NUINSCO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009

DATED MARCH 18, 2011

MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

René R. Galipeau
Vice-Chairman and CEO
March 18, 2011

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 18, 2011

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nuinsco Resources Limited

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations, comprehensive income, cash flows and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nuinsco Resources Limited and its subsidiaries as at December 31, 2010 and December 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

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

(signed) "BDO Canada LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 18, 2011

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

As at December 31, (in thousands of Canadian dollars)		2010		2009
ASSETS				
Current				
Cash and cash equivalents (Note 1)	**$**	**628**	$	1,490
Restricted cash (Note 9)		**199**		-
Marketable securities (Note 5)		**5,463**		2,099
Due from Victory Nickel Inc. (Note 16)		**21**		33
Accounts receivable (Note 9)		**603**		259
Prepaid expenses and deposits		**50**		58
Total Current Assets		**6,964**		3,939
Interest in Campbell Resources Inc. (Note 7)		**4,263**		2,297
Royalty Interest (Notes 1 and 8)		**3,000**		-
Exploration and Development Projects (Note 9)		**12,266**		9,657
Exploration Property Held for Sale (Notes 1 and 9)		**-**		1,700
Future Income Tax Asset (Notes 1 and 13)		**-**		1,297
Property and Equipment (Note 10)		**70**		59
	$	**26,563**	$	18,949
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Notes 9 and 16)	**$**	**2,553**	$	1,243
Total Current Liabilities		**2,553**		1,243
Asset retirement obligation (Notes 1 and 11)		**-**		111
Loan payable (Notes 1 and 11)		**-**		2,901
Long-term obligations (Note 11)		**246**		-
Total Liabilities		**2,799**		4,255
Shareholders' Equity (Note 12)				
Share capital		**94,314**		93,396
Contributed surplus		**4,291**		3,707
Deficit		**(75,576)**		(81,792)
Accumulated other comprehensive income (loss) (Note 14)		**735**		(617)
		23,764		14,694
	$	**26,563**	$	18,949

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 19)

Approved by the Board of Directors

(signed)
Robert G. Wardell
Director

(signed)
Ed Guimaraes
Director

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

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)	**2010**	2009
Revenue		
Interest income	**$ 3**	$ 1
(Loss) gain on sale of marketable securities	**(158)**	250
Loan fee (Note 5)	**33**	-
	(122)	251
Costs and Expenses		
General and administrative (Note 16)	**1,422**	927
Foreign exchange gain	**(161)**	(897)
Stock option compensation (Note 12)	**346**	252
Other stock-based compensation (Note 12)	**131**	-
Amortization of property and equipment	**14**	13
Accretion of asset retirement obligation (Notes 1 and 11)	**3**	12
Interest expense (Note 11)	**224**	964
Writedown of exploration and development projects (Note 9)	**695**	879
	2,674	2,150
Loss before the Undernoted	**(2,796)**	(1,899)
Gain on Sale of Cameron Lake (Note 1)	**10,108**	-
(Loss) Gain on Securities Held for Trading (Note 5)	**(403)**	686
Writedown of Investment (Note 5)	**(1)**	(16)
Share of Loss of Equity-Accounted Investee (Note 6)	**-**	(36)
Dilution Loss (Note 6)	**-**	(322)
Gain on Sale of Victory Nickel Inc. (Note 6)	**-**	1,360
Income (Loss) before Income Taxes	**6,908**	(227)
Income Tax Provision (Recovery) (Note 13)	**692**	(1,903)
Net Income for the Year	**$ 6,216**	$ 1,676
Income per Share		
Basic	**$ 0.03**	$ 0.01
Diluted	**$ 0.03**	$ 0.01
Weighted Average Number of Common Shares Outstanding		
Basic	**236,738,000**	203,404,000
Diluted	**239,641,000**	203,630,000

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, (in thousands of Canadian dollars)	**2010**	2009
Net income for the year	**$ 6,216**	$ 1,676
Other comprehensive income (Note 14)	**1,352**	777
Comprehensive Income for the Year	**$ 7,568**	$ 2,453

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

NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, (in thousands of Canadian dollars)		2010		2009
Cash from (used by)				
Operating Activities				
Net income for the year	$	**6,216**	$	1,676
Items not affecting cash:				
Loss (gain) on sale of marketable securities		**158**		(250)
Stock option compensation (Note 12)		**346**		252
Other stock-based compensation (Note 12)		**131**		-
Amortization of loan fees, property and equipment		**157**		322
Accretion of asset retirement obligation (Notes 1 and 11)		**3**		12
Writedown of exploration and development projects (Note 9)		**695**		879
Gain on sale of Cameron Lake (Note 1)		**(10,108)**		-
Interest capitalized to loan payable		**79**		394
Loss (gain) on securities held for trading (Note 5)		**403**		(686)
Writedown of investment (Note 5)		**1**		16
Unrealized foreign exchange gain on cash, accounts payable and loan		**(146)**		(684)
Share of loss of equity-accounted investee (Note 6)		**-**		36
Dilution loss (Note 6)		**-**		322
Gain on sale of Victory Nickel Inc. (Note 6)		**-**		(1,360)
Income tax provision (recovery) (Note 13)		**692**		(1,903)
Change in non-cash working capital (Note 15)		**(328)**		21
Cash used by operating activities		**(1,701)**		(953)
Financing Activities				
Issue of common shares and warrants		**1,487**		2,424
Net proceeds of loan		**-**		2,836
Repayments of loan (Note 11)		**(2,972)**		(5,915)
Cash used by financing activities		**(1,485)**		(655)
Investing Activities				
Purchase of Campbell's debt (Note 7)		**(1,525)**		-
Expenditures on exploration and development projects		**(2,367)**		(673)
Proceeds on sale of Victory Nickel Inc. (Note 6)		**-**		2,734
Proceeds on sale of marketable securities		**889**		546
Proceeds on sale of Cameron Lake (Notes 1 and 8)		**5,900**		100
Purchase of marketable securities		**(366)**		(400)
Purchase of equipment		**(8)**		(2)
Increase in restricted cash (Note 9)		**(199)**		-
Cash from investing activities		**2,324**		2,305
Net (Decrease) Increase in Cash During the Year		**(862)**		697
Cash and Cash Equivalents, Beginning of the Year		**1,490**		793
Cash and Cash Equivalents, End of the Year	$	**628**	$	1,490
Supplemental Cash Flow Information				
Income taxes paid	$	**-**	$	-
Interest paid	$	**168**	$	562

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NUINSCO RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars)	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Balance as at December 31, 2008	**180,873,574**	**$ 91,757**	**$ 2,999**	**$ (83,468)**	**$ (1,394)**	**$ 9,894**
Shares issued under private placements	24,701,943	1,560	288	-	-	1,848
Shares issued in connection with bridge loan	10,000,000	297	-	-	-	297
Shares issued for property	100,000	5	-	-	-	5
Shares and warrants issued under rights offering	15,259,992	383	168	-	-	551
Options granted and vesting	-	-	252	-	-	252
Flow-through share renunciation	-	(606)	-	-	-	(606)
Net income for the year	-	-	-	1,676	-	1,676
Other comprehensive income	-	-	-	-	777	777
Balance as at December 31, 2009	**230,935,509**	**93,396**	**3,707**	**(81,792)**	**(617)**	**14,694**
Shares issued under private placements	19,576,085	1,088	281	-	-	1,369
Options granted and vesting	-	-	346	-	-	346
Flow-through share renunciation	-	(500)	-	-	-	(500)
Shares issued for property	625,000	38	-	-	-	38
Options exercised	575,000	66	(27)	-	-	39
Warrants exercised	622,098	95	(16)	-	-	79
Shares issued under Share Bonus Plan	1,871,600	131	-	-	-	131
Net income for the year	-	-	-	6,216	-	6,216
Other comprehensive income	-	-	-	-	1,352	1,352
Balance as at December 31, 2010	**254,205,292**	**$ 94,314**	**$ 4,291**	**$ (75,576)**	**$ 735**	**$ 23,764**

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

(All tabular amounts are in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

Nuinsco Resources Limited ("Nuinsco" or "the Company") is primarily engaged in the acquisition and exploration of precious and base metals in Canada, Turkey and Egypt. The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties.

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

- Cash of $100,000 received in December 2009;
- Cash of $5,900,000 received on April 20, 2010;
- 12 million Coventry shares, representing 17% of the then-outstanding shares of that company. Coventry shares had a closing price of A$0.265 ($0.247) on April 20, 2010; and
- A 3% net smelter return ("NSR") royalty under which Coventry will have the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value (Note 8).

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

Consideration received				
Cash			$	6,000
Coventry shares (Note 5)				2,958
Royalty interest (Note 8)				3,000
Aggregate consideration				11,958
Net book value of assets sold (liabilities assumed) and expenses of sale				
Cameron Lake property	$	1,796		
Mill		54		
Asset retirement obligation ("ARO") assumed		(114)		
		1,736		
Transaction expenses		114		
				1,850
Gain on sale of Cameron Lake				10,108
Provision for income taxes (drawdown of previously recorded future income tax asset)				1,297
Net after-tax gain			$	8,811

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

Transactions with Jien International Investment, Ltd.
On July 31, 2009, the Company entered into an agreement with Jien International Investment, Ltd. ("JIIL"), a Canadian subsidiary of Jilin Jien Nickel Industry Co. Ltd. of the city of Panshi, Province of Jilin, China, which enabled it to repay a short-term loan and related balances originally due June 15, 2009, in full. The terms of the financing arrangement entered into (the "Arrangement") are as follows:

- The Company sold the 38,500,786 shares of Victory Nickel Inc. ("Victory Nickel") that it then owned, along with certain associated rights pursuant to the rights offering announced by Victory Nickel on June 24, 2009, to JIIL for cash of US$2,700,000;
- JIIL advanced US$2,800,000 by way of an interest-bearing promissory note to Nuinsco. The note bore interest at 8% per annum calculated and compounded monthly and was payable upon maturity or acceleration of the term. The term of the loan was two years and the Company was permitted to make prepayments at any time. The loan was secured upon the Company's shareholdings in Gold Hawk Resources Inc. ("Gold Hawk") and Cameron Lake JEX Corporation and the Cameron Lake property.

The Arrangement enabled Nuinsco to settle its short-term loan, provided Victory Nickel with a strategic investor, reduced the rate of interest and eliminated immediate cash debt-servicing requirements. As described above, this loan was settled with funds from the Cameron Lake sale.

Going Concern

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles (Canadian "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. At December 31, 2010, the Company had working capital of $4,411,000 (December 31, 2009 – $2,696,000) available to fund operations and exploration activities. The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from past investments in Campbell Resources Inc. ("Campbell").

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

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

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

2. BASIS OF PRESENTATION, USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian GAAP and include the accounts of the Company and those of its subsidiaries using the purchase method of accounting. The Company accounts for its interest in joint ventures using proportionate consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes those estimates are reasonable. The accounting elements which require management to make significant estimates and assumptions include determining impairment in and values of investments, exploration and development projects, royalty interests and future income tax assets as well as the valuation of stock option compensation. Accounting for these elements is subject to estimates and assumptions regarding, among other things, metal recoveries, future metals prices, future operating costs, future mining activities and future market volatility. Management bases its estimates on historic experience and other assumptions it believes to be reasonable under the circumstances. However, actual results could differ from those estimates.

Measurement Uncertainty
The carrying values of the Company's exploration and development projects at December 31, 2010 totalled $12,266,000 (2009 - $9,657,000). Management's review of these carrying values indicated that at December 31, 2010, the properties were not impaired, except for the Triggs option which was written down to $nil in the third quarter of 2010, followed by the remaining options within the Olympian project in the fourth quarter of 2010 (Note 9) and the Marijane and Huston Lakes property which was written down to $nil in the year ended December 31, 2009. As an exploration company, the results of previous work, including drilling and analysis, provides information which either supports or discredits the potential for discovery. If geological information obtained is positive, the projects' values are not considered impaired. Management's conclusion about impairment is also dependent on assumptions about several factors including future operating costs, metal production levels, future metal prices and capital equipment needs and costs. It is also dependent upon the Company's ability to raise financing to successfully complete its projects as discussed in Note 1. In recent years there has been unprecedented volatility in several of the factors involved in such an analysis including metals prices, costs of fuel, power and other operating supplies and the costs of capital equipment which has resulted in an increased amount of measurement uncertainty. While such volatility appears to have somewhat reduced, future changes in these parameters could give rise to material changes in asset carrying values.

The Company also had investments in marketable securities classified as "level two", as described in Note 3, which involved making estimates on the fair value of its warrants in Victory Nickel which are derivative instruments. The Company utilizes the Black-Scholes option-pricing model to value such securities which involves making estimates on inputs to the model such as stock volatilities.

The Company also made loans to Campbell which are shown as Interest in Campbell Resources Inc. ("Interest in Campbell"), and makes conclusions as to the impairment and future recoverability of such balances. These loans were recorded at an aggregate amount of $10,423,000 before recording an aggregate provision for writedown of $7,923,000 in the year ended December 31, 2008 and before the acquisition of Campbell's debt in 2010. The provision for writedown is dependent upon assumptions about several factors or conditions affecting Campbell and the value of its exploration and development projects and may be based on limited information despite the Company's significant involvement in Campbell's CCAA proceedings as a secured creditor (Note 7). Interest in Campbell is classified as a "level three" investment which is subject to the highest degree of measurement uncertainty. Accordingly, future changes in any parameters used in the valuation could give rise to material changes in asset carrying values.

The Royalty Interest acquired pursuant to the Cameron Lake sale (Notes 1 and 8) is also subject to a high degree of measurement uncertainty. Future changes in probabilities of production or any other parameters used in the valuation could give rise to material changes in recorded asset values.

Management will continue to monitor the critical factors impacting its impairment analyses and will re-evaluate the carrying value of its long-lived assets as necessary.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments
The Company's financial instruments include cash and cash equivalents, restricted cash, marketable securities, accounts receivable, securities held for trading, loans to Campbell, accounts payable and accrued liabilities, amounts due to or from Victory Nickel and certain long-term obligations. Each financial asset and financial liability instrument, other than an asset or liability in a related party transaction, is initially measured at fair value, adjusted for any associated transaction costs. In subsequent periods, the estimated fair values of financial instruments are determined based on the Company's assessment of available market

information and appropriate valuation methodologies including reviews of current interest rates, related market values and current pricing of financial instruments with comparable terms; however, these estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction.

Financial assets and financial liabilities are classified into one of five categories: held to maturity, available for sale, loans and receivables, other financial liabilities and held for trading.

All financial instruments classified as available for sale or held for trading are measured at fair value. Changes in the fair value of financial instruments designated as held for trading and recognized derivative financial instruments such as warrants are charged or credited to the consolidated statement of operations for the relevant period, while changes in the fair value of financial instruments designated as available for sale, excluding impairments that are other than temporary, are charged or credited to other comprehensive income ("OCI") until the instrument is sold. All other financial assets and liabilities are accounted for at cost or at amortized cost depending upon the nature of the instrument. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. Transaction costs associated therewith are originally netted against the financial instrument and are amortized to operations using the effective interest rate method.

The Company has classified its cash and cash equivalents, restricted cash and derivative contracts (warrants) as held for trading and its marketable securities as available for sale for accounting purposes. These instruments are measured on the consolidated balance sheet at fair value. Accounts receivable, amounts due from Victory Nickel and loans to Campbell have been designated as loans and receivables and carried at amortized cost adjusted for any impairment provision. Accounts payable and accrued liabilities along with any amounts due to Victory Nickel and long-term obligations are carried at amortized cost and are classified as other financial liabilities.

Cash and Cash Equivalents and Restricted Cash
Cash and cash equivalents consist of balances with banks and investments in money market instruments. The investments are recorded at market value and are redeemable on demand. As at December 31, 2010 and 2009, the entire balance consisted of cash held with banks. Restricted cash comprises US$200,000 held in a GIC supporting a letter of guarantee (Note 9).

Investments
Marketable securities, other than equity-accounted investments and derivatives, are classified as available for sale and recorded at fair value. Valuations of the investments have been determined based on a hierarchy of valuation principles, which have been applied based on publicly available information. The valuation approach applied is as follows:

- Fair values of instruments traded in active markets are based on quoted bid prices at the reporting date. Such investments are determined to be categorized as "Level One".
- Where instruments are not traded in an active market, fair value is determined using valuation techniques taking into account market information for financial instruments with similar characteristics as the underlying instrument being valued. Such investments are subject to higher degrees of measurement uncertainty than Level One and are determined to be categorized as "Level Two".
- Where there is no comparable market information to determine the fair value of the instrument, fair value is calculated using other techniques, such as estimated discounted cash flows using contractual terms of the instrument, discount rates considered appropriate for the credit risk of the instrument and the current volatility in the marketplace. Such investments have an even greater degree of uncertainty and are determined to be categorized as "Level Three".

When information or events indicate other than a temporary decline in value, the impairment loss is recognized through operations in the period in which such events occur. Impairment losses recognized in net income for a financial instrument classified as available for sale are not reversed.

The Company accounts for its investment in entities which are not controlled, but over which it has the ability to exercise significant influence, using the equity method of accounting. Such entities included its approximate 15% ownership interest in Victory Nickel to July 31, 2009. Effective July 31, 2009, the Company sold its significant interest in Victory Nickel as described in Note 1. Accordingly, the Company no longer has any equity-accounted investments.

Impaired Loans

When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizeable amount which is measured by either discounting the expected future cash flows at the effective interest rate inherent in the loans or by measuring the fair value of the security underlying the loans, net of expected costs including amounts legally required to be paid to other borrowers. The amount initially recognized as an impaired loan, together with any subsequent change, is charged to the provision for writedown of amounts due.

Royalty Interest

Royalty interest represents the 3% NSR acquired pursuant to the Cameron Lake sale (Note 1). The fair value of the acquisition cost was determined using estimated net cash flows discounted at management's best estimate of a discount rate taking into account project risk factors. Acquisition costs of development and exploration stage mineral royalty interests are not depleted until such time as royalty-generating production begins.

Exploration and Development Projects

Exploration and development projects include the direct costs related to the various mineral properties, including cost of acquisition of the properties and deferred exploration and development costs, net of any recoveries. These costs are capitalized and accumulated on a property-by-property basis and will be amortized as operating expenses against future revenue upon commencement of commercial production using a unit-of-production method based upon estimated proven and probable mineral reserves.

The carrying values of exploration and development projects represent unamortized net costs incurred to date and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, upon the Company's ability to obtain the necessary financing to complete the development and upon future profitable production and/or sale.

Government Assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Any government assistance relating to the exploration and development properties is recorded as a reduction of those related expenditures.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided over the related assets' estimated useful life using the declining-balance method at an annual rate of 20% for equipment.

Impairment of Long-Lived Assets

On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration and development activities that are warranted in the future or if there is any impairment in the carrying value. In the event that facts and circumstances indicate that the Company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. Fair value is normally determined using the discounted value of future net cash flows. Where estimates of future net cash flows are not available, such as in the case for exploration assets, management's assessment of the property's estimated fair value is based on exploration results to date, a review of comparable transactions and a consideration of historic costs. Impairment losses on exploration and development projects are recorded as writedown of exploration and development projects in the consolidated statement of operations.

Asset Retirement Obligations
The fair value of liabilities for any ARO will be recognized in the period in which they are incurred and the fair value can be reasonably estimated. The Company recognized an ARO relating to its Cameron Lake project. Accordingly, an equal and offsetting amount was included in exploration and development projects for Cameron Lake and as an ARO in liabilities at the discounted value of the liability. In subsequent periods to de-recognition in 2010, the Company recorded a charge to operations to accrete the discounted ARO amount to the final expected liability or to de-recognition through sale of the underlying project. As the development of any additional project progresses, the Company will assess whether an additional ARO has arisen.

Stock-based Compensation Plans
Stock Option Plan
The Company has a stock option plan which is described in Note 12. Awards to non-employees are measured at the earliest of the date at which performance is complete, the date at which a commitment for performance by the counterparty to earn the option is reached or the date at which the equity instruments are granted. Awards made to employees are measured at the grant date. All stock-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate compensation expense. Compensation expense is charged to operations over the vesting period of the options or service period, whichever is shorter. Stock options vest either immediately or over a twelve-month period.

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

The Share Incentive Plan is described in Note 12. The Company uses the fair value method of accounting for, and to recognize as compensation expense, its stock-based compensation for employees. Shares issued under the Share Incentive Plan are valued based on the quoted market price on the date of the award. This amount is expensed over the vesting period.

Flow-through Shares
The Company has financed a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the consolidated statement of operations.

Revenue Recognition
Gains on sales of marketable securities are recognized on the settlement date. Consulting fees are recognized when services are rendered which includes amounts amortized over the non-cancellable term of the agreement. Other income, including interest income, is recognized on an accrual basis using the effective interest rate method.

Foreign Currency Translation
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Non-monetary items are translated at historic rates. Expenses are translated at the average exchange rate during the year (there are no revenues denominated in foreign currencies). Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income for the current period.

Income Taxes
The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Furthermore, temporary differences include the benefit of tax losses available to be carried forward to future years. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates enacted is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more-likely-than-not to be realized.

Income per Share
The Company uses the treasury stock method in determining the diluted income per share. The diluted income per share data assumes the exercise of all outstanding warrants and options except when the assumed exercise is anti-dilutive. Basic income per share amounts are calculated using the weighted average number of common shares outstanding during the period. The application of the treasury stock method resulted in the weighted average number of shares being increased by 2,903,000 shares in 2010, with respect to options outstanding for purposes of computing the diluted income per share. In 2009, the weighted average number of shares was increased by 226,000 shares, also with respect to options, for purposes of computing the diluted income per share. However, the diluted income per share amounts equalled the basic income per share amount in 2010 and 2009. The total options and warrants outstanding as at December 31, 2010 which could dilute future earnings should they be fully exercised is 44,560,962 (2009 – 33,578,016).

New Accounting Policies
There have been no new accounting policies adopted in these financial statements. The volume of accounting pronouncements being introduced by The Canadian Institute of Chartered Accountants ("CICA") applicable to the Company has reduced significantly pending the transition to International Financial Reporting Standards ("IFRS").

Future Accounting Changes
International Financial Reporting Standards
The CICA plans to transition Canadian GAAP for public companies to IFRS. The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is working on the transition to IFRS and is developing and refining disclosures for the Company's consolidated financial statements. The effects on the Company's transition date consolidated balance sheet (as at January 1, 2010) and as at December 31, 2010 will be outlined in the Company's first set of unaudited interim consolidated financial statements for the quarter ended March 31, 2011.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL DISCLOSURES

Financial Risk Management
The Company's financial instruments include cash and cash equivalents, restricted cash, marketable securities (which may include derivative contracts (warrants)), accounts receivable, amounts due from or to Victory Nickel, convertible debenture and loan amounts due from Campbell (included in interest in Campbell), accounts payable and accrued liabilities and certain long-term obligations. The fair value of these financial instruments approximates their carrying value.

The Company's risk exposures with respect to its financial instruments and the impact on the Company's financial statements are summarized below:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents, as well as its restricted cash, are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper. The Company's routine accounts receivable consist primarily of amounts due from federal and provincial governments. Amounts due from or to Victory Nickel are settled on a regular basis.

Concentration of credit risk arises as a result of the loan and convertible debenture due from Campbell totalling $7,923,000 before impairment writedown and before the acquisition of Campbell debt in 2010. Campbell is in default on its loans to the Company as it has not made the required principal or interest payments. These deficient interest payments have been included in the balance of the loan up to September 30, 2008. The Company acquired additional Campbell debt during 2010 as described in Note 7. Given Campbell's current financial position, there is a significant credit risk associated with these loans. For that, and reasons further described in Note 7, the Company determined that a writedown of the loans was required in 2008.

The maximum credit risk is limited to the carrying amounts of monetary assets and aggregates $5,714,000 (2009 - $4,079,000).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company tries to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of available cash and cash equivalents and marketable securities. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

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

As referred to in Note 1, the Company has entered into a number of transactions which have enhanced liquidity. The Company does not have any significant long-term liabilities at December 31, 2010 other than the amount payable under the acquisition of Campbell's debt as described in Note 7. All other contractually obligated cash flows are payable within the next fiscal year with the exception of obligations related to the Company's premises (Note 17). Upon ratification of the agreements regarding Egypt (Note 9), there will be significant expenditure commitments to maintain tenure on the property.

Market risk

The Company is exposed to interest rate risk, commodity price risk and currency risk with respect to its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash equivalents earn interest at variable short-term rates at December 31, 2010 and 2009. The estimated effect of a 50bps change in interest rate would not have a material effect on the Company's results of operations. The Company's advances to Campbell under the revolving credit facility and its convertible debentures earn interest at fixed rates – accrual of such interest ceased effective September 30, 2008. The Company's loan payable bore fixed rate interest until its repayment in April, 2010. None of the Company's other financial instruments are interest-bearing. The Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Commodity price risk

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

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

Price risk

The Company's marketable securities are subject to price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments. A 1% change in the market price of available-for-sale securities would have an approximate effect of $55,000 on OCI before income taxes.

Currency risk

Currency risk is the potential adverse impact on earnings and economic value due to movements and volatilities in foreign exchange rates. The Company recognized $161,000 in net foreign exchange gains in 2010 (2009 - $897,000).

The Company incurs expenditures related to Turkey and Egypt, and certain general and administrative expenses, in United States ("US") dollars and occasionally in the European Euro, Egyptian Pound and Turkish Lira. As at December 31, 2010, US dollar-denominated balances include: cash and short term investments of approximately US$208,000 and accounts payable and accruals of US$641,000. As at December 31, 2009, US dollar-denominated balances include: cash of approximately US$15,000, accounts payable and accruals of US$632,000 and loan including accrued interest of US$2,897,000.

For every $0.01 change in the US dollar exchange rate there would be an aggregate effect of approximately $4,000 on the Company's results of operations based on the balances as at December 31, 2010 (December 31, 2009 - $37,000). The Company's balances denominated in Euros, Egyptian Pounds and Turkish Lira are not significant.

With the closing of the Cameron Lake sale in 2010, the Company has a significant holding of available-for-sale marketable securities denominated in Australian dollars (December 31, 2010 - A$3,600,000). Any change in the value of the securities is reflected through OCI. For every $0.01 change in the Australian dollar exchange rate there would be an approximate effect of $37,000 on OCI.

There have been no changes in the Company's financial risk management in the year.

Capital Disclosures

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

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

5. MARKETABLE SECURITIES

As at December 31,		2010		2009
Level One Securities: Common Shares				
Gold Hawk Resources Inc.	**$**	**991**	$	945
Victory Nickel Inc.		**807**		800
Coventry Resources Limited		**3,665**		-
Other		**-**		1
		5,463		1,746
Level Two Securities: Warrants		**-**		353
	$	**5,463**	$	2,099

With the exception of the Victory Nickel warrants, which were exercised in 2010, all of the Company's marketable securities are publicly-listed. Accordingly, all of the shares owned by the Company are considered to be valued using Level One methodologies.

In July, 2010, Nuinsco advanced $366,000 to Victory Nickel as prepayment for the exercise of warrants. The related fee and interest expense of $33,000 charged to Victory Nickel for the advance represents the difference between the aggregate exercise price of the warrants and the amount of the advance. The warrants were exercised by the Company in September, 2010. As at the exercise date, the value of the warrants had declined. Accordingly, a loss on securities held for trading of $403,000 was recorded. The Company no longer has any Level Two securities.

The Victory Nickel shares and warrants were acquired through the exercise of rights which had been retained by the Company. The warrants were exercisable at a price of $0.12 commencing August 18, 2010 for a period of one year. At the date of exercise of the rights, the market price of the Victory Nickel shares was $0.11 compared with a unit rights price of $0.06. Since Canadian GAAP requires such shares to be recorded at fair value and since the warrants were determined at that time to have a value of $nil, the difference between the amount paid and the market value of $333,000 was recorded through operations as gain on securities held for trading along with the unrealized change in the market value of the warrants of $353,000 to December 31, 2009.

The amount of unrealized gain recorded in accumulated other comprehensive income for Gold Hawk is approximately $244,000 as at December 31, 2010 (December 31, 2009 – a loss of $850,000) and reflects a share price of $1.99 (2009 - $0.79). Since the end of December 31, 2010, Gold Hawk's share price has continued to consistently exceed the Company's cost.

In 2009, the Company determined that an other-than-temporary impairment had occurred in its other shares and recorded a writedown of $16,000 through operations; in 2010, the Company recorded an additional writedown of $1,000 through operations in its other shares, thereby recording them at $nil.

6. INVESTMENT IN EQUITY-ACCOUNTED INVESTEE

As at December 31, 2010 and 2009, the Company no longer has any equity-accounted investees. The Company sold its equity interest in Victory Nickel in 2009 for US$2,700,000 or net proceeds of approximately $2,734,000 and generated a gain through the consolidated statement of operations of approximately $1,360,000 after equity-accounting adjustments.

The Company's share of Victory Nickel's loss was $36,000 to the date of disposition of its ownership interest in 2009.

The dilution loss recorded in 2009 related to the Company's share of Victory Nickel's share capital transactions including share issuances and the tax value of flow-through renunciations. The Company's proportionate share of these amounts has been included in the consolidated statement of operations as a dilution loss of $322,000 in 2009.

7. INTEREST IN CAMPBELL RESOURCES INC.

The Company holds a convertible debenture and a revolving credit facility in Campbell; the Company ceased recording interest on its loans in 2008. Given the nature of the security underlying these items and the present intentions of Nuinsco, the Company considers these elements together and has recorded them in Interest in Campbell on the consolidated balance sheets. The Company's security on amounts owing by Campbell includes Corner Bay and other exploration and development properties, among other things.

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

On January 28, 2009, Campbell announced that it had re-entered protection under the CCAA under which a Court-appointed monitor was engaged. Throughout 2010 and 2009, the Company has been actively involved in trying to protect its interests throughout the CCAA proceedings and has held several meetings with the court-appointed monitors as well as attended court sessions. The Company is continuing to assess its options to best realize on its interests including the debenture and revolving credit facility (collectively, the "loan") and will continue to be actively involved in the process until its conclusion.

In 2010, the Company, along with its partner with respect to Campbell matters Ocean Partners Holdings Limited ("Ocean Partners"), through a jointly-owned subsidiary, acquired substantially all of the remaining secured debt of Campbell (that the Company and Ocean Partners did not already own) for aggregate staged payments over a three-year period of $4,050,000 (including those deposits already made by each of Nuinsco and Ocean Partners). The face value of the aggregate debt acquired by the Company and Ocean Partners was $24,245,000. Acquisition of all of the secured debt will facilitate joint exercise of security over the Campbell assets including Corner Bay, the Copper Rand mill and other exploration properties in the Chibougamau mining camp in Québec.

Accordingly, the deposits previously made in the second quarter of 2010 of $465,000, along with additional cash payments made in the third quarter of $1,060,000, have been reclassified as acquisition of debt to Interest in Campbell. The agreements require additional staged payments by the Company of $200,000 by April 20, 2011 and $300,000 by April 20, 2013; discounted at 8%, the fair value of the long-term payable was $241,000 at that time. Such amounts are included in Interest in Campbell and in current and long-term liabilities (Note 11).

The Company's share of expenditures incurred in 2010 to protect its interest in Campbell assets amounted to approximately $343,000 (2009 - $46,000). Such expenditures included legal fees, court-appointed monitor's fees and other costs and are included in general and administrative expenses.

As at December 31,				**2010**		**2009**
Interest in Campbell [(1)]			**$**	**2,297**	$	2,297
Acquisition of debt	**$**	**2,025**				
Less: fair value adjustment		**(59)**				
				1,966		-
Interest in Campbell			**$**	**4,263**	$	2,297

(1) The Interest in Campbell at December 31, 2010 and 2009 is shown net of Québec mining duties receivable of $203,000.

The value of the estimated recoverable amount is based primarily upon a discounted cash flow model of the Corner Bay project, adjusted for other potential claims against the property and taking into account the continuation of the partnership with Ocean Partners. However, additional factors were also taken into account including: the estimated value of a fully-permitted mill, probabilities and risk weightings of outcomes, discussions with potential acquirers and estimated value of possible deals, the length of time of alternatives including time to production and so on. There is a high degree of variability in many of those factors. Accordingly, the Interest in Campbell is a level three investment.

8. ROYALTY INTEREST

On April 20, 2010, pursuant to the sale of Cameron Lake to Coventry, the Company received a royalty interest in the Cameron Lake property. The royalty interest is a 3% NSR under which Coventry has the right to reduce the royalty to a 1% NSR at any time within five years of April 20, 2010 by making, at Coventry's option, either a cash payment of $2,000,000 or issuing additional Coventry shares with an equivalent market value. As described above, this is an investment which is subject to a high degree of measurement uncertainty.

The valuation of the royalty interest was based upon cash flow models of the project previously developed by the Company as adjusted for metals prices and expectations of Coventry's plans. The Company will continue to monitor Coventry's progress towards bringing the property into production and will review the royalty for impairment on a regular basis.

9. EXPLORATION AND DEVELOPMENT PROJECTS

Cumulative costs relating to the acquisition of mineral properties, and deferred exploration and development expenditures, have been incurred on the following projects:

	December 31, 2009	Current Expenditures	Writedowns	December 31, 2010
URANIUM AND RARE METALS				
Diabase Peninsula	$ 5,772	$ 1,171	$ -	$ 6,943
Prairie Lake	1,217	791	-	2,008
	6,989	1,962	-	8,951
GOLD, COPPER AND ZINC				
Berta and Elmalaan	2,666	167	-	2,833
Egypt	2	480	-	482
Olympian	-	679	(679)	-
Other	-	16	(16)	-
	2,668	1,342	(695)	3,315
	$ 9,657	$ 3,304	$ (695)	$ 12,266

	December 31, 2008	Current Expenditures	Writedowns/ Transfer to Held for Sale	December 31, 2009
URANIUM AND RARE METALS				
Diabase Peninsula	$ 5,737	$ 35	$ -	$ 5,772
Prairie Lake	1,136	81	-	1,217
Marijane and Huston Lakes	730	30	(760)	-
	7,603	146	(760)	6,989
GOLD, COPPER AND ZINC				
Cameron Lake (1)	1,563	83	(1,646)	-
Berta and Elmalaan	2,521	145	-	2,666
Other	-	121	(119)	2
	4,084	349	(1,765)	2,668
	$ 11,687	$ 495	$ (2,525)	$ 9,657

(1) The expenditures on Cameron Lake are shown net of $100,000 deposit by Coventry (Note 1) and were transferred to Exploration Property Held for Sale as at December 31, 2009.

URANIUM AND RARE METALS

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of $1,000,000. Expenditures to date have increased this ownership interest to approximately 89% (2009 – 87%). Should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims are optioned while seven were staked by Nuinsco; all are subject to the option agreement with Trend. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005 with the most recent work program being completed in the fall/winter of 2010. If the project progresses to a development stage, before its interest drops below 10% as described above, then Trend has a one-time 50% back-in right upon reimbursing Nuinsco for 140% of its total expenditures to that date. In order to maintain the option on one of the claims, the Company must make an option payment of approximately $935,000 by September 2, 2012. That same claim is subject to a 3% gross production royalty ("GPR") defined as actual metal/mineral sales with no deduction for refining or transportation expenses. The GPR can be purchased before September 2, 2012 for $11,000,000 as follows: first percentage - $1,000,000; second percentage - $3,000,000; third percentage - $7,000,000.

Prairie Lake

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

Marijane and Huston Lakes

In 2009, the Company determined that the results to date on this exploration property did not support additional expenditures and accordingly, decided to writedown the property to $nil. At that time, the Company advised Temex Resources Corp. ("Temex") that it would not complete its commitment to earn the 50% undivided interest in the property.

GOLD, COPPER & ZINC

Berta

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

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project. Xstrata participates pro-rata in funding exploration expenditures and is the operator of the project. Nuinsco presently owes Xstrata approximately $466,000, which is included in accounts payable and accrued liabilities, for its share of expenditures on Berta. Expenditures in 2010 include the Company's share of 2010 expenditures of Berta. Discussions with Xstrata have been ongoing and the Company plans to pay its outstanding share of expenditures in the near future. Discussions are also being held to buy Xstrata's share of the joint venture.

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

Elmalaan

The Company finalized an agreement (the "Elmalaan Agreement") in August 2006 to acquire 100% of the Elmalaan copper-zinc property from Xstrata. The Company has spent US$250,000 to earn its interest.

Xstrata has back-in rights to reacquire a 50% interest in the project upon incurring expenditures equal to 200% of the aggregate expenditures incurred by the Company and a further 20% interest by incurring additional expenditures of US$20,000,000. In the event that Xstrata elects not to exercise its back-in right, it will be entitled to a 2% NSR which can be reduced to 1% on the payment by the Company of US$1,000,000. Mapping, sampling and diamond drilling programs have identified strongly anomalous copper-zinc-gold-silver mineralization on the property. The Elmalaan licenses have been converted to exploitation status and will be transferred to a Turkish subsidiary of Nuinsco. In 2011, the licenses are in the process of being transferred to Nuinsco Madencilik, the Company's Turkish subsidiary.

Egypt

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

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

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

Olympian

In March, 2010, the Company announced that it had optioned a claim package collectively referred to as the Olympian Project. The Olympian Project consists of 18 mining claims and three patented mining claims totalling 1,405 ha in Ontario's Lake of the Woods region. The claims were assembled through four option agreements with consideration aggregating cash of $705,000 and 2,450,000 common shares of the Company payable over 2010 to 2012. As at December 31, 2010, payments under the agreements of $120,000 had been made and 625,000 shares had been issued.

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

Writedown of Projects

Exploration costs relating to discontinued or impaired projects in the amount of $695,000 were written off during 2010 (2009 - $879,000). The amount in 2010 primarily relates to the Olympian Project. In 2009, the amount primarily related to the Marijane and Huston Lakes property.

Flow-through Commitment

As at December 31, 2010, the Company had a remaining flow-through commitment outstanding for flow-through share financings in 2010 of approximately $217,000. This commitment is required to be satisfied by December 31, 2011.

10. PROPERTY AND EQUIPMENT

As at December 31,		2010		2009
Equipment				
Cost	**$**	**355**	$	331
Accumulated Amortization		**285**		272
Net Book Value	**$**	**70**	$	59

11. LONG-TERM OBLIGATIONS

Payable from Acquisition of Campbell Debt

The Company has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 7). The Company is obliged to pay $300,000 by the third anniversary of production, assumed to be April, 2013 for the purpose of determining fair value. The fair value of the amount at acquisition, using a discount rate of 8%, was $241,000. Nuinsco will accrete the value of the obligation by interest charges through operations until its payment. In 2010, $5,000 accretion was added to long-term obligations and recorded as interest expense.

Loan

In 2008, the Company entered into a bridge loan. The aggregate amount of the loan was US$5,000,000, bore interest at 12.5% on a monthly basis and was secured by the Company's Victory Nickel shares. The loan was due no later than December 15, 2008 and was subject to a prepayment obligation from proceeds of debt or equity financing excluding flow-through shares, warrants and options. The Company was technically in default on the loan until it was renegotiated subsequent to December 31, 2008 with amended terms. The main changes in terms were: the amount of the loan was increased to US$5,250,000, repayment was extended to June 15, 2009 and the security package was extended to include the Cameron Lake property and shares in Gold Hawk. In consideration for the amendments, the Company issued 10,000,000 shares in the Company. The lenders subsequently agreed to a forbearance on the loan until its repayment in full effective July 31, 2009 as described in Note 1.

In 2009, as described in Note 1, the Company entered into a long-term loan arrangement with JIIL. The loan was due July 31, 2011 and bore interest at 8%, calculated monthly and due upon repayment of the loan. Prepayment of the loan plus outstanding interest was allowed in full or in part. The loan was secured by the Company's shares in Cameron Lake JEX Corporation, the Company's shares in Gold Hawk as well as a mortgage over the Cameron Lake property. The amount of interest on the long-term debt charged through the consolidated statement of operations was $74,000 (2009 - $103,000).

The Company repaid the loan and related balances outstanding in full on April 20, 2010 upon closing of the sale of Cameron Lake to Coventry as described in Note 1. The balance of unamortized loan fees at that time of $121,000 was charged through operations upon repayment of the loan and is included in interest expense in the consolidated statement of operations.

As at December 31,		2010		2009
Advances in US Dollars	**$**	**2,800**	$	2,800
Capitalized interest in US Dollars		**168**		97
		2,968		2,897
Effect of foreign exchange		**4**		148
Repayment		**(2,972)**		-
Unamortized loan fees		-		(144)
	$	**-**	$	2,901

Asset Retirement Obligation

The ARO was estimated using a time horizon of eight years, an estimated closure cost of $253,000, an inflation rate of 2.0% and a discount rate of 12.5%.

		Amount
Balance as at December 31, 2009	**$**	**111**
Accretion to de-recognition		3
De-recognition		(114)
Balance as at December 31, 2010	**$**	**-**

The Cameron Lake property was sold to Coventry on April 20, 2010 as described in Note 1 and the ARO was assumed by the purchaser at that time. Accordingly, the ARO was de-recognized upon sale of the property.

12. SHAREHOLDERS' 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.

Issued and Outstanding:

There are no special shares outstanding. The issued and outstanding common shares are as follows:

	Number of Shares		Amount
Balance as at December 31, 2008	**180,873,574**	**$**	**91,757**
Shares issued pursuant to private placements [(a)]	24,701,943		1,560
Shares issued for services [(b)]	10,000,000		297
Shares issued for option in exploration property [(c)]	100,000		5
Flow-through share renunciation [(d)]	-		(606)
Shares issued pursuant to rights offering [(e)]	15,259,992		383
Balance as at December 31, 2009	**230,935,509**		**93,396**
Shares issued pursuant to private placements [(f)]	19,576,085		1,088
Flow-through share renunciation [(d)]	-		(500)
Shares issued for option in exploration property [(g)]	625,000		38
Options exercised [(h)]	575,000		66
Warrants exercised [(i)]	622,098		95
Shares issued pursuant to Share Bonus Plan [(j)]	1,871,600		131
Balance as at December 31, 2010	**254,205,292**	**$**	**94,314**

(a) In June and July 2009, the Company issued 7,441,834 flow-through common shares at a price of $0.06 per share for gross proceeds of approximately $447,000. After fees and other out-of-pocket costs, net proceeds aggregated approximately $428,000. In December, 2009, the Company issued 17,260,109 flow-through common shares at a price of $0.09 per unit for gross proceeds of approximately $1,553,000. The units included a half share purchase warrant as described below. After fees and other out-of-pocket costs, net proceeds aggregated approximately $1,421,000. An apportionment of proceeds to warrants amounted to approximately $289,000. As at December 31, 2009, accounts receivable included $33,000 subscriptions receivable from related parties.

(b) In March, 2009, 10,000,000 shares were issued to the bridge lender with a fair value of $300,000 with respect to refinancing the loan. Issue costs associated therewith approximated $3,000.

(c) In March, 2009, the Company issued 100,000 shares with a fair value at the grant date of $5,000 in connection with the option to acquire a 50% interest in the contiguous Marijane Lake and Huston Lake properties from Temex.

(d) In February, 2010, the Company renounced $2,000,000 (February 2009 - $2,090,000) in Canadian Exploration Expenditures to investors of flow-through shares in 2009 and 2008. The tax value of these renunciations amounted to $500,000 (2009 - $606,000) and each has been recorded as a future tax liability and charged against share capital. Since the Company has a valuation allowance which reduces the future income tax assets, the valuation allowance was reduced and income tax recoveries were recognized in the consolidated statements of operations in the amount of $500,000 (2009 - $606,000).

(e) On April 22, 2009, the Company issued 15,259,992 shares and 7,629,996 share purchase warrants in connection with a rights offering. Aggregate proceeds before issue costs were approximately $763,000 (excluding any potential proceeds from the exercise of the warrants). An apportionment of proceeds to warrants amounted to $168,000.

(f) In October, 2010, the Company issued 7,142,857 flow-through common shares and 10,000,000 common shares at a price of $0.07 and $0.05 per share, respectively, for gross proceeds of $1,000,000. After fees and other out-of-pocket costs, net proceeds aggregated $911,000, the costs included 600,000 finder warrants with a fair value of $38,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $194,000.

In December, 2010, the Company issued 2,433,228 flow-through common shares at a price of $0.18 per share for gross proceeds of approximately $438,000. After fees and other out-of-pocket costs, net proceeds aggregated $420,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $49,000.

(g) In May, 2010, the Company issued 625,000 common shares with a fair value of $38,000 pursuant to the option agreements entered into with respect to the Olympian property.

(h) In December, 2010, a total of 575,000 common shares were issued upon the exercise of options for proceeds of $39,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the options exercised in the amount of $27,000.

(i) Throughout 2010, a total of 622,098 common shares were issued upon the exercise of warrants for proceeds of $79,000. This resulted in an increase in share capital of the amount of the proceeds plus the carrying value of the warrants exercised in the amount of $16,000.

(j) In May, 2010, the Company issued 1,871,600 common shares with a fair value of $131,000 to employees and consultants as discretionary bonuses pursuant to the Company's Share Bonus Plan.

Stock Options

The Company has a stock option plan (the "Plan") to encourage ownership of its shares by directors, officers, employees and others, and to provide compensation for certain services. The terms of the Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to 10 years. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time-to-time. At December 31, 2010, the Company had 20,595,794 (December 31, 2009 – 18,655,326) common shares available for the granting of future options.

A summary of the status of the Plan and changes during 2010 and 2009 is presented below:

	Number of Options Outstanding		Average Exercise Price
Outstanding as at December 31, 2008	**13,835,000**	**$**	**0.20**
Options granted	5,575,000	$	0.05
Options expired	(3,425,000)	$	0.16
Outstanding as at December 31, 2009	**15,985,000**	**$**	**0.16**
Options granted	5,850,000	$	0.08
Options expired	(3,525,000)	$	0.13
Options exercised	(575,000)	$	0.07
Options cancelled	(200,000)	$	0.25
Balance as at December 31, 2010	**17,535,000**	**$**	**0.14**

The following table summarizes further information about the stock options outstanding at December 31, 2010:

Range of Exercise Prices	Options Exercisable	Options Outstanding	Years to Expiry (1)		Exercise Price (1)
$0.030 - $0.050	4,625,000	4,625,000	3.19	$	0.05
$0.055 - $0.055	1,125,000	1,150,000	4.61	$	0.06
$0.060 - $0.100	3,275,000	4,375,000	4.01	$	0.08
$0.110 - $0.150	1,350,000	1,350,000	1.91	$	0.14
$0.160 - $0.210	1,675,000	1,675,000	0.62	$	0.18
$0.220 - $0.260	2,175,000	2,175,000	3.06	$	0.25
$0.270 - $0.350	1,635,000	1,635,000	2.06	$	0.31
$0.360 - $0.488	550,000	550,000	1.07	$	0.47
	16,410,000	17,535,000	2.96	$	0.14

(1) In this table, "Years to Expiry" and "Exercise Price" have been calculated on a weighted average basis.

The weighted average grant date fair value of options granted during 2010 was $0.053 (2009 - $0.04). A total of 5,850,000 options were granted during 2010 to employees, directors and consultants. Accordingly, compensation expense of $319,000 was recorded during 2010, compared with 5,575,000 options granted and vesting resulting in compensation expense of $211,000 during 2009. Of the 17,535,000 options outstanding at December 31, 2010, 1,125,000 are subject to vesting in the next fiscal year. The aggregate fair value of these unvested options not yet charged to operations is $2,000. The weighted average exercise price of fully-vested options at December 31, 2010 was $0.14.

During 2010, the Company agreed to extend 850,000 options of a retiring director to their original expiry dates, such options would have otherwise expired 90 days after retirement. The extension was treated as a modification and an expense of $27,000 was charged to operations. In 2009, option modifications were made with a related expense of $41,000.

The fair value of options granted and modified has been estimated at the date of grant or modification using the Black-Scholes option-pricing model, with the following assumptions:

Option Assumptions	2010	2009
Dividend yield	**-**	-
Expected volatility	**100% to 104%**	87% to 112%
Risk free interest rate	**2.0% and 2.5%**	1.91% to 2.08%
Expected option term - years	**3.75 to 4.5**	1.5 to 5
Fair value per share of options granted	**$0.037 to $0.057**	$0.003 to $0.037

Share Purchase Warrants

	Date Issued	Expiry Date	Number of Warrants		Average Exercise Price
Issued for services rendered:	July 17, 2008	July 17, 2010	233,000	$	0.22
	September 10, 2008	September 10, 2010	100,000	$	0.20
Expired during 2010			(333,000)		
Issued pursuant to rights offering:	April 22, 2009	April 22, 2011	7,629,996	$	0.10
Exercised during 2010			(288,765)		
Issued pursuant to flow-through shares issued:	December 21, 2009	December 21, 2011	9,445,020	$	0.15
	December 31, 2009	December 31, 2011	185,000	$	0.15
Exercised during 2010			(333,333)		
Issued pursuant to private placements:	October 4, 2010	October 4, 2011	3,571,429	$	0.10
	October 4, 2010	October 4, 2012	5,600,000	$	0.10
	December 31, 2010	December 31, 2011	1,216,615	$	0.25
Balance as at December 31, 2010			**27,025,962**	**$**	**0.12**

The proceeds attributable to the warrants were valued using the Black-Scholes option pricing model, with the assumptions as described below.

Warrant Assumptions	
Dividend yield	-
Expected volatility	**90% to 126%**
Risk free interest rate	**1.37% to 1.67%**
Expected term - years	**1 to 2**

Share Incentive Plan

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

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

Under the Share Purchase Plan, eligible directors, senior officers and employees of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume-weighted-average of the trading prices of the common shares on The Toronto Stock Exchange for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2010 or 2009. The maximum number of common shares issuable under the Share Purchase Plan is the lesser of: (i) that number of common shares that can be purchased with a dollar amount equal to 20% of the annual gross salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

The Share Bonus Plan permits common shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Company and its designated affiliates, and consultants from time-to-time. In 2009, no common shares were issued under the Share Bonus Plan. The maximum number of common shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 common shares; and (ii)

2% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

Entitlements to 1,871,600 common shares were granted under the Share Bonus Plan in May 2010 with immediate vesting. The fair value of the 1,871,600 common share entitlements granted under the Share Bonus Plan was determined using the quoted market value on the date of grant ($0.07 per share) for an aggregate fair value of $131,000 which was charged to the consolidated statement of operations.

Shareholder Rights Plan

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

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

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

13. INCOME TAXES

The income tax recovery differs from the amount computed by applying the statutory federal and provincial income tax rates for the years ended December 31, 2010 of 29.0% (2009 – 33.0%), to the income before income taxes. The differences are summarized as follows:

Year ended December 31,		**2010**		**2009**
Statutory rate applied to income before income taxes	**$**	**2,003**	$	(75)
Non-deductible portion of unrealized losses		**-**		62
Non-taxable income		**(1,539)**		(511)
Non-deductible items, net		**147**		103
Effect of rate change		**64**		281
Change in valuation allowance		**17**		(1,763)
Future income tax provision (recovery)	**$**	**692**	$	(1,903)

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

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

As at December 31,		2010		2009
Future income tax assets				
Temporary differences				
Equipment	$	**57**	$	54
Exploration and development		**-**		521
Share issue costs		**108**		213
Net tax losses carried forward		**885**		1,142
Eligible capital property and other		**262**		333
Capital losses, net		**1,239**		1,326
		2,551		3,589
Valuation allowance for future income tax assets		**(2,180)**		(2,292)
		371		1,297
Future income tax liability				
Exploration and development		**(371)**		-
Future income tax assets, net	$	**-**	$	1,297

The income tax amount in 2010 is a provision of $692,000 (2009 - recovery of $1,903,000), and relate to a provision for income taxes in 2010 due to the sale of Cameron Lake (a drawdown of a future income tax asset recorded in the fourth quarter of 2009) offset by flow-through share renunciations as described in Note 12 and a future income tax recovery of $105,000 due to the value of marketable securities being in excess of cost.

A valuation allowance has been recorded in an amount equal to the full amount of the future income tax benefit, after deduction of the tax benefits which have been realized in the second quarter of 2010 due to the sale of Cameron Lake of $1,297,000, as the likelihood of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time.

Non-capital losses expire as follows:

		Amount
2028	**$**	**111**
2029		**1,317**
2030		**2,078**
	$	**3,506**

The Company also has capital losses available for carry forward of $4,982,000.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) is comprised of unrealized gains on marketable securities that are classified as available for sale (Note 5) along with related tax effects.

Changes in the components of OCI are summarized as follows:

Year ended December 31,		2010		2009
Accumulated OCI at beginning of year	$	**(617)**	$	(1,394)
OCI for the year representing the change in the fair value of financial assets available for sale, net of related future income taxes of $105 (2009 - $nil)		**1,193**		1,011
Reclassification through operations upon sale of marketable securities		**158**		(250)
Determination of change in the fair value as "other than temporary" and reclassification through operations (Note 5)		**1**		16
Accumulated OCI at end of year	$	**735**	$	(617)

15. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital balances related to operations are as follows:

Year ended December 31,		2010		2009
Accounts receivable, prepaid expenses and deposits	**$**	**(368)**	$	3
Due from/to Victory Nickel Inc.		**(21)**		(15)
Accounts payable and accrued liabilities		**61**		33
	$	**(328)**	$	21

16. TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENT

Included in accounts payable and accrued liabilities at December 31, 2010 are amounts owing to directors and officers of $111,000 (December 31, 2009 - $301,000). The amounts consist primarily of directors' fees and reimbursement of expenses incurred by officers and directors.

The Company shares management administrative assistance and facilities with Victory Nickel pursuant to a management agreement. The costs recovered from Victory Nickel are recorded at the exchange amount which is equal to the cost to the Company of such services plus 10 per cent. The management agreement commenced February 1, 2007 and is terminable by the Company upon 90 days notice and by Victory Nickel upon 180 days notice. Costs recovered from Victory Nickel in the year ended December 31, 2010 total $719,000 (2009 - $612,000) and have been deducted from general and administrative expenses. In addition, project-related costs aggregating $38,000 have been charged by the Company to Victory Nickel during the year ended December 31, 2010 (2009 - $59,000). Furthermore, project-related costs aggregating $26,000 have been charged to the Company by Victory Nickel and are included in exploration and development costs on the consolidated balance sheet (2009 - $19,000).

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

17. LEASE COMMITMENT

The Company is committed under the terms of operating leases for office premises to make future minimum lease payments as follows:

	Minimum Lease Payments	
2011	$	61
2012		5
	$	66

18. SEGMENT DISCLOSURE – GEOGRAPHIC INFORMATION

The Company presently operates in one reporting segment in three geographic areas, Canada, Turkey and Egypt. The Company has two major exploration and development projects in Canada, namely Diabase Peninsula and Prairie Lake, as well as the Interest in Campbell which is secured by properties located in Canada. The Company also has four exploration projects in Turkey and Egypt, namely Berta and Elmalaan in Turkey and Bukari and Umm Samra in Egypt.

	Assets				Revenue			
Geographic Location		**2010**		**2009**		**2010**		**2009**
Canada	$	23,248	$	16,281	$	(122)	$	251
Turkey	$	2,833	$	2,666	$	-	$	-
Egypt	$	482	$	2	$	-	$	-

19. CONTINGENCY

CRA Reassessment
In March, 2011, the Company advised that it has received notices of reassessment in the aggregate amount of approximately $4.4 million from the Canada Revenue Agency ("CRA") related to transactions completed in 2006. The Company is in the process of carefully reviewing these reassessments and has consulted legal counsel in this regard. The Company intends to vigorously defend what it and its counsel believe to have been a correct filing position related to these transactions. The appeal process could be lengthy and while the Company believes that its position is correct, the ultimate outcome is unknown.

20. SUBSEQUENT EVENTS

Subsequent events not otherwise referred to in these consolidated financial statements are as follows:

Private Placement Financing
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 gross proceeds of $500,000. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 12 months from closing.

Warrants Exercised
Since December 31, 2010, 528,076 of the Company's warrants issued with respect to the rights offering have been exercised for gross proceeds of approximately $53,000.

Stock Options Issuance
On March 18, 2011, the Board of Directors granted 4,400,000 stock options exercisable at $0.17 per share to directors, officers, employees and consultants. Of the options granted, 3,425,000 vest immediately and 975,000 vest over one year.