Nuinsco

RESOURCES LIMITED

Annual Report

2002

FROM THE CHAIRMAN

We are pleased to present your Company's 2002 annual report together with audited financial statements and detailed information on our activities over the past 12 months with updates for the first quarter of 2003.

In 1999, when INCO invited us to undertake exploration and development of two of their projects in the Thompson Nickel Camp (TNB), we seized this opportunity to broaden the Company's activities to include mining operations with the blessing and support of INCO. World nickel markets are dominated by only a few domestic and foreign producers, most of whom are holding, in dormant inventories, a number of excellent advanced nickel projects that do not meet a major's relevance or profits thresholds. We perceive a niche position for an entry-level junior producer, capable of working with owners of mills and smelters to provide commodities for their operations. This is the principal reason we brought the best possible in-house mining expertise to the Company.

Effective January 1, 2003, our Board was strengthened with the addition of two highly-experienced executives, W. Warren Holmes, formerly Senior V.P. Canadian Mining Operations at Falconbridge, who assumed the office of President and C.O.O. and Oyvind Hushovd, former President and C.E.O. of Falconbridge. Previously James W. Ashcroft, formerly President INCO Limited (Ontario Division) joined the Board in 2001. It is a rare compliment to the integrity and tenacity of this junior resource company to be able to attract such highly qualified individuals to assist in leading the Company into the future.

In addition to our planned mining endeavors, which are under review by the President, we are continuing efforts to bring to fruition a number of exploration programs that have been in progress for some time. Currently work includes a winter exploration program on the Mel Project on the Thompson Belt, trenching of a new tantalum discovery on the Prairie Lake property in northwestern Ontario and studies for follow-up drill tests of MT geophysical targets on our Rainy River property.

We believe the alliance with INCO for nickel exploration and development activity on the TNB is very important for future growth of the Company. Our objective is to discover or acquire one or more nickel deposits containing mineable reserves. On the Mel claims at Thompson, results of our winter exploration are very encouraging, in particular with respect to the geophysics, justifying future diamond drill tests of a good number of priority anomalies. Because discovery potential here is high, it is our intention to continue with this work. Many of our shareholders have purchased and hold shares in Nuinsco for the excitement associated with new discoveries. We do not expect they will be disappointed with our ongoing efforts.

The past year has been frustrating for shareholders of most junior explorers. Notwithstanding, we believe we are positioning the Company to progress into the nickel mining business at a time when the nickel market is rebounding and is expected to be in high demand for at least the next 10 years. It appears that we have a window of opportunity to develop and, with a little luck through exploration success, discover new mineral resources over the near term that can be expected to enhance shareholder values.

Updates on all the Company's properties including future plans are set out in this report under Review of Operations. When financing permits, work will continue on these properties

We wish to thank all of our shareholders for their loyalty and patience and we hope that you will stay with us for the exciting and prosperous days expected in the future.

On Behalf of the Board,

"H. Douglas Hume"

H. Douglas Hume,
Chairman and Chief Executive Officer

April 20, 2003
Toronto, Canada

FROM THE PRESIDENT

I've been very pleased to join Nuinsco, a company with a reputation for perseverance, and excellent exploration work. This is my first direct involvement with the challenges facing the mine finders so the learning curve is steep and exciting.

Nuinsco has built an excellent portfolio of advanced mineral property assets. Therefore, while continuing the exploration focus on nickel, I have also undertaken a review of all these assets with the objective of identifying the value in each and determining the best way to optimize shareholder value.

During the past year, Nuinsco has focused on the Mel Property which is located in the very prolific Thompson Nickel Belt. Exploration for a new nickel deposit is levered on INCO's vast knowledge and excellent property position. Only six holes were drilled in this program. While geology has been favorable, nickel values have not. However, this is the first period of the first game of the series. INCO is working very closely with us, and with their strong support we can expect to win the series and the Cup with a new Thompson discovery.

Nuinsco's Rainy River and Cameron Lake deposits are very intriguing. At Cameron Lake, your company has an internal resource of 500,000 ounces of gold, and at Zone l7 at Rainy River an inferred resource of some 25 million tonnes at 1.37 grams/tonne based on north-south cross-sectional drilling done up to l997. However, based on known cross cutting vein structures, Nuinsco collared a series of holes that cut the zone diagonally to produce:

3.1 grams over 63 metres;
1.8 grams over l32 metres;
2.6 grams over l64 metres;

These richer diagonal intersections probably better indicate the grade of the zone than the cross-sectional drilling on which the inferred resource calculation has been made. An underground bulk test is the only option to determine the actual mineable grade.

In addition to Zone l7, the nickel mineralization encapsulated within the Zone 34 is fascinating. While only l50,000 tonnes in size, the grades are excellent. There is little doubt that the presence of such nickel sulphide mineralization is a good target for exploration potential. Clearly a significant mineralizing system was active to produce the deposits.

Your Company's large Prairie Lake carbonatite complex also has interesting potential. Located only 44 km NW of Marathon it has proximity to transportation routes and large markets that could make this industrial mineral property a winner. There is evidence of good tantalum, niobium, wollastonite and carbonate lime values on the property. Carbonatites are known as economic sources of these minerals, so we believe this property is very promising. Your company is in the very early stages of this work. We are not industrial mineral experts, so we are starting to search out potential partners who would help in enhancing this asset.

Your company has assembled an excellent group of properties, and is in for an exciting year as we look to develop shareholder value through advancing the position of our properties through to development of a mine.

The Company has skilled and seasoned geologists and administrative staff with a very supportive Board, well experienced in the mining business. Together we will be successful.

"W. Warren Holmes"

W. Warren Holmes,
President and Chief Operating Officer

April 20, 2003
Toronto, Canada

REVIEW OF OPERATIONS

EXPLORATION, DISCOVERY AND DEVELOPMENT PLANS

Your company remains committed to succeed through the discovery or acquisition and development of economically viable ore bodies. The Thompson Nickel Belt is our primary focus for sulphide nickel, a commodity with a bright future. The demand for stainless steel, the primary use of nickel, is growing at a rate of 8% per year. In addition, nickel is set for a strong and sustained demand period fuelled by rapid growth and imports by China. For the next few years the price of nickel will continue to be strong.

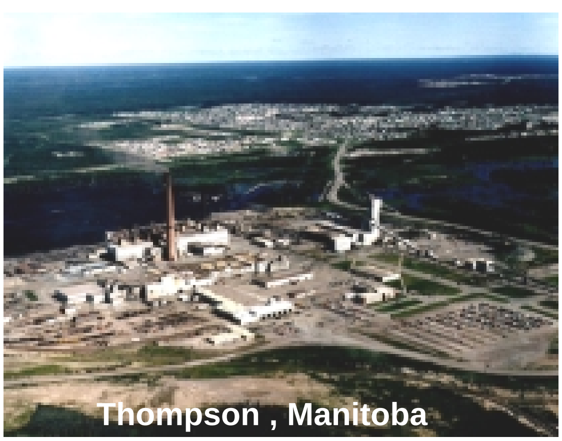
We also have significant gold resources that are ready for development should the price of gold continue to strengthen.

DEVELOPMENT PROPERTIES

THOMPSON NICKEL BELT (TNB) – MINE DEVELOPMENT POSSIBILITIES

Thompson Nickel Belt Properties:

The discovery of nickel in the Thompson Belt of northern Manitoba is one the great stories in Canadian mining annals. The Thompson Nickel Belt is a prolifically mineralized region in which over 28-nickel sulphide deposits have been discovered. Since beginning production in 1961, a total of 4.4 billion pounds of nickel has been recovered. The most significant deposit is INCO's Thompson Mine, a world-class resource with more than 80 million tonnes grading 2.8% nickel. Nuinsco is building up a valuable portfolio of nickel assets and holds exploration rights to two nickel resources summarized below, plus large tracts of exploration claims in this mineral rich terrain.



The Mel Deposit, owned by INCO, has been held under option to Nuinsco since 1999. Discovered in 1961, the deposit contains an inferred resource of 6.4 million tonnes with an average grade of 1.25% nickel to a depth of 600 metres. The inferred resource includes 620,000 tonnes of ramp-accessible material with an average grade of 1.8% nickel. Within the deposit are folded discontinuous higher-grade nickel bearing sulphide layers up to 15 metres thick. It is Nuinsco's goal to outline, near-surface, ramp accessible ore of about one million tonnes with an average grade of 1.6 - 2.0% nickel; however, work on the deposit is currently on hold as the company evaluates other properties on the TNB.

The Minago Deposit is wholly owned by Nuinsco. Diamond drilling outlined 2.2 million tons at 1.64% nickel or 11.5 million tons at 1.12% nickel in the 1960s. Nuinsco intends to review the resource figure and perhaps to seek a joint venture partner to continue further evaluation of this deposit.

EXPLORATION PROPERTIES

Mel Claims (Exploration Progress):

The Mel Claim Group has been held under option from INCO since 1999. The Mel claims are located in north central Manitoba approximately 25 km north of the City of Thompson. The group is large – over 17 thousand hectares comprising 78 claims and is a folded extension of the famed nickel belt rocks.

The property is underlain by favourable stratigraphy that hosts the Thompson nickel deposits but is hidden by thick overburden cover of clays that range from 15 to over 60 metres making discovery by traditional prospecting techniques virtually impossible. Using modern and deeply penetrating geophysical technology Nuinsco and INCO are testing the stratigraphy to depths of at least two thousand feet. This deep geophysics has never been carried out on the property.

The exploration approach to probe to this depth involves the use of AMT (audio-magnetotelluric) followed by site-specific surface UTEM (University of Toronto electormagnetics) to identify anomalies characteristic of massive sulphide. Within the Thompson nickel belt, nickel-rich massive sulphides manifest themselves as slowly to non-decaying channel 1 conductors in which INCO geophysicists interpret the data with sophisticated software and note any such “significant” conductors.

A total of only six conductors were drilled during the winter of 2003. Although nickel mineralization was not intersected all of the holes hit the target host rocks with sulphides in sufficient quantity to explain the geophysical response.

In early winter ground crews cut and chained 164 miles of line on 18 grids. At least 14 UTEM anomalies identified on 12 of the grids warrant follow-up drilling. Several of these conductors are continuations of features identified in previous surveys and/or have the potential for greater strike-length. In the Thompson camp, nickel values are known to vary significantly along strike within the favourable host rocks. Several strong surface UTEM responses remain untested or have been inadequately tested along strike and further drilling is recommended.

Nuinsco remains optimistic of the potential to discover a world-class nickel ore deposit along the Thompson belt. All the geophysical targets have now been quantified and the next phase will be a concentrated drill effort. Nuinsco is satisfied with the excellent technical expertise of the INCO professionals and pleased with the support of management from the INCO Exploration Department.

Lac Rocher Project, Quebec

Previous exploration strongly supports further investment on this property because of the richness of the deposit (up to 10% nickel) and opinions of nickel experts that further ore should be located nearby. Our experience with deep penetrating geophysics on the Thompson Nickel Belt provides the stimulus to use the technique in an effort to locate further high-grade nickel at Lac Rocher. The Company will utilize the tested telluric MT system followed by drilling. Road access will be available during the current year, drastically cutting exploration costs.

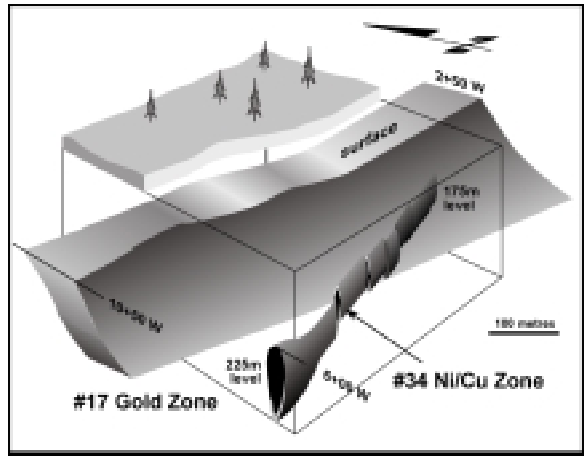
Rainy River Project, Ontario

Ongoing exploration, covering an Archean greenstone belt in NW Ontario, previously reported the discovery of two mineral deposits in Richardson Township - the gold-bearing “Zone 17” and the copper-nickel bearing “Zone 34”. This mineralization occurs within a magnetically defined structural zone some twelve kilometres in length.

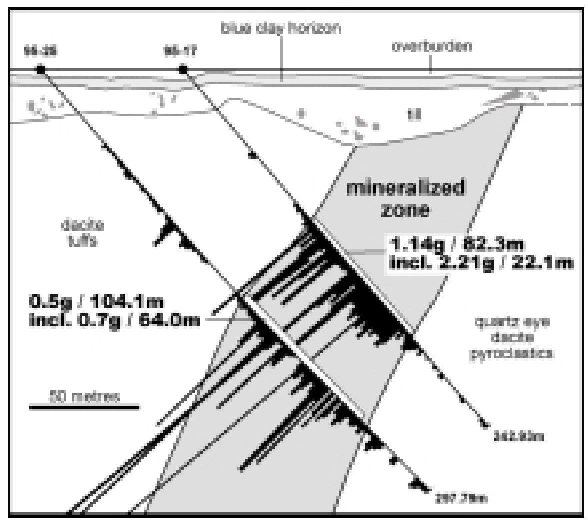
The gold Zone 17 contains an estimated resource of approximately 25 million tonnes at 1.4g/t lying between the bedrock surface and a depth of about –200 m. The Zone has a known strike length of about one kilometre in an east-west direction, averages a remarkable 70 metres thick and is open to depth. Rock alteration, style of mineralization and host rock types identify Zone 17 as a volcanogenic massive sulphide deposit. A study by Dr. J.M. Franklin describes the setting and style of mineralization as being similar to ores from the Thompson-Bousquet belt in Quebec. Major mining companies have viewed the project data and concur with Nuinsco geologists that the mineralization is the result of a very large hydrothermal system – analogous to Bousquet deposits. Considerably higher-grade gold, remobilized into north-south fracture zones (see pictures) is a significant component of the system. Based on known cross cutting vein structures, Nuinsco collared a series of holes that cut the zone diagonally to produce: 3.1 grams over 63 metres; 1.8 grams over l32 metres; and 2.6 grams over l64 metres. These richer diagonal intersections probably better indicate the grade of the zone than the cross-sectional drilling on which the inferred resource calculation has been made

Mining experts have recommended underground bulk sampling, as opposed to further drilling from surface. It is expected that this work will significantly increase the overall grade of Zone 17 if the results of the diagonal drilling can be confirmed. Costs for the bulk sample will be offset by the proceeds of mining of the richly mineralized copper-nickel-pgm-gold Zone 34. This nickel-bearing intrusion is drill indicated over 25 metres of strike extent, 20 metres width and 4.5 metres thickness. Up to 150,000 tonnes may be present.

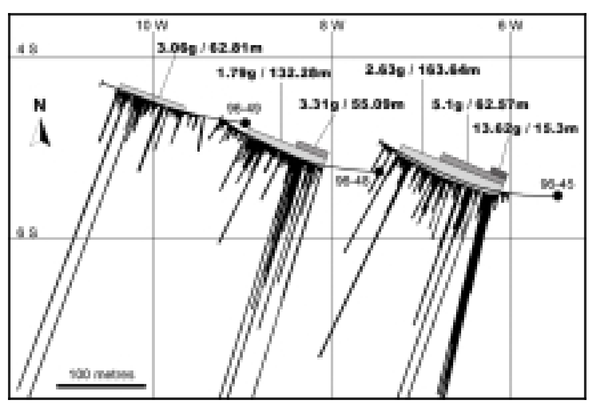
Also, exploration of significant untested, deep geophysical targets already outlined in previous programs have yet to be drilled.



Schematic of Zone 17 (gold), Zone 34 (nickel)



Drill results in North-South Drill Pattern



Drill Results in East-West Direction

Prairie Lake Carbonatite, Ontario

Nuinsco staked and optioned mineral claims encompassing the Prairie Lake Carbonatite Complex in June 2001. Carbonatite-alkalic complexes are potential hosts for deposits of niobium, tantalum, rare earth elements of the cerium subgroup, uranium, thorium, phosphate, copper, iron, titanium, zirconium, aluminum, barite, fluorite, apatite, vermiculite, nepheline, carbonate lime (Portland cement), and wollastonite. Nuinsco had previously explored the Prairie Lake Complex over several years during the mid-1970s and again, briefly, in 1983; this exploration was initially directed towards uranium and subsequently niobium. The decision to reactivate the project was predicated upon continuing increases in the demand for tantalum coupled with the known mineral potential of the complex, and the report of a potentially significant wollastonite occurrence. In 1979 a qualifying report by Dr. A. Mariano identified abundant pyrochlore up to >10wt.% Ta_2O_5 (U-Nb-Ta-Ti-Ca oxide) in historic drill-core samples. Recent microprobe analysis at Carleton University that up to 14% tantalum can be present in the pyrochlore supports this earlier decision and an evaluation of the complex for commercial tantalum, niobium and other industrial minerals.

Following a trenching program in late 2002, pyrochlore is now known to have widespread distribution within the complex. Carleton University has confirmed high Ta bearing pyrochlore, containing 8-14 wt% Ta_2O_5. This grab sampling program produced tantalum analyses of up to 400 ppm and niobium up to 7,300ppm.

The complex is unique in North America because of its high wollastonite content. Rocks containing between 40% and 80% wollastonite have been intersected in drill core and in outcrop on the south-west shore of Centre Lake and may occur in economic quantities near the centre of the complex. Past investigation has also highlighted the possibility of producing lime and/or cement from calcite-rich portions of the complex.

A follow-up exploration program is planned for 2003. Objectives of this work will include identification of bedrock zones carrying elevated tantalum and niobium content and a reliable determination of abundance of pyrochlore. Since the Complex is a pipe-like structure, indicated size of ore zones will be in the vertical plane rather than laterally. Therefore, diamond drilling can be deferred until zones of mineral enrichment are defined at surface by additional trenching.

Cameron Lake Gold Deposit

Cameron Lake is a gold property located about 100 km southeast of Kenora. The rising price for gold is making this property more interesting. Surface work and an underground exploration program from 1981 - 1990 outlined a significant gold deposit. In 1995, Cambior Inc. re-evaluated all exploration and engineering data and including a 30% dilution factor, recalculated the resource to be 4.3 million tonnes having a weighted average grade of 4 grams (0.13 oz/t) to -760 metres (530,000 contained ounces of gold).

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Nuinsco is a natural resource company engaged in the acquisition, exploration and development of precious and base metal properties. Significant property interests are located on the Thompson Nickel Belt in Northern Manitoba, the Rainy River and Marathon areas of northwestern Ontario, and in the Lac Rocher area of northwestern Quebec. During 2002, the Company conducted exploration programs on The Mel Claims at the Thompson Nickel Belt, the Prairie Lake carbonatite near Marathon, Ontario, and the Rainy River project in northwestern Ontario. This is adequately described in the section on Review of Operations.

Nuinsco, along with many other exploration companies has been working under some financial strain over the past year. Funding available in 2002 was therefore focused on the Thompson Nickel Belt. However, your company was also able to advance both the Prairie Lake Property where we established very anomalous tantalum, niobium, and wollastonite values in an excellent large carbonatite pipe. On the Rainy River property we eliminated several anomalies through diamond drilling.

The Rainy River property is still regarded as one of the world's best unexplored greenstone belts, and while we were only able to invest $360,000 on the project in 2002 in order to drill several anomalies, we continue to believe in the potential of this area to host precious and base metal deposits.

While details of this work are discussed in the Review of Operations, suffice it to say, we are very excited about our ongoing work with INCO on the Thompson Nickel Belt. The ground we are working is known to contain a nickel deposit of 620,000 tonnes of ramp accessible material grading 1.8% nickel from a larger body of about 6.4 million tonnes at 1.25% nickel, and is known to be the same stratigraphy as the rocks hosting INCO's mines in the Thompson area. We have only drilled 6 holes during winter – all would be judged to be technical successes, i.e., the anomaly was explained and the geology was favorable, however, none clicked with significant nickel grades.

As we review the results of this program over the next few months, we are enthusiastically putting together a follow-up program on the dozen or more additional high quality anomalies on the property. We think there is significant additional potential in the Belt, and that Nuinsco will benefit in a significant way from its association with INCO for exploration in this area.

RESULTS OF OPERATIONS

During the 2002 winter season, INCO completed geophysical work over the entire Mel Claim property and reported a number of first priority drill targets requiring follow-up drilling. Also, the Company's alliance with INCO was strengthened when we announced that Nuinsco and INCO replaced the original 1999 letter agreement on the Mel project with a definitive option/joint venture agreement granting Nuinsco the right to earn a 100% interest in the Mel properties, including INCO's 'buy-back' provision. Our Prairie Lake property suddenly became interesting with a report from Professor D. Watkinson, of Carleton University, that research studies had identified unusually high tantalum values in pyrochlore mineralization. Work at Carleton lead to a successful surface exploration program in September, suggesting further exploration here during 2003 to better outline economic potential. While we were unable to undertake any serious exploration work on our Rainy River property, we were highly encouraged by the constantly escalating price for gold during the year. The combination of gold on our partially developed Cameron Lake property, combined with a large low grade gold deposit (#17 Zone), provides the Company with a very strong precious metals inventory that bodes well for potential gold mining operations as the price of gold improves. Mining of a bulk sample from the #17 gold Zone to increase the confidence level in grade is being considered.

The Company's net loss for 2002 was $2,128,000 compared to a net loss for 2001 of $4,089,000. The losses were primarily the result of write-downs on a number of claims in which the Company feels no longer hold economic potential. General and administrative expenses were reduced to $528,000 in 2002 from $772,000 in 2001, and this improved our ability to explore more cost effectively. New accounting policies in 2002 consisted of expensing stock options valued at $31,000.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities, principally the acquisition and exploration of mineral properties, are financed largely by proceeds from the sale of equity securities, convertible debt financings, or the sale or optioning of mineral properties.

While financial constraints impacted on your Company's ability to explore in 2002, the Company was able to marginally improve its working capital deficit of $520,000 at the end of 2001, to $507,000 at the end of 2002. In addition the Company has $277,000 of cash available for exploration in 2003. During 2002, cash was received from convertible notes of $300,000, a private placement of flow-through shares of $277,000 and $413,000 from a private placement and the exercise of stock options and warrants, while cash used in operations was $351,000 and in investing activities, principally exploration, was $537,000. This resulted in cash resources of $100,000, current assets of $124,000 and current liabilities of $631,000 at December 31, 2002.

OUTLOOK

While the Company's ability to continue as an ongoing entity is dependant on the Company's ability to raise funds either through the sale of assets, or equity financing, and while the Company has a working capital deficit of $507,000 at December 31, 2002, the Company also believes it has the ability to raise the funds required to eliminate the working capital deficit, and to fund a significant number of highly prospective exploration programs in 2003. Projects are being prioritized and work is being carried out very cost efficiently. This, coupled with an upturn in capital markets, and positive markets for nickel and gold provide us reason for optimism in 2003 and beyond.

RISKS AND UNCERTAINTIES

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. While a company's success may result from good fortune, it is more often dependent on management's knowledge and expertise and its ability to identify and advance attractive projects and targets from the grass-roots stage to the more advanced stages as well as to secure necessary financing. Regulatory standards continue to change making the review process longer, more complex, and more costly. Even if an apparently mineable deposit is discovered, there is no assurance that it will ever reach production or be profitable, as its results are influenced by many key factors, such as commodity prices and foreign exchange rates, which cannot be controlled by management.

While it is impossible to eliminate all of the risks associated with exploration and mining, the Company has significantly added to the strength of its Board for 2003, and therefore, has confidence in its ability to manage successfully in this business environment and to improve shareholder value going forward.

MANAGEMENT'S RESPONSIBILITY

FOR CONSOLIDATED FINANCIAL STATEMENTS

All of the information in the annual report and accompanying consolidated financial statements of **Nuinsco Resources Limited** is the responsibility of management. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Where necessary, management has made judgments and estimates in preparing the financial statements, and such statements have been prepared within acceptable limits of materiality. The financial information contained elsewhere in the annual report has been reviewed to ensure that it is consistent with the financial statements.

Management maintains appropriate systems of internal control to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with management and the external auditors to review the auditors' report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

A firm of independent Chartered Accountants, appointed by the shareholders, audits the financial statements in accordance with Canadian generally accepted auditing standards and provides an independent professional opinion thereon. "

"H. Douglas Hume"
Chairman & C.E.O.
April 20, 2003

"René R. Galipeau"
Chairman, Audit Committee
April 20, 2003

AUDITORS' REPORT

TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMIED

We have audited the consolidated balance sheets of **Nuinsco Resources Limited** as at December 31, 2002 and 2001 and the consolidated statements of operations and deficit, and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 of 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, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Flabbi & Elder LLP"

Flabbi & Elder LLP, Chartered Accountants, Toronto Canada

March 21, 2003

CONSOLIDATED BALANCE SHEETS

As at December 31 (in thousands of dollars)	**2002**	2001
ASSETS		
Current		
Cash	**$ 100**	$ 114
Accounts receivable	**7**	134
Prepaid expenses	**17**	20
Total current assets	**124**	268
Cash for Exploration Expenditures (note 7)	**277**	116
Exploration and Development Projects (note 3)	**16,296**	17,260
Other Assets (note 4)	**145**	156
	$ 16,842	$ 17,800
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 631**	$ 288
Mortgage payable (note 5)	**-**	500
Total current liabilities	**631**	788
Convertible Notes (note 6)	**200**	-
	831	788
Shareholders' Equity		
Share capital (notes 7 and 8)	**55,146**	53,853
Stock option compensation (note 8)	**31**	-
Special warrants	**-**	197
Contributed surplus	**759**	759
Deficit	**(39,925)**	(37,797)
Net shareholders' equity	**16,011**	17,012
	$ 16,842	$ 17,800

See accompanying notes to the consolidated financial statements

GOING CONCERN (note 1(b))
CONTINGENCY (note 9)
COMMITMENTS (note 12)

Approved by the Board of Directors:
Director: "H. Douglas Hume"
Director: "Rene R. Galipeau"

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years ended December 31 (in thousands of dollars, except per share amounts)	2002	2001
Income - Interest	**$ 1**	$ 28
Costs and Expenses		
General and administrative	**528**	772
Stock option compensation	**31**	-
Depreciation	**12**	15
Recovery from mineral projects	**(39)**	-
Write-down of exploration and development projects	**1,691**	3,437
Total costs and expenses	**2,223**	4,224
Loss before income taxes	**2,222**	4,196
Reduction of future income taxes (note 9)	**(94)**	(107)
Net loss for the year	**2,128**	4,089
Deficit, beginning of year	**37,797**	33,708
Deficit, end of year	**$ 39,925**	$ 37,797
Loss per share	**$ 0.04**	$ 0.08
Weighted average shares outstanding	**55,944,400**	51,826,739

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31 (in thousands of dollars)	2002	2001
CASH PROVIDED FROM (USED BY):		
Operating activities		
Loss for the year	**$ (2,128)**	$ (4,089)
Items not affecting cash		
Stock option compensation	**31**	-
Reduction of future income taxes	**(94)**	(107)
Interest expense paid with shares	**16**	-
Write-down of exploration and development projects	**1,691**	3,437
Depreciation	**12**	15
	(472)	(744)
Changes in non-cash working capital (note 10)	**121**	84
Cash used by operating activities	**(351)**	(660)
Financing activities		
Increase in mortgage payable	**-**	500
Issuance of convertible notes	**200**	-
Issue of common shares	**674**	457
Cash provided from financing activities	**874**	957
Investing activities		
Cash for exploration expenditures (note 7)	**(161)**	(116)
Additions to exploration and development projects	**(374)**	(1,782)
Increase in other assets	**(2)**	(4)
Cash used by investing activities	**(537)**	(1,902)
Net decrease in cash during the year	**(14)**	(1,605)
Cash, beginning of year	**114**	1,709
Cash, end of year	**$ 100**	$ 114

See accompanying notes to the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of Operations
Nuinsco Resources Limited (the "Company") is continued under the laws of the Province of Ontario and is engaged in the business of exploring for and developing precious and non-precious metal properties in Canada. The Company may conduct its activities on its own or participate with others on a joint venture basis. Costs incurred on a project are deferred pending the determination of the economic feasibility of the project. The recoverability of the cost of a project is dependent upon the discovery of economically recoverable reserves, the Company's ability to finance the development of the project, and its future profitable operation or, alternatively, upon the profitable disposal of the project.

b) Going Concern
These consolidated financial statements have been prepared using accounting principles applicable to a going concern entity, which assume that the entity will continue operating in the future and be able to realize its assets and discharge its liabilities in the normal course of its business. The Company's exploration and development projects are in their early stages and, consequently, the Company, having no operating revenues to sustain its activities, has been wholly dependent on equity financings and the optioning of resource properties for its funds.

Several adverse conditions cast substantial doubt on the validity of the Company's application of the going concern principle. During the years ended December 31, 2002 and December 31, 2001, the Company incurred losses of $2,128,000 and $4,089,000, respectively. These losses included non-cash write-downs of exploration and development projects of $1,691,000 and $3,437,000 for the years ended December 31, 2002 and December 2001, respectively. As at December 31, 2002, the Company had a working capital deficiency of $507,000 and had insufficient cash reserves at December 31, 2002 to meet the Company's minimum commitments for 2003. Therefore, the Company's ability to continue its operations, its planned development activities, and maintain its interest in its projects, is dependent upon the satisfactory completion of a financing or optioning or sale of property interests to provide the required funds. Should the Company not be able to obtain the necessary financing and should the Company not be able to continue as a going concern, then adjustments would be required with respect to the carrying value of the Company's assets and liabilities, reported net loss for the year, and the balance sheet classifications used.

2 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared by management using accounting principles generally accepted in Canada, the more significant of which are as follows:

Principles of consolidation
The consolidated financial statements include the accounts of the Company, and those of its subsidiaries, Lakeport Gold Mines Limited, which is 91% owned, Cameron Lake JEX Corporation, which is 99% owned, and Confederation Minerals Ltd., which is wholly owned. All of the subsidiaries are inactive.

Stock-based compensation plans
The Company has adopted the new recommendations of CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", effective January 1, 2002. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This section sets out a fair value based method of accounting and is required for certain stock-based transactions and applied to awards granted on or after January 1, 2002. The Company, as permitted by Handbook Section 3870, has elected to account for all stock options by applying the fair value based method of accounting. Options are valued using the Black Scholes option-pricing model. The resulting value is recorded in the statement of operations over the vesting period of the option.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amount of the revenues and expenses during the reporting period. Actual results could differ from such estimates.

Financial instruments
Financial instruments include cash equivalents, accounts receivable, accounts payable, accrued liabilities and convertible notes, all of which have a fair value which approximates their carrying value, reflecting their short term maturities.

Exploration and development projects
The Company capitalizes expenditures related to the various exploration and development projects for which there is an expectation of revenue in future periods. These costs will be amortized as operating expenses against such future revenue using a unit of production method. The recovery of these costs is dependent upon the ability of the Company to obtain adequate financing for the development and operation of economic mining operations, or upon its recovering its interest from proceeds on disposition of the project. Should a project be determined not to be commercially feasible, the deferred costs related to the project are charged to operations in the year in which the determination is made. The amounts shown as exploration and development project costs on the balance sheet do not necessarily reflect present or future values.

General exploration costs and administrative expenses, not related to specific exploration projects, are charged to operations as incurred.

Income taxes
The Company uses the asset and liability method of accounting for income taxes as recommended by The Canadian Institute of Chartered Accountants. Under this method, future income tax assets and liabilities are determined based upon differences between the accounting values and tax values of various items, and are measured using income tax rates expected to be in effect when such differences are likely to reverse. Future income tax benefits are recognized, if realization of such benefits is considered more likely than not.

Loss per share
The Company uses the treasury stock method in assessing the diluted earnings (loss) per share. Due to reported losses, diluted loss per share data is not presented as the assumed exercise of stock options and warrants are anti-dilutive. Losses per share amounts are calculated using the weighted average number of shares outstanding during the year.

3. EXPLORATION AND DEVELOPMENT PROJECTS

Cumulative costs relative to the acquisition of mineral properties, and deferred exploration and development expenditures, have been incurred on the following projects:

Project	**2002**	2000
	(in thousands)	
Rainy River - see (a) below	**$ 11,789**	$ 11,429
Lac Rocher - see (b) below	**2,712**	4,066
Mel Properties - see (c) below	**1,487**	1,265
Prairie Lake	**143**	60
Other (see note 6)	**165**	440
	$ 16,296	$ 17,260

(a) Rainy River Project

In 1993, the Company acquired the rights to explore certain mineral properties located in the Rainy River District of northwestern Ontario, and subsequently acquired the rights to additional properties in the area. Certain of the claims carry a 3% net smelter royalty payable to the prospectors after payout of pre-production costs; the Company has the right to buy back one-third of the net smelter royalty interest for $125,000 and holds the first right of refusal on any proposed sale of the royalty interest. In addition, the vendors of certain properties have retained a 10% net profits royalty, and any revenues from this project would be subject to the 2% net smelter royalty discussed in note 11(b).

In 2001 and 2002, the Company incurred expenditures of $1,031,000 and $360,000, respectively, on the Rainy River project.

(b) Lac Rocher Project

In 1998, the Company entered into an option agreement to earn a 100% interest in certain mining claims in north-western Quebec. The optionors retained a royalty of $0.50 per ton of any ores mined and milled from the property; any revenues from this project would also be subject to the 2% net smelter royalty discussed in note 11(b). The Company has fulfilled all of its obligations to earn its 100% interest in this property. In 2002, the Company wrote off $1,356,000 related to costs incurred on abandoned claims.

(c) Mel Properties Project

Effective August 27, 1999, the Company entered into an agreement with INCO Limited ("INCO") for the exploration and development of INCO's Mel Properties (the "Properties") located in the Thompson area of northern Manitoba. The terms of the agreement provide the Company with an option to earn a 100% interest in the Properties by incurring qualified expenditures of $6 million in the five-year period ending August 31, 2004. Subject to the Company incurring the required expenditures and exercising its option, INCO has the right to earn back a 51% interest in the Properties by incurring expenditures of $6 million over a four-year period following the date of exercise of the Company's option.

INCO is the manager of the exploration phase and has the right to purchase any ores produced from the Properties. The Company has the option to manage the development and operation of any mines developed on the Properties. Subject to the Company earning its 100% interest in the Properties, either party may elect not to participate further and have its interest reduced to a 10% net profits royalty. In addition, should either party wish to sell its interest in the Properties, the other party has a right of first refusal.

During the years 2001 and 2002, the Company incurred costs of $117,000 and $222,000, respectively, on the Properties, including the qualified expenditures. The Company is required to spend $800,000 during 2003, $1,500,000 in 2004 and $2,100,000 in 2005 to maintain its interest in this project.

4. OTHER ASSETS

Other assets comprise the undepreciated cost of equipment (2002 - $51,000; 2001- $62,000) and $94,000 due from a director and senior officer of the Company advanced to purchase shares of the Company, which have been pledged as security. The advance, due December 2, 2006, bears interest at 8% to March 14, 2001 and is interest-free thereafter.

5. MORTGAGE PAYABLE

During the year ended December 31, 2001, the Company received $500,000 from a mortgage loan which was used to finance exploration activities at its Rainy River project. Certain of the Rainy River properties were pledged as security for the loan as well as a personal guarantee of the Chief Executive Officer of the Company. The mortgage bears interest at 13% per annum, payable quarterly, and was to mature in November 2002. Interest incurred in 2001 totalled $41,000. In May 2002, the mortgage was repaid by the issuance of 2,500,000 common shares of the Company. Interest, in 2002, amounted to $24,300 of which $16,250 was paid by the issuance of 81,250 common shares.

6. CONVERTIBLE NOTES

In May and June 2002, two directors advanced funds to the Company by way of convertible notes. The notes, which mature July 9, 2007, bear interest at 9% per annum, payable annually, and are convertible into common shares of the Company based on $0.19 per share. The notes are secured by a pledge of the Minago property leases. Interest in 2002 amounted to $10,570 and is included in accounts payable as of December 31, 2002.

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The following changes occurred in the Company's issued share capital in the years 2002 and 2001:

	Number of Shares	**Amount** (in thousands)
Balance – December 31, 2000	51,578,406	$ 53,450
Acquisition of Bucko option	50,000	15
Stock options exercised	312,500	100
Issued for mineral property	100,000	38
Issue of flow-through shares	892,500	250
Balance – December 31, 2001	52,933,406	53,853
Conversion of special warrants	1,333,334	197
Repayment of mortgage and interest	2,581,250	516
Stock options exercised	600,000	111
Warrants exercised	1,333,333	267
Private placement	140,000	35
Issue of flow-through shares (see note below)	1,108,000	167
Balance – December 31, 2002	60,029,323	$ 55,146

During the year ended December 31, 2002, 1,108,000 flow-through shares were issued for gross proceeds of $277,000 which amount was reduced by $93,600 with respect to the related estimated future tax liability and $15,600 for commission. As part of the financing, investors were granted 554,000 common share purchase warrants exercisable at $0.45 each to May 2004. At December 31, 2002, no expenditures for the flow-through shares had been incurred and the cash has been set-aside on the balance sheet for such expenditures.

8. SHARES RESERVED

a) Stock Options

The Company has a stock option plan (the “Plan”) to encourage ownership of its shares by directors, officers, employees and others, and to provide compensation for certain services. The terms of the Plan provide that the directors have the right to grant options to acquire shares of the Company at not less than the closing market price of the shares on the day preceding the grant. No compensation is recognized when options are exercised. Generally, options become exercisable over a three-year period and have a maximum term of 10 years, subject to early termination under certain circumstances. As at December 31, 2002, the Company has available 899,900 common shares for the granting of future options.

A summary of option transactions during 2001 and 2002 is as follows:

	Number of Shares	**Average Exercise Price**
Unexercised, December 31, 2000	3,520,400	$0.88
Options granted	862,500	$0.35
Options exercised	(312,500)	$0.32
Options expired	(1,200,000)	$0.84
Unexercised, December 31, 2001	2,870,400	$0.95
Options granted	1,400,000	$0.19
Options exercised	(600,000)	$0.19
Options expired	(325,000)	$1.45
Unexercised, December 31, 2002	3,345,400	$0.95

The unexercised options, all of which, except 100,000 at $0.20 granted in 2002, are currently exercisable and expire at various dates through to August 28, 2012 at prices ranging from $0.20 per share to $2.20 per share, and include options held by directors and officers with respect to 2,295,400 shares. See note 13(a).

The following table summarizes further information about the stock options outstanding at December 31, 2002:

Range of Exercise Prices	Options Outstanding	Years to Expiry (1)	Price (1)
$0.20 - $0.52	2,100,000	7.6	$0.32
$0.62 - $0.88	420,400	3.6	$0.72
$1.27 - $1.44	425,000	3.8	$1.34
$1.90 - $2.20	400,000	3.3	$2.20
$0.20 - $2.20	3,345,400	6.1	$0.72

(1) In this table, data with respect to "years to expiry" and "price" have been calculated on a weighted average basis.

The fair value of the 1,400,000 options granted during 2002 to employees, directors and consultants has been estimated on the date of grant at $31,100 using the Black-Scholes option-pricing model, using the following assumptions;

Option Assumptions	2002	2001
Dividend yield	-	-
Expected volatility	28.53%	-
Risk free interest rate	4.39%	-
Expected option term – years	1 – 3.5	-
Fair value per share of options granted	$0.00 - $0.04	-

b) Other Options, Warrants and Convertible Notes.

At December 31, 2002, the following shares are reserved for issuance for other options, warrants and convertible notes:

Other Options and Warrants	**Price**	**Number**	**Expiry**
Property acquisitions	$0.47	100,000	April 20, 2003
Property acquisitions	$1.50	100,000	April 20, 2003
Property acquisitions	$1.75	100,000	April 20, 2004
Flow through shares	$0.65	446,250	May 31, 2003
Private placement	$0.45	70,000	May 31, 2004
Flow through shares	$0.45	554,000	May 31, 2004
		1,370,250	
Convertible notes	$0.19	1,052,632	July 9, 2007
		2,422,882	

9. INCOME TAXES

The Company's tax assets exceed the carrying values of its exploration and development projects. To December 31, 2002, the Company has incurred deductible expenditures of approximately $19,941,000 on Canadian Exploration Expenses and Canadian Development Expenses, which are available to reduce future years' taxable income. In addition, the Company has other tax assets of approximately $1,124,000, which are available for application against future years' taxable income, and non-capital losses of approximately $1,255,000, which expire at various dates up to December 31, 2009. The income tax benefit with respect to the non-capital losses and the temporary differences are not reflected in the financial statements because of the uncertainty of realization.

As at December 31, 2002, the net unrecorded tax benefit relating to the following temporary differences is as follows:

Exploration and development costs	$ 1,458,000
Equipment	68,000
Eligible capital expenditures	361,000
Net future income tax benefit	$ 1,887,000

The expiry dates and amounts of the non-capital losses are as follows:

Year of Expiry	Non-capital Losses
2003	$ 268,000
2004	200,000
2006	224,000
2007	135,000
2008	308,000
2009	120,000
	$1,255,000

During the year ended December 31, 2001, the Company received a letter from Canada Customs and Revenue Agency advising the Company that consideration was being given to making adjustments to a series of transactions in 1993 whereunder the Company renounced its interest in certain resource pools to third-party investors. While the adjustments being considered with respect to this contingency would not result in any taxes payable by the Company, they could result in a reduction of up to $6 million in the Company's existing unutilized resource pools.

10. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital balances related to operations are as follows:

	2002	2001
	(in thousands)	
Prepaid expenses	**$ -**	$ 1
Accounts payable and accrued liabilities	**121**	83
	$ 121	$ 84

11. RELATED PARTY TRANSACTIONS

(a) The aggregate of amounts in respect of services, consulting fees and reimbursement of expenses paid or payable by the Company for the years ended December 31, 2002 and 2001 to officers and directors, and corporations controlled by them, was $26,000 and $186,000, respectively.

(b) Certain of the Company's properties are subject to a discovery incentive plan (the "DIP") to reward certain directors and officers of the Company with a 2% net smelter royalty (the "NSR") for the discovery of new mines on the properties during the period to April 26, 2004. The NSR is payable only on revenues earned after recovery of all development costs for any mine on the property. The terms of the DIP provide the Company with a right of first refusal on any proposed disposition of the NSR. In addition, the DIP contains put/call provisions where under the Company may be required to purchase, or may exercise an option to purchase, the NSR at the value of its discounted cash flows, as defined therein. As none of the Company's properties subject to the royalty are being developed or in production, no royalties are currently payable.

12. COMMITMENTS

The Company is committed to the following amounts for rental of office space as follows:

2003 - $42,525
2004 - $14,175

13. SUBSEQUENT EVENTS

a) In January 2003, 1,250,000 options under the stock option plan were granted to an officer and directors of the Company. The options are exercisable at $0.25 each and expire January 1, 2008.

b) Subsequent to the end of the year, the Company had received advances of $240,000 towards equity financings.

CORPORATE INFORMATION

DIRECTORS & OFFICERS

H. Douglas Hume, *Chairman, CEO*
W. Warren Holmes, *President, COO*
Frank J. Crothers, *Vice Chairman*(1, 2)
George F. Archibald, *VP Exploration*
James W. Ashcroft
René R. Galipeau(1, 2)
Oyvind Hushovd
Tom W. Judson
Peter N. Thomson (1, 2)

(1) Audit (2) Compensation Committees

OTHER OFFICERS

Michael Roman-Barber, *Secretary*
Elizabeth Moenke, *Asst. Secretary*

AUDITORS

Flabbi & Elder LLP
Chartered Accountants
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LEGAL COUNSEL

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TRANSFER AGENT

Computershare Investor Services
Toronto, Ontario

ANNUAL GENERAL MEETING

Shareholders are cordially invited to attend the Annual General Meeting to be held on:

Wednesday, June 25, 2003,
4:15pm (Toronto Time)
Downtown Board of Trade
3rd Floor, l First Canadian Place
Toronto, Ontario