

Financial Statements of

3052155 NOVA SCOTIA LIMITED

Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Shareholder of 3052155 Nova Scotia Limited

We have audited the accompanying financial statements of 3052155 Nova Scotia Limited which comprise the balance sheet as at March 31, 2011 the statements of operations and deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 3052155 Nova Scotia Limited as at March 31, 2011 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

June 29, 2011

Halifax, Canada

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3052155 NOVA SCOTIA LIMITED

Balance Sheet
(In thousands of dollars)

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Cash and short-term investments	\$ 958	\$ 1,042
Other assets (note 2)	4	5
	<u>\$ 962</u>	<u>\$ 1,047</u>
Liabilities and Shareholder's Equity		
Payables and accruals	\$ 8	\$ 6
Due to Province of Nova Scotia, without terms	—	79
	<u>8</u>	<u>85</u>
Shareholder's equity:		
Capital stock:		
Authorized: 100,000 common shares without par value		
Issued and outstanding: 1,000 common shares	1	1
Contributed surplus (note 3)	8,977	8,977
Deficit	(8,024)	(8,016)
	<u>954</u>	<u>962</u>
	<u>\$ 962</u>	<u>\$ 1,047</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

3052155 NOVA SCOTIA LIMITED

Statement of Operations and Deficit
(In thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Interest income	\$ 6	\$ 3
Expenses:		
Insurance	–	40
General and administrative	14	19
	14	59
Loss before the undernoted	(8)	(56)
Decrease in provision for site restoration	–	100
Net earnings (loss)	(8)	44
Opening deficit	(8,016)	(8,060)
Ending deficit	\$ (8,024)	\$ (8,016)

See accompanying notes to financial statements.

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Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash derived from (applied to):		
Operating:		
Net earnings (loss)	\$ (8)	\$ 44
Item not involving cash:		
Decrease in provision for site restoration	–	(100)
Changes in non-cash operating working capital items:		
Other assets	2	40
Payables and accruals	(78)	–
Decrease in cash	(84)	(16)
Cash and short-term investments, beginning of year	1,042	1,058
Cash and short-term investments, end of year	\$ 958	\$ 1,042

Supplemental cash flow information (note 4)

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended March 31, 2011

The Company was incorporated in 2001 for the purpose of holding and administering various assets and obligations transferred from Nova Scotia Resources Limited prior to the sale of that company's shares.

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue recognition:

Interest revenue is recognized on the accrual basis.

(c) Cash and short-term investments:

Cash and short-term investments are classified as held for trading and are recorded at fair value.

2. Other assets:

	2011	2010
	(In thousands of dollars)	
Accounts receivable	\$ 4	\$ 1
Other assets	–	5
	\$ 4	\$ 6

3. Contributed surplus:

In anticipation of the sale of the shares of Nova Scotia Resources Limited, many of the monetary items from that company, together with the obligation for site restoration for the Cohasset/Panuke Project, amounting to \$8,977,000, were transferred from the Province of Nova Scotia as contributed surplus.

4. Supplemental cash flow information:

	2011	2010
	(In thousands of dollars)	
Cash received:		
Interest	\$ 6	\$ 3

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Year ended March 31, 2011

5. Financial instruments – fair values:

The fair value of the Company's other assets, cash and short-term investments and payables and accruals approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

6. Income taxes:

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

7. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.