



**NUINSCO RESOURCES LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2018**

**(unaudited)**

**DATED NOVEMBER 26 2018**

## **Management's Comments on Unaudited Condensed Consolidated Financial Statements**

The accompanying unaudited condensed consolidated financial statements of Nuinsco Resources Limited for the three and nine months ended September 30, 2018 and 2017 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

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

# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2018 and December 31, 2017 (unaudited)

(in Canadian dollars)	<i>Notes</i>	September 30, 2018	December 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	6	\$ 12,122	\$ 172,247
Marketable securities	9	315,767	-
Receivables	7	102,232	58,067
<b>Total current assets</b>		<b>430,121</b>	<b>230,314</b>
<b>Non-current assets</b>			
Promissory note receivable	10	-	89,209
Property and equipment	8	33,356	39,115
Exploration and evaluation projects	9	272,696	508,587
<b>Total non-current assets</b>		<b>306,052</b>	<b>636,911</b>
<b>Total Assets</b>		<b>\$ 736,173</b>	<b>\$ 867,225</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 306,063	\$ 323,776
<b>Total current liabilities</b>		<b>306,063</b>	<b>323,776</b>
<b>Non-current liabilities</b>			
Long-term liabilities	12	769,938	973,413
<b>Total Liabilities</b>		<b>1,076,001</b>	<b>1,297,189</b>
<b>Shareholders' deficiency</b>			
Share capital	14	98,653,307	98,417,649
Contributed surplus		5,933,925	5,929,925
Warrants	14	6,100	6,100
Accumulated other comprehensive loss		(2,147,261)	(2,147,261)
Deficit		(102,785,899)	(102,636,377)
<b>Total shareholders' (deficiency)</b>		<b>(339,828)</b>	<b>(429,964)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>\$ 736,173</b>	<b>\$ 867,225</b>

### NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

### CONTINGENCY (Note 20)

Approved by the Board of Directors

(signed)

**René R. Galipeau, Director**

(signed)

**Paul Jones, Director**

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

# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (unaudited)

For the three and nine months ended September 30, 2018 and September 30, 2017

(in Canadian dollars)	<b>Notes</b>	Three months ended September 30,		Nine months ended September 30,	
		<b>2018</b>	2017	<b>2018</b>	2017
<b>Other expenses</b>					
General and administrative		<b>\$ 156,326</b>	\$ 130,031	<b>\$ 521,205</b>	\$ 261,620
Share based payments		-	-	<b>4,000</b>	-
Depreciation of property and equipment	8	<b>1,817</b>	2,405	<b>5,759</b>	7,349
Pre-exploration write-offs		-	-	<b>2,495</b>	-
<b>Loss before the undernoted</b>					
		<b>(158,143)</b>	(132,436)	<b>(533,459)</b>	(268,969)
Increase in fair value of marketable securities		20,195	-	69,563	-
Gain on sale of investment in CBay		-	355,812	-	355,812
Consulting income		-	43,590	-	43,590
Accretion income		5,291	-	11,426	-
Gain on settlement of debt	9	12,088	-	302,948	-
<b>Net Income (Loss) and Comprehensive Income (Loss) for the Period</b>					
		<b>\$ (120,569)</b>	\$ 266,966	<b>\$ (149,522)</b>	\$ 130,433
<b>Income (loss) per share</b>					
	15				
Basic income (loss) per share		<b>\$ (0.00)</b>	\$ 0.00	<b>\$ (0.00)</b>	\$ 0.00
Diluted income (loss) per share		<b>\$ (0.00)</b>	\$ 0.00	<b>\$ (0.00)</b>	\$ 0.00

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

# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Shareholders' Deficiency (unaudited) For the nine months ended September 30, 2018 and September 30, 2017

(in Canadian dollars)	Share Capital	Shares to be issued	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
<b>Balances as at December 31, 2016</b>	\$ 98,393,149	\$ -	\$ 5,896,175	\$ 33,750	\$ (2,147,261)	\$ (103,035,111)	\$ (859,298)
Proceeds received in advance of closing financing	-	30,600	-	-	-	-	30,600
Expiry of warrants	-	-	33,750	(33,750)	-	-	-
Net income for the period	-	-	-	-	-	130,433	130,433
<b>Balances as at September 30, 2017</b>	\$ 98,393,149	\$ 30,600	\$ 5,929,925	\$ -	\$ (2,147,261)	\$ (102,904,678)	\$ (698,265)
<b>Balances as at December 31, 2017</b>	\$ 98,417,649	\$ -	\$ 5,929,925	\$ 6,100	\$ (2,147,261)	\$ (102,636,377)	\$ (429,964)
Share based payments	-	-	4,000	-	-	-	4,000
Shares issued in accordance with option agreement (note 9)	4,216	-	-	-	-	-	4,216
Shares issued on sale of property (note 9)	12,000	-	-	-	-	-	12,000
Shares issued on settlement of debt (note 14 (b))	196,409	-	-	-	-	-	196,409
Shares issued from private placement (note 14(b))	23,033	-	-	-	-	-	23,033
Net income for the period	-	-	-	-	-	(149,522)	(149,522)
<b>Balances as at September 30, 2018</b>	\$ 98,653,307	\$ -	\$ 5,933,925	\$ 6,100	\$ (2,147,261)	\$ (102,785,899)	\$ (339,828)

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

# Nuinsco Resources Limited

## Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the nine months ended September 30, 2018 and September 30, 2017

(in Canadian dollars)	<i>Notes</i>	2018	2017
<b>Cash flows from operating activities</b>			
Net income (loss) for the period		\$ (149,522)	\$ 130,433
Adjustments for:			
Gain on settlement of debt	14& 18	(302,948)	-
Gain on sale of interest in CBay		-	(360,812)
Share based payments		4,000	-
Accretion	10	(10,792)	-
Depreciation of property and equipment	8	5,759	7,349
Increase in fair value of marketable securities		(69,563)	-
Change in receivables		(44,165)	56,862
Change in trade and other payables		289,909	(108,340)
Change in long term liabilities	12	-	211,500
<b>Net cash used by operating activities</b>		<b>(277,322)</b>	<b>(63,008)</b>
<b>Cash flows from investing activities</b>			
Expenditures on exploration and evaluation projects		(341,756)	(20,000)
Proceeds on settlement of promissory note	10	88,262	-
Proceeds from sale of royalties	9	122,658	-
Proceeds on sale of property interest	9	225,000	300,000
<b>Net cash flows from investing activities</b>		<b>94,164</b>	<b>280,000</b>
<b>Cash flows from financing activities</b>			
Cash received in advance of closing private placement		23,033	30,600
<b>Net cash flows from financing activities</b>		<b>23,033</b>	<b>30,600</b>
<b>Net Decrease in Cash</b>		<b>(160,125)</b>	<b>247,592</b>
<b>Cash, Beginning of the Period</b>		<b>172,247</b>	<b>65,106</b>
<b>Cash, End of the Period</b>		<b>\$ 12,122</b>	<b>\$ 312,698</b>

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

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

*(all amounts in Canadian dollars)*

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

### Nature of Operations

Nuinsco Resources Limited (“Nuinsco” or the “Company”) is a company incorporated in Canada. The address of the Company’s registered office is 80 Richmond St. West, Suite 1800, Toronto, Ontario, M5H 2A4. The unaudited condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2018 comprise the Company (“Condensed Interim Consolidated Financial Statements”) and its subsidiaries (together referred to as “Nuinsco” and individually as “Nuinsco entities”). Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for precious and base metals and specialty minerals.

### Going Concern

The Company’s Condensed Interim 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 September 30, 2018, the Company had working capital of \$124,058 (December 31, 2017 – working capital deficiency of \$93,462). Working capital (deficiency) is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company’s projects through exploration and development to the production stage will require significant financing. Given the current market for junior exploration and development companies and due to the fact that the Company’s shares are not presently listed for trading on a formal stock exchange, the ability to raise funds has been and may continue to be difficult. Refer to Note 4.

None of the Company’s projects are currently in 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 Company’s ability to continue as a going concern is dependent upon the Company’s ability to finance exploitation of its projects through debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding.

The Company’s management continues to be engaged in securing financing. There are no assurances that the Company will be successful in obtaining sufficient financing on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs. Effective May 11, 2015, the Company voluntarily delisted its shares from the Toronto Stock Exchange. Since delisting the Company has maintained its corporate office and has continued to maintain its website, telephones and email communication with shareholders. During this time the Company has also managed to continue to evaluate exploration and development opportunities, and has applied for listing of the Company’s shares on the Canadian Securities Exchange (the “CSE”). Subsequent to the end of the quarter, the Company received conditional approval to list its shares on the CSE.

If the Company is unable to obtain additional financing, it 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 the sale of properties or improve its liquidity sufficient to enable it to fund operations, the Company’s ability to continue as a going concern will be compromised. 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.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

(all amounts in Canadian dollars)

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## 2. BASIS OF PREPARATION

### (a) Statement of Compliance

The Condensed Interim Consolidated Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”).

This is GAAP for a Canadian public company.

The management of Nuinsco prepares the Condensed Interim Consolidated Financial Statements which are then reviewed by the Audit Committee and the Board of Directors. The Condensed Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on November 26, 2018. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

### (b) Basis of Measurement

The Condensed Interim Consolidated Financial Statements have been prepared on the historic cost basis except for derivative financial instruments such as warrants and the Participating Interest which are measured at fair value with changes through operations.

### (c) Functional and Presentation Currency

These Condensed Interim Consolidated Financial Statements are presented in Canadian dollars, which is the Company’s functional currency. All financial information is expressed in Canadian dollars unless otherwise stated.

### (d) Use of Estimates and Judgments

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

The accompanying Condensed Interim Consolidated Financial Statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

### ***Significant estimates and assumptions***

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

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

- Note 9 measurement of the recoverable amounts of exploration and evaluation projects;
- Note 16 measurement of share-based payments.

### ***Significant Judgments***

Judgments are reviewed on an ongoing basis. Changes resulting from the effects of amended judgments are recognized in the period in which the change occurs and in any future periods presented.

Information regarding significant areas of critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the Condensed Interim Consolidated Financial Statements is included in the following notes:



# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

(all amounts in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES

### *Significant Judgments*

- Note 1 going concern assessment;
- Note 9 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 9 impairment of exploration and evaluation projects;
- Note 20 disclosure of contingencies;

These Condensed Interim Consolidated Financial Statements reflect the accounting policies described in Note 3 to the Company's Audited Consolidated Financial Statements for the years ended December 31, 2017 and 2016 ("2017 Audited Consolidated Financial Statements") (with the exception of any changes set out in this Note 3) and accordingly, should be read in conjunction with the 2017 Audited Consolidated Financial Statements and the notes thereto.

### **(a) New Accounting Policies**

There have been no new accounting policies adopted by the Company.

### **(b) New Standards and Interpretations Not Yet Adopted**

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued several new and revised standards and interpretations which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing these Condensed Interim Consolidated Financial Statements unless stated otherwise. However, the revised standards and interpretations are not applicable to the Company or are expected to have minimal impact.

## 4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

### **Risk Management Framework**

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined. The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

### **Credit Risk**

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

### **Cash**

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board.

### **Receivables**

Amounts due are settled on a regular basis.

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

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

*(all amounts in Canadian dollars)*

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## 4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

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

### **Liquidity Risk**

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

Presently, the Company is facing a significant shortfall in liquidity before it expects any cash flows from the Participating Interest. The Company continues to hold discussions on securing financing. There are no assurances that the Company will be successful in obtaining any financing or otherwise improving liquidity, 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, it will be unable to fund continuing operations and corporate administration costs (Note 1).

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

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

All contractually-obligated payables are due within the next fiscal year with the exception of the Company's deferred director and management fees.

### **Market Risk**

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

### **Marketable securities**

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

### **Currency risk**

The Company is exposed to currency risk on purchases, certain marketable securities and other payables that are denominated in a currency other than the respective functional currencies of Company entities, primarily the Canadian dollar. The currencies in which these transactions primarily are denominated are the United States dollars ("US\$"). The Company does not actively hedge its foreign currency exposure.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash earns interest at variable short-term rates. Accordingly, the estimated effect of a 50bps change in interest rate would not have a material effect on the results of operations.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

*(all amounts in Canadian dollars)*

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## 4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

### Operational Risk

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

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

### Capital Management Disclosures

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

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company's objectives are to obtain equity, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful.

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

## 5. DETERMINATION OF FAIR VALUES

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

### Fair value hierarchy

The different levels of valuation are defined as follows:

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

### (a) Receivables

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

### (b) Non-derivative Financial Assets

Financial assets at fair value through operations include the Company's Participating Interest. The fair value of the Participating Interest is based on the net present value of expected cash flows taking into account the probability of cash flows as described in Note 11.

## Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

(all amounts in Canadian dollars)

### 5. DETERMINATION OF FAIR VALUES - CONTINUED

#### (c) Share-based Payment Transactions

The fair value of employee share options is measured using the Black-Scholes option-pricing model. Any service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### 6. CASH

	September 30, 2018	December 31, 2017
Bank balances	\$ -	\$ 172,247
<b>Cash in the Statements of Cash Flows</b>	<b>\$ -</b>	<b>\$ 172,247</b>

### 7. RECEIVABLES

	September 30, 2018	December 31, 2017
Sales tax receivable	\$ 24,773	\$ 16,616
Other receivables	71,459	35,451
Prepaid expenses and deposits	6,000	6,000
	<b>\$ 102,232</b>	<b>\$ 58,067</b>

### 8. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
<b>Balance as at January 1, 2017</b>	\$ 426,674	\$ 377,805	\$ 48,869
Depreciation	-	9,754	(9,754)
<b>Balance as at December 31, 2017</b>	426,674	387,559	39,115
Depreciation	-	5,759	(5,759)
<b>Balance as at September 30, 2018</b>	<b>\$ 426,674</b>	<b>\$ 393,318</b>	<b>\$ 33,356</b>

## Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

(all amounts in Canadian dollars)

### 9. EXPLORATION AND EVALUATION PROJECTS (INCLUDING MARKETABLE SECURITIES)

	Diabase	Pen- insula	Sunbeam	Prairie Lake	El Sid	Total				
<b>Balance as at January 1, 2017</b>	\$	-	\$	-	\$	1,000	\$	1,000		
Acquisitions		-		20,000		-		-		
Project expenses		-		28,383		-		-		
Reversal of previous impairment		459,204		-		-		459,204		
<b>Balance as at December 31, 2017</b>		459,204		48,383		1,000		508,587		
Acquisitions		-		34,216		-		147,398		
Sale of royalties		-		-		-		(122,658)		
Sale of project		(459,204)		-		-		(459,204)		
Project expenses		-		96,777		-		67,580		
<b>Balance as at September 30, 2018</b>	\$	-	\$	179,376	\$	1,000	\$	92,860	\$	272,696

Previously, as at December 31, 2015, all projects were written down due to the lack of funding of the Company and related uncertainty as to future spending on the properties. IFRS requires a write-down of the carrying value of assets to the net recoverable amount. Given the current market uncertainties, the valuation of mineral properties is difficult, and management cannot reliably estimate any recoverable amount. The Company will revisit the valuation of these assets at the end of every reporting period and will recognize a recovery if the fair value of these assets can be reliably determined.

#### **Prairie Lake**

The Prairie Lake project, located near Marathon, Ontario, encompasses the Prairie Lake Carbonatite Complex, a composite intrusion hosting a number of elements of potential commercial interest including phosphorus (P), niobium (Nb) tantalum (Ta), uranium, rare earth elements ("REEs"), and other elements and compounds. The Prairie Lake project is owned 100% by the Company, is royalty-free and consists of nine claims comprising of 46 mining claims (27 single cell and 19 boundary cell mining claims), encompassing 608 ha. Evaluation, analytical sampling, and metallurgical and process testing are ongoing.

Diamond drilling, surface sampling and mapping programs were conducted in 2007, 2008, 2010 and 2013. The large-scale project has a current Exploration Target of between 515 and 630 million tonnes of mineralization grading between 3.0-4.0 P2O5, 0.009-0.11% Nb2O5, 18-21ppm Ta2O5, and the following REEs: 280-340ppm lanthanum, 650-790ppm cerium, 55-70ppm samarium, 300-360ppm neodymium, 85-100ppm yttrium. Subsequent to September 30, 2018, the Company initiated an updated 43-101 report on the Prairie Lake project.

#### **Sunbeam Gold Property**

In February 2018, the Company completed an option agreement to acquire the Sunbeam Gold Property which is located about 30km northeast of Atikokan, north-western Ontario and is readily accessible by road. The property is composed of 101 mining claims (99 single cell and 2 boundary cell mining claims) nine mining claims totalling 1,552ha and is the site of a former patented mining claim that encompassed the Sunbeam Mine. The immediate area of the Sunbeam Mine had seen no exploration activity since 1905. The Company has been engaged in preliminary evaluation of the project during 2018 – grid control has been established and prospecting, sampling and geophysics have been conducted to date – results will be released when final reports are received. The terms to acquire 100% of the Sunbeam Gold Property are as follows:

- Cash payments of \$175,000 over four years of which \$20,000 was paid in 2017 and \$30,000 paid in 2018;
- Complete work programs totalling \$280,000 over four years, of which \$29,384 has been spent to date;
- Issued 1,000,000 common shares (with fair market value of \$1,512) on signing the agreement;

## Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

(all amounts in Canadian dollars)

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### 9. EXPLORATION AND EVALUATION PROJECTS (INCLUDING MARKETABLE SECURITIES) - CONTINUED

- At the beginning of years two, three and four (the “Anniversary”), the Company shall issue 100,000 common shares. Should the total value of the 100,000 common shares issued be less than 40% of the annual cash payment (the value to be based on the share price on each Anniversary) the difference will be paid in cash.
- A net smelter return (“NSR”) royalty of 2.5% is retained by the vendors, 1% of which can be acquired by the Company for a one-time payment of \$1,000,000.

#### ***Egypt***

The Company is evaluating the economic viability of the El Sid gold dumps and tailings recovery operation (“El Sid”) located in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast. Three past producing gold mines are located on the project site – the largest of which is the El Sid Mine that between 1940 and 1957 was Egypt’s largest gold producer. In Q1 2018, Nuinsco, through its Egyptian subsidiary Z-Gold Resources, won, through a competitive bid, the opportunity to evaluate and exploit the waste dumps and tailings from the project owner, Shalateen Mineral Resources Company, a company established by the Egyptian Government. Nuinsco/Z-Gold were required to post a performance bond of \$147,000 to secure the bid. To fund the acquisition, the Company sold royalties (the “Royalties”) on future gold, and associated minerals, produced from El Sid. As at September 30, 2018, the Company has received proceeds of \$122,658 from the sale of the Royalties representing 13% of the distributable cash flow from the production of gold and associated minerals. \$74,658 of these Royalties were sold to management and directors of the Company to assist in funding the project. This amount has been credited to the purchase price of El Sid.

#### ***Diabase Peninsula and marketable securities***

In February 2018, Nuinsco closed a transaction for the sale of its interest in the Diabase Peninsula (“Diabase”) uranium property in Saskatchewan’s Athabasca Basin to Uranium Energy Corp. (NYSE American: UEC, “UEC”) for total consideration of \$471,204 comprised of cash and UEC shares. Nuinsco has received \$225,000 in cash and 139,418 common shares of UEC, at a fair value of US\$1.41 (C\$1.77) per share, as consideration for the sale. Additionally, Nuinsco issued 10,000,000 (to the original owner of the Diabase claim), subject to a four month hold from the date of issuance, of its own common shares, at a fair value issuance price of C\$0.0012 per share, as consideration for transaction costs on the sale. Management’s previous estimate that the fair value of Diabase was \$nil was no longer appropriate given that the property sold for total consideration of \$471,204, therefore as at December 31, 2017, the previously recorded impairment was reversed in the amount of \$459,204 to write the Diabase property up to its fair value less costs to sell.

As at September 30, 2018, the shares of UEC had a fair market value of US\$1.72 per share (C\$2.26 per share or \$315,767) resulting in an unrealized gain of \$20,195 and \$69,563 being reported for the three and nine months ended September 30, 2018. As at the date of these consolidated financial statements (November 29, 2018), all shares of UEC have been sold.

#### ***Chibougamau Camp***

In December 2014, Nuinsco used a significant piece of its equity position in CBay Minerals Inc. (“CBay”) to extinguish \$2.6 million in debt and accrued interest. CBay owned assets in Chibougamau Quebec, which represented 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. Nuinsco retained a 7.5% interest in CBay and, pursuant to a management agreement (the “Management Agreement”), continued to manage and share management, administrative assistance and facilities with CBay.

In August 2017, Nuinsco sold its 7.5% interest in CBay to Ocean Partners Limited (“Ocean Partners”) for total consideration of \$400,000 comprised of \$300,000 in cash, a \$100,000 promissory note and retirement of debt owed to Ocean Partners. The promissory note is unsecured and is due eighteen months from the date of sale (the “Maturity Date”). No interest shall be payable on the principal, unless payment is not made to the Company on or before the Maturity Date (Note 10). This sale also resulted in the termination of the Management Agreement under which Nuinsco had been managing CBay’s affairs. The sale resulted in a gain on sale in the amount of \$341,937.

# Nuinsco Resources Limited

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## 9. EXPLORATION AND EVALUATION PROJECTS (INCLUDING MARKETABLE SECURITIES) - CONTINUED

### Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Pre-exploration costs relate to expenses on evaluating projects not owned by the Company. Pre-exploration costs in the amount of \$2,495 were written off during the three and nine months ended September 30, 2018 (September 30, 2017 - \$nil).

## 10. PROMISSORY NOTE RECEIVABLE

Nuinsco held a promissory note in the principal amount of \$100,000, receivable from Ocean Partners. The promissory note was unsecured, non-interest bearing and is repayable in full on February 25, 2019. If payment was not made on or before the Maturity Date, an interest charge of \$1,000 per month was to accrue beginning on the Maturity Date. The fair value of the promissory note at acquisition, discounted at the market rate of 10%, was \$86,125. During the three and nine months ended September 30, 2018, the Company recorded accretion income of \$5,926 and \$11,426 (three and nine months ended September 30, 2017 - \$nil). On August 22, 2018, the Company agreed to settle the debt in full with a payment of \$88,262 for full re-payment of the promissory note. This payment resulted in a loss on settlement of \$11,738.

## 11. PARTICIPATING INTEREST

Nuinsco holds an unsecured participating interest in the cash flows generated by Victory Nickel Inc. from the sale of frac sand (the "Participating Interest") from that company's 7 Persons frac sand plant near Medicine Hat, Alberta. The Company's participation in the net cash flows earned from the sale of frac sand is limited to a maximum of \$10,222,831 with a minimum of \$7,667,124 based on a sharing percentage of 52.16%.

Because of the uncertainty of receiving future payments on the Participating Interest, as at December 31, 2015, the Company recorded an impairment of this Participating Interest and has recorded the value of the asset at \$nil. The Company will continue to monitor the frac sand market, and will re-evaluate the impairment of this asset at such time the market recovers.

## 12. LONG-TERM LIABILITIES

Long-term liabilities consist of accrued directors' fees \$308,438 (December 31, 2017 - \$495,413) and certain management consulting fees \$461,500 (December 31, 2017 - \$478,000). The directors and management have agreed to defer fees until the ongoing viability of the Company can be assured.

## 13. OPERATING LEASE

In September 2017, the Company entered into a one-year lease for office space at 80 Richmond Street West, Toronto, expiring September 2018. In September 2018 this lease was extended for a further one-year term. Future minimum lease payments to the expiry date are \$8,250.

# Nuinsco Resources Limited

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## 14. SHARE CAPITAL AND OTHER COMPONENTS OF DEFICIENCY

### Share Capital

#### Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. The Company is also authorized to issue an unlimited number of Class A special shares, issuable in series, an unlimited number of Class B special shares, issuable in series, an unlimited number of Class C special shares, issuable in series, an unlimited number of Class D special shares, issuable in series, and an unlimited number of Class E special shares, issuable in series.

#### Number of shares issued and outstanding

There are no special shares outstanding; all shares are fully paid.

	Notes	Number of Shares	Amount \$'s
Balance as at December 31, 2016		346,986,957	98,393,149
Shares issued on private placement	(a)	2,990,000	30,600
Valuation of warrants issued as part of private placement	(a)	-	(6,100)
Balance as at December 31, 2017		349,976,957	\$ 98,417,649
Shares issued on sale of Diabase	(note 9)	10,000,000	12,000
Shares issued in accordance with the Sunbeam option agreement	(note 9)	2,300,000	4,216
Shares issued on settlement of debt	(b)	53,929,700	196,409
Shares issued on private placement	(c)	4,606,666	23,033
<b>Balance as at September 30, 2018</b>		<b>420,813,323</b>	<b>\$ 98,653,307</b>

(a) On October 19, 2017, the Company closed a private placement financing for gross proceeds of \$30,600 through the issuance of 2,750,000 common share units (at \$0.01 per unit) ("Common Units") and 240,000 flow-through units (at \$0.0125 per unit) ("Flow Through Units"). Each Common Unit and each Flow Through Unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant can be exercised at \$0.015 for a period of the earlier of (a) 1 year from the date of closing or (b) six months from the date the Company's common shares are listed on a Canadian stock exchange. On September 27, 2018, the term of these warrants described in (a) was extended by 6 months. These warrants were assigned a value of \$6,100 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.53%; expected volatility of 165%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies.

(b) On May 3, 2018, the Company settled debt in the amount of \$473,605 through the issuance of 47,360,500 common shares. \$386,975 of the debt was owed to directors and management (note 18). On the date of issuance, the shares had a market value of \$182,745, resulting in a gain on settlement of \$290,860.

On August 7, 2018, the Company settled debt in the amount of \$37,490 through the issuance of 6,569,200 common shares. On the date of issuance, the shares had a market value of \$13,664, resulting in a gain on settlement of \$23,826. No warrants were issued as part of the debt settlements.

(c) On May 3, 2018, the Company issued 4,606,666 flow-through common shares for the \$23,033. No warrants were issued as part of the issuance. The flow-through shares were issued at a price of \$0.005 representing a premium of approximately 31% to the market value. Two directors of the Company participated in this financing.



# Nuinsco Resources Limited

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*(all amounts in Canadian dollars)*

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## 14. SHARE CAPITAL AND OTHER COMPONENTS OF DEFICIENCY - CONTINUED

### **Share Incentive Plan**

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

### **Share Purchase Plan**

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

### **Share Bonus Plan**

The Share Bonus Plan permits common shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Company and its designated affiliates, and consultants from time to time. At the Company's Annual and Special Meeting of Shareholders held on June 18, 2012 (the "ASM"), shareholders approved an increase in the maximum number of common shares issuable under the Share Bonus Plan to 8,000,000.

The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged immediately. If the common shares are not listed on any stock exchange, the fair value of the common shares may be determined by the directors.

### **Accumulated Other Comprehensive Income or Loss ("AOCI")**

AOCI is comprised of the following separate components of (deficiency) equity:

### ***Net change of financial assets at fair value through OCI***

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

### ***Income tax on OCI***

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

## Nuinsco Resources Limited

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(all amounts in Canadian dollars)

### 15. LOSS PER SHARE

The calculation of basic and diluted earnings per share for the three and nine months ended September 30, 2018 and September 30, 2017 was based on the information in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Weighted average number of common shares – basic</b>	<b>412,944,123</b>	346,986,957	<b>388,120,615</b>	346,986,957
Effect of options granted and outstanding	<b>38,725,000</b>	40,475,000	<b>38,725,000</b>	40,475,000
Effect of warrants issued and outstanding	<b>1,495,000</b>	-	<b>1,495,000</b>	-
<b>Weighted average number of common shares – diluted</b>	<b>453,164,123</b>	387,461,957	<b>428,340,615</b>	387,461,957
<b>Net income (loss) attributable to shareholders</b>	<b>\$ (120,569)</b>	\$ 266,966	<b>\$ (149,522)</b>	\$ 130,433
<b>Basic income (loss) per share</b>	<b>\$ (0.00)</b>	\$ 0.00	<b>\$ (0.00)</b>	\$ 0.00
<b>Diluted income (loss) per share</b>	<b>\$ (0.00)</b>	\$ 0.00	<b>\$ (0.00)</b>	\$ 0.00

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

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

### 16. SHARE-BASED PAYMENTS

#### Description of the Share-based Payment Arrangements

The Company's share-based payment arrangements are as follows:

#### **Stock option plan (equity-settled)**

The Company has a Stock Option Plan to encourage ownership of its shares by key management personnel (directors and executive management), employees and consultants, and to provide compensation for certain services. The terms of the Stock Option Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time to time.

As at September 30, 2018, the Company had 24,396,998 (December 31, 2017 – 13,246,544) common shares remaining available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

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(all amounts in Canadian dollars)

## 16. SHARE-BASED PAYMENTS - CONTINUED

### Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 14.

### Terms and Conditions of Share-based Payment Arrangements

#### Stock Option Plan

The terms and conditions relating to the grants of the Stock Option Plan are as follows:

- Options issued during the period and granted to executive management, employee and consultants have a maximum term of ten years and are equity-settled. Of the options granted to management and employees, 50% vest immediately, while the remaining options are exercisable after one year. Options granted to consultants vest immediately.
- Options issued during the period and granted to directors have a maximum term of ten years and are equity-settled. All options granted to directors vest immediately.
- All options are to be settled by physical delivery of shares.

### Disclosure of Share-based Payment Arrangements

#### Stock Option Plan

The following is a summary of the activity of options:

	Nine months ended September 30, 2018		Year ended December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	40,475,000	\$ 0.01	44,675,000	\$ 0.02
Granted during the period	1,000,000	0.01	-	-
Expired during the period	(2,750,000)	0.03	(4,200,000)	\$ 0.07
Balance, end of year	38,725,000	\$ 0.01	40,475,000	\$ 0.01
Options exercisable, end of period	38,725,000	\$ 0.01	40,475,000	\$ 0.01

As at September 30, 2018, the options outstanding are as follows:

# Options	Exercise Price	Expiry date	Weighted average expiry (years)
4,200,000	\$ 0.02	December 17, 2018	0.21
350,000	\$ 0.01	February 5, 2020	1.35
33,175,000	\$ 0.01	April 18, 2021	2.55
1,000,000	\$ 0.01	April 9, 2023	4.53
38,725,000			2.33

On April 9, 2018, the Company issued 1,000,000 stock options to a consultant to the Company. The options have an exercise price \$0.01 and expire 5 years from the date of grant. The options were assigned a value of \$4,000 using the Black Scholes option pricing model with the following assumptions: expected volatility of 164%; expected dividend yield of 0%; risk-free interest rate of 1.53%; and expected life of 5 years.

# Nuinsco Resources Limited

Notes to the Condensed Interim Consolidated Financial Statements

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(all amounts in Canadian dollars)

## 16. SHARE-BASED PAYMENTS - CONTINUED

### Share purchase warrants (see also note 14(a))

The following is a summary of the activity of warrants for the nine months ended September 30, 2018 and the year ended December 31, 2017:

	Nine months ended September 30, 2018		Year ended December 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	1,495,000	\$ 0.015	18,000,000	\$ 0.01
Expired during the period	-	-	(18,000,000)	(0.01)
Granted during the period	-	-	1,495,000	0.015
Balance, end of period	1,495,000	\$ 0.015	1,495,000	\$ 0.015

## 17. OPERATING SEGMENT

### Reporting Segment

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

## 18. RELATED PARTIES AND MANAGEMENT AGREEMENTS

### Related Party Balances and Transactions

Short-term employee benefits provided by the Company to key management personnel include salaries, consulting fees and directors' fees. The Company's non-monetary benefit package for key management personnel is the same as that available to all full-time employees. In addition to short-term employee benefits, the Company may also issue shares as part of the Share Bonus Plan and the Stock Option Plan.

Transactions with related parties for the nine months ended September 30, 2018 and September 30, 2017 are shown in the following table:

	2018	2017
Short-term employee benefits	\$ 235,500	\$ 235,500

During the nine months ended September 30, 2018, the Company was charged \$27,000 (nine months ended September 30, 2017 - \$27,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at September 30, 2018, \$30,510 (December 31, 2017 - \$61,020) is included in accounts payable and accrued liabilities. On May 3, 2018, the Company settled \$57,630 of debt owing to CFO Advantage in exchange for 5,763,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share.

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## 18. RELATED PARTIES AND MANAGEMENT AGREEMENTS - CONTINUED

During the three and nine months ended September 30, 2018, the Company was charged \$112,500 (nine months ended September 30, 2017 - \$112,500) by Paul Jones, the Chief Executive Officer and director of the Company. As at September 30, 2018, \$347,500 (December 31, 2017- \$451,696) is owing and included in accounts payable and accrued liabilities. On May 3, 2018, the Company settled \$140,000 of debt in exchange for 14,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share.

During the nine months ended September 30, 2018, the Company was charged \$36,000 (2017 - \$36,000) by Sean Stokes, Executive Vice President of the Company. As at September 30, 2018, \$114,000 (December 31, 2017 - \$98,000) is owing and included in accounts payable and accrued liabilities. On May 3, 2018 the Company settled \$20,000 of debt in exchange for 2,000,000 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share.

During the nine months ended September 30, 2018, the Company was charged \$nil (2017 - \$nil) by David Mchaina, Vice President of the Company. As at September 30, 2018, \$nil (December 31, 2017 - \$2,960) is owing and included in accounts payable and accrued liabilities.

On May 3, 2018 the Company settled \$246,975 of debt with directors of the Company in exchange for 24,697,500 common shares (at \$0.01 per share) of the Company. At the date of settlement, the shares had a market value of \$0.0039 per share.

Certain directors and management of the Company participated in the purchase of the Royalties (as described in note 9) for a total of \$74,658. The terms and conditions of the Royalties purchased by management and directors were the same as those issued to non-related parties. The Company had no other sources of financing available at the time and the Royalties were essential to move the project forward.

## 19. COMPANY ENTITIES

### Significant Subsidiaries and Jointly-controlled Entities

		September 30, 2018	December 31, 2017
<b>Ownership Interest</b>	<b>Country of Incorporation</b>		
Lakeport Gold Corporation	Canada	100%	100%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	70%	70%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	70%	70%
NuMENA Minerals Corp.	Canada	100%	100%

## 20. 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

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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.

### **20. CONTINGENCY - CONTINUED**

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.

### **21. SUBSEQUENT EVENTS**

Subsequent to September 30, 2018, the Company received conditional approval to list its shares on the CSE.