



NUINSCO RESOURCES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

DATED APRIL 29, 2021

To the Shareholders of Nuinsco Resources Limited:

Opinion

We have audited the consolidated financial statements of Nuinsco Resources Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2020 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

April 29, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Nuinsco Resources Limited

Consolidated Statements of Financial Position

As at December 31, 2020 and December 31, 2019

(in Canadian dollars)	Notes	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		\$ 60,141	\$ 103,999
Receivables	6	17,024	13,509
Prepays		-	10,661
Total current assets		77,165	128,169
Non-current assets			
Property and equipment	7	4,137	25,603
Exploration and evaluation projects	8	1,237,852	915,898
Total non-current assets		1,241,989	941,501
Total Assets		\$ 1,319,154	\$ 1,069,670
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Trade and other payables	17	\$ 545,588	\$ 413,922
Deferred flow-through share premium		68,942	-
Total current liabilities		614,530	413,922
Non-current liabilities			
Loan payable	10	48,199	-
Deferred government grant	10	11,283	-
Long-term liabilities	11	1,558,025	1,249,438
Total Liabilities		2,232,037	1,663,360
Shareholders' deficiency			
Share capital	13	98,995,626	98,872,900
Contributed surplus	15	6,046,690	5,922,009
Warrants	15	71,860	49,460
Accumulated other comprehensive loss		(2,147,261)	(2,147,261)
Deficit		(103,879,798)	(103,290,798)
Total shareholders' deficiency		(912,883)	(593,690)
Total Liabilities and Shareholders' Deficiency		\$ 1,319,154	\$ 1,069,670

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

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 20)

Approved by the Board of Directors

(signed)
Bob Wardell
Director

(signed)
Paul Jones
Director

Nuinsco Resources Limited

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31, 2020 and December 31, 2019

(in Canadian dollars)	Notes	2020	2019
Other expenses			
General and administrative		\$ 443,371	\$ 611,864
Share-based payments	15	124,681	46,289
Depreciation of property and equipment	7	4,870	6,031
Operating loss		(572,922)	(664,184)
Other income			
Interest expense	10	(2,408)	-
Benefit of interest free loan	10	2,926	-
Unrealize gain on marketable securities		-	2,073
Loss on disposal of property and equipment	7	(16,596)	-
Loss before income taxes		(589,000)	(662,111)
Income tax expense	19	-	-
Net loss and comprehensive loss for the year		\$ (589,000)	\$ (662,111)
Loss per share			
Basic and diluted loss per share	14	\$ (0.00)	\$ (0.00)
Weighted average number of shares		444,614,144	431,067,367

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

Nuinsco Resources Limited

Consolidated Statements of Shareholders' Deficiency

For the years ended December 31, 2020 and December 31, 2019

(in Canadian dollars)	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
Balances as at December 31, 2018	\$ 98,648,055	\$ 5,933,925	\$ 6,100	\$ (2,147,261)	\$(102,628,687)	\$ (187,868)
Share-based payments (note 15)	-	46,289	-	-	-	46,289
Exercise of stock options	139,305	(64,305)	-	-	-	75,000
Expiry of warrants	-	6,100	(6,100)	-	-	-
Shares issued on private placement (note 13)	50,040	-	49,460	-	-	99,500
Shares issued in accordance with Sunbeam option agreement (notes 8)	35,500	-	-	-	-	35,500
Net loss for the year	-	-	-	-	(662,111)	(662,111)
Balances as at December 31, 2019	98,872,900	5,922,009	49,460	(2,147,261)	(103,290,798)	(593,690)
Share-based payments (note 15)	-	124,681	-	-	-	124,681
Shares issued on private placement (note 13)	161,100	-	22,400	-	-	183,500
Issue costs	(5,432)	-	-	-	-	(5,432)
Flow-through premium	(68,942)	-	-	-	-	(68,942)
Shares issued in accordance with Sunbeam option agreement (notes 8)	36,000	-	-	-	-	36,000
Net loss for the year	-	-	-	-	(589,000)	(589,000)
Balances as at December 31, 2020	\$ 98,995,626	\$ 6,046,690	\$ 71,860	\$ (2,147,261)	\$(103,879,798)	\$ (912,883)

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, 2020 and December 31, 2019

(in Canadian dollars)	Notes	2020	2019
Cash flows from operating activities			
Net loss for the year		\$ (589,000)	\$ (662,111)
Adjustments for:			
Share-based payments	15	124,681	46,289
Interest expense		2,408	-
Benefit of interest free loan		(2,926)	-
Depreciation of property and equipment	7	4,870	6,031
Loss on disposal of property and equipment	7	16,596	-
Unrealized gain on marketable securities		-	(2,073)
Change in receivables		7,146	68,354
Change in trade and other payables		131,666	59,740
Change in long-term liabilities		238,587	287,500
Net cash (used in) operating activities		(65,972)	(196,270)
Cash flows from investing activities			
Cash expenditures on exploration and evaluation projects	8	(215,954)	(269,070)
Proceeds on sale of marketable securities		-	6,339
Net cash (used in) from investing activities		(215,954)	(262,731)
Cash flows from financing activities			
Proceeds from loans and grants	10	60,000	-
Proceeds from exercise of options	15	-	75,000
Proceeds from issue of common shares and warrants	13	178,068	99,500
Net cash from financing activities		238,068	174,500
Net decrease in cash		(43,858)	(284,501)
Cash, beginning of the year		103,999	388,500
Cash, end of the year		\$ 60,141	\$ 103,999

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(all amounts in Canadian dollars)

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 115-2420 Bank Street, Ottawa, Ontario, K1V 8S2. The consolidated financial statements of the Company as at and for the years ended December 31, 2020 and 2019 comprise the Company and its subsidiaries. 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. On February 20, 2019, the Company's shares commenced trading on the Canadian Securities Exchange under the symbol NWI.

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. The Company has incurred a net loss of \$589,000 for the year ended December 31, 2020 (2019 – \$662,111) and has an accumulated deficit of \$103,879,798 (2019 - \$103,290,798). As at December 31, 2020, the Company had a working capital deficiency of \$537,365 (2019 – \$285,753). Working capital 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. Refer to Note 4 on Financial Risk Management and Capital Management to these Consolidated Financial Statements for additional information.

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

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

The Company's management continues to be engaged in securing financing or the potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs.

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

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

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(all amounts in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN - CONTINUED

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

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.

The Company's significant accounting policies are 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 issuance by the Board of Directors on April 29, 2021.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historic cost basis except for certain financial instruments which are measured at fair value.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its active subsidiaries. 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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(all amounts in Canadian dollars)

2. BASIS OF PREPARATION – CONTINUED

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

- Note 15 Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made in applying valuation techniques. These assumptions include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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 consolidated financial statements is included in the following notes:

- Note 1 Going concern assessment - As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time.
- Note 8 Classification of expenditures as exploration and evaluation projects or operating expenses - The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.
- Note 8 Impairment of exploration and evaluation projects - While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.
- Note 3(j) disclosure of contingencies - Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined or additional information is acquired.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(all amounts in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

The significant 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 and its subsidiaries.

(a) 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. Significant Company entities are listed in Note 18.

(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.

(b) 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 Other Comprehensive (Loss) Income ("OCI").

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(c) Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive (loss) income. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations and comprehensive (loss) income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of financial assets

The Company's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

Financial assets:	Classification IFRS 9
Cash	Amortized cost
Receivables, excluding HST	Amortized cost
Financial liabilities:	Classification IFRS 9
Trade and other payables	Amortized cost
Long-term liabilities	Amortized cost
Loan Payable	Amortized cost

(d) 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 and comprehensive loss.

(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.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(all amounts in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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%

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 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 statement of financial position. Currently, Nuinsco does not hold any assets classified as *Mine property and development projects*.

(ii) Pre-E&E expenditures

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

(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:

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- 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 statements of financial position.

Likewise, when facts or circumstances exist that suggest previously recognized impairment should be reversed, a gain on impairment reversal is recognized only to the extent that an impairment loss was originally recognized.

(g) Government Grants

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

(h) Impairment

(i) Financial assets

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

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

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

(ii) Non-financial assets

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. Such transactions are measured at the fair value of the asset(s) or service(s) received, if they can be reliably measured, otherwise, the fair value of the share-based payment is used.

(j) Provisions

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(k) Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the fair value of a common share and the amount the investor pays for the flow-through share. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company incurs the required flow-through eligible expenditures.

A deferred tax liability is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the consolidated statement of financial position and its tax base.

The Company indemnifies subscribers of flow-through shares for any tax related amounts that become due as a result of the Company not meeting its flow-through share related obligations.

(l) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(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.

(ii) Share-based payment arrangements

Stock Option Plan

The Company has a stock option plan (the "Stock Option Plan") which is described in Note 15. Awards to non-employees are measured at the fair value of the goods or services received. Awards made to employees are measured at the grant date. All share-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate the share-based payment. The share-based payment is charged to operations over the vesting period of the options or service period, whichever is shorter. Stock options vest either immediately or over a 12-month period.

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3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 13. 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, using the treasury method, which comprise warrants and share options.

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.

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.

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4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

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 its projects. 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. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. When possible, spending plans are adjusted accordingly to provide for liquidity.

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

All contractually obligated cash flows are payable within the next fiscal year with the exception of the Company's loan payable, deferred director and management fees, which are recorded in long-term liabilities.

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, trade and other payables that are denominated in a currency other than the respective functional currency. 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. Currently the Company does not hold any material amount of foreign currency, thus reducing any currency risk.

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 50 basis points 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.

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4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT - CONTINUED

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

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

Capital Management Disclosures

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued project development and corporate activities. Capital is defined by the Company as the aggregate of its shareholders' deficiency 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).

(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 profit or loss 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 9.

(c) Share-based Payment Transactions

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

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6. RECEIVABLES

	December 31, 2020	December 31, 2019
Sales tax receivable	\$ 17,024	\$ 13,509

7. PROPERTY AND EQUIPMENT

Equipment	Cost	Accumulated Depreciation	Carrying Amount
Balance as at December 31, 2018	426,674	395,040	31,634
Depreciation	-	6,031	(6,031)
Balance as at December 31, 2019	\$ 426,674	\$ 401,071	\$ 25,603
Disposal of property and equipment	(313,493)	(296,897)	(16,596)
Depreciation	-	4,870	(4,870)
Balance as at December 31, 2020	\$ 113,181	\$ 109,044	\$ 4,137

8. EXPLORATION AND EVALUATION PROJECTS

	Prairie Lake	Sunbeam	El Sid	Total
Balance, December 31, 2018	-	277,104	214,224	491,328
Acquisitions (net)	-	70,000	-	70,000
Project expenditures	40,612	51,308	262,650	424,570
Balance, December 31, 2019	\$ 40,612	\$ 398,412	\$476,874	\$ 915,898
Option Payments	-	71,000	-	71,000
Project expenditures	-	203,706	47,248	250,954
Balance, December 31, 2020	\$ 40,612	\$ 673,118	\$524,122	\$1,237,852

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8. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

El Sid

The Company is evaluating the economic viability of the El Sid gold dumps and tailings recovery operation ("El Sid") located in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast. Three past producing gold mines are located on the project site – the largest of which is the El Sid Mine that between 1940 and 1957 was Egypt's largest gold producer. In Q1 2018, Nuinsco, through its Egyptian subsidiary Z-Gold Resources, won, through a competitive bid, the opportunity to evaluate and exploit the waste dumps and tailings from the project owner, Shalateen Mineral Resources Company, a company established by the Egyptian Government. Nuinsco/Z-Gold were required to post a performance bond of \$147,000 to secure the bid. To fund the acquisition, the Company sold royalties (the "Royalties") on future gold, and associated minerals, produced from El Sid. As at December 31, 2020, the Company has received proceeds of \$124,908 from the sale of the Royalties representing 13% of the distributable cash flow from the production of gold and associated minerals. \$74,908 of these Royalties were sold to management and directors of the Company to assist in funding the project. This amount was credited against the carrying value of El Sid.

Sunbeam Gold Property

In February 2018, the Company completed an option agreement to acquire the Sunbeam Gold Property which is located about 30km northeast of Atikokan, north-western Ontario and is readily accessible by road. The property is composed of 101 mining claims (99 single cell and 2 boundary cell mining claims) totalling 1,552ha and is the site of a former patented mining claim that encompassed the Sunbeam Mine. The immediate area of the Sunbeam Mine had seen no exploration activity since 1905. Payments to acquire the 100% of the Sunbeam Gold Property are as follows:

- (a) Cash payments of \$175,000 over four years: \$20,000 on signing (paid); \$30,000 on May 3, 2018 (paid); \$50,000 on May 3, 2019 (paid - see (i) below); and \$75,000 on May 3, 2020 (see (ii) below).
 - (i) On April 30, 2019, an amending agreement was executed such that the \$50,000 cash payment required on May 3, 2019 would be: \$25,000 cash and \$25,000 of common shares of the Company as determined by the 20-day volume weighted average share price. The revised payments were paid on schedule.
 - (ii) On July 8, 2020, an amending agreement was executed such that the May 3, 2020 payment for \$75,000 was increased to \$90,000 due on December 31, 2020 settled by the issuance of 3,000,000 common shares.
- (b) Issue 1,000,000 common shares on signing the agreement (issued), 100,000 common shares on May 3, 2018 (issued), 100,000 common shares on May 3, 2019 (issued), and 100,000 common shares on May 3, 2020 (issued).
- (c) Complete work programs totalling \$280,000 incurred over four years as follows:
 - (a) an initial \$40,000 on or before May 3, 2018 (met);
 - (b) an additional \$60,000 on or before May 3, 2019 (met);
 - (c) an additional \$80,000 on or before May 3, 2020 (met); and
 - (d) an additional \$100,000 on or before May 3, 2021.
- (d) A net smelter return ("NSR") royalty of 2.5% is retained by the vendors. A 1% royalty can be re-acquired by the Company for a one-time payment of \$1,000,000.
- (e) a \$20,000 per annum pre-production payment deductible against any net smelter returns royalty payments to the optionors.

Subsequent to December 31, 2020, the Company exercised the option on the option agreement (see subsequent event note 20).

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8. EXPLORATION AND EVALUATION PROJECTS - CONTINUED

Sunbeam Gold Property - continued

In October 2020, the Company entered into an option agreement to increase the size of the Sunbeam gold property land package. The newly-optioned ground comprises nine (9) mining claims (consisting of 117 cells). Terms of the option require a cash payment of \$10,000 on signing the agreement with subsequent payments of \$12,000, \$16,000 and \$25,000 in years two, three and four. One million common shares of the Company valued at \$5,000 were also issued to the vendor upon signing.

Prairie Lake

The Prairie Lake project, located near Marathon, Ontario, is within a large carbonatite intrusion hosting a number of commodities of potential commercial interest including phosphate (P₂O₅), niobium (Nb) tantalum (Ta), uranium, rare earth elements ("REEs"), and other elements and compounds. The Prairie Lake project is owned 100% by the Company, is royalty-free and consists of nine claims comprising of 46 mining claims (27 single cell and 19 boundary cell mining claims), encompassing 608 ha. Evaluation, analytical sampling, and metallurgical and process testing are ongoing.

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

9. PARTICIPATING INTEREST

Nuinsco holds an unsecured participating interest in the cash flows generated by Victory Nickel Inc. from the sale of frac sand (the "Participating Interest") from that company's 7 Persons frac sand plant near Medicine Hat, Alberta. The Company's participation in the net cash flows earned from the sale of frac sand is limited to a maximum of \$10,222,831 with a minimum of \$7,667,124 based on a sharing percentage of 52.16%. Because of the uncertainty 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. The Company will continue to monitor the frac sand market, and will re-evaluate the impairment of this asset at such time the market recovers.

10. LOAN PAYABLE

On April 28, 2020, the Company received an interest free government loan of \$40,000, and an additional \$20,000 on December 29, 2020. Up to \$20,000 of that amount will be eligible for loan forgiveness if \$40,000 is fully repaid on or before December 31, 2022. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at the fair value of \$48,199, using the Company's incremental borrowing rate of 11% per annum. During the year ended December 31, 2020, the Company recorded interest of \$2,408 on the loan (2019 - \$Nil) and benefit of interest free loan of \$2,926 (2019 - \$Nil).

11. LONG-TERM LIABILITIES

Long-term liabilities consist of accrued directors' fees \$511,025 (2019 - \$400,438) and certain management consulting fees \$1,047,000 (2019 - \$849,000). Until the ongoing viability of the Company can be assured, the directors and management have agreed to provide 12 months' notice on calling the repayment of the fees. The amounts are therefore classified as long-term.

12. LEASE

In September 2017, the Company entered into a one-year lease for office space at 80 Richmond Street West, Toronto, expiring September 2018. The lease was extended for two one-year terms and ended in September 2020. During 2020, the Company paid net rent in the amount of \$16,500. The Company did not extend the lease in 2020.

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13. SHARE CAPITAL AND OTHER COMPONENTS OF SHAREHOLDERS' DEFICIENCY

Share Capital

Authorized

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

Number of common shares issued and outstanding

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

	Notes	Number of Shares	Amount
Balance as at December 31, 2018		420,813,323	\$ 98,648,055
Shares issued on exercise of stock options	(a)	7,500,000	139,305
Shares issued in accordance with Sunbeam option agreement	(b)	3,550,000	35,500
Shares issued on private placement	(c)	9,950,000	99,500
Value of warrants issued	(c)	-	(49,460)
Balance as at December 31, 2019		441,813,323	98,872,900
Shares issued on private placement	(d)	18,350,000	183,500
Value of warrants issued	(d)	-	(22,400)
Flow through premium	(d)	-	(68,942)
Issue costs	(d)	-	(5,432)
Shares issued in accordance with Sunbeam option agreement	(b)	3,100,000	31,000
Shares issued in accordance with additional Sunbeam option	(b)	1,000,000	5,000
Balance as at December 31, 2020		464,263,323	\$ 98,995,626

(a) On February 26, 2019, 3,500,000 stock options were exercised at \$0.01 per share for proceeds of \$35,000. Upon exercise of the stock option, the fair value of \$32,472 was allocated from contributed surplus to share capital. On June 1, 2019, 4,000,000 stock options were exercised at \$0.01 per share for proceeds of \$40,000. Upon exercise of the stock option, the fair value of \$31,833 was allocated from contributed surplus to share capital.

(b) On May 3, 2019 the Company issued 3,550,000 common shares valued at \$35,500 pursuant to its Sunbeam option agreement (see note 8).

On July 29, 2020, the Company issued 3,100,000 common shares valued at \$31,000 pursuant to the Sunbeam option agreement (see note 8).

On July 29, 2020, the Company issued 1,000,000 common shares valued at \$5,000 pursuant to the Sunbeam option agreement (see note 8).

(c) On December 31, 2019, the Company closed a private placement financing for gross proceeds of \$99,500 through the issuance of 9,950,000 flow-through share units (at \$0.01 per unit). Each unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised at \$0.05 for a period of 36 months. These warrants were assigned a value of \$49,460 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 1.69%; expected volatility of 290%; expected dividend yield of 0% and an expected life of three years. Under the "look back" provision governing flow-through shares, the \$99,500 was unspent by the end of 2019 and had to be spent by December 31, 2020 (which it was).

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13. SHARE CAPITAL AND OTHER COMPONENTS OF SHAREHOLDERS' DEFICIENCY - CONTINUED

- (d) Between October and December 31, 2020, the Company closed a private placement financing for gross proceeds of \$183,500 through the issuance of 13,850,000 flow-through shares at \$0.01 per share, and 4,500,000 units. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised at \$0.05 for a period of 24 months. These warrants were assigned a value of \$22,400 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.26%; expected volatility of 351%; expected dividend yield of 0% and an expected life of two years. The Company paid finders' fees of \$3,750 and other costs related to the issuance in the amount of \$1,682. Under the "look back" provision governing flow-through shares, the \$38,682 of the flow-through raised was unspent by the end of 2020 and must be spent by December 31, 2021.

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. There has been no issuance under this plan.

Share Purchase Plan

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

Share Bonus Plan

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

The fair value of common share entitlements granted under the Share Bonus Plan is determined using the quoted market value on the date of grant for an aggregate fair value that was charged immediately. If the common shares are not listed on any stock exchange, the fair value of the common shares may be determined by the directors. There has been no issuance under this plan.

Accumulated Other Comprehensive Income or Loss ("AOCI")

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

Net change of financial assets at fair value through OCI

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

Income tax on OCI

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

Nuinsco Resources Limited

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14. LOSS PER SHARE

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2020 and 2019 because their impact was anti-dilutive.

15. SHARE-BASED PAYMENTS

Description of the Share-based Payment Arrangements

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

Stock option plan (equity-settled)

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

As at December 31, 2020, the Company had 13,314,499 (December 31, 2019 – 34,596,998) common shares remaining available for the granting of future options. Options are exercisable at the market price of the shares on the date preceding the date of grant.

Share Bonus Plan

The terms of the Company's Share Bonus Plan are set out in Note 17.

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 year vested on the date of grant.
- 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, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	31,675,000	\$ 0.010	34,525,000	\$ 0.010
Granted	25,000,000	0.005	4,650,000	0.010
Expired	(350,000)	0.010	-	-
Exercised	-	-	(7,500,000)	0.010
Balance, end of year	56,325,000	\$ 0.008	31,675,000	\$ 0.010
Options exercisable, end of year	56,325,000	\$ 0.008	31,675,000	\$ 0.010

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15. SHARE-BASED PAYMENTS – CONTINUED

As at December 31, 2020 the options outstanding are as follows:

# Options	Exercise Price	Expiry date	Weighted average expiry (years)
26,675,000	\$ 0.010	April 18, 2021	0.30
4,650,000	\$ 0.010	August 26, 2024	3.66
25,000,000	\$ 0.005	November 17, 2025	4.88
56,325,000			2.60

On August 26, 2019, the Company issued 4,650,000 stock options to officers, consultants and employees of the Company. The options have an exercise price \$0.01 and expire 5 years from the date of grant. The options were assigned a value of \$46,289 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 250%; expected dividend yield of 0%; risk-free interest rate of 1.24%; and expected life of 5 years. The options vested on the date of grant.

On November 16, 2020, the Company issued 25,000,000 stock options to officers, consultants and employees of the Company. The options have an exercise price \$0.005 and expire 5 years from the date of grant. The options were assigned a value of \$124,681 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 311%; expected dividend yield of 0%; risk-free interest rate of 0.46%; and expected life of 5 years. The options vested on the date of grant.

See note 20 for subsequent exercise of stock options.

Share purchase warrants

The following is a summary of the activity of warrants for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	9,950,000	\$ 0.050	1,495,000	\$ 0.015
Expired	-	-	(1,495,000)	0.015
Granted (note 13)	4,500,000	0.050	9,950,000	0.050
Balance, end of year	14,450,000	\$ 0.050	9,950,000	\$ 0.050

As at December 31, 2020 the warrants outstanding are as follows:

# Warrants	Exercise Price	Expiry date	Weighted average expiry (years)
9,950,000	\$ 0.050	December 30, 2022	2.0
4,500,000	\$ 0.050	December 3, 2022	1.92
14,450,000			1.97

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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16. 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 which are currently located in Canada and Egypt. 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 statements of financial position.

17. 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, 2020 and 2019 are shown in the following table:

	2020	2019
Short-term employee benefits	\$ 356,587	\$ 358,500
Share-based compensation	102,238	19,910
	\$ 458,825	\$ 378,410

During the year ended December 31, 2020, the Company was charged \$46,000 (2019 - \$36,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2020, \$123,170 of such fees (December 31, 2019 - \$71,190) is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company was charged \$150,000 (2019 - \$150,000) by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2020, \$825,000 (December 31, 2019 - \$675,000) is owing for management fees and is included in long-term liabilities (Note 11). The Company also owes Mr. Jones \$112,071 for expenses paid for on behalf of the Company and advances.

During the year ended December 31, 2020, the Company was charged \$48,000 (2019 - \$48,000) by Sean Stokes, Executive Vice President of the Company. As at December 31, 2020, \$222,000 (December 31, 2019 - \$174,000) is owing and included in long-term liabilities (Note 11).

As at December 31, 2020, two directors are owed a total of \$22,000 for funds advanced to the Company with no interest, and no terms of repayment. The Company had no other sources of financing available at the time and the advances were essential to maintaining the Company in good standing.

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements
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18. COMPANY ENTITIES

Significant Subsidiaries and Jointly-Controlled Entities

		December 31, 2020	December 31, 2019
Ownership Interest	Country of Incorporation		
Lakeport Gold Corporation	Canada	100%	100%
Nuinsco Madencilik Sanaye Ticaret	Turkey	100%	100%
Nuinsco Exploration Inc.	BVI	70%	70%
Z-Gold Resources Limited (through Nuinsco Exploration Inc.)	Egypt	70%	70%
NuMENA Minerals Corp.	Canada	100%	100%

All of these subsidiaries have nominal assets and liabilities.

19. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2019 - 26.5%) to the effective tax rate is as follows:

	2020	2019
Net Income before recovery of income taxes	\$ (589,000)	\$ (662,111)
Expected income tax (recovery) expense	\$ (156,090)	\$ (175,460)
Share-based compensation and other non-deductible expenses	33,050	13,780
Share issuance costs booked directly to equity	(1,440)	-
Utilization of losses	(700)	(2,097,180)
Flow-through shares	-	26,370
Change in tax benefits not recognized	125,180	2,232,490
Income tax 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:

	2020	2019
Property and equipment	\$ 686,610	\$ 708,940
Participating Interest	1,000,000	1,000,000
Loan payable	19,480	-
Share issuance costs	4,350	3,800
Reserves	1,558,0308	1,247,440
Operating tax losses carried forward	888,490	724,460
Capital losses carried forward	26,860,150	26,860,150
Resource pools – mineral properties	9,658,450	9,658,450
	40,675,560	40,203,240

Nuinsco Resources Limited

Notes to the Consolidated Financial Statements

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(all amounts in Canadian dollars)

19. INCOME TAXES - CONTINUED

The Canadian operating tax losses expire as noted in the table below. The operating tax losses of the foreign subsidiaries have not been disclosed as the Company no longer has any significant foreign operations. The capital losses may be carried forward indefinitely but can only be used to reduce capital gains. 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 Company can utilize the benefits therefrom.

The Company's Canadian operating tax losses expire as follows:

<u>Year</u>	<u>Non-capital Losses</u>
2038	\$ 353,410
2039	370,810
2040	164,280
	<u>\$ 888,490</u>

20. SUBSEQUENT EVENTS

On January 21, 2021 the Company exercised its option on the Sunbeam project for the sum of \$65,000 (note 8).

On February 11, 2021, 19,790,000 stock options were granted with an exercise price of \$0.01 expiring 5 years from the date of grant.

On February 18, 2021, 25,900,000 stock options were granted with an exercise price of \$0.015 expiring 5 years from the date of grant.

On March 19, 2021, the Company announced the expansion of its prospective gold property holdings through an option agreement to acquire a 100% interest in the Dash Lake gold project (the "Project" or the "Property") located 50 kilometres northwest of Fort Francis, Ont. in the prolifically gold mineralized Kakagi-Rowan Lake Greenstone Belt. Terms of the option required a cash payment of \$10,000 on signing the agreement with subsequent payments of \$20,000, \$25,000 and \$30,000 in years two, three and four. A share issuance of 1.4 million common shares of the Company was also due to the vendors upon signing. The property is subject to a 1.5% net smelter return royalty (the "Royalty"); the Company has the right to purchase 0.5% of the Royalty for \$500,000.

On April 22, 2021, 17,500,000 stock options were granted with an exercise price of \$0.015 expiring 5 years from the date of grant.

Subsequent to December 31, 2020, a total of 51,211,008 stock options were exercised for proceeds of \$515,193.



NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

DATED APRIL 29, 2021

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2020 and 2019

The following discussion of the results of operations and financial condition of Nuinsco Resources Limited ("Nuinsco" or "the Company") prepared as of April 29, 2021 consolidates management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 ("2020 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.

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2020 and 2019 ("2020 Audited Consolidated Financial Statements") which 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 tabulated amounts are in thousands of Canadian dollars.

NATURE OF OPERATIONS

Nuinsco is an exploration and development company that has operated successfully for several decades; throughout its history the Company has identified and explored numerous mineral occurrences leading to a number of mineral deposit discoveries including the Rainy River gold deposit in north-western Ontario, now in production and owned by New Gold Inc. having been sold by the Company in 2004, the Lac Rocher nickel deposit in Quebec now owned by Victory Nickel Inc. ("Victory Nickel") and the Cameron Lake gold deposit in northwestern Ontario which is currently owned by First Mining Gold Corp. The Company's focus is identifying, exploring and developing mineral investment opportunities domestically and internationally; the Company currently has interests in projects prospective for gold, phosphate and agricultural applications, rare metals and niobium in the province of Ontario in Canada, and gold in Egypt.

The Company owns 100% of the very significant Prairie Lake project and with its optioned Sunbeam Gold Project, both in northwestern Ontario, is working to build shareholder value through systematic exploration on highly prospective mineralized terrane in a stable, mining friendly jurisdiction. As funding permits, work programs have been planned and executed on the Company's projects. In particular, at the Sunbeam Gold Project, high-grade gold mineralization is known from historic work dating-back more than 100 years. No work had been conducted on this mineralization in the intervening time until a recently completed geophysical survey identified drill-ready targets spatially associated with the known gold mineralization followed more recently (Q1 2020) by a modest diamond drilling program. During Q4 of 2020 extended geophysical coverage was contracted. At the Prairie Lake project, a number of commodities of economic interest occur including phosphate, rare earth elements and niobium/tantalum. Extensive metallurgical testing has demonstrated that a phosphate concentrate exceeding 30% P₂O₅ can be produced as well as a soil amendment product that requires little processing. The Company initiated a program to obtain material from Prairie Lake for evaluation as a soil amendment; the results indicate that the phosphate-bearing rock is an effective soil amendment/additive and has a positive impact at the agricultural sites tested. The Organic Materials Research Institute ("OMRI") has listed the Prairie Lake material which is significant in that it demonstrates that the material can be used in certified organic processes. Given the size of the global agricultural industry and the rapidly increasing organic agriculture sector the potential implications to the economics of the Prairie Lake project are considerable. The widespread distribution of rare earth element bearing minerals at Prairie Lake project are also a significant exploration target – particularly as the demand for such elements is forecast to rise dramatically as new applications and technologies are introduced to the developing "green" economy.

In March 2021, the Company entered into an option agreement on the Dash Lake gold exploration project near Fort Frances, Ontario. Dash Lake is located in an area well known to the Company being relatively close to the Cameron Lake Gold Deposit and Rainy River Mine – both of which were discovered/developed by the Company.

The Company has been evaluating the economic viability of the El Sid gold waste dumps and tailings recovery project in the Eastern Desert of Egypt approximately 90km west of the Red Sea coast ("El Sid"). Three past producing gold mines are located on the project – the largest of which is the El Sid Mine that, between 1949 and 1957, was Egypt's largest gold producer. Nuinsco, through its Egyptian subsidiary Z-Gold Resources Limited ("Z-Gold"), has obtained the right to evaluate and exploit the waste dumps and tailings from the project owner, Shalateen Mineral Resources Company ("Shalateen"), a company

established by the Egyptian Government. The results of the evaluation indicate that the project is economic using conservative estimation of economic parameters and could quickly produce revenue. The Company continues its efforts to establish a gold processing plant on-site.

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

Going Concern

The Company's 2020 Audited Consolidated Financial Statements have been prepared using the going concern assumption, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of \$589,000 for the year ended December 31, 2020 (2019 – \$662,111) and has an accumulated deficit of \$103,879,798 (2019 - \$103,290,798). As at December 31, 2020, the Company had a working capital deficiency of \$537,365 (December 31, 2019 –\$285,753). Working capital is defined as current assets less current liabilities.

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to: continuing losses, dependence on key individuals, and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete its projects and fund other operating expenses. Advancing the Company's projects through exploration and development to the production stage will require significant financing.

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

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

The Company's management continues to be engaged in securing financing or the potential sale of assets. There are no assurances that the Company will be successful in obtaining any financing or selling assets, or in accomplishing that on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, it will be unable to fund continuing operations and corporate administration costs.

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

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

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

SIGNIFICANT EVENTS

The Company continued to conduct exploration at the Sunbeam Gold Project including further geophysical survey coverage along prospective mineralized trends. The intent of this work is to develop diamond drilling targets for evaluation in a work program to be conducted in Q2 2021.

The Company fulfilled the terms of the option agreement on the Sunbeam Gold Project – acquiring the claims in the process. These claims have now been transferred to the Company's ownership.

The Sunbeam project was expanded with the addition of nine (9) mining claims (consisting of 117 cells). The additional claims are located adjacent to the existing property to the east, north, and west and host extensions of the mineralized trends traversing the existing claims.

The Company continues to evaluate the economic viability of El Sid and is in discussions to bring the project into production.

As noted above, the Company optioned the the Dash Lake gold project subsequent to year end. Exploration programs are currently in development.

OUTLOOK

Nuinsco is now working to advance all of its projects. Collectively they provide prospective exploration targets, potential development scenarios and cash generating capability.

At the Sunbeam Gold Project several geophysical surveys have now produced coverage over a substantial portion of the Sunbeam-Roy mineralized trend. The combined geophysical surveys have delivered anomalous responses over 2900m of strike and are high priority target areas for diamond drilling. The work program continues in 2021 with additional geophysical coverage elsewhere on the property and planned diamond drilling to commence testing identified targets – the most substantial of which is the gold mineralization at the Sunbeam Mine.

Additional drill core sampling will be conducted at the Prairie Lake project. Carbonatites contain the highest rare earth element ("REE") content of any igneous rock, making them attractive exploration targets for REE mineralization; particularly so in light of concerns around the REE supply chain and desirability to obtain supply from stable jurisdictions. The Prairie Lake complex has unusually high concentrations of REEs in apatite, and in particular neodymium (Nd^{2}O^3). The REE content, with high proportional neodymium content, in association with other mineral commodities of economic interest, for instance phosphate and niobium, makes it a very attractive target for further investigation made more so by the excellent logistical status of the project.

The Company continues to focus on El Sid because of the project's potential to provide access to cash. Management's view has been that El Sid has the potential to provide the necessary non-dilutive funding that can be used to operate the Company and its projects and potentially allow for the acquisition of new opportunities. Funding to build the project is a priority and the Company is actively engaged in the search for a transaction on the project.

The Company acquired the Dash Lake project in northwestern Ontario. It is a gold exploration project located in proximity to prospective regional structures hosting gold mineralization and occurs in an area familiar to Nuinsco being situated approximately mid-way between the Cameron Lake Gold Deposit and the Rainy River Mine – both gold properties which Nuinsco discovered/developed and produced the first resource estimates for. Numerous other projects have been worked by the Company in the region.

Sadly, in March of 2021 René Galipeau, a long-standing director and officer of the Company, passed away. René was a creative leader and a man of great integrity who, in business, always put employees and shareholders first. He is greatly missed.

MINERAL PROJECTS

Sunbeam Gold Property

The Sunbeam Gold Property consists of 110 unpatented mining claims (218 cells), covering 48.8km², situated 27km northeast of the town of Atikokan, Ontario, and 12km southeast of Agnico Eagle's Hammond Reef gold deposit. It is easily accessible via well maintained logging roads from Hwy 11.

The property is traversed by at least three sub-parallel, northeast-trending, gold-mineralized lineaments secondary to the

regionally extensive, sub-province bounding Quetico Fault. Collectively these lineaments now total approximately 30 kilometres of mineralized target domain and host 10 gold occurrences; they present an extensive exploration target that extends to all parts of the Property, have seen only intermittent historic exploration and represent an excellent opportunity to be comprehensively explored. A number of the occurrences have returned high-grade assays from grab-samples and limited drilling. The most significant mineralization occurs at the past producing, high-grade, Sunbeam gold mine. Elsewhere historic pits and shafts have been excavated to conduct exploration at the Roy, Pettigrew and Road occurrences – all of which contain gold mineralization that merits further exploration. Previous work also identified new occurrences of strong anomalous gold mineralization from grab samples collected along the lineaments.

At the Sunbeam Mine, gold mineralization occurs within a 2.5-3.0m wide southwest-striking quartz vein/chlorite schist zone, which dips moderately to the northwest. This mineralization is hosted by a 30m wide deformation zone within the Marmion Lake Batholith. Historic underground development consisted of a combined inclined/vertical shaft to an approximate depth of 400 feet (122m) with drifting and development on three levels (at ~100, 200 & 300 feet

No records of production from 1899-1903 exist. Reportedly 1,000 ounces of gold were recovered from 2,400 tons mined in 1904. A 1903 plan of the mine shows an average grade of ~13g/t Au in the historic workings. Previous workers have estimated that there could be 50,000-70,000t grading 13.0g/t Au remaining in old workings alone. There has been no exploration of the formerly patented mine site since the mine closed in 1905. Intermittent exploration surrounding the patent area was conducted between 1981 and 2012 by previous owners.

In addition to property-wide evaluation, Nuinsco established grid control and conducted the first ground geophysics ever conducted over and around the Sunbeam Mine (results reported in news release dated February 28, 2019) as a precursor to any diamond drilling. The first geophysical survey identified 16 high-priority drill targets near to the past-producing, high-grade Sunbeam gold mine.

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

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

During Q4 2020, a second phase of geophysics was conducted – expanding coverage to the east and west of the Sunbeam Mine. The interpretation received from the survey when added to the earlier geophysical coverage identifies a number of chargeability/resistivity sources that define anomalous domains collectively of more than 2,900m along the Sunbeam-Roy trend. These anomalous domains are spatially associated along strike and down-dip from known high-grade gold mineralization at the Sunbeam Mine as well as significant gold mineralization at the Road Zone and possibly the AL198 Zone.

Also during Q4, the project size was substantially expanded with the addition of nine mining claims to the east and north of the original project extents; the anomalous gold mineralization known to be distributed throughout the length of the mineralized trends now extend to 30km of total strike length.

Prairie Lake

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

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

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

In June 2019 the Company received the results for previously unsampled drill core from the 2007 drilling program. This additional sampling of holes NP0702 and NP0714 significantly extends the known niobium (Nb), tantalum (Ta), phosphate (P_2O_5) intercepts in these holes and adds assays for rare earth elements (REE) including lanthanum (La), cerium (Ce), samarium (Sm), neodymium (Nd) and yttrium (Y). When combined with previously reported sampling (see press release dated January 7, 2008), the new results extend the intersection in hole NP0714 to 45.9m 0.207 % Nb₂O₅ and 5.26 % P₂O₅ with 43 g/t Ta, between 4.1m and 50.0m, from the 17.45m length reported in 2008.

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

Egypt

Nuinsco has retained a presence in Egypt through its interest in Egypt-based Z-Gold Limited (“Z-Gold”). Management regards the country as an underexplored opportunity for mineral exploration and development. In 2018, Nuinsco (through Z-Gold) won a competitive bid for the right to evaluate the viability of gold production from waste dumps and tailings at the past-producing El Sid mine in Egypt.

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

Of significance to potential exploitation is the fact that the rock adjacent to the exploited veins also carried gold but was rejected and dumped as waste. This waste, which runs to several grams per tonne gold and averages over 4.4g/t, along with a considerable volume of tailings, is available for processing and gold recovery with potentially a very short timeline to gold production. The occurrence of broken mineralized rock in the waste dumps and tailings piles already at surface streamlines the process and reduces the cost of evaluation of grade, tonnage, metallurgy and exploitation. As a result, capital and operating costs are anticipated to be low and the timeline to production and revenue generation short relative to conventional underground mine development.

Three site visits have been conducted to El Sid during which sampling was conducted: the average grade of all 565 samples collected from the waste dump at El Sid is 4.41g/t gold. The sampling program included the use of a backhoe to excavate trenches and pits into the waste pile in order to ascertain grades other than from the surface of the pile. The waste dump attains a maximum thickness of 15m, to date maximum trench depth has been >7m while pits were excavated at the base of the waste pile at between 10m and 15m below the upper surface of the waste dump. All analyses were conducted by

ALS Limited at their analytical laboratory in Izmir, Turkey. Metallurgical testing by MetSolve Laboratory in Langley, BC has shown that a combination of gravity and leaching or flotation provides very good gold recovery. At the same time an inventory of the site was conducted in preparation for completion of the Agreement (as defined below) allowing the Company free access.

The results of the economic evaluation indicate that the El Sid project is economic using conservative estimation of economic parameters and it could quickly produce. The Company is now in negotiations to source capital funding to build the project.

Definitive agreement

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

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

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Total revenues	\$ -	\$ -	\$ -
Total (loss) income	\$ (589,000)	\$ (662,111)	\$ 7,690
Net (loss) income per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ 0.00
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2018
Total assets	\$ 1,319,154	\$ 1,069,670	\$ 1,008,253
Total non-current liabilities	\$ (1,617,507)	\$ (1,249,438)	\$ (961,938)
Distribution or cash dividends	-	-	-

RESULTS OF OPERATIONS

Year ended December 31, 2020 compared to the year ended December 31, 2019

Revenues

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

An excerpt of the expenses and other items for the years ended December 31, 2020 and 2019:

(in Canadian dollars)	Notes	2020	2019
Other expenses			
General and administrative	(a)	\$ 443,371	\$ 611,864
Share-based payments	(b)	124,681	46,289
Depreciation of property and equipment		4,870	6,031
Operating loss		(572,923)	(664,184)
Other income			
Interest expense	(c)	(2,408)	-
Benefit of interest free loan	(c)	2,926	-
Loss on disposal of property and equipment		(16,596)	
Unrealized gain on marketable securities		-	2,073
Loss before income taxes		(589,000)	(662,111)
Income tax expense		-	-
Net loss and comprehensive loss for the year		\$ (589,000)	\$ (662,111)

During the first quarter of 2020, the Company focused on a drill program at the Company's Sunbeam project. Exploration activity curtailed towards the end of March (and through the second quarter) with the COVID restrictions, and inability to travel to sites (thus reducing general expenditures). During the fourth quarter, the Company optioned new ground at Sunbeam, effectively doubling its size and completed a financing (enabling it to continue work programs at Sunbeam). The Company continued to carry on corporate activities, held discussions with various parties to advance its projects and for other business development opportunities.

- (a) General and administrative expenses consisted of accrued management and directors' fees, rent, salary for administrative staff, insurance, transfer agent, legal and other administrative costs to maintain the Company in good standing.
- (b) Represents the value of stock options that vested during the year.
- (c) During 2020, the Company received \$60,000 in loans, from the government. The benefit of the government loans received at below market rate of interest is treated as a government grant. During the year ended December 31, 2020, the Company recorded interest of \$2,408 on the loan (2019 - \$Nil) and benefit of interest free loan \$2,926 (2019 - \$Nil).

SUMMARY OF QUARTERLY RESULTS

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

	4 th Quarter 2020	3 rd Quarter 2020	2 nd Quarter 2020	1 st Quarter 2020
Net loss	\$ (264,386)	\$ (97,497)	\$ (116,303)	\$ (110,814)
Total comprehensive loss	\$ (264,386)	\$ (97,497)	\$ (116,303)	\$ (110,814)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	4 th Quarter 2019	3 rd Quarter 2019	2 nd Quarter 2019	1 st Quarter 2019
Net (loss) income	\$ (207,378)	\$ (130,367)	\$ (144,433)	\$ (179,933)
Total comprehensive (loss) income	\$ (207,378)	\$ (130,367)	\$ (144,433)	\$ (179,933)
Loss (income) per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Variations in the quarterly results of operations are largely a function of the timing of property and other write-downs, gains on sales of properties, income tax recoveries, the recording of amortization of flow-through premiums and the recognition of gains on derivatives or other fair value changes recognized through operations.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had a working capital deficiency of \$537,365 (December 31, 2019 – working capital deficiency of \$285,753); being defined as current assets less current liabilities.

The Company had a decrease of cash and cash equivalents of \$43,858 during 2020, compared with a decrease of \$284,501 during 2019. The decrease in 2020 was related to the \$65,972 of cash used in operating activities, \$215,954 spent on the Company's exploration and evaluation assets. These outflows were offset by a \$60,000 in loans and grants received from the government of Canada, and \$178,067 of cash received from private placements.

The Company's 2020 monthly cash burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$5,500. At its current operating level, the Company will not have sufficient funds to cover short-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. To help with the liquidity issues, management and directors have been deferring compensation, and have in the past, settled part of these fees in exchange for common shares (to help preserve cash). As such, the Company will need additional financing for costs related to corporate operations and exploration activities. The Company is currently addressing its liquidity concerns by proactively planning future financings through the sale of equity and/or the sale of mineral properties. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to secure any required financing.

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

Overall, given the working capital deficiency at December 31, 2020, the Company will not be able to meet its general operational requirements for 2021, and will require additional capital for exploration programs in 2021 and to funds operations.

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

The Company's management continues to hold discussions on securing financing. There are no assurances that the Company will be successful in obtaining any form of financing on a timely basis or on reasonable or acceptable terms, or at all. If the Company cannot obtain financing or otherwise improve liquidity, then the Company's treasury will be depleted and it will be required to curtail all of its operations and may be required to liquidate its assets under a formal process. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

IMPAIRMENT ANALYSIS UPDATE

As at December 31, 2015, all projects were written down due to the lack of funding of the Company and related uncertainty as to future spending on the properties. IFRS requires a write-down of the carrying value of assets to the net recoverable amount. The valuation of resource properties is difficult, and management cannot reliably estimate any recoverable amount. As a result, in 2015, the Company chose to write down the value of the property assets to nil. The Company will revisit the valuation of these assets (namely Prairie Lake) at the end of every year and will recognize a recovery if the fair value of these assets can be reliably determined (as was done with the Diabase property as at December 31, 2017).

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates used in the preparation of the 2020 Audited Consolidated Financial Statements include determining the carrying value of investments and Evaluation and Exploration ("E&E") projects, assessing the impairment and classification of long-lived assets, assessing the allocation of assets into their components, the fair value of the Participating Interest and the valuation of share-based payments and warrants, assessing the value of deferred income tax assets and the disclosure of contingencies and going concern matters. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

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

The recorded value of the Company's E&E projects is based on historic costs (subject to impairment) that are expected to be recovered in the underlying mineral resources associated with the properties. The Company is in an industry that is exposed to a number of risks and uncertainties and there is always the potential for a material adjustment to the value assigned to these assets.

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

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

NEW ACCOUNTING POLICIES

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

CORPORATE GOVERNANCE

As noted above, the Company's Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of directors, none of whom are employees or officers of the Company, meets with management to review the 2020 Audited Consolidated Financial Statements to satisfy itself that management is properly discharging its responsibilities to the directors who approve the financial statements.

The Board of Directors has an Audit Committee consisting of financially literate, independent and unrelated directors. Other committees of the Board of Directors are the Corporate Governance and Nominating and Compensation Committee.

RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions with related parties for the years ended December 31, 2020 and 2019 are shown in the following table:

	2020	2019
Short-term employee benefits	\$ 356,587	\$ 358,500
Share-based compensation	102,238	19,910
	\$ 458,825	\$ 378,410

During the year ended December 31, 2020, the Company was charged \$46,000 (2019 - \$36,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2020, \$123,170 (December 31, 2019 - \$71,190) is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company was charged \$150,000 (2019 - \$150,000) by Paul Jones, the Chief Executive Officer of the Company. As at December 31, 2020, \$825,000 (December 31, 2019 - \$675,000) is owing for management fees and is included in long-term liabilities. The Company also owes Mr. Jones \$112,071 for expenses paid for on behalf of the Company and advances.

During the year ended December 31, 2020, the Company was charged \$48,000 (2019 - \$48,000) by Sean Stokes, Executive Vice President of the Company. As at December 31, 2020, \$222,000 (December 31, 2019 - \$174,000) is owing and included in long-term liabilities.

As at December 31, 2020, two directors are owed a total of \$22,000 for funds advanced to the Company with no interest, and no terms of repayment. The Company had no other sources of financing available at the time and the advances were essential to maintaining the Company in good standing.

OUTSTANDING SHARE DATA

As at the date of this report, the Company had 515,474,331 common shares issued and outstanding. In addition, there were 68,303,992 stock options outstanding.

RECENT DEVELOPMENTS

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

On February 2, 2021, the Company announced that that, with a payment of \$65,000, it has exercised its option to acquire a 100% interest in the mineral claims optioned in February 2018 that comprise approximately 45% of the area of the Company's 49.4 km² Sunbeam gold property located 27km northeast of Atikokan in northwestern Ontario.

On March 19, 2021, the Company announced the expansion of its prospective gold property holdings through an option agreement to acquire a 100% interest in the Dash Lake gold project (the "Project" or the "Property") located 50 kilometres northwest of Fort Francis, Ont. in the prolifically gold mineralized Kakagi-Rowan Lake Greenstone Belt. The newly-optioned project comprises nine (9) mining claims (consisting of 121 cells) encompassing 24.5 km². Terms of the option required a cash payment of \$10,000 on signing the agreement with subsequent payments of \$20,000, \$25,000 and \$30,000 in years two, three and four. A share issuance of 1.4 million common shares of the Company was also due to the vendors upon signing. The property is subject to a 1.5% net smelter return royalty (the "Royalty"); the Company has the right to purchase 0.5% of the Royalty for \$500,000.

RISKS AND UNCERTAINTIES

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

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

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

Financing and Going Concern

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

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

Loss of Participating Interest

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

Industry Risks

Speculative Nature of Mineral Exploration

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

Evaluation and Development Projects

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

Competition

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

Operational Risks

Limited History of Operations

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

Development Targets, Permitting and Operational Delays

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

Resources and Reserves

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

Title Risks

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

Insurance Risk

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

Financial and Investment Risks

Substantial Capital Requirements

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

Market Perception

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

Metal and Mineral Prices

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

Regulatory Risks

Government Regulation

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

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

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

Other Risks

Environmental and Health Risks

The Company has no significant exposure to environmental or health risks, although this will change should any of the Company's projects approach production (a normal characteristic of mineral industry projects). Please also see ***Unfavourable Global Economic Conditions below.***

Key Personnel

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

Conflicts of Interest

Certain of Nuinsco's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to Nuinsco will be made in accordance with their duties and obligations to deal fairly and in good faith with Nuinsco and such other companies.

Foreign Operations

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

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

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

Nuinsco regularly and routinely considers the risks inherent in foreign jurisdictions and weighs such risks when evaluating continued, enhanced, reduced or renewed involvement in foreign projects.

Unfavourable Global Economic Conditions

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

Summary

The future success of the Company is subject to a number of risk factors that are common to the junior natural resources sector as well as those specific to the Company. Currently, the most significant risk is the ability of the Company to meet its cash obligations as they come due as the Company currently has very limited funds. Other risks include obtaining necessary financing under acceptable terms or finding strategic partners to fund expenditure commitments as they fall due, the extent to which it can outline natural resources on its properties and establish the economic viability of developing those

properties and the political, economic and legislative stability of the territories in which the Company's interests are located. Furthermore, the development of any natural resource interest may take years to complete and the resulting income, if any, from the sale of any natural resources produced by the Company is largely dependent upon factors that are beyond its control, such as costs of development, operating costs and the market value of the end product. Such risks are likely to be more extensive in foreign jurisdictions.

FORWARD-LOOKING STATEMENTS

Forward-Looking Information: This MD&A contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates, working capital, ability to maintain operations and/or assumptions in respect of production, revenue, cash flow, financing, the probability of cash flows from the Participating Interest, costs, economic return, net present value, mine life and financial models, mineral resource estimates, potential mineralization, potential mineral resources, timing of possible production and the Company's development plans and objectives) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

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