Financial Statements of

3052155 NOVA SCOTIA LIMITED

Years ended March 31, 2012 and 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 statement of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of earnings, changes in net financial assets and cash flows for the years ended March 31, 2012 and March 31, 2011, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 the 3052155 Nova Scotia Limited as at March 31, 2012, March 31, 2011 and April 1, 2010 and its results of operations, its changes in net financial assets and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting principles.

KPMG LLP

Chartered Accountants
June 28, 2012
Halifax, Canada

3052155 NOVA SCOTIA LIMITED

Statement of Financial Position
(in thousands of dollars)

March 31, 2012, March 31, 2011 and April 1, 2010

		March 31, 2012		March 31, 2011		April 1, 2010
Financial assets						
Cash and short-term investments	$	958	$	958	$	1,042
Other assets (note 3)		40		4		5
		998		962		1,047
Financial Liabilities						
Accounts payable and accrued liabilities	$	11	$	8	$	6
Due to Province of Nova Scotia, without terms		-		-		79
		11		8		85
Net financial assets, being accumulated surplus	$	987	$	954	$	962
Accumulated surplus is comprised of:						
Accumulated operating deficiency	$	(7,991)	$	(8,024)	$	(8,016)
Contributed surplus and share capital (note 4)		8,978		8,978		8,978
	$	987	$	954	$	962

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

3052155 NOVA SCOTIA LIMITED

Statement of Earnings and Deficit
(in thousands of dollars)

Years ended March 31, 2012 and March 31, 2011

		2012		2011
Revenue:				
Interest income	$	8	$	6
Recovery of insurance proceeds		38		-
		46		6
Expenses:				
Office and general		13		14
Annual operating surplus (deficiency)		33		(8)
Accumulated operating deficiency, beginning of year		(8,024)		(8,016)
Accumulated operating deficiency, end of year	$	(7,991)	$	(8,024)

See accompanying notes to financial statements.

3052155 NOVA SCOTIA LIMITED

Statement of Change in Net Financial Assets
(in thousands of dollars)

Years ended March 31, 2012 and March 31, 2011

		2012		2011
Annual operating surplus (deficiency)	$	33	$	(8)
Change in net financial assets		33		(8)
Net financial assets, beginning of year		954		962
Net financial assets, end of year	$	987	$	954

See accompanying notes to financial statements.

3052155 NOVA SCOTIA LIMITED

Statement of Cash Flows
(in thousands of dollars)

Years ended March 31, 2012 and March 31, 2011

		2012		2011
Cash provided by (used in):				
Operations:				
Annual operating surplus (deficiency)	$	33	$	(8)
Change in non-cash operating working capital:				
Decrease (increase) in other assets		(36)		1
Increase in accounts payable and accrued liabilities		3		2
		-		(5)
Financing:				
Decrease in due to Province of Nova Scotia		-		(79)
Decrease in cash		-		(84)
Cash position, beginning of year		958		1,042
Cash position, end of year	$	958	$	958

See accompanying notes to financial statements.

3052155 NOVA SCOTIA LIMITED

Notes to Financial Statements
(in thousands of dollars)

Years ended March 31, 2012 and March 31, 2011

3052155 Nova Scotia Limited (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.

On April 1, 2011, the Corporation adopted the Canadian public sector accounting standards ("PSAB"). These are the first financial statements of the Corporation prepared in accordance with PSAB. Prior to 2012, the financial statements were prepared in accordance with Part V of the CICA Handbook.

In accordance with the transitional provisions in PSAB, the Corporation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2010 and all comparative information provided has been presented by applying PSAB.

The impact of the transition of the Corporation's financial statements to PSAB has been summarized in note 2.

1. Significant accounting policies:

(a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(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.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Transitional adjustments:

(a) Accumulated surplus:

The adoption of PSAB had no impact on the Corporation's accumulated surplus. There were no adjustments to the balance of accumulated surplus as at April 1, 2010 or the year ended March 31, 2011 as a result of implementing the accounting changes.

(b) The Corporation did not elect to use any exemptions allowed in accordance with the transitional provisions of PSAB.

(c) Early adoption of accounting standards:

At the time of transition, the Corporation has early adopted the following accounting standards on a prospective basis. These standards have been reflected prospectively in the financial statements for the current year:

2. Transitional adjustments (continued):

(i) PS 3450 - Financial Instruments:

The Corporation has elected to early adopt Section PS 3450 - *Financial Instruments* ("Section PS 3450") effective for the year ended March 31, 2012. The mandatory application date of Section PS 3450 is for fiscal years beginning on or after April 1, 2012. Section PS 3450 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Financial instruments include primary instruments (such as receivables, payables and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost. Almost all derivatives, including embedded derivatives that are not closely related to the host contract, are measured at fair value. Fair value measurement also applies to portfolio investments in equity instruments that are quoted in an active market. Other financial assets and financial liabilities are generally measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses. Budget-to-actual comparisons are not required within the statement of remeasurement gains and losses. When the reporting entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category. New requirements clarify when financial liabilities are derecognized. The offsetting of a financial liability and a financial asset is prohibited in absence of a legally enforceable right to set off the recognized amounts and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Section PS 3450 outlines new disclosure requirements of items reported on and the nature and extent of risks arising from financial instruments.

Upon adoption of this standard, the Corporation has recorded its portfolio investments in equity instruments that are quoted in an active market at fair value. The remaining financial assets and financial liabilities have been recorded at cost or amortized cost.

There is no other material impact on the financial statements as a result of adopting this standard.

2. Transitional adjustments (continued):

(ii) PS 2601 - Foreign Currency Translation:

The Corporation has elected to early adopt Section PS 2601 – *Foreign Currency Translation* ("Section PS 2601") effective for the year ended March 31, 2012. The mandatory application date of Section PS 2601 is for fiscal years beginning on or after April 1, 2012. This Section revises and replaces Section PS 2600 - *Foreign Currency Translation*. Under Section PS 2601, the definition of currency risk is amended to conform to the definition in Section PS 3450 – *Financial Instruments*. The exception to the measurement of items on initial recognition that applies when synthetic instrument accounting is used is removed. At each financial statement date subsequent to initial recognition, non-monetary items denominated in a foreign currency that are included in the fair value category in accordance with Section PS 3450 are adjusted to reflect the exchange rate at that date. The deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued. Until the period of settlement, exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations. Hedge accounting and the presentation of items as synthetic instruments are removed.

There is no material impact on the financial statements a result of adopting this standard.

3. Other assets:

	March 31, 2012	March 31, 2011	April 1, 2010
Accounts receivable	$ 40	$ 4	$ 1
Other assets	-	-	4
	$ 40	$ 4	$ 5

4. 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.

5. Supplemental cash flow information:

	2012	2011
Cash received:		
Interest	$ 8	$ 6
	$ 8	$ 6

6. Financial instruments:

Fair value of financial assets and financial liabilities

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.

7. Income taxes:

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