Note	January 1, 2012	Current Expenditures	Writedown of E&E Projects	June 30, 2012
URANIUM AND RARE METALS					
Diabase Peninsula		\$ 8,041	\$ 902	\$ -	\$ 8,943
Prairie Lake		2,886	454	-	3,340
		10,927	1,356	-	12,283
GOLD, COPPER AND ZINC					
Chibougamau camp	13	3,820	396	-	4,216
Berta		1,197	1	-	1,198
Bukari		-	23	(23)	-
J. Tobrar		-	40	(40)	-
		5,017	460	(63)	5,414
		\$ 15,944	\$ 1,816	\$ (63)	\$ 17,697

Uranium and Rare Metals

Diabase Peninsula

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

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims were optioned while seven were staked by Nuinsco. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent drill program being completed in the winter of 2011/12. During the winter of 2013 a modest program of geochemical sampling was initiated which included a survey consisting of sampling for detection of radon gas which is an indicator of uranium mineralization. All back in rights have been extinguished with regard to Trend's participation in the project.

In order to maintain the option on one of the claims, the Company was required to make an option payment of approximately \$935,000 by September 2, 2012; in May 2012, the Company was successful in extending the option terms for a year, with additional extensions being possible, for four quarterly cash payments of \$9,350 and \$37,600 of the Company's shares. This has deferred the option payment of \$935,000 by at least one year. The shares were issued in the third quarter of 2012 and three quarterly cash payments have been made to date. The claims are subject to a 3% gross production royalty payable to the vendor of the original Diabase Peninsula claim; the royalty is defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

Prairie Lake

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

Notes to the Condensed Consolidated Financial Statements

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

Gold & Copper

Chibougamau Camp

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

- eight past-producers on the Lac Doré fault and the significant potential to add to the known mineralization at these projects;
- one partially-developed high-grade copper mine - the Corner Bay Mine;
- a permitted 2,722 tonnes per day mill and tailings facility (included in *Property and equipment* on the consolidated balance sheet – Note 9); and,
- in excess of 38,000 ha of highly-prospective exploration property.

In the third quarter of 2012, CBay sold a royalty and received a return of funds from the receiver; the Company's share of funds amounted to \$450,000 net of expenses and is shown as a recovery against the property.

In 2012, the Company entered into an option agreement with CBay to make expenditures on its Portage and Corner Bay properties in exchange for an undivided interest in each property as follows: \$300,000 incurred on Portage up to December 31, 2012 earns a 30% undivided interest with the option to incur up to an additional \$500,000 in \$100,000 increments each earning a 5% additional undivided interest; \$1,000,000 in expenditures incurred on Corner Bay in \$250,000 increments each earning a 5% undivided interest in the property. Aggregate expenditures incurred pursuant to that agreement on the Chibougamau camp amount to \$732,000 (\$440,000 were expended in 2012). Substantially all of the expenditures are on the Portage property. In the second quarter of 2013, the option agreement was amended to allow the Company to more freely determine on which properties the expenditure commitments may be made.

During the first quarter of 2013, CBay entered into an agreement to option the Perch River copper project for a total cost of \$200,000 payable over four years. CBay paid \$30,000 in the first quarter of 2013. In early May 2013, CBay announced the acquisition of the Devlin copper project for \$363,000. Both transactions provide for 2% NSRs to be retained by the vendors and are intended to provide near-term feed for the Copper Rand mill.

Berta

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

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

In 2012, Xstrata commenced a 7,500 metre drilling program with budgeted expenditures of US\$2,672,000 to the end of December 2012. Full results and accounting for the work program have now been received. 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. Subsequent to the end of the 2012 drilling program, Xstrata informed Nuinsco that it would resign as Operator of the project. Nuinsco assumed the operatorship of the project in the spring of 2013 and is examining the options with regard to additional exploration/diamond drilling on the property taking into account the existing challenges and protracted timing presently associated with permitting in Turkey.

Writedown of exploration and evaluation projects

The Company made a decision on various of its foreign properties in early 2012. Aggregate expenditures of \$63,000 were incurred prior to the decisions being made and were written off, along with a project-related receivable of \$16,000 to *Writedown of exploration and evaluation projects* in 2012.

Notes to the Condensed Consolidated Financial Statements

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

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Exploration costs in the amount of \$22,000 and \$38,000 were written off during the three and six months ended June 30, 2013 (June 30, 2012 - \$3,000 and \$3,000).

11. LOAN RECEIVABLE

	June 30, 2013	December 31, 2012
Loan receivable	\$ 1,000	\$ 1,000
Accrued interest receivable	-	9
	1,000	1,009
Less: unamortized loan fees	(214)	-
	\$ 786	\$ 1,009

The Company entered into a loan agreement in November 2012 that provided an advance for \$1,000,000. The Loan bears interest at 12% per annum and matures on January 31, 2015; it is secured by equipment and a general security agreement over the borrower's assets.

On March 26, 2013, the Company announced that it had amended and restated the loan agreement to increase the secured loan facility to up to \$3,000,000 under certain circumstances (the "Amended Loan"). As with the original loan, the Amended Loan bears interest at 12% per annum, payable quarterly in arrears, and matures on January 31, 2015. Prior to June 1, 2014, the Company has the right to convert the outstanding balance of the Amended Loan into a participating interest (the "Conversion") whereby the Company is entitled to receive a share of cash flows earned from the sale of frac sand from the borrower's subsidiary. The Company's participation is capped at \$10,000,000, with a minimum of \$7,500,000, and is subject to adjustment under certain circumstances. On Conversion, the Amended Loan would be considered paid in full. The Company has also agreed to backstop an equity issue 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 announced a rights offering on June 14, 2013 which closed on July 30, 2013; refer to Note 26 for the effects on the Amended Loan.

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. An arrangement fee of \$250,000 in shares (included in marketable securities) was received effective March, 2013 based on a \$2,500,000 facility, and is being amortized into interest income using the effective interest method over the life of the loan; amortization of \$34,000 and \$36,000 was recorded in the three and six months ended June 30, 2013. Commitment fees to date amount to \$6,000.

12. ROYALTY INTEREST

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

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

Notes to the Condensed Consolidated Financial Statements

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

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	June 30, 2013	December 31, 2012
Trade payables			
E&E projects		\$ 62	\$ 93
Non-project related		81	104
Flow-through premium liability		65	265
Other payables		8	9
Due to Victory Nickel Inc.	21	27	43
Accrued liabilities			
E&E projects		81	91
Non-project related		409	411
		\$ 733	\$ 1,016

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

<i>As at and for the periods ended</i>	<i>Note</i>	June 30, 2013	December 31, 2012
Balance as at beginning of period		\$ 265	\$ 171
July and August, 2011 financing:			
Flow-through premium through finance income		-	(126)
December, 2011 financing:			
Flow-through premium through finance income		-	(45)
February and March, 2012 financing:			
Flow-through premium		-	321
Flow-through premium through finance income	19	(200)	(56)
Balance as at end of period		\$ 65	\$ 265

14. LONG-TERM LIABILITIES

	June 30, 2013	December 31, 2012
Long-term loan facility	\$ -	\$ -
Payable from acquisition of Campbell debt	226	213
	\$ 226	\$ 213

Long-term Loan Facility

	June 30, 2013	December 31, 2012
Advances	\$ 1,500	\$ -
Unamortized loan fees	(152)	(210)
	1,348	(210)
Reclassification to current liability in period	(1,348)	-
	\$ -	\$ (210)

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility"). 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 on June 18, 2014 with the availability of a one-time extension period of six months upon issuance of 3% of the principal amount extended payable in CBay shares owned by Nuinsco. A facility fee of \$50,000 was paid in cash at closing along with a 5%

Notes to the Condensed Consolidated Financial Statements

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

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.

The loan was drawn down by \$1,000,000 on February 1, 2013 with an additional draw of \$500,000 being received on May 1, 2013. The aggregate loan fees and expenses related to the loan of \$217,000 (December 31, 2012 - \$210,000 included as *Other assets* on the consolidated balance sheet) are amortized through operations as interest expense using the effective interest rate method over the life of the loan; amortization of \$38,000 and \$65,000 was charged during the three and six months ended June 30, 2013. Interest of \$39,000 and \$58,000 was paid in cash in the three and six months ended June 30, 2013.

Payable from Acquisition of Campbell Debt

The Company, through CBay, has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell. The Company is required to pay \$300,000 on the basis of \$0.25 per ton of ore processed through the CBay mill with any remaining balance due three years after implementation of a mine plan. The mill requires refurbishment, processing is not presently possible and a mine plan has not been completed. Therefore, the Company has used a time horizon of three years from the end of 2012; the time horizon will be reassessed on a frequent basis. The fair value of the amount, using a discount rate of 11.5%, is \$226,000 as at June 30, 2013 (December 31, 2012 - \$213,000). A net adjustment was made to accretion and the long-term obligation in 2012 of \$53,000 to reflect these assumptions and Nuinsco will accrete the future value of the obligation by interest charges through operations. Accordingly, in the three and six months ended June 30, 2013, aggregate accretion of \$7,000 and \$13,000 (June 30, 2012 - \$5,000 and \$11,000) was added to the long-term obligation and recorded as interest expense.

15. OPERATING LEASE

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

	June 30, 2013
Office rental	
Less than 1 year	\$ 98
Between 1 and 5 years	244
Total Minimum Lease Payments Payable	\$ 342

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts. During the three and six months ended June 30, 2013, \$50,000 and \$99,000 was recognized as rent expense through operations in respect of operating leases including operating costs (June 30, 2012 - \$48,000 and \$95,000).

16. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital

Authorized

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

Number of shares issued and outstanding

There are no special shares outstanding; all shares are fully paid. There were no common shares issued during the three months ended June 30, 2013.

Share Incentive Plan

The Company has a Share Incentive Plan which includes both a Share Purchase Plan and a Share Bonus Plan. Both are described fully in the Company's 2012 Audited Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Statements

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

Shareholder Rights Plan

The Company has a Shareholder Rights Plan which is described fully in the Company's 2012 Audited Consolidated Financial Statements.

Accumulated Other Comprehensive Income or Loss ("AOCI")

AOCI is comprised of the following separate components of equity:

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

17. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the three and six months ended June 30, 2013 and 2012 was based on the information in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Balance as at beginning of period	295,526,000	290,513,000	295,526,000	280,212,000
Effect of shares issued pursuant to private placements	-	-	-	4,317,000
Effect of shares issued for property	-	-	-	2,950,000
Weighted average number of common shares - basic	295,526,000	290,513,000	295,526,000	287,479,000
Effect of share options granted and outstanding	10,000	319,000	11,000	2,171,000
Effect of warrants issued and outstanding	-	-	-	-
Weighted average number of common shares - diluted	295,536,000	290,832,000	295,537,000	289,650,000
Number of options excluded	26,465,000	25,546,000	26,464,000	23,694,000
Number of warrants excluded	9,270,000	14,893,000	9,270,000	14,893,000
Net loss attributable to shareholders	\$ (334)	\$ (492)	\$ (679)	\$ (964)
Basic loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The effect of adjustments to the weighted average number of common shares would be anti-dilutive when the Company incurs losses. The table above provides the weighted average number of shares on a dilutive basis for periods when losses are incurred for information only. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the respective periods during which the options were outstanding.

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

18. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements

The Company's share-based payment arrangements are described in Note 21 to the Company's 2012 Audited Consolidated Financial Statements.

Stock option plan (equity-settled)

As at June 30, 2013, the Company had 17,854,000 (December 31, 2012 – 20,099,000) common shares available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant. The Company does not have any cash-settled transactions.

Notes to the Condensed Consolidated Financial Statements

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

Share purchase warrants (equity-settled)

Outstanding warrants as at June 30, 2013 consist of warrants issued pursuant to private placements. The Company does not have any cash-settled transactions.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 19 to the Company's 2012 Audited Consolidated Financial Statements.

Terms and Conditions of Share-based Payment Arrangements

The terms of the Company's share-based payment arrangements are set out in Note 21 to the Company's 2012 Audited Consolidated Financial Statements.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

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

As at and for the periods ending	Number of options		Weighted average exercise price	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Outstanding as at beginning of period	24,230,000	20,515,000	\$ 0.11	\$ 0.14
Granted	3,595,000	5,550,000	\$ 0.03	\$ 0.06
Expired	(1,350,000)	(1,835,000)	\$ 0.18	\$ 0.29
Outstanding as at end of period	26,475,000	24,230,000	\$ 0.10	\$ 0.11
Exercisable as at end of period	25,277,500	22,505,000	\$ 0.10	\$ 0.11

As at	Number of options outstanding		Weighted average remaining contractual life (years)	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Range of exercise prices				
\$0.020 to \$0.025	120,000	-	4.86	-
\$0.030 to \$0.050	8,075,000	4,600,000	1.77	1.19
\$0.055 to \$0.055	1,100,000	1,100,000	2.12	2.61
\$0.060 to \$0.075	5,680,000	5,680,000	3.76	4.25
\$0.080 to \$0.100	4,350,000	4,350,000	1.51	2.01
\$0.110 to \$0.150	-	1,000,000	-	0.01
\$0.160 to \$0.170	4,750,000	4,750,000	2.70	3.20
\$0.180 to \$0.260	2,400,000	2,400,000	0.76	1.26
\$0.270 to \$0.350	-	350,000	-	0.48
	26,475,000	24,230,000	2.46	2.49

Notes to the Condensed Consolidated Financial Statements

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

Additional disclosures relating to the Company's options are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Number of options granted during the period	3,595,000	5,550,000	3,595,000	5,550,000
Weighted average fair value of options granted at grant date	0.019 \$	0.048	0.019 \$	0.048
Number of options subject to vesting as at end of period	1,197,500	1,790,000	1,197,500	1,790,000
Share-based payment expense - vesting options	\$ 51	\$ 205	\$ 72	\$ 234
Share-based payment expense - extended options	\$ -	\$ 48	\$ -	\$ 48
Share-based payment expense - vesting options in CBay	\$ -	\$ -	\$ -	\$ 40
Unvested options not yet charged to operations	\$ 17	\$ 65	\$ 17	\$ 65

Share purchase warrants

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

As at and for the periods ended			Number of warrants		Weighted average exercise price	
			June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Date Issued	Life ⁽¹⁾					
Issued pursuant to private placements						
October 4, 2010	24			5,600,000	\$	0.10
Expired				(5,600,000)		
January 10, 2011	12			1,562,500	\$	0.22
Expired				(1,562,500)		
July 29, 2011	24	1,833,315	1,833,315	\$	0.20	\$ 0.20
August 3, 2011	24	2,151,533	2,151,533	\$	0.20	\$ 0.20
August 29, 2011	24	333,334	333,334	\$	0.20	\$ 0.20
August 30, 2011	24	970,984	970,984	\$	0.20	\$ 0.20
December 30, 2011	18	22,833	22,833		\$	0.09
Expired		(22,833)				
February 24, 2012	18	3,410,750	3,410,750	\$	0.20	\$ 0.20
February 24, 2012	18	409,290	409,290	\$	0.14	\$ 0.14
March 12, 2012	18	138,250	138,250	\$	0.20	\$ 0.20
March 13, 2012	18	22,429	22,429	\$	0.20	\$ 0.20
Outstanding as at end of period			9,269,885	9,292,718	\$ 0.26	\$ 0.26

(1) The life of warrants is stated in months from issue date.

Inputs for Measurement of Grant-Date Fair Values

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

Notes to the Condensed Consolidated Financial Statements

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

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

Periods ended	Options		Warrants	
	June 30,	December 31,	June 30,	December 31,
	2013	2012	2013	2012
Fair value at grant/modification date	\$0.013 and \$0.019	\$0.001 to \$0.048	n/a	\$0.018 to \$0.031
Share price at grant/modification date	\$0.02 and \$0.03	\$0.055 to \$0.065	n/a	\$0.09 and \$0.095
Assumptions				
Exercise price	\$0.02 and \$0.03	\$0.05 to \$0.065	n/a	\$0.14 and \$0.20
Expected volatility	87% and 86%	82% to 110%	n/a	87% and 93%
Life (years)	4	0.58 to 4.83	n/a	1.5
Expected dividends	-	-	n/a	-
Risk-free interest rate	1.19% and 1.25%	0.99% to 1.53%	n/a	1.12% to 1.20%

There were no options or warrants issued during the three months ended March 31, 2013. On April 4, 2013, 3,475,000 options were issued to employees, consultants and directors at an exercise price of \$0.03. Of these options, 2,337,500 vest immediately and 1,137,500 vest in one year. On May 10, 2013, 120,000 options were granted to an employee at an exercise price of \$0.02; half vest immediately and half vest in one year.

19. FINANCE INCOME AND FINANCE COSTS

	Notes	Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
Interest income on bank deposits		\$ 5	\$ 1	\$ 11	\$ 2
Interest income on loan receivable	11	64	-	96	-
Commitment fee	11	6	-	6	-
Flow-through premium	13	108	39	200	140
Net foreign exchange gain		-	-	3	-
Finance income		183	40	316	142
Interest expense on loan payable	14	83	-	135	-
Interest expense on financial liabilities measured at amortized cost	14	-	5	-	11
Net foreign exchange loss		2	1	-	1
Finance costs		85	6	135	12
Net Finance Income		\$ 98	\$ 34	\$ 181	\$ 130

20. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel and CBay (Note 21). The projects are currently located in Canada and Turkey. Senior management makes decisions by considering exploration potential and results on a project basis. Any applicable amounts relating to projects are capitalized to the relevant project as *Exploration and evaluation projects* on the consolidated balance sheets.

Notes to the Condensed Consolidated Financial Statements

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

Geographic Information

	Notes	June 30, 2013	December 31, 2012
Canada			
Corporate		\$ 3,379	\$ 4,535
Chibougamau camp	10	6,425	5,687
Diabase Peninsula	10	9,214	9,046
Prairie Lake	10	3,526	3,372
		22,544	22,640
Turkey			
Berta	10	1,214	1,202
		1,214	1,202
Total Assets		\$ 23,758	\$ 23,842

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

21. RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

Short-term employee benefits provided by the Company to key management personnel include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan (Notes 16 and 18).

Balances and transactions with related parties as at June 30, 2013 and December 31, 2012 and for the periods ended June 30, 2013 and 2012 are shown in the following tables:

	June 30, 2013	December 31, 2012
Balances Outstanding		
Payable to key management personnel	\$ 65	\$ 57

Key management personnel compensation comprised:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Short-term employee benefits	\$ 181	\$ 169	\$ 366	\$ 344
Share-based payments - options	44	209	44	209
	\$ 225	\$ 378	\$ 410	\$ 553

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.

Notes to the Condensed Consolidated Financial Statements

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

Balances and transactions with Victory Nickel and CBay under the management agreements as at June 30, 2013 and December 31, 2012 and for the periods ended June 30, 2013 and 2012 are shown in the following tables:

	June 30,		December 31,	
	2013		2012	
Balances Outstanding under Management Agreements				
Receivable from CBay Minerals Inc.	\$	-	\$	-
Payable to Victory Nickel Inc.	\$	27	\$	43

	Three months ended June 30,		Six months ended June 30,					
	2013		2013					
Transaction Values under Management Agreements								
Overhead charges to Victory Nickel Inc.	\$	154	\$	157	\$	312	\$	371
Overhead charges from Victory Nickel Inc.	\$	8	\$	8	\$	14	\$	15
Project costs charged by Victory Nickel Inc.	\$	14	\$	7	\$	22	\$	16
Project recoveries charged to Victory Nickel Inc.	\$	3	\$	14	\$	3	\$	19
Overhead charges to CBay Minerals Inc.	\$	69	\$	78	\$	151	\$	114
Project recoveries charged to CBay Minerals Inc.	\$	-	\$	3	\$	-	\$	6

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 had agreed to defer the payment by Victory Nickel of a portion of its charges related to management salaries consistent with deferrals accepted by Victory Nickel's executive employees; these charges have been settled. Payables to key management personnel generally relate to directors' fees, consulting fees and expense reimbursements.

22. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

		June 30, 2013	December 31, 2012
Ownership Interest	Country of Incorporation		
Lakeport Gold Corporation	Canada	100%	100%
CBay Minerals Inc.	Canada	50%	50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	50%	50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	50%	50%
NuMENA Minerals Corp.	Canada	100%	100%

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

Notes to the Condensed Consolidated Financial Statements

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

23. JOINTLY-CONTROLLED ENTITIES

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

As at and for the periods ended	Notes	June 30, 2013	December 31, 2012
CBay Minerals Inc.			
Current assets		\$ 94	\$ 79
Property and equipment	9	\$ 948	\$ 974
Exploration and evaluation project	10	\$ 4,745	\$ 4,273
Current liabilities		\$ 258	\$ 283
Long-term liability	14	\$ 226	\$ 213
Other income		\$ -	\$ 120
Operating expenses		\$ 212	\$ 352

24. COMMITMENT

Flow-through Commitments

As at June 30, 2013, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2012 of \$200,000 (December 31, 2012 – \$792,000). The 2012 commitment is required to be satisfied by December 31, 2013.

25. 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.

26. SUBSEQUENT EVENT

Under the terms of the Amended Loan described in Note 11, Nuinsco agreed to provide a standby commitment for any equity offering initiated by Victory Nickel. This commitment was triggered for the rights offering of Victory Nickel which closed on July 30, 2013. Under the agreement, Nuinsco subscribed for 50,316,018 units for cash of \$1,207,584. Each unit comprises one common share and one common share purchase warrant. This brings cumulative advances under the Amended Loan to Victory Nickel to \$2,207,584 and caps the Amended Loan amount at \$2,707,584 (from a maximum possible \$3 million) with \$500,000 remaining for draw down and to be used to develop Victory Nickel's frac sand business. The subscription under the standby commitment also increases Nuinsco's potential participation under the Conversion of the Amended Loan (Note 11).

Nuinsco also exercised its basic rights under its prior shareholding of Victory Nickel which amounted to 3,483,882 additional units for \$83,613.

Nuinsco has valued the shares and warrants acquired under its participation in the rights offering at an aggregate amount of \$1,937,000 at closing using the closing price of Victory Nickel shares of \$0.025 along with an estimated fair value of \$0.011 per warrant valued using the Black-Scholes option pricing model. Additional shares were received in consideration for the top-up advance with a value of \$20,758.

The subscription under the rights offering brings Nuinsco's interest in Victory Nickel's shares to approximately 12.2% at July 30, 2013 on a non-diluted basis. Nuinsco expects to continue to account for its investment in Victory Nickel as marketable securities and any changes in the value of shares will be accounted for through OCI with changes in the value of warrants being accounted for through *Finance income* or *Finance costs* in the consolidated statement of operations.