



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2005

Management's Comments on Unaudited Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of Nuinsco Resources Limited for the three month and six month periods, ended June 30, 2005 have been prepared by management and approved by the Board of Directors of the Company.

NUINSCO RESOURCES LIMITED

PRESIDENTS REPORT

We are pleased to present our interim report and financial statements for the quarter ended June 30, 2005. Metal prices remained high during the quarter, with recent records set for uranium, nickel and copper. With strong demand, low inventories and a limited number of new mines scheduled for production in the short term, we expect to see a continuation of these higher prices. This is generating considerable investor interest in junior exploration companies with strategic exploration properties focused on uranium and base metals.

Nuinsco, encouraged by this strong interest, continues to advance its Diabase Peninsula uranium property, its Berta porphyry copper-gold property in Turkey, its Minago nickel property in Manitoba, and its Muriel Lake copper-zinc property in Northern Ontario. Second quarter work was focused on taking significant planning steps to set-up an active programme for exploration work through the rest of 2005.

Nuinsco also continued to divest assets that are not considered important exploration properties. The sale of the surface rights to the Rowan Lake property was completed early in July. Nuinsco received a cash payment of \$250,000 and retained the mineral rights.

We are very pleased with the results of these programs and view them as the first steps in a lengthy progression of positive developments. We are currently considering additional flow-through and non-flow through financings as well as the possible sale of the Cameron Lake property in order to meet the working capital needs of the Company.

Brian Robertson
President
Toronto, Canada
August 10, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Month and Six Month Periods Ended June 30, 2005

This Management Discussion and Analysis is dated August 10, 2005 and reflects the three-month and six-month periods ended June 30, 2005 and should be read in conjunction with the interim consolidated financial statements dated June 30, 2005, and the 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-nickel) and in Turkey a copper/gold property joint ventured with Falconbridge Limited. 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. Plans are underway to seek additional financing.

RESULTS OF OPERATIONS

For the three months ended June 30, 2005, the Company had a profit of \$247,000 or \$ 0.00 per share compared to a loss of \$765,000 or \$0.01 in the same period of 2004. During the current period \$549,000 of the profit was from the receipt of shares from the sale of the Rainy River property in December 2004. The Company received 2,197,380 restricted shares of Rainy River Resources Limited as part of the transaction where Nuinsco sold its Rainy River property in December 2004 to a private company. The receipt of the shares was contingent on the private company creating a public company whose shares traded on a Canadian stock exchange. This occurred in

the second quarter of 2005 and Nuinsco was granted 7% of the fully diluted capital of Rainy River Resources Limited at a deemed price of \$0.25 each for a total value of \$549,000. The shares are traded under the symbol RR on the TSX Venture Exchange and cannot be traded by Nuinsco until after October 23, 2005.

General and administrative expenses were \$266,000 during the second quarter of 2005 compared to \$189,000 for the same period in 2004. This reflects increased activities related to reviewing new projects, legal costs on financing opportunities and general corporate activities. General exploration expenses of \$35,000 were incurred for the technical evaluation of new projects during the quarter.

For the six-month period ended June 30, 2005, the Company incurred a loss of \$148,000 or \$0.00 per share compared with a loss of \$621,000 or \$0.01 per share in the same period of 2004. The loss for the six months of 2005 includes the write down of the Prairie Lake project amounting to \$325,000 and the recovery from the shares received on the Rainy River Property of \$549,000. The Company also recognized income tax recoveries amounting to \$211,000 in 2005 and \$1,182,000 in 2004 relating to the renouncing of Canadian Exploration Expenses to the investors of flow-through financings. General and administrative expenses were \$533,000 during the first half of 2005 compared to \$392,000 for the same period in 2004. 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 and the write down of \$558,000 of the Lac Rocher Property.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the eight quarters ended June 30, 2005 .

<u>Fiscal year 2005</u>			<u>2nd Quarter</u>	<u>1st Quarter</u>
Revenue			\$ 2,000	\$ -
Profit/(Loss)			\$ 247,000	\$ (395,000)
Profit/(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
Profit/(Loss)	\$ (7,380,000)	\$ (705,000)	\$ (765,000)	\$ 144,000
Profit/(Loss) 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>		
Revenue	\$ 9,000	\$ -		
Loss	\$ (3,041,000)	\$ (138,000)		
Loss per share –basic and fully diluted	\$ (0.05)	\$ -		

EXPLORATION AND DEVELOPMENT ACTIVITIES

For the six-month period ended June 30, 2005, the Company incurred exploration expenditures of \$1,580,000 on mineral interests compared to \$1,749,000 in the same period of 2004. The majority of expenditures in 2005 were made on the Minago and Mel properties where extensive diamond drilling was undertaken. Complete details of the mineral properties can be reviewed in the 2004 Annual Report.

Berta Project – Turkey

On June 21st, 2005, Nuinsco announced the scheduling of a diamond drilling at its Berta porphyry copper –gold property, under option from Falconbridge Limited. The drilling program commenced on July 22 and is focused on the widespread copper and gold anomalies identified in earlier soil and rock sampling programs and geological mapping. An extensive alteration system, outlined by a total of 720 soil samples in a 15km² project featured three areas of exceptional anomalous copper and gold. These target areas are defined by copper greater than 450ppm and by 300 ppb gold from samples taken at 100-metre spacing. Numerous samples, however, exceeding 1,000 ppm and up to 3.5 g/t gold have been obtained (including one exceptional value of 12.8 g/t gold). Assay results from the rock chips are pending.

Located approximately 50 kilometres south of the Black Sea coast in northeastern Turkey, the property lies within the prolifically mineralized Pontic Mountains metallogenic belt. The licenses encompass a large area of extensively altered and sulphide mineralized dacite volcanic and intrusive rocks occurring in rugged terrain displaying approximately 1,500 m of vertical relief. The total volume of rock affected by the alteration and

mineralization within the Berta system is considerable, with mineralization exposures observed over 1,000 m of vertical elevation. Nuinsco has expended \$194,000 on the project to date, \$130,000 of which was spent in the first half of 2005.

Diabase Peninsula

The Diabase Peninsula property consists of eight claims totaling approximately 46,000 acres, encompassing highly prospective alteration and geophysical signatures indicative of uranium mineralization. The property lies on the Cable Bay Shear Zone, a prominent potential uranium host within the Athabaska Basin. The project is considered one of Nuinsco's most promising.

In March, 2005, Transient EM geophysics was conducted over an approximately 68 km grid, established over the center of the claim. The results show a continuous conductivity anomaly over five kilometres long, extending off the grid both to the north and south, but remaining on Nuinsco controlled claims. A second parallel anomaly occurs at the south end of the surveyed area and extends for a distance of 800 metres. These conductors are believed to be graphite-bearing shears that are considered to be important controls on uranium deposition and hence useful exploration guides. An airborne EM survey is currently planned for the remainder of the property, followed by a diamond drilling program. A total of \$176,000 was expended on the property in the first half of 2005 for a total expenditure on the property of \$198,000.

Mel Project

During the winter of 2005, a diamond drill program was completed that consisted of six drill holes, totaling 2507 metres. The purpose of the drilling was to test widely spaced, Inco defined "high priority" UTEM targets delineated from past geophysical surveys. All drill holes intersected sulphide and graphite mineralization, explaining the UTEM target on which each hole was collared. The first hole collared in the program intersected anomalous nickel mineralization – in the 0.12–0.13 % range over several feet in approximately 70 % sulphides

On the Mel Lease this winter, a single borehole EM survey was conducted on a drill hole located approximately 2000 feet north of the Mel Deposit. The survey produced a positive result, interpreted to be nickeliferous sulphide mineralization on strike of the Mel Deposit.

An overburden drilling program was carried out on the Mel Lease to evaluate the geotechnical characteristics of the overburden material overlying the deposit. The program determined that the deposit was covered with super saturated clays with low stability. These results negate the use of open pit mining methods for mining the near surface zone of the deposit. 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.

Minago

The Minago Deposit continued to be positively redefined with the completion of a winter drill program followed by the initiation of a scoping study and metallurgical testing program

The project is located 140 kilometres south of Thompson Manitoba at the southern end of the prolific Thompson nickel belt. A diamond drilling program comprised of six holes totaling 2600 metres was completed during the first quarter of 2005. Five drill holes were collared around the Minago deposit to verify grade and geology reported in historic drill holes and provide samples for metallurgical testing. A single drill hole of 410 metres was collared in a separate, prospective and little explored zone of nickel mineralization designated as the "North Limb", to assess the mineralization there.

The most recent results have not merely indicated higher nickel grades within the deposit's Main Zone, but have presented opportunities for additional tonnage in the North Limb. Hole N-O5-05 in the Main Zone of the deposit returned an interval of 245.9 metres grading 0.68% nickel, including 28.9 metres grading 1.25% nickel, 16.9 metres grading 1.78% nickel, and 59.4 metres grading 1.09% nickel. In the North Limb zone, drilling intersected 81.3 metres grading 0.59 % nickel and 7.6 metres grading 0.65 % nickel.

Following up on the successful drill program, Wardrop Engineering Inc was commissioned to carry out a scoping study to evaluate the economics of both open pit and underground mining at Minago. The results of the study are expected in the third quarter of 2005. Amec is carrying out metallurgical studies on the fresh drill core to define practical recoveries, reagent use and concentrate grades. Nuinsco has expended \$1,098,000 on the Minago Project of which \$664,000 was spent in the first half of 2005.

Lac Rocher Deposit

The Lac Rocher deposit is located in northwestern Quebec and is the site of a relatively small high-grade deposit surrounded by a well mineralized halo zone. The high-grade massive sulphides show a mean grade of 8.5% nickel and 0.80 % copper and are located between 100 and 150 metres below surface. The mineralized halo zone is estimated to grade 1.7 % nickel. A broad based engineering study was carried out by AMEC Engineering Inc in 2004 to evaluate the open pit and underground mining potential. The project is being re-evaluated in view of current high nickel prices and improved access to the property with recent advancement of logging roads to within the property boundary. The present book value of this property is \$1,707,000, \$21,000 of which was spent in the first half of 2005.

Muriel Lake

The Muriel lake property is located north of Geralton in northwestern Ontario. A UTEM electromagnetic conducted in December 2004 identified a strong, continuous anomaly extending for 1300 m and located in what appears to be the strike direction of known bedrock base metal occurrences. The anomaly appears to be coincident with an airborne anomaly identified by Texasgulf in the 1970s. South of the baseline, a weaker, discontinuous UTEM anomaly occurs over 800 m of strike along strike from the J.J. Perry, Kindle, Galena Vein, and Galena Vein Extension occurrences. Other unnamed sulphide occurrences occur nearby. In June and July prospecting and mapping was carried out to ascertain the best method to assess the results of the geophysical survey responses. In the first half of 2005, \$19,000 was spent on the property for a total of \$99,000 to date.

Timmins Joint Venture

The Timmins Project, conducted in partnership with Falcobridge Limited and Wallbridge Mining has consisted of an ambitious program of land acquisition and testing of airborne anomalies of regional distribution. To date the diamond drilling conducted on the project has explained the source of the various anomalies without producing results of economic interest. Nuinsco and Wallbridge have now completed the required expenditures necessary to become vested in the project and a joint venture document is being completed to cover future work on the project. To date, Nuinsco has spent \$523,000 on the project, \$106,000 of which was spent in the first half of 2005.

Rainy River Property

During the second quarter the Company announced the completion of the sale of the Rainy River property to Rainy River Resources (TSX-V: RR). Nuinsco will receive total cash payments of \$2.5 million (we have received \$1 million of this to date) in addition to a bonus of \$2.5 million on commencement of commercial production or direct shipment of ore from the property.

Rainy River Resources will also pay Nuinsco a quarterly royalty of \$1.00 per ton of ore produced from the property, subject to an annual Consumer Price Index adjustment, and has issued to Nuinsco a total of 2,197,380 common shares of Rainy River Resources (with a deemed value of \$549,000). If Rainy River Resources proposes to issue any additional securities to finance the continued development of the Rainy River property, Nuinsco shall have a preemptive right to participate in such financing, to a maximum of 7% for a term of five years.

Rowan Lake Property

In July 2005, the Company announced the sale of the surface rights to patent mining claims located in the Rowan Lake area of northwestern Ontario to 1659052 Ontario Inc. Nuinsco received a cash payment of \$250,000 for the properties and retained the mineral rights. The surface rights to these lands were not considered necessary for exploration.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2005, the Company had a working capital position of \$2,240,000 compared to \$1,480,000 at December 31, 2004. This includes \$112,000 of prepaid exploration expenditures that were advanced to properties under exploration but not spent as of June 30, 2005 as well as the \$549,000 in marketable securities received on the sale of the Rainy River property in December 2004 (see note 5 of the financial statements). Subsequent to the period end, the Company received a cash payment of \$250,000 from the sale of the Rowan Lake surface rights.

Cash and cash for exploration expenditures decreased during the six-month period ended June 30, 2005 by \$16,000 to \$982,000. Of the decrease, \$1,668,000 was spent on exploration and \$703,000 was used for operating activities. During the period, cash was received in the amount of \$500,000 from the long-term receivable for the sale of the Rainy River property and \$1,855,000 from two private placements.

During the balance of 2005, the Company will require approximately \$500,000 to fund its anticipated corporate expenditures, an additional \$700,000 for planned Canadian Exploration Expenditures and \$293,000 for planned non-Canadian exploration expenditures. These amounts are expected to be funded from the \$250,000 received

from the sale of Rowan Lake surface rights, \$500,000 from receipts on the Rainy River Property, , possible sale of the Cameron Lake property as well as additional flow through and non flow-through financings.

OUTSTANDING SHARE DATA

At August 10, 2005, the Company had 94,979,726 common shares issued and outstanding. In addition, there were 8,800,000 stock options outstanding, 1,052,632 shares reserved for conversion of the convertible debt, and 10,261,091 warrants and compensation units issued and outstanding which if exercised would bring the fully diluted issued common shares to a total of 115,093,449.

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 have not 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 favorable. 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.

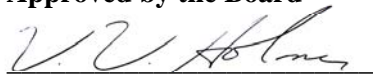
August 10, 2005

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

(unaudited - in thousands of dollars)

	<u>June 30, 2005</u> (unaudited)	<u>December 31, 2004</u> (audited)
ASSETS		
Current		
Cash	\$ -	\$ 380
Cash for exploration expenditures	982	618
Accounts receivable	26	41
Current portion of long-term receivable	1,000	1,000
Marketable securities (Note 5)	549	-
Prepaid expenses	118	24
Total Current Assets	<u>2,675</u>	<u>2,063</u>
Long-term Receivable	500	1,000
Exploration and Development Projects (Note 2)	8,379	7,124
Capital Assets	45	50
	<u>\$ 11,599</u>	<u>\$ 10,237</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 435	\$ 583
Convertible Notes	<u>200</u>	<u>200</u>
	635	783
Shareholders' Equity		
Share capital (Note 3)	61,464	59,832
Share purchase warrants	41	81
Contributed surplus (Note 4)	1,753	1,687
Deficit	<u>(52,294)</u>	<u>(52,146)</u>
Net Shareholders' Equity	<u>10,964</u>	<u>9,454</u>
GOING CONCERN (NOTE 1(b))	<u>\$ 11,599</u>	<u>\$ 10,237</u>
SUBSEQUENT EVENT (NOTE 6)		

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 June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenue				
Interest income	\$ 2	\$ 6	\$ 2	\$ 17
Costs and Expenses				
General and administrative	266	189	533	392
Depreciation	3	2	5	4
Stock option compensation	-	-	-	853
General exploration	35	13	47	13
Write-down of exploration and development projects	-	558	325	558
Recovery from exploration and development project (Note 5)	(549)	-	(549)	-
	<u>(245)</u>	<u>762</u>	<u>361</u>	<u>1,820</u>
Profit/(Loss) before income taxes	247	(756)	(359)	(1,803)
Income taxes (Note 3)	-	9	(211)	(1,182)
Profit/(Loss) for period	247	(765)	(148)	(621)
Deficit, beginning of period	(52,541)	(43,296)	(52,146)	43,440
Deficit, end of period	\$ (52,294)	(44,061)	\$ (52,294)	\$ (44,061)
Profit/(Loss) per share – basic and fully diluted	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.01)
Weighted average outstanding common shares	94,979,726	81,242,498	91,222,564	81,234,164

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of dollars)

Cash from (used by)	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Operating activities				
Profit (net loss) for the period	\$ 247	\$ (765)	\$ (148)	\$ (621)
Items not affecting cash				
Depreciation	3	2	5	4
Stock option compensation	-	-	-	853
Write-down of exploration and development projects	-	558	325	558
Recovery from exploration and development project	(549)		(549)	
Income taxes	-	-	(211)	(1,191)
Changes in non-cash working capital	(99)	(78)	(125)	(87)
Cash used by operating activities	<u>(398)</u>	<u>(283)</u>	<u>(703)</u>	<u>(484)</u>
Financing Activities				
Long-term receivable	250	-	500	
Issue of common shares	1,733	-	1,855	40
Cash from financing activities	<u>1,983</u>	<u>-</u>	<u>2,355</u>	<u>40</u>
Investing activities				
Additions to exploration and development projects	(720)	(405)	(1,668)	(1,988)
Other Assets		(7)	-	(7)
Cash used by investing activities	<u>(720)</u>	<u>(412)</u>	<u>(1,668)</u>	<u>(1,995)</u>
Net increase/(decrease) in cash during period	865	(695)	(16)	(2,439)
Cash, beginning of period	117	1,408	998	3,152
Cash, end of period	<u>\$ 982</u>	<u>\$ 713</u>	<u>\$ 982</u>	<u>\$ 713</u>
Cash, end of period				
Cash	\$ -	\$ -	\$ -	\$ -
Cash for exploration expenditures	<u>982</u>	<u>713</u>	<u>982</u>	<u>713</u>
	<u>\$ 982</u>	<u>\$ 713</u>	<u>\$ 982</u>	<u>\$ 713</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005 (unaudited)

1. a) General

The interim consolidated financial statements of the Company for the three-month and six month periods ended June 30, 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 are 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. The Company is currently considering additional flow-through and non-flow through financings as well as the possible sale of the Cameron Lake property in order to meet the working capital needs of the Company.

2. Exploration and Development Project

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

	Balance December 31, 2004	Current Expenditures	Write-downs	Balance June 30, 2005
Lac Rocher	\$ 1,686	\$ 21	\$ -	\$ 1,707
Mel Properties	3,431	375	-	3,806
Cameron Lake	662	70	-	732
Minago	434	664	-	1,098
Prairie Lake	325	-	(325)	-
Timmins	417	106	-	523
Berta	64	130	-	194
Diabase Peninsula	22	176	-	198
Other	83	38	-	121
	\$ 7,124	\$ 1,580	\$ (325)	\$ 8,379

	Balance December 31, 2003	Current Expenditures	Write-downs	Balance June 30, 2004
Rainy River	\$ 9,358	\$ 221	\$ -	\$ 9,579
Lac Rocher	2,726	37	(558)	2,205
Mel Properties	2,059	1,195	-	3,254
Cameron Lake	390	86	-	476
Minago	69	47	-	116
Prairie Lake	309	27	-	336
Timmins	-	153	-	153
Berta	-	9	-	9
Other	3	19	-	22
	\$ 14,914	\$ 1,794	\$ -	\$ 16,150

3. Share Capital

a) During the six-month period ended June 30, 2005 the following common shares were issued:

	<u>Shares</u>	<u>Amount (000`s)</u>
Balance December 31, 2004	86,715,402	\$ 59,832
For cash, flow-through shares – net	6,368,914	1,492
For cash, private placements – net	1,845,410	339
For mineral property	50,000	12
Renunciation of flow-through share value (Note)	-	(211)
Balance June 30, 2005	<u>94,979,726</u>	<u>\$ 61,464</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 financing 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.

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 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.

4. Contributed Surplus

The amounts in contributed surplus consist of the following:

	<u>2005</u>	<u>2004</u>
Contributed surplus	\$ 827,000	\$ 761,000
Stock option compensation	926,000	926,000
	<u>\$ 1,753,000</u>	<u>\$ 1,687,000</u>

5. Recovery from Exploration and Development Project

During the three month period ended June 30, 2005, the Company received 2,197,380 restricted common shares of Rainy River Resources Limited as part of the transaction where Nuinsco sold its Rainy River property in December 2004 to a private company. The receipt of the shares was contingent on the private company creating a public company whose shares traded on a Canadian stock exchange. This occurred in the second quarter of 2005 and Nuinsco was granted 7% of the fully diluted capital of Rainy River Resources Limited at a deemed price of \$0.25 each for a total value of \$549,000. The shares are traded under the symbol RR on the TSX Venture Exchange and cannot be traded by Nuinsco until October 24, 2005.

6. Subsequent Event

In July 2005, the Company closed on the sale of the surface rights to certain of its patented mining rights located in the Rowan Lake area, north western Ontario for a cash payment of \$250,000. Nuinsco has retained the mineral rights for the claims.