



NICO MINING LIMITED

(formerly Sudbury Capital Corporation)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NICO MINING LIMITED

(formerly Sudbury Capital Corporation)

DECEMBER 31, 2009 and 2008

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Auditors' Report

To the Shareholders of
NiCo Mining Limited

We have audited the consolidated balance sheets of NiCo Mining Limited (the "Company") as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit, comprehensive loss and accumulated other comprehensive income (loss), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

April 28, 2010

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

As at	December 31, 2009	December 31, 2008
<u>ASSETS</u>		
CURRENT		
Cash and Cash Equivalents (Note 4)	\$ 2,801,723	\$ 9,111,028
Other Receivables	31,200	172,760
Prepaid Expenses	10,040	16,132
Due from Related Party (Note 8)	1,000	400
	2,843,963	9,300,320
INVESTMENTS View 22 Debentures (Note 5)	940,097	---
INVESTMENTS View 22 Common Shares (Note 5)	75,000	---
PROPERTY AND EQUIPMENT (Note 6)	20,263	30,750
MINING PROPERTIES (Note 7)	981,760	1,010,000
	\$ 4,861,083	\$ 10,341,070
<u>LIABILITIES</u>		
CURRENT		
Accounts Payable and Accrued Liabilities (Note 8)	\$ 69,596	\$ 200,196
COMMITMENTS AND CONTINGENCIES (Note 12)		
<u>SHAREHOLDERS' EQUITY</u>		
CAPITAL STOCK (Note 9)		
Common Stock - Issued and Outstanding 8,898,100	4,736,269	11,123,611
CONTRIBUTED SURPLUS (Note 9)	4,087,157	2,506,019
ACCUMULATED OTHER COMPREHENSIVE INCOME	61,918	61,918
DEFICIT	(4,093,857)	(3,550,674)
	4,791,487	10,140,874
	\$ 4,861,083	\$ 10,341,070

Approved on behalf of the Board

(Signed) "Anthony Frizelle"
Director

(Signed) "K. Sethu Raman"
Director

NICO MINING LIMITED
(formerly Sudbury Capital Corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(All Amounts are in Canadian Dollars)

For the Years Ended December 31,	2009	2008
EXPENSES		
General and Administrative	\$ <u>755,443</u>	\$ <u>2,027,071</u>
LOSS BEFORE UNDERNOTED	(755,443)	(2,027,071)
WRITE-DOWN OF MINING PROPERTIES (Note 7)	---	(1,226,605)
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	---	(59,630)
AMORTIZATION	(11,261)	(23,423)
FOREIGN EXCHANGE (LOSS) GAIN	(9,867)	27,566
INTEREST AND INVESTMENT INCOME (Note 5)	<u>233,388</u>	<u>319,170</u>
NET LOSS	(543,183)	(2,989,993)
DEFICIT – Beginning of Year	(3,550,674)	(505,571)
Reverse Take-over Costs (Note 3)	---	(55,110)
DEFICIT – End of Year	<u>\$ (4,093,857)</u>	<u>\$ (3,550,674)</u>
 BASIC AND DILUTED LOSS PER COMMON SHARE		
Loss per Common Share	<u>\$ (0.04)</u>	<u>\$ (0.14)</u>
Weighted Average Common Shares Outstanding	<u>15,013,168</u>	<u>20,820,504</u>

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

For the Years Ended December 31, **2009** **2008**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

NET LOSS	\$ (543,183)	\$ (2,989,993)
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized gains on translating financial statements of self-sustaining foreign operations (Note 2)	---	110,691
COMPREHENSIVE LOSS	\$ <u>(543,183)</u>	\$ <u>(2,879,302)</u>

**CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER
COMPREHENSIVE INCOME (LOSS)**

Balance, Beginning of Year	\$ 61,918	\$ (48,773)
Unrealized gains on translating financial statements of self-sustaining foreign operations (Note 2)	---	110,691
Balance, End of Year	\$ <u>61,918</u>	\$ <u>61,918</u>

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

For the Years Ended December 31,	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (543,183)	\$ (2,989,993)
Items not affecting cash		
Write-down of mining properties	---	1,226,605
Loss on disposal of property and equipment	---	59,630
Stock-based compensation	34,657	442,391
Accretion of Investment Income	(15,097)	---
Unrealized foreign exchange losses	---	110,691
Amortization	<u>11,261</u>	<u>23,423</u>
	(512,362)	(1,127,253)
Net change in non-cash operating items		
Other receivables	141,560	113,520
Prepaid expenses	6,092	(16,132)
Accounts payable and accrued liabilities	<u>(130,600)</u>	<u>(67,107)</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(495,310)</u>	<u>(1,096,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in View 22 Debenture and Shares	(1,000,000)	---
Purchase of property and equipment	(774)	(122,299)
Proceeds from disposition of property and equipment	---	66,437
Due (from) to related party	(600)	7,300
Investment in mining properties	<u>28,240</u>	<u>(1,183,299)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(973,134)</u>	<u>(1,231,861)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash held by Sudbury Capital Corp. at time of reverse takeover (Note 3)	---	55,110
Reverse takeover costs (Note 3)	---	(56,980)
Substantial Issuer Bid transaction (Note 9)	<u>(4,840,861)</u>	<u>---</u>
CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(4,840,861)</u>	<u>(1,870)</u>
Effect of exchange rates on cash held in foreign currency	---	1,758
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,309,305)	(2,328,945)
CASH AND CASH EQUIVALENTS-Beginning of year	<u>9,111,028</u>	<u>11,439,973</u>
CASH AND CASH EQUIVALENTS-End of year	<u>\$ 2,801,723</u>	<u>\$ 9,111,028</u>
SUPPLEMENTAL INFORMATION		
Interest received	\$ 234,694	\$ 312,445
Interest paid	---	---
Income taxes paid	---	---

See Accompanying Notes

NICO MINING LIMITED
(formerly Sudbury Capital Corporation)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(All Amounts are in Canadian Dollars)

1. Organization, Basis of Presentation, and Going Concern

Description of the Business

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

Basis of Presentation

The management of the Company has prepared these consolidated financial statements in accordance with Canadian GAAP which include the accounts of the Company and its 95% owned subsidiary, Resource Capital Group Cameroon Ltd (“RCGC”) and its wholly-owned subsidiaries, Nickel Resources Corporation South Africa Pty Ltd., and Nickel Resources Corporation Limited. All inter-company balances and transactions have been eliminated.

Effective March 12, 2008, the Company completed a previously announced 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 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.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. While the consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, the Company has not generated revenues from operations and has a deficit of \$4,093,857 (2008 - \$3,550,674) as at December 31, 2009. As such, the Company’s ability to continue as a going concern depends on its ability to successfully raise additional financing for the development of its properties. Although the Company has been successful in the past in obtaining the necessary financing to continue operations in the normal course of business, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms (also see Note 16).

Currency Presentation

All amounts in these financial statements are in Canadian dollars.

2. Summary of Significant Accounting Policies

The significant accounting policies are as follows:

Significant Accounting Policies

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
Office furniture and equipment	Straight line over 6 years

NICO MINING LIMITED
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2. Summary of Significant Accounting Policies – continued

Mining Properties

Costs 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 and probable reserves, should such reserves be mined. 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, in the year of abandonment. The proceeds received from partial disposition or an option payment are credited against the costs. In addition, if there has been a delay in development activity for several successive years, a write-down of those 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 and probable 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 and no reasonable estimate of fair value of future asset retirement obligations can be made.

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 year.

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 income tax asset will not be realized.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies – continued

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP 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. The assets and liabilities that are subject to such estimates include the carrying value of mineral properties, stock based compensation, valuation of debentures, and future taxes.

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.

Costs of Raising Capital

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

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 are considered to approximate their fair values.

CICA Handbook Section 3855 *Financial Instruments – Recognition and Measurement* requires all financial assets and financial liabilities to be classified as one of five categories. Financial assets are to be classified as either held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at fair value in the consolidated balance sheet, except held to maturity, loans and receivables and other financial liabilities which are carried at amortized cost. Subsequent accounting for changes in fair value will depend on initial classification. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will continue to be recorded in the consolidated statement of earnings. Unrealized gains and losses on financial assets that are held as available for sale are to be recorded in other comprehensive income until realized, at which time they will be recorded in the consolidated statement of operations.

All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

The Company designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Other receivables and due from related party are classified as loans and receivables, which are measured at amortized cost. The View 22 debenture is designated as held-to maturity and is measured at amortized cost. The View 22 common shares are recorded at fair market value at the time of issue and are available for sale. Accounts payable are classified as other financial liabilities, which are measured at amortized cost.

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2. Summary of Significant Accounting Policies – continued

Stock-Based Compensation Plan

When the Company issues stock-based compensation, it's accounted for using the fair value method for stock based compensation as recommended by CICA Handbook, Section 3870, *Stock-based Compensation and Other Stock-based Payments*. 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 the quoted market price of the Company's common stock. Stock option forfeitures are recognized as they occur. No stock option expense is recorded in the quarter in which an option expires or it has been determined that an option will be forfeited and not exercised.

Loss per Share

The basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. 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 year, 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 equals the loss per share. For the years ended December 31, 2009 and 2008, as the Company was incurring losses all stock options and warrants were anti-dilutive and basic and diluted loss per share are the same.

Changes in Accounting Policy

Translation of Foreign Currencies

Prior to 2009, the Company's subsidiaries' financial statements were translated from various currencies to Canadian dollars using the current rate method. Accordingly, assets and liabilities of the subsidiaries were translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Revenue and expense items were translated at average exchange rates prevailing during the period. Any corresponding foreign exchange gains and losses were deferred and disclosed separately as part of other comprehensive loss. In the latter half of 2008, the Company decided to cease active exploration of its properties in the Cameroon as a result of depressed commodity prices and equity markets, and the outlook for nickel and cobalt in particular. The Company continued its efforts of investigating other opportunities in the region and elsewhere which might be available to the Company in order to maximize shareholders' value. These investigations have not yet resulted in viable alternatives for the Cameroon subsidiary and as a result, the foreign subsidiary is no longer expected to generate its own cash inflows.

As a result of the change in circumstances relating to its foreign subsidiaries, the Company has changed its policy for the translation of foreign subsidiaries to the temporal method effective from January 1, 2009 in accordance with CICA Handbook Section 1651, *Foreign Currency Translation*. As a result, 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, and historical rates for non-monetary assets and liabilities. Foreign exchange gains and losses are included in general and administrative expenses of the consolidated statement of operations and deficit. Exchange gains and losses previously accumulated in a separate component of accumulated other comprehensive income continue to be included in accumulated other comprehensive income.

NICO MINING LIMITED
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(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies – continued

New Accounting Policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Since this section does not apply to activities that are unique to enterprises in the extractive industries such as prospecting, acquisitions of mineral rights, exploration, drilling, mining and related mineral development, the adoption did not have a significant impact on the Company's consolidated financial statements.

Mining exploration costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved abstract EIC-174, *Mining Exploration Costs* and withdrew EIC-126, *Accounting by Mining Enterprises for Exploration Costs*. The publication of EIC-174 covers all guidance in EIC-126 and provides additional guidance for mining exploration enterprises in circumstances where a test for impairment is required. The adoption of this abstract did not have an impact on the Company's consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC-173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The Company is continually evaluating its counterparties and their credit risks; the accounting treatments provided in EIC-173 have been applied in the preparation of these consolidated financial statements. The adoption of this standard did not have an impact on the valuation of financial assets and liabilities.

Financial instruments – Recognition and measurement

In July 2009, the Accounting Standards Board approved amendments to Handbook Section 3855, Financial Instruments: Recognition and Measurement, in order to converge with international standards for impairment of debt instruments by changing the categories into which debt instruments are required and permitted to be classified. These amendments will permit (or require in certain circumstances) entities to reclassify certain investments in debt instruments, amend the guidance regarding impairment measurement for held-to-maturity debt instruments and require reversals of impairment losses for available-for-sale debt instruments when conditions have changed. These amendments apply only to investments in debt instruments and do not apply to investments in equity instruments or to debt instruments that have been designated at origination as held-for-trading. The amendments are effective for annual financial statements for fiscal years beginning on or after November 1, 2008. The adoption of this standard did not have an impact on the classification of its investments in debt instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies – continued

Financial instruments – Disclosures

In June 2009, the CICA amended Handbook Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

Additional disclosures are included in note 13.

Future Accounting Changes

The Company has assessed new and revised accounting pronouncements that have been issued that are not yet effective and determined that the following may have a significant impact on the Company:

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) announced that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. The Company is in the process of assessing the difference between IFRS and the Company’s current accounting policies, as well as the alternatives available upon adoption, and has currently not quantified the effect of adoption of IFRS.

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the CICA issued Handbook Sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which superseded current Handbook Sections 1581, *Business Combinations*, and 1600 *Consolidated Financial Statements*. These new sections replaced existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

Multiple deliverable revenue arrangements

In December 2009, the CICA issued EIC-175, *Multiple Deliverable Revenue Arrangements*, which provides guidance for determining whether an arrangement involving multiple deliverables contains one or more units of accounting. The accounting treatments provided in EIC-175 are effective for the first annual reporting period beginning on or after January 1, 2011. Early adoption is permitted. The Company does not believe that this guidance will have an impact on its consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All Amounts are in Canadian Dollars)

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
- (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 2008. NiCo Mining Corp., the continuing entity for accounting purposes, was 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 \$49,508 in cash (2008 - \$111,028) and \$2,752,215 in cashable Guaranteed Investment Certificates (2008 - \$9,000,000), maturing on September 21, 2010 with an average interest rate of 0.9%.

5. Investments

On July 17, 2009, the Company executed a subscription agreement with View 22 Technology Inc. ("View 22") providing for the purchase of up to \$3,000,000 principal amount of 12% Secured Debentures ("Secured Debentures") of View 22. Secured Debentures in the principal amount of \$1,000,000 were purchased upon execution of the subscription agreement. As a result of View 22 having not satisfied the performance milestones and other conditions provided for in the subscription agreement, the Company will not be subscribing to the remaining two tranches of \$1,000,000 Secured Debentures each, on or before October 31, 2010. The Secured Debentures (i) bear interest at the rate of 12% per annum on the principal outstanding payable quarterly; (ii) are repayable at any time but no later than 24 months from their respective dates of issue; and (iii) are secured by a fixed and floating charge on all of the assets and undertakings of View 22.

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5. Investments – continued

As part of the transaction, the Company received 600,000 common shares of View 22 (the “Bonus Shares”), of which 300,000 Bonus Shares have been deposited in escrow. The escrowed Bonus Shares will be returned to the View 22 treasury as a result of NiCo’s decision not to proceed with the subscription of the second and third tranches of the View 22 debentures. Also, while any of the Secured Debentures are outstanding, in the event that View 22 desires to effect a liquidity event involving a reverse take-over or similar business combination, NiCo has been granted a right of first offer, for a period of 60 days, to negotiate with View 22 the terms upon which NiCo would be the counterparty in any such transaction.

The 300,000 View 22 common shares that were received by the Company on July 17, 2009 not held in escrow were valued at \$75,000 and recorded as an investment. The Secured Debentures were recorded as an investment valued at \$925,000. The \$75,000, representing the accretion of the debenture to face value, is being recognized as investment income over the two year term of the debenture.

6. Property and Equipment

	December 31, 2009			December 31, 2008		
	Costs	Accumulated Amortization	Net Book Value	Costs	Accumulated Amortization	Net Book Value
Office furniture and equipment	\$ 3,894	\$ 764	\$ 3,130	\$ 3,894	\$ 520	\$ 3,374
Computer and communications equipment	33,281	16,148	17,133	32,508	5,132	27,376
	<u>\$37,175</u>	<u>\$16,912</u>	<u>\$20,263</u>	<u>\$36,402</u>	<u>\$5,652</u>	<u>\$30,750</u>

The amortization expense for the year ended December 31, 2009 was \$11,261 (2008 - \$23,423).

7. Mining Properties

	December 31, 2009	December 31, 2008
Geophysical surveys	\$ 312,257	\$ 641,097
Consulting Geological and Mining	210,512	582,647
Geologists and field staff salaries and wages	126,725	260,180
Travel and accommodation	89,056	185,823
Fuel	81,241	166,797
Equipment consumables	5,584	43,191
Transportation	19,654	40,353
Transportation freight	9,590	19,689
Miscellaneous	127,141	296,828
Total	981,760	2,236,605
Less Impairment	---	(1,226,605)
Net Book Value	<u>\$ 981,760</u>	<u>\$ 1,010,000</u>

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7. Mining Properties – continued

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”) the 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 the end of 2008, the Company's reduced exploration plans, and general market conditions which had become increasingly unfavourable. The writedown amounting to \$1,226,605 was allocated pro rata against the cost categories in the table above.

In January 2010, the Company engaged an independent accredited business valuator to assess the value of the Lomie properties as at December 31, 2009. Based on the results of the valuation, management has concluded that the value of the Lomie properties is in excess of the carrying value recorded as at December 31, 2009.

The Company's assessment of the carrying value of mining properties was 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 the method 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 are 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.

8. Related Party Transactions

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 year ended December 31, 2009 amounted to \$285,780 (December 31, 2008 – \$716,584). Included in accounts payable and accrued liabilities is a net amount of \$23,000 (December 31, 2008 - \$48,504) due to related parties.

These transactions 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.

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9. 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 at December 31, 2009 and December 31, 2008 and changes during the years then ended are presented below:

	<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			<u>98,431</u>
Balance December 31, 2008	<u>20,898,100</u>	<u>\$ 11,123,611</u>	<u>\$ 2,506,019</u>
Stock-based compensation	---	---	34,657
Effect of Substantial Issuer Bid	<u>(12,000,000)</u>	<u>(6,387,342)</u>	<u>1,546,481</u>
Balance December 31, 2009	<u>8,898,100</u>	<u>\$ 4,736,269</u>	<u>\$ 4,087,157</u>

Pursuant to a substantial issuer bid that was approved by the Company's Board of Directors on April 14, 2009, 12,000,000 common shares of the Company (approximately 57% of the issued and outstanding common shares prior to the bid) were purchased and cancelled on July 6, 2009 at a price of \$0.40, approximately equal to the net cash value of the Company's shares at the time of the issuer bid. In addition to the consideration of \$4,800,000 paid to shareholders, costs amounting to \$40,861 were incurred to effect the substantial issuer bid transaction.

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 were 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 have been credited against the expense in 2008.

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 was treated as a share issue cost.

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10. Stock Options and Warrants

Under the stock option plan (the "plan"), the Company's directors are authorized to grant options to its directors, officers, employees and 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:

	Number of Options	Weighted Average Exercise Price
Beginning balance January 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
Issuance of options	500,000	\$ 0.3000
Forfeited options	(2,064,880)	\$ 0.9679
Balance at December 31, 2009	600,000	\$ 0.4000

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

Price	Number	Expiry Date	Outstanding		Exercisable	
			Wt. Avg. Remaining Life	Wt. Avg. Remaining Exercise Price	Number	Wt. Avg. Exercise Price
\$1.00	60,000	2012.12.21	3.00	\$ 1.00	60,000	\$ 1.00
\$0.75	35,000	2011.05.28	1.42	\$ 0.75	35,000	\$ 0.75
\$0.75	5,000	2011.08.14	1.71	\$ 0.75	3,334	\$ 0.75
\$0.30	500,000	2012.11.25	2.92	\$ 0.30	166,667	\$ 0.30
	<u>600,000</u>				<u>265,001</u>	

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10. Stock Options and Warrants – continued

Stock options granted during the year ended December 31, 2009:

<u>Date Granted</u>	<u>Options Granted</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
November 25, 2009	500,000	\$0.30	November 24, 2012

These stock options were issued to directors and, in accordance with CICA 3870, were accounted for using the fair value method and expensed over the option's vesting periods in the consolidated statements of operations and deficit and credited to contributed surplus.

In accordance with CICA 3870, the fair value of stock options granted during the year was estimated at the date of the grant using the Black-Scholes option-pricing model. The expected life of an option of the Company is 2.5 years with an expected dividend yield of 0% since the Company has never distributed dividends. Volatility is calculated using three years of share data prior to the date the option was granted. The Company uses the Bank of Canada bank rate as the risk-free interest rate.

Following are the assumptions used for the options granted during the year ended December 31, 2009:

<u>Black-Scholes Assumptions</u>	<u>Exercise Price</u>	<u>Market Price on day of Grant</u>
Expected volatility	138%	
Expected dividend	0.00%	
Risk-free interest rate	1.75%	
Expected option life in years	2.5	
Fair value of stock options granted 11.25.09	\$0.30	\$0.30

For the year ended December 31, 2009, included in the consolidated statement of operations and deficit was stock-based compensation expense of \$34,657 (2008 - \$442,391).

Upon completion of the reverse takeover on March 12, 2008, the options from Sudbury Capital Corporation 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.

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10. Stock Options and Warrants – continued

The weighted average fair value of stock options issued and outstanding as at December 31, 2009 is \$0.24.

All warrants previously issued expired in 2009. As at December 31, 2009, there were no warrants issued and outstanding. A summary of the status of the Company's warrants as at December 31, 2009 and December 31, 2008 is presented below:

The warrants that were issued and outstanding as at December 31, 2008 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%

As at December 31, 2009, there are no warrants issued and outstanding.

11. Provision for Income Tax

The Company files Canadian income tax returns for its Canadian operations. Separate income tax returns are filed, as locally required, for each of its foreign subsidiaries.

There was no provision for income taxes for the year ended December 31, 2009 or for the period ended December 31, 2008.

The total provision for income taxes differs from that amount which would be computed by applying the Canadian income tax rate to income (loss) before provision for income taxes. The reasons for these differences are as follows:

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11. Provision for Income Tax – continued

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
Net loss before taxes	(543,183)		(2,989,993)	
Income tax recovery at combined statutory income tax rate	(179,250)	-33%	(1,012,269)	-34%
Tax effect of non-deductible expenses	11,437	2%	148,201	5%
Effect of losses and temporary differences not recorded	167,813	31%	864,068	29%
Income tax expense(recovery)	\$0	0%	\$0	0%

At December 31, 2009, the Company had cumulative net operating loss carry-forwards of approximately \$2,809,000 and \$1,854,000, (2008: \$1,803,000 and \$1,818,000) in Canada and outside of Canada, respectively. These amounts will expire in various years through 2029. The related future income tax assets have been completely offset by a valuation allowance, as the Company is not able to determine that it is more likely than not to have taxable income to be offset by the effect of the above losses in the carry forward period. The Company has no significant future income tax liabilities.

12. 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 December 31, 2009 are approximately as follows:

Fiscal 2010	\$ 39,292
Fiscal 2011	39,292
Fiscal 2012	<u>19,646</u>
	<u>\$ 98,230</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 licenses which expire in April and June 2010. The Company is currently in the process of applying for renewal of the three permits with the Minister of Mines in Cameroon under a proposed exploration program of approximately US\$100,000 during a one year period. It is uncertain at this time if the renewal application and proposal will be accepted.

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12. Commitments and Contingencies – continued

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 December 31, 2009, there were no material contingencies.

13. 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.

Financial instruments measured at fair value have been ranked using a three-tier hierarchy that reflects the significance of the inputs used in making the fair value measurements.

Financial Assets and Liabilities at Fair Value
as at December 31, 2009

Financial Assets	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	2,801,723			2,801,723
Investment in View 22 Common Shares			75,000	75,000

The following is a reconciliation of the beginning to ending balance for financial instruments included in Level 3:

As at December 31	Investment in View 22 Common Shares
Balance, beginning of the year	\$ 0
Investment in View 22 Shares	75,000
Balance, end of the year	\$ 75,000

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 Canada and generally exceeds that of government insured levels. This is considered to be a minimal risk due to the strength of the Canadian banking sector and the big five banks in particular. Cash requirements to meet short term operating requirements are held in financial institutions in Cameroon and South Africa. These amounts are nominal and consequently pose no material risk.

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13. Financial Instruments – continued

The Company's operations are outside of North America, therefore, the Company is exposed to foreign currency risks. This is effectively limited to the Cameroon mining properties which represent the only material asset of the Company outside of Canada. The Company does not enter into financial instruments to manage this risk.

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: currency risk, interest rate risk and other price risk.

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 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. The most significant monetary asset is cash invested in cashable GIC's with a maturity date of September 21, 2010. Interest rate on this asset is mitigated up to the date of maturity. The View 22 debentures yield 12% per annum to maturity in July 2011, mitigating interest rate risk on this instrument to that time.

As at December 31, 2009, the Company's foreign currency balances, largely denominated in US\$ and pound sterling, were approximately \$23,793 in cash, \$9,809 in receivables, and \$11,403 in liabilities. Due to the nominal value of foreign currency balances, there is no material effect that could occur as a result of foreign currency exchange rates.

As at December 31, 2008, the Company's foreign currency balances were approximately \$10,315 in cash, \$18,708 in receivables, and \$134,844 in liabilities.

14. Capital Management

The Company considers its capital structure to consist of share capital, contributed surplus, and stock options. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support its ongoing operations of the business and planned exploration of mineral property interests. Management has not established a quantitative capital structure, but reviews on a regular basis the capital requirements of the Company relative to the stage of development of the business entity and mineral property interests and market conditions.

There were no changes in the Company's approach to capital management during the year ended December 31, 2009.

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15. 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 December 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 \$1,099 in cash, \$9,809 in receivables, property & equipment of \$2,246, mining properties of \$981,760 and \$1,134 in liabilities.

As of December 31, 2008, all of the Company's assets were in North America, with the exception of its interest in its subsidiaries that are located in Africa which approximate \$1,041 in cash, \$18,708 in receivables, property & equipment of \$2,246, mining properties of \$1,010,000 and \$59,025 in liabilities.

16. Subsequent Event

The Company entered into a letter agreement (the "Letter Agreement ") dated March 24, 2010 with Red Crescent Resources Holding A.S. ("RCR"), a company incorporated under the laws of Turkey, pursuant to which NiCo has agreed to acquire all of the issued and outstanding shares of RCR (the "Proposed Transaction").

Under the terms of the Letter Agreement, NiCo will acquire all of the issued and outstanding shares of RCR in exchange for the issuance to shareholders of RCR such number of common shares of NiCo as determined by dividing the net asset value of RCR by the net asset value of NiCo as determined in accordance with a formula set out in the Letter Agreement.

Following the closing of the Proposed Transaction, NiCo intends to call a special meeting of shareholders to, among other things, change the name of Company to "Red Crescent Resources Limited" or such other name as may be approved by NiCo and RCR.

The Proposed Transaction is conditional upon, among other things, receipt of all necessary regulatory, stock exchange, director and shareholder approvals, the completion of satisfactory due diligence by both NiCo and RCR and the entering into of a definitive share exchange agreement. Prior to completion of the Proposed Transaction, RCR will complete a brokered private placement for a minimum of \$10,000,000, the proceeds of which will be used to fund exploration expenditures and a pre-feasibility study at RCR's Hakkari zinc project in Turkey and for working capital and general corporate purposes. RCR has engaged Haywood Securities Inc. to act as agent on the private placement.

Assuming that \$10,000,000 is raised by RCR under the underlying private placement, upon completion of the Proposed Transaction, shareholders of RCR are expected to own approximately 90% of the Company. The Proposed Transaction will be considered a "Reverse Takeover" pursuant to the policies of the TSX Venture Exchange.