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## **NICO MINING LIMITED**

**(formerly Sudbury Capital Corporation)**

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDING MARCH 31, 2009**

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# **NICO MINING LIMITED**

**(formerly Sudbury Capital Corporation)**

## **INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an auditor.

# NICO MINING LIMITED

(formerly Sudbury Capital Corporation)

MARCH 31, 2009

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**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**  
**CONSOLIDATED BALANCE SHEETS**  
**(All Amounts are in Canadian Dollars)**

As at	March 31, 2009 (Unaudited)	December 31, 2008
<b><u>ASSETS</u></b>		
CURRENT		
Cash and Cash Equivalents (Note 4)	\$ 8,925,237	\$ 9,111,028
Other Receivables	220,848	172,760
Prepaid Expenses	---	16,132
Due from Related Party (Note 7)	400	400
	9,146,485	9,300,320
PROPERTY AND EQUIPMENT (Note 5)	27,935	30,750
MINING PROPERTIES (Note 6)	998,277	1,010,000
	<b><u>\$ 10,172,697</u></b>	<b><u>\$ 10,341,070</u></b>

**LIABILITIES**

CURRENT		
Accounts payable and accrued liabilities	\$ 258,873	\$ 200,196

COMMITMENTS AND CONTINGENCIES (Note 10)

**SHAREHOLDERS' EQUITY**

CAPITAL STOCK (Note 8)		
Common Stock - Issued and Outstanding 20,898,100	11,123,611	11,123,611
CONTRIBUTED SURPLUS (Note 8)	2,523,022	2,506,019
ACCUMULATED OTHER COMPREHENSIVE INCOME	74,114	61,918
DEFICIT	(3,806,923)	(3,550,674)
	9,913,824	10,140,874
	<b><u>\$ 10,172,697</u></b>	<b><u>\$ 10,341,070</u></b>

Approved on behalf of the Board

\_\_\_\_\_  
(signed) "Anthony Frizelle"  
Director

\_\_\_\_\_  
(Signed) "Philip Martin"  
Director

**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT  
**(All Amounts are in Canadian Dollars)**

<b>For the three months ending March 31,</b>	<b>2009</b>	<b>2008</b>
REVENUES	\$ <u>---</u>	\$ <u>---</u>
EXPENSES		
General and administrative	<u>292,005</u>	<u>686,954</u>
LOSS BEFORE UNDERNOTED	(292,005)	(686,954)
AMORTIZATION	(2,770)	(2,976)
FOREIGN EXCHANGE GAIN (LOSS)	(29,051)	(107,644)
INTEREST INCOME	<u>67,577</u>	<u>100,991</u>
NET LOSS	\$ (256,249)	\$ (696,583)
DEFICIT – Beginning of Period	<u>(3,550,674)</u>	<u>(505,571)</u>
DEFICIT – End of Period	<u>\$ (3,806,923)</u>	<u>\$ (1,202,154)</u>
 BASIC AND DILUTED LOSS PER COMMON SHARE		
Loss per Common Share	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
Weighted average Common Shares outstanding	<u>20,898,100</u>	<u>20,586,012</u>

**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**  
 UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
 INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME  
 (All Amounts are in Canadian Dollars)

**For the three months ending March 31,** **2009** **2008**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

NET LOSS	\$ (256,249)	\$ (696,583)
OTHER COMPREHENSIVE INCOME NET OF TAX:		
Unrealized gains on translating financial statements of self-sustaining foreign operations	12,196	208,227
COMPREHENSIVE LOSS	\$ (244,053)	\$ (488,356)

**STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME**

Balance, beginning of period	\$ 61,918	\$ (48,773)
Unrealized gains on translating financial statements of self-sustaining foreign operations	12,196	208,227
Balance, end of period	\$ 74,114	\$ 159,454

**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(All Amounts are in Canadian Dollars)**

<b>For the three months ending March 31,</b>	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (256,249)	\$ (696,583)
Items not affecting cash		
Stock-based compensation	17,003	343,960
Unrealized foreign exchange gains (losses)	28,705	203,584
Amortization	<u>2,770</u>	<u>2,976</u>
	(207,771)	(146,063)
Net change in non-cash operating items		
Other receivables	(48,447)	92,546
Prepaid expenses	16,132	(32,316)
Accounts payable and accrued liabilities	<u>59,769</u>	<u>(39,233)</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(180,317)</u>	<u>(125,066)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in property and equipment	---	(20,378)
Proceeds from disposition of property and equipment	---	41,684
Due (from) to related party	---	7,700
Cash held by Sudbury Capital Corp. at time of reverse takeover (Note 3)	---	55,110
Investment in mining properties	<u>(5,474)</u>	<u>(411,774)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<u>(5,474)</u>	<u>(327,658)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (185,791)</u>	<u>\$ (452,724)</u>
<b>CASH AND CASH EQUIVALENTS – Beginning of period</b>	9,111,028	11,439,973
<b>CASH AND CASH EQUIVALENTS – End of period</b>	8,925,237	10,987,249
<b>SUPPLEMENTAL INFORMATION</b>		
Interest received	\$ 1,527	\$ 142,462
Interest paid	---	---
Income taxes paid	---	---

**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**  
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
**MARCH 31, 2009**  
**(All Amounts are in Canadian Dollars)**

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**1. Organization and Basis of Presentation**

*Description of the Business*

NiCo Mining Limited (formerly Sudbury Capital Corporation) (the "Company"), is incorporated under the Business Corporation Act (Ontario) and is a development stage company engaged in the exploration of nickel and cobalt properties in Cameroon, Africa.

*Basis of Consolidation*

Effective March 12, 2008, the Company completed a transaction with NiCo Mining Corp. (NiCo), a company incorporated under the Business Corporation Act (Ontario). This transaction was accounted for as a reverse takeover as the control of the Company was acquired by the former shareholders of NiCo. After this transaction, the Company's name was changed to NiCo Mining Limited from Sudbury Capital Corporation. Prior period results and comparatives are those of Nico Mining Corp. and its subsidiaries for the period from incorporation June 29, 2007. Although legally, NiCo Mining Limited (formerly Sudbury Capital Corporation) is regarded as the parent or continuing company, NiCo Mining Corp. whose shareholders now hold more than 50% of the voting shares of the Company, is treated as the acquirer under Canadian generally accepted accounting principles. Consequently, NiCo Mining Limited (formerly Sudbury Capital Corporation) is deemed to have been acquired in consideration for the issuance of shares.

All significant intercompany accounts and transactions have been eliminated on consolidation.

*Currency Presentation*

All amounts in these financial statements are in Canadian dollars.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*

These interim consolidated financial statements have been prepared by the management of the Company in accordance with generally accepted accounting principles in Canada and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2008.

Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of these interim consolidated financial statements except for the following:

Significant accounting policies:

Effective January 1, 2009, the Company adopted the new standard issued by the CICA, Handbook Section 3064, Goodwill and Intangible Assets to replace Section 3062, "Goodwill and Other Intangible Assets" and to replace Handbook Section 3450, Research and Development Costs and amendments to Accounting Guideline (AcG) 11, Enterprises in the Development Stage and Handbook Section 1000, Financial Statement Concepts. The new standard is intended to reduce the differences with International Financial Reporting Standards ("IFRS") in the accounting for intangible assets. Under the previous Canadian standards, more items were recognized as assets than under IFRS. The objectives of CICA 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The adoption of this standard had no impact on the company's presentation of its financial results or results of operations as at March 31, 2009.

**NICO MINING LIMITED**  
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NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Summary of Significant Accounting Policies – continued**

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by 2011. In February 2008, the Accounting Standards Board announced that interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 must be prepared in accordance with IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has begun assessing the impact of the transition of Canadian GAAP to IFRS.

The following significant accounting policies are unchanged from those used in the preparation of the annual consolidated financial statements:

*Capital Leases*

The Company’s policy is to record leases, which transfer substantially all benefits and risks incidental to ownership of property, as acquisitions of property and equipment and to record the incurrence of corresponding obligations as liabilities. Obligations under capital leases are reduced by rental payments net of imputed interest. There are no capital leases at the present time.

*Property and Equipment*

Property and equipment are recorded at cost including interest capitalized on assets under construction, if any. Repairs and maintenance expenditures are charged to income; major betterments and replacements are capitalized. Depreciation and amortization rates are as follows:

Computer and communications equipment	Straight line over 3 years
Plant and equipment	Straight line over 5 years
Office furniture and equipment	Straight line over 6 years

*Mining Properties*

Cost of acquisition and development of mineral properties are capitalized on an area-of-interest basis. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found. Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When significant properties in an area of interest are abandoned, the costs related thereto are charged to income on a pro-rata basis to the total costs to date included in the area, in the year of abandonment. The proceeds received from partial disposition or an option payment is credited against the costs. In addition, if there has been a delay in development activity for several successive years, a write-down of those project-capitalized costs is charged to income.

*Asset Retirement Obligations*

The Company measures the expected costs required to retire its mining properties at fair value which is based on the cost a third party would incur in performing the tasks necessary to abandon the property and restore the site. The fair value is recognized in the financial statements at the present value of the expected cash outflows to satisfy the obligation.

Asset retirement costs are depleted using the unit-of-production method based on proven reserves of minerals and are included with depletion and depreciation expense. The accretion of the liability for the asset retirement obligation would be expensed each year.

The Company currently does not have any legal liability for asset retirement obligations on its properties.

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**2. Summary of Significant Accounting Policies – continued**

*Impairment Charges*

At least annually and when events and circumstances warrant a review, the Company evaluates the carrying value of its assets for potential impairment. An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Any impairment in assets is written down and charged to earnings in the year of the impairment.

*Income taxes*

The Company follows the asset and liability approach to accounting and reporting for income taxes. The income tax provision differs from that calculated by applying the statutory rates in all jurisdictions due to the changes in current or future income tax assets or liabilities during the period.

Current income taxes payable differ from the total tax provisions as a result of changes in taxable and deductible temporary differences between the tax basis of assets or liabilities and their carrying amounts in the balance sheet.

Deductible temporary differences arise from the ability to deduct for income tax purposes share issue costs over five years and the carry forward of unused tax losses available to apply against future taxable income. Future income tax assets are recorded to the extent that management believes that it is more likely than not that such loss will be able to be used in the carry-forward periods.

Taxable temporary differences arise from differences between the recording of amortization of property and equipment for accounting and income tax purposes. Accordingly, future income tax liabilities are recorded to recognize these differences.

A valuation allowance is established to reduce future tax assets if it is more likely than not that a future tax asset will not be realized.

*Use of Estimates*

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the periods reported. Actual results could differ from those estimates.

Accordingly, the Company's measurements are based upon management's best estimates based on existing knowledge, which reflect the Company's planned courses of action and probable economic conditions; however, it is possible that actual events may be different from those anticipated. Accordingly, such differences could impact the carrying values of assets as well as future results of operations and cash flows.

*Measurement Uncertainty*

As a result of the use of estimates and as a result of the uncertainty of future events, the capitalized value of the mining properties do not necessarily represent present or future values.

*Costs of Raising Capital*

Incremental costs incurred in respect of raising capital are charged against equity proceeds raised.

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**2. Summary of Significant Accounting Policies – continued**

*Translation of Foreign Currencies*

The transactions concluded in foreign currencies are translated according to the temporal method. Therefore foreign currencies are translated using the average rate for the period for items included in the consolidated statement of income, the rate in effect at the balance sheet date for monetary assets and liabilities. Foreign exchange gains and losses are included in general and administrative expenses of the consolidated statement of operations and retained earnings.

The Company's subsidiaries' financial statements are converted from various currencies to Canadian dollar using the current rate method. Accordingly, assets and liabilities of the subsidiaries are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Operating revenue and expense items are translated at average exchange rates prevailing during the period. Any corresponding foreign exchange gains and losses are deferred and disclosed separately as part of other comprehensive loss.

*Fair Value of Financial Instruments*

The Company estimates the fair value of its financial instruments based on current interest rates, quoted market values or the current price of financial instruments with similar terms. Unless otherwise disclosed herein, the carrying value of financial instruments, especially those with current maturities such as cash and cash equivalents, other receivables and accounts payable and accrued liabilities are considered to approximate their fair values.

*Stock-Based Compensation Plan*

When the Company issues stock based compensation, it accounts for them using the fair value method for stock based compensation as recommended by the Canadian Institute of Chartered Accountants Handbook, Section 3870. The fair value of stock options is determined by using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and expected life of the options. The fair value of direct awards of stock is determined by quoted market price of the Company's common stock.

*Loss per Share*

The basic loss per share is computed by dividing the net loss attributable to common shareholders by weighted average of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. The treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation, except when anti-dilutive. When the loss per share is anti-dilutive, diluted loss per share is not presented. For the period ended December 31, 2008 and 2007, all stock options and warrants were anti-dilutive.

**3. Acquisition – Reverse Takeover**

On March 12, 2008, pursuant to the completion of the Qualifying Transaction of the Company:

- (i) the Company consolidated its common shares on the basis of one new common share for each ten of the then issued and outstanding common shares;
- (ii) changed its name from Sudbury Capital Corporation to NiCo Mining Limited;
- (iii) NiCo Mining Corp. amalgamated with a subsidiary of the Company to continue as a wholly-owned subsidiary of the Company; and

**NICO MINING LIMITED**  
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**3. Acquisition – Reverse Takeover – continued**

- (iv) former shareholders of NiCo Mining Corp received, in exchange for their shares of NiCo Mining Corp., common shares of the Company representing 98.1% of the then issued and outstanding common shares.

As a result, this transaction was accounted for as a reverse takeover. These consolidated financial statements include the completion of the reverse takeover transaction recorded in the period. NiCo Mining Corp., the continuing entity for accounting purposes is considered to have acquired the assets and liabilities of Sudbury Capital Corporation in a capital transaction on March 12, 2008. The net identifiable assets of Sudbury Capital Corporation at March 12, 2008 and related transaction costs were as follows:

Cash	\$ 55,110
Other receivables	2,835
Accounts payable	<u>(9,996)</u>
Net assets	<u>\$ 47,949</u>
Transaction costs for the reverse take-over	\$ 56,980
Amounts charged to deficit	<u>(55,110)</u>
Net take-over costs charged to expense	<u>\$ 1,870</u>

**4. Cash and Cash Equivalents**

Cash and cash equivalents includes \$25,237 in cash (2008 - \$10,987,249) and \$8,900,000 in cashable Guaranteed Investment Certificates (2008 - \$0), maturing September 21, 2009 with an average interest rate of 3.04%.

**5. Property and Equipment**

	March 31, 2009			December 31, 2008		
	Costs \$	Accumulated Amortization \$	Net Book Value \$	Costs \$	Accumulated Amortization \$	Net Book Value \$
Office furniture and equipment	3,845	577	3,268	3,894	520	3,374
Computer and communications equipment	32,508	7,841	24,667	32,508	5,132	27,376
Plant and equipment	---	---	---	---	---	---
	<u>36,353</u>	<u>8,418</u>	<u>27,935</u>	<u>36,402</u>	<u>5,652</u>	<u>30,750</u>

The depreciation expense for the period ended March 31, 2009 was \$2,770 (2008 - \$2,976).

**NICO MINING LIMITED**  
**(formerly Sudbury Capital Corporation)**  
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
**MARCH 31, 2009**  
**(All Amounts are in Canadian Dollars)**

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**6. Mining Properties**

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Geophysical surveys	\$ 306,009	\$ 610,756
Consulting Geological and Mining	208,432	199,891
Geologists and field staff salaries and wages	124,190	125,010
Travel and accommodation	87,711	101,418
Fuel	79,616	138,878
Equipment consumables	20,557	29,598
Transportation	19,261	19,720
Transportation freight	9,398	18,757
Miscellaneous	<u>143,103</u>	<u>186,115</u>
Total	<u>\$ 998,277</u>	<u>\$ 1,430,143</u>

The Company, through its 95%-owned subsidiary, Resource Capital Group Cameroon Ltd., is engaged in the exploration of three large nickel cobalt concessions in the Lomie area of southeast Cameroon. Lomie 1, Lomie 2 and Lomie 3 (collectively, the "Lomie Concessions") total approximately 2,800 square kilometres. A fourth concession, Lomie 4, comprised of approximately 302 square kilometres, was granted in April, 2008. Based on exploration results, the Lomie 4 permit was relinquished upon the first anniversary since issuance, April 2009. The exploration permits fall within the nickel-cobalt laterite province first identified by the United Nations Development Program in the period 1981 to 1986. As a result of the depressed commodities and equity markets, and the outlook for nickel and cobalt in particular, the Company wound down its current exploration activities on its Lomie nickel and cobalt properties by December 31, 2008. The permits are being maintained in good standing until such time as the Company reassesses the potential of the properties.

During 2008, the Company's impairment analysis resulted in the write down to fair value of its Lomie properties. The analysis took into account exploration results to date, the Company's reduced exploration plans, and general market conditions which have become increasingly unfavourable. The write down amounting to \$1,226,605 has been allocated pro rata against the cost categories in the table above.

The Company's assessment of the carrying value of mining properties is based on management's assessment of potential indicators of impairment and best estimates of likely courses of action by the Company. The fair values were determined using a variety of valuation methods, the selection of which was based on which was considered most applicable. These methods included comparable transactions, the Adjusted Book Value Method where the value of mining properties are adjusted based on the Multiple of Exploration Expenditures Method and a market approach, namely the Guideline Public Company Method. The assessment of the carrying value and the determination of these fair values is subject to significant measurement uncertainty and further material write-downs of these assets could occur if actual results differed from the estimates and assumptions used and/or if alternate valuation methods were applied.

**7. Related Party Transactions**

On September 27, 2007, the NiCo Mining Corp. issued 5,000,000 common shares to acquire all of the outstanding shares of Nickel Resources Corporation Limited, a Bermuda company. These shares were issued to individuals, or entities controlled by individuals, who are shareholders, officers or directors of the Company.

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**7. Related Party Transactions – continued**

Amounts due to and from the related parties, are payable to or receivable from entities controlled by shareholders, officers or directors of the Company as are transactions with these related parties. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated otherwise.

The Company pays consultation, management, strategic advisor and project management fees to companies controlled by officers and directors in lieu of their compensation. The net amount paid during the period amounted to \$107,723 (2008 – \$87,640). Included in accounts payable is a net amount of \$75,645 (2008 - \$96,743) due to related parties.

These transactions, other than the share exchange referred to above that is not in the normal course of operations and was recorded at its carrying value of \$12,000, are in the normal course of operations and have been valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**8. Capital Stock**

The Company is authorized to issue an unlimited number of common shares without par value. Each common share entitles the holder to one vote.

Share capital as a result of the takeover and as at March 31, 2009:

	<u>Number of Shares</u>	<u>Share Capital</u>	<u>Contributed Surplus</u>
Fair value of net assets of legal parent attributed to			
Issued shares of legal parent at the date of reverse takeover	4,000,000	\$ 47,949	\$
Reduction of Sudbury Capital Corporation shares issued as a result of 10 for 1 consolidation	<u>(3,600,000)</u>		
	400,000	47,949	
Shares issued to effect the Reverse takeover transaction	20,498,100	12,949,825	189,465
Effect of revaluation of stock options			343,960
Effect of revaluation of warrants		(1,750,530)	1,750,530
Share issue cost for revaluation of agents options		(123,633)	123,633
Stock-based compensation			98,431
Balance December 31, 2008	<u>20,898,100</u>	<u>\$ 11,123,611</u>	<u>\$ 2,506,019</u>
Stock-based compensation			17,003
Balance March 31, 2009	<u>20,898,100</u>	<u>\$ 11,123,611</u>	<u>\$ 2,523,022</u>

As a result of the reverse take-over, stock options granted prior to 2008 by the private company were converted to stock options of the public company effective March 12, 2008, the date of the reverse take-over transaction. These options have been re-valued using the Black-Scholes Option Pricing Model as though the options had been granted on March 12, 2008, Amounts previously expensed in NiCo Mining Corp. and NiCo Mining Limited totalling \$152,242 were credited against the expense in 2008.

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**8. Capital Stock - continued**

As a result of the reverse take-over, warrants to purchase common shares issued prior to 2008 by the private company were converted to warrants of the public company effective March 12, 2008, the date of the reverse takeover transaction. These warrants have been re-valued using the Black-Scholes Option Pricing Model as though the warrants had been issued on March 12, 2008. No value had previously been attached to the warrants.

As a result of the reverse take-over, stock options granted to agents prior to 2008 by the private company were converted to options of the public company effective March 12, 2008, the date of the reverse takeover transaction. These options have been re-valued using the Black-Scholes Option Pricing Model as though the options had been granted on March 12, 2008. This amount is treated as a share issue cost.

During the period ending December 31, 2007, NiCo Mining Corp. had the following capital transactions:

- a. issued 100 common shares for gross proceeds of \$45 on June 29, 2007;
- b. issued 2,500,000 Class A Units for gross proceeds of \$1,125,000 where each unit is comprised of one common share and one share purchase warrant on July 4, 2007. The holder of a full warrant has the right to purchase a common share of the Company at a price of \$0.75 prior to July 4, 2009;
- c. issued 5,000,000 common shares to acquire all of the outstanding shares of Nickel Resources Corporation Limited, a Bermuda company on September 27, 2007. These shares were valued at the carrying value of the Bermuda company, \$12,000;
- d. issued 12,998,000 Class B Units for gross proceeds of \$12,998,000 where each unit is comprised of one common share and one half of one share purchase warrant on October 3, 2007. The holder of a full warrant has the right to purchase a common share of the Company at a price of \$1.50 prior to October 3, 2009;

Share Capital of NiCo Mining Corp., prior to the reverse takeover above:

	<u>Number</u>	<u>Share Capital</u>	<u>Contributed Surplus</u>
Issuance of shares and warrants for cash	2,500,100	\$ 1,125,045	
Issuance of shares to acquire 100% of shares of Nickel Resources Corporation Limited	5,000,000	12,000	
Issuance of shares and warrants for cash	12,998,000	12,998,000	
Granting of Options	---	---	\$189,465
Transaction costs		(1,185,220)	
	<u>20,498,100</u>	<u>\$ 12,949,825</u>	<u>\$ 189,465</u>
Balance as at December 31, 2007			

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**9. Stock Options and Warrants**

Stock options were granted by Sudbury Capital Corporation pursuant to an agency agreement in a public share offering for the benefit of the agent.

Under a stock option plan, the Company's directors are authorized to grant options to its directors, officers, employees or consultants for the purchase of up to 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may be vested over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

The Company issued stock options to acquire common shares as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Beginning balance Jan 1, 2008	600,000	\$ 0.1000
Reduction of Sudbury Capital Corporation options granted as a result of 10 for 1 consolidation	(540,000)	
	60,000	\$ 1.0000
Conversion of NiCo Mining Corp. options	2,824,880	\$ 0.9336
Issuance of options	55,000	\$ 0.7500
Forfeited options	(775,000)	\$ 0.8357
Balance at December 31 2008	2,164,880	\$ 0.9648
Forfeited options	(180,000)	\$ 0.9792
Balance at March 31 2009	1,984,880	\$ 0.9635

The Company had the following stock options outstanding at March 31, 2009:

Price	Number	Expiry Date	Outstanding		Exercisable	
			Wt. Avg. Remaining Life	Wt. Avg. Remaining Exercise Price	Number	Wt. Avg. Exercise Price
\$1.00	40,000	2011.08.31	2.42	\$ 1.00	40,000	\$ 1.00
\$0.75	250,000	2010.08.30	1.42	\$ 0.75	166,667	\$ 0.75
\$1.00	779,880	2009.10.03	0.50	\$ 1.00	779,880	\$ 1.00
\$1.00	875,000	2012.12.21	3.75	\$ 1.00	583,333	\$ 1.00
\$0.75	35,000	2011.05.28	2.17	\$ 0.75	35,000	\$ 0.75
\$0.75	5,000	2011.08.14	2.375	\$ 0.75	1,667	\$ 0.75
	<u>1,984,880</u>				<u>1,606,547</u>	

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**9. Stock Options and Warrants – continued**

Upon completion of the reverse takeover on March 12, 2008, the options from SCC and NiCo Mining Corp. were exchanged for options of Nico Mining Limited. The fair value of the newly issued options of NiCo Mining Limited were calculated using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>2008</u>
Expected life of the option	1.5 to 4.75 years
Risk free interest rate	3.4%
Expected volatility	56.8%
Expected dividend yield	0.0%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted average fair value of stock options issued and outstanding as at March 31, 2009 is \$0.33.

The warrants that are issued and outstanding are as follows:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Type</u>	<u>Issuance Date</u>	<u>Expiry Date</u>
2,500,000	\$ 0.75	Class A Warrants	March 2008	July 4, 2009
6,499,000	\$1.50	Class B Warrants	March 2008	October 3, 2009
389,940	\$1.50	Optioned Warrants	March 2008	October 3, 2009

Upon completion of the reverse takeover on March 12, 2008, the warrants from NiCo Mining Corp. were exchanged for options of Nico Mining Limited. The fair value of the newly issued warrants of NiCo Mining Limited were calculated using a Black-Scholes option-pricing model. The following assumptions were used to value the warrants:

Expected warrant life	1.3 to 1.6 years
Risk free interest rate	3.4%
Volatility	56.8%
Dividend yield	0.0%

The weighted average fair value of warrants issued and outstanding as at March 31, 2009 is \$0.19.

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**10. Commitments and Contingencies**

a) Commitments

The Company has entered into an operating lease and is responsible for minimum principal payments. The Company's minimum future payments as at March 31, 2009 are approximately as follows:

Fiscal 2009	\$ 29,469
Fiscal 2010	39,292
Fiscal 2011	39,292
Fiscal 2012	<u>19,646</u>
	<u>\$ 127,699</u>

As a condition of maintaining its licences for the three remaining properties in Cameroon (the Lomie 4 permit was relinquished at the end of the first year of the license in April 2009 rather than being renewed), NiCo is required to spend a minimum of 300,000,000 CFA (CDN\$779,700) over the initial three year term for each of the three properties. In total, this represents a commitment of 900,000,000 CFA (CDN\$2,339,100) over the initial three year term of the license. Based on exploration expenditures to date, the permits will remain in good standing to at least April 2010 with minimal further activity.

b) Contingencies

From time to time, the Company may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Company. As at March 31, 2009, no material issues were outstanding.

**11. Financial Instruments**

*Fair Value*

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments.

*Concentration of Credit and Foreign Currency*

The Company maintains its cash with major financial institutions in North America and generally exceeds that of government insured levels. Cash requirements to meet short term operating requirements are held in financial institutions in Cameroon and South Africa.

The Company's operations are outside of North America, therefore, the Company is exposed to foreign currency risks.

*Market Risk*

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Company segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

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**11. Financial Instruments – continued**

*Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities consist of accounts payable. The company has no liquidity risk as there are sufficient cash resources on order to allow it to meet its financial obligations in the foreseeable future.

*Interest rate, currency and credit risk*

The Company is subject to interest risks, or currency risk and credit risk arising from these financial instruments in the normal course of business.

As at March 31, 2009, the Company's foreign currency balances were approximately \$13,317 in cash, \$34,480 in receivables, and \$133,694 in liabilities.

As at March 31, 2008, the Company's foreign currency balances were approximately \$379,636 in cash, \$127,417 in receivables, and \$137,662 in liabilities.

**12. Segmented Information**

The Company's operations are comprised of a single reporting segment engaged in the exploration of nickel and cobalt properties. As the operations comprise a single reporting segment, amounts disclosed in the financial statements represent this single segment.

As of March 31, 2009, all of the Company's assets are in North America, with the exception of its interest in its subsidiaries that are located in Africa which approximate \$991 in cash, \$17,851 in receivables, property & equipment \$2,202, mining properties \$980,167 and \$54,966 in liabilities.

As of March 31, 2008, all of the Company's assets are in North America, with the exception of its interest in its subsidiaries that are located in Africa which approximate \$327,619 in cash, \$127,417 in receivables, property & equipment \$26,332, mining properties \$1,430,143 and \$60,580 in liabilities.

**13. Subsequent Events**

On April 14, 2009, the NiCo Board of Directors approved a substantial issuer bid to purchase up to 12,000,000 Common Shares of the Company (approximately 57% of its currently issued and outstanding Common Shares) for cancellation at a price of \$0.40 which is approximately equal to the net cash value of the Company's Shares at the time of the issuer bid. The offer to purchase common shares has been mailed to shareholders and expires on June 9, 2009 unless withdrawn or extended.