NUINSCO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

DATED APRIL 28, 2017

Independent Auditors' Report

To the Shareholders of Nuinsco Resources Limited:

We have audited the accompanying consolidated financial statements of Nuinsco Resources Limited, which comprise the statement of financial position as at December 31, 2016 and 2015, and the statements of operations, comprehensive loss, shareholders' (deficiency) equity, and cash flows for the year then ended, 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.

Auditors' 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 auditors' judgment, 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, 2016 and 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Nuinsco Resources Limited's ability to continue as a going concern.

MNP LLP

Toronto, Ontario

April 28, 2017

Chartered Professional Accountants

Licensed Public Accountants

MNP

Nuinsco Resources Limited

Consolidated Statements of Financial Position
As at December 31, 2016 and December 31, 2015

(in Canadian dollars)	*Notes*	**December 31, 2016**	December 31, 2015
ASSETS			
Current assets			
Cash	*6*	**$ 65,106**	$ 32,816
Receivables	*7*	**128,718**	54,650
Total current assets		**193,824**	87,466
Non-current assets			
Property and equipment	*8*	**48,869**	63,933
Exploration and evaluation projects	*9*	**1,000**	1,000
Total non-current assets		**49,869**	64,933
Total Assets		**$ 243,693**	$ 152,399
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Trade and other payables		**$ 418,578**	$ 420,814
Total current liabilities		**418,578**	420,814
Non-current liability			
Long-term liability	*12*	**684,413**	428,413
Total Liabilities		**1,102,991**	849,227
Shareholders' deficiency			
Share capital	*14*	**98,393,149**	98,168,593
Contributed surplus		**5,896,175**	5,588,389
Warrants	*14*	**33,750**	-
Accumulated other comprehensive loss		**(2,147,261)**	(2,147,261)
Deficit		**(103,035,111)**	(102,306,549)
Total shareholders' deficiency		**(859,298)**	(696,828)
Total Liabilities and Shareholders' Deficiency		**$ 243,693**	$ 152,399

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
CONTINGENCY (Note 20)

Approved by the Board of Directors

(signed)
René R. Galipeau
Director

(signed)
Paul Jones
Director

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

Nuinsco Resources Limited

Consolidated Statements of Operations
For the years ended December 31, 2016 and December 31, 2015

(in Canadian dollars)	*Notes*		**2016**		2015
Other expenses					
General and administrative			**390,515**		642,536
Share-based payments:	*16*				
Options			**307,786**		-
Depreciation of property and equipment	*8*		**15,064**		15,002
Pre-exploration write-offs	*9*		**56,738**		29,645
Write-down of exploration and evaluation projects	*9*		**12,741**		13,191,275
Operating loss			**782,844**		13,878,458
Write down of participating interest	*11*		**-**		4,118,637
Net finance costs			**-**		4,118,637
Loss before the undernoted			**(782,844)**		(17,996,995)
Write down of interest in CBay Minerals	10		**-**		(452,169)
Proceeds from the sale of gold			**54,282**		-
Loss before income taxes			**(728,562)**		(18,449,264)
Income tax (expense) recovery	21		**-**		-
Net Loss for the Year		**$**	**(728,562)**	$	(18,449,264)
Loss per share	*15*				
Basic loss per share		**$**	**(0.00)**	$	(0.06)
Diluted loss per share		**$**	**(0.00)**	$	(0.06)

Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2016 and December 31, 2015

(in Canadian dollars)	*Notes*		**2016**		2015
Net Loss for the Year		**$**	**(728,562)**	$	(18,449,264)
Other comprehensive loss					
Net change in fair value of financial assets			**-**		(428,003)
Other comprehensive loss for the year			**-**		(428,003)
Total Comprehensive Loss for the Year		**$**	**(728,562)**	$	(18,877,267)

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

Nuinsco Resources Limited

Consolidated Statements of Shareholders' (Deficiency) Equity

(in Canadian dollars)	*Notes*	**Share Capital**	**Contributed Surplus**	**Warrants**	**Accumulated Other Comprehensive Income (Loss)**	**Deficit**	**Total Equity**
Balances as at January 1, 2015		$ 98,168,593	$ 5,588,389	$ -	$ (1,719,258)	$ (83,857,285)	$ 18,180,439
Net income for the year		-	-	-	-	(18,449,264)	(18,449,264)
Other comprehensive income							
Net change in fair value of financial assets		-	-	-	(428,003)	-	(428,003)
Balances as at December 31, 2015		**$ 98,168,593**	**$ 5,588,389**	**$ -**	**$ (2,147,261)**	**$ (102,306,549)**	**$ (696,828)**
Net loss for the year		-	-	-	-	(728,562)	(728,562)
Options vesting	*16*	-	307,786	-	-	-	307,786
Shares issued on settlement of debt		147,306	-	-	-	-	147,306
Shares and warrants issued on private placement		130,000	-	-	-	-	130,000
Valuation of warrants issued on private placement		(33,750)	-	33,750	-	-	-
Share issue costs		(19,000)	-	-	-	-	(19,000)
Balances as at December 31, 2016		**$ 98,393,149**	**$ 5,896,175**	**$ 33,750**	**$ (2,147,261)**	**$ (103,035,111)**	**$ (859,298)**

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

Nuinsco Resources Limited

Consolidated Statements of Cash Flows
For the years ended December 31, 2016 and December 31, 2015

(in Canadian dollars)	*Notes*	**2016**	2015
Cash flows from operating activities			
Net loss for the year		**$ (728,562)**	$ (18,449,264)
Adjustments for:			
Share-based payments		**307,786**	-
Depreciation of property and equipment	*8*	**15,064**	15,002
Interest in CBay	*10*	**-**	452,169
Net finance costs		**-**	4,118,637
Write down of exploration and evaluation projects		**12,741**	13,191,275
Change in receivables		**(74,068)**	37,541
Change in trade and other payables		**146,078**	(317,677)
Change in long term liabilities	*12*	**256,000**	429,000
Net cash used by operating activities		**(64,961)**	(523,317)
Cash flows from investing activities			
Expenditures on exploration and evaluation projects	*9*	**(13,749)**	(29,821)
Proceeds on insurance claim		**-**	43,500
Proceeds on sale of marketable securities		**-**	528,759
Net cash (used in) from investing activities		**(13,749)**	542,438
Cash flows from financing activities			
Proceeds from issue of common shares and warrants		**130,000**	-
Costs on issue of common shares and warrants		**(19,000)**	-
Net cash from financing activities		**111,000**	-
Net Increase in Cash		**32,290**	19,121
Cash, Beginning of the Year		**32,816**	13,695
Cash, End of the Year		**$ 65,106**	$ 32,816

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Nuinsco Resources Limited ("Nuinsco" or the "Company") is a company incorporated in Canada. The address of the Company's registered office is 80 Richmond St. West, Suite 1802, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the years ended December 31, 2016 and 2015 comprise the Company and its subsidiaries (together referred to as "Nuinsco" and individually as "Nuinsco entities"). Nuinsco is primarily engaged in the acquisition, exploration and evaluation of properties for precious and base metals. The Company conducts its activities on its own or participates with others on an investment basis. The Company also makes strategic investments through equity or loan financing to companies engaged in the exploration and development of resource properties.

Going Concern

The Company's 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, 2016, the Company had a working capital deficiency of $224,754 (December 31, 2015 – working capital of $333,348). Working capital (deficiency) is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing. Given the current economic climate and due to the fact the Company's shares are no longer listed on a formal stock exchange, the ability to raise funds has been and may continue to be difficult. Refer to Note 4 on Financial Risk Management and Capital Management to these consolidated financial statements for additional information.

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

The Company presently has no specific plans in place to secure 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, it will be unable to fund continuing operations and corporate administration costs. Effective May 11, 2015, the Company voluntarily delisted its shares from the Toronto Stock Exchange. The Company intends to remain at its corporate office and maintain website, telephones and email communication with shareholders, subject to having sufficient funds.

If the Company is unable to obtain additional financing it will be required to curtail all of its operations and may be required to liquidate its assets.

Should the Company not be able to continue to obtain the necessary financing, achieve favourable exploration results, achieve future profitable production or the sale of properties or improve its liquidity sufficient to enable it to fund operations, the Company's ability to continue as a going concern will be compromised. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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 April 28, 2017. Shortly thereafter, the financial statements are made available to shareholders and others through filing on SEDAR.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historic cost basis except for derivative financial instruments such as warrants and the Participating Interest which are measured at fair value with changes through operations 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 consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated.

(d) Use of Estimates and Judgments

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

The accompanying 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:

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

2. BASIS OF PREPARATION - CONTINUED

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

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

- Note 1 going concern assessment;
- Note 9 classification of expenditures as exploration and evaluation projects or operating expenses;
- Note 9 impairment of exploration and evaluation projects;
- Note 10 assessment of influence over CBay Minerals;
- Note 20 disclosure of contingencies;
- Note 21 recoverability of deferred income tax assets.

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 19.

(ii) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 early-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.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(e) Property and Equipment - continued

(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	Rate
Equipment	Declining balance	20%
Computer	Straight-line	30%
Leasehold improvements	Straight-line over 31 months	N/A

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*.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 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.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED
(iii) *Non-financial assets - continued*

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 (deficiency) equity, in which case it is recognized in OCI or in (deficiency) 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.

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

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ii) Share-based payment arrangements
Stock Option Plan
The Company has a stock option plan (the "Stock Option Plan") which is described in Note 16. 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.

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 14. 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, 2016 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

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

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

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

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

Cash

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

Receivables

Amounts due are settled on a regular basis.

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

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 11, the loan receivable became unsecured and is now referred to as the "Participating Interest".

Liquidity Risk

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

Presently, the Company is facing a significant shortfall in liquidity before it expects any cash flows from the Participating Interest. The Company continues to hold discussions on securing financing 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, it will be unable to fund continuing operations and corporate administration costs (Note 1).

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

The Company manages its liquidity risk through the mechanisms described above and as part of Capital 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.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

Liquidity Risk - continued

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

Market Risk

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

Currency risk

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

Interest rate risk

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

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.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

Operational Risk - continued

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
- 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 employee, 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' (deficiency) equity as well as any long-term debt, equipment-based and/or project-based financing.

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

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

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).

(all amounts in Canadian dollars)

5. DETERMINATION OF FAIR VALUES - CONTINUED

(a) Receivables

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

(b) Non-derivative Financial Assets

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

(c) 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

	December 31, 2016	December 31, 2015
Bank balances	**$ 65,106**	$ 32,816
Cash in the Statements of Cash Flows	**$ 65,106**	$ 32,816

7. RECEIVABLES

	Notes	**December 31, 2016**	December 31, 2015
Sales tax receivable		**$ 33,535**	$ 6,488
Due from CBay Minerals under management agreement	*10*	**57,903**	21,851
Other receivables		**32,530**	7,118
Prepaid expenses and deposits		**4,750**	19,193
		$ 128,718	$ 54,650

8. PROPERTY AND EQUIPMENT

Equipment	**Cost**	**Accumulated Depreciation**	**Carrying Amount**
Balance as at January 1, 2015	**$ 426,674**	**$ 347,739**	**$ 78,935**
Additions	-	-	-
Depreciation	-	15,002	(15,002)
Balance as at December 31, 2015	**426,674**	**362,741**	**63,933**
Additions	-	-	-
Depreciation	-	15,064	(15,064)
Balance as at December 31, 2016	**$ 426,674**	**$ 377,805**	**$ 48,869**

9. EXPLORATION AND EVALUATION PROJECTS

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

As at December 31, 2015, all projects were written down due to the lack of funding of the Company and related uncertainty as to future spending on the properties. IFRS requires a write-down of the carrying value of assets to the net recoverable amount. Given the current market uncertainties, the valuation of resources properties is difficult and management cannot reliably estimate any recoverable amount. The Company will revisit the valuation of these assets at the end of every reporting period and will recognize a recovery if the fair value of these assets can be reliably determined. As a result, the Company has chosen to write down the value of the property assets, with only $1,000 remaining on the consolidated balance sheet. In the current year, these expenditures have not been written down.

Uranium and Rare Metals

Diabase Peninsula

Nuinsco acquired its 100% interest in the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan.

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.

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. In 2015, the Company has reached a further agreement with the option holder to defer the payments of $25,000 originally due March 2, June 2, September 2 and December 2, 2015 to year-end 2015. In April 2016, the Company re-negotiated to extend the remaining payments on the Diabase property to the end of 2016. The Company is currently negotiating a further extension.

9. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

The claims are subject to a 3% net returns royalty payable to the vendor of the original Diabase Peninsula claim; the royalty is defined as all 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, 2010 and 2013. An Exploration Target of between 515 and 630 million tonnes grading between 3.0-4.0 P_2O_5, 0.009-0.11% Nb_2O_5, and 18-21ppm Ta_2O_5, 280-340ppm La, 650-790ppm Ce, 55-70ppm Sm, 300-360ppm Nd, 85-100ppm Y was estimated in 2011. Metallurgical and process testing are ongoing. 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. The $75,000 was written off as interest expense in 2014.

In December 2014, Nuinsco used a significant piece of its equity position in CBay to extinguish $2.6 million in debt and accrued interest. Nuinsco retains a 7.5% interest in CBay and continues to manage the operation on behalf of Ocean Partners (Note 10).

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 hold significant potential to provide additional resources when exploration and development programs are undertaken. Also owned are two partially-developed copper projects (Corner Bay), a permitted 2,722 tpd mill and tailings facility and in excess of 96,000 acres (38,000ha) of highly-prospective exploration property.

9. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

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 on-going, 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. 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 actually 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 write-down of $1,151,000 on this project as well as a reversal of an accrual of $64,000 no longer considered necessary.

Currently the permitting regime in Turkey is challenging, accordingly, is withdrawing from the project in order to concentrate on other opportunities.

Pre-exploration write-offs

Pre-exploration expenditures are written off at the end of each reporting period to *Pre-exploration write-offs* through operations. Pre-exploration costs relate to expenses on evaluating projects not owned by the Company. Pre-exploration costs in the amount of $56,738 were written off during the year ended December 31, 2016 (2015 - $29,645).

10. INTEREST IN CBAY MINERALS

Until December 18, 2014, Nuinsco owned a 50% interest in CBay and jointly controlled the company with Ocean Partners. 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, on December 18, 2014, the Company recorded a loss on disposition of $3,705,000 on its interests in CBay Minerals. As at December 31, 2015, the Company wrote down the investment to $nil due to the uncertainty around the recoverability of costs.

11. PARTICIPATING INTEREST

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

Because of the uncertainty on receiving future payments on the Participating Interest, as at December 31, 2015, the Company recorded an impairment of this Participating Interest and has recorded the value of the asset at $nil.

(all amounts in Canadian dollars)

12. LONG-TERM LIABILITIES

Long term liabilities consist of accrued directors and certain management consulting fees. The directors and management have agreed to defer fees until the ongoing viability of the Company can be assured.

13. OPERATING LEASE

In September 2016, the Company entered in to a one year lease for office space at 80 Richmond Street West, Toronto, expiring September 2017. Future minimum lease payments are $40,500.

During the year ended December 31, 2016, the Company recovered a portion of its rent by subleasing its rent premises, as such total rent (net of recoveries) of $128,000 was recognized as rent expense through operations (December 31, 2015 - $86,000).

14. SHARE CAPITAL AND OTHER COMPONENTS OF (DEFICIENCY) 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.

Number of shares issued and outstanding

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

	Notes	**Number of Shares**		**Amount $'s**
Balance as at January 1, 2015 and December 31, 2015		295,525,745	$	98,168,593
Issue of common shares on private placement	*(a)*	22,000,000		130,000
Valuation of warrants issued as part of private placement	*(a)*	-		(33,750)
Share issue costs	*(a)*	-		(19,000)
Shares issued on settlement of debt	*(b)*	29,461,212		147,306
Balance as at December 31, 2016		**346,986,957**	**$**	**98,393,149**

(a) On September 16, 2016, the Company completed a non-brokered private placement for aggregate gross proceeds of $90,000 (the "Private Placement"). The Private Placement entailed the issuance of 18,000,000 units of securities of the Company (each, a "Unit") at a price of $0.005 per Unit. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of $0.01 for a period of 12 months from closing of the Private Placement. These warrants were assigned a value of $33,750 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.49%; expected volatility of 218%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies. Share issuance costs in the amount of $19,000 were incurred in this transaction and were paid to related parties who own shares in the Company.
On December 29, 2016, the Company completed a non-brokered private placement for aggregate proceeds of $40,000 (the "Private Placement"). The Private Placement entailed the issuance of 4,000,000 common shares of the Company at a price of $0.01 per share.

(b) On September 16, 2016, the Company settled debt (owed to certain of the Company's trade creditors and management) in the amount of $147,306 through the issuance of 29,461,212 Common Shares of the Company at $0.005 per share. 16,712,000 of these shares were issued to related parties and constitutes a related party transaction (see note 18).

14. SHARE CAPITAL AND OTHER COMPONENTS OF (DEFICIENCY) EQUITY - CONTINUED

Share Incentive Plan

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

Share Purchase Plan

Under the Share Purchase Plan, eligible directors, senior officers and employee of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume-weighted average of the trading prices of the common shares on 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 personnel 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 2016 or 2015. 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 employee 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 2016 and 2015, 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.

Accumulated Other Comprehensive Income or Loss ("AOCI")

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

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

(all amounts in Canadian dollars)

15. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted EPS for the years ended December 31, 2016 and 2015 was based on the information in the table below.

		2016		2015
Balance as at beginning of year		**295,525,745**		295,525,745
Effect of shares issued		**13,415,081**		-
Weighted average number of common shares - basic		**308,940,826**		295,525,745
Effect of options granted and outstanding		**42,600,000**		19,400,000
Effect of warrants issued and outstanding		**18,000,000**		-
Weighted average number of common shares - diluted		**369,540,826**		314,925,745
Number of options excluded		**42,600,000**		19,400,000
Number of warrants excluded		**18,000,000**		-
Net loss attributable to shareholders	**$**	**(728,562)**	$	(18,449,264)
Basic loss per share	**$**	**(0.00)**	$	(0.06)
Diluted loss per share	**$**	**(0.00)**	$	(0.06)

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

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

16. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements

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

Stock option plan (equity-settled)

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

(all amounts in Canadian dollars)

16. SHARE-BASED PAYMENTS - CONTINUED

As at December 31, 2016, the Company had 9,448,000 (December 31, 2015 – 25,579,000) 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 Bonus Plan

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

Terms and Conditions of Share-based Payment Arrangements

Stock Option Plan

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

- Options issued during the period and granted to executive management, employee and consultants have a maximum term of five years and are equity-settled. Of the options granted, 50% vest immediately, while the 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.

Disclosure of Share-based Payment Arrangements

Stock Option Plan

The following is a summary of the activity of options:

	Year ended December 31, 2016			Year ended December 31, 2015		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance, beginning of year	18,750,000	$	0.07	25,150,000	$	0.07
Granted during the year	33,175,000	$	0.01	-	$	-
Expired during the year	(9,325,000)	$	0.11	(5,000,000)	$	0.08
Forfeit during the year	-			(1,400,000)	$	0.06
Balance, end of year	42,600,000	$	0.02	18,750,000	$	0.07
Options exercisable, end of year	42,600,000	$	0.02	18,750,000	$	0.07

As at December 31, 2016 the options outstanding are as follows:

# Options		**Exercise Price**	**Expiry date**	**Weighted average expiry (years)**
3,350,000	$	0.07	April 5, 2017	0.26
2,375,000	$	0.03	April 4, 2018	1.26
3,700,000	$	0.02	December 17, 2018	1.96
33,175,000	$	0.01	April 18, 2021	4.30
42,600,000				3.61

(all amounts in Canadian dollars)

16. SHARE-BASED PAYMENTS - CONTINUED

On April 18, 2016, the Company issued 33,175,000 options to directors, officers, consultants and employees of the Company exercisable for a period of five years at an exercise price of $0.01 per option. The options vested upon the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 160%; expected dividend yield of 0%; risk-free interest rate of 0.77%; and expected life of 5 years. The options were valued at $307,786. Expected volatility was based on the historical volatility of other comparable listed companies.

Share purchase warrants

The following is a summary of the activity of warrants for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	-	$ -	-	$ -
Granted during the year	18,000,000	0.01	-	-
Balance, end of year	18,000,000	$ 0.01	-	$ -

The warrants were issued on September 16, 2016 as part of the Units noted earlier.

17. OPERATING SEGMENT

Reporting Segment

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

(all amounts in Canadian dollars)

18. RELATED PARTIES AND MANAGEMENT AGREEMENTS

Related Party Balances and Transactions

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

Transactions with related parties for the years ended December 31, 2016 and 2015 are shown in the following table:

		2016		2015
Short-term employee benefits	**$**	**313,139**	$	581,000
Share-based payments - options		**192,743**		-
Share issuance costs [Note 14(a)]		**19,000**		-
	$	**524,882**	$	581,000

During the year ended December 31, 2016, the Company was charged $36,000 (2015 - $24,500) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2016, $27,120 (December 31, 2015 - $6,780) is included in accounts payable and accrued liabilities. On September 16, 2016, the Company settled $13,560 of debt owing to CFO Advantage in exchange for 2,712,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $150,000 (2015 - $75,000) by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2016, $256,654 (December 31, 2015 - $165,567) is owing and included in accounts payable and accrued liabilities. On September 16, 2016, the Company settled $60,000 of debt owing to Mr. Jones in exchange for 12,000,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $36,000 (2015 - $24,000) by Sean Stokes, Executive Vice President of the Company. As at December 31, 2016, $50,000 (December 31, 2015 - $24,000) is owing and included in accounts payable and accrued liabilities. On September 16, 2016, the Company settled $10,000 of debt owing to Mr. Stokes in exchange for 2,000,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $8,139 (2015 - $Nil) by David Mchaina, Vice President of the Company. As at December 31, 2016, $Nil (December 31, 2015 - $1,230) is owing and included in accounts payable and accrued liabilities.

19. COMPANY ENTITIES

Significant Subsidiaries and Jointly-controlled Entities

		December 31 2016	December 31, 2015
Ownership Interest	**Country of Incorporation**		
Lakeport Gold Corporation	Canada	**100%**	100%
CBay Minerals Inc.	Canada	**7.5%**	7.5%
Nuinsco Madencilik Sanaye Ticaret	Turkey	**100%**	100%
Nuinsco Exploration Inc.	BVI	**70%**	70%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	**70%**	70%
NuMENA Minerals Corp.	Canada	**100%**	100%

(all amounts in Canadian dollars)

20. CONTINGENCY

CRA Reassessment

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

21. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 - 26.5%) to the effective tax rate is as follows:

		2016		2015
Net Income (Loss) before recovery of income taxes	$	**(728,562)**	$	(18,449,264)
Expected income tax (recovery) expense	$	**(193,069)**	$	(4,889,055)
Tax rate changes and other adjustments		**880,693**		733,903
Permanent differences		**81,563**		667,769
Change in tax benefits not recognized		**(769,187)**		3,487,383
Income tax (recovery) expense	$	**-**	$	-

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Property, plant and equipment	$	**85,022**	$	153,411
Mineral properties		**11,447,710**		10,492,227
Eligible capital property		**783,293**		905,645
Participating Interest		**2,206,637**		2,206,637
Share issuance costs		**116,925**		182,597
Non-capital losses carried forward		**5,998,757**		9,957,699
Net capital losses carried forward		**16,208,603**		15,530,022
Other temporary differences		**65,328**		65,328

The Canadian non-capital loss carry forwards expire between 2027 and 2036. The non-capital losses of the foreign subsidiaries have not been disclosed as the Company no longer has any significant subsidiaries. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2020. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

DATED APRIL 28, 2017

NUINSCO RESOURCES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years ended December 31, 2016 and 2015

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of April 28, 2017 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2016 and 2015, 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, 2016 and 2015 ("2016 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 2016 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 Canadian dollars.

NATURE OF OPERATIONS

Nuinsco is an exploration and development company that has operated successfully for several decades. It is focused on identifying, exploring and developing mineral investment opportunities domestically and internationally. 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. Nuinsco owns a 7.5% interest in CBay Minerals Inc, a private company that has the dominant position in Québec's Chibougamau copper-gold mining camp with assets that include a permitted mill and tailings facility, eight past-producing copper/gold mines, two partially-developed copper projects (Corner Bay and Devlin) and a 38,000 hectare ("ha") (96,000 acre) mining land position.

The Company has obtained positive results from its Prairie Lake project in Ontario and Diabase Peninsula project in Saskatchewan and continues to manage CBay and its assets in the productive Chibougamau mining camp in northern Québec on behalf of Nuinsco shareholders and Ocean Partners Investments Limited ("Ocean Partners"). As funding permits, exploration programs have been planned for the Diabase Peninsula uranium project in Saskatchewan and the Prairie Lake project where additional testing has been performed which has indicated that potentially several marketable minerals and products can be produced including a phosphate concentrate exceeding 30% P_2O_5. A diamond drill program conducted in Chibougamau during 2014 led to sufficient geological information being compiled to produce a mineral resource estimate on the Devlin copper deposit - one of several properties held by CBay that contain a resource and collectively comprise the CBay land position.

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

Going Concern

The Company's 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, 2016, the Company had a working capital deficiency of $224,754 (December 31, 2015 – working capital of $333,348). Working capital (deficiency) is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, 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 of the MD&A for additional information.

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

The Company presently has no specific plans in place to secure funding although management continues to hold discussions on securing financing and on the potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs. Effective May 11, 2015, the Company voluntarily delisted its shares from the Toronto Stock Exchange. Since that time the Company has maintained its corporate office and website, telephones and email communication with shareholders.

Should the Company not be able to continue to obtain the necessary financing, achieve favourable exploration results, achieve future profitable production or the sale of properties or improve its liquidity sufficient to enable it to fund operations, the Company's ability to continue as a going concern as contemplated under GAAP will be compromised. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

SIGNIFICANT EVENTS

OUTLOOK

The past several years has seen very low levels of financing and activity in the mining and minerals sector and the Company continues to face challenges stemming from the prolonged period of difficult equity markets and lack of available risk capital. Throughout this time, the Company has continued to attempt to advance projects and source funding to do so.

The Company is uncertain on the timing of receiving any 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. On March 21, 2017 Victory Nickel Inc. announced that due to increasing market demand for frac sand it has restarted the dry plant at its Seven Persons frac sand facility near Medicine Hat, Alberta however there is no certainty that activity at the plant will be sufficient to provide cash flow to Nuinsco through the Participating Interest. While the market for frac sand has improved in 2017, it has not improved back to the same level as 2014.

As at December 31, 2015, all projects were written-down due not to management's opinion of the merits of the Company's properties and equity investments, but rather due to the challenging conditions that prevailing in the market for financing junior mineral exploration companies and the interpretation of accounting rules that are currently in force. As a result of market challenges, the valuation of resource properties does not reflect reasonable, or even typical, valuations. The cost to complete property valuations which would satisfy IFRS rules was prohibitive. Therefore, management chose to write down the properties rather than incur the valuation cost. Management intends to work hard to create value for its shareholders from the Company's existing projects as well as in any yet-to-be acquired assets and revisit the unreasonably low financial statement valuations with the intent of writing the value of the assets back-up at such time as a measure of certainty returns to the market.

Prairie Lake

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

At Prairie Lake the Company continues to evaluate the potential for producing concentrates containing a number of minerals – including those containing phosphorus, rare earth elements ("REE"), niobium and other marketable products. With continued study and interpretation, the Company is developing a greater 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 its potential. The Company is actively seeking funding that will enable a work program to be conducted – a desirable and useful goal in the near-term is the estimation of a maiden resource estimate on the project.

Further, Prairie Lake has the potential to produce a number of 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 – an element with vital agricultural and industrial applications. The use of phosphorus in agriculture is essential in sustaining crop yields to supply an increasing world population. Other compounds with industrial applications are also being examined for economic viability. The abundance and diversity of minerals in the rocks that comprise the Prairie Lake Complex provides broad scope for potential exploitation – the Company continues to evaluate the options to determine those elements and minerals that provide the greatest economic potential.

No additional field work has been conducted on the project during 2016. All work on the project is dependent on future funding.

Diabase Peninsula

The work conducted by Nuinsco at the Diabase Peninsula property to date has developed a progressively more detailed picture of the mineralization occurring in the rocks encompassed by 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 from which results have been obtained 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 with regard to the potential for discovery of economic grade uranium mineralization. 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.

Nuinsco's Diabase Peninsula uranium project is located 150km northwest of La Ronge, Saskatchewan within the south-central Athabasca Basin - the region and geological feature 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 terrane-bounding major deformation structure - the Cable Bay Shear Zone. This Shear Zone is considered to be an important control on uranium mineralization in this part of the Athabasca Basin.

No additional field work has been conducted on the project during 2016. 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. All work on the project is dependent on future funding.

Chibougamau – Investment in CBAY Minerals

Nuinsco retains a 7.5% interest in CBay and continues to manage the operation on behalf of Nuinsco shareholders, Ocean Partners and CBay. The interest held by the Company continues to be valuable when one considers that the Chibougamau assets range from exploration through development projects, some with near-term production potential. The plan remains to develop projects which have already seen considerable capital investment that could result in a condensed 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 previous Outlooks 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 two partially-developed copper deposits with current resource estimates: Corner Bay, Devlin. Zones of copper and gold mineralization are known from previous work on the Company's properties and remain to be further defined. CBay also 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.

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 hold significant potential to provide additional resources when exploration and development programs are undertaken. Also owned are two partially-developed copper projects (Corner Bay), a permitted 2,722 tpd mill and tailings facility and in excess of 96,000 acres (38,000ha) of highly-prospective exploration property.

Egypt

The Company maintains ownership in Z-Gold Resources ("Z-Gold") through ownership in Nuinsco Exploration Inc. Z-Gold is an Egyptian based mineral exploration and development company that has in the past been active exploring for gold on two concession areas in south-central Egypt. Z-Gold will evaluate new opportunities as they arise with the intent of conducting exploration. Egypt remains relatively underexplored and has very good potential for mineral discoveries with the application of risk capital and modern exploration techniques.

The Company has not done any significant work on its projects during 2016. Any future work is dependent on additional financings.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Total revenues	$ -	$ -	$ -
Total (loss) income	$ (728,562)	$ (18,449,264)	$ (6,340,973)
Net (loss) income per share – basic	$ (0.00)	$ (0.06)	$ (0.02)
Net (loss) income per share – diluted	$ (0.00)	$ (0.06)	$ (0.02)
	As at December 31, 2016	**As at December 31, 2015**	**As at December 31, 2014**
Total assets	$ 243,693	$ 152,399	$ 18,917,000
Total non-current financial liabilities	$ (684,413)	$ (428,413)	$ -
Distribution or cash dividends	-	-	-

RESULTS OF OPERATIONS
Year ended December 31, 2016 compared with the year ended December 31, 2015

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

In 2016, expenses decreased to $782,844 (from $18,449,264 in 2015). These expenses were offset by proceeds from the sale of gold in the amount of $54,282, for a net loss of $728,562 (2015 - $18,449,264). Total comprehensive loss in 2016 decreased to $728,562 from $18,877,267 in 2015.

(in Canadian dollars)	2016	2015	Change from 2015
Expenses			
General and administrative	$ 390,515	$ 642,536	$ (252,021)
Share-based payments:	307,786	-	307,786
Depreciation of property and equipment	15,064	15,002	62
Pre-exploration write-offs	56,738	29,645	27,093
Write-down of exploration and evaluation projects	12,741	13,191,275	(13,178,534)
Write down of interest in CBay Minerals	-	452,169	(452,169)
Write down of participating interest	-	4,118,637	(4,118,637)
	$ 782,844	$ 18,449,264	$(17,666,420)
Other items			
Proceeds from the sale of gold	$ 54,282	$ -	$ 54,282
	$ 54,282	$ -	$ 54,282

The decrease is general administrative expenses is due to less funds available compared to the prior year and therefore a decrease in activity. As such, most administrative expense categories in 2016 decreased compared with the prior period.

In 2016, the Company issued a total of 33,175,000 (2015 – nil) stock options. A total of $307,786 (2015 - $nil) was expensed with respect to that portion of the options vesting during the period. The stock option expense does not affect the cash resources of the Company. The timing of this expense is subject to the date of issue and vesting terms of the options. The values of the options are derived using the Black Scholes option pricing model in which subjective assumptions are used.

Pre-exploration write-offs of $56,738 were incurred in 2016, compared with $29,645 during 2015. Pre-exploration costs relate to expenses incurred on evaluating projects that are not owned by the Company.

In 2015, the Company wrote-off $13,191,275 of exploration and evaluation projects in 2015 due to the lack of cash resources, and uncertainty regarding the future work and uncertainty on recoverability of costs. These write-offs were partially offset by an insurance claims that resulted in proceeds of $43,500. In 2016, the Company spent $12,741 on the Diabase project, and wrote the amount of at December 31, 2016 for the same reasons.

As at December 31, 2015, the Company wrote down its participating interest in the cash flows generated by Victory Nickel Inc. from the sale of frac sand due to the uncertainty over the project.

During 2016, the Company recovered $54,282 from the sale of material derived from a gold-mill clean-up from a mine in Quebec.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eleven quarters ended is as follows (rounded):

Fiscal year 2016	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance (costs) income	$ -	$ -	$ -	$ -
Net loss	$ (276,000)	$ (45,000)	$ (294,000)	$ (114,000)
Total comprehensive loss	$ (245,000)	$ (45,000)	$ (294,000)	$ (114,000)
Loss per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Fiscal year 2015	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net finance (costs) income	$ (2,862,000)	$ (51,000)	$ (187,000)	$ (1,019,000)
Net loss	$ (16,697,000)	$ (92,000)	$ (396,000)	$ (1,264,000)
Total comprehensive loss	$ (16,696,000)	$ (9,000)	$ (534,000)	$ (1,638,000)
Loss per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00,000)	$ (0.00)

Variations in the quarterly results of operations are largely a function of the timing of property and other write-downs, gains on sales of properties, income tax recoveries, the recording of amortization of flow-through premiums and the recognition of gains on derivatives or other fair value changes recognized through operations. 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, 2016, the Company had a working capital deficiency of $224,754 (December 31, 2015 – working capital deficiency of $333,348); being defined as current assets less current liabilities. The decrease was mainly attributed to cash used in operations.

The Company had an increase of cash and cash equivalents of $32,290 during 2016 compared to an increase of $19,121 in 2015. Cash used in operations decreased to $64,961 compared to $523,317 in 2015 due to less cash available and as a result a cutback of all expenditures.

Cash (used in) from investing activities was ($13,749) in 2016, compared to $542,438 in 2015. In 2016, the Company generated cash proceeds of $Nil (2015 - $528,759) from the sale of marketable securities. The Company incurred cash outflows of $13,749 (2015 - $29,821) on exploration and evaluation ("E&E") projects. During 2015, the Company also received proceeds of $43,500 from an insurance claim related to its exploration properties.

Cash from financing activities during 2016 was $111,000 and related to the proceeds from the issuance of 22,000,000 common shares from two private placements. There was no cash from financing activities during 2015. The nature of the financing in each period is indicative of the challenges being experienced in securing equity financing in the difficult markets.

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

Table of Contractual Commitments

	Due Date	December 31, 2016
Diabase extended option payment	Currently being negotiated	$ 250,000
	September 2, 2017	$ 628,500
Operating lease - premises	Refer to Note 9 in the 2016 Audited Consolidated Financial Statements	

As described above, management is continuing to actively pursue additional ways to realize on the potential of its assets or secure financing in order to continue to provide funds for operations in light of the current difficult economic circumstances. Flow-through financings can be used for domestic work programs but do not provide the funding necessary to meet corporate or foreign expenditures which do not qualify for flow-through eligibility.

The Company presently has no specific options in place to secure funding although management continues to hold discussions on securing financing and on the 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 and it will be unable to fund continuing operations and corporate administration costs.

If the Company is unable to obtain additional financing, 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.

IMPAIRMENT ANALYSIS UPDATE

The Company performed a detailed impairment analysis on each of its E&E projects as at December 31, 2016 and December 31, 2015. As at December 31, 2015, all projects were written down due to the lack of funding of the Company and related uncertainty as to future spending on the properties. IFRS requires a write-down of the carrying value of assets to the net recoverable amount. Given the current market uncertainties, the valuation of resource properties is difficult and management cannot reliably estimate any recoverable amount. As a result the Company has chosen to write down the value of the property assets. The Company will revisit the valuation of these assets at the end of every reporting period and will recognize a recovery if the fair value of these assets can be reliably determined.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates used in the preparation of the 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 2016 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 2016 Audited Consolidated Financial Statements. Note 3 to the 2016 Audited Consolidated Financial Statements include 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 2015 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 Unaudited Condensed Interim Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the financial statements. The Board of Directors has also appointed compensation and corporate governance and nominating committees composed of non-executive directors.

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

Related Party Balances and Transactions

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

Transactions with related parties for the years ended December 31, 2016 and 2015 are shown in the following table:

		2016		2015
Short-term employee benefits	**$**	**313,139**	$	581,000
Share-based payments - options		**192,743**		
Share issuance costs		**19,000**		-
	$	**524,882**	$	581,000

During the year ended December 31, 2016, the Company was charged $36,000 (2015 $24,500) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2016, $27,120 (December 31, 2015 - $6,780) is included in accounts payable and accrued liabilities. On September 16, 2016, the Company settled $13,560 of debt owing to CFO Advantage in exchange for 2,712,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $150,000 by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2016, $256,654 (December 31, 2015 - $165,567) is owing and included accounts payable and accrued liabilities. On September 16, 2016, the Company settled $60,000 of debt owing to Mr. Jones in exchange for 12,000,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $36,000 by Sean Stokes, Executive Vice President of the Company. As at December 31, 2016, $50,000 (December 31, 2015 - $24,000) is owing and included accounts payable and accrued liabilities. On September 16, 2016, the Company settled $10,000 of debt owing to Mr. Stokes in exchange for 2,000,000 common shares (at $0.005 per share) of the Company.

During the year ended December 31, 2016, the Company was charged $8,139 (2015 - $Nil) by David Mchaina, Vice President of the Company. As at December 31, 2016, $Nil (December 31, 2015 - $1,230) is owing and included in accounts payable and accrued liabilities.

OUTSTANDING SHARE DATA

As at April 28, 2017, the Company had 346,986,957 common shares issued and outstanding. In addition, there were 42,600,000 stock options outstanding and 18,000,000 share purchase warrants.

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.

Areas of Investment Risk

Investors should be aware that the Company voluntarily delisted its common shares from the TSX and that there is currently no liquid market for the Company's common shares. Investors may therefore not recover their original investment.

The 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.

Financing and Going Concern

The liquidity position of Nuinsco is extremely restricted and the continued operation of the Company depends upon the ability to obtain financing through the sale of assets including project interests or other means. Generally, there is no assurance that the Company will be successful in obtaining the required financing or achieving other means of securing liquidity on a timely basis or on acceptable terms.

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

Loss of Participating Interest

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Evaluation and Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

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

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

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

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

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

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

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

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

Nuinsco may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the areas in which Nuinsco does or will operate and holds its interests, as well as unforeseen matters. 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 with 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, 2015.

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 which experienced a significant downturn with the decline in oil price in the fourth quarter of 2014. There can be no assurance that frac sand demand and pricing will return to previous levels, leaving the value of the Company's investment in Victory Nickel in doubt.

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

FORWARD-LOOKING STATEMENTS

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