NUINSCO RESOURCES LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011 AND 2010

DATED AUGUST 5, 2011

Management's Comments on Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of Nuinsco Resources Limited for the three and six months ended June 30, 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 condensed consolidated financial statements have not been reviewed by an auditor.

Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars)	*Notes*		**June 30, 2011** (unaudited)		December 31, 2010 (unaudited)
ASSETS					
Current assets					
Cash and cash equivalents	*6,27*	**$**	**34**	$	628
Restricted cash	*6*		**193**		199
Receivables	*7*		**523**		674
Marketable securities	*8*		**2,433**		5,463
Total current assets			**3,183**		6,964
Non-current assets					
Property and equipment	*10*		**63**		70
Exploration and evaluation projects	*11*		**13,560**		12,382
Interest in Campbell Resources Inc.	*12*		**4,263**		4,263
Royalty interest	*13*		**3,000**		3,000
Total non-current assets			**20,886**		19,715
Total Assets		**$**	**24,069**	$	26,679
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	*14*	**$**	**1,223**	$	2,601
Total current liabilities			**1,223**		2,601
Non-current liability					
Other long-term liability	*15*		**256**		246
Total Liabilities			**1,479**		2,847
Shareholders' equity					
Share capital	*17*		**95,648**		94,340
Contributed surplus			**4,692**		4,259
Accumulated other comprehensive (loss) income	*17*		**(562)**		596
Deficit			**(77,188)**		(75,363)
Total shareholders' equity			**22,590**		23,832
Total Liabilities and Shareholders' Equity		**$**	**24,069**	$	26,679

NATURE OF OPERATIONS (Note 1)

CONTINGENCY (Note 26)

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

Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended June 30, 2011 (unaudited)	Three months ended June 30, 2010 (unaudited - Note 28)	Six months ended June 30, 2011 (unaudited)	Six months ended June 30, 2010 (unaudited - Note 28)
Other revenue		**$ 100**	$ -	**$ 100**	$ -
Other expenses					
General and administrative costs	*22*	**(593)**	(296)	**(1,130)**	(698)
Share-based payment transactions:					
Options	*19*	**(33)**	(16)	**(522)**	(244)
Bonus shares	*19*	**(17)**	(121)	**(17)**	(121)
Amortization of property and equipment	*10*	**(4)**	(3)	**(7)**	(6)
Accretion of decommissioning		**-**	-	**-**	(3)
Pre-exploration write-offs	*11*	**(122)**	(82)	**(127)**	(240)
Recovery of exploration and evaluation projects	*11*	**-**	556	**-**	258
Operating (loss) profit		**(669)**	38	**(1,703)**	(1,054)
Finance income	*20*	**1**	99	**50**	269
Finance costs	*20*	**(69)**	(281)	**(67)**	(438)
Net finance costs		**(68)**	(182)	**(17)**	(169)
Loss before income taxes		**(737)**	(144)	**(1,720)**	(1,223)
Income tax expense		**(80)**	(1,260)	**(105)**	(1,297)
Net Loss for the Period		**$ (817)**	$ (1,404)	**$ (1,825)**	$ (2,520)
Loss per share	*18*				
Basic loss per share		**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Diluted loss per share		**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)

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

Condensed Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)	Note	Three months ended June 30, 2011 (unaudited)	Three months ended June 30, 2010 (unaudited - Note 28)	Six months ended June 30, 2011 (unaudited)	Six months ended June 30, 2010 (unaudited - Note 28)
Net loss for the period		**$ (817)**	$ (1,404)	**$ (1,825)**	$ (2,520)
Other comprehensive loss					
Net change in fair value of financial assets	*9*	**(1,171)**	(1,131)	**(1,263)**	(1,019)
Income tax recovery		**80**	-	**105**	-
Other comprehensive loss for the period		**(1,091)**	(1,131)	**(1,158)**	(1,019)
Total Comprehensive Loss for the Period		**$ (1,908)**	$ (2,535)	**$ (2,983)**	$ (3,539)

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

Condensed Consolidated Statements of Shareholders' Equity

(unaudited - Note 28) (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 loss for the period						
Net loss for the period					(2,520)	(2,520)
Other comprehensive loss						
Net change in fair value of financial assets				(1,019)		(1,019)
Total other comprehensive loss				**(1,019)**		**(1,019)**
Total comprehensive loss for the period						**(3,539)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the period						
Share issue costs		(4)	-	-	-	(4)
Shares issued for property		38	-	-	-	38
Issue of shares under Share Bonus Plan		121	-	-	-	121
Options granted and vesting		-	244	-	-	244
		155	**244**	**-**	**-**	**399**
Total contributions by owners		**155**	**244**	**-**	**-**	**399**
Total transactions with owners		**155**	**244**	**-**	**-**	**399**
Balances as at June 30, 2010		**$ 93,285**	**$ 3,951**	**$ (1,636)**	**$ (74,242)**	**$ 21,358**
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					(1,825)	(1,825)
Other comprehensive loss						
Net change in fair value of financial assets	*9*			(1,263)		(1,263)
Income tax recovery				105		105
Total other comprehensive loss				**(1,158)**		**(1,158)**
Total comprehensive loss for the period						**(2,983)**
Transactions with owners, recorded directly in equity						
Contributions by owners - in the period						
Issue of common shares and warrants	*17*	425	68	-	-	493
Options granted and vesting	*19*	-	522	-	-	522
Issue of shares under Share Bonus Plan	*17*	17	-	-	-	17
Options exercised	*17,19*	5	(2)	-	-	3
Warrants exercised	*17,19*	861	(155)	-	-	706
Total contributions by owners		**1,308**	**433**	**-**	**-**	**1,741**
Total transactions with owners		**1,308**	**433**	**-**	**-**	**1,741**
Balances as at June 30, 2011		**$ 95,648**	**$ 4,692**	**$ (562)**	**$ (77,188)**	**$ 22,590**

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

Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	Six months ended June 30, 2011 (unaudited)	2010 (unaudited - Note 28)
Cash flows from operating activities			
Net loss for the period		**$ (1,825)**	$ (2,520)
Adjustments for:			
Share-based payment transactions	*19*	**539**	365
Amortization of property and equipment	*10*	**7**	6
Accretion of decommissioning		**-**	3
Recovery of exploration and evaluation projects	*11*	**-**	(258)
Net finance (income) costs	*20*	**(32)**	157
Income tax expense		**105**	1,297
Net change in non-cash working capital:			
Change in receivables		**151**	(48)
Change in trade and other payables		**(2)**	(229)
Net cash used by operating activities		**(1,057)**	(1,227)
Cash flows from investing activities			
Deposit on offer to purchase Campbell's assets	*12*	**-**	(465)
Expenditures on exploration and evaluation projects	*11*	**(2,506)**	(892)
Proceeds on sale of marketable securities	*8*	**1,767**	-
Proceeds on sale of Cameron Lake	*1*	**-**	5,900
Purchase of equipment	*10*	**-**	(6)
Net cash (used by) from investing activities		**(739)**	4,537
Cash flows from financing activities			
Issue of common shares and warrants	*17*	**1,202**	(4)
Repayments of loan	*1*	**-**	(2,804)
Interest paid	*1*	**-**	(168)
Net cash from (used by) financing activities		**1,202**	(2,976)
Net (Decrease) Increase in Cash and Cash Equivalents		**(594)**	334
Cash and Cash Equivalents, Beginning of the Period		**628**	1,490
Cash and Cash Equivalents, End of the Period		**$ 34**	$ 1,824

The accompanying notes are an integral part of these condensed 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 condensed consolidated financial statements of the Company as at and for the three and six months ended June 30, 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, Egypt and Sudan (Note 27). The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 11, 12 and 24 to these financial statements.

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

Going Concern

These financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at June 30, 2011, the Company had working capital of $1,767,000 excluding restricted cash of $193,000 (December 31, 2010 - $4,164,000, excluding restricted cash of $199,000).

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 12 to these financial statements. Furthermore, the Company has received reassessments from the Canada Revenue Agency ("CRA") refer to Note 26.

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.

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 13).

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

The following table illustrates the components of the loss on sale of the Cameron Lake property, after adjustments in accordance with IFRS as outlined in Note 28:

Consideration received		
Cash		$ 6,000
Coventry shares		2,958
Royalty interest (Note 13)		3,000
Aggregate consideration		11,958
Net book value of assets sold (liabilities assumed) and expenses of sale		
Cameron Lake property (Note 28)	$ 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 then-outstanding interest-bearing promissory note along with accrued interest thereon.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). In particular, the Company followed the guidance under IAS 34, *Interim Financial Reporting* ("IAS 34").

Nuinsco's first consolidated financial statements prepared in accordance with IFRS wherein IFRS 1, *First time adoption of International Financial Reporting Standards* ("IFRS 1"), was applied were the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011 and 2010 ("First Quarterly Consolidated Financial Statements of 2011"). Note 32 to those statements included a detailed explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Nuinsco for the periods then presented.

These condensed consolidated financial statements reflect the accounting policies described in the Company's First Quarterly Consolidated Financial Statements of 2011 (with the exception of any changes set out in Note 3 below) and accordingly, should be read in conjunction with those financial statements and the notes thereto.

The disclosures in the First Quarterly Consolidated Financial Statements of 2011 exceeded the minimum requirements under IAS 34. In particular, the Company's accounting policies under IFRS were presented in full and certain notes included more detail than the conventional updates required under interim reporting standards in order to provide the reader with additional contextual information. In this and successive interim reports, the Company has not and may not in future provide the same amount of disclosure as the reader will be able to refer to earlier reports prepared in accordance with IFRS. Note 28 to these unaudited condensed consolidated financial statements explains the adjustments which were necessary to the comparative information included in this report which was not reported in the First Quarterly Consolidated Financial Statements of 2011.

The management of Nuinsco prepare the unaudited condensed consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on August 5, 2011. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

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

(c) Functional and Presentation Currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated. Tabular amounts are shown in thousands of dollars.

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

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 condensed consolidated financial statements is included in the following notes:

- Notes 8 and 9 — valuation of financial assets at fair value through OCI;
- Note 11 — measurement of the recoverable amounts of exploration and evaluation projects;
- Note 12 — valuation of interest in Campbell;
- Note 13 — valuation of royalty interest and recoverable amount;
- Note 26 — contingencies; and
- Note 19 — measurement of share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies of the Company are set out in detail in Note 3 to the First Quarterly Consolidated Financial Statements of 2011, as updated under New Accounting Policies below. Such policies have been applied consistently to all periods presented in these condensed consolidated financial statements, and have been applied consistently by Nuinsco entities.

a) New Accounting Policies
There have been no new accounting policies adopted by the Company.

b) New Standards and Interpretations not yet Adopted
The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised standards and interpretations which are applicable to the Company but which are not yet effective for the year ended December 31, 2011 and have not been applied in preparing these financial statements.

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

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

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

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

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

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

These standards, amendments and interpretations have not been early adopted by the Company. Furthermore, the Company is currently assessing the impact that the application of these standards or amendments may have on the consolidated financial statements of the Company.

c) 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 credit risk, liquidity risk, market risk and operational risk from its use of financial instruments. A complete description of the Company’s financial risk management and capital management is included in Note 4 to the First Quarterly Consolidated Financial Statements of 2011. This note updates information about the Company’s exposure to each of the above risks where there have been material or noteworthy changes. Further quantitative disclosures are included throughout these financial statements.

Credit Risk
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 12). 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 12, the Company determined that a writedown of the loans was required in 2008. Refer to Note 12 for an update on Campbell.

Market Risk
Currency risk
The Company conducts transactions or has balances in the United States and Australian dollars (“US$” and “A$” respectively) as well as the European Euro (“Euro” or “€”), the Egyptian Pound (“LE”) and Turkish Lira (“TL”).

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

Capital Management Disclosures

	June 30, 2011	December 31, 2010
Shareholders' equity	$ 22,590	$ 23,832
Other long-term liability	256	246
Balance as at end of period	$ 22,846	$ 24,078

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

5. DETERMINATION OF FAIR VALUES

There have been no changes in how the Company determines fair value for both financial and non-financial assets and liabilities from the descriptions included in Note 5 to the Company's First Quarterly Consolidated Financial Statements of 2011. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

6. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	June 30, 2011	December 31, 2010
Bank balances	$ 34	$ 528
Short-term deposits	-	100
Cash and Cash Equivalents in the Statement of Cash Flows	$ 34	$ 628

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 $193,000 (December 31, 2010 - $199,000) (Note 11).

7. RECEIVABLES

	Note	June 30, 2011	December 31, 2010
Due from Victory Nickel Inc.	*22*	$ -	$ 21
Other receivables		499	603
Prepaid expenses and deposits		24	50
		$ 523	$ 674

8. MARKETABLE SECURITIES

	Note	June 30, 2011	December 31, 2010
Financial assets at fair value through OCI: Shares	*9*		
Victory Nickel Inc.		$ 807	$ 807
Coventry Resources Limited		1,626	3,665
Gold Hawk Resources Inc.		-	991
		$ 2,433	$ 5,463

With the exception of the Victory Nickel Inc. ("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 20) in the third quarter of 2010. The Company no longer has any Level Two securities.

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

The amount of change in fair value of Coventry shares attributable to the change in foreign exchange rates and included in OCI is a gain of $49,000 and a loss of $2,000 for the three and six months ended June 30, 2011, respectively (three and six months ended June 30, 2010 – loss of $74,000).

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 $106,000, after tax effects of $15,000 (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	**June 30, 2011**	December 31, 2010
Carrying amount			
Cash and cash equivalents	*6*	**$ 34**	$ 628
Restricted cash	*6*	**193**	199
Receivables	*7*	**523**	674
Financial assets at fair value through OCI	*8*	**2,433**	5,463
Interest in Campbell	*12*	**4,263**	4,263
		$ 7,446	$ 11,227

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

Non-derivative financial liabilities	**Trade and other payables**
As at June 30, 2011	
Carrying amount	$ 1,223
Contractual cash flows	1,223
6 months or less	1,223
As at December 31, 2010	
Carrying amount	$ 2,601
Contractual cash flows	2,553
6 months or less	2,553

The contractual cash flows reflected in the table above exclude the non-cash flow-through premium liability.

Currency Risk

Exposure to currency risk

The Company's exposures to foreign currency risk are as follows based on foreign-denominated amounts translated into Canadian dollars ("C$") at the respective dates:

(in thousands of Canadian dollars)

As at June 30, 2011	C$	US$	A$
Cash and cash equivalents	$ 16	$ 18	$ -
Restricted cash	-	193	-
Receivables	523	-	-
Marketable securities	807	-	1,626
Trade and other payables	(931)	(292)	-
Other long-term liabilities	(256)	-	-
Net exposure	$ 159	$ (81)	$ 1,626

(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

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 June 30, 2011	Equity	Profit or Loss
US$ (10 percent strengthening)	$ (8)	$ (8)
A$ (10 percent strengthening)	$ 16	$ -

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

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 balance sheets. The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value.

There have been no transfers 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%.

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

10. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2010	**$ 331**	**$ 272**	**$ 59**
Additions	24	-	24
Depreciation	-	13	13
Balance as at December 31, 2010	**355**	**285**	**70**
Depreciation	-	7	7
Balance as at June 30, 2011	**$ 355**	**$ 292**	**$ 63**

11. EXPLORATION AND EVALUATION PROJECTS

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

	December 31, 2010	Current Expenditures	Effect of Dilution	June 30, 2011
URANIUM AND RARE METALS			**(see below)**	
Diabase Peninsula	$ 6,943	$ 1,005	$ -	**$ 7,948**
Prairie Lake	2,333	388	-	**2,721**
	9,276	1,393	-	**10,669**
GOLD, COPPER AND ZINC				
Berta	1,733	68	(616)	**1,185**
Elmalaan	1,100	28	-	**1,128**
Bukari	273	305	-	**578**
	3,106	401	(616)	**2,891**
	$ 12,382	$ 1,794	$ (616)	**$ 13,560**

	January 1, 2010	Current Expenditures	Writedown of E&E Projects	June 30, 2010
URANIUM AND RARE METALS				
Diabase Peninsula	$ 5,772	$ 184	$ -	$ 5,956
Prairie Lake	1,542	104	-	1,646
	7,314	288	-	7,602
GOLD, COPPER AND ZINC				
Berta	1,595	3	-	1,598
Elmalaan	1,071	2	-	1,073
Olympian	-	440	-	440
	2,666	445	-	3,111
	$ 9,980	$ 733	-	$ 10,713
Adjustment to fair value of assets classified as held for sale - Cameron Lake			(258)	
Recovery of E&E Projects in Consolidated Statement of Operations			$ (258)	

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 June 30, 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 $200,000 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 US$468,000, 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. Xstrata has 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 has allowed itself to be diluted to approximately 36%. In the second quarter, the Company made adjustments to the carrying value of the project by $517,000, reduced trade and other payables by $454,000 and recorded a foreign exchange loss of $63,000 to effect the dilution. The Company also adjusted the amounts previously accrued for 2010 and 2011 based on the reduced share of Xstrata work programs, bringing the aggregate adjustment in the carrying value of Berta to $616,000.

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 $307,000 (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 balance sheet. This initial letter of guarantee will be replaced by the one pertaining to the first-year expenditure commitment.

Sudan

On July 18, 2011, the Company announced that it has expanded its presence in the Middle East North Africa ("MENA") region by entering into an option agreement with Makaseb Holding LLC ("Makaseb"), to acquire an 85% interest in that company's subsidiary UAE for Gold Minerals and Investment Company Ltd. ("UAE Gold"). UAE Gold owns 100% of the J. Tobrar (Block 64) concession, located in northeastern Sudan that hosts the Hamil Gold Vein System. The terms of the option provide for an initial payment of US$200,000, half in cash and half in either cash or shares of Nuinsco (at Nuinsco's option), and a commitment to spend approximately €400,000 on due diligence and property evaluation over the next six months. Prior to the end of the option period, Nuinsco must deliver US$4,000,000 in cash or Nuinsco shares or, under certain circumstances, shares of NuMENA Minerals Corporation ("NuMENA"). NuMENA was recently created by the Company as a vehicle to acquire and explore mineral projects in the MENA region. Nuinsco intends to complete a spin-out of NuMENA to its shareholders before the end of 2011.

Olympian

In March, 2010, the Company announced that it had optioned a claim package collectively referred to as the Olympian Project. In October 2010, the Company 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 was 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* through operations. Exploration costs in the amount of $122,000 and $127,000 were written off during the three and six months ended June 30, 2011, respectively (three and six months ended June 30, 2010 - $82,000 and $240,000).

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

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

	Current Expenditures	Pre-exploration Write-offs	June 30, 2011
PRE-EXPLORATION EXPENDITURES - Other	$ 127	$ (127)	$ -

	Current Expenditures	Pre-exploration Write-offs	June 30, 2010
PRE-EXPLORATION EXPENDITURES			
Bukari	$ 160	$ (160)	$ -
Other	80	(80)	-
	$ 240	$ (240)	$ -

12. 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 balance sheet. 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 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 14) and *Long-term liability* (Note 15) in the balance sheet.

The Company's share of expenditures incurred in the three and six months ended June 30, 2011 to protect its interest in Campbell assets amounted to approximately $204,000 and $341,000, respectively (three and six months ended June 30, 2010 - $53,000 and $114,000). Such expenditures included legal fees, court-appointed monitor's fees, certain property taxes and other costs and are included in general and administrative expenses.

On June 28, 2011, the Company announced that the Québec Superior Court had finally allowed the joint ownership by the Company and Ocean Partners of all exploration, mining and processing assets located in and near Chibougamau Québec. The Company, along with Ocean Partners, is in the process of completing the necessary legal documentation to consummate the acquisition and is evaluating opportunities to realize the value of the assets. Until such work is complete and legal ownership is transferred, the Company believes that carrying value is fair value.

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

	Note	June 30, 2011	December 31, 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
		$ 4,263	$ 4,263

(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.

13. 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 Cost Generating Unit for the purposes of impairment testing. It is not allocated.

14. TRADE AND OTHER PAYABLES

	Notes	June 30, 2011	December 31, 2010
Trade payables			
E&E projects		**$ 120**	$ 1,069
Non-project related	*22*	**282**	236
Flow-through premium liability		**-**	48
Other payables	*12*	**209**	212
Due to Victory Nickel Inc.	*22*	**2**	-
Accrued liabilities			
E&E projects		**305**	684
Non-project related	*22*	**305**	352
		$ 1,223	$ 2,601

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

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

	Note		June 30, 2011		December 31, 2010
Balance as at beginning of period		**$**	**48**	$	369
Flow-through premium through finance income			**-**		(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	*20*		**(48)**		(49)
Balance as at end of period		**$**	**-**	$	48

15. LONG-TERM LIABILITY

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 12). 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 $256,000 as at June 30, 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 and six months ended June 30, 2011, accretion of $5,000 and $10,000 respectively was added to long-term obligations and recorded as interest expense.

16. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable on present space as follows:

		June 30, 2011		December 31, 2010
Office rental				
Less than 1 year	**$**	**21**	$	61
Between 1 and 5 years		**-**		5
Total Minimum Lease Payments Payable	**$**	**21**	$	66

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 August 31, 2011. One of the leases was subject to a sublease which expired on June 30, 2011.

During the three and six months ended June 30, 2011 amounts of $39,000 and $69,000 respectively (three and six months ended June 30, 2010 - $29,000 and $58,000), were recognized as net rent expense through operations in respect of operating leases including operating costs. Furthermore, amounts of $11,000 and $22,000 were recognized as a contra to rent expense through operations in respect of the sublease in the same periods (2010 - $11,000 and $22,000, respectively).

In June 2011, the Company amended and extended its main lease for premises at 80 Richmond Street West, Toronto. The extension term is for five years terminating on August 31, 2016 and includes basic rent commitments as follows:

		June 30, 2011
Office rental - new lease		
Less than 1 year	**$**	**66**
Between 1 and 5 years		**430**
Total Minimum Lease Payments Payable	**$**	**496**

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

17. 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	Number of Shares	Gross Proceeds/ Consideration	Share Issue Costs	Warrants and Options	Share Capital
Balance as at January 1, 2011		254,205,292				$ 94,340
Issue of common shares	*(a)*	3,125,000	$ 500	$ (7)	$ (68)	425
Options exercised	*(b)*	50,000	3	-	2	5
Warrants exercised	*(c)*	7,062,064	706	-	155	861
Issue of shares under Share Bonus Plan	*(d)*	112,000	-	-	-	17
Balance as at end of period		264,554,356	$ 1,209	$ (7)	$ 89	$ 95,648

(a) On January 10, 2011, the Company completed a private placement financing of securities at a price of $0.16 per unit. The units included a half share purchase warrant as described below. The Company apportioned proceeds to the cost of the warrants in contributed surplus as indicated in the table above.

(b) In January, 2011, common shares were issued upon the exercise of options. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(c) During 2011, common shares were issued upon the exercise of warrants. The aggregate consideration plus the aggregate amount previously recorded through contributed surplus is reflected as an increase in share capital.

(d) On May 25, 2011, the Company issued common shares to an employee and officer as discretionary bonuses pursuant to the Company's Share Bonus Plan.

Share Incentive Plan

The Company has a Share Incentive Plan which includes both a Share Purchase Plan and a Share Bonus Plan. Both are described fully in the Company's First Quarterly Consolidated Financial Statements of 2011.

Shareholder Rights Plan

The Company has a Shareholder Rights Plan which is described fully in the Company's First Quarterly Consolidated Financial Statements of 2011.

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.

18. EARNINGS (LOSS) PER SHARE

Basic Earnings (Loss) per Share

The calculation of basic earnings (loss) per share ("EPS") for the three and six months ended June 30, 2011 was based on the loss attributable to common shareholders of $817,000 and $1,825,000 (2010 – loss of $1,404,000 and $2,520,000), and a weighted average number of common shares outstanding of 262,822,000 and 260,098,000 (2010 – 231,964,000 and 231,453,000).

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

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)

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2011**	2010	**2011**	2010
Balance as at beginning of period		**258,070,000**	230,936,000	**254,205,000**	230,936,000
Effect of share options exercised	*19*	**-**	-	**45,000**	-
Effect of warrants exercised	*19*	**4,706,000**	-	**2,873,000**	-
Effect of shares issued	*17*	**-**	329,000	**2,952,000**	166,000
Effect of shares issued under Share Bonus Plan	*17*	**46,000**	699,000	**23,000**	351,000
Balance as at end of period		**262,822,000**	231,964,000	**260,098,000**	231,453,000

Diluted Earnings (Loss) per Share
The effect of adjustments to the weighted average number of common shares would be anti-dilutive because the Company has incurred losses in each respective accounting period.

19. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements
The Company's share-based payment arrangements are described in Note 22 to the Company's First Quarterly Consolidated Financial Statements of 2011.

Stock option plan (equity-settled)
As at June 30, 2011, the Company had 17,273,000 (December 31, 2010 – 20,596,000) 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 June 30, 2011 consist of 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 to the Company's First Quarterly Consolidated Financial Statements of 2011.

Terms and Conditions of Share-based Payment Arrangements
The terms of the Company's Share-based Payment Arrangements are set out in Note 20 to the Company's First Quarterly Consolidated Financial Statements of 2011.

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	
	June 30, 2011	December 31, 2010	**June 30, 2011**	December 31, 2010
Outstanding as 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	**(50,000)**	(3,525,000)	**$ 0.21**	$ 0.13
Outstanding as at end of period	**22,410,000**	17,535,000	**$ 0.15**	$ 0.14
Exercisable as at end of period	**21,297,500**	16,410,000	**$ 0.15**	$ 0.14

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

	Number of options outstanding		Weighted average remaining contractual life (years)	
	June 30, 2011	December 31, 2010	**June 30, 2011**	December 31, 2010
Range of exercise prices				
$0.030 to $0.050	**4,600,000**	4,625,000	**2.70**	3.19
$0.055 to $0.055	**1,150,000**	1,150,000	**4.12**	4.61
$0.060 to $0.100	**4,350,000**	4,375,000	**3.52**	4.01
$0.110 to $0.150	**1,350,000**	1,350,000	**1.42**	1.91
$0.160 to $0.170	**4,750,000**	-	**4.69**	-
$0.180 to $0.210	**1,625,000**	1,675,000	**0.13**	0.62
$0.220 to $0.260	**2,400,000**	2,175,000	**2.76**	3.06
$0.270 to $0.350	**1,635,000**	1,635,000	**1.57**	2.06
$0.360 to $0.488	**550,000**	550,000	**0.57**	1.07
	22,410,000	17,535,000	**2.96**	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 nil and 4,975,000 options were granted during the three and six months ended June 30, 2011 (the three and six months ended June 30, 2010 – nil and 4,700,000) to key management personnel, employees and consultants. This resulted in share-based payment expenses of $33,000 and $522,000 in the three and six months ended June 30, 2011, respectively (2010 - $16,000 and $244,000). Of the 22,410,000 options outstanding as at June 30, 2011, 1,112,500 are subject to vesting in the following year (as at December 31, 2010 – 17,535,000 options were 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 $97,000 (as at December 31, 2010 - $2,000). For options exercised during the first six months of 2011, the weighted average market price was $0.19; 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	**June 30, 2011**	December 31, 2010	**June 30, 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		**(7,350,829)**	(288,765)		
Expired in 2011		**(279,167)**			
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 as at end of period		**21,247,231**	27,025,962	**$ 0.13**	$ 0.12

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

Warrants generally 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 were exercisable for a period of twelve months commencing April 23, 2010; all other warrants are exercisable upon issue for 24 months.

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	**June 30, 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	**June 30, 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%

20. FINANCE INCOME AND FINANCE COSTS

		Three months ended June 30,		**Six months ended June 30,**	
	Notes	**2011**	2010	**2011**	2010
Interest income on bank deposits		**$ 1**	$ 1	**$ 2**	$ 2
Flow-through premium	*14*	**-**	84	**48**	134
Net foreign exchange gain		**-**	14	**-**	133
Finance income		**1**	99	**50**	269
Interest expense on financial liabilities measured at amortized cost	*1,15*	**(6)**	(134)	**(11)**	(218)
Net change in fair value of financial assets through operations		**-**	(147)	**-**	(220)
Net foreign exchange loss		**(63)**	-	**(56)**	-
Finance costs		**(69)**	(281)	**(67)**	(438)
Net Finance Costs		**$ (68)**	$ (182)	**$ (17)**	$ (169)

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

21. 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 (Note 22). 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 balance sheets.

Geographical Information

	Notes	June 30, 2011	December 31, 2010
Canada			
Corporate		$ **3,246**	$ 7,034
Interest in Campbell	*12*	**4,263**	4,263
Royalty interest	*13*	**3,000**	3,000
Diabase	*11*	**7,948**	6,943
Prairie Lake	*11*	**2,721**	2,333
		21,178	23,573
Turkey			
Berta	*11*	**1,185**	1,733
Elmalaan	*11*	**1,128**	1,100
		2,313	2,833
Egypt			
Bukari	*11*	**578**	273
		578	273
Total Assets		$ **24,069**	$ 26,679

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.

22. 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 for the three and six months ended June 30, 2011 are shown in the following tables:

	June 30, 2011	December 31, 2010
Balances Outstanding		
Receivable from Victory Nickel Inc.	$ **-**	$ 21
Payable to Victory Nickel Inc.	$ **2**	$ -
Payable to key management personnel	$ **161**	$ 111

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

Transaction Values	Three months ended June 30, 2011	2010	Six months ended June 30, 2011	2010
Overhead charges to Victory Nickel Inc.	**$ 215**	$ 167	**$ 412**	$ 337
Project costs charged by Victory Nickel Inc.	**$ 7**	$ 9	**$ 14**	$ 14
Project recoveries charged to Victory Nickel Inc.	**$ 18**	$ 7	**$ 34**	$ 25

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 17).

Key management personnel compensation comprised:

	Notes	Three months ended June 30, 2011	2010	Six months ended June 30, 2011	2010
Short-term employee benefits		**$ 206**	$ 177	**$ 369**	$ 330
Share-based payments - options	*19*	**-**	-	**495**	251
Share-based payments - Share Bonus Plan	*17*	**11**	116	**11**	116
		$ 217	$ 293	**$ 875**	$ 697

The outstanding balances as at June 30, 2011 and December 31, 2010 relating to key management personnel are included in the tables above.

23. COMPANY ENTITIES
Significant Subsidiaries

Ownership Interest	Country of Incorporation	June 30, 2011	December 31, 2010
Lakeport Gold Corporation	Canada	**100%**	100%
7591802 Canada Inc.	Canada	**50%**	50%
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%
Nuinsco Exploration Inc.	BVI	**50%**	50%
Z-Gold Corporation (through Nuinsco Exploration)	Egypt	**50%**	50%
NuMENA Minerals Corp.	Canada	**100%**	n/a

None of the companies included in the table above is a public company. 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 QCC and has the rights, through Z-Gold Corporation to the gold concessions in Egypt; NuMENA Minerals Corp. is presently inactive and has been incorporated as a potential vehicle to spin off certain of the Company's assets in the MENA region.

24. 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 condensed 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:

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

		June 30, 2011		December 31, 2010
7591802 Canada Inc.				
Interest in Campbell	**$**	**1,125**	$	1,125
Nuinsco Exploration Inc.				
Current assets	**$**	**307**	$	171
Exploration and evaluation assets	**$**	**338**	$	237
Current liabilities	**$**	**-**	$	6
Expenses	**$**	**31**	$	16

25. COMMITMENT

Flow-through Commitment

As at June 30, 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.

26. CONTINGENCY

CRA Reassessment

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

27. SUBSEQUENT EVENTS

Flow-through Financing

On July 29 and August 2, 2011, the Company completed two tranches of flow-through financing of 7,391,365 flow-through units at a price of $0.15 per unit for gross proceeds of approximately $1,109,000. Each flow-through unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the owner to purchase one common share of the Company at an exercise price of $0.20 for a period of 24 months from closing.

The Company paid a cash finder's fee of approximately $43,000 from the proceeds of the sale of the units and has issued an aggregate of 289,165 finder's warrants, each finder's warrant entitling the holder thereof to purchase one common share at a price of $0.15 for a period of 24 months from closing.

Gold Concession in Sudan

As described earlier, on July 18, 2011, the Company announced that it has entered into an option agreement with Makaseb to acquire an 85% interest in that company's subsidiary UAE Gold. UAE Gold owns 100% of the J. Tobrar (Block 64) concession, located in northeastern Sudan that hosts the Hamil Gold Vein System.

28. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2(a), these condensed consolidated financial statements are prepared in accordance with IFRS.

The accounting policies set out in Note 3 to the Company's First Quarterly Consolidated Financial Statements of 2011 have been applied in preparing the condensed consolidated financial statements for the period ended June 30, 2011, the comparative information presented in these condensed 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). The First Quarterly Consolidated Financial Statements of 2011 included detailed information and reconciliations as at the transition date, December 31, 2010 and March 31, 2010; supplemental information as at and for the three and six months ended June 30, 2010 is included below and should be read in conjunction with Note 32 to the First Quarterly Consolidated Financial Statements of 2011.

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

In preparing its IFRS financial information, 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 – Interim Balance Sheet

		June 30, 2010		
	Notes	Pre-transition Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 1,824	$ -	$ 1,824
Receivables	*b*	346	491	837
Marketable securities		3,819	-	3,819
Prepaid expenses and deposits	*b*	491	(491)	-
Total current assets		6,480	-	6,480
Non-current assets				
Property and equipment		59	-	59
Exploration and evaluation projects	*d,e*	10,550	163	10,713
Interest in Campbell Resources Inc.		2,297	-	2,297
Royalty interest		3,000	-	3,000
Total non-current assets		15,906	163	16,069
Total Assets		$ 22,386	$ 163	$ 22,549
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	*b,f*	$ 950	$ 241	$ 1,191
Due to Victory Nickel Inc.	*b*	6	(6)	-
Total current liabilities		956	235	1,191
Total Liabilities		956	235	1,191
Shareholders' equity				
Share capital	*f*	93,051	234	93,285
Contributed surplus		3,951	-	3,951
Accumulated other comprehensive loss	*g*	(1,635)	(1)	(1,636)
Deficit	*h*	(73,937)	(305)	(74,242)
Total shareholders' equity		21,430	(72)	21,358
Total Liabilities and Shareholders' Equity		$ 22,386	$ 163	$ 22,549

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

Reconciliation of Profit or Loss for the Three and Six Months Ended June 30, 2010

(unaudited)	Notes	Three months ended June 30, 2010 Pre-transition Canadian GAAP	Three months Effect of Transition	Three months IFRS	Six months ended June 30, 2010 Pre-transition Canadian GAAP	Six months Effect of Transition	Six months IFRS
Revenues							
Interest income	g	$ 1	$ (1)	$ -	$ 2	$ (2)	$ -
Revenues		1	(1)	-	2	(2)	-
Operating profit							
General and administrative costs		(296)	-	(296)	(698)	-	(698)
Share-based payments - options		(16)	-	(16)	(244)	-	(244)
Share-based payments - Share Bonus Plan		(121)	-	(121)	(121)	-	(121)
Amortization of property and equipment		(3)	-	(3)	(6)	-	(6)
Accretion of decommissioning		-	-	-	(3)	-	(3)
Interest expense	g	(134)	134	-	(218)	218	-
Pre-exploration write-offs	d	-	(82)	(82)	-	(240)	(240)
(Writedown) recovery of exploration and evaluation projects	e	(48)	604	556	(80)	338	258
Net foreign exchange gain	g	14	(14)	-	133	(133)	-
Operating (loss) profit		(604)	642	38	(1,237)	183	(1,054)
Finance income	g	-	99	99	-	269	269
Finance costs	g	-	(281)	(281)	-	(438)	(438)
Net finance costs		-	(182)	(182)	-	(169)	(169)
Gain on sale of Cameron Lake	c	10,108	(10,108)	-	10,108	(10,108)	-
Provision for writedown of investment	g	(1)	1	-	(1)	1	-
Net change in fair value of financial assets at fair value through operations	g	(147)	147	-	(220)	220	-
Income (loss) before income tax		9,357	(9,501)	(144)	8,652	(9,875)	(1,223)
Income tax (expense) recovery	c,h,i	(1,297)	37	(1,260)	(797)	(500)	(1,297)
Net Income (Loss) for the Period		$ 8,060	$ (9,464)	$ (1,404)	$ 7,855	$ (10,375)	$ (2,520)
Earnings (loss) per share							
Basic earnings (loss) per share		$ 0.03	$ (0.04)	$ (0.01)	$ 0.03	$ (0.04)	$ (0.01)
Diluted earnings (loss) per share		$ 0.03	$ (0.04)	$ (0.01)	$ 0.03	$ (0.04)	$ (0.01)

Reconciliation of Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2010

(unaudited)	Notes	Three months ended June 30, 2010 Pre-transition Canadian GAAP	Three months Effect of Transition	Three months IFRS	Six months ended June 30, 2010 Pre-transition Canadian GAAP	Six months Effect of Transition	Six months IFRS
Net income (loss) for the period		$ 8,060	$ (9,464)	$ (1,404)	$ 7,855	$ (10,375)	$ (2,520)
Other comprehensive income (loss)							
Net change in fair value of financial assets		(1,131)	-	(1,131)	(1,019)	-	(1,019)
Change in the fair value as "other-than-temporary" and reclassification through operations	g	1	(1)	-	1	(1)	-
Other comprehensive loss for the period		(1,130)	(1)	(1,131)	(1,018)	(1)	(1,019)
Total Comprehensive Income (Loss) for the Period		$ 6,930	$ (9,465)	$ (2,535)	$ 6,837	$ (10,376)	$ (3,539)

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

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 balance sheets; these elements are now included in the notes to the financial statements. Such reclassifications are summarized as follows:

Consolidated Balance Sheet		**June 30, 2010**
Increase in receivables	$	491
Decrease in prepaid expenses and deposits		(491)
Increase in trade and other payables		6
Decrease in due to Victory Nickel Inc.		(6)
	$	-

c) 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.

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 had increased the value of the Cameron Lake project which is included in exploration and evaluation projects to reflect the then-fair-value of the sales consideration. As at the date of transition, the IFRS adjustment was to reduce deficit by $9,850,000. This represented a timing difference; under IFRS, the gain on sale of Cameron Lake has been eliminated in the June 30, 2010 comparative financial statements with a net effect of increasing the period's net loss by $9,850,000. Therefore, the net effect of these adjustments on the Company's deficit by June 30, 2010 was $nil.

The effect of the above is summarized as follows:

Consolidated Statements of Operations		**Three months ended June 30, 2010**		**Six months ended June 30, 2010**
Increase in recovery of exploration and evaluation projects - Cameron Lake	$	556	$	258
Eliminate gain on sale of Cameron Lake		(10,108)		(10,108)
Increase in income tax expense		37		-
Increase in net loss	$	(9,515)	$	(9,850)

d) 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.

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

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

Consolidated Balance Sheet		**June 30, 2010**
Decrease in exploration and evaluation projects - Bukari Egypt	$	(162)
Increase in deficit	$	(162)

Consolidated Statements of Operations		**Three months ended June 30, 2010**		**Six months ended June 30, 2010**
Increase in pre-exploration write-offs - Bukari Egypt	$	(34)	$	(160)
Increase in pre-exploration write-offs - Other		(48)		(80)
Increase in pre-exploration write-offs		(82)		(240)
Decrease in writedown of exploration and evaluation projects		48		80
Increase in operating loss	$	(34)	$	(160)

e) *Impairment of exploration and evaluation 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 Sheet		**June 30, 2010**
Increase in exploration and evaluation projects - Prairie Lake	$	325
Decrease in deficit	$	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		**Three months ended June 30, 2010**		**Six months ended June 30, 2010**
Increase from change in value of Cameron Lake	$	556	$	258
Decrease from reclassification to pre-exploration write-offs		48		80
Net effect on writedown of exploration and evaluation projects	$	604	$	338

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

f) *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 to the Company's First Quarterly Consolidated Financial Statements of 2011.

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

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 Sheet		June 30, 2010
Increase in trade and other payables - set up flow-through premium liability	$	(369)
Increase in deficit - reverse historic renunciation		5,362
Decrease in income tax recovery - reverse renunciation		500
Decrease in deficit - set up premium		(5,259)
Increase in share capital	$	234
Decrease in share capital - set up flow-through premium liability	$	369
Decrease in deficit - adjust flow-through premium liability		(134)
Increase in trade and other payables	$	235

Consolidated Statements of Operations		Three months ended June 30, 2010		Six months ended June 30, 2010
Increase in finance income - record premium upon flow-through spending	$	84	$	134
Decrease in trade and other payables - adjust flow-through premium liability	$	84	$	134

g) IFRS 9, 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.

The impact arising from the change on the Consolidated Balance Sheet as at June 30, 2010 is to reduce AOCI by $1,000 and to decrease deficit by $1,000.

Consolidated Statements of Operations		Three months ended June 30, 2010		Six months ended June 30, 2010
Decrease in interest income	$	1	$	2
Decrease in net foreign exchange gain		14		133
Record premium on flow-through spending		84		134
Finance income	$	99	$	269

Consolidated Statements of Operations		Three months ended June 30, 2010		Six months ended June 30, 2010
Decrease in interest expense	$	134	$	218
Decrease in fair value of financial assets at fair value through operations		147		220
Finance costs	$	281	$	438

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

h) *Deficit*

The above changes (increased) decreased deficit as follows:

Consolidated Balance Sheet		**June 30, 2010**
Gain on sale of Cameron Lake	$	(10,108)
Adjustment to fair value of Cameron Lake		9,850
Adjustment to fair value of Cameron Lake proceeds		258
Pre-exploration write-offs - Egypt		(162)
Adjustment to fair value of Prairie Lake		325
IFRS 9 - reclassify loss through OCI		1
Flow-through share premium - transition		5,209
Flow-through share renunciation - transition		(5,362)
Adjust premium on flow-through upon spending		184
Adjust renunciation on flow-through		(500)
Increase in deficit	$	(305)

i) *Income tax*

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

Consolidated Statements of Operations		**Three months ended June 30, 2010**		**Six months ended June 30, 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
Net (increase) decrease in income tax expense	$	(37)	$	500