



**NUINSCO RESOURCES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND  
MARCH 31 2019**

**DATED JUNE 29, 2020**

# **NUINSCO RESOURCES LIMITED**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the three months ended March 31, 2020 and March 31, 2019**

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of June 29, 2020 consolidates management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2020 and March 31, 2019, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019 (the "Condensed Interim 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.

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2019 and 2018 ("2019 Audited Consolidated Financial Statements"). The Condensed Interim Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements are available at [www.sedar.com](http://www.sedar.com) and at the Company's website [www.nuinsco.ca](http://www.nuinsco.ca). All amounts disclosed are in Canadian dollars unless otherwise stated. All tabulated amounts are in thousands of Canadian dollars.

#### **NATURE OF OPERATIONS**

Nuinsco is an exploration and development company that has operated successfully for several decades; throughout its history the Company has identified and explored numerous significant mineral occurrences leading to a number of mineral deposit discoveries including the Rainy River gold deposit in northwestern Ontario, now in production and owned by New Gold Inc., the Lac Rocher nickel deposit in Quebec now owned by Victory Nickel Inc. ("Victory Nickel") and the Cameron Lake gold deposit in Ontario which is currently owned by First Mining Gold Corp. It is focused on identifying, exploring and developing mineral investment opportunities domestically and internationally. The Company currently has interests in projects prospective for gold, phosphate and agricultural applications, rare metals and niobium in the province of Ontario in Canada, and gold in Egypt.

The Company owns 100% of the very significant Prairie Lake project and with its optioned Sunbeam Gold Project, both in northwestern Ontario, is working to build shareholder value through systematic exploration on highly prospective mineralized terrane. As funding permits, work programs have been planned and executed on the Company's projects. In particular, at the Sunbeam Gold Project, high-grade gold mineralization is known from historic work dating-back more than 100 years. No work had been conducted in the intervening time until a recently completed geophysical survey identified drill-ready targets spatially associated with the known gold mineralization followed more recently (Q1 2020) by a modest diamond drilling program. At the Prairie Lake project, a number of commodities of economic interest occur – including phosphate, rare earth elements and niobium/tantalum. Extensive metallurgical testing has demonstrated that a phosphate concentrate exceeding 30% P<sub>2</sub>O<sub>5</sub> can be produced as well as a soil amendment product that requires little processing. The Company initiated a program to obtain material from Prairie Lake for evaluation as a soil amendment; the results indicate that the phosphate-bearing rock is an effective soil amendment/additive and has a positive impact at the agricultural sites tested. The Organic Materials Research Institute ("OMRI") listing is significant in that it demonstrates that the material can be used in certified organic processes. Given the size of the global agricultural industry and the rapidly increasing organic agriculture sector the potential implications to the economics of the Prairie Lake project are considerable.

The Company has been evaluating the economic viability of the El Sid gold waste dumps and tailings recovery project in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast ("El Sid"). Three past producing gold mines are located on the project – the largest of which is the El Sid Mine that, between 1949 and 1957, was Egypt's largest gold producer. Nuinsco, through its Egyptian subsidiary Z-Gold Resources Limited ("Z-Gold"), has obtained the right to evaluate and exploit the waste dumps and tailings from the project owner, Shalateen Mineral Resources Company ("Shalateen"), a company established by the Egyptian Government. The results of the evaluation indicate that the project is economic using conservative estimation of economic parameters and could quickly produce revenue. The Company continues to attempt to source capital funding to build the processing plant on-site.

In addition to its property holdings, Nuinsco owns a limited participating interest in the net cash flows of Victory Nickel's frac sand business (the "Participating Interest").

## **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. The Company has incurred a net loss of \$110,814 for the three months ended March 31, 2020 (three months ended March 31, 2019 – loss of \$179,933) and has an accumulated deficit of \$103,401,612 (December 31, 2019 - \$103,290,798). As at March 31, 2020, the Company had a working capital deficiency of \$407,991 (December 31, 2019 – working capital deficiency of \$285,753). Working 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.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, First Nations claims, unregistered prior agreements, social licensing requirements, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

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 or the 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, it will be unable to fund continuing operations and corporate administration costs.

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.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. This outbreak may increase difficulties in financing, access to properties and increased government regulations, all of which may adversely impact the Company's business and financial condition.

## **SIGNIFICANT EVENTS**

On February 19, 2019, the common shares of Nuinsco were approved for listing on the Canadian Securities Exchange, and on February 20, 2019 commenced trading under the symbol NWI.

The Company conducted an initial evaluation of the Sunbeam project including geophysical surveys, prospecting and sampling. This led to a small diamond drilling program that commenced in late January 2020 with the intent of conducting a limited evaluation of the mineralization and geology near the Sunbeam Mine workings (as further detailed below).

The Company has been evaluating the economic viability of the El Sid gold dumps and tailings recovery project located in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast and has executed a definitive agreement on the project which gives the Company the right to exploit the dumps and tailings (as further detailed below).

Sampling of previously unsampled drill core from the 2007 drilling program at its 100% owned Prairie Lake project near Terrace Bay, Ontario could significantly extend the known niobium (Nb), tantalum (Ta) and Phosphate (P<sub>2</sub>O<sub>5</sub>) intercepts in these holes as well as assays for rare earth elements (REE) including lanthanum (La), cerium (Ce), samarium (Sm), neodymium (Nd) and yttrium (Y).

The Company obtained an Organic Materials Research Institute ("OMRI") listing for its Prairie Lake phosphate bearing carbonatite rock. The rock has application as a soil amendment and the OMRI listing now indicates that it is appropriate for use in organic agricultural practices and organic processing.

In March of 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 did not include interest and penalties. The Company filed notices of objection on May 19, 2011. On May 19, 2019, the Company received a notice from the CRA indicating that its objection was allowed, and the reassessment was reversed thus eliminating any potential liability arising from the reassessment.

## **OUTLOOK**

The Company has progressed with technical aspects of the El Sid project with the intent of satisfying a determination of economic viability – to this end geological, analytical, metallurgical, process design and capital costing activities have been, and continue to be, conducted. Funding to build the project is a priority and the Company is actively engaged in the search for funding sources. As reported previously El Sid is a gold recovery opportunity with low capital requirement that has the potential to quickly commence operation using readily available processing equipment to exploit already mined and crushed gold-bearing rock that is piled at surface in a logistically favourable location (adjacent to a paved highway) approximately midway between the Red Sea coast at the town of Quseir and the Nile Valley.

The Company has focussed on the El Sid project because of the project's potential to provide access to cash through the revenue generated from the simple, low-cost, processing of the gold mineralized rock. Management's view has been that the El Sid project can provide the necessary non-dilutive funding that can be used to operate the Company and its projects and allow for the acquisition of new opportunities.

The Company continues to seek ways to build the El Sid project and exploit the available gold endowment. The logistical simplicity of the project and the low capital requirements provide opportunities and versatility to developing it. All sensible and viable options are being considered and ongoing funding discussions are underway with several distinct groups.

Elsewhere Nuinsco continues to work on the Sunbeam gold project near Atikokan and the Prairie Lake phosphate-rare earth-niobium-tantalum-agricultural additive project near Marathon – both in Ontario. Management believes these projects provide good exposure for the Company to a number of mineral commodities and are prospective for discovery or development. The Prairie Lake project in particular has good potential to become a substantial source of a simply-produced soil amendment product that has wide agricultural applications – given the fundamental nature and the enormous size of the global agricultural industry this really is an important development for the Company.

## **MINERAL PROJECTS**

### **Sunbeam Gold Property**

The Sunbeam Gold Project encompasses the historic Sunbeam Mine and also includes the Roy and Pettigrew occurrences. The Sunbeam Mine is a high-grade underground gold mine which was active from 1898 to 1905 but which has seen no exploration or development of any kind since its closure. The property consists of 101 mining claims (99 single cell and 2 boundary cell mining claims) in Ramsay-Wright Township in Northwestern Ontario and is accessible via well-maintained logging roads from Hwy 11. It is located 15km southeast of Agnico Eagle's Hammond Reef gold deposit and 27km northeast of the town of Atikokan. At the Sunbeam Mine gold mineralization occurs within a 2.5-3.0m wide southwest-striking quartz vein/chlorite schist zone, which dips moderately to the northwest. This mineralization is hosted by a 30m wide deformation zone within the Marmion Lake Batholith. Historic underground development consisted of a combined inclined/vertical shaft to an approximate depth of 400feet (122m) with drifting and development on three levels (at ~100, 200 & 300 feet). The mineralization of the Sunbeam Mine is part of more extensive, property-wide mineralized domains associated with northeast trending lineaments that include the named Roy and Pettigrew occurrences.

No records of production from 1899-1903 exist. Reportedly 1,000 ounces of gold were recovered from 2,400 tons mined in 1904. A 1903 plan of the mine shows an average grade of ~13g/t Au in the historic workings. Previous workers have estimated that there could be 50,000-70,000t grading 13.0g/t Au remaining in old workings alone. There has been no exploration of the formerly patented mine site since the mine closed in 1905. Intermittent exploration surrounding the patent area was conducted between 1981 and 2012 by previous owners. In addition to property-wide evaluation, Nuinsco established grid control and conducted the first ground geophysics ever conducted over and around the Sunbeam Mine (results reported in news release dated February 28, 2019) as a precursor to any diamond drilling. The geophysical survey identified 16 high-priority drill targets near to the past-producing, high-grade Sunbeam gold mine.

In Q1 2019 results of 28 grab samples, three of which contain visible gold, were received for samples which had been collected from near the Sunbeam Mine from outcrop, waste-dump material and debris in the Sunbeam shaft. All samples were analyzed for gold and a sub-set was analyzed for silver. The range of analytical results is <5ppb to 122g/t gold and <0.2g/t to 24.8g/t silver. The samples are from material mined from the Sunbeam mine workings during operations more than 100 years ago and from samples collected from surface near the historic Sunbeam Shaft. Higher gold grade is directly related to the amount of quartz vein and sulphide mineralization contained within a sample. The highest-grade samples contain pyrite, chalcopyrite, sphalerite and galena as well as visible gold grains. No field work was conducted on the project in Q2, Q3 or Q4 2019.

More extensive fieldwork is required to provide greater understanding of the property-wide gold mineralization – this work will include more widespread geophysical surveys, field mapping and sampling that will be necessary to evaluate the potential extension of gold mineralization from the known domains of gold mineralization.

A small diamond drilling program commenced in late January 2020 with the intent of conducting a limited evaluation of the mineralization and geology near the Sunbeam Mine workings. Technical difficulties with water supply and extremely cold working conditions curtailed the program before achieving all of its aims.. However, significantly, the structure hosting gold mineralization at the Sunbeam Mine was traced to depth below the old workings – highlighting the potential for extension of gold mineralization to depth. Completion of core logging and assaying has been delayed the outbreak of COVID-19, and anticipated delivery of full results remains unclear. Further diamond drilling is planned.

### **Prairie Lake**

The Prairie Lake project, located near Marathon, Ontario, is a large multi-commodity deposit, hosted in a composite carbonatite-ijolite intrusion, containing phosphate (P2O5), niobium (Nb) tantalum (Ta), uranium (U), rare earth elements (“REEs”), and other elements and compounds of economic interest. The Prairie Lake Project consists of 46 mining claims (27 single cell and 19 boundary cell mining claims), is owned 100% by the Company, is royalty-free and the mining-land tenure is secure for decades to come.

At Prairie Lake, the Company continues to evaluate the potential for producing concentrates containing a number of minerals – including those containing phosphate, REEs, niobium and other marketable products. The sheer size of the project, with a current Exploration Target of between 515 and 630 million tonnes of mineralization (refer to the technical report filed on SEDAR containing a full description of the Exploration Target), coupled with the excellent logistics and ease of production, are indicators of the prospective nature of the project. The Company is actively seeking funding that will enable further work programs to be conducted including additional sampling for evaluation and resource estimation.

Prairie Lake has the potential to produce a number of minerals and elements for industries which are forecast to require substantially increasing supply over the coming years – high-tech and “green” industries that require the REEs and niobium to fabricate the products of tomorrow. Prairie Lake could also be a very significant source of phosphate or other products with agricultural applications – phosphate is a compound with vital agricultural and industrial applications and carbonatites are used elsewhere as soil amendment additives to neutralize acids in soils. The use of calcium phosphate in agriculture is essential in sustaining crop yields to supply an increasing world population. Other compounds with industrial applications are also being examined for economic viability. The abundance and diversity of minerals in the rocks that comprise the Prairie Lake complex provides broad scope for potential exploitation – the Company continues to evaluate the options to determine those elements and minerals that provide the greatest economic potential.

In the fourth quarter of 2018, sampling was conducted to obtain material for evaluation as an agricultural product and soil additive. Subsequently the material was shipped for analysis and evaluation as a soil amendment in several agricultural applications. The results of the evaluation indicate that the phosphate-bearing rock has applicability as a soil amendment additive and because of the OMRI listing can be used in organic agricultural practices. The potential size of the soil amendment market is significant, both the conventional and organic sectors, and as a result this development may have a substantial impact on the economics of the project.

In June 2019 the Company received the results for previously unsampled drill core from the 2007 drilling program. This additional sampling of holes NP0702 and NP0714 significantly extends the known niobium (Nb), tantalum (Ta), phosphorus (P) intercepts in these holes and adds assays for rare earth elements (REE) including lanthanum (La), cerium (Ce), samarium (Sm), neodymium (Nd) and yttrium (Y). When combined with previously reported sampling (see press release dated January 7, 2008), the new results extend the intersection in hole NP0714 to 45.9m 0.207 % Nb<sub>2</sub>O<sub>5</sub> and 5.26 % P<sub>2</sub>O<sub>5</sub> with 43 g/t Ta, between 4.1m and 50.0m, from the 17.45m length reported in 2008.

During Q3 and Q4 2019 Prairie Lake drill core was cut in preparation for sampling and analysis – when conducted this sampling will provide more extensive analytical coverage of the mineralized zones that have been identified in the previously reported Exploration Target.

In Q1 2020 additional carbonatite rock was provided to an interested party for analysis and evaluation as a soil amendment additive.

## **Egypt**

Nuinsco has retained a presence in Egypt through its interest in Egypt-based Z-Gold Limited (“Z-Gold”). The Company has been evaluating opportunities there for approximately ten years. Management regards the country as an underexplored opportunity for mineral exploration and development. In 2018, Nuinsco (through Z-Gold) won a competitive bid for the right to evaluate the viability of gold production from waste dumps and tailings at the past-producing El Sid mine in Egypt (at a cost of \$147,000). To fund the acquisition, the Company began selling royalties (the “Royalties”) on future gold and associated minerals produced from El Sid. The Company has received proceeds of \$124,908 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 was sold to management and directors of the Company to assist in funding the project. This amount was credited against the carrying value of El Sid.

Located in Egypt’s Eastern Desert, approximately 90km west of the town of Quseir on the Red Sea coast, El Sid is easily accessible via a paved road that passes through the project site. Three past producing gold mines are located on the project – the largest of which is the El Sid Mine which operated primarily between 1949 and 1957 and was Egypt’s largest gold producer. The mineralization exploited at El Sid consisted of sulphide and native gold-bearing quartz veins in granite and deformed volcanic rock. The mines were high-grade – averaging more than 30 g/t gold. Estimates are that the accumulated dumps and tailings on surface at the site amount to more than 300,000 tonnes with an average grade exceeding 3.0 g/t gold for a total of about one tonne (approximately 32,151 troy ounces) of contained gold (all estimates are based upon historic information and Nuinsco is not treating this information as a current mineral resource or mineral reserve).

Of significance to the Company is the fact that the rock adjacent to the exploited veins also carried gold but was rejected and dumped as waste. This waste, which runs to several grams per tonne gold and averages over 4.4g/t, along with a considerable volume of tailings, is available for processing and gold recovery with potentially a very short timeline to gold production – measured in months – at which point the Company expects to have cash flow for non-dilutive funding of existing projects and evaluation of potential project acquisitions.

The occurrence of broken mineralized rock in the waste dumps and tailings piles already at surface streamlines the process and reduces the cost of evaluation of grade, tonnage, metallurgy and exploitation. As a result capital and operating costs are anticipated to be low and the timeline to production and revenue generation short relative to conventional underground mine development.

Three site visits have been conducted to El Sid during which sampling was conducted: the average grade of all 565 samples collected from the waste dump at El Sid is 4.41g/t gold. The sampling program included the use of a backhoe to excavate trenches and pits into the waste pile in order to ascertain grades other than from the surface of the pile. The waste dump attains a maximum thickness of 15m, to date maximum trench depth has been >7m while pits were excavated at the base of the waste pile at between 10m and 15m below the upper surface of the waste dump. All analyses were conducted by ALS Limited at their analytical laboratory in Izmir, Turkey. Metallurgical testing by MetSolve Laboratory in Langley, BC has shown that a combination of gravity and leaching or flotation provides very good gold recovery. At the same time an inventory of the site was conducted in preparation for completion of the Agreement (as defined below) allowing the Company free access.

The results of the economic evaluation indicate that the El Sid project is economic using conservative estimation of economic parameters and it could quickly produce revenue. The Company is now attempting to source capital funding to build the processing plant on-site.

## Definitive agreement

The Company executed a definitive agreement (the "Agreement") for El Sid on November 7, 2018. The Agreement has been executed between Shalateen Mineral Resources Company which holds the right to exploit the dumps and tailings, and Z-Gold.

The Company continues to evaluate other mineral exploration, mining and processing opportunities in Egypt.

## RESULTS OF OPERATIONS

*Three months ended March 31, 2020 compared to the three months ended March 31, 2019*

### Revenues

The exploration properties of the Company are still in the early exploration and development stage. Until sufficient work has been completed to confirm the feasibility of any specific interest being placed into production, it is not anticipated that the Company will have any material production revenue.

(in Canadian dollars)	Notes	2020	2019
<b>Other expenses</b>			
General and administrative	(a)	\$ 109,498	\$ 178,962
Depreciation of property and equipment		1,316	1,631
<b>Operating loss</b>		<b>(110,814)</b>	(180,593)
<b>Other income</b>			
Interest income		-	660
<b>Loss before income taxes</b>		<b>(110,814)</b>	(179,933)
Income tax expense		-	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (110,814)</b>	<b>\$ (179,933)</b>
<b>Loss per share</b>			
Basic and diluted loss per share		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

During the first quarter of 2020, the Company focused on a drill program at the Company's Sunbeam project. Business activity curtailed towards the end of March with the COVID restrictions, and inability to travel to sites (thus reducing general expenditures).

- (a) General and administrative expenses consisted of accrued management and directors' fees, rent, salary for administrative staff, insurance, transfer agent, legal and other administrative costs to maintain the Company in good standing.

## SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters ended is as follows:

	1st Quarter 2020	4 <sup>th</sup> Quarter 2019	3 <sup>rd</sup> Quarter 2019	2 <sup>nd</sup> Quarter 2019
Net loss	\$ (110,814)	\$ (207,378)	\$ (130,367)	\$ (144,433)
Total comprehensive loss	\$ (110,814)	\$ (207,378)	\$ (130,367)	\$ (144,433)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	1st Quarter 2019	4 <sup>th</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018
Net (loss) income	\$ (179,933)	\$ 157,211	\$ (120,569)	\$ 160,324
Total comprehensive (loss) income	\$ (179,933)	\$ 157,211	\$ (120,569)	\$ 160,324
Loss (income) per share - basic and diluted	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00

Variations in the quarterly results of operations are largely a function of the timing of property and other write-downs, 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.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2020, the Company had a working capital deficiency of \$407,991 (December 31, 2019 – working capital deficiency of \$285,753); being defined as current assets less current liabilities.

The Company had a decrease of cash and cash equivalents of \$108,625 during Q1 2020, compared with a decrease of \$256,163 during Q1 2019. The decrease in Q1 2020 was related to the \$32,260 of cash used in operating activities and \$76,365 spent on the Company's exploration and evaluation assets.

The Company's 2020 monthly cash burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$11,000. At its current operating level, the Company will not have sufficient funds to cover short-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. To help with the liquidity issues, management and directors have been deferring compensation, and have in the past, settled part of these fees in exchange for common shares (to help preserve cash). As such, the Company will need additional financing for costs related to corporate operations and exploration activities. The Company is currently addressing its liquidity concerns by proactively planning future financings through the sale of equity and/or the sale of mineral properties. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to secure any required financing.

The primary need for liquidity is to fund exploration programs and to maintain general corporate operations. The primary source of liquidity in the past has primarily been private financings and the sale of the Company's mineral properties.

Overall, given the working capital deficiency at March 31, 2020, the Company will not be able to meet its general operational requirements for 2020, and will require additional capital for exploration programs in 2020 and to funds operations.

The table below summarizes Nuinsco's contractual commitments as at the date of this MD&A.

<u>Contractual Commitment</u>	<u>Term</u>
\$9,750 - Operating lease - premises	One-year term expiring September 2020

Sunbeam Gold project – \$75,000 option payment due May 3, 2020. This payment is past due. The Company is currently in discussions for an amendment to the agreement to cure the default.

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 can be used for domestic work programs but do not provide the funding necessary to meet corporate or foreign expenditures which do not qualify for flow-through eligibility.

The Company's management continues to hold discussions on securing financing. 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 and it 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.

## **IMPAIRMENT ANALYSIS UPDATE**

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. The valuation of resource properties is difficult, and management cannot reliably estimate any recoverable amount. As a result, in 2015, the Company chose to write down the value of the property assets to nil. The Company will revisit the valuation of these assets at the end of every year end and will recognize a recovery if the fair value of these assets can be reliably determined (as was done with the Diabase property as at December 31, 2017).

The Company also monitors the value of the Participating Interest on an ongoing basis. In light of uncertainty over the timing of the payments and the depressed state of the oil and gas industry at the time in 2015, the Company wrote down the valuation of the Participating Interest to nil.



## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates used in the preparation of the Condensed Interim Consolidated Financial Statements include determining the carrying value of investments and Evaluation and Exploration (“E&E”) projects, assessing the impairment and classification of long-lived assets, 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 to the Company’s Condensed Interim 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 (subject to impairment) that are expected to be recovered in the underlying mineral resources associated with the properties. 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

There have been no new accounting policies adopted by the Company that have had a material impact.

## CORPORATE GOVERNANCE

As noted above, 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 Condensed Interim 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 an Audit Committee consisting of financially literate, independent and unrelated directors. Other committees of the Board of Directors are the Corporate Governance and Nominating and Compensation Committee.

## RELATED PARTY TRANSACTIONS AND BALANCES

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 three months ended March 31, 2020 and March 31 2019 are shown in the following table:

	2020	2019
Short-term employee benefits	\$ 89,625	\$ 89,625

During the three months ended March 31, 2020, the Company was charged \$9,000 (three months ended March 31 2019 - \$9,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at March 31, 2020, \$81,360 (December 31, 2019 - \$71,190) is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2020, the Company was charged \$37,500 (three months ended March 31 2019 - \$37,500) by Paul Jones, the Chief Executive Officer of the Company. As at March 31, 2020, \$712,500 (December 31, 2019 - \$675,000) is owing for management fees and is included in long-term liabilities. The Company also owes Mr. Jones \$93,118 for expenses paid for on behalf of the Company and advances. These amounts have no specific terms for repayment and are included in accounts payable and accrued liabilities.

During the three months ended March 31, 2020, the Company was charged \$12,000 (three months ended March 31 2019 - \$12,000) by Sean Stokes, Executive Vice President of the Company. As at March 31, 2020, \$186,000 (December 31, 2018 - \$174,000) is owing and included in long-term liabilities.

#### **OUTSTANDING SHARE DATA**

As at the date of this report, the Company had 441,813,323 common shares issued and outstanding. In addition, there were 31,325,000 stock options outstanding.

#### **RECENT DEVELOPMENTS**

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

#### **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 the sale of assets, including project interests, or other means. Generally, 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.

#### **Loss of Participating Interest**

The Company holds an unsecured Participating Interest in the cash flows generated from the sale of frac sand as described in the Annual Audited Consolidated Financial Statements and elsewhere in this MD&A. Presently, the Company is uncertain as to when it may receive any cash flows from the Participating Interest. There can be no assurance that Victory Nickel will be able to restructure all of its debt and/or recapitalize and there is no certainty as to what steps the lenders may take in light of these defaults. As a result, the possibility exists that Nuinsco may lose its Participating Interest and any potential value associated therewith.

#### **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.

### ***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.

### ***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). Please also see ***Unfavourable Global Economic Conditions below***.

#### ***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***

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.

#### ***Unfavourable Global Economic Conditions***

The Company's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn could result in a variety of risks to the business, including the Company's ability to raise additional capital when needed on acceptable terms, if at all. Any of the foregoing could harm the Company's business and management cannot anticipate all of the ways in which the current or future economic climate and financial market conditions could adversely impact the business. For example, in early 2020, COVID-19 was reported in many countries around the globe. The extent to which the COVID-19 impacts the Company and its results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the COVID-19 or remedy its impact, among others.

#### **Summary**

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector as well as those specific to the Company. Currently, the most significant risk is the ability of the Company to meet its cash obligations as they come due as the Company currently has very limited funds. Other risks include obtaining necessary financing under acceptable terms or finding strategic partners to fund expenditure commitments as they fall due, 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, working capital, ability to maintain operations and/or assumptions in respect of production, revenue, cash flow, financing, the probability of cash flows from the Participating Interest, 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 Participating Interest ; 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.