



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2005

Management's Comments on Unaudited Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of Nuinsco Resources Limited for the three months ended March 31, 2005 have been prepared by management and approved by the Board of Directors of the Company.

NUINSCO RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2005

This Management Discussion and Analysis is dated May 13, 2005 and reflects the three-month period ended March 31, 2005 and should be read in conjunction with the interim consolidated financial statements and the Management Discussion and Analysis included in the 2004 Annual Report. The Company also published an Annual Information Form. These documents along with others published by the Company are available on SEDAR at www.sedar.com or from the office of the Company.

COMPANY OVERVIEW

Nuinsco is a Canadian exploration stage mineral resource company engaged in the acquisition, exploration and development of precious and base metal properties. Property interests are located in northwestern Ontario, in northern Manitoba on the Thompson Nickel Belt, in Saskatchewan's Athabasca Basin known for uranium, in Quebec (Lac Rocher) and in Turkey a copper/gold property. In 2004, the Company sold the Rainy River property for cash payments, a royalty and shares of a new public company.

The Company does not have sufficient funds to cover future corporate and administrative activities, its accounts payable and its planned exploration outside Canada. Plans are underway to seek additional financing.

RESULTS OF OPERATIONS

For the three months ended March 31, 2005 the Company incurred a loss of \$395,000 compared to a net profit of \$144,000 in the same period of 2004. Expenses in both the current and prior year periods were offset by the recognition of income tax recoveries amounting to \$211,000 and \$1,191,000, respectively which were related to the renouncing of Canadian Exploration Expenses to the investors of flow-through financings. In the three months ended March 31, 2005, the Company wrote down the Prairie Lake project amounting to \$325,000. General and corporate expenses totalled \$279,000 in the three-months ended March 31, 2005 compared to \$203,000 in the same 2004 period. This reflects increased activities related to reviewing new projects, legal costs on financing opportunities and general corporate activities. Other expenses in the 2004 period include a charge of \$853,000 for the fair value attributed to stock options granted. No stock options were granted in the 2005 period.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the first quarter of fiscal 2005 and each of the quarters of fiscal 2004 and 2003.

<u>Fiscal year 2005</u>				<u>1st Quarter</u>
Revenue				\$ -
Loss				\$ (395,000)
Loss per share –basic and fully diluted				\$ -
<u>Fiscal year 2004</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Revenue	\$ -	\$ 1,000	\$ 6,000	\$ 11,000
(Loss) income	\$ (7,380,000)	\$ (705,000)	\$ (765,000)	\$ 144,000
(Loss) income per share –basic and fully diluted	\$ (0.09)	\$ (0.01)	\$ (0.01)	\$ -
<u>Fiscal year 2003</u>	<u>4th Quarter</u>	<u>3rd Quarter</u>	<u>2nd Quarter</u>	<u>1st Quarter</u>
Revenue	\$ 9,000	\$ -	\$ 1,000	\$ -
Loss	\$ (3,041,000)	\$ (138,000)	\$ (145,000)	\$ (191,000)
Loss per share –basic and fully diluted	\$ (0.05)	\$ -	\$ -	\$ -

EXPLORATION AND DEVELOPMENT ACTIVITIES

For the three-month period ended March 31, 2005, the Company incurred exploration expenditures of \$1,280,000 on mineral interests compared to \$1,493,000 in the same period of 2004. The majority of expenditures in 2005 were made on the Minago and Mel properties where extensive drilling and analysis work was undertaken. Complete details of the mineral properties can be reviewed in the 2004 Annual Report.

Mel Project

Nuinsco has spent a total of \$4.1 million to date on this project and must spend a total of \$6.0 million by February 28, 2006 to earn a 100% interest. Inco has the right to earn back a 51% interest in the project. The Company expended \$371,000 on diamond drilling and borehole geophysical surveys, primarily on the Mel claims, and collecting and analyzing geotechnical and other engineering information required to advance the economic evaluation of the Mel lease.

Minago Project

Nuinsco has expended \$1,083,000 on the Minago Project of which \$649,000 was spent in the first quarter of 2005. In December 2004, the Company reported a 43-101 mineral resource of 7.3M measured tons at 0.70% Ni plus 22.5M indicated tons at 0.62% Ni plus 27.2M inferred tons at 0.67% Ni. The 3000 metre 2005 diamond drill program was designed to explore geophysical anomalies on the North Limb of the property, and to further test the Main Zone while collecting data for assay verification and to allow metallurgical testing. Drill results on the first hole were very encouraging indicating 246 metres at 0.68% Ni including several long intersections exceeding 1.00% Ni (see March 8th Press Release). The data and assay verification from the remaining holes is just being received (mid-May) and will be released as soon as it has been fully compiled. Metallurgical samples have been collected and forwarded to an analytical laboratory with the objective of confirming the excellent historic results. Continued vetting of historical data has also been undertaken.

Turkey

The Berta Joint Venture Agreement was signed and announced in a press release, dated October 13, 2004. The Berta project is a newly acquired property located approximately 50 km from the Black Sea coast in northeastern Turkey. Noranda is the operator of the project and conducted the work reported in a press release dated November 9, 2004. An extensive alteration system, outlined by a total of 720 soil samples in a 15 km² area within the 59.5 km² project featured three areas of exceptionally anomalous copper and gold. These target areas are defined by copper greater than 450 ppm and by 300 ppb gold from samples taken at 100 metre spacings. Numerous samples, however, exceeded 1,000 ppm copper and up to 3.5 g/t gold have been obtained (including one exceptional value of 12.8 g/t gold). Nuinsco is committed to spending US\$300,000 on the project in 2005. C\$76,000 was expended in the first quarter, primarily for property payments. Additional soil sampling will be conducted in April and May 2005 to better define the existing soil anomalies. A diamond drill program will commence late in the 2nd quarter – early 3rd quarter to probe target areas identified by soil sampling.

Abitibi Belt

In January 2004, the Company and Wallbridge Mining Company Limited entered into an option agreement with Falconbridge/Noranda to explore geophysical targets identified in the Abitibi greenstone belt near Timmins, Ontario – under the terms of the agreement Nuinsco is required to expend \$500,000 on exploration to earn a 25% interest in the project. While results of diamond drilling have not identified anything of economic interest, the program is still in its early stages with many high priority anomalies to test. Further drilling will be carried out during the last quarter of 2005. \$46,000 was expended during the first quarter of 2005. Early in the second quarter Nuinsco will become vested in the project and a Joint Venture will be formed to further explore the properties.

Diabase Peninsula

In December 2004, Nuinsco optioned, from Trend Mining Company, 50% of a prospective Uranium property in the Athabasca Basin of northern Saskatchewan. In March, Nuinsco announced that it had quadrupled this land position by acquiring the strike extension of this property along the strike of the graphite bearing Cable Bay Shear Zone, and that a grid was being cut on the property to allow geophysical surveys to be carried out – the survey was completed in March. A total of \$93,000 was expended on the property in the first quarter. Subsequently, the Company announced that a 5,000-metre geophysical anomaly had been identified by its work to date.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2005, the Company had a working capital position of \$306,000 compared to \$1,480,000 at December 31, 2004. Subsequent to the end of the period additional financing was secured in the amount of \$1,656,000 for flow-through shares and \$252,000 for common shares less commissions paid.

Cash and cash for exploration expenditures decreased during the three-month period ended March 31, 2005 by \$881,000 to \$117,000. Of the decrease, \$939,000 was spent on exploration and \$314,000 was used for operating activities. During the period, cash was received in the amount of \$250,000 from the long-term receivable from the sale of the Rainy River property and \$122,000 from a private placement.

During the balance of 2005, the Company will require \$1,250,000 to fund its corporate expenditures and planned exploration outside of Canada. Of this amount \$750,000 is expected to be funded by the purchase receipts on the Rainy River Property sold in late 2004.

OUTSTANDING SHARE DATA

At May 13, 2005, the Company had 94,979,726 common shares issued and outstanding. In addition, there were 8,800,000 stock options granted, 1,052,632 shares reserved for conversion of the convertible debt, and 12,165,316 warrants and compensation units issued and outstanding which if exercised would bring the fully diluted issued common shares to a total of 117,880,407.

RISKS AND UNCERTAINTIES

Exploration and Development Risks

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a known body of commercial ore. The mineral resource estimates made public by the Company are not mineral reserves and do not have demonstrated economic viability. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

The capitalized expenditures related to the exploration and development of mineral properties will be amortized over the estimated economic life of a property once commercial production commences. If the value of a property is impaired or abandoned the related project cost balances would be written off.

Financing Risks

The Company has limited financial resources, has no operating cash flow and has no assurance that sufficient funding will be available to it for corporate and administration expenses, for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing for corporate and administration expenses and for exploration and development if ongoing exploration of its properties is warranted.

Environmental Matters

All phases of the Company's operations are subject to environmental regulations in the jurisdiction in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties or by illegal mining activities.

Government approvals and permits are sometimes required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

FORWARD LOOKING STATEMENTS

These consolidated financial statements and management's discussion and analysis contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future

production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

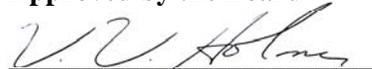
May 13, 2005

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

	<u>March 31, 2005</u> (unaudited)	<u>December 31, 2004</u> (audited)
ASSETS		
Current		
Cash	\$ 117	\$ 380
Cash for exploration expenditures	-	618
Accounts receivable	67	41
Current portion of long-term receivable	1,000	1,000
Prepaid expenses	15	24
Total current assets	<u>1,199</u>	<u>2,063</u>
Long-term Receivable	750	1,000
Exploration and Development Projects (Note 2)	8,079	7,124
Other Assets	48	50
	<u>\$ 10,076</u>	<u>\$ 10,237</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 893	\$ 583
Convertible notes	<u>200</u>	<u>200</u>
Shareholders' Equity		
Share capital (Note 3(a))	59,751	59,832
Share purchase warrants	86	81
Contributed surplus (Note 4)	1,687	1,687
Deficit	<u>(52,541)</u>	<u>(52,146)</u>
Net shareholders' equity	<u>8,983</u>	<u>9,454</u>
GOING CONCERN (NOTE 1(b))	<u>\$ 10,076</u>	<u>\$ 10,237</u>

Approved by the Board



W. Warren Holmes, Director


René R. Galipeau, Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited - in thousands of dollars, except per share amounts)

	Three Months Ended March 31,	
	2005	2004
Revenue		
Interest income	\$ -	\$ 11
Costs and Expenses		
General and administrative	279	203
Depreciation	2	2
Stock option compensation (Note 3(b))	-	853
Write-down of exploration and development projects	325	-
	606	1,058
Loss before income taxes	(606)	(1,047)
Income taxes (Note 3(a))	211	1,191
(Net loss) profit for period	(395)	144
Deficit, beginning of period	(52,146)	(43,440)
Deficit, end of period	\$ (52,541)	\$ (43,296)
(Loss) profit per share – basic and fully diluted	nil	nil
Weighted average outstanding common shares	87,465,402	81,225,831

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of dollars)

Cash from (used by)	Three Months Ended March 31,	
	2005	2004
Operating activities		
Profit (net loss) for the period	\$ (395)	\$ 144
Items not affecting cash		
Depreciation	2	2
Stock option compensation	0	853
Write-down of exploration and development projects	325	-
Income taxes	(211)	(1,191)
Changes in non-cash working capital	(35)	(9)
Cash used by operating activities	<u>(314)</u>	<u>(201)</u>
Financing Activities		
Long-term Receivable	250	0
Issue of Common Shares	122	40
Cash from financing activities	<u>372</u>	<u>40</u>
Investing activities		
Additions to exploration and development projects	(939)	(1,583)
Cash used by investing activities	<u>(939)</u>	<u>(1,583)</u>
Net decrease in cash during period	(881)	(1,734)
Cash, beginning of period	998	3,152
Cash, end of period	\$ 117	\$ 1,408
Cash, end of period		
Cash	\$ 117	\$ -
Cash for exploration expenditures	-	1,505
Bank overdraft	-	(97)
	<u>\$ 117</u>	<u>\$ 1,408</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005 (unaudited)

1. a) General

The interim consolidated financial statements of the Company for the three months ended March 31, 2005 have been prepared by management using accounting principles generally accepted in Canada for interim financial statements and reflect the same accounting principles set out in the notes to the Company's consolidated financial statements as of December 31, 2004, appearing in the Company's 2004 Annual Report. These interim financial statements should be read in conjunction with those annual financial statements and the notes thereto. The results of operations and cash flow for the current period is not necessarily indicative of the results to be expected for the full year.

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 or sale 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 recent years, the Company has incurred losses. These losses included loss on sale of and write-downs of exploration and development projects. 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, and the balance sheet classifications used.

2. Exploration and Development Project

Activities and balances for the periods are as follows (thousands of dollars):

	<u>Balance December 31, 2004</u>	<u>Current Expenditures</u>	<u>Write-downs</u>	<u>Balance March 31, 2005</u>
Lac Rocher	\$ 1,686	\$ -	\$ -	\$ 1,686
Mel Properties	3,431	371	-	3,802
Cameron Lake	662	20	-	682
Minago	434	649	-	1,083
Prairie Lake	325	-	(325)	-
Fednor/Halliday	417	46	-	463
Berta	64	76	-	140
Diabase Peninsula	22	93	-	115
Other	83	25	-	108
	<u>\$ 7,124</u>	<u>\$ 1,280</u>	<u>\$ (325)</u>	<u>\$ 8,079</u>

	<u>Balance December 31, 2003</u>	<u>Current Expenditures</u>	<u>Write-downs</u>	<u>Balance March 31, 2004</u>
Rainy River	\$ 9,355	\$ 168	\$ -	\$ 9,523
Lac Rocher	2,726	27	-	2,753
Mel Properties	2,059	993	-	3,052
Cameron Lake	390	41	-	431
Minago	69	26	-	95
Prairie Lake	309	16	-	325
Fednor/Halliday	3	155	-	158
Other	3	13	-	16
	<u>\$ 14,914</u>	<u>\$ 1,439</u>	<u>\$ -</u>	<u>\$ 16,353</u>

3. Share Capital

a) During the three-month period ended March 31, 2005 the following common shares were issued:

	<u>Shares</u>	<u>Amount (,000)</u>
Balance December 31, 2004	86,715,402	\$ 59,832
For cash, private placement - net	700,000	118
For mineral property	50,000	12
Renunciation of flow-through share value (Note)	<u>-</u>	<u>(211)</u>
Balance March 31, 2005	<u>87,465,402</u>	<u>\$ 59,751</u>

Note: In February 2005, the Company renounced \$618,000 (2004 - \$3,489,000 in regard to flow-through shares renounced in 2003) in Canadian Exploration Expenditures to investors of flow-through shares in 2004. The tax value of this renunciation has been recorded as a liability and charged against share capital. Since the Company has a valuation allowance which reduces the future income tax assets, the valuation allowance has been reduced and an income tax recovery has been recognized in the statement of operations.

In January 2005, the Company completed a private placement of 700,000 shares at \$0.20 per share for gross proceeds of \$140,000. As part of the financing, investors were granted 700,000 half share purchase warrants. Each whole warrant entitles the holder to purchase one share at \$0.30 until January 2007.

As part of the above financings the agents were granted 19,500 compensation warrants (the Compensation Warrants"). On exercise, the holder is entitled to purchase one common share for \$0.20 per share and receive an equivalent number of half warrants. Each whole warrant entitles the holder to purchase one share at \$0.30. The Compensation Warrants and underlying warrants expire in January 2007.

4. Contributed Surplus

The amounts in contributed surplus consist of the following:

	<u>2005</u>	<u>2004</u>
Contributed surplus	\$ 761,000	\$ 761,000
Stock option compensation	<u>926,000</u>	<u>926,000</u>
	<u>\$ 1,687,000</u>	<u>\$ 1,687,000</u>

5. Subsequent Events

In April 2005, the Company closed the following private placement financings:

- (i) 1,145,410 units for gross proceeds of \$251,990. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.40 each to April 2007.
- (ii) 6,368,914 flow-through units for gross proceeds of \$1,655,917. Each unit consisted of one common share and one flow-through share purchase warrant exercisable at \$0.40 each to December 2005.

As part of the above financings the agents were paid cash commission of \$134,000 and received 751,432 compensation warrants. Each compensation warrant may be exercised at \$0.26 to April 2007 and consists of one common share and one common share purchase warrant exercisable at \$0.40 each to April 2007.