



NUINSCO RESOURCES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

DATED MARCH 30, 2015

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

All of the information in the annual report and accompanying consolidated financial statements of Nuinsco Resources Limited is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for public companies, being international financial reporting standards. Where necessary, management has made judgements and estimates in preparing the consolidated financial statements, and such statements have been prepared within acceptable limits of materiality. The financial information contained elsewhere in the annual report has been reviewed to ensure that it is consistent with the consolidated financial statements.

Management maintains appropriate systems of internal control to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The 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 independent non-executive Directors, meets with management and the external auditor to review the auditor's report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

A firm of independent Chartered Accountants, appointed by the shareholders, audits the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides an independent professional opinion thereon. The external auditors have free and full access to the Audit Committee with respect to their findings regarding the fairness of financial reporting and the adequacy of internal controls.

Paul L. Jones
CEO and Director
March 30, 2015

Alison J. Sutcliffe
Vice-President, Finance and CFO
March 30, 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of operations, comprehensive (loss) income, shareholders' equity and cash flows for the year ended December 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nuinsco Resources Limited as at December 31, 2014 and the results of its operations and its cash flows for the year ended December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has not commenced commercial production and accordingly the Company is dependent upon debt or equity financing and the optioning and/or sale of resource or resource-related assets for its funding. These conditions, along with significant liquidity risks and other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matters

The consolidated financial statements of Nuinsco Resources Limited as at and for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements in their report dated March 31, 2014.

(signed) Flabbi and Associates LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 30, 2015

Consolidated Balance Sheets

(in thousands of Canadian dollars)	<i>Notes</i>	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash	6	\$ 14	\$ 249
Receivables	7	92	109
Marketable securities	8	957	3,656
Total current assets		1,063	4,014
Non-current assets			
Property and equipment	10	79	93
Exploration and evaluation projects	11	13,204	12,982
Interest in CBay Minerals	12	452	6,331
Participating Interest	13	4,119	4,100
Total non-current assets		17,854	23,506
Total Assets		\$ 18,917	\$ 27,520
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	15	\$ 736	\$ 338
Loan payable	16	-	2,427
Total current liabilities		736	2,765
Total Liabilities		736	2,765
Shareholders' equity			
Share capital	18	98,169	98,169
Contributed surplus		5,589	5,560
Accumulated other comprehensive loss		(1,720)	(1,458)
Deficit		(83,857)	(77,516)
Total shareholders' equity		18,181	24,755
Total Liabilities and Shareholders' Equity		\$ 18,917	\$ 27,520

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

CONTINGENCY (Note 26)

Approved by the Board of Directors

(signed)

René R. Galipeau

Director

(signed)

Bob Wardell

Director

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

Consolidated Statements of Operations

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)	Notes	2014	2013
Other expenses			
General and administrative		\$ (788)	\$ (872)
Share-based payments:	20		
Options		(29)	(124)
Depreciation of property and equipment	10	(18)	(20)
Pre-exploration write-offs	11	(197)	(80)
Writedown of exploration and evaluation projects	11	(45)	(1,171)
Operating loss		(1,077)	(2,267)
Finance income	21	89	4,703
Finance costs	21	(1,386)	(326)
Net finance (costs) income		(1,297)	4,377
(Loss) income before the undernoted		(2,374)	2,110
Interest in CBay Minerals	12	(202)	(467)
Loss on disposition of Interest in CBay Minerals	12	(3,705)	-
(Loss) income before income taxes		(6,281)	1,643
Income tax (expense) recovery	22	(60)	80
Net (Loss) Income for the Year		\$ (6,341)	\$ 1,723
(Loss) earnings per share	19		
Basic (loss) earnings per share		\$ (0.02)	\$ 0.01
Diluted (loss) earnings per share		\$ (0.02)	\$ 0.01

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

Consolidated Statements of Comprehensive (Loss) Income

Years ended December 31, (in thousands of Canadian dollars)	Notes	2014	2013
Net (Loss) Income for the Year		\$ (6,341)	\$ 1,723
Other comprehensive (loss) income			
Net change in fair value of financial assets	8	(322)	375
Income tax recovery (expense)	22	60	(80)
Other comprehensive (loss) income for the year		(262)	295
Total Comprehensive (Loss) Income for the Year		\$ (6,603)	\$ 2,018

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

Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balances as at January 1, 2013		\$ 98,169	\$ 5,436	\$ (1,753)	\$ (79,239)	\$ 22,613
Total comprehensive income for the year						
Net income for the year					1,723	1,723
Other comprehensive income						
Net change in fair value of financial assets	8			375		375
Income tax expense	22			(80)		(80)
Total other comprehensive income				295		295
Total comprehensive income for the year						2,018
Transactions with owners, recorded directly in equity						
Contributions by owners in the year						
Options granted and vesting	20	-	124	-	-	124
Total contributions by owners		-	124	-	-	124
Total transactions with owners		-	124	-	-	124
Balances as at December 31, 2013		\$ 98,169	\$ 5,560	\$ (1,458)	\$ (77,516)	\$ 24,755
Balances as at January 1, 2014		\$ 98,169	\$ 5,560	\$ (1,458)	\$ (77,516)	\$ 24,755
Total comprehensive income for the year						
Net loss for the year					(6,341)	(6,341)
Other comprehensive loss						
Net change in fair value of financial assets	8			(322)		(322)
Income tax recovery	22			60		60
Total other comprehensive loss				(262)		(262)
Total comprehensive loss for the year						(6,603)
Transactions with owners, recorded directly in equity						
Contributions by owners in the year						
Options vesting	20	-	29	-	-	29
Total contributions by owners		-	29	-	-	29
Total transactions with owners		-	29	-	-	29
Balances as at December 31, 2014		\$ 98,169	\$ 5,589	\$ (1,720)	\$ (83,857)	\$ 18,181

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

Consolidated Statements of Cash Flows

Years ended December 31, (in thousands of Canadian dollars)	Notes	2014	2013
Cash flows from operating activities			
Net (loss) income for the year		\$ (6,341)	\$ 1,723
Adjustments for:			
Share-based payments	20	29	124
Depreciation of property and equipment	10	18	20
Writedown of exploration and evaluation projects	11	45	1,171
Interest in CBay Minerals	12	202	467
Loss on disposition of Interest in CBay Minerals	12	3,705	-
Net finance costs (income)	20	1,294	(4,354)
Income tax expense (recovery)	22	60	(80)
Change in receivables		6	(25)
Change in trade and other payables		98	34
Net cash used by operating activities		(884)	(920)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	11	(233)	(1,184)
Funding to CBay Minerals	12	(399)	(995)
Advance under Amended Loan	13	-	(1,207)
Proceeds on sale of marketable securities	8	1,528	22
Purchase of marketable securities	8	-	(84)
Net purchase of property and equipment	10	(4)	(46)
Interest received	13	50	129
Net cash from (used by) investing activities		942	(3,365)
Cash flows from financing activities			
Loan fee paid	16	(75)	(7)
Interest paid	16	(218)	(182)
Net proceeds of loan	16	-	2,500
Net cash (used by) from financing activities		(293)	2,311
Net Decrease in Cash		(235)	(1,974)
Cash, Beginning of the Year		249	2,223
Cash, End of the Year		\$ 14	\$ 249

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

Notes to the Consolidated Financial Statements

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Nuinsco Resources Limited (“Nuinsco” or the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the years ended December 31, 2014 and 2013 comprise the Company and its subsidiaries (together referred to as “Nuinsco” and individually as “Nuinsco entities”) and Nuinsco’s interest in jointly-controlled entities. Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals (Note 23). The Company conducts its activities on its own or participates with others on a joint venture basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties. Refer to Notes 11, 12, 13, 24 and 25 to these consolidated financial statements.

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

Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles (“GAAP”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at December 31, 2014, the Company had working capital of \$327,000 (December 31, 2013 – working capital of \$1,249,000). Working capital is defined as current assets less current liabilities. Marketable securities comprise investments in other resource companies the markets for which are not always liquid.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, realization on its marketable securities as required and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company’s projects through exploration and development to the production stage will require significant financing. Given the current economic climate, the ability to raise funds has been and may continue to be difficult.

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

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

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

The Company’s only source of liquidity is its marketable securities, the price of which has declined since December 31, 2014. Presently, the Company is facing a significant shortfall in liquidity before it expects any cash flows from the Participating Interest. The Company presently has no specific plans in place to secure this funding although management continues to hold discussions on securing financing or potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company’s treasury will be depleted in a few months and it will be unable to fund continuing

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

operations and corporate administration costs. A restructuring of staff commenced in March 2015 but a financial restructuring and refinancing will likely be required in the second quarter of 2015. If the Company is unable to complete a financial restructuring and obtain additional financing on a timely basis, the Company will be required to curtail all of its operations and may be required to liquidate its assets.

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

The 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"). These pronouncements are GAAP for a Canadian public company.

These consolidated financial statements reflect the accounting policies described in Note 3.

The management of Nuinsco prepares the consolidated financial statements which are then reviewed by the Audit Committee and the Board of Directors. The consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2015. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

The financial statements have been prepared on the historic cost basis except for derivative financial instruments such as warrants and the Participating Interest which are measured at fair value with changes through operations and financial assets such as marketable securities which are measured at fair value with changes recorded through other comprehensive income or loss ("OCI").

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated; tabular amounts are stated in thousands of dollars.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements 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 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 financial statements is included in the following notes:

- Notes 8 and 9 valuation of financial assets at fair value through OCI and operations;
- Note 11 measurement of the recoverable amounts of exploration and evaluation projects;

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

- Note 12 valuation of Interest in CBay Minerals;
- Note 13 valuation of Participating Interest;
- Note 14 valuation of deferred tax assets; and
- Note 20 measurement of share-based payments.

Significant Judgements

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

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

- Note 1 going concern assessment;
- Note 11 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 11 impairment of exploration and evaluation projects;
- Note 12 assessment of influence over CBay Minerals;
- Note 14 recoverability of deferred tax assets; and
- Note 26 disclosure of contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in detail below. Such policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Nuinsco entities.

(a) New Accounting Policies

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

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Nuinsco. Control exists when Nuinsco has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Nuinsco. Significant Company entities are listed in Note 25.

(ii) Jointly-controlled operations

Effective January 1, 2013, the Company adopted IFRS 11. The standard is applicable to the Company's interest in CBay which was considered a joint venture and was accounted for using the equity method of accounting until the reduction in the Company's interest to 7.5% as described above and in Note 12.

This shows the interest in CBay as one-line item in each of the consolidated balance sheets and statements of operations. As described in Note 12, the Company's interest in CBay has been reduced to 7.5% and the Company no longer has significant influence over CBay. Accordingly, the investment in CBay is carried at fair value.

(iii) Transactions eliminated on consolidation

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

(c) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Nuinsco entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency

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translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized through operations, except for differences arising on the retranslation of financial assets at fair value, which are recognized directly in OCI. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

(d) Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9"), which impacts the classification and measurement of financial assets, has been adopted by the Company.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, receivables, cash, other long-term liability and trade and other payables.

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

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

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

Financial assets at fair value through OCI

Nuinsco's investments in equity securities are classified as financial assets at fair value through OCI. Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on monetary items (which do not include equity investments) are recognized directly in OCI.

Financial assets at amortized cost

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

(ii) Derivative financial instruments

Financial assets at fair value through operations

Nuinsco may hold warrants as part of its portfolio of marketable securities which are classified as financial assets at fair value through operations.

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

(e) Property and Equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within *Other income* in the consolidated statement of operations.

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

(ii) Depreciation

Depreciation is calculated as a function of the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation commences when assets are available for use.

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

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

Item	Method	2014	2013
Equipment	Declining-balance	20%	20%

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

(f) Exploration and Evaluation Projects

(i) Exploration and Evaluation expenditures

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

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

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

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

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

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

(ii) Pre-E&E expenditures

Pre-E&E expenditures are incurred on activities that precede exploration for an evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area. Pre-E&E expenditures are expensed immediately as *Pre-exploration write-offs* through the consolidated statement of operations.

(iii) Impairment

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

- the term of exploration license for the project has expired during the reporting period or will expire in the near

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

future, and is not expected to be renewed;

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

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

(g) Government Grants

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

(h) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis.

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

(ii) Non-financial assets

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

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

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

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

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(i) Employee Benefits

(i) Termination benefits

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

(ii) Short-term benefits

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

(iii) Share-based payments

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

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

(j) Provisions

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

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

(k) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including financial assets at fair value), gains on the disposal of financial assets, amortization of flow-through premiums and changes in the fair value of financial assets at fair value through operations. Interest income is recognized as it accrues through operations, using the effective interest method. Gains on the disposal of financial assets are recognized on the settlement date.

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

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

(l) Income Taxes

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

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

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

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

Nuinsco has unrecorded deferred tax assets equal to the full amount of the deferred income tax benefit. The probability of utilizing the remaining unused tax losses and other tax deductions cannot be determined at this time.

(m) Share Capital

Common shares

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

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issued on a flow-through basis typically include a premium because of the tax benefits associated therewith ("Flow-through Premium"). Flow-through shares may also be issued with a warrant feature. At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, the common share and the warrant with reference to closing market prices and such techniques as the Black-Scholes option-pricing model. The flow-through premium is estimated as the excess of the subscription price over the market value of the share and is recorded as a liability in *Trade and other payables* on the consolidated balance sheet (Note 15). The proceeds attributable to the warrants are also treated as equity and recorded in *Contributed surplus* on the consolidated balance sheet until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise.

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

Furthermore, as eligible expenditures are incurred, the Company recognises a pro rata amount of the Flow-through Premium through *Finance income* in the consolidated statement of operations (Note 21) with a decrement to the liability in *Trade and other payables* on the consolidated balance sheet (Note 15).

Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the "Stock Option Plan") which is described in Note 20. Awards to non-employees are measured at the fair value of the goods or services received. Awards made to employees are measured at the grant date. All share-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate the share-based payment. The share-based payment is charged to operations over the vesting period of the options or service period, whichever is shorter. Stock options vest either immediately or over a 12-month period.

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Share Incentive Plan

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

The Share Incentive Plan is described in Note 18. The Company uses the fair value method of accounting for, and to recognize as its share-based payments for employees. Shares issued under the Share Incentive Plan are valued based on the quoted market price on the date of the award. This amount is expensed over the vesting period.

(n) Earnings (Loss) per Share

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

(o) 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, 2014 and have not been applied in preparing these 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 DISCLOSURES

Overview

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

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

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

Risk Management Framework

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

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

Credit Risk

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

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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.

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.

Participating Interest

The loan receivable bore interest at a fixed rate and was secured on equipment of the borrower through registered security agreements. Failure of the borrower to meet contractual obligations would have resulted in seizure of the borrower's assets. Upon Conversion, as described in Note 13, the loan receivable became unsecured and is now referred to as the "Participating Interest".

Marketable securities

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

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will enure to the Company. As at December 31, 2014 and 2013, the Company had no guarantees outstanding.

Liquidity Risk

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

The Company's only source of liquidity is its marketable securities, the price of which has declined since December 31, 2014. Presently, the Company is facing a significant shortfall in liquidity before it expects any cash flows from the Participating Interest. The Company presently has no specific plans in place to secure this funding although management continues to hold discussions on securing financing or potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company's treasury will be depleted in a few months and it will be unable to fund continuing operations and corporate administration costs.

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

The Company has no significant long-term liabilities. All other contractually-obligated cash flows are payable within the next fiscal year with the exception of the Company's lease commitment described in Note 17.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income, the value of its E&E properties or the value of its holdings of

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financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on purchases, certain marketable securities 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.

The Company incurs expenditures related to the Berta project in Turkey, and certain general and administrative expenses, in US\$ and occasionally in the Euro.

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 Company's results of operations. None of the Company's other financial instruments are interest-bearing. The fair value of the Participating Interest includes a discount rate; any significant changes in interest rates would be taken into account in selecting an appropriate discount rate. However, the Company is not exposed to any significant interest rate risk on other significant assets or liabilities which could be caused by a sudden change in market interest rates.

Other market price risk

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

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

Operational Risk

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

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

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

The Company also has standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- ethical and business standards; and

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- risk mitigation, including insurance when this is effective and available.

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

Capital Management Disclosures

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

As at December 31,	Note	2014		2013	
Shareholders' equity		\$	18,181	\$	24,755
Loan payable	16		-		2,427
		\$	18,181	\$	27,182

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

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 year.

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) Marketable Securities

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

(b) 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.

(c) Warrants

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

(d) 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

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cash flows as described in Note 13.

(e) Non-derivative Financial Liabilities

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

(f) Share-based Payment Transactions

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

6. CASH

As at December 31,	2014	2013
Bank balances	\$ 14	\$ 249
Cash in the Statements of Cash Flows	\$ 14	\$ 249

7. RECEIVABLES

As at December 31,	Notes	2014	2013
Receivables from Victory Nickel Inc.			
Due under management agreement	24	\$ 52	\$ 56
Commitment fees receivable	13	-	11
Other receivables		3	5
Prepaid expenses and deposits		37	37
		\$ 92	\$ 109

8. MARKETABLE SECURITIES

As at December 31,	2014	2013
Financial assets at fair value through OCI		
Victory Nickel Inc. - shares	\$ 947	\$ 2,701
Other	10	94
	957	2,795
Financial assets at fair value through operations		
Victory Nickel Inc. - warrants	-	861
	\$ 957	\$ 3,656

All of the Company's marketable securities are in companies which are publicly-listed; financial assets at fair value through OCI are valued using Level 1 methodologies, financial assets at fair value through operations are valued using Level 3 methodologies as described below.

On July 30, 2013, Nuinsco significantly increased its shareholding in Victory Nickel through its agreement to backstop an equity issue. IFRS 13 provided clarification that the Black-Scholes option-pricing model is considered to be a Level 3 valuation methodology since it uses historic volatility. IFRS 9 states that, at inception, the fair value of an asset made using a Level 3 methodology cannot be recognized in excess of the transaction value paid using a Level 1 methodology, therefore \$592,000 of that amount was not recorded. However, future changes from that recognition value must be recorded through operations even when a Level 3 valuation methodology is used. As at December 31, 2014, the fair value of the warrants was below that amount (being approximately \$156,000), therefore the warrants are recorded at \$nil in the financial statements.

The subscription under the rights offering brought Nuinsco's interest in Victory Nickel's shares to approximately 12.24% at July 30, 2013 on a non-diluted basis and, accordingly, Nuinsco became a related party of Victory Nickel at that time. As at December 31, 2014, the interest on a non-diluted basis is 6.99% (December 31, 2013 – 11.91%). The

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Company continues to account for its investment in Victory Nickel as marketable securities and any changes in the value of shares will be accounted for through OCI with changes in the value of warrants from recognition date being accounted for through *Finance income* or *Finance costs* in the consolidated statement of operations.

The fair value of warrants, before taking effect of any unrecognized amount, is based upon the Black-Scholes option-pricing model with assumptions described in the table below and is disclosed after the retroactive effect of Victory Nickel's one-for-ten share consolidation:

As at December 31,		2014		2013
Fair value	\$	0.029	\$	0.27
Share price at valuation date	\$	0.235	\$	0.45
Assumptions				
Exercise price	\$	0.35	\$	0.35
Expected volatility		84%		115%
Expected remaining term (years)		0.58		1.58
Expected dividends		-		-
Risk-free interest rate		1.00%		1.12%

Sensitivity Analysis – Equity Price Risk

All of the Company's financial assets at fair value through OCI are listed on public stock exchanges, including the TSX, the TSX-V and the ASX. Recently, the markets have experienced extreme volatility, therefore a sensitivity analysis is performed using 15%. For such investments, a 15% increase in the equity prices at the reporting date would have increased OCI by \$125,000, net of tax effects of \$19,000 (December 31, 2013 - an increase of \$364,000, net of tax effects of \$56,000); an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above. For warrants, a 15% increase in value would have increased net income by \$nil, net of tax effects of \$nil (December 31, 2013 – an increase of \$112,000 net of tax effects of \$17,000). The value of the Company's investments has declined since December 31, 2014.

9. FINANCIAL INSTRUMENTS

Credit Risk

Exposure to credit risk

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

As at December 31,	Notes		2014		2013
Carrying amount					
Cash	6	\$	14	\$	249
Receivables	7		92		109
Financial assets at fair value through OCI	8		957		2,795
Financial assets at fair value through operations	8		-		861
Interest in CBay Minerals	12		452		-
Participating Interest	13		4,119		4,100
		\$	5,634	\$	8,114

The Interest in CBay Minerals was held through a joint arrangement in 2013, accordingly, there was no credit risk at that time.

Liquidity Risk

The following tables show the contractual maturities of financial assets and liabilities, including estimated interest payments. For the Participating Interest, the cash flows are estimated based on the gross cash flows in the model as described in Note 13. The loan receivable is a financial asset at fair value through operations and is recorded at fair value. Since the loan had not been converted as at December 31, 2013, the contractual cash flows are shown in the table based on the maturity of the loan. Note 13 describes the factors taken into account in arriving at the fair values which includes estimated cash flows.

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	Notes	Financial assets			Total
		Participating Interest	Loan receivable	Receivables	
As at December 31, 2014					
Carrying amount	13	\$ 4,119	\$ -	\$ 92	\$ 4,211
Contractual cash flows		7,667	-	55	7,722
6 months or less		-	-	55	55
1 - 2 years		4,215	-	-	4,215
2 - 5 years		3,452	-	-	3,452
As at December 31, 2013					
Carrying amount	13	\$ -	\$ 4,100	\$ 109	\$ 4,209
Contractual cash flows		-	1,130	61	1,191
6 months or less		-	60	61	121
6 - 12 months		-	60	-	60
1 - 2 years		-	1,010	-	1,010
Non-derivative financial liabilities					
		Loan payable	Trade and other payables	Total	
As at December 31, 2014					
Carrying amount		\$ -	\$ 736	\$ 736	
Contractual cash flows		-	736	736	
6 months or less		-	736	736	
As at December 31, 2013					
Carrying amount		\$ 2,427	\$ 338	\$ 2,765	
Contractual cash flows		2,634	338	2,972	
6 months or less		2,634	338	2,972	

The contractual cash flows reflected in the tables above exclude the non-cash prepaid expenses and flow-through premium liability.

Currency Risk

Exposure to currency risk

The Company's exposure to foreign currency risk is not material.

Fair Value

Fair values versus carrying amounts

The fair values of financial assets and liabilities equal the carrying amounts shown in the consolidated balance sheets. The Company has not made any reclassifications between financial assets recorded at cost or amortized cost and fair value. There have been no transfers of financial assets between Level 1, Level 2 and Level 3 during the current and previous reporting periods. All of the shares owned by the Company are valued using Level 1 methodologies. All of the warrants owned by the Company are valued using Level 3 methodologies.

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10. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
Balance as at January 1, 2013	\$ 413	\$ 311	\$ 102
Additions	11	-	11
Depreciation	-	20	(20)
Balance as at December 31, 2013	424	331	93
Additions	4	-	4
Depreciation	-	18	(18)
Balance as at December 31, 2014	\$ 428	\$ 349	\$ 79

11. EXPLORATION AND EVALUATION PROJECTS

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

	January 1, 2014	Current Expenditures	Effect of Recoveries	Writedown of E&E Projects	December 31, 2014
URANIUM AND RARE METALS					
Diabase Peninsula	\$ 9,308	\$ 123	\$ -	\$ -	\$ 9,431
Prairie Lake	3,674	98	-	-	3,772
Other	-	1	-	-	1
	12,982	222	-	-	13,204
GOLD AND COPPER					
Berta	-	45	-	(45)	-
	-	45	-	(45)	-
	\$ 12,982	\$ 267	\$ -	\$ (45)	\$ 13,204
	January 1, 2013	Current Expenditures	Effect of Recoveries	Writedown of E&E Projects	December 31, 2013
URANIUM AND RARE METALS					
Diabase Peninsula	\$ 9,046	\$ 262	(see below) \$ -	\$ -	\$ 9,308
Prairie Lake	3,372	302	-	-	3,674
	12,418	564	-	-	12,982
GOLD AND COPPER					
Chibougamau camp	440	604	(1,024)	(20)	-
Berta	1,202	13	(64)	(1,151)	-
	1,642	617	(1,088)	(1,171)	-
	\$ 14,060	\$ 1,181	\$ (1,088)	\$ (1,171)	\$ 12,982

Uranium and Rare Metals

Diabase Peninsula

In December, 2004, Nuinsco entered into an agreement with Trend Mining Company ("Trend") to acquire a 50% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan upon the expenditure of \$1,000,000. As at December 31, 2012, Trend had no remaining interest whatsoever in the Diabase Peninsula property.

The property consists of ten contiguous claims encompassing 21,949 hectares ("ha"). Three claims were optioned while seven were staked by Nuinsco. Exploration for uranium has been undertaken at Diabase Peninsula since March, 2005, with the most recent drill program being completed in the winter of 2011 to 2012. During the winter of 2013 a modest program of geochemical sampling was initiated which included a survey consisting of sampling for detection of radon gas which is an indicator of uranium mineralization.

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In order to maintain the option on one of the claims, the Company was required to make an option payment of approximately \$935,000 by September 2, 2012; in May 2012, the Company was successful in extending the option terms for a year, with additional extensions being possible, for four quarterly cash payments of \$9,350 and \$37,600 of the Company's shares. This deferred the option payment of \$935,000 by at least one year. The shares were issued in the third quarter of 2012 and all quarterly cash payments were made.

In September, 2013, the Company negotiated a further extension whereby it is required to make payments totalling \$1,028,500 as follows: an aggregate sum of \$400,000 payable in quarterly instalments of \$25,000 up to and including June 2, 2017 and a lump sum of \$628,500 on or before September 2, 2017. The Company made two instalments of \$25,000 on each of September 2, 2013 and December 2, 2013. A further \$100,000 was paid on a quarterly basis throughout 2014 in accordance with the contract.

The claims are subject to a 3% gross production royalty payable to the vendor of the original Diabase Peninsula claim; the royalty is defined as actual metal/mineral sales with no deduction for refining or transportation expenses.

Prairie Lake

The Prairie Lake property consists of nine claims comprising 38 claim units, encompassing 608 ha. Given the presence of an historic uranium resource, as well as strongly-anomalous tantalum, niobium and phosphorus, along with widespread rare metals mineralization, diamond drilling, surface sampling and mapping programs were conducted in 2007, 2008 and 2010. A review and analysis of past results took place during 2009 and continues as did metallurgical testing. The property was subject to a 2% NSR payable on any production. Up to a maximum of one-half of the royalty could be purchased for \$1,000,000 in either cash or common shares of the Company. On January 23, 2012, the Company announced that it had acquired the entire 2% NSR through issuing 3,157,894 shares with a market value of \$300,000. The property is now royalty-free.

Gold & Copper

Chibougamau Camp

In 2012, the Company entered into an option agreement with CBay to make expenditures on its Portage and Corner Bay properties in exchange for an undivided interest in each property as follows: \$300,000 incurred on Portage up to December 31, 2012 earns a 30% undivided interest with the option to incur up to an additional \$500,000 in \$100,000 increments each earning a 5% additional undivided interest; \$1,000,000 in expenditures incurred on Corner Bay in \$250,000 increments each earning a 5% undivided interest in the property. In the second quarter of 2013, the option agreement was amended to allow the Company to more freely determine on which properties the expenditure commitments may be made. Aggregate expenditures incurred on the Chibougamau camp amounted to \$1,024,000 when Nuinsco exercised its rights under the option agreement in December (\$440,000 was expended in 2012). Pursuant to the option agreement, Nuinsco acquired interests in the Chibougamau camp aggregating that amount; subsequently, an additional \$20,000 was spent and written off to *Writedown of exploration and evaluation projects* in the consolidated statement of operations in 2013.

On December 19, 2013, CBay exercised its right to reacquire the acquired interests through issuing 1,024,263 shares in CBay. Ocean Partners also acquired 1,024,263 shares at the same time in order to maintain the 50:50 ownership interest in CBay.

In 2014, the Company committed to spend \$75,000 on the Chibougamau Camp as part of the agreement to extend the loan (Note 16).

Berta

In October, 2003, the Company entered into the Berta Joint Venture Agreement with Falconbridge Limited, now Glencore plc ("Glencore"). The Berta property is located approximately 50 km south of the Black Sea coast in north-eastern Turkey. Pursuant to the agreement, the Company was required to spend US\$350,000 to earn a 50% interest in the project.

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project. Glencore participates pro rata in funding exploration expenditures. Discussions with Glencore have been ongoing, including discussions to buy Glencore's share of the joint venture. Nuinsco has allowed itself to be diluted to approximately 36%. In 2006 and 2007, the Company completed airborne geophysics followed by diamond drilling. Drilling intersected a significant, continuous domain of strong sulphide mineralization with copper, gold, silver and zinc values. Three drill holes were completed in 2008 demonstrating further evidence of widespread copper mineralization.

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The Berta property is subject to a 2% NSR.

In 2012, Glencore commenced a 7,500 metre drilling program with budgeted expenditures of US\$2,672,000 to the end of December 2012 of which US\$1,491,000 was spent by Glencore. Full results and accounting for the work program have now been received. Nuinsco has not agreed to participate in the funding of the recent program. The Company is discussing the possible implications of this non-participation on its interest in Berta with Glencore. Subsequent to the end of the 2012 drilling program, Glencore informed Nuinsco that it would resign as operator of the project. Nuinsco has been examining the options with regard to additional exploration and/or diamond drilling on the property taking into account the existing challenges and protracted timing presently associated with permitting in Turkey. Due to the uncertainty of the aforementioned challenges, in 2013, the Company recorded a writedown of \$1,151,000 on this project as well as a reversal of an accrual of \$64,000 no longer considered necessary.

The current permitting regime in Turkey remains, accordingly, expenditures are written off as they are incurred. Although written off to \$nil, the Company intends to continue to fund its obligations while awaiting changes to the current permitting challenges and it continues to believe in the prospective nature of the Berta property.

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 in the amount of \$197,000 were written off during the year ended December 31, 2014 (December 31, 2013 - \$80,000).

12. INTEREST IN CBay MINERALS

As at December 31,	Notes	2014	2013
Balance as at beginning of year		\$ 6,331	\$ 4,779
Equity interest in loss of CBay Minerals		(202)	(365)
Other loss		-	(102)
Funding to CBay Minerals		399	995
Investment in CBay Minerals equity	11	191	1,024
Extinguishment of loan and accrued interest	16	(2,562)	-
Loss on disposition of Interest in CBay Minerals		(3,705)	-
Balance as at end of year		\$ 452	\$ 6,331

Until December 18, 2014, Nuinsco owned a 50% interest in CBay and jointly controlled the company with Ocean Partners; this interest was the culmination of the lengthy process jointly undertaken by both companies to gain control over significant assets which had secured loans to previous owners formerly originated by both parties. Effective that date, Nuinsco gave up 42.5% of its interest in CBay in satisfaction of amounts payable under a loan facility, including accrued interest as of that date. Accordingly, the Company recorded a loss on disposition of \$3,705,000 on its interests in CBay Minerals.

CBay's assets, liabilities, revenues and expenses are as follows:

As at December 31,	2013
CBay Minerals Inc.	
Cash	\$ 354
Receivables	42
Property and equipment	1,874
Exploration and evaluation project	11,082
Current liabilities	(212)
Long-term liability	(478)
Net assets of CBay Minerals Inc.	12,662
Nuinsco's interest in CBay Minerals at 50%	\$ 6,331

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	Period ended December 18, 2014	Year ended December 31, 2013
General and administrative	\$ 349	\$ 678
Net finance costs	55	52
Other loss	-	204
Net loss of CBay Minerals Inc.	404	934
Nuinsco's interest in CBay Minerals at 50%	\$ 202	\$ 467

13. PARTICIPATING INTEREST

As at December 31,	Note	2014	2013
Advance for working capital		\$ 1,000	\$ 1,000
Advance under Amended Loan for standby commitment		1,207	1,207
Aggregate advances		2,207	2,207
Accrued interest receivable		-	-
		2,207	2,207
Less: settled in Units of Victory Nickel		(1,207)	(1,207)
Less: unamortized loan fees		(124)	(161)
Change in fair value	21	3,243	3,261
		\$ 4,119	\$ 4,100

The Company entered into a loan agreement in November 2012 with Victory Nickel that provided an advance for \$1,000,000. The Loan bore interest at 12% per annum and was to mature on January 31, 2015; it was secured by equipment and a general security agreement over the borrower's assets.

On March 26, 2013, the Company announced that it had amended and restated the loan agreement to increase the secured loan facility to up to \$3,000,000 under certain circumstances (the "Amended Loan"). As with the original loan, the Amended Loan bore interest at 12% per annum, payable quarterly in arrears, and was to mature on January 31, 2015. Upon the earlier of June 1, 2014 or notification that the frac sand plant is at commercial production, the Company had the right to convert the outstanding balance of the Amended Loan into a participating interest (the "Conversion") whereby the Company is entitled to receive a share of cash flows earned from the sale of frac sand from the borrower's frac sand business. The Company's participation is based on a range of a maximum of \$10,000,000, with a minimum of \$7,500,000, and is subject to adjustment under certain circumstances which could increase or decrease this range. On Conversion, the Amended Loan would be considered paid in full.

Under the terms of the Amended Loan, Nuinsco agreed to provide a standby commitment for any equity offering initiated by Victory Nickel. This commitment was triggered for the rights offering of Victory Nickel which closed on July 30, 2013. Under the agreement, Nuinsco subscribed for 50,316,018 units for cash of \$1,207,584. Each Unit comprised one common share and one common share purchase warrant. This brought cumulative advances under the Amended Loan to Victory Nickel to \$2,207,584 and capped the Amended Loan amount at \$2,707,584 (from a maximum possible \$3,000,000) with \$500,000 remaining for drawdown to be used to develop Victory Nickel's frac sand business. The subscription under the standby commitment, among other things, is included in the calculation of Nuinsco's potential participation under the Conversion of the Amended Loan.

Interest income has been received in cash of \$50,000 in the year ended December 31, 2014 (December 31, 2013 - \$129,000). Nuinsco also received a commitment fee of \$12,000 in Victory Nickel shares in 2014.

On February 4, 2014, both Nuinsco and Victory Nickel agreed to cancel the amount available to be drawn down under the Amended Loan. This fixed the commitment fee to be paid in shares at \$12,000 and also amended the range of the Company's participation in the net cash flows earned from the sale of frac sand to a maximum of \$10,222,831 with a minimum of \$7,667,124 on the basis of a sharing percentage of 52.16%.

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The Conversion feature requires the classification of the loan as a financial asset at fair value through the statement of operations. From initial recognition until the fourth quarter of 2013, the Company considered that the fair value of the loan was equal to its amortized cost since the Company had not converted its loan and Victory Nickel's frac sand processing plant near Medicine Hat, Alberta (the "7P Plant") was under construction with significant parts to be completed and there were other significant uncertainties. During the fourth quarter of 2013, the plant construction was well underway and the probability of Conversion increased substantially. Accordingly, the Company revalued the loan using a discount rate of 14% and a probability-weighted average estimation of future expected cash flow scenarios of approximately 55% of the ceiling maximum of \$10,222,831 based on current expectations of business results, capital costs and pre-operating expenditures. These cash flows were on the basis of Phase One completion only.

On April 22, 2014, the Company announced that it had converted its secured loan into a participation in net cash flows – the "Participating Interest". As described earlier, the percentage participation in net cash flows is 52.16% and the applicable ceiling for Phase One is \$10,222,831; should Victory Nickel enter Phase Two, then the applicable ceiling for cash flows is \$7,667,124. The probability of payment is reassessed each reporting period along with other key assumptions, including the appropriate ceiling. As at December 31, 2014, the probability-weighted average estimation of future expected cash flow scenarios is approximately 73% (December 31, 2013 – 58%). Based on estimated cash flows, payments could commence in the fourth quarter of 2016.

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

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

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

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

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14. DEFERRED TAX ASSETS

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

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

As at December 31,	2014	2013
Deferred Tax Assets		
Property and equipment	\$ 37	\$ 32
Share issue costs	97	58
Net tax losses carried forward	1,816	1,519
Eligible capital property and other	323	286
Capital losses, net	1,581	465
	3,854	2,360
Unrecognized deferred tax assets	(3,432)	(1,906)
	422	454
Deferred tax liability		
Exploration and development	(422)	(454)
Deferred Tax Assets, Net	\$ -	\$ -

Unrecognized deferred tax assets equal the full amount of the available deferred tax benefit, as the likelihood of utilizing the remaining unused tax losses and other tax deductions is not probable; it cannot be determined at this time.

Non-capital losses expire as follows:

	Amount
2027	\$ 59
2028	1,317
2029	2,078
2031	2,275
2032	3
2033	-
2034	1,120
	\$ 6,852

The Company also has realized capital losses available for carryforward of approximately \$14,185,000 (December 31, 2013 - \$7,377,000). These losses do not expire and may be utilized to reduce future capital gains, if any.

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Movement in Deferred Tax Assets and Liability during the Year

	As at January 1, 2014	Recognized in operations	Recognized in OCI	As at December 31, 2014
Property and equipment	\$ 32	\$ 5	\$ -	\$ 37
Share issue costs	58	39	-	97
Net tax losses carried forward	1,519	297	-	1,816
Eligible capital property and other	286	37	-	323
Capital losses (net)	465	996	120	1,581
	2,360	1,374	120	3,854
Unrecognized deferred tax assets	(1,906)	(1,466)	(60)	(3,432)
	454	(92)	60	422
Deferred tax liability				
Exploration and evaluation projects	(454)	32	-	(422)
Deferred tax assets, net	\$ -	\$ (60)	\$ 60	\$ -

	As at January 1, 2013	Recognized in operations	Recognized in OCI	As at December 31, 2013
Property and equipment	\$ 42	\$ (10)	\$ -	\$ 32
Share issue costs	65	(7)	-	58
Net tax losses carried forward	1,536	(17)	-	1,519
Eligible capital property and other	258	28	-	286
Capital losses (net)	1,075	(480)	(130)	465
	2,976	(486)	(130)	2,360
Unrecognized deferred tax assets	(2,255)	299	50	(1,906)
	721	(187)	(80)	454
Deferred tax liability				
Exploration and evaluation projects	(721)	267	-	(454)
Deferred tax assets, net	\$ -	\$ 80	\$ (80)	\$ -

15. TRADE AND OTHER PAYABLES

As at December 31,	2014	2013
Trade payables		
E&E projects	\$ 134	\$ 55
Non-project related	86	49
Other payables	21	18
Accrued liabilities		
E&E projects	-	4
Non-project related	378	212
Due to CBay Minerals	117	-
	\$ 736	\$ 338

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16. LOAN PAYABLE

As at December 31,	Note	2014	2013
Advances		\$ 2,500	\$ 2,500
Unamortized loan fees		-	(73)
Accrued interest		62	-
Extinguished	12	(2,562)	-
		\$ -	\$ 2,427

On December 18, 2012, the Company entered into a loan agreement with a third party for a \$2,500,000 loan facility (the "Facility"). The Facility was able to be drawn down in minimum amounts of \$500,000, with \$1,500,000 immediately available and the balance available six months from closing. The Facility's original term matured on June 18, 2014 and had a one-time extension period of six months upon issuance of 3% of the principal amount extended payable in CBay shares owned by Nuinsco; this represented 112,538 shares at an agreed value of \$0.666 per share which represented approximately 0.375% of the outstanding shares of CBay. A facility fee of \$50,000 was paid in cash at closing along with a 5% equity bonus in the form of 3,634,777 of the Company's shares; interest of 11.5% per annum was payable quarterly in arrears. The Facility was secured by a first ranking pledge upon Nuinsco's CBay shares.

The Facility was drawn down by \$1,000,000 on February 1, 2013 with three additional draws of \$500,000 being received on May 1, 2013, August 1, 2013 and October 21, 2013. The aggregate fees and expenses related to the Facility of \$217,000 were amortized through operations as interest expense using the effective interest rate method over the life of the loan; amortization of \$73,000 was charged during the year ended December 31, 2014 and interest of \$218,000 was paid in cash (in the year ended December 31, 2013, \$144,000 and \$182,000 respectively).

The Facility was extended to December 18, 2014 under amended terms from the original agreement. The Company paid a cash fee of \$75,000 as well as committing to \$75,000 in expenditures on the Chibougamau Camp (Note 11).

On December 18, 2014, the loan plus accrued interest was settled in exchange for 42.5% of the Company's interest in CBay (Note 12).

17. OPERATING LEASE

In June, 2011, the Company amended and extended its main lease for premises at 80 Richmond Street West, Toronto. The extension term is for five years terminating on September 30, 2016 and includes basic rent commitments as follows:

	December 31, 2014
Office rental	
Less than 1 year	\$ 109
Between 1 and 5 years	81
Total Minimum Lease Payments Payable	\$ 190

It is not expected that the cash flows reflected in the maturity analysis would occur significantly earlier, or at significantly different amounts. During the year ended December 31, 2014, \$197,000 was recognized as rent expense through operations in respect of operating leases including operating costs (December 31, 2013 – \$208,000).

18. CAPITAL AND OTHER COMPONENTS OF EQUITY

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.

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Number of shares issued and outstanding

There are no special shares outstanding; all shares are fully paid. The Company has 295,525,745 issued and outstanding common shares. No shares were issued during the years ended December 31, 2014 and 2013.

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 employees of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume-weighted average of the trading prices of the common shares on the TSX for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2014 or 2013. 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.

In 2014 and 2013, no common shares were issued under the Share Bonus Plan. 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.

Shareholder Rights Plan

In April, 2007, the Company adopted a shareholder rights plan ("Shareholder Rights Plan") which was subsequently confirmed by its shareholders at its 2007 Annual Meeting and the term extended to 2013 at the Annual Meeting held on June 2, 2010. At the Annual and Special Meeting held on June 28, 2013, extension of the Shareholder Rights Plan was not submitted to shareholders and it duly expired.

Accumulated Other Comprehensive Income or Loss ("AOCI")

AOCI is comprised of the following separate components of equity:

Net change of financial assets at fair value through OCI

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

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.

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19. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the years ended December 31, 2014 and 2013 was based on the information in the table below.

Years ended December 31,	2014	2013
Balance as at beginning of year	295,526,000	295,526,000
Effect of shares issued	-	-
Weighted average number of common shares - basic	295,526,000	295,526,000
Effect of options granted and outstanding	1,169,000	100,000
Weighted average number of common shares - diluted	296,695,000	295,626,000
Number of options excluded	23,981,000	31,775,000
Net (loss) income attributable to shareholders	\$ (6,341)	\$ 1,723
Basic (loss) earnings per share	\$ (0.02)	\$ 0.01
Diluted (loss) earnings per share	\$ (0.02)	\$ 0.01

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.

20. 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 December 31, 2014, the Company had 19,179,000 (December 31, 2013 – 12,454,000) common shares 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. The Company does not have any cash-settled transactions.

Share purchase warrants (equity-settled)

There are no outstanding warrants as at December 31, 2014. The Company does not have any cash-settled transactions.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 18.

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, employees and consultants have a maximum term of five years and are equity-settled. Of the options granted, 50% vest immediately, while the

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remaining options are exercisable after one year.

- Options issued during the period and granted to directors have a maximum term of five years and are equity-settled. All options granted to directors vest immediately.
- All options are to be settled by physical delivery of shares.

Share purchase warrants

The terms and conditions relating to the grants of the share purchase warrants are as follows; all warrants are to be settled by physical delivery of shares and as such, are equity-settled. Warrants issued are generally exercisable for a period of 12 to 24 months from issue date.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

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

	Number of options		Weighted average exercise price	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Outstanding as at beginning of year	31,875,000	24,230,000	\$ 0.08	\$ 0.11
Granted	-	9,395,000	\$ -	\$ 0.02
Forfeit	-	(350,000)	\$ -	\$ 0.10
Expired	(6,725,000)	(1,400,000)	\$ 0.11	\$ 0.18
Outstanding as at end of year	25,150,000	31,875,000	\$ 0.07	\$ 0.08
Exercisable as at end of year	25,150,000	28,528,000	\$ 0.07	\$ 0.09

There were no options granted during 2014. For options granted during 2013, the weighted average fair value at the date of grant was \$0.014.

Range of exercise prices	Number of options outstanding		Weighted average remaining contractual life (years)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
\$0.015 to \$0.015	5,800,000	5,800,000	3.96	4.96
\$0.020 to \$0.020	120,000	120,000	3.36	4.36
\$0.030 to \$0.050	4,575,000	8,075,000	2.62	1.71
\$0.055 to \$0.055	-	1,100,000	-	1.61
\$0.060 to \$0.075	5,430,000	5,430,000	2.26	3.25
\$0.080 to \$0.100	4,350,000	4,350,000	0.01	1.01
\$0.110 to \$0.350	4,875,000	7,000,000	1.20	1.55
	25,150,000	31,875,000	2.23	2.50

Additional disclosures relating to the Company's options are as follows:

As at and for the years ended December 31,	2014	2013
Number of options granted during the year	-	9,395,000
Weighted average fair value of options granted at grant date	n/a	\$ 0.014
Number of options subject to vesting as at end of year	-	3,347,000
Share-based payment expense - vesting options	\$ 29	\$ 124
Unvested options not yet charged to operations	\$ -	\$ 29

Share purchase warrants

There are no warrants outstanding as at December 31, 2014 or 2013. During 2013, 9,292,718 warrants expired unexercised.

Notes to the Consolidated Financial Statements

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

Inputs for Measurement of Grant-Date Fair Values

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

The inputs used in the measurement of the fair values at grant date of the share-based payments granted, modified or issued during the years are as follows:

	Options		Warrants	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Fair values at grant/modification date	n/a	\$0.011 to \$0.019	n/a	n/a
Share prices at grant/modification date	n/a	\$0.015 to \$0.03	n/a	n/a
Assumptions				
Exercise prices	n/a	\$0.015 to \$0.03	n/a	n/a
Expected volatilities	n/a	86% to 102%	n/a	n/a
Life (years)	n/a	4	n/a	n/a
Expected dividends	n/a	-	n/a	n/a
Risk-free interest rates	n/a	1.19% to 1.56%	n/a	n/a

There were no options issued during 2014. On April 4, 2013, 3,475,000 options were issued to employees, consultants and directors at an exercise price of \$0.03. Of these options, 2,337,500 vested immediately and 1,137,500 vested in one year. On May 10, 2013, 120,000 options were granted to an employee at an exercise price of \$0.02; half vested immediately and half vest in one year. On December 17, 2013, 5,800,000 options were issued to employees, consultants and directors at an exercise price of \$0.015. Of these options, 3,650,000 vested immediately and 2,150,000 vest in one year. All options have now vested.

21. FINANCE INCOME AND FINANCE COSTS

Years ended December 31,	Notes	2014	2013
Interest income on bank deposits		\$ 1	\$ 14
Interest income on loan receivable	13	87	230
Commitment fee	13	1	11
Flow-through premium		-	265
Net foreign exchange gain		-	7
Gain on derivative		-	54
Net change in fair value of financial assets at fair value through operations			
Warrants	8	-	861
Participating Interest	13	-	3,261
Finance income		89	4,703
Interest expense on loan payable	16	503	326
Net foreign exchange loss		4	-
Net change in fair value of financial assets at fair value through operations			
Warrants	8	861	-
Participating Interest	13	18	-
Finance costs		1,386	326
Net Finance (Costs) Income		\$ (1,297)	\$ 4,377

22. INCOME TAXES

The income tax amount in the year ended December 31, 2014 is an expense of \$60,000 and relates to income taxes on the change in value of marketable securities recorded through OCI; in 2013, there was a recovery of income taxes of \$80,000.

The income tax expense differs from the amount computed by applying the statutory federal and provincial income tax rates for each of the years ended December 31, 2014 and 2013, of 26.5% to the income before income taxes.

Notes to the Consolidated Financial Statements

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

The differences are summarized as follows:

Years ended December 31,		2014	2013
Statutory rate applied to (loss) income before income taxes	\$	(1,618)	\$ 423
Non-taxable portion of capital gain		575	(547)
Non-deductible items, net		14	300
Effect of change through OCI		60	(80)
Non-deductible loss on interest in CBay Minerals		54	123
Effect of disposition of CBay		(491)	-
Unrecognized deferred tax assets		1,466	(299)
Income tax expense (recovery)	\$	60	\$ (80)

23. OPERATING SEGMENT

Reporting Segment

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals. The Company does not have formal operating segments and does not have operating revenues, products or customers. The corporate office operates to support the Company's projects as well as providing administrative support to Victory Nickel and CBay (Note 24). The projects are currently located in Canada and Turkey. 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.

Geographic Information

As at December 31,	Notes	2014	2013
Canada			
Corporate		\$ 5,262	\$ 8,207
Interest in CBay Minerals	12	452	6,331
Diabase Peninsula	11	9,431	9,308
Prairie Lake	11	3,772	3,674
Total Assets		\$ 18,917	\$ 27,520

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

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

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

As at December 31,		2014	2013
Balances Outstanding			
Payable to key management personnel	\$	213	\$ 99

Notes to the Consolidated Financial Statements

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

Key management personnel compensation comprised:

Years ended December 31,	2014		2013	
Short-term employee benefits	\$	612	\$	679
Share-based payments - options		-		39
	\$	612	\$	718

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

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

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

As at December 31,	2014		2013	
Balances Outstanding under Management Agreements				
Receivable from Victory Nickel	\$	52	\$	56
Payable to CBay Minerals	\$	117	\$	-

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

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

Balances and Transactions with Victory Nickel under the Participating Interest

The terms of the Participating interest with Victory Nickel and the balances and transactions related thereto are described in Note 13.

Notes to the Consolidated Financial Statements

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

25. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

Years ended December 31,			2014	2013
		Country of Incorporation		
Ownership Interest				
Lakeport Gold Corporation		Canada	100%	100%
CBay Minerals Inc.	<i>refer below</i>	Canada	7.5%	50%
Nuinsco Madencilik Sanaye Ticaret		Turkey	100%	100%
Nuinsco Exploration Inc.		BVI	50%	50%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)		Egypt	50%	50%
NuMENA Minerals Corp.		Canada	100%	100%

Following the disposition of 42.5% of the Company's Interest in CBay Minerals (Notes 12 and 16), and the continued inactivity in other entities, the Company no longer has any significant subsidiaries or jointly-controlled entities.

26. CONTINGENCY

CRA Reassessment

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

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

27. SUBSEQUENT EVENTS

There have been no other additional developments not already discussed elsewhere in these consolidated financial statements.



NUINSCO RESOURCES LIMITED

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

DATED MARCH 30, 2015

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years ended December 31, 2014 and 2013

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

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

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

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

NATURE OF OPERATIONS

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

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

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

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

Going Concern

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

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

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

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals, realization on its marketable securities as required and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing. Given the current economic climate, the ability to raise funds has been and may continue to be difficult. Refer to the Risks and Uncertainties and Liquidity and Capital Resources sections for additional information.

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

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

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

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

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

SIGNIFICANT EVENTS

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

Corporate

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

Copper, Phosphorus and Rare Metals

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

OUTLOOK

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

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

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

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

Prairie Lake

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

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

Diabase Peninsula

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

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

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

Chibougamau

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

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

Turkey

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

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

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

RESULTS OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUMMARY OF QUARTERLY RESULTS

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

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

Table of Contractual Commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXPLORATION AND EVALUATION ACTIVITIES

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

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

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

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

URANIUM AND RARE METALS

Diabase Peninsula Property, Saskatchewan

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

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

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

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

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

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

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

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

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

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

Prairie Lake Property, Ontario

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

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

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

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

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

** Insufficient samples

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

GOLD AND COPPER

Chibougamau Camp, Québec

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

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

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

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

Turkish Property - Berta

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

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

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

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

INVESTMENTS

Victory Nickel Inc.

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

IMPAIRMENT ANALYSIS UPDATE

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

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

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

NEW ACCOUNTING POLICIES

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

FUTURE ACCOUNTING CHANGES

New Standards and Interpretations Not Yet Adopted

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

CORPORATE GOVERNANCE

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

Evaluation of Disclosure Controls and Procedures

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

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

Evaluation of Internal Control over Financial Reporting

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

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

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

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

Related Party Balances and Transactions for Services

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

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

Key management personnel compensation comprised:

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

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

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

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

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

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

Balances and Transactions with Victory Nickel under the Participating Interest

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

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

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

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

OUTSTANDING SHARE DATA

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

RECENT DEVELOPMENTS

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

CONTINGENCY

CRA Reassessment

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

the advice of its tax counsel in this matter.

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

RISKS AND UNCERTAINTIES

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

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

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

Financing and Going Concern

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

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Evaluation and Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

Resources and Reserves

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

Title Risks

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

Insurance Risk

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

Financial and Investment Risks

Substantial Capital Requirements

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

Market Perception

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

Metal and Mineral Prices

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

Areas of Investment Risk

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

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

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

Regulatory Risks

Government Regulation

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

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

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

Other Risks

Environmental and Health Risks

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

Key Personnel

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

Conflicts of Interest

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

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

Foreign Operations

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

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

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

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

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

Investments and Other Agreements with Resource Companies

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

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

Summary

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

FORWARD-LOOKING STATEMENTS

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

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

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

March 30, 2015