NUINSCO RESOURCES LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

DATED MAY 20, 2011

Management's Comments on Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of Nuinsco Resources Limited for the three months ended March 31, 2011 and 2010 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

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

Consolidated Balance Sheets

(in thousands of Canadian dollars)	Notes		March 31, 2011 (unaudited)		December 31, 2010 (unaudited Note 32)		January 1, 2010 (unaudited Note 32)
ASSETS							
Current assets							
Cash and cash equivalents	*6*	**$**	**330**	$	628	$	1,490
Restricted cash	*6*		**194**		199		-
Receivables	*7*		**470**		674		350
Marketable securities	*8*		**4,440**		5,463		2,099
Assets classified as held for sale	*10*		**-**		-		11,550
Total current assets			**5,434**		6,964		15,489
Non-current assets							
Property and equipment	*11*		**67**		70		59
Exploration and evaluation projects	*12*		**13,763**		12,382		9,980
Interest in Campbell Resources Inc.	*13*		**4,263**		4,263		2,297
Royalty interest	*14*		**3,000**		3,000		-
Deferred tax asset	*15*		**-**		-		1,297
Total non-current assets			**21,093**		19,715		13,633
Total Assets		**$**	**26,527**	$	26,679	$	29,122
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities							
Trade and other payables	*16*	**$**	**2,465**	$	2,601	$	1,612
Provision classified as held for sale	*10, 17*		**-**		-		111
Total current liabilities			**2,465**		2,601		1,723
Non-current liabilities							
Loans and borrowings	*18*		**-**		-		2,901
Other long-term liability	*18*		**251**		246		-
Total Liabilities			**2,716**		2,847		4,624
Shareholders' equity							
Share capital	*20*		**94,854**		94,340		93,130
Contributed surplus			**4,799**		4,259		3,707
Accumulated other comprehensive income (loss)	*20*		**529**		596		(617)
Deficit			**(76,371)**		(75,363)		(71,722)
Total shareholders' equity			**23,811**		23,832		24,498
Total Liabilities and Shareholders' Equity		**$**	**26,527**	$	26,679	$	29,122

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 30)

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

Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended March 31, 2011 (unaudited)	2010 (unaudited Note 32)
General and administrative costs	26	**$ (537)**	$ (402)
Share-based payment transactions:			
Options	22	**(489)**	(228)
Amortization of property and equipment	11	**(3)**	(3)
Accretion of decommissioning	17	**-**	(3)
Pre-exploration writeoffs	12	**(5)**	(158)
Writedown of exploration and evaluation projects	12	**-**	(298)
Operating loss		**(1,034)**	(1,092)
Finance income	23	**56**	170
Finance costs	23	**(5)**	(157)
Net finance income		**51**	13
Loss before income taxes		**(983)**	(1,079)
Income tax expense	24	**(25)**	(37)
Net Loss for the Period		**$ (1,008)**	$ (1,116)
Loss per share	21		
Basic loss per share		**$ (0.00)**	$ (0.00)
Diluted loss per share		**$ (0.00)**	$ (0.00)

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

Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)	Notes	Three months ended March 31, 2011 (unaudited)	2010 (unaudited Note 32)
Net loss for the period		**$ (1,008)**	$ (1,116)
Other comprehensive (loss) income			
Net change in fair value of financial assets	9	**(92)**	112
Income tax recovery	24	**25**	-
Other comprehensive (loss) income for the period		**(67)**	112
Total Comprehensive Loss for the Period		**$ (1,075)**	$ (1,004)

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

Consolidated Statements of Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)		Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balances as at January 1, 2010	***Notes***	$ 93,130	$ 3,707	$ (617)	$ (71,722)	$ 24,498
Total comprehensive income for the period						
Net loss for the period					(1,116)	(1,116)
Other comprehensive income						
Net change in fair value of financial assets	*9*			112		112
Total other comprehensive income				**112**		**112**
Total comprehensive loss for the period						**(1,004)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the three months ended March 31, 2010						
Share issue costs		(4)	-	-	-	(4)
Options granted and vesting	*22*	-	228	-	-	228
		(4)	**228**	**-**	**-**	**224**
Total contributions by owners		**(4)**	**228**	**-**	**-**	**224**
Total transactions with owners		**(4)**	**228**	**-**	**-**	**224**
Balances as at March 31, 2010		**$ 93,126**	**$ 3,935**	**$ (505)**	**$ (72,838)**	**$ 23,718**
Balances as at January 1, 2011		**$ 94,340**	**$ 4,259**	**$ 596**	**$ (75,363)**	**$ 23,832**
Total comprehensive loss for the period						
Net loss for the period					(1,008)	(1,008)
Other comprehensive loss						
Net change in fair value of financial assets	*9*			(92)		(92)
Income tax recovery	*24*			25		25
Total other comprehensive loss				**(67)**		**(67)**
Total comprehensive loss for the period						**(1,075)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the three months ended March 31, 2011						
Issue of common shares and warrants	*20*	425	68	-	-	493
Options granted and vesting	*22*	-	489	-	-	489
Options exercised	*20,22*	5	(2)	-	-	3
Warrants exercised	*20,22*	84	(15)	-	-	69
Total contributions by owners		**514**	**540**	**-**	**-**	**1,054**
Total transactions with owners		**514**	**540**	**-**	**-**	**1,054**
Balances as at March 31, 2011		**$ 94,854**	**$ 4,799**	**$ 529**	**$ (76,371)**	**$ 23,811**

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	Three months ended March 31, 2011 (unaudited)	2010 (unaudited Note 32)
Cash flows from operating activities			
Net loss for the period		**$ (1,008)**	$ (1,116)
Adjustments for:			
Share-based payment transactions	*22*	**489**	228
Amortization of property and equipment	*11*	**3**	3
Accretion of decommissioning	*17*	**-**	3
Pre-exploration write-offs	*12*	**5**	158
Writedown of exploration and evaluation projects	*12*	**-**	298
Net finance (income) costs	*23*	**(38)**	3
Income tax expense	*24*	**25**	37
Net change in non-cash working capital:			
Change in receivables		**204**	19
Change in trade and other payables		**(157)**	104
Net cash used by operating activities		**(477)**	(263)
Cash flows from investing activities			
Deposit on offer to purchase Campbell's assets	*13*	**-**	(465)
Expenditures on exploration and evaluation projects	*12*	**(1,317)**	(438)
Proceeds on sale of marketable securities	*8*	**931**	-
Purchase of equipment	*11*	**-**	(6)
Net cash used by investing activities		**(386)**	(909)
Cash flows from financing activities			
Issue of common shares and warrants	*20*	**565**	(4)
Net cash from (used by) financing activities		**565**	(4)
Net Decrease in Cash and Cash Equivalents		**(298)**	(1,176)
Cash and Cash Equivalents, Beginning of the Period		**628**	1,490
Cash and Cash Equivalents, End of the Period		**$ 330**	$ 314

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

1. REPORTING ENTITY

Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company domiciled in Canada. The address of the Company's registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the three months ended March 31, 2011 and 2010 comprise the Company and its subsidiaries (together referred to as "Nuinsco" and individually as "Nuinsco entities") and Nuinsco's interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals in Canada, 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. Refer to Notes 12, 13 and 28 to these consolidated financial statements.

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

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 ("ASX"), to sell its Cameron Lake property and mill. The transaction was completed on April 20, 2010 and involved the receipt of consideration as follows:

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

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

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

The income tax expense is a non-cash item and offsets the recovery for income taxes recognized in the fourth quarter of 2009. Upon sale of Cameron Lake, the Company repaid its interest-bearing promissory note along with accrued interest thereon. Refer to Note 18 to these unaudited interim consolidated financial statements.

Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. At March 31, 2011, the Company had working capital of $2,969,000 (December 31, 2010 – $4,363,000).

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

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

The Company continues to examine a number of strategies to maximize the realization of previously written-down amounts due from Campbell Resources Inc. ("Campbell"). Refer to Note 13 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 30.

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). These are Nuinsco's first consolidated financial statements in accordance with IFRS and IFRS 1, *First time adoption of International Financial Reporting Standards* ("IFRS 1"), has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Nuinsco is provided in Note 32.

As these are the Company's first set of unaudited interim consolidated financial statements prepared under IFRS, the disclosures herein exceed the minimum requirements under IAS 34, *Interim Financial Reporting*. In particular, the Company's accounting policies under IFRS are presented in full and certain notes include more detail than the conventional updates required under interim reporting standards in order to provide the reader with additional contextual information. In future interim reports, the Company may not provide the same amount of disclosure as the reader will be able to refer to earlier reports prepared in accordance with IFRS.

The management of Nuinsco prepare the unaudited interim consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited interim consolidated financial statements were authorized for issue by the Board of Directors on May 20, 2011. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR. The shareholders approve the annual financial statements at the annual general meeting; the date of which has not yet been announced.

(b) Basis of Measurement
The consolidated financial statements have been prepared on the historic cost basis except for the following:

- financial assets at fair value through operations are measured at fair value; and
- financial assets at fair value through Other Comprehensive Income or Loss ("OCI") are measured at fair value.

The methods used to measure fair values are discussed further in Note 5.

(c) Functional and Presentation Currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated. Tabular amounts have been rounded to the nearest thousand.

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

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

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

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

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

- Notes 8 and 9 — valuation of financial assets at fair value through operations;
- Note 12 — measurement of the recoverable amounts of exploration and evaluation projects;
- Note 13 — valuation of interest in Campbell;
- Note 14 — valuation of royalty interest and recoverable amount;
- Notes 15 and 24 — utilization of tax losses;
- Notes 17 and 30 — provisions and contingencies; and
- Note 22 — measurement of share-based payments.

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets at fair value through OCI
Nuinsco's investments in equity securities are classified as financial assets at fair value through OCI. Subsequent to

initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on monetary items (which do not include equity investments) (Note 3(b)(i)), are recognized directly in OCI.

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

(ii) Derivative financial instruments
Financial assets at fair value through operations
Nuinsco may hold warrants as part of its portfolio of marketable securities which are classified as financial assets at fair value through operations.

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

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

e) Property and Equipment
(i) *Recognition and measurement*
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes any expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within *Other income* in the Consolidated Statement of Operations.

(ii) *Depreciation*
Depreciation is calculated as a function of the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

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

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

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

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

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

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

- the expenditures are expected to be recouped through successful development and exploitation of the project, or alternatively by its sale; or
- activities on the project have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or other otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the project are continuing.

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

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

(ii) Pre-E&E (project generation) expenditures

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

(iii) Impairment

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

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

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

g) Borrowing Costs

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

h) Government Grants

Government grants are recognized initially when there is reasonable assurance that they will be received and Nuinsco will comply with the conditions associated with the grant. Grants that compensate Nuinsco for expenses incurred are recognized through operations on a systematic basis in the same periods in which the expenses are recognized.

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

i) Royalty Interest

The royalty interest that was acquired by the Company, which has an indefinite life, is measured at initial fair value under the cost basis less accumulated impairment losses. The royalty interest represents the 3% NSR acquired pursuant to the Cameron Lake sale (Note 1). The fair value of the acquisition cost was determined using estimated net cash flows discounted at management's best estimate of a discount rate taking into account project risk factors. Acquisition costs of development and exploration stage mineral royalty interests are not depleted until such time as royalty-generating production begins.

j) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

(ii) *Non-financial assets*

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

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

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

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

k) Employee Benefits

(i) Termination benefits

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

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if Nuinsco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(iii) Share-based payment transactions

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

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

l) Provisions

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

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

m) Finance Income and Finance Costs

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

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

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

n) Income Taxes

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

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

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

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

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

o) Share Capital

Common shares

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

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

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

Furthermore, as eligible expenditures are incurred, the Company recognises a pro rata amount of the Flow-through Premium through *Finance income* in the Consolidated Statement of Operations (Note 23) with a decrement to the liability in *Trade and other payables* on the Consolidated Balance Sheet (Note 16).

Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the "Stock Option Plan") which is described in Note 22. Awards to non-employees are measured at the fair value of the goods or services received. Awards made to employees are measured at the grant date. All share-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate 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 12-month period.

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

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

p) Revenue Recognition
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.

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

r) New Standards and Interpretations not yet Adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements. Most of these are not expected to have a significant effect on the consolidated financial statements of the Company. The Company is evaluating the impact of IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities.

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

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

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

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

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and

employees' roles and obligations are outlined. The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

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

Cash and cash equivalents and restricted cash
The Company's cash and cash equivalents and restricted cash are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper.

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

Concentration of credit risk arises as a result of the loan and convertible debenture due from Campbell totalling $7,923,000 before impairment writedown and other acquisitions of debt (Note 13). Campbell 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. Given Campbell's current financial position, there is a significant credit risk associated with these loans. For that, and reasons further described in Note 13, the Company determined that a writedown of the loans was required in 2008.

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

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

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

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

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

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

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures

below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

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

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

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

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

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

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

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

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

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and

damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

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

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

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

		March 31, 2011		December 31, 2010		January 1, 2010
Shareholders' equity	**$**	**23,811**	$	23,832	$	24,498
Loans and borrowings		**-**		-		2,901
Other long-term liability		**251**		246		-
Balance as at end of period	**$**	**24,062**	$	24,078	$	27,399

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

There were no changes in the Company's approach to capital management during the period.

Neither the Company, nor any of its subsidiaries, are subject to externally imposed capital requirements.

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

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

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

Fair value hierarchy
The different levels of valuation are defined as follows:

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

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

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

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

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

6. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	March 31, 2011	December 31, 2010	January 1, 2010
Bank balances	**$ 280**	$ 528	$ 140
Short-term deposits	**50**	100	1,350
Cash and Cash Equivalents in the Statement of Cash Flows	**$ 330**	$ 628	$ 1,490

The Company has issued a letter of guarantee to support the obligations of its activities in Egypt on its own and its partner's obligations in the amount of US$200,000. The letter or guarantee is secured on a GIC included in restricted cash in the amount of US$200,000 or $194,000 (December 31, 2010 - $199,000) (Note 12).

7. RECEIVABLES

	Note	**March 31, 2011**	December 31, 2010	January 1, 2010
Due from Victory Nickel Inc.	*26*	**$ 40**	$ 21	$ 33
Other receivables		**389**	603	259
Prepaid expenses and deposits		**41**	50	58
		$ 470	$ 674	$ 350

8. MARKETABLE SECURITIES

	Notes		March 31, 2011		December 31, 2010		January 1, 2010
Financial assets at fair value through OCI: Shares	9						
Gold Hawk Resources Inc.		$	75	$	991	$	945
Victory Nickel Inc.			935		807		800
Coventry Resources Limited			3,430		3,665		-
Other			-		-		1
			4,440		5,463		1,746
Financial assets at fair value through operations:							
Warrants	9		-		-		353
		$	4,440	$	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. All of the shares owned by the Company are 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 financial assets at fair value through operations of $403,000 was recorded as part of finance costs (Note 23) in the third quarter of 2010. The Company no longer has any Level Two securities.

The amount of change in fair value of Coventry shares attributable to the change in foreign exchange rates and included in OCI is a loss of $54,000 for the three months ended March 31, 2011 (three months ended March 31, 2010 - $nil; year ended December 31, 2010 a gain of $169,000).

Sensitivity Analysis – Equity Price Risk
All of the Company's financial assets at fair value through OCI are listed on public stock exchanges such as the TSX, the TSX-V or the ASX. For such investments, a 5% increase in the equity prices at the reporting date would have increased equity by $194,000, after tax effects of $28,000 (December 31, 2010 - an increase of $239,000, after tax effects of $34,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

9. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

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

	Notes		March 31, 2011		December 31, 2010		January 1, 2010
Carrying amount							
Cash and cash equivalents	6	$	330	$	628	$	1,490
Restricted cash	6		194		199		-
Receivables	7		470		674		350
Financial assets at fair value through OCI	8		4,440		5,463		1,746
Financial assets at fair value through operations	8		-		-		353
Interest in Campbell	13		4,263		4,263		2,297
		$	9,697	$	11,227	$	6,236

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

	Non-derivative financial liabilities		
	Secured loan	Trade and other payables	Total
As at March 31, 2011			
Carrying amount	$ -	$ 2,465	$ 2,465
Contractual cash flows	-	2,465	2,465
6 months or less	-	2,465	2,465
As at December 31, 2010			
Carrying amount	$ -	$ 2,601	$ 2,601
Contractual cash flows	-	2,553	2,553
6 months or less	-	2,553	2,553
As at January 1, 2010			
Carrying amount	$ 2,901	$ 1,612	$ 4,513
Contractual cash flows	3,459	1,243	4,702
6 months or less	-	1,243	1,243
6 - 12 months	-	-	-
1 - 2 years	3,459	-	3,459

Note that the secured loan was repaid in full on April 20, 2010 for aggregate cash of $2,972,000. The contractual cash flows reflected in the table above exclude the non-cash flow-through premium liability but include estimated interest to maturity of the loan otherwise due on July 31, 2011; the contractual amount due on the loan was translated into C$ using the exchange rate in effect at January 1, 2010.

Currency Risk
Exposure to currency risk
The Company's exposures to foreign currency risk are as follows based on notional foreign-denominated amounts translated into C$ at the respective dates:

(in thousands of Canadian dollars)

As at March 31, 2011	C$	US$	A$
Cash and cash equivalents	$ 322	$ 8	$ -
Restricted cash	-	194	-
Receivables	470	-	-
Marketable securities	1,010	-	3,430
Trade and other payables	(1,733)	(732)	-
Other long-term liabilities	(251)	-	-
Net exposure	$ (182)	$ (530)	$ 3,430

(in thousands of Canadian dollars)

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

(in thousands of Canadian dollars)

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

Sensitivity analysis

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

As at March 31, 2011	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (53)	$ (53)
A$ (10 percent strengthening)	$ 343	$ -

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

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

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

Fair Value

Fair values versus carrying amounts

The fair values of financial assets and liabilities equal the carrying amounts shown in the consolidated balance sheets.

The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value. Furthermore, the Company has not derecognized any financial assets or liabilities in the period.

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

Interest rate used for determining fair value

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

10. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

11. PROPERTY AND EQUIPMENT

Equipment	*Notes*		Cost		Accumulated Depreciation		Carrying Amount
Balance as at January 1, 2010		**$**	**331**	**$**	**272**	**$**	**59**
Addition			24		-		24
Depreciation	*3*		-		13		13
Balance as at December 31, 2010			**355**		**285**		**70**
Depreciation	*3*		-		3		3
Balance as at March 31, 2011		**$**	**355**	**$**	**288**	**$**	**67**

12. EXPLORATION AND EVALUATION PROJECTS

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

		December 31, 2010		Current Expenditures		Writedown of E&E Projects		March 31, 2011
URANIUM AND RARE METALS								
Diabase Peninsula	$	6,943	$	663	$	-	$	7,606
Prairie Lake		2,333		368		-		2,701
		9,276		1,031		-		10,307
GOLD, COPPER AND ZINC								
Berta		1,733		28		-		1,761
Elmalaan		1,100		24		-		1,124
Bukari		273		298		-		571
		3,106		350		-		3,456
	$	12,382	$	1,381	$	-	$	13,763

	January 1, 2010	Current Expenditures	Writedown of E&E Projects	March 31, 2010
URANIUM AND RARE METALS				
Diabase Peninsula	$ 5,772	$ 153	$ -	$ 5,925
Prairie Lake	1,542	29	-	1,571
	7,314	182	-	7,496
GOLD, COPPER AND ZINC				
Berta	1,595	-	-	1,595
Elmalaan	1,071	-	-	1,071
Olympian	-	115	-	115
	2,666	115	-	2,781
	$ 9,980	$ 297	-	$ 10,277
Adjustment to fair value of assets classified as held for sale - Cameron Lake			(298)	
Writedown of E&E Projects in Consolidated Statement of Operations			$ (298)	

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of $1,000,000. Expenditures as at March 31, 2011 have increased this ownership interest to approximately 89% (December 31, 2010 – 89%). Should a participant's interest drop below 10%, that participant will relinquish its entire participating interest and will have the right to receive a royalty equal to 3% of the net value of all mineral products produced from the property; net value is defined as proceeds less processing and treatment charges, transportation costs, sales, marketing and brokerage costs and taxes. It is expected that Trend's interest will drop to a royalty upon an additional $400,000 of expenditures by the Company.

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.

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 recorded an amount owing to Xstrata of approximately $454,000, primarily in 2008, in trade and other payables, for its share of expenditures on Berta work programs. Expenditures in 2009 and 2010 include estimates for the Company's share of expenditures on Berta. Discussions with Xstrata have been ongoing, including discussions to buy Xstrata's share of the joint venture. Subsequent to March 31, 2011, Xstrata advised that it is no longer interested in selling its share of Berta. As a result, Nuinsco will not be paying the full share of the recorded expenditures and will allow itself to be diluted to approximately 36%. In the second quarter, the Company will make adjustments to the carrying value of the project, trade and other payables and foreign exchange, as appropriate.

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. While final approval is pending, the Company has received legal authority to conduct certain exploration programs on the property. Among other terms, the production sharing agreement sets out the rights and responsibilities of the Company, through a 50%-owned 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 $253,000 (December 31, 2010 - $171,000) in Receivables 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. In 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 in 2010 and no option commitments are outstanding. A writedown of $679,000 was recorded through operations in 2010.

Pre-exploration write-offs
Pre-E&E expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* in the Consolidated Statement of Operations. Exploration costs in the amount of $5,000 were written off during the three months ended March 31, 2011 (three months ended March 31, 2010 - $158,000).

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

	Current Expenditures	Pre-exploration Write-offs	March 31, 2011
PRE-EXPLORATION EXPENDITURES - Other	$ 5	$ (5)	$ -

	Current Expenditures	Pre-exploration Write-offs	March 31, 2010
PRE-EXPLORATION EXPENDITURES			
Bukari	$ 126	$ (126)	$ -
Other	32	(32)	-
	$ 158	$ (158)	$ -

13. INTEREST IN CAMPBELL RESOURCES INC.

The Company holds various investments in and loans to Campbell. Given the nature of the security underlying the loan and convertible debenture, the Company considers these elements together and has recorded them in *Interest in Campbell Resources Inc.* on the Consolidated Balance Sheets. The Company's security on amounts owing by Campbell includes Corner Bay and other exploration and evaluation properties, among other things.

Effective December 31, 2008, the Company determined that its balances with Campbell were impaired and therefore recorded an aggregate impairment allowance against the *Interest in Campbell Resources Inc.* 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. Since that date, the Company has been actively involved in trying to protect its interests throughout the CCAA proceedings and has held several meetings with the court-appointed monitors as well as attended court sessions. 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 Resources Inc*. The agreements require additional staged payments by the Company of $200,000 within one year and $300,000 by no earlier than April 20, 2013; discounted at 8%, the fair value of the long-term payable was $241,000 at that time. Such amounts are included in *Interest in Campbell Resources Inc., Trade and other payables* (Note 16) and *Other long-term liability* (Note 18) in the Consolidated Balance Sheet.

The Company's share of expenditures incurred in the first quarter of 2011 to protect its interest in Campbell assets

amounted to approximately $152,000 (three months ended March 31, 2010 - $61,000). Such expenditures included legal fees, court-appointed monitor's fees and other costs and are included in general and administrative expenses.

	Note	**March 31, 2011**	December 31, 2010	January 1, 2010
Acquisition of debt		**$ 2,025**	$ 2,025	$ -
Less: fair value adjustment		**(59)**	(59)	-
		1,966	1,966	-
Interest in Campbell	(a)	**2,297**	2,297	2,297
		$ 4,263	$ 4,263	$ 2,297

(a) The Interest in Campbell is shown net of Québec mining duties of $202,855.

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.

14. ROYALTY INTEREST

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

The valuation of the royalty interest was based upon cash flow models of the project previously developed by the Company as adjusted for metals prices and expectations of Coventry's plans and discounted using a rate of 8%. The Company will continue to monitor Coventry's progress towards bringing the property into production and will review the royalty for impairment on a regular basis. The Company considers that the royalty itself is a CGU for the purposes of impairment testing. It is not allocated.

15. DEFERRED TAX ASSETS

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

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

	March 31, 2011	December 31, 2010	January 1, 2010
Temporary differences			
Equipment	**$ 58**	$ 57	$ 54
Share issue costs	**96**	108	213
Net tax losses carried forward	**1,011**	885	1,142
Eligible capital property and other	**262**	262	333
Capital losses (gains), net	**1,264**	1,239	1,326
	2,691	2,551	3,068
Unrecognized deferred tax assets	**(2,058)**	(1,971)	(304)
	633	580	2,764
Deferred tax liability			
Exploration and development	**(633)**	(580)	(1,467)
Deferred Tax Assets, Net	**$ -**	$ -	$ 1,297

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

Non-capital losses expire as follows:

	Amount
2028	**$ 111**
2029	**1,317**
2030	**2,078**
2031	**504**
	$ 4,010

The Company also has capital losses available for carryforward of approximately $5,000,000.

Movement in Temporary Differences during the Period

	As at January 1, 2011	Recognized in operations	Recognized in other comprehensive income	Recognized in share capital	As at March 31, 2011
Property and equipment	$ 57	$ 1	$ -	$ -	$ 58
Share issue costs	108	-	-	(12)	96
Net tax losses carried forward	885	112	-	14	1,011
Eligible capital property and other	262	-	-	-	262
Capital losses (net)	1,239	-	25	-	1,264
	2,551	113	25	2	2,691
Unrecognized deferred tax assets	(1,971)	(85)	-	(2)	(2,058)
	580	28	25	-	633
Future income tax liability					
Exploration and evaluation projects	(580)	(53)	-	-	(633)
Deferred income tax assets, net	$ -	$ (25)	$ 25	$ -	$ -

	As at January 1, 2010	Recognized in operations	Recognized in other comprehensive income	Recognized in share capital	As at December 31, 2010
Property and equipment	$ 54	$ 3	$ -	$ -	$ 57
Share issue costs	213	-	-	(105)	108
Net tax losses carried forward	1,142	(379)	-	122	885
Eligible capital property and other	333	(71)	-	-	262
Capital losses (net)	1,326	75	(162)	-	1,239
	3,068	(372)	(162)	17	2,551
Unrecognized deferred tax assets	(304)	(1,727)	77	(17)	(1,971)
	2,764	(2,099)	(85)	-	580
Future income tax liability					
Exploration and evaluation projects	(1,467)	887	-	-	(580)
Deferred income tax asset, net	$ 1,297	$ (1,212)	$ (85)	$ -	$ -

16. TRADE AND OTHER PAYABLES

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Trade payables				
E&E projects		**$ 968**	$ 1,069	$ 59
Non-project related	*26*	**201**	236	84
Flow-through premium liability		**-**	48	369
Other payables	*13*	**210**	212	-
Accrued liabilities				
E&E projects		**854**	684	664
Non-project related	*26*	**232**	352	436
		$ 2,465	$ 2,601	$ 1,612

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

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Balance as at beginning of period		**$ 48**	$ 369	$ -
Flow-through premium from financing				
Transition	*32*	**-**	-	369
Flow-through premium through finance income	*23*	**-**	(369)	-
Flow-through premium from financing				
October, 2010		**-**	143	-
Flow-through premium through finance income		**-**	(143)	-
Flow-through premium from financing				
December, 2010		**-**	97	-
Flow-through premium through finance income	*23*	**(48)**	(49)	-
Balance as at end of period		**$ -**	$ 48	$ 369

17. PROVISION CLASSIFIED AS HELD FOR SALE

Decommissioning

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

18. LONG-TERM LIABILITIES

Loans and Borrowings - Secured Loan

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

The Company repaid the loan and related balances in full for cash $2,972,000 on April 20, 2010 upon closing of the sale of Cameron Lake to Coventry as described in Note 1. The amount of interest on the long-term debt charged to the consolidated statement of operations for the three months ended March 31, 2010 amounted to $84,000, including $23,000 of amortization of loan fees.

Payable from Acquisition of Campbell Debt

The Company has an obligation under a long-term arrangement with respect to the acquisition of debt of Campbell (Note 13). The Company is required to pay $300,000 no earlier than April, 2013. The fair value of the amount, using a discount rate of 8%, is $251,000 as at March 31, 2011 (December 31, 2010 - $246,000). Nuinsco will accrete the value of the obligation by interest charges through operations until its payment. In the three months ended March 31, 2011, accretion of $5,000 (three months ended March 31, 2010 - $nil) was added to long-term obligations and recorded as interest expense.

19. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

		March 31, 2011		December 31, 2010		January 1, 2010
Office rental						
Less than 1 year	**$**	**43**	$	61	$	88
Between 1 and 5 years		**-**		5		66
Total Minimum Lease Payments Payable	**$**	**43**	$	66	$	154

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts.

The Company leases its head office under operating leases. The main lease has a lease term of five years and expires in 2011. One of the leases is subject to a sublease which also expires in 2011. As at March 31, 2011, total future minimum sublease payments of $7,000 are expected to be received.

During the three months ended March 31, 2011 and 2010 amounts of $23,000 and $22,000 respectively, were recognized as rent expense through operations in respect of operating leases. Furthermore, amounts of $11,000 and $11,000 were recognized as a contra to rent expense through operations in respect of the sublease in the same periods.

20. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Capital

Authorized

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

Number of shares issued and outstanding

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

	Notes	Three months ended March 31, 2011	Year ended December 31, 2010
Balance as at beginning of period		**254,205,292**	230,935,509
Shares issued for property	*(a)*	**-**	625,000
Issue of shares under Share Bonus Plan	*(b)*	**-**	1,871,600
Issue of flow-through common shares	*(c)(e)*	**-**	9,576,085
Issue of common shares	*(d)(h)*	**3,125,000**	10,000,000
Options exercised	*(f)(i)*	**50,000**	575,000
Warrants exercised	*(g)(j)*	**689,451**	622,098
Balance as at end of period		**258,069,743**	254,205,292

(a) 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.

(b) 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.

(c) In October, 2010, the Company issued 7,142,857 flow-through common shares at a price of $0.07 per share, respectively, for gross proceeds of $500,000. After fees and other out-of-pocket costs, net proceeds aggregated $421,000; 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 the flow-

through premium liability and warrants amounted to $143,000 and $53,000, respectively.

(d) Also in October 2010, the Company issued 10,000,000 common shares at a price of $0.05 per share for gross proceeds of $500,000. After fees and other out-of-pocket costs, net proceeds aggregated $490,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $120,000.

(e) 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 the flow-through premium liability and warrants amounted to $97,000 and $38,000, respectively.

(f) In December, 2010, 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.

(g) Throughout 2010, 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.

(h) 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. After fees and other out-of-pocket costs, net proceeds aggregated $493,000. The units included a half share purchase warrant as described below. An apportionment of proceeds to warrants amounted to $68,000.

(i) In January, 2011, 50,000 common shares were issued upon the exercise of options for proceeds of $3,000. 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 $2,000.

(j) During the quarter ended March 31, 2011, 689,451 common shares were issued upon the exercise of warrants for proceeds of $69,000. 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 $15,000.

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 TSX for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2011 or 2010. The maximum number of common shares issuable under the Share Purchase Plan is the lesser of: (i) that number of common shares that can be purchased with a dollar amount equal to 20% of the gross annual salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time-to-time.

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

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

Shareholder Rights Plan

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

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

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

Accumulated Other Comprehensive Income or Loss

AOCI is comprised of the following separate components of equity:

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

21. EARNINGS (LOSS) PER SHARE

Basic Earnings (Loss) per Share

The calculation of basic EPS for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of $1,008,000 (the three months ended March 31, 2010 – loss of $1,116,000), and a weighted average number of common shares outstanding of 257,388,000 (March 31, 2010 – 230,936,000).

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

Weighted Average Number of Common Shares (Basic)

	Notes	Three months ended March 31, 2011	2010
Balance at beginning of period		**254,205,000**	230,936,000
Effect of share options exercised	22	**40,000**	-
Effect of warrants exercised	22	**330,000**	-
Effect of shares issued	20	**2,813,000**	-
Weighted average number of common shares (basic)		**257,388,000**	230,936,000

Diluted Earnings (Loss) per Share
The calculation of diluted EPS for the three months ended March 31, 2011 was based on loss attributable to common shareholders of $1,008,000 (for the quarter ended March 31, 2010 – loss of $1,116,000), and a weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares for each period of 277,122,000 (March 31, 2010 – 233,289,000).

Weighted Average Number of Common Shares (Diluted)

	Notes	Three months ended March 31, 2011	2010
Weighted average number of common shares (basic)		**257,388,000**	230,936,000
Effect of share options granted and outstanding	22	**8,287,000**	2,353,000
Effect of warrants issued and outstanding	22	**11,447,000**	-
Weighted average number of common shares (diluted)		**277,122,000**	233,289,000

For the period ended March 31, 2011, 14,173,000 options and 16,452,000 warrants (March 31, 2010 – 18,332,000 options and all 17,593,000 warrants) were excluded from the diluted weighted average number of common shares calculation as the effect of these options would have been anti-dilutive and the warrants were not “in-the-money”.

The average market value of the Company’s shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

22. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements
The Company has the following share-based payment arrangements:

Stock option plan (equity-settled)
The Company has a Stock Option Plan to encourage ownership of its shares by key management personnel (directors and executive management), employees and consultants, and to provide compensation for certain services. The terms of the Stock Option Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time-to-time. At March 31, 2011, the Company had 16,250,461 (December 31, 2010 – 20,595,794) common shares available for the granting of future options. Options are exercisable at the market price of the shares at the date of grant. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)
Outstanding warrants as at March 31, 2011 consist of warrants issued for services rendered, warrants issued pursuant to the rights offering and warrants issued pursuant to private placements. Warrants are exercisable at the market price of the shares at the date of grant. The Company does not have any cash-settled transactions.

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

Terms and Conditions of Share-based Payment Arrangements

Stock Option Plan

The terms and conditions relating to the grants of the Stock Option Plan are as follows; all options are to be settled by physical delivery of shares:

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

Share purchase warrants

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

Disclosure of Share-based Payment Arrangements

Stock Option Plan

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

	Number of options		Weighted average exercise price	
	March 31, 2011	December 31, 2010	**March 31, 2011**	December 31, 2010
Outstanding at beginning of period	**17,535,000**	15,985,000	**$ 0.14**	$ 0.16
Granted	**4,975,000**	5,850,000	**$ 0.17**	$ 0.08
Cancelled	**-**	(200,000)	**$ -**	$ 0.25
Exercised	**(50,000)**	(575,000)	**$ 0.06**	$ 0.07
Expired	**-**	(3,525,000)	**$ -**	$ 0.13
Outstanding at end of period	**22,460,000**	17,535,000	**$ 0.15**	$ 0.14
Exercisable at end of period	**21,347,500**	16,410,000	**$ 0.15**	$ 0.14

	Number of options outstanding		Weighted average remaining contractual life (years)	
	March 31, 2011	December 31, 2010	**March 31, 2011**	December 31, 2010
Range of exercise prices				
$0.030 to $0.050	**4,600,000**	4,625,000	**2.95**	3.19
$0.055 to $0.055	**1,150,000**	1,150,000	**4.37**	4.61
$0.060 to $0.100	**4,350,000**	4,375,000	**3.76**	4.01
$0.110 to $0.150	**1,350,000**	1,350,000	**1.67**	1.91
$0.160 to $0.170	**4,750,000**	-	**4.93**	-
$0.180 to $0.210	**1,675,000**	1,675,000	**0.37**	0.62
$0.220 to $0.260	**2,400,000**	2,175,000	**3.01**	3.06
$0.270 to $0.350	**1,635,000**	1,635,000	**1.82**	2.06
$0.360 to $0.488	**550,000**	550,000	**0.82**	1.07
	22,460,000	17,535,000	**3.20**	2.96

For options granted during 2011, the weighted average fair value at the date of grant was $0.124 (2010 - $0.053). A total of 4,975,000 options were granted during the three months ended March 31, 2011 (the three months ended March 31, 2010 – 4,700,000) to key management personnel, employees and consultants. This resulted in a share-

based payment expense of $489,000 in the three months ended March 31, 2011 (the three months ended March 31, 2010 - $228,000). Of the 22,460,000 options outstanding as at March 31, 2011, 1,112,500 are subject to vesting in the following year (as at December 31, 2010 – 17,535,000 outstanding of which 1,125,000 were subject to vesting in the following year). The aggregate fair value of these unvested options not yet charged to operations is $132,000 (as at December 31, 2010 - $2,000). For options exercised during the first quarter of 2011, the weighted average market price at exercise was $0.25; during the year ended December 31, 2010, the weighted average market price was $0.14.

Share purchase warrants

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

		Number of warrants		**Weighted average exercise price**	
	Date Issued	**March 31, 2011**	December 31, 2010	**March 31, 2011**	December 31, 2010
Issued for services rendered	July 17, 2008		233,000		$ 0.22
	September 10, 2008		100,000		$ 0.20
Expired in 2010			(333,000)		
Issued pursuant to rights offering	April 22, 2009	**7,629,996**	7,629,996	**$ 0.10**	$ 0.10
Exercised in 2011 and 2010		**(978,216)**	(288,765)		
Issued pursuant to private placements	December 21, 2009	**9,445,020**	9,445,020	**$ 0.15**	$ 0.15
	December 31, 2009	**185,000**	185,000	**$ 0.15**	$ 0.15
Exercised in 2010		**(333,333)**	(333,333)		
Issued pursuant to private placements	October 4, 2010	**3,571,429**	3,571,429	**$ 0.10**	$ 0.10
	October 4, 2010	**5,600,000**	5,600,000	**$ 0.10**	$ 0.10
	December 31, 2010	**1,216,615**	1,216,615	**$ 0.25**	$ 0.25
Issued pursuant to private placement	January 10, 2011	**1,562,500**		**$ 0.22**	
Outstanding at end of period		**27,899,011**	27,025,962	**$ 0.13**	$ 0.12

Warrants expire 12 to 24 months from issue date. The warrants issued in December 2010 and January 2011 expire 12 months from issue date. The 3,571,429 warrants issued in October, 2010, expire in 12 months; the 5,600,000 warrants expire in 24 months. Warrants issued pursuant to the rights offering are exercisable for a period of twelve months commencing April 23, 2010; all other warrants are exercisable upon issue for 24 months. As at the filing date, 6,372,613 additional warrants issued pursuant to the rights offering were exercised generating proceeds of $637,000; the remaining 279,167 warrants expired unexercised.

Inputs for Measurement of Grant Date Fair Values

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

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

Options granted or modified during the period	March 31, 2011	December 31, 2010
Fair value at grant or modification date	**$0.122 to $0.169**	$0.037 to $0.057
Share price at grant or modification date	**$0.170 to $0.235**	$0.055 and $0.080
Assumptions		
Exercise price	**$0.170 to $0.235**	$0.050 to $0.080
Expected volatility	**104% and 105%**	100% to 104%
Option life (years)	**4**	3.75 to 4.5
Expected dividends	**-**	-
Risk-free interest rate	**2.25% and 2.31%**	2.0% and 2.5%

Warrants issued during the period	March 31, 2011	December 31, 2010
Fair value at grant date	**$0.057**	$0.035 to $0.063
Share price at grant date	**$0.18**	$0.10 and $0.17
Assumptions		
Exercise price	**$0.22**	$0.10 and $0.25
Expected volatility	**97%**	90% to 126%
Warrant life (years)	**1**	1 and 2
Expected dividends	**-**	-
Risk-free interest rate	**1.67%**	1.37% to 1.67%

23. FINANCE INCOME AND FINANCE COSTS

	Notes	Three months ended March 31, 2011	2010
Interest income on bank deposits		**$ 1**	$ 1
Flow-through premium	*16*	**48**	50
Net foreign exchange gain		**7**	119
Finance income		**56**	170
Interest expense on financial liabilities measured at amortized cost	*18*	**5**	84
Net change in fair value of financial assets through operations	*8*	**-**	73
Finance costs		**5**	157
Net Finance Income		**$ 51**	$ 13

24. INCOME TAXES

The income tax amount in the three months ended March 31, 2011 is an expense of $25,000 (2010 – $37,000), and relate to income taxes on change in value of marketable securities in 2011 and in 2010 related to the change in value of Cameron Lake.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for the three months ended March 31, 2011 and 2010, of 28.5% and 29.0% respectively, to the income before income taxes.

The differences are summarized as follows:

	Three months ended March 31, 2011	2010
Statutory rate applied to income before income taxes	**$ (280)**	$ (313)
Non-taxable income	**5**	(1)
Non-deductible items, net	**142**	69
Effect of rate change	**16**	34
Effect of flow-through renunciation	**54**	60
Other adjustments	**88**	188
Income tax expense	**$ 25**	$ 37

25. OPERATING SEGMENT

Reporting Segment

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

Geographical Information

	Notes	**March 31, 2011**	December 31, 2010	January 1, 2010
Canada				
Corporate		**$ 5,501**	$ 7,034	$ 16,845
Interest in Campbell	*13*	**4,263**	4,263	2,297
Royalty interest	*14*	**3,000**	3,000	-
Diabase	*12*	**7,606**	6,943	5,772
Prairie Lake	*12*	**2,701**	2,333	1,542
		23,071	23,573	26,456
Turkey				
Berta	*12*	**1,761**	1,733	1,595
Elmalaan	*12*	**1,124**	1,100	1,071
		2,885	2,833	2,666
Egypt				
Bukari	*12*	**571**	273	-
		571	273	-
Total Assets		**$ 26,527**	$ 26,679	$ 29,122

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

26. RELATED PARTIES & MANAGEMENT AGREEMENT

Transactions and Balances with Victory Nickel and Related Parties

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

Balances and transactions with Victory Nickel and related parties as at and in the three months ended March 31, 2011 are shown in the following tables:

		March 31, 2011		December 31, 2010		January 1, 2010
Balances Outstanding						
Receivable from Victory Nickel Inc.	**$**	**40**	$	21	$	33
Payable to key management personnel	**$**	**93**	$	111	$	301

Transaction Values		**Three months ended March 31, 2011**		2010
Overhead charges to Victory Nickel Inc.	**$**	**197**	$	170
Project costs charged by Victory Nickel Inc.	**$**	**7**	$	5
Project recoveries charged to Victory Nickel Inc.	**$**	**16**	$	18

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

Transactions with Key Management Personnel

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

Key management personnel compensation comprised:

	Notes		**Three months ended March 31, 2011**		2010
Short-term employee benefits		**$**	**163**	$	153
Share-based payments - options	*22*		**495**		251
		$	**658**	$	404

The outstanding balances as at March 31, 2011 and December 31, 2010 relating to key management personnel are included in the tables above.

27. COMPANY ENTITIES

Significant Subsidiaries

Ownership Interest	Country of Incorporation	**March 31, 2011**	December 31, 2010	January 1, 2010
Cameron Lake JEX Corporation	Canada	**n/a**	n/a	100%
Lakeport Gold Corporation	Canada	**100%**	100%	100%
7591802 Canada Inc.	Canada	**50%**	50%	n/a
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%	100%
Nuinsco Exploration Inc.	BVI	**50%**	50%	n/a
Z-Gold Corporation (through Nuinsco Exploration)	Egypt	**50%**	50%	n/a
NuMENA	Canada	**100%**	n/a	n/a

None of the companies included in the table above is a public company. Cameron Lake JEX was sold on April 20, 2010 as described in Note 1. Lakeport Gold Corporation is inactive; 7591802 Canada Inc. is a jointly-controlled entity with Ocean Partners and owns certain loan balances related to Campbell; Nuinsco Madencilik Sanaye Ticaret is a wholly-owned subsidiary and was incorporated to hold the Company's Turkish licenses which are in the process of

being transferred; Nuinsco Exploration Inc. is a jointly-controlled entity with Quartz Core for Minerals and has the rights, through Z-Gold Corporation to the gold concessions in Egypt; NuMENA is presently inactive and has been incorporated as a potential vehicle to spin off certain of the Company's assets in the MENA region.

28. JOINTLY-CONTROLLED ENTITIES

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

		March 31, 2011		December 31, 2010
7591802 Canada Inc.				
Interest in Campbell	**$**	**1,125**	$	1,125
Nuinsco Exploration Inc.				
Current assets	**$**	**253**	$	171
Exploration and evaluation assets	**$**	**306**	$	237
Current liabilities	**$**	**12**	$	6
Expenses	**$**	**15**	$	16

29. COMMITMENT

Flow-through Commitment

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

30. CONTINGENCY

CRA Reassessment

In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately $4,400,000 from the CRA related to transactions completed in 2006. The Company 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 the Company believes that its position is correct and believes it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter. The Company filed notices of objection on May 19, 2011.

31. SUBSEQUENT EVENT

Warrants Exercised

Since March 31, 2011, 6,372,613 of the Company's warrants issued with respect to the rights offering have been exercised for gross proceeds of approximately $637,000. The remaining 279,167 warrants with respect to the rights offering expired unexercised.

32. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2(a), these are Nuinsco's first consolidated financial statements prepared in accordance with IFRS.

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

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

following tables and the notes that accompany the tables.

The Company did not identify any material errors in its application of pre-transition Canadian GAAP.

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

Reconciliation of Equity – Comparative and Transition Balance Sheets

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

Reconciliation of Equity – Interim Balance Sheet

	Notes	March 31, 2010		
		Pre-transition Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 314	$ -	$ 314
Receivables	*b*	251	513	764
Due from Victory Nickel Inc.	*b*	22	(22)	-
Marketable securities		2,138	-	2,138
Prepaid expenses and deposits	*b*	491	(491)	-
Assets classified as held for sale	*d*	1,775	9,552	11,327
Deferred tax assets	*d*	1,297	(1,297)	-
Total current assets		6,288	8,255	14,543
Non-current assets				
Property and equipment	*e*	62	-	62
Exploration and evaluation projects	*f,g*	10,080	197	10,277
Interest in Campbell Resources Inc.		2,297	-	2,297
Deferred tax assets	*d*	-	1,260	1,260
Total non-current assets		12,439	1,457	13,896
Total Assets		$ 18,727	$ 9,712	$ 28,439
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	*j*	$ 1,407	$ 319	$ 1,726
Loans and borrowings		2,881	-	2,881
Provision classified as held for sale		114	-	114
Total Liabilities		4,402	319	4,721
Shareholders' equity				
Share capital	*j*	92,892	234	93,126
Contributed surplus		3,935	-	3,935
Accumulated other comprehensive income (loss)		(505)	-	(505)
Deficit	*n*	(81,997)	9,159	(72,838)
Total shareholders' equity		14,325	9,393	23,718
Total Liabilities and Shareholders' Equity		$ 18,727	$ 9,712	$ 28,439

Reconciliation of Profit or Loss for the Year Ended December 31, 2010 and Three Months Ended March 31, 2010

(unaudited)	Notes	Year ended December 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS	Three months ended March 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS
Revenues							
Interest income	m	$ 3	$ (3)	$ -	$ 1	$ (1)	$ -
Net (loss) gain on disposal of financial assets transferred from equity	m	(158)	158	-	-	-	-
Loan fee	m	33	(33)	-	-	-	-
Revenues		(122)	122	-	1	(1)	-
Operating profit							
General and administrative costs		(1,422)	-	(1,422)	(402)	-	(402)
Share-based payments - options		(346)	-	(346)	(228)	-	(228)
Share-based payments - Share Bonus Plan		(131)	-	(131)	-	-	-
Amortization of property and equipment		(14)	-	(14)	(3)	-	(3)
Accretion of decommissioning		(3)	-	(3)	(3)	-	(3)
Interest expense	m	(224)	224	-	(84)	84	-
Pre-exploration write-offs	f	-	(223)	(223)	-	(158)	(158)
Writedown of exploration and evaluation projects	d,g	(695)	274	(421)	(32)	(266)	(298)
Net foreign exchange gain	m	161	(161)	-	119	(119)	-
Operating loss		(2,674)	114	(2,560)	(633)	(459)	(1,092)
Finance income	j,m	-	758	758	-	170	170
Finance costs	m	-	(627)	(627)	-	(157)	(157)
Net finance income		-	131	131	-	13	13
Gain on sale of Cameron Lake	d	10,108	(10,108)	-	-	-	-
Provision for writedown of investment	m	(1)	1	-	-	-	-
Net change in fair value of financial assets at fair value through operations	m	(403)	403	-	(73)	73	-
Income (loss) before income tax		6,908	(9,337)	(2,429)	(705)	(374)	(1,079)
Income tax (expense) recovery	d,j,o	(692)	(520)	(1,212)	500	(537)	(37)
Net Income (Loss) for the Period		$ 6,216	$ (9,857)	$ (3,641)	$ (205)	$ (911)	$ (1,116)
Earnings (loss) per share							
Basic earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.00)
Diluted earnings (loss) per share		$ 0.03	$ (0.05)	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.00)

Reconciliation of Comprehensive Income (Loss) for the Year Ended December 31, 2010 and the Three Months Ended March 31, 2010

(unaudited)	Notes	Year ended December 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS	Three months ended March 31, 2010 Pre-transition Canadian GAAP	Effect of Transition	IFRS
Net income (loss) for the period		$ 6,216	$ (9,857)	$ (3,641)	$ (205)	$ (911)	$ (1,116)
Other comprehensive income							
Net change in fair value of financial assets		1,298	-	1,298	112	-	112
Net change in fair value of financial assets transferred to profit or loss	m	158	(158)	-	-	-	-
Change in the fair value as "other-than-temporary" and reclassification through operations	m	1	(1)	-	-	-	-
Income tax expense	m	(105)	20	(85)	-	-	-
Other comprehensive income (loss) for the period		1,352	(139)	1,213	112	-	112
Total Comprehensive Income (Loss) for the Period		$ 7,568	$ (9,996)	$ (2,428)	$ (93)	$ (911)	$ (1,004)

Notes to the Reconciliations

a) Adjustments to the Statement of Cash Flows for 2010

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

b) Non-IFRS reclassifications

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

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in receivables	$ 71	$ 513	$ 91
Decrease in due from Victory Nickel Inc.	(21)	(22)	(33)
Decrease in prepaid expenses and deposits	(50)	(491)	(58)
	$ -	$ -	$ -

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

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

d) Assets classified as held for sale

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

Furthermore, the Cameron Lake project had been written down in 1999 by $17,705,000 and a further $250,000 in 2005. Under IFRS, reversals of writedowns are permitted and required where the recoverable value of the project is supported. Accordingly, because terms of the sales agreement had been reached, the Company has increased the value of the Cameron Lake project which is included in exploration and evaluation projects by $9,850,000 to reflect the then-fair-value of the sales consideration. Note that the difference between the gain on sale of Cameron Lake recorded under pre-transition Canadian GAAP in the second quarter of 2010 of $10,108,000 is effectively accounted for by the difference in the market value of the Coventry shares between January 1, 2010 and April 20, 2010 when the sale actually occurred. The market value of the Coventry shares declined further to March 31, 2010 requiring an adjustment to the then-fair-value of the consideration and thus the fair value of the Cameron lake property by $298,000. In addition, this required an adjustment to the deferred income tax asset. Also note that this represents a timing difference; under IFRS, the gain on sale of Cameron Lake will be eliminated in the June 30, 2010 comparative interim financial statements. At that time, the net effect of these adjustments on the Company's deficit will be $nil.

The effect of the above is summarized as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in assets classified as held for sale - current assets	$ -	$ 9,850	$ 9,850
Decrease in assets classified as held for sale - current assets	-	(298)	-
Increase in assets classified as held for sale - current assets	-	-	1,700
Decrease in assets classified as held for sale - non-current assets	-	-	(1,700)
Decrease in deferred tax asset - current assets	-	(1,297)	-
Increase in deferred tax asset - non-current assets	-	1,297	-
Decrease in deferred tax asset - adjustment to fair value of proceeds	-	(37)	-
Decrease in deficit	$ -	$ 9,515	$ 9,850

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in recovery (writedown) of exploration and evaluation projects - Cameron Lake	$ 258	$ (298)
Eliminate gain on sale of Cameron Lake	(10,108)	-
Increase in income tax expense	-	(37)
Increase in net loss	$ (9,850)	$ (335)

e) Property and equipment

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

f) Expenditures on exploration and evaluation projects

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

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

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Decrease in exploration and evaluation projects - Bukari Egypt	$ (209)	$ (128)	$ (2)
Increase in deficit	$ (209)	$ (128)	$ (2)

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in pre-exploration write-offs - Bukari Egypt	$ (207)	$ (126)
Increase in pre-exploration write-offs - Other	(16)	(32)
Increase in pre-exploration write-offs	(223)	(158)
Decrease in writedown of exploration and evaluation projects	16	32
Increase in operating loss	$ (207)	$ (126)

g) Impairment of exploration and evaluation projects

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

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

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

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

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

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase from change in value of Cameron Lake	$ 258	$ (298)
Decrease from reclassification to pre-exploration write-offs	16	32
Net effect on writedown of exploration and evaluation projects	$ 274	$ (266)

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

h) Impairment of royalty interest

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

i) Decommissioning

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

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

The impact arising from the reclassification is as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Increase in provision classified as held for sale	$ -	$ 114	$ 111
Decrease in asset retirement obligation - current liabilities	-	(114)	-
Decrease in asset retirement obligation - non-current liabilities	-	-	(111)
	$ -	$ -	$ -

j) Flow-through share financing

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

upon incurring expenditures related to the flow-through shares. Flow-through expenditures are sometimes made in different reporting periods than the one in which formal renunciation to the CRA takes place.

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

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

The impact arising from the change is summarized as follows:

Consolidated Balance Sheets	**December 31, 2010**	**March 31, 2010**	**January 1, 2010**
Increase in trade and other payables - set up flow-through premium liability	$ (609)	$ (369)	$ (369)
Increase in deficit - reverse historic renunciation	5,362	5,362	5,362
Decrease in income tax recovery - reverse renunciation	500	500	-
Decrease in deficit - set up premium	(5,259)	(5,259)	(5,259)
Decrease in contributed surplus - adjust proceeds attributable to warrants	32	-	-
Increase (decrease) in share capital	$ 26	$ 234	$ (266)
Decrease in share capital - set up flow-through premium liability	$ 609	$ 369	$ 369
Decrease in deficit - adjust flow-through premium liability	(561)	(50)	-
Increase in trade and other payables	$ 48	$ 319	$ 369

Consolidated Statements of Operations	**Year ended December 31, 2010**	**Three months ended March 31, 2010**
Increase in finance income - record premium upon flow-through spending	$ 561	$ 50
Decrease in trade and other payables - adjust flow-through premium liability	$ 561	$ 50

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

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

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

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

m) IFRS 9, compound financial instruments and finance income and finance costs
Under IFRS there are several reclassifications required to report components of finance income and finance costs. Furthermore, the Company chose to early-adopt the provisions of IFRS 9 and determined that changes in the value of the shares in its marketable securities portfolio would be accounted for as financial assets through OCI; there are also income tax effects with respect to this. Under IFRS 1, the Company made retroactive designations to its equity instruments at transition in conformity with its choices under IFRS 9. Also under IFRS 1, the Company elected not to separate out the portions of its convertible debt issued in prior years since the liability component no longer existed at transition.

The impact arising from the changes is summarized as follows:

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

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Decrease in interest income	$ 3	$ 1
Decrease in loan fee	33	-
Decrease in net foreign exchange gain	161	119
Record premium on flow-through spending	561	50
Finance income	$ 758	$ 170

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Decrease in interest expense	$ 224	$ 84
Decrease in fair value of financial assets at fair value through operations	403	73
Finance costs	$ 627	$ 157

n) Deficit

The above changes decreased (increased) deficit as follows:

Consolidated Balance Sheets	December 31, 2010	March 31, 2010	January 1, 2010
Gain on sale of Cameron Lake	$ (10,108)	$ -	$ -
Adjustment to fair value of Cameron Lake	9,850	9,850	9,850
Adjustment to fair value of Cameron Lake proceeds	258	(298)	-
Deferred tax adjustment on fair value of Cameron Lake proceeds	-	(37)	-
Pre-exploration write-offs - Egypt	(209)	(128)	(2)
Adjustment to fair value of Prairie Lake	325	325	325
IFRS 9 - reclassify (gain)/loss through OCI	159	-	-
IFRS 9 - tax effects	(20)	-	-
Flow-through share premium - transition	5,209	5,209	5,209
Flow-through share renunciation - transition	(5,362)	(5,362)	(5,362)
Adjust premium on flow-through upon spending	611	100	50
Adjust renunciation on flow-through	(500)	(500)	-
Decrease in deficit	$ 213	$ 9,159	$ 10,070

o) *Income tax*

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

Consolidated Statements of Operations	Year ended December 31, 2010	Three months ended March 31, 2010
Increase in income tax expense - fair value of Cameron Lake proceeds	$ -	$ 37
Decrease in income tax recovery - reverse renunciation of flow-through expenditures	500	500
Record income taxes on changes in fair values through OCI	20	-
Net increase in income tax expense	$ 520	$ 537

p) *Future considerations*

Should the Company raise debt financing in the future for any of its specific projects, under IFRS interest must be capitalized to that project for qualifying assets.

The Company has three foreign subsidiaries and the volume of transactions in the subsidiaries is expected to increase with increased activity in Turkey and Egypt. Presently, the amounts in the cumulative translation accounts are immaterial and insignificant. Should transactions and balances increase, foreign exchange differences may increase and the Company will commence recording these through the translation reserve through OCI.