2003 ANNUAL REPORT

nuinsco
RESOURCES LIMITED

H. DOUGLAS HUME   A Tribute

H. Douglas Hume invested in New Insco Mines (now Nuinsco) in l970 and provided leadership to the Company from then until his passing in September 2003.

During this period Nuinsco was well known for its exploration persistence and for its drilling success at: the Hebecourt copper deposit, Cameron Lake gold, Rainy River gold and nickel-pgm deposits and the Lac Rocher nickel deposit. These successes led to the development of a very large and loyal shareholder group which the Company still maintains today.

Doug Hume's final goal was to select new management to carry the Company forward and to bring value to its loyal shareholders. W. Warren Holmes, formerly a senior Falconbridge Limited executive and well known in the mining community, succeeded Doug as C.E.O and President. In addition, the Company has made recent appointments of René Galipeau as Chairman, Brian Robertson and Vice President of Mining, and Paul Jones as Vice President of Exploration.

"Those who find a job they love will never have to go to work a day in their life."

H. Douglas Hume

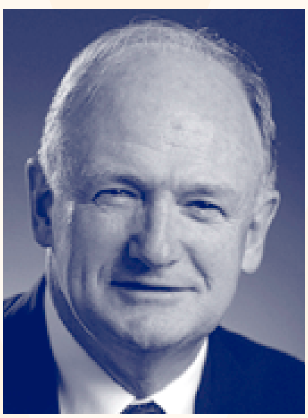
Therefore, Doug's achievements, memory and his Company live on in a new management team dedicated to Doug's objective of delivering value to its shareholders.

WELCOME TO THE NEW NUINSCO

2003 saw incredible advances in commodity prices. Within our portfolio of advanced stage projects many have defined resources. There has been a substantial enhancement of shareholder value in these properties as a result of improved nickel and gold prices. Commodity prices alone, however, do not guarantee success. 2003 saw the building of a new management team for your Company. René Galipeau was made Chairman of Nuinsco, Warren Holmes was appointed CEO and President, Brian Robertson was named Vice President-Mining and Paul Jones was named Vice President-Exploration succeeding George Archibald who partnered with Doug Hume throughout Nuinsco's history. George of course, continues to serve Nuinsco as a Director, and as a Senior Exploration Consultant. We are delighted with the depth of experience that this team brings to Nuinsco.

Nuinsco has added value to its key assets over the past year. In the Thompson Nickel Belt (TNB) of Manitoba, drilling of the Mel deposit and the adjacent Mel Claims continued in 2003 and early 2004. The results of the on going drilling of significant geophysical conductors on the Mel Claims are currently being analyzed to define the follow-up work required on this nickel exploration asset.

The exploration drilling on the Mel deposit primarily in 2004, has yielded a number of significant



"Nuinsco is well-financed for exploration and we are excited with the opportunities being presented to us."

W. Warren Holmes

nickel intersections; such as 24.2 feet of 1.36% Ni, 18 feet of 2.33% Ni, 14 feet of 2.08% Ni and 10.8 feet of 2.3% Ni.

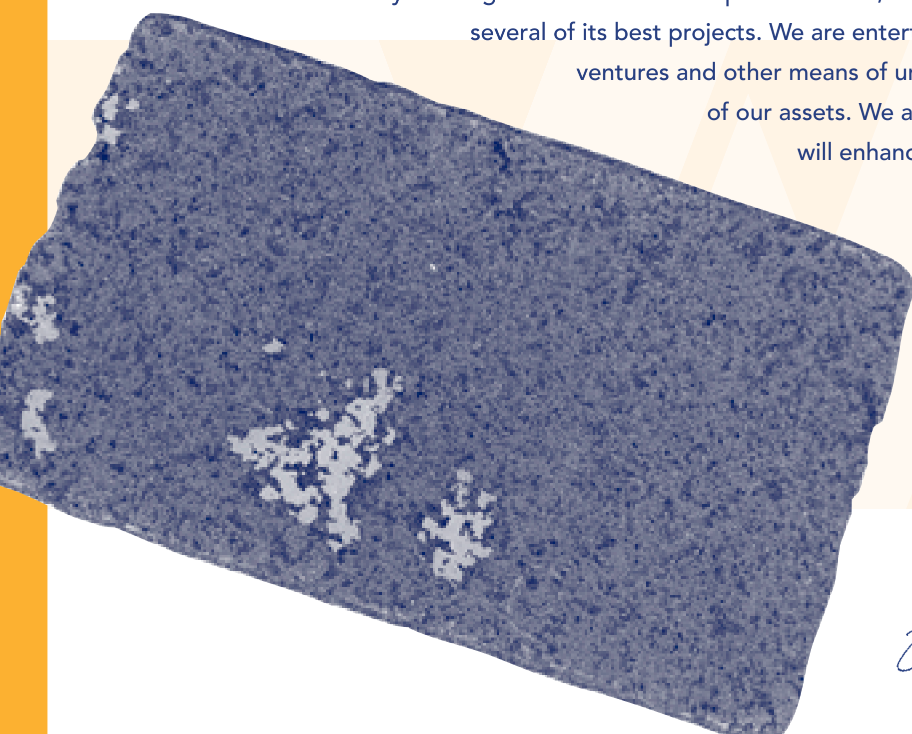
The objective of this program has been to outline the potential for one million tonnes of nickeliferrous ore, at grades which we believe to be economic. Drilling results are being announced as they are received, and we expect to have an updated resource estimate by mid 2004. With INCO's processing plant close by, capital costs to bring the property to production would be quite modest.

Also in Manitoba, other exploration opportunities are being examined. One of these is Nuinsco's Minago property which has been extensively drilled by several companies. This data bank is being re-examined using MIRARCO's new Virtual Reality Imaging technology, with the objective of outlining the potential for production.

Two diamond drilling programs were completed late in 2003 on the (i) Cameron Lake Gold deposit and the (ii) #34 Zone at Rainy River. Work on the Cameron Lake deposit confirmed the grade and geometry of the mineralization leading to a 43-101 resource estimate. Diamond Drilling of the #34 Zone confirmed the richness of this deposit: 3.0% nickel, 2.7% copper, 1.6 grams/tonne gold, 4.2 grams/tonne platinum, 11.4 grams/tonne palladium and 25.7 grams/tonne silver over 9.65 metres in the best hole. Exploration is on-going to define the size of this massive sulphide lens.

On the financing front, we were pleased to have raised an aggregate of $4.8 million through private placements in 2003. This funding allowed us to conduct exploration and provide the Company with working capital to examine several new opportunities being presented to us.

As you can glean from our recent press releases, Nuinsco is on the cusp of developing several of its best projects. We are entertaining new initiatives through joint ventures and other means of unlocking the inherent value in some of our assets. We are also reviewing new projects that will enhance shareholder value in the shortest possible timeframe.



We are grateful to have such a loyal shareholder base and appreciate your continued support as a shareholder in Nuinsco's future prosperity.

On behalf of the
Board of Directors,

W. Warren Holmes
President & C.E.O.

Toronto, Canada
April 7, 2004

THE YEAR IN REVIEW

2003 HIGHLIGHTS

CORPORATE

- W. Warren Holmes, B.Sc., P.Eng. MBA succeeded H. Douglas Hume as C.E.O. and President. Warren has a wealth of talent and experience, gained as a senior executive for Falconbridge Limited. He is well known in the mining community. Mr. Holmes is a professional engineer and holds an M.B.A.
- Appointed René R. Galipeau, CGA, as Chairman. Mr. Galipeau has been associated with Nuinsco previously as C.F.O. and more recently, as a Director. René has extensive experience in mine financing, marketing and corporate development and has held senior positions in both major and junior mining companies over the last 30 years.
- Brian E. Robertson, B.Sc., P.Eng. was appointed as V.P. Mining. Brian is a mining engineer with extensive mine development and operating experience in underground and open pit mines for several senior mining companies.
- Paul L. Jones, B.Sc. P.Geo. was appointed as V.P. Exploration, replacing long-time veteran George Archibald. Paul has over 20 years experience as an exploration geologist for a number of Canadian based junior exploration companies and has been responsible for supervision and planning of Nuinsco's programs and discoveries since 1983. George Archibald continues as a senior Board member providing consulting services and guidance on exploration matters.
- Completed private placements in 2003, which raised $ 4.8 million.

EXPLORATION

- Completed infill drilling of Cameron Lake gold deposit located in NW Ontario.
- Carried out a drilling program to expand the # 34 Zone nickel resource on the Rainy River deposit, NW Ontario.
- Trenched and sampled the Prairie Lake Carbonatite deposit for potential to host tantalum, niobium and minerals with agricultural applications.

MINING

- Completed economic studies on all properties to determine development potential in light of higher metal prices.
- Completed independent resource estimates for the Mel nickel deposit and the Cameron Lake and Rainy River gold deposits.
- Carried out evaluations of outside properties to identify acquisitions for growth.

THE YEAR IN REVIEW

GROWTH STRATEGY

Management's growth strategy for your Company is based on maintaining a strong exploration capability while making an orderly transition into mine development and operations. Nuinsco's strategy is to build on Canada's unique advantages; abundant mineral wealth, available capital pools for mine financing, world-renowned technical expertise in mine finding and development, and a long history of stable mining laws. Recent discoveries of rich deposits continue to demonstrate this potential, particularly in the Canadian Shield. We are currently working in the Shield area of three mining friendly provinces: Quebec, Ontario and Manitoba.

Nuinsco's focus is on gold and nickel. Properties range from grass root situations in prospective terrains through to advanced projects with a calculated resource and near-term development opportunities.

TOWARDS MINE DEVELOPMENT AND PRODUCTION

While metal prices increased sharply in 2003, it is expected that projected continuing shortfalls in the supply of specific metals will result in further price increases. The world now faces a nickel shortage of between 45,000 tonnes and 75,000 tonnes in 2004, according to major producers. The shortfall is largely due to a lack of investment in exploration and mine development in the 1990's.

Nuinsco's ongoing exploration work during the 1990's, which was focused on nickel and gold targets, has positioned it well to reap the benefits of higher metal prices and demand for these two metals. Its advanced stage nickel and gold properties have significantly increased in value because of the rising metal prices and the results of recent drilling programs. Project scoping studies have been carried out on the Company's advanced properties and NI 43-101 reporting on Company projects with a mineral resource is almost completed. The Company's objective is to further increase shareholder value by advancing these properties through to mine development and production.

MANITOBA NICKEL PROPERTIES

During the past year, the Company has focused its efforts on the prolific Thompson Nickel Belt in Manitoba through an association with INCO Limited ("INCO"). The TNB has a long history of nickel production and in excess of 28 nickel sulphide deposits have been discovered to date. The most significant deposit is INCO's Thompson mine with more than 80 million tonnes grading 2.28% nickel.

Nuinsco's work in the TNB has been directed at identifying a new deposit on the Mel Claims, and expanding resources at the Mel deposit, which is located within 25 kilometres of INCO's milling and smelting complex at Thompson. Additionally, the Minago resource has been reviewed with the objective of defining an economic model for the deposit at current higher nickel and PGM prices.

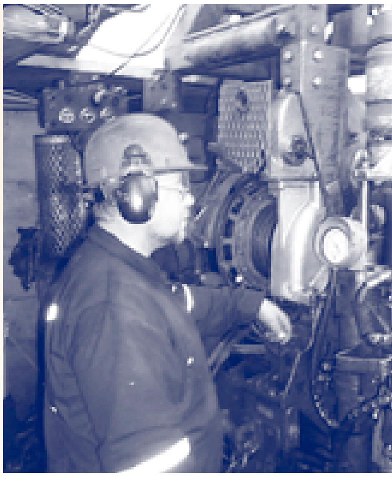
MEL DEPOSIT

The Mel deposit is situated on the Mel Lease which is held under option from INCO Limited. The deposit was previously estimated to include an indicated mineral resource of 290,000 tonnes grading 1.7% nickel and an additional inferred mineral resource of 260,000 tonnes of the same grade. Recent drilling in 2004 has expanded this resource but final results are not yet available. This recent drilling program was designed to increase the ramp accessible resource to about 1,000,000 tonnes.

The Company's goal is to develop the deposit and direct ship the ore to INCO's metallurgical complex at Thompson for milling and smelting. The deposits close proximity to surface and the presence of INCO's facilities at Thompson significantly reduce capital costs and the time required to put the deposit into production.

MINAGO DEPOSIT

The Minago nickel deposit lies in the south end of the TNB and is wholly-owned by Nuinsco. In 1991 a resource estimate was set at 10,614,000 tonnes grading 1.19 % nickel. This estimate was carried out prior to NI 43-101 and is quoted as an historical resource figure. Nuinsco is currently carrying out modelling of the deposit using virtual reality techniques to examine the grade distribution with the objective of outlining a mineable resource.



BUCKO DEPOSIT

Nuinsco holds a 2.3% NSR on the Bucko deposit, a small but high-grade nickel resource, in the TNB, owned by Falconbridge Limited.

ONTARIO AND QUEBEC NICKEL PROPERTIES

Rising nickel prices have positively affected the economics of the Company's nickel properties in Ontario and Quebec. High-grade resources are contained in the Rainy River # 34 Zone in Ontario and the Lac Rocher deposit in Quebec. Both deposits are located near the surface and could be mineable using low-cost ramp access. As the high value of the resources would allow for direct shipping to a custom processing facility for treatment, Nuinsco is re-evaluating potential mining scenarios.

THE YEAR IN REVIEW

RAINY RIVER # 34 ZONE NICKEL DEPOSIT

The Rainy River # 34 Zone, which consists of high grade nickel-copper-PGM mineralization within a mafic-ultramafic intrusion, was discovered by Nuinsco in 1995. Subsequent diamond drilling and down-the-hole geophysics outlined a tubular structure measuring some 25 metres across and 450 metres in length. Nickel experts are of the opinion that further discoveries may be expected as the mineralization is viewed to be an apophysis stemming from a larger body at depth. Nuinsco is reviewing deep penetrating geophysical techniques that would assist in identifying additional reserves.

An infill diamond drilling program was carried out on the # 34 Zone to determine its continuity along the strike length and to gather samples for metallurgical testing. The best hole from this recent drilling assayed 3.0% nickel, 2.7% copper, 1.6 grams/tonne gold, 4.2 grams/tonne platinum, 11.4 grams/tonne palladium and 25.7 grams/tonne silver over 9.65 metres. The results of the drilling program are being assessed to provide guidance for additional drilling aimed at expanding the tonnage of the deposit. The economics of developing the deposit using ramp access and direct shipping the ore to a custom processing facility will be evaluated once an independent resource estimate has been completed.

LAC ROCHER NICKEL DEPOSIT

The Lac Rocher nickel deposit is located in northwestern Quebec, about 140 kilometres northeast of Matagami. Logging roads have been recently advanced to within 10 kilometres of the site. High-grade nickel mineralization was discovered in 1999 when a diamond drill hole cut a spectacular 3.2 metre massive sulphide intersection that assayed 10.8 % nickel. Additional diamond drilling outlined a small high-grade nickel zone located near the surface. In light of improved road access to the site and higher nickel prices, the potential for mining this zone will be evaluated once an independent resource estimate is finalized.

GOLD PROPERTIES

Nuinsco has two advanced stage gold deposits located in northwestern Ontario; the Cameron Lake deposit and the Rainy River # 17 Zone. Higher gold prices have improved the economic viability of both of these deposits. The Company is currently evaluating options for advancing the Cameron Lake property to production as well as conducting further exploration work at the # 17 Zone.

CAMERON LAKE DEPOSIT

The Cameron Lake deposit is located about 120 km southeast of Kenora. A drill program was carried out in 2003 to enhance and update the resource calculation. Subsequent to year end a NI 43-101 resource estimate was prepared as follows:

Resource Estimate Summary @ 3.5 g/t* Au Cut-Off

Above 305m LVL	Tonnes	Au (g/t*)	Au oz
Measured	187,000	6.77	40,700
Indicated	380,000	6.44	78,700
Meas & Ind	567,000	6.55	119,400
Inferred	258,000	6.02	49,900

Below 305m LVL	Tonnes	Au (g/t*)	Au oz
Measured			
Indicated	5,000	5.62	900
Meas & Ind	5,000	5.62	900
Inferred	754,000	4.94	119,800

* g/t = grams per tonne

Previous exploration and development work carried out at the property included extensive diamond drilling, underground development, metallurgical test work and bulk sampling.

The deposit is partially developed with a production size ramp to the 250-metre level. The extensive pre-production work completed to date would significantly reduce capital costs and time required to advance the project to production. The Company is currently evaluating options for maximizing the value of the Cameron Lake deposit in view of the current gold price.

RAINY RIVER # 17 ZONE

The Rainy River #17 Zone is an advanced stage gold deposit located in northwestern Ontario. The zone varies in width from 40 –140 metres and measures about a kilometre in length. The zone is open at depth. In December 2003 a NI 43-101 resource estimate was completed based on a 0.70 g/t cut-off grade, US$ 375.00 gold price, and a 0.75 $US/Cdn exchange rate.

Resource Estimate Summary

Classification	Tonnes	Au g/t*	Au ozs	Cu %	Zn %	Ag g/t*
Indicated	1,736,000	1.56	87,100	0.03	0.21	4.0
Inferred	11,025,000	1.33	471,400	0.02	0.20	3.6

* g/t = grams per tonne

The # 17 Zone is viewed as a volcanogenic massive sulphide deposit similar to ores in the Thompson-Bousquet camp in northwestern Quebec. Locally, the deposit demonstrates two distinct grades depending on the direction of drilling. The grade of the deposit is 1.4 g/t based on cross sectional drilling. However, the weighted average grade of the deposit as determined by drilling the deposit diagonally is 2.4 g/t, or about 110% higher. A possible reason for the grade variance is the presence of remobilized gold contained within north-south fractures found in the deposit. The Company is currently evaluating exploration alternatives for advancing the property and resolving the discrepancy in grade indicated by the drilling.

THE YEAR IN REVIEW

EXPLORATION ACTIVITY MAINTAINED

In 2003, management moved aggressively to reorganize and refinance the Company. A new management team has been installed and following completion of two successful private placements, the Company was refinanced with sufficient cash to initiate major exploration programs in 2004 and to take on new opportunities being presented to us.

Two properties stand out, which may well lead the Company to new discoveries: (i) diamond drilling of deep geophysical anomalies on the Mel Claim Group in the Thompson nickel belt and (ii) exploration on the Timmins Properties in the heavily mineralized Abitibi Belt. Both lie in prolific terrain known for rich mineral resources and present Nuinsco with excellent opportunities for discovery of nickel, zinc-copper and gold deposits.

Exploration on INCO's Mel property, on which Nuinsco holds an option to earn 100% interest, has been on-going since 1999. To the end of 2003, over two million dollars has been invested in geophysical and diamond drilling of anomalies. Nuinsco entered into this property deal as it embraced the philosophy that new mines can be found in the shadow of headframes. The Mel claims are only a shadow away from INCO's fully integrated milling-smelting-refining complex. In 2004, over $600,000 will be earmarked for diamond drilling.

In early January, Nuinsco and Wallbridge Mining Company Limited formed a joint venture with Falconbridge/Noranda to conduct an ambitious exploration program across a portion of the Abitibi greenstone belt extensively covered by overburden. The Abitibi is one of the richest metal producing regions in the world. Exploration will focus on diamond drilling of up to 34 high quality geophysical targets identified by recent Megatem airborne electromagnetic surveys. Megatem provides a significant improvement over earlier airborne electromagnetic surveying and can detect sulphides up to 250 metres below surface, about double previous survey methods. The two project areas; FedNor and Halliday Dome lie close to mining and smelting infrastructure in Timmins. Nuinsco's 2004 commitment is to spend $300,000 exploring these areas.

While the focus will continue to be on nickel and gold, the Company has not lost sight of the potential of its wholly-owned Prairie Lake property in northwestern Ontario. This carbonatite complex has potential to produce a saleable, organic, agricultural soil conditioner (calcium carbonate) product. In addition, niobium and tantalum may be valuable byproducts. Marketing studies are on-going. Organic food production is one of the fastest growing sectors in agriculture.

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 in northwestern Ontario, on the Thompson Nickel Belt in northern Manitoba and in the Lac Rocher area of Quebec. During 2003, the Company conducted exploration programs on the Rainy River, Cameron Lake and Prairie Lake projects in Ontario and on the Mel properties in Manitoba. In addition, the new management of the Company commenced a review of projects to determine the potential to proceed to production.

The Company's financial position was improved during 2003 with the additional financing secured. However, the Company continues to have a working capital deficiency (excluding cash for exploration expenditures) and additional financing for operating activities will be required during 2004. At December 31, 2003, the Company had cash of $2,913,000 from flow-through share issuances in 2003 to fund planned exploration for 2004.

Summary Operating Results ($)	**2003**	2002
Interest income	**10,000**	1,000
Operating costs	**826,000**	532,000
Write-off of mineral properties	**2,627,000**	1,691,000
Loss	**3,515,000**	2,128,000
Loss per share	**0.05**	0.04

Summary Balance Sheets ($)	**2003**	2002
Current assets	**3,217,000**	401,000
Exploration and development projects	**14,914,000**	16,296,000
Total assets	**18,173,000**	16,842,000
Total shareholders' equity	**17,420,000**	16,011,000

RESULTS OF OPERATIONS

The Company's net loss for 2003 was $3,515,000 or $0.05 per share compared to a net loss for 2002 of $2,128,000 or $0.04 per share. The increased loss for 2003 was primarily the result of higher write-downs of exploration projects, which aggregated $2,627,000, compared to $1,691,000 in 2002. Exploration write-offs were mainly on the Rainy River project in 2003 and on Lac Rocher in 2002. General and administrative expenses totalled $692,000 in 2003 compared to $528,000 in 2002. These higher costs resulted from hiring new personnel and included compensation and travel costs to review potential mining projects as well as a provision of $94,000 against a note receivable to the former chairman of the Company as it may not seek repayment of the debt. In addition, regulatory fees for listing of new shares issued were substantially higher. Also in 2003, the value of stock options granted increased as new personnel were granted sizable stock options. The new President of the Company is taking salary in the form of stock options.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY INFORMATION

Selected financial information for each of the last eight quarters ending December 31, 2003 is as follows (unaudited):

	4th Quarter Ended December 31, 2003	3rd Quarter Ended September 30, 2003	2nd Quarter Ended June 30, 2003	1st Quarter Ended March 31, 2003
Revenue	$ 9,000	$ –	$ 1,000	$ –
Loss for period	3,041,000	138,000	145,000	191,000
Loss per share	0.05	–	–	–

	4th Quarter Ended December 31, 2002	3rd Quarter Ended September 30, 2002	2nd Quarter Ended June 30, 2002	1st Quarter Ended March 31, 2002
Revenue	$ (2,000)	$ –	$ –	$ 3,000
Loss for period	1,459,000	84,000	471,000	114,000
Loss per share	0.03	–	0.01	–

The loss in the fourth quarter of 2003 was increased by the write off of $2,627,000 in deferred exploration expenditures and a provision for a note receivable of $94,000. In 2002, the losses in the fourth and second quarters were significantly higher due to the write off of $1,391,000 and $300,000 in deferred exploration expenditures, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities, principally the acquisition and exploration of mineral properties, are financed principally by proceeds from the sale of equity securities and debt provided by insiders.

At December 31, 2003, the Company had a working capital deficiency of $249,000 compared to a working capital deficiency of $507,000 at the end of 2002. This deficiency amount excludes the cash on hand at December 31, 2003 of $2,913,000 which was received from the sale of flow-through shares in 2003 and will be used to fund exploration activities in 2004. In the year ended December 2003, cash used for operating activities amounted to $614,000 compared to $351,000 in 2002 and for exploration activities amounting to $4,047,000 compared to $537,000 in 2002. During 2003, financing activities provided $4,800,000 approximately 72% of which was flow-through equity which must be used to fund exploration activities.

Contractual Obligations	**Payments/expenditures due by period** ($,000)				
	Total	2004	2005-7	2008-9	After 2009
Exploration and development	5,870	2,913	2,941	8	8
Convertible notes	200	–	200	–	–
Operating leases	86	45	41	–	–
	6,156	2,958	3,182	8	8

Exploration and development expenditures in the 2005-7 periods are not commitments but would be required to maintain the Company's interest in the projects.

OUTLOOK

The improvement in metal prices that occurred in the latter part of 2003, significantly increased the Company's ability to finance projects, and considerably increased the value of the nickel and gold property assets that the Company holds.

In 2004, the Company is using its renewed financial strength and its mining and exploration expertise to:

1 Upgrade its current assets with diamond drilling programs on the Mel Claims and on Zone 34 (nickel) of Rainy River, hopefully to economic size,

2 Identify new discoveries by drilling on the Mel Lease and on the Company's new joint venture properties in the Timmins area,

3 Search out new properties ready for mining.

While there is no guarantee that favourable economic conditions will prevail long term, this has certainly been the most buoyant period experienced by the industry for many years, and we at Nuinsco are very optimistic that the current conditions will continue, allowing the Company to develop into an excellent junior mining company with exploration projects financed by cash flow from mining activities.

RISKS AND UNCERTAINTIES

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the Company's working capital deficiency casts substantial doubt on its ability to continue as a going concern without additional financing. 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, it is management's intention to manage its affairs, to the extent possible, to ensure that the Company's assets are protected and that its efforts will result in increased shareholder value.

FORWARD LOOKING STATEMENTS

The U.S. securities laws provide a "safe harbour" for certain forward-looking statements. This annual report contains both historical information and forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in such forward-looking statements. Examples of the latter include, without limitation, statements regarding potential mineralization, exploration results, and future plans and objectives of the Company, all of which involve risks and uncertainties. In accordance with the Private Securities Litigation Reform Act of 1995, the Company cautions that there can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements, given that resource development is inherently a high-risk business. All written and oral forward-looking statements attributable to Nuinsco Resources Limited or persons acting on its behalf are expressly qualified in their entirety by this notice.

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.

W. Warren Holmes
President & C.E.O.

April 7, 2004

René R. Galipeau
Chairman, Audit Committee

April 7, 2004

AUDITORS' REPORT

TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED

We have audited the consolidated balance sheet of Nuinsco Resources Limited as at December 31, 2003 and 2002 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 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 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, 2003 and 2002 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 19, 2004

CONSOLIDATED BALANCE SHEETS

As at December 31 (in thousands of dollars)	2003	2002
ASSETS		
Current		
Cash	$ 239	$ 100
Cash for exploration expenditures (note 7(a))	2,913	277
Accounts receivable	44	7
Prepaid expenses	21	17
Total current assets	3,217	401
Exploration and Development Projects (note 3)	14,914	16,296
Other Assets (note 4)	42	145
	$ 18,173	$ 16,842
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 553	$ 631
Convertible Notes (note 6)	200	200
	753	831
Shareholders' Equity		
Share capital (note 7)	59,881	55,146
Stock option compensation (note 7)	155	31
Share purchase warrants (note 7)	65	–
Contributed surplus	759	759
Deficit	(43,440)	(39,925)
	17,420	16,011
	$ 18,173	$ 16,842

GOING CONCERN (note 1(b))

COMMITMENTS (note 11)

Approved by the Board of Directors

W. Warren Holmes
Director

René R. Galipeau
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years ended December 31 (in thousands of dollars, except per share amounts)	2003	2002
Income – Interest	$ 10	$ 1
Costs and Expenses		
General and administrative	692	528
Stock option compensation	124	31
Depreciation	10	12
Recovery from mineral projects	–	(39)
Write-down of exploration and development projects	2,627	1,691
Total costs and expenses	3,453	2,223
Loss before income taxes	3,443	2,222
Income taxes (note 8)	72	(94)
Net loss for the year	3,515	2,128
Deficit, beginning of year	39,925	37,797
Deficit, end of year	$ 43,440	$ 39,925
Loss per share (note 2)	$ 0.05	$ 0.04
Weighted average shares outstanding	64,662,497	55,944,400

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31 (in thousands of dollars)	2003	2002
CASH PROVIDED FROM (USED BY):		
Operating activities		
Loss for the year	$ (3,515)	$ (2,128)
Items not affecting cash		
Stock option compensation	124	31
Provision for recovery of note (note 4)	94	–
Reduction of future income taxes	–	(94)
Write-down of exploration and development projects	2,627	1,691
Interest expenses paid with shares	–	16
Depreciation	10	12
Changes in non-cash working capital (note 9)	46	121
Cash used by operating activities	(614)	(351)
Financing activities		
Issuance of Convertible Notes	–	200
Issue of Common Shares	4,800	674
Cash provided from financing activities	4,800	874
Investing activities		
Additions to exploration and development projects	(1,411)	(374)
Increase in other assets	–	(2)
Cash used by investing activities	(1,411)	(376)
Net increase (decrease) in cash during the year	2,775	147
Cash, beginning of year	377	230
Cash, end of year	$ 3,152	$ 377

December 31, 2003 and 2002

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 debt and 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, 2003 and December 31, 2002, the Company incurred losses of $3,515,000 and $2,128,000, respectively. These losses included non-cash write-downs of exploration and development projects of $2,627,000 and $1,691,000 for the years ended December 31, 2003 and December 31, 2002, respectively. As at December 31, 2003, the Company had a working capital deficiency of $249,000 (excluding the cash on hand for exploration expenditures). However, during the year ended December 31, 2003 the Company was able to provide funds from debt and equity financings and reduce accounts payable.

Should the Company not be able to obtain additional 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

BASIS OF PRESENTATION

These consolidated financial statements are prepared by management using Canadian generally accepted accounting principles and 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 adopted the 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Black-Scholes option-pricing model. The resulting value is recorded in income 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 are expectations 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.

FLOW-THROUGH SHARES

The Company finances a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Share capital is reduced and future income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the subscribers, except to the extent that the Company has unrecorded loss carry forwards and tax pools in excess of book value available for deduction.

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, which is 64,662,497 shares in 2003 (2002 – 55,944,400).

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 (in thousands of $):

	Balance December 31 2002	Current Expenditures	Write-downs	Balance December 31 2003
Rainy River	$ 11,789	$ 174	$ (2,605)	$ 9,358
Lac Rocher	2,712	14	–	2,726
Mel Properties	1,487	572	–	2,059
Prairie Lake	143	166	–	309
Other	165	319	(22)	462
	$ 16,296	$ 1,245	$ (2,627)	$ 14,914

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 10(b).

In 2003, the Company wrote off $2,605,000 for prior expenditures incurred on areas of the property that the Company is no longer focusing.

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 10(b).

C) MEL 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. In late 2003, the agreement was

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amended so that the earn-in period was extended to February 28, 2006 and expenditures totalling at least $2,950,000 ($2,228,000 had been spent by December 31, 2003) were required by February 2004. The Company has funded a work program in 2004 recommended by INCO and has satisfied the current expenditure requirement.

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.

4 OTHER ASSETS

Other assets comprise the undepreciated cost of equipment (2003 – $42,000; 2002 – $52,000). The other component of other assets is a promissory note of $94,000 due from the former chairman of the Company advanced to purchase shares of the Company, which have been pledged as security. At December 31, 2003, the Company made a provision against the note, as it may not seek repayment of the debt. The note, due December 2, 2006, bears interest at 8% to March 14, 2001 and was 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 former Chief Executive Officer of the Company. The mortgage bears interest at 13% per annum, payable quarterly, and matured in November 2002. In May 2002, the mortgage was repaid by the issuance of 2,500,000 common shares of the Company and the holder became a director 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 expense amounted to $18,591 in 2003 and $10,570 in 2002. There are 1,052,632 common shares of the Company reserved for the conversion of the convertible notes.

7 SHARE CAPITAL

A) ISSUED AND OUTSTANDING SHARES

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 2003 and 2002:

	Number of Shares	Amount (in thousands)
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	1,108,000	167
Balance – December 31, 2002	60,029,323	55,146
Warrants exercised	375,000	75
Private placements	6,941,091	1,299
Issue of flow-through shares	13,697,084	3,361
Balance – December 31, 2003	**81,042,498**	**$ 59,881**

(i) During the year ended December 31, 2003, the Company completed three flow-through common share financings for gross proceeds of $3,489,279. At December 31, 2003, exploration expenditures amounting to $2,913,000 for part of the flow-through shares issued had not been incurred and that amount has been segregated on the balance sheet.

As part of the financings, investors were granted the following common share purchase warrants: 275,000 at $0.60 each expiring May 2004, 4,728,753 at $0.40 each expiring April 2005 and 1,786,650 at $0.50 each expiring June 2005.

(ii) During the year ended December 31, 2003, the Company completed two private placement financings for gross proceeds of $1,522,975. As part of the financings, investors were granted the following common share purchase warrants: 2,470,238 at $0.40 each expiring April 2005 and 1,000,308 at $0.50 each expiring June 2005.

B) 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 at terms up to 10 years. No compensation is recognized when options are exercised. At December 31, 2003, the Company has available 3,137,500 common shares for the granting of future options.

A summary of the status of the plan and changes during 2002 and 2003 are presented below:

	Number of Shares	Average Exercise Price	Amount
Outstanding, December 31, 2001	2,870,400	$ 0.95	$ –
Options granted	1,400,000	0.19	31,000
Options exercised	(600,000)	0.19	–
Options expired	(325,000)	1.45	–
Outstanding, December 31, 2002	3,345,400	0.95	31,000
Options granted	1,500,000	0.24	124,000
Outstanding, December 31, 2003	**4,845,400**	**$ 0.56**	**$ 155,000**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The unexercised options, all of which are currently exercisable, expire at various dates through to July 2013 at prices ranging from $0.20 per share to $2.20 per share. See note 12.

The following table summarizes further information about the stock options outstanding at December 31, 2003:

Range of Exercise Prices	Options Outstanding	Years to Expiry (1)	Price (1)
$0.20 – $0.52	3,600,000	7.7	$ 0.27
$0.62 – $0.88	420,400	2.6	$ 0.72
$1.27 – $1.44	425,000	2.8	$ 1.34
$1.90 – $2.20	400,000	2.3	$ 2.20
$0.20 – $2.20	4,845,400	6.4	$ 0.56

(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 1,500,000 options granted during 2003 to employees, directors and consultants has been estimated on the date of grant at $124,300 using the Black-Scholes option-pricing model, using the following assumptions:

Option Assumptions	**2003**	2002
Dividend Yield	**–**	–
Expected volatility	**22.0%**	28.53%
Risk free interest rate	**4.3%**	4.39%
Expected option term – years	**3**	1 – 3.5
Fair value per share of options granted	**$ 0.06 – $0.09**	$ 0.00 – $0.04

C) SHARE PURCHASE WARRANTS

The Company's movement in share purchase warrants is as follows:

	Number of Shares	Weighted Average Exercise Price	Amount
Balance, December 31, 2001	1,779,583	$ 0.20	$ –
Issued	624,000	0.45	–
Exercised	(1,333,333)	0.20	–
Balance, December 31, 2002	1,070,250	0.35	–
Issued	10,260,949	0.43	65,026
Exercised	(375,000)	0.20	–
Expired	(71,250)	0.20	–
Balance, December 31, 2003	**10,884,949**	**$ 0.43**	**$ 65,026**

The share purchase warrants issued during 2003 were valued based on the Black-Scholes option-pricing model using weighted average assumptions for interest rate of 4.5%, volatility of 25.35%, term of 1.5 years and no dividends.

At December 31, 2003 the following shares are reserved for issuance for share purchase warrants:

Price	Number	Expiry
$ 0.60	275,000	May 2004
$ 0.40	7,198,991	April 2005
$ 0.50	2,786,958	June 2005
$ 0.45	624,000	May 2004
$ 0.43	10,884,949	

8 INCOME TAXES

The Company's income tax amount of $72,000 for 2003 relates to a provision for large corporations tax. The income tax recovery for 2002 relates to estimated recovery of previously unrecognized future tax assets on the flow-through shares issued in 2002.

The Company's tax assets exceed the carrying values of its exploration and development projects. To December 31, 2003, the Company has incurred deductible expenditures of approximately $20,287,000 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 $1,126,000, which are available for application against future years' taxable income, and non-capital losses of approximately $2,077,000 which expire at various dates up to December 31, 2011. 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, 2003, the net unrecorded tax benefit relating to the following temporary differences is as follows:

Exploration and development costs	$ 2,149,000
Equipment	72,000
Eligible capital expenditures	361,000
Net future income tax benefit	$ 2,582,000

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

Year of Expiry	Non-capital Losses
2004	$ 324,000
2005	200,000
2006	19,000
2007	245,000
2008	221,000
2009	89,000
2010	309,000
2011	670,000
	$ 2,077,000

During the year ended December 31, 2001, the Company received a letter from Canada Customs and Revenue Agency ("CCRA") advising the Company that consideration was being given to making adjustments to a series of transactions in 1993 where under the Company renounced its interest in certain resource pools

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. In 2003, the Company received notice from CCRA that the review had been closed without any adjustments to the Company's tax pools.

9 CHANGES IN NON-CASH WORKING CAPITAL

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

(in thousands)	2003	2002
Accounts receivable and prepaid expenses	$ (7)	$ –
Accounts payable and accrued liabilities	53	121
	$ 46	$ 121

10 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, 2003 and 2002 to officers and directors, and corporations controlled by them, was $58,000 and $55,000, 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.

11 COMMITMENTS

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

2004 – $42,000

2005 – $41,000

12 SUBSEQUENT EVENTS

In January 2004, 4,075,000 options, under the stock option plan, were granted to officers, directors, employees and consultants of the Company. The options are exercisable at $0.42 each and expire in January 2014. Approximately 887,500 of these options have been issued subject to the shareholders of the Company increasing the size of the stock option plan at the next annual meeting of shareholders.

OFFICERS

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President, C.E.O

Frank J. Crothers
Vice Chairman

Brian E. Robertson
Vice President, Mining

Paul L. Jones
Vice President, Exploration

Paul W. Pitman
Corporate Secretary

DIRECTORS

George F. Archibald

James W. Ashcroft

Frank J. Crothers

René R. Galipeau
Chairman

W. Warren Holmes

Oyvind Hushovd

Tom W. Judson

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TRANSFER AGENT

Computershare Investor Services
Toronto Ontario

Shareholders are cordially invited to attend the Annual General and Special Meeting to be held on May 26, 2004 at the Toronto Board of Trade

Join us to hear an update on Nuinsco's activities and our exciting future direction

nuinsco
RESOURCES LIMITED