



NUINSCO RESOURCES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

DATED MARCH 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years ended December 31, 2014 and 2013

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of March 30, 2015 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2014 and 2013, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the years ended December 31, 2014 and 2013 ("2014 Audited Consolidated Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP").

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

The 2014 Audited Consolidated Financial Statements are available at www.sedar.com and at the Company's website www.nuinsco.ca. All amounts disclosed are in Canadian dollars unless otherwise stated. All tabular amounts are in thousands of Canadian dollars.

Shares of Nuinsco trade on the Toronto Stock Exchange ("TSX") under the symbol NWI. The Company has received a letter from the TSX advising the review of eligibility for continued listing on the TSX.

NATURE OF OPERATIONS

Nuinsco is an exploration and development company with a long history. It is focused on identifying and exploiting mineral investment opportunities worldwide. The Company currently has interests in projects prospective for gold, copper, phosphate, rare metals, niobium and uranium in Canada's provinces of Saskatchewan, Ontario and Québec and in Turkey. Nuinsco owns a 7.5% interest in CBay, a private company that has a dominant position in Québec's Chibougamau mining camp with assets including a permitted mill, tailings facility, eight past-producing copper/gold mines, three partially-developed copper projects (Corner Bay, Devlin and the Perch River option) and a 38,000 hectare ("ha") (96,000 acre) land position.

The Company continues to achieve positive results from its Prairie Lake project and continues to manage CBay and its assets in the prolific Chibougamau mining camp in northern Québec on behalf of Ocean Partners Investments Limited ("Ocean Partners"). As funding permits, exploration programs continue at the Diabase Peninsula uranium project in Saskatchewan and the Prairie Lake project in Ontario where additional testing has been performed which has indicated that potentially several marketable products can be produced including a phosphate concentrate exceeding 30% P₂O₅. A diamond drill program conducted in Chibougamau during 2014 led to sufficient geological information being compiled to conduct a resource estimate on the Devlin deposit.

In addition to its property holdings, Nuinsco owns common shares of Victory Nickel Inc. ("Victory Nickel") TSX:NII which may be sold to finance the Company's operating costs. The Company also owns a limited participating interest in the net cash flows of Victory Nickel's frac sand business (the "Participating Interest").

On July 30, 2013, Nuinsco increased its shareholding in Victory Nickel to 12.24% through its agreement to backstop an equity issue under the loan agreement, thereby becoming a related party of Victory Nickel. As at March 30, 2015, the Company owns an approximate interest of 3.78% in Victory Nickel on a non-diluted basis.

Going Concern

The Company's 2014 Audited Consolidated Financial Statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at December 31, 2014, the Company had working capital of \$327,000 (December 31, 2013 – working capital of \$1,249,000). Working capital is defined as current assets less current liabilities. Marketable securities comprise investments in other resource companies, the markets for which are not always liquid.

Since September 30, 2014, the components of the Company's working capital have changed significantly. As at September 30, 2014, there was a significant hurdle to overcome being the repayment of the loan payable of \$2,500,000, a current liability due December 18, 2014. This was addressed in the fourth quarter through a disposition of substantially all of Nuinsco's Interest in CBay Minerals, a long-term asset, (Notes 12 and 16 to the 2014 Audited Consolidated Financial Statements and described below) and, everything else being equal, would have been expected to improve working capital. At September 30, 2014, Nuinsco had a portfolio of marketable securities with a recognized market value of \$2,981,000 and an unrecognized value of an additional \$592,000 in warrants (Note 8 to the 2014 Audited

Consolidated Financial Statements). The primary component of the portfolio was in Victory Nickel shares which had a share price of \$0.47 as at September 30, 2014 and, adjusting for Victory Nickel's share consolidation, had a share price of \$0.60 as at June 30, 2014. The Victory Nickel share price reduced to December 31, 2014 to \$0.235 with subsequent declines – being \$0.14 as at March 30, 2015; the value of Nuinsco's portfolio of Victory Nickel shares was \$947,000 as at December 31, 2014 and \$316,000 as at March 30, 2015, after taking effect of sales. As described in previous MD&As, the Company's only source of liquidity is its marketable securities and, with reducing prices, proportionately more shares must be sold to fund the Company to pay ongoing obligations.

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, realization on its marketable securities as required and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing. Given the current economic climate, the ability to raise funds has been and may continue to be difficult. Refer to the Risks and Uncertainties and Liquidity and Capital Resources sections for additional information.

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.

In an effort to decrease the Company's reliance on equity markets for financing to advance the Company's existing projects and/or take advantage of new project opportunities, the Company entered into a loan agreement with Victory Nickel (the "Amended Loan") which was converted, on April 22, 2014, to a participating interest in the cash flows generated from the sale of frac sand (the "Participating Interest") as described in Note 13 to the 2014 Audited Consolidated Financial Statements. The loan provided the initial funding required by Victory Nickel to implement a three-phase business plan to enter the frac sand business which has produced sales since March 2014. Presently, the Company does not anticipate receiving any cash flows from the Participating Interest until the fourth quarter of 2016.

The Company extinguished its loan payable in December 2014 through relinquishing shares representing a 42.5% interest in CBay Minerals Inc. ("CBay") formerly recorded as part of *Interest in CBay Minerals Joint Arrangement* on the consolidated balance sheets, and formerly a joint venture with Ocean Partners Investments Limited ("Ocean Partners"). Refer to Note 12 to the 2014 Audited Consolidated Financial Statements. Furthermore, the Company has received reassessments and a notice of confirmation from the Canada Revenue Agency ("CRA") - refer to Note 26 to the 2014 Audited Consolidated Financial Statements.

Based on originally budgeted expenditure requirements (two annual budget cycles less fair value of marketable securities as at December 31, 2014), Nuinsco requires approximately \$1.3 million to get to the point where cash flows are anticipated from the Participating Interest under current business assumptions in the valuation model. Those assumptions may change and are out of Nuinsco's control. The Company presently has no specific plans in place to secure this funding although management continues to hold discussions on securing financing or potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company's treasury will be depleted in a few months and it will be unable to fund continuing operations and corporate administration costs. A restructuring of staff commenced in March 2015 but a financial restructuring and refinancing will likely be required in the second quarter of 2015. If the Company is unable to complete a financial restructuring and obtain additional financing on a timely basis, the Company will be required to curtail all of its operations and may be required to liquidate its assets.

Should the Company not be able to continue to obtain the necessary financing, achieve favourable exploration results, achieve future profitable production or sale of properties or improve its liquidity sufficient to enable it to fund operations until it can realize cash flows from the Participating Interest with Victory Nickel, the carrying value of the Company's assets would be subject to material adjustment and, in addition, other adjustments may be necessary to the Company's financial statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under GAAP. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

SIGNIFICANT EVENTS

During and subsequent to the year ended December 31, 2014, the Company:

Corporate

- Announced the exercise of the conversion of the Amended Loan into a direct interest in net cash flows of Victory Nickel's frac sand business – the "Participating Interest" which could generate in excess of \$7,667,000 to Nuinsco.
- Continued to identify, and have discussions with, potential financiers and partners interested in participating in development of CBay's assets.
- Announced the retirement of Ed Guimaraes from and the subsequent appointment of Raymond Goldie to the Board of Directors.
- Exchanged a 42.5% interest in CBay Minerals for the outstanding loan plus accrued interest thereby extinguishing an obligation of \$2.6 million.
- Received a letter from the TSX advising the review of eligibility for continued listing on the TSX.

Copper, Phosphorus and Rare Metals

- Announced that processing of the Prairie Lake sample continues, with enhancements to processing and recoveries.
- Made application to extend the Berta project licences in anticipation of additional exploration.
- Developed plans for further work at Chibougamau, commenced diamond drilling on the Devlin project in October and announced impressive copper grades and additional copper intersections which new information will allow a resource estimate to be conducted on the deposit.

OUTLOOK

Although Nuinsco has continued to conduct project exploration and development over the past year at a time of very low levels of activity in the mining and minerals sector it now faces challenges over the coming months that stem from the prolonged period of difficult equity markets and lack of available risk capital. Further, the Company has been using sales of its equity position in Victory Nickel to fund its activities; however the Victory Nickel share price has significantly declined over the past several months and Nuinsco's ability to continue to fund operations so as to continue as a going concern has been seriously compromised.

The rapid and significant decline in the Company's liquid resources will require that it make adjustments as necessary to allow it to continue its business and management has been examining the options to ensure such is the case.

The Company still anticipates cash flow from the Participating Interest in net cash flows from frac sand production from Victory Nickel's frac sand production plant in Alberta and is currently trying to obtain additional funding to bridge the gap between the Company's existing financial resources and commencement of cash flows from the Participating Interest.

If the Company is unable to obtain sufficient financing on a timely basis the Company may fail to continue as a going concern and the Company will be required to curtail all of its operations and may be required to liquidate its assets.

Prairie Lake

At Prairie Lake the Company continues to evaluate the potential for producing concentrates containing a number of minerals – including phosphorus, rare earth elements ("REE"), niobium and other marketable substances. Samples from the project continue to be evaluated with regard to economic potential by the minerals processing researcher COREM in Quebec City and by a leading US-based mineral technology company. As the studies become more refined, we will develop an understanding of the technical and economic viability of the Prairie Lake project. The sheer size of the project with a current Exploration Target of between 515 and 630 million tonnes of mineralization coupled with the excellent logistics and ease of production all speak to the potential of the project.

Further, Prairie Lake has the potential to produce minerals for industries which are forecast to require substantially increasing supply over the coming years – high-tech and "green" industries that require the rare earth minerals and niobium to fabricate the products of tomorrow. Prairie Lake could also potentially be a very significant source of phosphorus – a mineral with important agricultural and industrial applications. The use of phosphorus in agriculture is vital in sustaining crop yields to supply an increasing population.

Diabase Peninsula

The work conducted by Nuinsco at Diabase Peninsula to date has developed a progressively more detailed picture of the mineralization occurring in the rocks underlying the property. The result is a model that has identified a widespread uranium mineralizing event with the potential for discovery of economic grade uranium mineralization. Diabase Peninsula is an

excellent uranium project that has demonstrated results comparable with those found near to uranium deposits elsewhere in the Athabasca Basin which is the world's premier uranium-bearing terrane.

The coincidence of structural elements, alteration and indicator mineralization and the presence of widespread, strongly anomalous, uranium mineralization all point to the Diabase Peninsula project being in the right place. Continued exploration is necessary to further develop and evaluate the targets. This we will endeavour to do through whatever means possible while responsibly preserving the Company's treasury.

Chibougamau

Nuinsco used a significant piece of its equity position in CBay to extinguish \$2.6 million in debt and accrued interest – management considers this to have been a prudent course of action in the current market environment. Nuinsco retains a 7.5% interest in CBay and continues to manage the operation on behalf of Ocean Partners. The reduced interest held by the Company continues to be valuable when one considers that the Chibougamau assets range from exploration through development projects to near-term production potential. The plan remains to see development of projects which have already seen considerable capital investment that could result in a curtailed timeline to production utilizing the existing mill and concentrator at Copper Rand that alone would require a substantial capital investment were they to be built new. CBay continues to seek funding for this endeavour.

Due to the significance of the numbers, it is worth reiterating from a previous Outlook that the Chibougamau mining camp's Lac Doré Complex has produced 1.6 billion pounds of copper and 3.2 million ounces of gold over 60 years from 18 past-producing mines. CBay currently owns eight past-producers in its 38,000 ha land package covering much of the core of the camp; combined they comprise 75% of total copper and gold production from the Lac Doré Complex. CBay also owns three partially-developed copper deposits: Corner Bay, Devlin and Perch River. Further, CBay owns a 2,700 tpd mill and concentrator, and nearby tailings impoundment that is permitted for production. These production assets alone provide an enormous advantage to the Company as the cost to develop them from scratch would run to tens of millions of dollars or more and take years to permit and build.

Turkey

Nuinsco made application to extend the Berta licence in 2014. The Company continues to believe that the great expanse of copper mineralized rock occurring at surface at Berta as well as the long intersections of anomalous copper mineralization in drill holes speaks to the prospectivity of the project. The Company continues to review options with regard to the project and believes that the Berta project and the region remain very prospective and are considering the possibility of partnering on the project going forward. However, challenges continue in the form of ongoing delays to permitting that hinder additional work.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

For the years ended December 31, (in thousands of Canadian dollars, except per share amounts)	2014	2013	2012 ⁽¹⁾
Summary Operating Results Data			
General and administrative costs	\$ (788)	\$ (872)	\$ (1,167)
Pre-exploration write-offs	(197)	(80)	(15)
Writedown of exploration and evaluation projects	(45)	(1,171)	(79)
Elements of net finance income (costs)			
Flow-through premium	\$ -	\$ 265	\$ 227
Foreign exchange (loss) gain	(4)	7	64
Interest income	88	244	16
Interest expense	(503)	(326)	-
Gain on derivative	-	54	-
Net change in fair value of financial assets at fair value through operations			
Warrants	(861)	861	-
Participating Interest	(18)	3,261	-
Other	1	11	-
Net finance (costs) income	(1,297)	4,377	307
Gain on sale of royalty interest	-	-	1,992
Interest in CBay Minerals	(202)	(467)	(180)
Loss on disposition of Interest in CBay Minerals	(3,705)	-	-
Income tax (expense) recovery	(60)	80	-
Net (loss) income	(6,341)	1,723	527
Total comprehensive (loss) income	(6,603)	2,018	(71)
(Loss) earnings per share	(0.02)	0.01	0.00
As at December 31,			
(in thousands of Canadian dollars)	2014	2013	2012 ⁽¹⁾
Summary Balance Sheet Data			
Cash and cash equivalents	\$ 14	\$ 249	\$ 2,223
Marketable securities	957	3,656	828
Other current assets	92	109	84
Exploration and evaluation projects	13,204	12,982	14,060
Interest in CBay Minerals	452	6,331	4,779
Participating Interest/Loan receivable	4,119	4,100	1,009
Total assets	18,917	27,520	23,295
Trade and other payables	736	338	682
Loan payable	-	2,427	-
Total shareholders' equity	\$ 18,181	\$ 24,755	\$ 22,613

(1) Figures are restated in 2012 for the impact of change in accounting policy during 2013 with respect to the accounting for the Interest in CBay using equity accounting.

RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

In the year ended December 31, 2014, the Company had a net loss of \$6,341,000, or a loss of \$0.02 per share, compared with net income of \$1,723,000 or \$0.01 per share in the year ended December 31, 2013. The principal reason for the decrease is due to a significant reduction in net finance (costs) income to net finance costs of \$1,297,000 compared to net finance income of \$4,377,000 in the prior year. In addition, the Company recorded a net loss on the disposition of Interest in CBay Minerals of \$3,705,000 offset by a decrease in the writedown of its exploration and evaluation projects ("E&E" projects) in the year ended December 31, 2014 to \$45,000 from a writedown of \$1,171,000 in the prior year which primarily related to the Berta Project in Turkey due to uncertainty in the administration in that country as described below. Furthermore, there was a decrease of \$95,000 in share-based payments related to options, a decrease of \$84,000 in general and administrative ("G&A") expenses, and an increase in pre-exploration write-offs of \$117,000 to \$197,000 in 2014, compared with \$80,000 in 2013.

General and administrative expenses in the year ended December 31, 2014 decreased to \$788,000 from \$872,000 in the year ended December 31, 2013. The main reason for the decrease is an overall reduction in discretionary investor relations expenses and payroll costs. There were a number of smaller differences in expense categories year over year which offset the reductions in investor relations and payroll expenditures. Approximately \$70,000 was incurred in a combination of legal

and tax advisory fees supporting the Company's challenge of the CRA confirmation. Furthermore, executive expenses and computer costs were a little higher compared with 2013.

Salary costs were lower in 2014 due to a combination of parental leave and the effects of an executive reorganization in 2013 wherein the former CEO became a direct employee of Victory Nickel rather than being on Nuinsco salary and being proportionately reallocated through the management agreement mechanism.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreements and deducted from operating expenses amounted to \$730,000 and \$226,000, respectively, in the year ended December 31, 2014, compared with \$755,000 and \$273,000 in 2013. Costs allocated to Victory Nickel and CBay pursuant to the management agreements among the Company and Victory Nickel and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. Victory Nickel served notice of termination on September 5, 2014; accordingly, that management agreement ceased on March 5, 2015. The Company expects to continue to share resources and costs with Victory Nickel under a cost sharing arrangement.

It is estimated that approximately \$613,000 of G&A expenditures were incurred in supporting the Company's public status in the year ended December 31, 2014 (December 31, 2013 - \$744,000 on a comparable basis). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The decrease is mainly due to decreases in discretionary investor relations spending which has been curtailed due to economic circumstances.

Options expense decreased to \$29,000 from \$124,000; there has been no issuance of options in 2014 compared to aggregate issuances of 9,395,000 options in 2013. The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 20 to the 2014 Audited Consolidated Financial Statements.

Pre-exploration write-offs of \$197,000 (December 31, 2014 - \$80,000) were incurred; the Company continues to look at prospective projects which are available or may become available to add to the exploration and development portfolio.

The Company recorded an aggregate writedown of E&E projects of \$45,000 in 2014 compared with \$1,171,000 during 2013 which primarily relates to the Berta project. The writedown was deemed necessary due to increasing uncertainty around the protracted timing associated with permitting in Turkey as well as other existing challenges including the replacement of the previous operator and/or finding a new partner.

Net finance (costs) income decreased to net finance costs of \$1,297,000 in the year ended December 31, 2014 from *Net finance income* of \$4,377,000 in the year ended December 31, 2013. *Finance income* of \$89,000 was earned in the year ended December 31, 2014 compared with \$4,703,000 in 2013. In 2014, *Finance income* primarily included \$87,000 interest income on the then loan receivable. *Finance costs* included \$861,000 from a decrease in the fair value of the warrants acquired through the participation in the Victory Nickel rights offering and \$503,000 of interest expense mainly relating to the loan entered into in December 2012 by the Company with a third party. The Participating Interest declined by \$18,000, net of loan fee amortization, in 2014. In 2013, *Finance income* included \$861,000 from the increase in fair value of warrants acquired through the participation in the Victory Nickel rights offering as well as \$3,261,000 change in the Participating Interest. These are partly offset by interest expense in *Finance costs* of \$326,000, mainly relating to the loan agreement with a third party. Both include non-cash amortization of loan fees using the effective interest rate method as described in Notes 13 and 16 to the 2014 Audited Consolidated Financial Statements.

The increase in the fair value of the Participating Interest in 2013 was significant. The Conversion feature of the Amended Loan requires the classification of the loan as a financial asset at fair value through the statement of operations. From initial recognition until the fourth quarter of 2013, the Company considered that the fair value of the loan was equal to its amortized cost since the Company had not converted its loan and the 7P Plant was under construction with significant parts to be completed and there were other significant uncertainties. During the fourth quarter of 2013, the plant construction was well underway and the probability of Conversion increased substantially. Accordingly, the Company revalued the loan using a discount rate of 14% and a probability-weighted average estimation of future expected cash flow scenarios of approximately 55% of the ceiling maximum of \$10,222,831 based on current expectations of business results, capital costs and pre-operating expenditures. These cash flows were on the basis of Phase One completion only. The percentage participation in net cash flows is 52.16% and the applicable ceiling for Phase One is \$10,222,831.

On April 22, 2014, the Company announced that it had converted its loan into a participation in net cash flows – the "Participating Interest". As described earlier, the percentage participation in net cash flows is 52.16% and the applicable ceiling for Phase One is \$10,222,831; should Victory Nickel enter Phase Two, then the applicable ceiling for cash flows is \$7,667,124. The probability of payment is reassessed each reporting period along with other key assumptions, including the appropriate ceiling. As at December 31, 2014, the probability-weighted average estimation of future expected cash

flow scenarios is approximately 73% (December 31, 2013 – 58%). Based on estimated cash flows, payments should commence in the fourth quarter of 2016.

Effective December 31, 2014, certain adjustments were made to the expected cash flows to reflect more current business expectations, including the time to reach the 7P Plant's rated capacity of 500,000 tpa and the expected commencement of Phase Two which has been deferred. In particular, because of the harsher winter and the effects of the subsequent spring break-up at the site, additional capital expenditures will be required. The effect of these adjustments has changed the expected date of future payment of the net participation in cash flows and, due to the effects of the passage of time on the discounted value of cash flows, the revised fair value of the loan has increased. These assumptions resulted in an estimated fair value of the Participating Interest as at December 31, 2014 of \$4,119,000 (December 31, 2013 - \$4,100,000) and, accordingly \$18,000 was recorded as a *change in the fair value of a financial asset* through the statement of operations for the year ended December 31, 2014 (\$3,261,000 was recorded in the fourth quarter of 2013). Note that amortization of loan fees in 2014 was \$37,000 which is included as interest income and accounts for the remaining change in the fair value of the Participating Interest. Refer to Note 21 to the 2014 Audited Consolidated Financial Statements.

The discounted cash flow model was tested for sensitivity which could result from changes in key inputs used in the estimation model. The effect of any change is discrete unless otherwise stated.

Change in Model Key Input	Fair Value of Participating Interest	Change in Fair Value of Participating Interest
Carrying value of Participating Interest	\$ 4,119	\$ -
Effect of:		
Decrease in sales price per ton of US\$5	3,847	(272)
Increase discount rate by 1%	4,033	(86)
Decrease volumes by 5%	3,875	(244)
Increase discount rate by 1% and decrease sales price per ton of US\$5	3,748	(371)
Change to Phase One ceiling of \$10,222,831	5,360	1,241
Change exchange rate from 0.85 to 0.80	4,152	33

This is a Level 3 methodology and is subject to the highest level of uncertainty. The Company will review and revise its estimates of fair value as the expectations of payments of the participating interest change. Changes in that estimate will be recorded through operations with appropriate adjustment for actual cash flows received.

The *Interest in CBay Minerals* loss of \$202,000 in 2014 compared with \$467,000 in 2013 represents mainly the Company's share of net loss in the CBay joint arrangement up until December 18, 2014. Effective that date, the Company gave up 42.5% of its interest in CBay in satisfaction of amounts payable under a loan facility, including accrued interest as of that date aggregating \$2,562,000. In December 2013, CBay issued shares to both Nuinsco and Ocean Partners, maintaining their respective shareholdings at 50:50, in exchange for various assets or extinguishment of liabilities. In particular, Nuinsco exchanged the expenditures made from flow-through financings of \$1,024,000 for an acquired interest in properties as described in Note 11 to the 2013 Audited Consolidated Financial Statements. CBay then exercised its right to reacquire that interest through issuing shares. The difference in the amounts contributed by Nuinsco and OP gave rise to the loss of \$102,000.

The exchange of the 42.5% interest for the loan and associated accrued interest payable gave rise to the loss on disposition in CBay Minerals of \$3,705,000 and the resultant estimated fair value of the remaining 7.5% interest in CBay at \$452,000. Given the reduction in interest from a jointly-controlled position to one where there is no significant influence, the Company felt that the liability extinguished represented the most independent indication of fair value. Refer to Note 12 to the 2014 Audited Consolidated Financial Statements.

The *Income tax expense* in the amount of \$60,000 recorded in the year ended December 31, 2014 reflects an income tax expense matching the tax recovery recorded through other comprehensive income ("OCI") on the change in value of financial assets at fair value through OCI. The Company has an unrecognized deferred tax asset. When the Company's pool of marketable securities is in excess of its cost, a tax expense is recorded in OCI with an equal tax recovery through operations. As the excess reduces, the tax expense in OCI is reversed as a recovery and an equal tax expense is recorded through operations; the reverse would occur under continued market value improvements. No adjustments are made to the unrecognized deferred tax asset and no income tax recovery is recorded through OCI that is not related to a reversal of a

previously-recorded provision. Presently, the Company's pool of marketable securities is below cost therefore an income tax recovery is required to be recorded through OCI to reverse a previously-recorded provision, therefore an equal and opposite amount is recorded through operations.

Other comprehensive loss in the year ended December 31, 2014 of \$262,000 arises from a \$322,000 decrease in the market value of the Company's financial assets at fair value through OCI partly offset by an income tax recovery of \$60,000 compared to income of \$295,000 in 2013 from an increase in the fair value of the Company's financial assets at fair value through OCI partly offset by an income tax expense of \$80,000.

The Company has realized capital loss pools available to it of approximately \$14,185,000 (Note 14 to the 2014 Audited Consolidated Financial Statements). Since the Company has an unrecognized deferred tax asset for such capital losses, any future income tax amounts with respect to marketable securities and recorded through OCI have an equal and opposite amount recorded through operations.

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

Cash and cash equivalents as at December 31, 2014 were \$14,000 compared with \$249,000 as at December 31, 2013. Refer to the Liquidity and Capital Resources section for discussion of annual cash flows in more detail.

Marketable securities as at December 31, 2014 consist of the Company's financial assets at fair value through OCI as well as financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes; any changes in the value of warrants will be recorded through operations. The value of marketable securities as at December 31, 2014 decreased to \$957,000 from \$3,656,000 as at December 31, 2013 due to a combination of sales of shares for liquidity purposes and a decline in the share price of Victory Nickel shares and the value of warrants. Note that IFRS 13 classified the Black-Scholes option-pricing model as a Level 3 methodology which effectively disallowed recognition of the value of warrants at inception of \$592,000. Any prospective change in value has to be recognized despite the use of a Level 3 methodology and, accordingly, \$861,000 of increase in the value of warrants was recognized from inception to December 31, 2013 and a decrease of \$861,000 in 2014. The Company sold 2,739,411 shares (after the retroactive effect of Victory Nickel's one-for-ten share consolidation) of Victory Nickel in 2014 for liquidity purposes and generated \$1,528,000 net proceeds, including \$115,000 on other shares sold. Sales of Victory Nickel shares have continued after the end of the year to date.

Exploration and Evaluation projects increased by \$222,000 to \$13,204,000 as at December 31, 2014 from \$12,982,000 as at December 31, 2013. The increase arises from expenditures of \$267,000 partly offset by writedowns of \$45,000 during 2014. This compares with expenditures of \$1,181,000 during 2013 offset by recoveries of \$1,088,000 writedowns of \$1,171,000. Of the expenditures, \$123,000 (December 31, 2013 - \$262,000) related to Diabase, and \$45,000 (December 31, 2013 - \$13,000) related to Berta. Furthermore, cumulative expenditures of \$1,024,000 during 2013 at the Chibougamau camp were converted to an acquired interest in various properties at Chibougamau when Nuinsco exercised its rights under an option agreement with CBay. CBay then exercised its own right to issue shares in exchange for reacquiring those interests. A writedown of \$20,000 was recorded against the Chibougamau camp since expenditures incurred by Nuinsco exceeded the agreed-upon option amounts.

Under the revised terms of the extension of the loan, Nuinsco was required to spend \$75,000 on drilling at the Chibougamau Camp; this was written off and charged as interest expense during 2014.

A further writedown of \$45,000 related to the Berta project, compared with \$1,151,000 in 2013. The writedown continues to be required due to significant delays in permitting being experienced in Turkey during 2013 and while certain operators do not believe that this is unsurmountable, the Company believes that a continued writedown is appropriate. The Company will continue to monitor circumstances; should the situation improve, the Company will consider reversing all or a portion of the Berta writedown.

The *Interest in CBay Minerals* decreased to \$452,000 as at December 31, 2014 from \$6,331,000 in 2013. As described above, the Company accounted for its interest in CBay on an equity basis until the reduction in the Company's interest to 7.5% effective December 18, 2014 to settle amounts payable under a loan facility, including accrued interest as of that date. Note 12 to the 2014 Audited Consolidated Financial Statements shows a continuity analysis of the balance.

The *Participating Interest* at a fair value of \$4,119,000 as at December 31, 2014 (December 31, 2013 - \$4,100,000) relates to a limited participating interest in cash flow based on operating cash flows of Victory Nickel's frac sand business. As described earlier, the Conversion causes the Amended Loan to be considered a financial asset at fair value through operations. The derivation of the fair value is described above. The main reason for the change in fair value is that the weighted average probability assigned to the varying levels of cash flows have increased to 73% from 58% partly offset by the change in expectation of the phase that Victory Nickel will be in before the cash flows are paid out. By entering Phase

Two, the applicable ceiling for cash flows is \$7,667,000. Refer to Note 13 to the 2014 Audited Consolidated Financial Statements.

Trade and other payables increased to \$736,000 as at December 31, 2014 from \$338,000 in the prior year; the main reason for the change is due to timing of payments and availability of sales of shares at acceptable prices for liquidity purposes.

Loan payable settled entirely effective December 18, 2014 in exchange for 42.5% interest in CBay minerals. Refer to Note 16 to the 2014 Audited Consolidated Financial Statements.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012

In the year ended December 31, 2013, the Company had net income of \$1,723,000, or \$0.01 per share, compared with net income of \$527,000 or \$0.00 per share in the year ended December 31, 2012. The principal reason for the increase is due to net finance income of \$4,377,000 in 2013 partially offset by the gain on sale of the Cameron Lake royalty interest of \$1,992,000 during the third quarter of 2012. In addition, the Company recorded a net writedown of \$1,171,000 on its E&E projects which primarily related to the Berta Project in Turkey during December 2013 due to uncertainty in the administration in that country as described above. Furthermore, there was a decrease of \$201,000 in share-based payments related to options and a decrease of \$295,000 in G&A expenses in 2013 compared with 2012.

General and administrative expenses in the year ended December 31, 2013 decreased to \$872,000 from \$1,167,000 in the year ended December 31, 2012. The main reason for the decrease is an increase of \$154,000 in aggregate net charges under management agreements, primarily to Victory Nickel as described below which is offset against G&A expenditures. Non-recurring items in 2013 impacting the difference include: increased premises costs for depreciation and catch-up charges from the landlord for previous years' common operating expenses; increased charges for benefits and management expenses offset by reduced discretionary expenditures on investor relations and decreases in compliance expenditures. Compliance expenditures decreased primarily through lower legal fees as there was reduced legal support required in 2013. Also, in 2012, additional work was required on the valuation of CBay assets acquired during that year. Nuinsco did not implement an across-the-board salary increase for either 2012 or 2013; executive salaries for the Company remained at 2011 levels. Results for 2012 also included non-recurring expenditures on deferred share issue costs which were written off due to a decision not to proceed with a financing.

Overhead recoveries through charges to Victory Nickel and CBay for services under the management agreements and deducted from operating expenses amounted to \$755,000 and \$273,000, respectively, in the year ended December 31, 2013, compared with \$654,000 and \$247,000 in 2012; Victory Nickel charged the Company \$18,000 (December 31, 2012 - \$27,000). Costs allocated to Victory Nickel and CBay pursuant to the management agreements among the Company and Victory Nickel and CBay are activity related. Such amounts are recorded at the cost to the Company of such services plus 10%. The increase in costs allocated to Victory Nickel is primarily a function of an increased proportion of fixed costs being allocated to Victory Nickel due to an increase in activity during 2013 as that company prepared for the launch of its frac sand business. The management agreement with CBay commenced on February 14, 2012 (halfway through a quarter), which explains why costs allocated to CBay increased in 2013.

It is estimated that approximately \$744,000 of G&A expenditures were incurred in supporting the Company's public status in the year ended December 31, 2013 (December 31, 2012 - \$853,000 on a comparable basis). Such costs are largely non-discretionary and are weighted to the beginning of a financial year because of audit and other compliance requirements. The decrease is mainly due to decreases in audit fees, legal fees and convention costs included in discretionary investor relations spending.

Share-based payments related to options decreased to \$124,000 in the year ended December 31, 2013, from \$325,000 in the year ended December 31, 2012. The decrease is mainly due to the lower weighted average fair value of options granted in 2013 of \$0.014 compared with \$0.048 in 2012 partly offset by a higher number of options granted during 2013 of 9,395,000 (2012 - 5,550,000). The value assigned to the stock options was calculated using the Black-Scholes option-pricing model as explained in Note 21 to the 2013 Audited Consolidated Financial Statements.

In 2012, the Board approved the issuance of 454,545 shares pursuant to the Share Bonus Plan as described in Note 19 to the 2013 Audited Consolidated Financial Statements. The shares were issued at a fair value of \$0.055 per share, which was recorded as bonus shares within share-based payments of \$25,000. No shares were issued under the Share Bonus Plan in 2013.

Routine write-offs of pre-exploration expenditures in the year ended December 31, 2013 aggregated \$80,000; there were minimal write-offs of \$15,000 in 2012.

The Company recorded an aggregate writedown of E&E projects of \$1,171,000 during 2013 which primarily relates to the Berta project and is shown net of an accrual reversal for that project of \$64,000. The writedown was deemed necessary due to increasing uncertainty around the protracted timing associated with permitting in Turkey as well as other existing challenges including the replacement of the previous operator and/or finding a new partner. In the year ended December 31, 2012, the Company recorded an aggregate writedown of exploration and evaluation projects of \$79,000. This included \$39,000 in respect of Egyptian properties and \$40,000 with respect to the J. Tobrar project in Sudan. These amounts relate to expenditures that were incurred in 2012 prior to the decision to write off the respective properties.

As at December 31, 2013, the Company had no remaining flow-through premium liability to be amortized through finance income from the flow-through financing that was completed in 2012 since all flow-through expenditures have been made. Note 16 to the 2013 Audited Consolidated Financial Statements includes an analysis of the flow-through premium liability which is \$nil as at the end of December 31, 2013.

Net finance income increased to \$4,377,000 in the year ended December 31, 2013 from *Net finance income* of \$307,000 in the year ended December 31, 2012. *Finance income* of \$4,703,000 was earned in the year ended December 31, 2013 compared with \$307,000 in 2012. In 2013, *Finance income* included \$861,000 from the increase in the fair value of the warrants acquired through the participation in the Victory Nickel rights offering as well as \$3,261,000 increase in the fair value of the Participating Interest/loan receivable from Victory Nickel. These are partly offset by interest expense in *Finance costs* of \$326,000, mainly relating to the loan agreement entered into in December 2012 by the Company with a third party. The Company entered into loan agreements in late 2012 which resulted in interest income of \$230,000 and interest expense of \$326,000 in the year ended December 31, 2013. Both include non-cash amortization of loan fees using the effective interest rate method as described in Notes 13 and 17 to the 2013 Audited Consolidated Financial Statements.

The increase in the fair value of the Participating Interest/loan receivable was significant during 2013 as already described above. The percentage participation in net cash flows is 52.16% and the applicable ceiling for Phase 1 was determined to be \$10,222,831 at the end of 2013.

These assumptions resulted in an estimated fair value of the loan of \$4,100,000 and, accordingly, \$3,261,000 was recorded as a *change in the fair value of a financial asset* through the statement of operations. This is a Level 3 methodology and is subject to the highest level of uncertainty.

The discounted cash flow model was tested for sensitivity which could result from changes in key inputs used in the estimation model. The effect of any change is discrete unless otherwise stated.

Change in Model Key Input	Fair Value	Change in Fair Value
Carrying value of Participating Interest	\$ 4,100	\$ -
Effect of:		
Decrease in sales price per ton of \$5	3,962	(138)
Increase discount rate by 1%	4,011	(89)
Decrease volumes by 5%	4,064	(36)
Increase discount rate by 1% and decrease sales price per ton of \$5	3,861	(239)

The most significant single transaction during the year ended December 31, 2012 was the sale of the royalty interest in the Cameron Lake property for US\$5,100,000 which generated a net gain on sale of \$1,992,000; there were no such sales in 2013. The royalty had been retained as part of the consideration for the sale of the Company's Cameron Lake project to Coventry in 2010.

The *Interest in CBay Minerals* of \$467,000 in 2013 compared with \$180,000 in 2012 represents the Company's share of net loss in the CBay joint venture. Due to the Company's adoption of IFRS 11 – Joint Arrangements, the Company was required to classify CBay as a joint venture. Refer to Note 12 to the 2013 Audited Consolidated Financial Statements. The increase in net loss of \$287,000 is due to increased expenses and reduced other income. In the year ended December 31, 2012, \$120,000 was earned which related to the Company's share of CBay's gold sales from a clean-up of the Copper Rand mill. There was no revenue in 2013. The increase in net loss is also due to a loss on the Company's ownership of CBay. CBay issued shares to both Nuinsco and Ocean Partners, maintaining their respective shareholdings at 50:50, in exchange for various assets or extinguishment of liabilities. In particular, Nuinsco exchanged the expenditures made from flow-through financings of \$1,024,000 for an acquired interest in properties as described in Note 11 to the 2013 Audited Consolidated

Financial Statements. CBay then exercised its right to reacquire that interest through issuing shares. The difference in the amounts contributed by Nuinsco and OP gave rise to the loss of \$102,000.

The *Recovery of provision for Chibougamau* relates to the sale of the Company's holdings of Campbell shares that were previously written down to \$nil for \$30,000 in September 2012. No recoveries occurred in 2013.

The *Income tax recovery* in the amount of \$80,000 recorded in the year ended December 31, 2013 reflects an income tax recovery matching the tax expense recorded through OCI on the change in value of financial assets at fair value through OCI. The Company has an unrecognized deferred tax asset. When the Company's pool of marketable securities is in excess of its cost, a tax expense is recorded in OCI with an equal tax recovery through operations. As the excess reduces, the tax expense in OCI is reversed as a recovery and an equal tax expense is recorded through operations; the reverse would occur under continued market value improvements. No adjustments are made to the unrecognized deferred tax asset and no income tax recovery is recorded through OCI that is not related to a reversal of a previously-recorded provision. Presently, the Company's pool of marketable securities is above cost therefore an income tax provision is required to be recorded through OCI, therefore an equal and opposite amount is recorded through operations.

Other comprehensive income in the year ended December 31, 2013 of \$295,000 arises from a \$375,000 increase in the market value of the Company's financial assets at fair value through OCI partly offset by an income tax expense of \$80,000 compared to a loss of \$598,000 in 2012 from a decrease in the fair value of the Company's shareholdings in various public companies combined with the effect of sales of securities in 2012 that generated proceeds of \$135,000.

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

Cash and cash equivalents as at December 31, 2013 were \$249,000 compared with \$2,223,000 as at December 31, 2012. Refer to the Liquidity and Capital Resources section for discussion of annual cash flows in more detail.

Marketable securities as at December 31, 2013 consist of the Company's financial assets at fair value through OCI as well as financial assets recorded at fair value through operations. Any volatility in the market value of shares will be recorded through OCI whether generated from sales or unrealized market changes; any changes in the value of warrants will be recorded through operations. The value of marketable securities as at December 31, 2013 increased to \$3,656,000 from \$828,000 as at December 31, 2012 mainly due to acquiring an additional 53,799,900 Victory Nickel shares with a market value of \$1,345,000 as well as 53,799,900 warrants with an accounting value of \$nil (valued at acquisition) as a result of participation in the Victory Nickel rights offering (each share and warrant constituting a "Unit") and subsequent improvements in market values. Note that IFRS 13 classified the Black-Scholes option-pricing model as a Level 3 methodology which effectively disallowed recognition of the value of warrants at inception of \$592,000. Any prospective change in value has to be recognized despite the use of a Level 3 methodology and, accordingly, \$861,000 of increase in the value of warrants was recognized from inception to December 31, 2013. Also contributing to the increase is the receipt of 6,471,112 Victory Nickel shares as consideration for fees on the Amended Loan that was entered into in March 2013, partly offset by sales of 1,000,000 shares in the fourth quarter of 2013 for liquidity purposes.

Exploration and Evaluation projects decreased by \$1,078,000 to \$12,982,000 as at December 31, 2013 from \$14,060,000 as at December 31, 2012. The decrease arises from expenditures of \$1,181,000 during 2013 offset by recoveries of \$1,088,000 and writedowns of \$1,171,000. Of the expenditures, \$604,000 related to various properties in Chibougamau, \$302,000 related to Prairie Lake, and \$262,000 related to Diabase Peninsula. Furthermore, cumulative expenditures of \$1,024,000 at the Chibougamau camp were converted to an acquired interest in various properties at Chibougamau when Nuinsco exercised its rights under an option agreement with CBay. CBay then exercised its own right to issue shares in exchange for reacquiring those interests. A writedown of \$20,000 was recorded against the Chibougamau camp since expenditures incurred by Nuinsco exceeded the agreed-upon option amounts.

The primary writedown of \$1,151,000 related to the Berta project in 2013. There were significant delays in permitting being experienced in Turkey and while certain operators do not believe that this is unsurmountable, the Company believes that a writedown at the time was appropriate and will continue to monitor circumstances as already described above.

In 2012, aggregate writedowns amounted to \$63,000 against straggling expenditures on foreign E&E projects written off in 2011.

The *Interest in CBay Minerals* increased to \$6,331,000 as at December 31, 2013 from \$4,779,000 in 2012. The Company accounts for its interest in CBay on the equity basis. Note 12 to the 2013 Audited Consolidated Financial Statements shows a continuity of the balance. It increased primarily because of funding to CBay in the year and as a result of the conversion of the expenditures on the Chibougamau camp referred to above into an investment in CBay.

The *Participating Interest* at a fair value of \$4,100,000 as at December 31, 2013 (December 31, 2012 - \$1,009,000) relates to advances paid by the Company to Victory Nickel net of amounts satisfied through the issuance of Units under the Victory Nickel rights offering and is due on January 31, 2015. The loan was amended and extended in March 2013 to increase the amount available up to \$3,000,000 under certain circumstances as described in Liquidity and Capital Resources below. The Conversion feature causes the Amended Loan to be considered a financial asset at fair value through operations despite the fact that Nuinsco did not exercise its conversion right until 2014. The derivation of the fair value is described above. Refer to Note 13 in the 2013 Audited Consolidated Financial Statements.

Other assets as at December 31, 2012 of \$210,000 were loan fees paid with respect to the Facility entered into in the fourth quarter of 2012 and were netted against the advances under the Facility upon drawdown in 2013.

Trade and other payables decreased to \$338,000 as at December 31, 2013 from \$682,000 in the prior year; the main reason for the change is the amortization of the flow-through premium balance of \$265,000 through the statement of operations as flow-through expenditures have been incurred; the flow-through commitment was fulfilled by the end of December 2013. The remainder of the decrease is attributable to a general decrease in overall spending in 2013.

Loan payable was drawn down by \$2,500,000 as at December 31, 2013 and is shown net of unamortized loan fees; the loan was in place as at December 31, 2012 but had not been drawn upon at that time.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters ended December 31, 2014 is as follows:

<u>Fiscal year 2014</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance (costs) income	\$ (1,172) ⁽¹⁾	\$ (615)	\$ (176)	\$ 666
Net (loss) income	\$ (5,124) ⁽²⁾	\$ (894)	\$ (618)	\$ 295
Total comprehensive (loss) income	\$ (6,158) ⁽³⁾	\$ (1,468)	\$ (601)	\$ 1,624
(Loss) earnings per share - basic and diluted	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ 0.00
<u>Fiscal year 2013</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Net finance income	\$ 3,867 ⁽⁴⁾	\$ 317 ⁽⁷⁾	\$ 104	\$ 89
Net income (loss)	\$ 2,372 ⁽⁵⁾	\$ 30	\$ (334)	\$ (345)
Total comprehensive income (loss)	\$ 3,274 ⁽⁶⁾	\$ (22) ⁽⁸⁾	\$ (676)	\$ (558)
Earnings (loss) per share - basic and diluted	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ (0.00)

(1) Net finance income includes \$324,000 change in the fair value of the Participating Interest (formerly described as the Amended Loan) as well as \$678,000 decline in fair value of the Victory Nickel warrants.

(2) Net income includes the items above plus \$3,705,000 loss on disposition of interest in CBay Minerals as a result of the extinguishment of the loan facility in exchange for a 42.5% interest in CBay Minerals.

(3) Total comprehensive income includes the items referred to above plus \$262,000 decrease in the value of marketable securities after tax.

(4) Net finance income includes \$3,261,000 change in fair value of the Participating Interest plus \$646,000 change in fair value of warrants.

(5) Net income includes the items above partly offset by \$1,171,000 writedown of E&E projects, primarily of Berta, Turkey.

(6) Total comprehensive income includes the items referred to above plus \$982,000 increase in the value of marketable securities.

(7) Net finance income includes \$54,000 of gain on derivative plus \$215,000 change in fair value of warrants.

(8) Total comprehensive income includes items referred to above as well as a decrease in the value of marketable securities of \$52,000

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

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, the Company had working capital of \$327,000 (December 31, 2013 – working capital of \$1,249,000); being defined as current assets less current liabilities. The loan facility was settled in exchange for a 42.5% Interest in CBay Minerals on December 18, 2014 as described in Note 16 to the 2014 Audited Consolidated Financial Statements.

The Company used cash and cash equivalents of \$235,000 during the year ended December 31, 2014, compared with \$1,974,000 during the year ended December 31, 2013.

In the year ended December 31, 2014, the Company used cash of \$884,000 in operating activities, compared with \$920,000 in 2013. There was a significant difference in net results for each period – in the year ended December 31, 2014, the Company incurred a net loss of \$6,341,000 compared with net income of \$1,723,000 in 2013. Further, there were significant adjustments for non-cash items in both years. In 2014, adjustments for non-cash items include a loss from disposition of Interest in CBay Minerals for \$3,705,000. In 2013, adjustments for non-cash items from net finance income totalled \$4,354,000 which include: gain on investments of \$54,000, changes in the value of warrants of \$861,000 and the Participating Interest of \$3,261,000 (all as described earlier) and amortization through income of flow-through premium of \$265,000 as well as amortization of non-cash loan fees on loans receivable and payable. Adjustments for non-cash cash items from net finance income in 2014 total \$1,294,000 which includes a decrease in Participating Interest of \$18,000, combined with finance costs relating to change in value of warrants of \$861,000 and interest expense on loan payable of \$428,000 (excluding the loan fee of \$75,000).

Investing activities in the year ended December 31, 2014 generated funds of \$942,000, compared with funds used of \$3,365,000, in 2013. In 2014, the Company generated cash proceeds of \$1,528,000 from the sale of marketable securities, compared with \$22,000 in 2013. In 2013, the Company advanced \$1,207,000 under the Amended Loan which was then settled in Units of the Victory Nickel rights offering that closed on July 30, 2013 and became a component of the Participating Interest. The Company also incurred cash outflows of \$233,000 on E&E projects compared with \$1,184,000 on E&E projects during 2013. Refer to the Exploration and Evaluation Activities section for additional discussion of project spending. Furthermore, there was a decrease in cash outflows to fund CBay Minerals of \$399,000 during 2014, compared with \$995,000 in 2013.

Cash used from financing activities was \$293,000 in the year ended December 31, 2014 compared with cash generated of \$2,311,000 in 2013. The nature of the financing in each year indicates the challenges being experienced in securing equity financing in the difficult markets. There were no equity financings in either 2014 or 2013. Nuinsco entered into a loan facility in December of 2012. By the end of 2013, the loan facility was fully drawn; bringing aggregate cash draws to \$2,500,000. The Facility had a term of 18 months and was extended for a six-month period to December 18, 2014 through cash payment of \$75,000 and a commitment to spend \$75,000 on the Chibougamau camp. Interest of 11.5% per annum is payable in cash quarterly in arrears; \$218,000 was paid in 2014 (on a principal balance outstanding of \$2,500,000) with \$182,000 being paid in 2013. The Facility was secured by a first ranking pledge upon Nuinsco's CBay shares. As described earlier, the loan (and accrued interest) was extinguished on a non-cash basis on December 18, 2014 by exchanging the liabilities for a 42.5% interest in CBay Minerals.

The transactions described above resulted in a decrease in cash of \$235,000 and a balance of cash and cash equivalents of \$14,000.

The table below summarizes Nuinsco's contractual commitments as at December 31, 2014 and December 31, 2013.

Table of Contractual Commitments

	Due Date	December 31, 2014	December 31, 2013
Diabase extended option payment	Within one year	\$ 100	\$ 100
	One to two years	\$ 100	\$ 100
	Two to three years	\$ 50	\$ 100
	Three to four years	\$ -	\$ 50
	September 2, 2017	\$ 629	\$ 629
Loan payable ⁽¹⁾	Refer to Note 16 in the	\$ -	\$ 2,500
	2014 Audited Consolidated Financial Statements		\$ -
Operating lease - premises	Refer to Note 17 in the 2014 Audited Consolidated Financial Statements		

(1) Additional extension from June 18, 2014 to December 18, 2014 is provided for in the loan agreement.

As described above, management is continuing to actively pursue additional ways to realize on the potential of its assets or secure financing in order to continue to provide funds for operations in light of the current difficult economic circumstances. Flow-through financings do not provide the funding necessary to meet corporate or foreign expenditures which do not qualify for flow-through eligibility. The significant cost to maintain and comply with regulatory requirements for the Company's public listing cannot be financed with flow-through shares. Cash received from the Company's options as well as from sales of marketable securities are "hard" dollars and can be utilized without restriction; however, none of the options are "in-the-money". Furthermore, the Company's marketable securities are those of other resource companies for which markets are not always liquid.

The Facility of \$2,500,000 provided the Company with additional financial and strategic flexibility; the Facility was extended to December 18, 2014 upon cash payment of \$75,000 along with an expenditure commitment of \$75,000 on the Chibougamau camp. On December 18, 2014, the loan plus accrued interest was settled in exchange for a 42.5% interest in CBay Minerals.

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

In the third quarter of 2013, the Diabase Option Agreement was amended further and the Company shall pay quarterly instalments of \$25,000 over the next four years to a total of \$400,000 beginning September 2, 2013 with a balloon payment of \$628,500 to be paid on or before September 2, 2017. The first two instalments of \$25,000 under this subsequent agreement were made in 2013 and another four instalments were paid in 2014. The Company has reached agreement with the option holder to defer the payments of \$25,000 originally due March 2 and June 2, 2015 to September 2, 2015.

Managing in challenging times takes as much, if not more, senior management effort. However, senior management and directors of Nuinsco have historically agreed to accept salary and directors' fee deferrals and may be asked to do so again.

Management is actively reviewing its requirements and resources with a view to preserving its limited liquidity as long as possible. Alternatives being considered include: option and/or sale of properties, issuing a loan against properties, issuing a royalty on a project, equity offerings, sale of interest in CBay Minerals and continued sales of marketable securities.

The Company has a corporate policy of investing its available cash in cash equivalents comprising Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise approved by the Board. The portfolio of marketable securities is available to fund the Company's activities in order to maintain liquidity. While the Company would prefer to benefit from holding these shares on a longer-term basis, under present economics, sales of securities are the present best source of liquidity for the Company. However, this source is limited.

The total market value of the Company's marketable securities as at December 31, 2014, is approximately \$957,000; as at March 30, 2015 the approximate value is \$327,000 as shares were sold during the period for liquidity purposes and the share price dropped by 50%. These shares have contributed to funding the Company's operations generating \$1,528,000 in cash during 2014. The market value of the Victory Nickel shares had been steadily increasing; as at December 31, 2013, the share price (adjusted for the share consolidation) was \$0.40, \$0.60 effective March 31, 2014 and June 30, 2014. However, since Victory Nickel's share consolidation took place in mid-September, the share price has been depressed which has also adversely affected the valuation of the warrants. Despite the general acknowledgement that equities are being undervalued, Nuinsco has, out of necessity, continued to sell its shares to provide liquidity.

The results of, and the availability of, options and/or sales of properties, issuing a loan against properties, issuing a royalty on a project, equity offerings, sale of interest in CBay Minerals and continued sales of marketable securities when required are dependent upon market conditions which are outside the control of the Company. The Company will continue to balance its financing choices as a function of availability, market activity and cost of capital.

The Company has not closed any flow-through financings since 2012. Even if flow-through financings were to be available for exploration in certain provinces, the current share price makes such financing prohibitively dilutive. Additional financing sources will be required to properly exploit the Company's Canadian and foreign assets. The Company will consider all alternatives to protect and further improve liquidity as described above given appropriate pricing and other market conditions. Such alternatives could include earn-in options with third parties, other partnership arrangements, corporate transactions and further sales of marketable securities or project assets including royalty arrangements.

In order to facilitate the Company's flexibility, Nuinsco entered into the Amended Loan with Victory Nickel to provide it with a position to participate in potential cash-generating activities – this is the Participating Interest. It is intended to provide Nuinsco with a cash flow stream which would be available to fund operations or exploration programs in the future. As described earlier, the Amended Loan was converted into a Participating Interest effective April 22, 2014 and has an estimated fair value of \$4,119,000 which has been derived using a discounted probability-weighted cash flow on the basis of assumptions already described above. While this is an estimation of future cash flows, it has been determined using a Level 3 methodology which is subject to the highest degree of measurement uncertainty and is conditional upon the degree of success of Victory Nickel's frac sand business.

The Participating Interest involves future participation in net cash flows of Victory Nickel's frac sand business at a participating percentage of 52.16%. The range of participation depends upon what stage of its three-phased plan, Victory Nickel attains prior to the interest being satisfied. Accordingly, the estimated fair value of cash flows takes that phase into consideration.

The main assumption affecting the fair value of the Participating Interest is the phase Victory Nickel is in before applicable cash flows are paid; this affects the ceiling of the aggregate flows. Presently, Victory Nickel has curtailed its plan to enter Phase Two which has a cash flow ceiling of \$7,667,124 on an undiscounted basis. However, it is expected that Victory Nickel will enter Phase Two before all cash flows are paid, therefore the applicable cash flow ceiling remains at \$7,667,124, also on an undiscounted basis. These cash flows are available at the participating percentage of 52.16% after Victory Nickel has recouped its capital costs and its prior operating losses of the frac sand business. Assuming Victory Nickel will succeed in the frac sand business, these amounts affect the timing of the payments and their real-time (or discounted) value.

Nuinsco has obtained information from Victory Nickel on its costs to be recouped along with its sales, production and cost forecasts and created a model to derive the probability-weighted estimates of zero, 50% and 100% of the applicable cash flow ceiling.

The Company was actively involved in advancing the Chibougamau camp in which Nuinsco had a 50% interest through CBay up until December 18, 2014 when the Company relinquished a 42.5% interest in CBay Minerals in exchange for settling the \$2,500,000 loan payable plus accrued interest as of that date. A reduction in Nuinsco's interest has reduced its funding obligations to CBay Minerals in the same proportion.

Nuinsco has been examining the options with regard to additional exploration/diamond drilling on the Berta property in Turkey, particularly since Glencore plc ("Glencore") informed Nuinsco that it would resign as operator of the project. Taking into account the existing challenges and protracted timing presently associated with permitting in Turkey, the Company recorded a writedown of \$1,151,000 in December 2013 against Berta (a further \$45,000 in 2014). The Company continues to believe there is a considerable opportunity in Berta but has not yet galvanized its plans sufficiently to permit a reversal, in whole or in part, of the aggregate writedown of \$1,196,000 recorded to the end of 2014.

Monthly average administrative costs for Nuinsco in 2015 are budgeted at \$82,000 – or approximately \$978,000 on an annual basis; most of which are incurred to meet statutory requirements; actual annual cash-based costs for 2014 were \$1,003,000. These figures exclude salary amounts capitalized as part of project expenditures which need to be considered as part of annual cash requirements. Annual capitalized salaries in 2015 are budgeted to be approximately \$140,000. This brings the average monthly budgeted commitment to \$93,000 before any contemplated restructuring.

As described above, the salary deferral mechanism has been used when required to reduce the pressure on cash; other controls on discretionary expenditures are in place and non-essential services have been cancelled. The Company estimates that approximately \$613,000 was incurred in 2014 (2013 - \$744,000) in non-discretionary costs on an ongoing basis to support the Company as a public entity – such costs are generally biased towards the first half of a year. Such expenditures are not eligible for flow-through funding (even when available) and must be financed through other means. The reduction is mainly because of savings in discretionary investor relations costs.

Additional corporate savings opportunities such as space-sharing are being investigated. These include, but are not limited to: sub-lease of premises, staff reductions, lower cost stock exchange listing etc.

Partners are also being sought for certain of the Company's projects where significant funding is required for proper exploration programming and fulfilment of option terms.

Based on originally budgeted expenditure requirements (two annual budget cycles less fair value of marketable securities as at December 31, 2014), Nuinsco requires approximately \$1.3 million to get to the point where cash flows are anticipated from the Participating Interest under current business assumptions in the valuation model. Those assumptions may change and are out of Nuinsco's control. The Company presently has no specific options in place to secure this funding although management continues to hold discussions on securing financing or potential sale of assets. There are no assurances that the Company will be successful in obtaining any form of financing on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company's treasury will be depleted in a few months and it will be unable to fund continuing operations and corporate administration costs. A restructuring of staff commenced in March 2015 but a financial restructuring and refinancing will likely be required in the second quarter of 2015.

If the Company is unable to complete a financial restructuring and obtain additional financing on a timely basis, the

Company will be required to curtail all of its operations and may be required to liquidate its assets under a formal process. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

EXPLORATION AND EVALUATION ACTIVITIES

In the year ended December 31, 2014, the Company incurred E&E expenditures of \$267,000 on its mineral interests compared with \$1,181,000 in the year ended December 31, 2013. The most significant expenditures in the year were on Diabase Peninsula of \$123,000 and Prairie Lake \$98,000 (December 31, 2013: \$262,000 and \$302,000, respectively).

Effective the fourth quarter of 2013, the Company decided to writedown its Berta project in Turkey to \$nil, requiring a writedown of \$1,151,000; all expenditures on Berta in 2014 have been written off, these amount to \$45,000 in 2014.

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

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

In May, 2012, the Company announced an extension with the option holder on one of the claims, to extend that option for one year in exchange for four quarterly cash payments for an aggregate amount of \$37,000 and \$38,000 in the Company's shares; as at June 30, 2013, the shares have been issued and all of the cash payments have been made. The shares were issued in July, 2012. Accordingly, the option payment of approximately \$935,000 originally due by September 2, 2012 had been deferred to September 2, 2013.

In the third quarter of 2013, the Company negotiated a further extension whereby it is required to make payments totalling \$1,028,500 as follows: an aggregate sum of \$400,000 payable in quarterly instalments of \$25,000 up to and including June 2, 2017 and a lump sum of \$628,500 on or before September 2, 2017. The Company made the first two quarterly instalments of \$25,000 in 2013 with four aggregating \$100,000 during 2014.

That same claim is subject to a 3% gross production royalty defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

A 2012 winter drill program followed from the past exploration programs that have identified all the elements indicative of a uranium-mineralizing event. Four holes were collared during the program although only three were completed (the fourth one, ND1202A, was abandoned in overburden at 30m). The total program consisted of 1,598m of drilling, with results peaking at 55.94ppm Uranium (“U”) over 6.9m in hole ND1203 including individual intervals grading 134ppm and 181ppm U (analysis by total digestion method). Unseasonably warm weather forced the demobilization of equipment before drilling could be conducted on one of the most prospective uranium anomalies on the project – the Mackenzie Bay area to the north-west of previous hole ND801, in the central part of the property which is an area of overlapping geophysical, surface and drill hole geochemical anomalies and has favourable geology. The drill testing of this target will be deferred to a later program. Due to the small size of uranium orebodies relative to most other types of economic mineral deposits, tight drill-hole spacing is necessary in order to adequately evaluate prospective targets.

During the winter of 2013, a modest program of lake sediment and lake-bottom water sampling was completed over several parts of the Diabase Peninsula property. The survey samples were tested for the presence and concentration of radon gas (an indicator of uranium mineralization) over four widely-separated areas, at reconnaissance level sample spacing, overlying the Cable Bay shear structure and areas with known anomalous U results from previous drilling. Results to date appear to further validate geophysical and geological interpretations concerning the highest potential target areas for mineralization. As well, it was found that radon concentrations in water sampled 1-2m above the lake-bottom accurately reflect the concentrations within sediments collected immediately below, such that distribution patterns within the water samples mimic patterns revealed by the testing of sediments. This implies that a water sample survey alone may be sufficient to prioritize the property's geophysical targets for drill testing, and that further radon surveying may be conducted for half the price or less per sample station, in comparison with the 2013 "orientation" survey.

Since radon, or its parental uranium carried in solution within circulating groundwater within the sandstone sequence, must migrate to near surface from depths ranging from 300m to 500m within the four areas surveyed, the highest concentrations of radon are expected to be encountered in the immediate vicinity of, and directly above, near vertical fault zones present at depth within the Athabasca sandstones. Such fault zones are common hosts to uranium deposits within the region, and most are considered to have originated due to reactivation of faults and shear zones present in the older basement lithologies beneath the sandstone such as the Cable Bay shear. The March 2013 survey successfully detected anomalous concentrations of radon over the northernmost geophysical-geochemical targets at the project, and has partly mapped the "surface expression" of strike-parallel faults indicated by geophysics to occur sporadically along the length of the Cable Bay Shear Zone.

Given the successful outcome of the March 2013 work, undertaken in part to test the survey method in areas of thick sandstone cover above the unconformity and the additional encouragement the radon concentrations detected have provided regarding the validity of interpreted geophysical and geological-geochemical anomalies, it is advisable to conduct further surveying of this nature over select areas in order to best direct future drilling efforts at the project toward areas with the best potential.

No additional field work has been conducted on the project during 2014. The claims are all in good standing and have sufficient assessment credit to remain so for a number of years. The Company will continue cost effective ways to evaluate the project and will mount work programs as necessary.

Prairie Lake Property, Ontario

Prairie Lake, located near Marathon, Ontario, is a multi-commodity deposit containing phosphorus (P), niobium (Nb) tantalum (Ta), uranium, REEs and other minerals and compounds of economic interest. The Prairie Lake property is owned 100% by the Company and is royalty-free.

An Exploration Target estimated at between 515 million tonnes and 630 million tonnes averaging 3.0% to 4.0% P_2O_5 , 0.09% to 0.11% Nb_2O_5 , 280 to 340ppm La, 650 to 790ppm Ce, 55 to 70ppm Sm, 300 to 360ppm Nd and 85 to 100ppm Y (La, Ce, Sm, Nd and Y are Rare Earth Elements) has been identified on the project. The target area covers just 30% of the total host rock surface area in the Prairie Lake Carbonatite Complex. The Exploration Target was estimated by Eugene Puritch, P.Eng. and Antoine Yassa, P.Geo. of P&E Mining Consultants Inc. of Brampton, Ontario in a technical report dated April 15, 2014 to be released. This Exploration Target represents an overall tonnage increase of 56% to 75% over an earlier estimate of 330 million tonnes to 360 million tonnes.

The Company has most recently been focusing its efforts on metallurgical studies in order to demonstrate that the Prairie Lake rock is amenable to processing and concentration. Metallurgical testing at COREM Laboratory, a metallurgical and process testing laboratory in Quebec City, which started in 2009 and has continued to date, has demonstrated the potential to produce a marketable fertilizer product by meeting and exceeding published specifications for phosphate concentrate and most importantly demonstrating that a concentrate grading greater than 30% P_2O_5 is attainable with appropriate thresholds. Current work is continuing to assess the viability of phosphorus concentration and to optimize a processing flowsheet. Additional work has commenced to evaluate the potential to concentrate niobium and to develop an optimized flowsheet for such.

Selected results from the tests conducted at COREM and completed in 2012 are tabulated below and are compared to published specifications of the Bureau of Indian Standards for phosphate concentrate (Type I and II). Test 35 from the program produced the best overall concentrate results to date with a P_2O_5 content of 30.6%; other parameters tested are SiO_2 content of 1.37%, F content of 0.62%, MgO content of 0.7%, Cl content of 0.012% and $Al_2O_3+Fe_2O_3$ of 0.65%. Selected size ranges from Test 35 produced even higher P_2O_5 concentrations with <150 micrometres ("µm") to >106µm and <106µm to >75µm attaining 38% and 38.1% P_2O_5 content respectively (and with the other tabulated criteria) while Test 27 attained 34.4% P_2O_5 with the use of an HCl acid leach to remove carbonate.

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

** Insufficient samples

The most recent test work at COREM indicates that an apatite concentrate grading in excess of 29% phosphorus (P₂O₅) can be produced at a 71% P₂O₅ recovery. This is a very significant result as it is a substantial improvement over recoveries achieved in previous testing. The most recent test work has also led to the development of a vastly simplified process flowsheet compared to that used in previous tests. Work continues with regard to REE recovery and concentration, as well as on other commodities of potential economic interest.

GOLD AND COPPER

Chibougamau Camp, Québec

With the acquisition of substantially all of the remaining secured debt of Campbell by Nuinsco and Ocean Partners, the Company and Ocean Partners, through a jointly-owned company, CBay, made a proposal to the courts to realize on its security and gain ownership of the former Campbell assets in the Chibougamau mining camp. The Québec Superior Court approved the proposal and, effective October 25, 2011, ownership of the assets was transferred to CBay. As described above, on December 18, 2014, Nuinsco extinguished its debt plus accrued interest of approximately \$2.6 million with CBay shares – consequently, Nuinsco now holds a 7.5% interest in CBay.

The Chibougamau assets represent a very substantial presence in a mining camp which has produced 1.6 billion pounds of copper and 3.2 million ounces of gold from 18 past-producing mines on the Lac Doré complex alone. Eight past-producers are located on CBay-held property on the Lac Doré complex that have significant potential to provide additional resources. Also owned are three partially-developed copper projects (Corner Bay, Devlin and the Perch River option), a permitted 2,722 tpd mill and tailings facility and in excess of 96,000 acres (38,000ha) of highly-prospective exploration property.

In 2012 and 2013, Nuinsco conducted an exploration program on behalf of CBay aimed primarily at gold mineralization on Portage Island but also encompassing work near the Joe Mann Mine and at the Devlin deposit. During 2014 a concerted effort was undertaken to conduct sufficient work at the Devlin deposit to establish a resource. The Devlin copper project, located south of Chibougamau was acquired by CBay in 2013. Devlin is an easily-accessible, partially-developed, high-grade copper deposit located about 10km west of Corner Bay and about 40km by road from the Copper Rand mill and tailings management facility. Both Devlin and Corner Bay are directly accessible via the local road network.

In October 2014, Nuinsco completed a diamond drilling program at Devlin, drilling thirteen vertical diamond drill holes totalling 1,461m in length. The holes were drilled with the intent of obtaining intersections that would allow the characterization of sulphide mineralization within the deposit and to better define its limits. Three of the thirteen holes (DEV-14-01, -12 and -13) were drilled to twin historic holes to confirm the validity of past assay results. The results from the 13 holes will be combined with those from earlier programs to provide sufficient ore-grade intersections to produce an NI 43-101 compliant resource estimate for the deposit.

Turkish Property - Berta

The Berta copper project is located in north-eastern Turkey. Berta was originally a 50:50 joint venture with one of the commodity business units within Glencore. Exploration began at Berta in 2004.

As noted historically, discussions with Glencore were underway, including discussions to buy Glencore's share of the joint venture. Subsequently, Glencore advised that it was no longer interested in selling its share of Berta. As a result, Nuinsco opted not to pay the full share of the recorded expenditures and allowed itself to be diluted to approximately 36% in 2011.

Most recently, a total of six diamond drill holes were completed in a work program conducted in the third and fourth quarters of 2012 that followed up on the widespread and very anomalous copper mineralization identified in previous work programs. The principal aim of the work was to assess parts of the Berta Project that, to date, have seen no drilling but which are overlain by very strong copper-in-soil anomalies located at the centre, east and north of the Berta porphyry system. Results from past drill programs conducted between 2005 and 2008 returned very positive results, including the results from DDH SD-07-08 and DDH SD-08-10 (collared 500m south of SD-07-08) which returned 164.0m grading 0.20% copper and 0.06g/t gold between 250.5m and 414.5m. All of the holes drilled to date, including those from the most recent program at Berta, have returned copper mineralization with variable alteration associated with porphyry copper mineralization and thus the drilling indicates the huge scale and continuity of the anomaly in the Berta porphyry system. The wide spacing of the drill holes and the long anomalous and altered intercepts obtained continue to demonstrate the scope of the copper mineralization at Berta. The property remains a very large and very prospective exploration opportunity. Subsequent to the end of the 2012 drilling program, Glencore informed Nuinsco that it would resign as operator of the project.

Nuinsco continues to examine the options with regard to additional work on the property - the challenges in Turkey with regard to timely granting of permits to allow work programs to be planned and conducted persist. Accordingly, despite other operators' feelings that these challenges are not insurmountable, Nuinsco decided to value Berta at \$nil commencing December 31, 2013; aggregate writedowns to December 31, 2014 are \$1,196,000. The Company will continue to monitor circumstances in Turkey and will revalue its investment in Berta should that be warranted in future. The Company continues to believe that the Berta project and the region remain very prospective and are considering the possibility of partnering on the project going forward.

INVESTMENTS

Victory Nickel Inc.

As at March 30, 2015, the Company owns 2,179,062 shares, which represents an approximate 3.78% interest in Victory Nickel, which is held as marketable securities, with a fair value of approximately \$316,000. Nuinsco also owns 5,379,990 warrants with an estimated fair value of \$nil using the Black-Scholes option-pricing model. As described earlier, these are available to be monetized to provide liquidity for operating purposes.

IMPAIRMENT ANALYSIS UPDATE

The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2014. The Company does not believe that there have been any material changes to date which would adversely affect this analysis. Furthermore, there has been no change in management's plans which would cause a reassessment. All projects have had recent expenditures or are otherwise considered to be active, except for the continued writedown of Berta due to unchanged circumstances in Turkey regarding permitting.

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

An initial indicator of impairment considers the market capitalization of a company compared with its net book value. At and around the end of December 31, 2014, the Company's market capitalization was below its net book value – being around 20% of its net book value. A 100% ratio would require a share price of approximately \$0.063 which was most recently achieved towards the end of 2012. However, many resource companies continue to experience similar circumstances in present markets despite having good projects. An analysis was performed on each of the Company's E&E projects.

The analysis reviewed historic expenditures recorded on each project along with any purchase price allocations from acquisitions, reflected the existence of previous writedowns and also considered the existence of any economic studies which had been performed; presently, none of the Company's projects has an economic study. The assumptions used in such studies would be reviewed for such factors as: forecast metals prices, foreign exchange rates, changes in resource and/or cost estimates, changes in royalty arrangements, the existence of significant by-products and other matters as necessary. In addition, any exploration results were also taken into consideration.

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

Management concluded that no impairment existed in each of its projects except on Berta as at December 31, 2014. The Company will continue to monitor developments as they occur in the metals markets and the economy and will update its impairment analysis to take account of any such changes, as appropriate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

For a complete list of the significant accounting policies as well as information concerning the use of estimates, judgements and measurement uncertainty, reference should be made to Notes 2 and 3 to the Company's 2014 Audited Consolidated Financial Statements. The Company's financial statements have been prepared using the going concern assumption.

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

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

The Company has determined that it is not probable that it will generate returns sufficient to utilize its taxable losses prior to their expiry. This is a significant judgement that, dependent upon future events, may turn out to be incorrect.

NEW ACCOUNTING POLICIES

IFRS issued by the International Accounting Standards Board ("IASB") have been adopted in the Company's 2014 Audited Consolidated Financial Statements. Note 3 to the Audited Consolidated Financial Statements includes any new accounting policies – there have been none implemented to date.

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company's 2014 Audited Consolidated Financial Statements the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued no new and revised standards and interpretations which are applicable to the Company or which have caused changes to its accounting policies. Refer to Note 3 to those statements.

CORPORATE GOVERNANCE

The Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, none of whom are employees or officers of the Company, meets with management to review the 2014 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, (collectively, the "Certifying Officers"), are responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. For the fiscal year ended December 31, 2014, the Certifying Officers have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2014. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

There were no changes to the Company's disclosure controls and procedures that occurred during the year ended December 31, 2014 that materially affected, or are reasonably likely to affect, the Company's disclosure controls and procedures.

Evaluation of Internal Control over Financial Reporting

The Company's Certifying Officers are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. The Company used the COSO (1992) control framework and is in the process of updating its methodology to incorporate the COSO (2013) framework into its analyses for the future. The COSO Board has made the COSO (1992) framework available for use until an unspecified date at which point it is expected to be considered superseded. For the fiscal year ended December 31, 2014, an evaluation was commissioned by the Company under the supervision of the Certifying Officers and with the participation of management of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the Certifying Officers have concluded that the design and operation of the Company's internal controls over financial reporting and procedures were effective as at December 31, 2014. During the year, the Company made improvements to the controls over financial reporting as part of its continuous improvement process.

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

There were no changes to the Company's internal controls over financial reporting that occurred during the year ended December 31, 2014 that materially affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES AND MANAGEMENT AGREEMENTS WITH VICTORY NICKEL AND CBAV

Related Party Balances and Transactions for Services

Short-term employee benefits provided by the Company to key management personnel include salaries, consulting fees, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time salaried employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan (Notes 18 and 20 to the 2014 Audited Consolidated Financial Statements).

Balances and transactions with related parties as at and for the years ended December 31, 2014 and 2013 are shown in the following tables:

Key management personnel compensation comprised:

As at December 31,	2014	2013
Balances Outstanding		
Payable to key management personnel	\$ 213	\$ 99
Years ended December 31,	2014	2013
Short-term employee benefits	\$ 612	\$ 679
Share-based payments - options	-	39
	\$ 612	\$ 718

Balances and Transactions with Victory Nickel and CBAV under the Management Agreements

The Company shares management, administrative assistance and facilities with Victory Nickel and CBAV pursuant to separate management agreements; management operates under the supervision of the respective board of directors of each respective company; there is only one common director being Mr. René Galipeau. The costs recovered from Victory Nickel and CBAV are recorded at the cost to the Company of such services plus 10 per cent. The management agreement for Victory Nickel commenced February 1, 2007 and is terminable by the Company upon 90 days' notice and by Victory Nickel upon 180 days' notice. The management agreement for CBAV commenced February 14, 2012 and is terminable by the Company upon 90 days' notice and by CBAV upon 60 days' notice. Victory Nickel served notice of termination on September 5, 2014; accordingly, that management agreement ceased on March 5, 2015. The Company expects to continue to share resources and costs with Victory Nickel under a cost sharing arrangement.

Balances and transactions with Victory Nickel and CBAV under the management agreements as at and for the years ended December 31, 2014 and 2013 are shown in the following tables:

As at December 31,	2014	2013
Balances Outstanding under Management Agreements		
Receivable from Victory Nickel	\$ 52	\$ 56
Payable to CBay Minerals	\$ 117	\$ -
Years ended December 31,	2014	2013
Transaction Values under Management Agreements		
Overhead charges to Victory Nickel	\$ 730	\$ 755
Overhead charges from Victory Nickel	\$ -	\$ 18
Project costs charged by Victory Nickel	\$ 23	\$ 37
Project recoveries charged to Victory Nickel	\$ 76	\$ 30
Overhead charges to CBay Minerals	\$ 226	\$ 273
Project recoveries charged to CBay Minerals	\$ 56	\$ 25

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

Balances and Transactions with Victory Nickel under the Participating Interest

The terms of the Participating interest with Victory Nickel and the balances and transactions related thereto are described in Note 13 to the 2014 Audited Consolidated Financial Statements.

A summary of the balances and transactions of the Participating Interest/Amended Loan is included in the table and accompanying note below.

As at December 31,	2014	2013
Advance for working capital	\$ 1,000	\$ 1,000
Advance under Amended Loan for standby commitment	1,207	1,207
Aggregate advances	2,207	2,207
Accrued interest receivable	-	-
	2,207	2,207
Less: settled in Units of Victory Nickel	(1,207)	(1,207)
Less: unamortized loan fees	(124)	(161)
Change in fair value	3,243	3,261
	\$ 4,119	\$ 4,100

Under the Amended Loan, Nuinsco received a commitment fee of \$12,000 in Victory Nickel shares in 2014; interest income of \$50,000 has been received in cash in the year ended December 31, 2014 (December 31, 2013 - \$129,000)

OUTSTANDING SHARE DATA

As at March 30, 2015, the Company had 295,525,745 common shares issued and outstanding. In addition, there were 19,400,000 stock options outstanding which, if exercised and issued, would bring the fully diluted issued common shares to a total of 314,925,745 and would generate approximately \$1,358,000. However, none of the options are "in the money".

RECENT DEVELOPMENTS

There have been no additional developments not already discussed elsewhere in this MD&A.

CONTINGENCY

CRA Reassessment

In March, 2011, the Company received notices of reassessment in the aggregate amount of approximately \$4,400,000 from the CRA related to transactions completed in 2006; this amount does not include interest and penalties which could be substantial. The Company filed notices of objection on May 19, 2011. On July 22, 2011, the Company filed a request for adjustment to correspondingly adjust its tax pools and losses, in the unlikely event that the Company's appeal is unsuccessful. On March 7, 2014, the Company received a notice of confirmation with respect to one entity whereby the CRA denied that entity's notice of objection and confirmed the reassessment. The Company has sought, and is following

the advice of its tax counsel in this matter.

The appeal process could be lengthy and the Company believes that its position is correct and that it will prevail. Accordingly, the Company has not recorded any liability with respect to this matter.

RISKS AND UNCERTAINTIES

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

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

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

Financing and Going Concern

The liquidity position of Nuinsco is extremely restricted and the continued operation of the Company depends upon the ability to obtain financing through private placements, optioning of projects, sales of assets or other means. There is no assurance that the Company will be successful in obtaining the required financing or achieving other means of securing liquidity on a timely basis or on acceptable terms.

If the Company is unable to obtain additional financing, the Company will be required to curtail activities and may be required to liquidate its assets. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from the going concern basis. Ongoing exploration and development of the Company's properties will require substantial additional capital investment. Failure to secure additional financing, and/or secure other funds from asset sales, would result in delaying or infinite postponement of development of these properties. There can be no assurance that additional financing will be available or that, if available, will be on terms favourable or acceptable to the Company.

Industry Risks

Speculative Nature of Mineral Exploration

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

Evaluation and Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

Nuinsco has a limited history of earnings and limited financial resources. Nuinsco currently has no operating mines and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future, as well as its ability to access capital markets for its development requirements.

Development Targets, Permitting and Operational Delays

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

Resources and Reserves

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

Title Risks

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

Insurance Risk

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

Financial and Investment Risks

Substantial Capital Requirements

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

Market Perception

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

Metal and Mineral Prices

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

Areas of Investment Risk

Nuinsco's Common Shares are listed on the TSX. The share prices of publicly-traded companies can be volatile as the price of shares is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to Nuinsco. The Company has received a letter from the TSX advising the review of eligibility for continued listing on the TSX. Nuinsco has commenced researching requirements and costs of listing on other stock exchanges.

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

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

Regulatory Risks

Government Regulation

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

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors

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

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

Certain of Nuinsco's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made

by any of such directors and officers relating to Nuinsco will be made in accordance with their duties and obligations to deal fairly and in good faith with Nuinsco and such other companies.

Foreign Operations

In 2004, the Company initiated exploration work in Turkey. While the Company believes that the risks associated with operating in Turkey are very acceptable, most investors would attribute a higher degree of risk to operating in Turkey as compared to operating in Canada. While the Company has terminated its activity in Sudan and Egypt and has reduced activity in Turkey, it remains open to appropriate opportunities in the Middle East North Africa ("MENA") region and elsewhere.

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

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

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

Nuinsco regularly and routinely considers the risks inherent in foreign jurisdictions and weighs such risks when evaluating continued, enhanced, reduced or renewed involvement in foreign projects. The Company considered that the protracted permitting delays in Turkey were significant enough to warrant a writedown of its Berta project effective December 31, 2013 with continued writedowns to December 31, 2014.

Investments and Other Agreements with Resource Companies

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

Nuinsco, through the limited Participating Interest in cash flows, and its investment in Victory Nickel, has indirect exposure to the frac sand industry.

Summary

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

FORWARD-LOOKING STATEMENTS

Forward-Looking Information: This MD&A contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow, financing, the probability of cash flows from the Participating Interest in Victory Nickel's

frac sand business, costs, economic return, net present value, mine life and financial models, mineral resource estimates, potential mineralization, potential mineral resources, timing of possible production and the Company's development plans and objectives) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

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

March 30, 2015