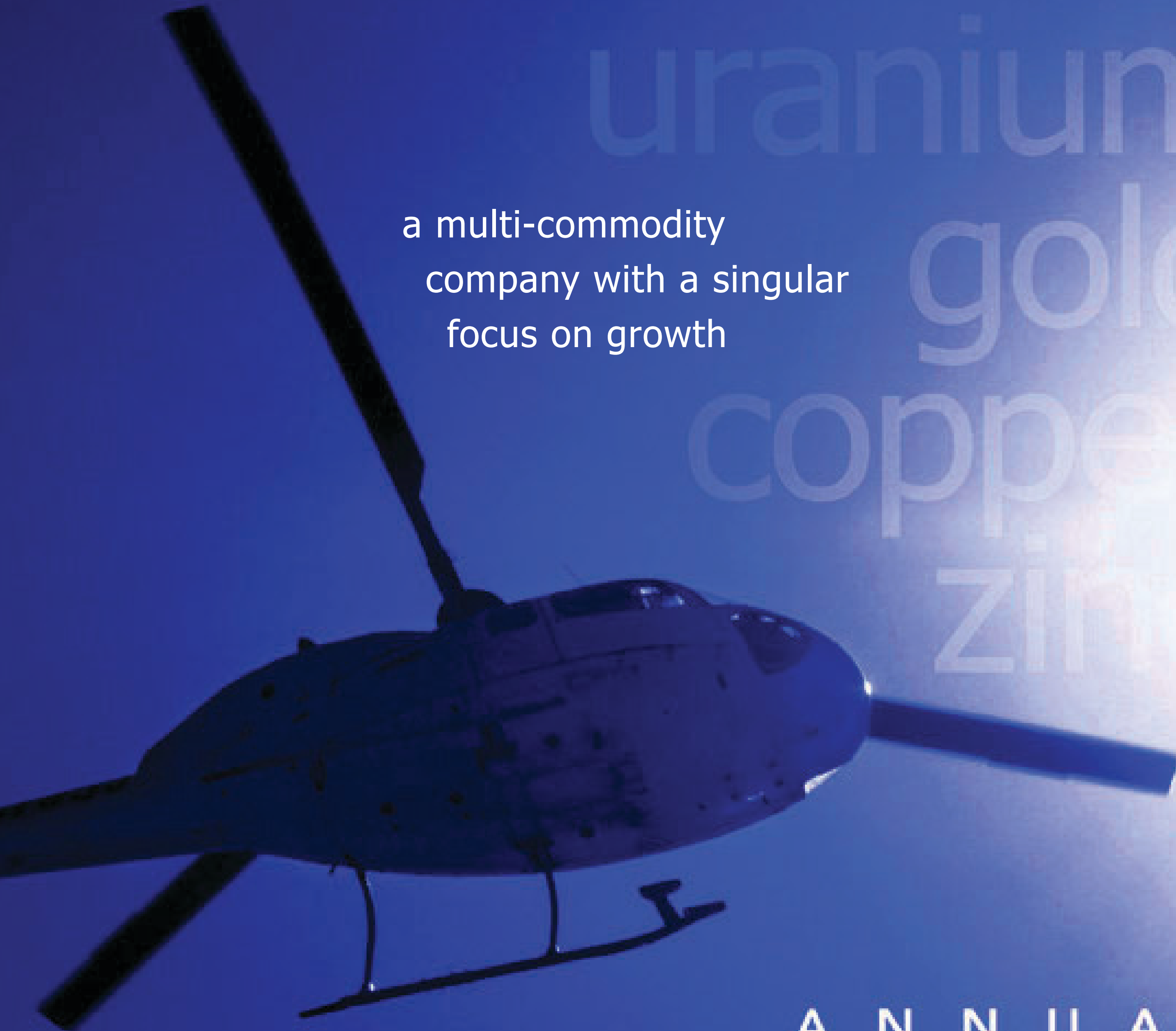
finding value

a multi-commodity
company with a singular
focus on growth



ANNUAL
REPORT

2005

nuinsco
RESOURCES LIMITED

UNIQUELY POSITIONED

Nuinsco Resources Ltd. is a multi-commodity mineral exploration and development company focused on growth through:

uranium copper nickel gold zinc

NUINSCO HAS:

- **Strong exploration capability**
- **Expertise in mine development and operation**
- **Prospective properties in world-class mineralized belts**

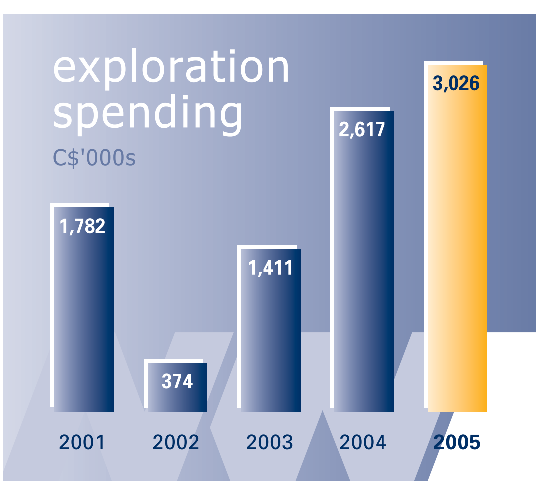
AND IS:

- **Acquiring near-term production assets**
- **Well positioned to benefit from growing worldwide commodities demand**

achievements & objectives

ACHIEVEMENTS 2005

- Expanded Diabase Peninsula uranium property land position, began drilling and became fully vested in joint venture with Trend Mining Company (Trend Mining).
- On Berta porphyry copper-gold property, moved quickly to drill stage and became fully vested in joint venture with Falconbridge Ltd. (Falconbridge).
- Elmalaan high-grade copper-zinc VMS property added to project pipeline through letter of intent to acquire 100% interest from Falconbridge.
- Minago nickel project advanced through commissioning of engineering and metallurgical studies and internal scoping-level study to evaluate economics.
- Strengthened financial position through receipt of C$1.65 million from sale of Rainy River Property, with a further C$1.0 million in cash payments to be received in 2006.
- Appointed Brian Robertson as President.
- Began evaluating potential for near-term production at Cameron Lake gold project.
- Completed $3.4 million in equity financings.



SUBSEQUENT TO YEAR-END

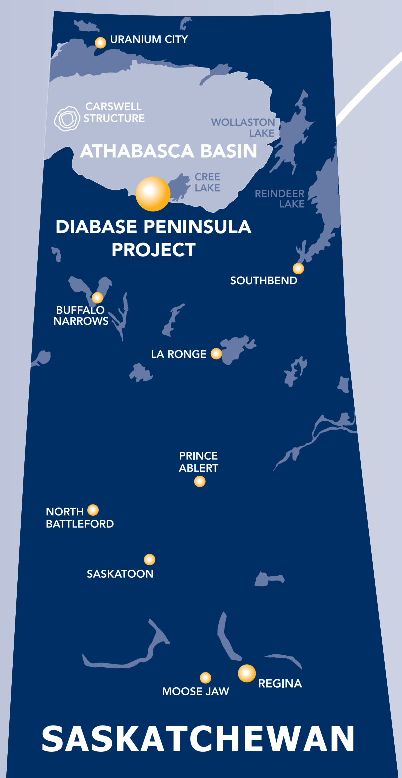
- Campbell Resources Inc. (Campbell) agreement gives Nuinsco: potential 29% equity interest in a gold/copper producer, 50% interest in advanced Corner Bay copper-gold deposit, exposure to prolific Chibougamau mining camp, cash flow to help advance projects.
- Extended option agreement with Inco Limited (Inco) on Mel Project near Thompson, Manitoba to complete 100% earn-in by February 28, 2008.

OBJECTIVES 2006

- Optimize Campbell's Chibougamau mines and finance and develop the Corner Bay copper deposit.
- Advance exploration at Diabase Peninsula with ground geophysics and drilling on anomalous areas identified in 2005.
- Complete scoping study on Minago and advance to prefeasibilty stage.
- Advance Berta and Elmalaan through geophysics and drilling.
- Continue to evaluate new prospective exploration properties to enhance project pipeline.
- Upgrade Lac Rocher high-grade nickel deposit.

nuinsco at a glance

finding value: a multi-commodity company with a singular focus on growth

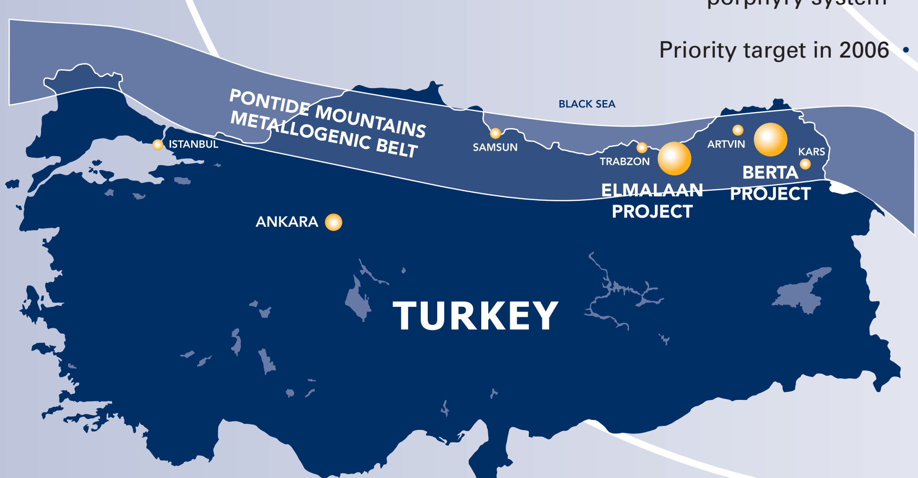


DIABASE URANIUM PROJECT

- Located in Athabasca Basin, world's richest uranium belt
- Fully vested in 50-50 joint venture with Trend Mining
- Drilling began in December 2005
- Expanded property position five-fold to over 21,000 hectares (ha)

BERTA COPPER-GOLD PORPHYRY PROPERTY

- Located in Turkey's prolific Pontide Mountains Metallogenic Belt
- Fully vested in 50-50 joint venture with Falconbridge
- Drilling in 2005 confirmed presence of large-scale porphyry system
- Priority target in 2006

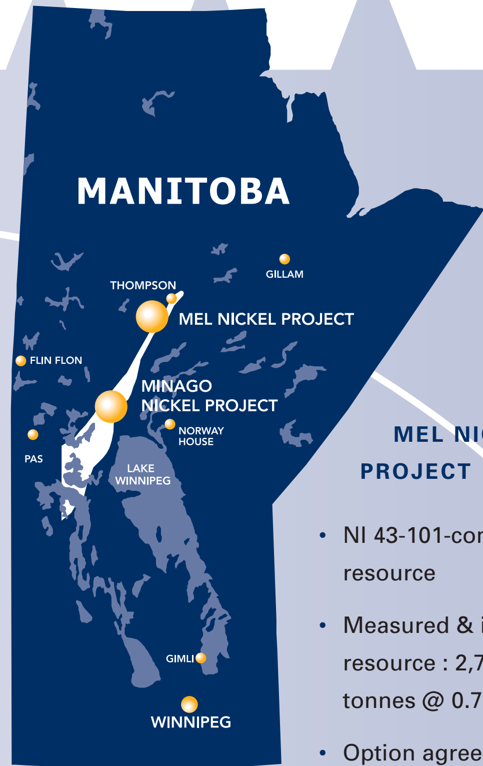


ELMALAAN COPPER-ZINC VMS PROPERTY

- Acquired 100% interest through Falconbridge
- Past work identified massive sulphides in outcrop and boulders grading up to 30.38% copper and 56.30% zinc
- Good year-round access
- 1,000 metres of drilling planned for 2006

MINAGO NICKEL PROJECT

- NI 43-101-compliant resource
- Measured & indicated resource: 29,840,000 tonnes @ 0.64% nickel
- Inferred resource: 27,230,000 tonnes @ 0.67% nickel
- Drilling and metallurgical testing underway

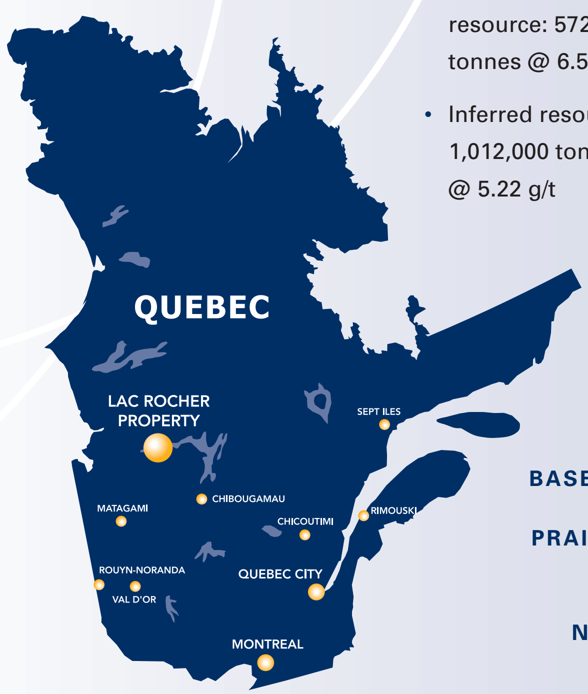


MEL NICKEL PROJECT

- NI 43-101-compliant resource
- Measured & indicated resource : 2,740,000 tonnes @ 0.77% nickel
- Option agreement to acquire 100% from Inco extended to February, 2008

CAMERON LAKE GOLD PROJECT

- 100%-owned
- NI 43-101-compliant gold resource
- Measured & indicated resource: 572,000 tonnes @ 6.51 g/t
- Inferred resource: 1,012,000 tonnes @ 5.22 g/t



PROPERTY PIPELINE:

MURIEL LAKE BASE METALS PROPERTY

PRAIRIE LAKE PROPERTY

LAC ROCHER NICKEL PROPERTY

ceo's message to shareholders

MY FELLOW SHAREHOLDERS

In addition to proven exploration capability, one of Nuinsco's strengths is a wealth of expertise in mine operations, development and finance. Our stated goal has been to deploy this expertise by making the transition to production while maintaining significant exploration upside. I'm pleased to report that, subsequent to year end, Nuinsco announced an agreement with gold and copper producer Campbell Resources Inc. that puts us on the fast track to achieving this goal.

We expect all aspects of the deal with Campbell will be in place by the third quarter, including an Operating Management Agreement under which Nuinsco will provide management services for the operation of Campbell's mines near Chibougamau, Quebec. The deal is a significant step forward for both Nuinsco and Campbell, and offers upside to Nuinsco shareholders in a number of ways.

First, we can receive up to a 29% equity interest in Campbell, which currently has two production assets – the Joe Mann and Copper Rand mines. Collectively, Joe Mann and Copper Rand produced over 36,000 ounces of gold, almost 7.7 million pounds of copper and more than 43,000 ounces of silver in 2005, and we see very real potential to increase production, cash flow and profitability to add to the value of our shareholding.

With additional exploration and development, we feel Joe Mann has a fairly long life ahead of it. As for Copper Rand, Nuinsco will assist in further developing the mine with the objective of doubling production to an annualized rate of 350,000 tons in 2007.

Second, we receive a 50% interest in Campbell's advanced Corner Bay copper deposit by obtaining $4 million in financing. Corner Bay is a very robust project that currently has measured and indicated resources of 1.1 million tons grading 5.25% copper, an additional inferred resource of 874,000 tons at 6.6% copper, and the potential for more. Based on studies done by Campbell, the upper part of the Corner Bay deposit should take about a year to bring to production at an estimated cost of $9 million to $12 million.

Third, we're very excited about the exposure we get to the Chibougamau mining camp, where 1.6 billion pounds of copper and 3.1 million ounces of gold has been produced, and in which Campbell is a dominant player.

Fourth, the Operating Management Agreement will provide Nuinsco with a monthly revenue stream to help advance exploration and development of the projects in our pipeline.

I'm very pleased with what we have achieved, both through our agreement with Campbell and with respect to our other projects. As we move forward in 2006, Nuinsco has:

- tremendous leadership both operationally and at the Board level;
- a solid set of geographically diverse properties ranging from grassroots exploration to near production;
- a balance sheet that is the strongest it has been in years;
- exposure to a variety of commodities and growth throughout the cycle;
- an agreement in principal with Campbell that exposes us to a prolific mining camp and could make Nuinsco a producer in its own right at Corner Bay during 2007; and,
- a very loyal shareholder base.

In summary, Nuinsco is excellently positioned to profit from the strong metals cycle. Our exploration properties – Diabase Peninsula (uranium), Minago (nickel), and Berta (copper-gold) are progressing extremely well, and our project pipeline is full with properties such as Cameron Lake (gold), Elmalaan (copper-zinc) and Mel (nickel). The Campbell agreement puts the icing on the cake, and will make 2006 and beyond a very exciting time for Nuinsco and its shareholders.

W. Warren Holmes
Chief Executive Officer

president's message to shareholders

MY FELLOW SHAREHOLDERS

2005 was a very good year for the mining industry and junior exploration companies. Commodity prices saw continued strength, with uranium, base and precious metals as well as a number of other commodities enjoying substantial price gains.

These gains were supported by strong global demand from China and India, low inventories and constrained supplies. In addition, the commodity markets attracted major investment from mutual funds, pension funds and commodity-specific funds. This strong demand, supported by additional participation of various funds, is expected to continue.

A number of market observers are of the opinion that this could be the beginning of a major cycle in the resource sector. Demand for metals has left the industry scrambling to develop new mines, but there is a serious shortage of quality development projects. Most large producers have downsized their exploration departments and shifted away from grass-roots exploration. The lack of investment in exploration and mine development means that there are no large deposits ready for development, and the long-term shortfall in exploration activity has resulted in few advanced stage exploration projects. The major mining companies are now starting to turn to juniors to secure mine development and exploration opportunities. This should result in significant share price premiums for the juniors, and the activity is expected to continue throughout 2006.

UNIQUELY POSITIONED

As the cover of this annual report states, Nuinsco is A Multi-Commodity Company With A Singular Focus On Growth. With exposure to a range of commodities, from gold to nickel to copper, zinc and uranium, we are truly uniquely positioned to benefit from the continuing bull market in commodities and the shortage of quality development projects to create create that growth for shareholders. We have a solid portfolio of projects in world-class mineralized districts and a very strong management team with extensive experience in exploration, mine development and operations. Your Company also has strengthened its financial position with recent financings and the sale of non-core assets to allow it to advance key projects.

URANIUM – ATHABASCA BASIN, SASKATCHEWAN

Nuinsco's entry into the uranium sector in 2004 was based on expected continuing high prices driven by worldwide shortages of this essential fuel. In 2005, uranium prices continued their upward climb as above ground uranium inventories reached an all-time low due to a) 30 years of underinvestment b) stringent regulations and c) an overall lack of exploration for uranium deposits. In 2004, only 54% of the uranium consumed in the world came from mining; the rest came from the depletion of existing reserves.

The Company rapidly advanced its Diabase Peninsula uranium property during the year. The original property was expanded from 4,200 ha to 21,040 ha, a geophysical crew was mobilized in early April to carry out a Transient EM survey to trace and define geophysical conductors and a prospecting and sampling program was completed during the summer. Subsequently, the property was covered by an airborne EM Survey. Based on the encouraging results, a drill program began in the fourth quarter. Assays from the drilling were not available at the time of writing, however, anomalous uranium mineralization of up to 57.7 ppm U_3O_8 was intersected beneath the sediments of the Athabasca basin.

Drill core also showed bleaching and clay alteration typical of unconformity type uranium mineralization. We are very pleased with the rapid progress of the exploration program and encouraged by these early results.

COPPER-GOLD AND ZINC – TURKEY

A comprehensive exploration program was carried out at the Berta porphyry copper-gold project in

Turkey. The property lies in the prolifically mineralized Pontide Mountains Metallogenic Belt and is joint ventured with Falconbridge. Soil and rock sampling and geological mapping demonstrated three areas of exceptionally anomalous copper and gold. These areas were identified by copper greater than 450 ppm and/or 300 ppb gold, with numerous samples exceeding 1,000 ppm copper and 3.5 ppm gold. The sampling was followed by a diamond drilling program that got underway in the second quarter, which confirmed the presence of a large-scale porphyry system. Exploration will proceed in 2006 under a joint venture with Falconbridge.

Nuinsco also added to its Turkish property position in 2005 with the signing of a letter of intent with Falconbridge to acquire 100% of the Elmalaan copper-zinc property. The property has excellent potential for the discovery of volcanic massive sulphide (VMS) mineralization and significant gold and silver content. Several locations with massive sulphide in outcrop and locally derived boulders have been identified. The boulders have returned spectacular assays, with values peaking at 30.8% copper and 56.30% zinc. A work program consisting of geophysics followed by drilling is planned for 2006.

NICKEL – THOMPSON NICKEL BELT, MANITOBA

Progress was made in advancing the Minago nickel project located in the Thompson Nickel Belt, including a drill program completed in the first quarter of 2006. The drilling indicated that a higher-grade zone may exist within the Nose structure of the Main Zone, which hosts the Minago resource. Hole N-O5-O5 intersected serpentinized peridotite, returning 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. Further to the drilling program, Wardrop Engineering was commissioned to do a scoping-level study to evaluate the potential of open pit and underground mining. An updated block model, which incorporated the 2005 drilling results, was completed by the Mining Innovation, Rehabilitation and Applied Research Corporation (MIRARCO). A metallurgical test program was carried out under the direction of AMEC to evaluate optimum milling and flotation conditions for bulk mineable ores. Positive results led to a further drilling program in the first quarter of 2006 to expand the resource and provide additional material for metallurgical testing by Lakefield Research.

LOOKING AHEAD

In 2005, Nuinsco made considerable progress in realizing its objective of transforming Nuinsco into a producer while maintaining significant exploration upside in a strong metals market. This was advanced in 2006 with our agreement with Campbell, and we will continue to build on work done in 2005 by focusing our attention in the following key areas:

- Working with our partners at Campbell to maximize the value of their current production assets and move the Corner Bay copper deposit toward production.
- Advancing the exploration program at the Diabase Peninsula uranium property with a ground geophysics and drill program on the anomalous areas identified by the 2005 airborne geophysical survey.
- Continuing to evaluate operating properties or advanced stage properties with near-term production potential.
- Completing a scoping study for the Minago deposit and advancing the property to the prefeasibilty stage.
- Moving forward with the exploration program at Berta and Elmalaan, with a geophysical survey and diamond drilling.
- Aggressively evaluating exploration properties to enhance Nuinsco's property portfolio.

Nuinsco has many long-term shareholders and we appreciate your continued support for the initiatives undertaken during 2005. We look forward to keeping you updated in 2006 as we realize our objectives and increase shareholder value.

Brian Robertson
President

nuinsco's current projects

DIABASE PENINSULA – URANIUM

Located approximately five kilometres north of the southern margin of the Athabasca Basin in northern Saskatchewan, the Diabase Peninsula property was optioned on a 50-50 basis from Trend Mining Co. in 2004 because of geochemical signatures indicating the possibility of unconformity-type uranium mineralization. During 2005, ground TEM and magnetic geophysical surveys, a property-wide airborne Megatem survey and boulder geochemical sampling, to supplement historic results, was completed. A preliminary diamond drilling program began in December.

Geochemical sampling has identified anomalous domains consisting of boulder clay alteration and trace element anomalies comprising chlorite, illite, dravite, lead, arsenic and yttrium. Alteration of this type occurs near unconformity uranium mineralization elsewhere in the eastern Athabasca Basin. The geochemical anomalies are coincident with strong, continuous, ground TEM geophysical anomalies and define a five kilometre domain at the centre of the claim group. This trend is coincident with a 35 kilometre long airborne EM anomaly that extends the full length of the property from north to south and is caused by graphite and sulphide minerals in the Cable Bay Shear Zone, a major regional structure believed to capable of controlling the location of uranium mineralization in this part of the Athabasca Basin.

Initial drilling has intersected local anomalous uranium mineralization of up to 57.7 ppm U_30_8 at and near the unconformity beneath the sediments of the Athabasca basin. Drill core sampling shows other enrichments including boron, potassium and normative corundum, as well as locally bleached sandstone and clay alteration. These characteristics potentially indicate the passage of high-temperature fluids through the rock and typically occur near unconformity uranium deposits. Nuinsco is the operator, and will be vested before the end of the initial drilling program which will continue in 2006.

DIABASE PENINSULA URANIUM PROJECT

TURKEY – BERTA PORPHYRY COPPER-GOLD

The Berta copper-gold project lies within the prolific Pontide Mountains Metallogenic Belt in Northeastern Turkey, part of the extensive Tethyian Metals Belt which hosts numerous ore deposits including Iran's Sarcheshmeh Mine, one of the world's largest copper mines at 1.2 billion tonnes grading about 1% copper.

In 2004, Nuinsco optioned the property from Noranda Inc. (subsequently Falconbridge), and is now fully vested in the Berta 50-50 joint venture which Falconbridge will operate in 2006. Mapping, geophysics and a more extensive drill

BERTA COPPER-GOLD PROPERTY

program are planned to follow up on 2005s six-hole drill program which confirmed the presence of a large porphyry system. Three drill holes were collared in the central portion of the extensive copper anomaly to determine the style and intensity of copper mineralization. Anomalous copper was present throughout the length of the holes within rock displaying extensive stockwork veining, quartz-sericite-pyrite alteration and remnant potassic alteration.

In the northern portion of the project area, three shallow drill holes were collared to test a two kilometre long east-west gold-in-soil anomaly. While one hole was stopped short in a fault zone, the other two were completed to 125 and 105 metres. Within a domain of anomalous zinc and copper, fracture-filling quartz veins provide locally elevated gold values. The gold is apparently fracture controlled and associated with sulphide mineralization hosting elevated copper, zinc and lead values over narrow widths.

ELMALAAN COPPER-ZINC

In December 2005, Nuinsco announced that it had signed a Letter of Intent with Falconbridge to acquire 100% of the Elmalaan copper-zinc property in northeastern Turkey. Under the option, Nuinsco is required to spend US$250,000 in exploration and commit to 1,000 metres of diamond drilling by December 31, 2006.

Elmalaan has excellent potential for discovery of volcanogenic massive sulphide (VMS) mineralization. Limited historic work has identified several areas with massive sulphide in outcrop and locally derived boulders that returned spectacular assays, peaking at 30.80% copper and 56.30% zinc. Recently completed sampling by Nuinsco returned equally impressive results.

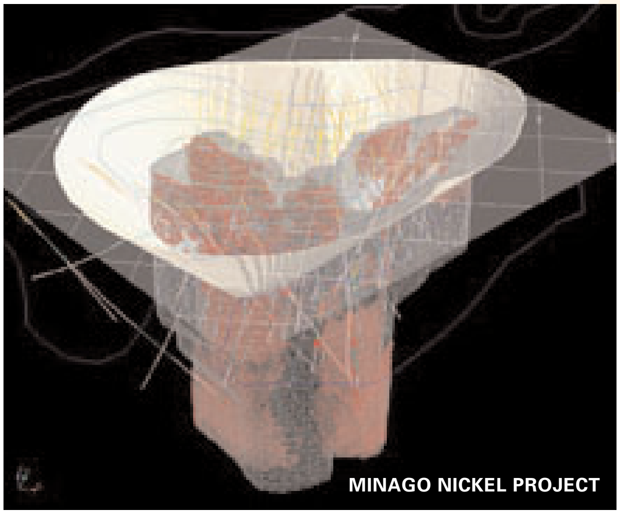
Like Berta, Elmalaan occurs in the Pontide Mountains Metallogenic Belt that is well endowed with VMS mineralization. Significant deposits include Inmet Mining Corp.'s Çayeli copper-gold-zinc mine and Cerattepe gold-copper deposit, as well as the Murgul copper mine and Madenköy copper deposit.

Alteration is very strong and well defined, demonstrating that the host rock has been affected by fluids capable of depositing sulphide mineralization. In particular, a cherty horizon that caps known sulphide mineralization displays abundant indications of a strong VMS system – high copper, zinc, lead, gold, silver and low magnesium titanium and aluminum.

MINAGO – NICKEL

Located in Manitoba's world-class Thompson Nickel Belt, Nuinsco's 100% owned Minago Deposit represents a significant nickel resource and substantial property asset.

The project has superb infrastructure – a paved highway and power line cross the property, while a rail line links the port of Churchill 60 kilometres to the north. With a NI 43-101-compliant measured and indicated resource estimate totallng 28.9 million tonnes grading 0.64% nickel and 27.2 million tonnes grading 0.67% nickel in the inferred category, Minago has the potential to host a large, open pit mining operation.


MINAGO NICKEL PROJECT

The mineralization occurs as a series of zones of disseminated sulphide within variably altered (serpentinised) lenses of peridotite/ dunite. Individual zones vary from 3-30 metres in total thickness and contain 2-15 % sulphide. The deposit is folded around a north-south axis and can be subdivided into two main domains: the Nose Deposit which contains the entire existing nickel resource, and the little explored North Limb which extends at least 1.5 kilometres to the north.

During 2005 an extensive sampling program of historic drill holes was undertaken and historic data vetted and verified for accuracy. Five drill holes were also completed, two of which tested below 400 metres where little drilling has been done. This drilling confirmed the geology and grade of the deposit, added data to the resource estimate and provided material for an updated metallurgical model.

In addition, a single hole was drilled on the North Limb. This hole intersected 337.9 metres grading 0.33% nickel, including 52.5 metres grading 0.64% nickel and 9.71 metres grading 1.03% nickel, in rock similar to that hosting the Minago resource.

Minago Resource – 43-101 (January 2005)

Classification	Tonnes	% Nickel
At 0.4% Nickel Cut-off Grade		
Measured Resource	7,330,000	0.70
Indicated Resource	22,510,000	0.62
Total Measured and Indicated	29,840,000	0.64
Inferred Resource	27,230,000	0.67
At 0.7% Nickel Cut-off Grade		
Measured Resource	3,020,000	0.94
Indicated Resource	6,310,000	0.84
Total Measured and Indicated	9,330,000	0.87
Inferred Resource	9,760,000	0.91

MEL – NICKEL

The Mel Project is located in northern Manitoba, 25 kilometers north of the city of Thompson. The project is owned by Inco, with Nuinsco earning a 100% interest by spending $6 million, of which $4 million had been spent by December 31, 2005 under an option agreement that ended February 28, 2006. Subsequent to year end, the option agreement was extended to February 28, 2008.

The Mel deposit hosts 2.74 million tonnes of measured and indicated nickel mineralization grading 0.77% nickel. Past drill programs have tested numerous geophysical anomalies associated with known nickel-bearing geology. Most recently, in 2005, diamond drill holes have been completed in tests of prospective stratigraphy and electromagnetic anomalies.

In addition, a preliminary evaluation has been carried out to determine the potential of open pit or underground mining methods for the Mel Deposit. Geotechnical studies have been completed to evaluate the overburden cover and metallurgical test work has been carried out.

Mel Resource – 43-101 (July 2004)

	Tonnes	% Ni
At 0.5% Nickel Cut-off Grade		
Measured	1,810,000	0.82
Indicated	930,000	0.67
Measured & Indicated	2,740,000	0.77
Inferred	50,000	0.61

CAMERON LAKE – GOLD

With $24 million in development work completed and a NI 43-101-compliant gold resource, Nuinsco believes that the Cameron Lake deposit is an undervalued and unrecognized asset in its portfolio. The project was developed in the late 1980s when a production scale decline was advanced to the 260 metre level with three levels of development at 110 metres, 150 metres and 209 metres. Drilling has demonstrated that the gold mineralization extends to greater than 600 metres.

The sustained rally in the price of gold has led Nuinsco to re-evaluate Cameron Lake. The Company has entered into an agreement to refurbish the access road, and Wardrop Engineering Ltd. has been commissioned to obtain the permits required for dewatering.

Considerable potential remains to increase the resource at depth, and drilling in 2004 and 2005 continues to demonstrate continuity of mineralization and grade consistent with historic results.

Cameron Lake Resource – 43-101 (April 2004)

	Tonnes	Gold Grade (g/t)	Contained Gold (oz)
Above 305 metres			
Measured	187,000	6.77	40,700
Indicated	380,000	6.44	78,700
Measured & Indicated	567,000	6.52	119,400
Inferred	258,000	6.02	49,900
Below 305 metres			
Measured	–	–	–
Indicated	5,000	5.62	900
Measured & Indicated	5,000	5.62	900
Inferred	754,000	4.94	119,800
Total Measured & Indicated	572,000	6.51	120,300
Total Inferred	1,012,000	5.22	169,700

management's discussion & analysis

December 31, 2005 and 2004

The following is a discussion of the results of operations and financial condition of Nuinsco Resources Limited for the years ended December 31, 2005 and 2004. This report is dated March 27, 2006.

As Nuinsco Resources Limited ("Nuinsco" or the "Company") is an exploration stage mineral resource company it presently has no revenue generating mining projects, and its ability to carry out its business plan is conditional upon it being able to secure funding through equity, debt financings or through the sale of assets. This discussion contains forward-looking statements that involve risks and uncertainties. Exploration expenditures are deferred and included on the balance sheet unless the value is impaired or the projects are abandoned which results in such expenditures being written off.

OVERALL PERFORMANCE

Nuinsco is engaged in the acquisition, exploration and development of precious and base metal properties. Property interests are located in northwestern Ontario, on the Thompson Nickel Belt in northern Manitoba, in the Lac Rocher area of Quebec, in the Athabasca Basin of Saskatchewan and in north east Turkey. During 2005, the Company conducted exploration programs on several of its key properties.

- At the Diabase Peninsula uranium property in the Athabasca Basin of Saskatchewan, the Company completed ground and airborne geophysics programs, as well as an eight-hole drill program.
- At the Minago nickel project in Manitoba's prolific Thompson Nickel Belt, a drilling program was undertaken and metallurgical test work was done which verified metallurgical results reported by previous owners. This information will be used in 2006 to complete the scoping study to evaluate the potential for mining Minago.
- The Company completed the expenditure required to earn a 100% interest in the Berta copper/gold property in Turkey. Falconbridge Limited ("Falconbridge") elected to exercise its right to back in for a 50% interest in the Berta property and will now participate in future expenditures with Nuinsco on a 50-50 basis.
- Work done on the Cameron Lake gold project in northwestern Ontario included upgrading the access road, a two-hole drill program and completion of an updated resource estimate.

The Company's financial position improved during 2005 with equity financings and receipt of the $1.0 million in payments from the sale of the Rainy River property. In addition, the Company realized $0.65 million from the sale of a portion of the shares in Rainy River Resources Ltd. ("Rainy River") which were received in 2005 from the sale of the Rainy River property in 2004. The Company had working capital of $1.3 million at the end of December 2005, compared to $1.5 million at the end of December 2004. The working capital position for both periods includes $1.0 million to be received over the next four quarters for the balance of the $2.0 million receivable from the sale of the Rainy River property. At December 31, 2005, the Company had cash of $2.7 million, compared to $1.0 million at the end of 2004. $2.1 million will fund exploration in 2006. In addition, the market value of marketable securities was $1.5 million at the end of 2005. Of this cash, $2.1 million will fund exploration in 2006.

SELECTED ANNUAL INFORMATION

Summary Operating Results

($'000s except per share amounts)	**2005**	2004	2003
Interest income	**8**	18	10
Gain on sale of marketable securities	**400**	–	–
Operating costs	**1,351**	1,504	826
Loss	**5,010**	8,706	3,515
Loss per share	**0.05**	0.11	0.05

Summary Balance Sheets

($'000s)	**2005**	2004	2003
Current assets	**4,041**	2,063	3,217
Exploration and development projects	**5,076**	7,124	14,914
Long-term receivable	**–**	1,000	–
Total assets	**9,158**	10,237	18,173
Long-term liabilities	**200**	200	200
Total shareholders equity	**8,244**	9,454	17,420

RESULTS OF OPERATIONS

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

The Company's net loss for 2005 was $5.0 million or $0.05 per share, compared to a net loss for 2004 of $8.7 million or $0.11 per share. The lower loss for 2005 was primarily the result of the lower property write-downs in 2005. In 2005, the write-down of $4.8 million included $3.9 million for the Mel property as the option agreement expired on February 28, 2006. The Company is in discussions with its joint venture partner to extend the agreement but no arrangements have been finalized. In 2004, a loss of $7.2 million was recognized on the sale of the Rainy River property and write-downs of exploration projects totalled $1.2 million. In 2005, expenses were offset in part by the recognition of previously unrecorded tax assets amounting to $0.3 million compared to $1.2 million in 2004. The tax recovery was recognized with the renunciation of the tax benefits of the flow-through share expenditures in 2005 and 2004.

Administrative costs excluding the stock option compensation have increased to $1.0 million in 2005 from $0.7 million in 2004, in step with the increasing cost of compliance for public companies. During 2005, approximately $0.5 million was spent on compliance and shareholder costs, compared to $0.2 million during 2004. These costs do not include salaries of the individuals involved in compliance activities. Stock option compensation decreased by $0.4 million to $0.4 million in 2005. To date, the Company has paid minimal salaries to senior executives and directors and has had to provide stock options to attract highly experienced management and directors. One of the major concerns in the industry today is the ability to attract such individuals. As the Company's projects advance from pure exploration to potential development, the need for a variety of disciplines is growing. It is likely that salaries will increase during 2006 as the need for these disciplines is met.

On an ongoing basis, the Company sorts out its priority projects, and non-core properties are either being sold or abandoned. As a result, property write-downs are being recognized. For 2005, the Company wrote


BERTA COPPER-GOLD PROPERTY

down the carrying value of exploration properties by $4.8 million. During 2004, the Company also recognized a loss of $7.2 million from the sale of its Rainy River property. In 2005, the Company received 2,197,380 shares of Rainy River Resources Ltd. ("Rainy River") as additional payment for the sale of the Rainy River property and recognized a recovery of $0.6 million. The shares received were included in marketable securities at $0.25 per share, the fair market value at the time of receipt. In addition to the $0.6 million worth of shares received in 2005, the Company recognized a gain of $0.4 million from the sale of a portion of the shares received and the remaining shares had a market value of $1.5 million at the end of 2005.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

The Company's net loss for 2004 was $8.7 million or $0.11 per share compared to a net loss for 2003 of $3.5 million or $0.05 per share. The increased loss for 2004 was primarily the result of the loss on the sale of the Rainy River property and write-downs in the carrying value of exploration projects described earlier compared to $2.6 million in 2003. In 2004, the latter amounts were due to the sale of the Rainy River property at less than the carrying value and the write-off of the non-strategic parts of the Lac Rocher property. In 2004, expenses were offset in part by the recognition of previously unrecorded tax assets amounting to $1.2 million which was recognized with the renunciation of the tax benefits of the flow-through share expenditures. General and administrative expenses totalled $0.7 million in 2004, compared to $0.7 million in 2003. Other expenses include a charge of $8.0 million for the fair value attributed to 4,825,000 stock options granted in 2004 compared to $0.1 million in 2003. The CEO of the Company continued to take salary in the form of stock options in 2004 as he did in 2003.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters ending December 31, 2005 is as follows (unaudited):

($'000s except per share amounts)				**2005**				2004
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**404**	**2**	**2**	**–**	–	1	6	11
(Loss) profit for period	**(3,798)**	**(1,064)**	**247**	**(395)**	(7,380)	(705)	(765)	144
Loss per share	**(0.04)**	**(0.01)**	**–**	**–**	(0.09)	(0.01)	(0.01)	–

In 2005, property write-downs accounted for $4.8 million of the loss in the fourth quarter, $0.5 million in the third quarter and $0.3 million in the first quarter. In the fourth quarter, the Company realized a gain of $0.4 million from the sale of Rainy River shares received in the third quarter of 2005 as additional proceeds for the sale of the Rainy River property.

In 2004, the loss in the fourth quarter was in large part due to the loss on the sale of the Rainy River property at less than book value. The profit in the first quarter of 2004 was due to the recognition of tax benefits from the renunciation of the 2004 flow-through share expenses.

BERTA COPPER-GOLD PROPERTY

EXPLORATION AND DEVELOPMENT ACTIVITIES

An active exploration program continued during 2005 when a total of $3.0 million was incurred on exploration activities, compared to $3.1 million in 2004. The largest programs in 2005 were on the Diabase Peninsula uranium property where $0.9 million was spent toward the $1.0 million expenditure required to earn 50% of the project; on the Minago project, where $0.7 million was spent on drilling and metallurgical test work in preparation for a scoping study; and on the Berta property in Turkey where the Company completed $0.5 million of geological work, the required expenditure to earn its 50% interest in the project. Pursuant to the joint venture agreement, Falconbridge has elected to participate in the project and will contribute prorata on future expenditures. Complete details of the mineral properties can be reviewed in the 2005 Annual Report.

Mel Property Nuinsco has spent a total of $3.9 million to the end of 2005 on this project. To earn a 100% interest in the project, the Company was required to spend a total of $6.0 million by February 28, 2006. Inco Limited ("Inco") has the right to earn back a 51% interest in the project. The Company did not meet its required expenditure by February 28, 2006 due to the absence of a proposed program from its joint venture partner which would allow Nuinsco to meet its required expenditure level. As a result, in 2005 the Company took a write-down of the total amount spent on this property. The Company is in discussions with Inco to reach an agreement which will allow the joint venture to go forward. In the absence of such an agreement at this time, the write-down was required. The Mel property consists of two components: the Mel Claims encompassing 14,700 ha and the Mel Lease of 750 ha.

Diamond drilling conducted on the Mel property in the winter 2005 program was located on the Mel Claims; six, widely spaced, drill holes, totalling 2,507 metres (8,223 feet), were completed. With the completion of the 2005 drilling, "high priority" UTEM geophysical targets previously defined by Inco have now been tested. All 2005 drill holes intersected sulphide and graphite mineralization, explaining the UTEM target on which each hole was collared. Only the first hole collared (DDH 112801) intersected weakly anomalous nickel mineralization – in the 0.12-0.13% range over several feet in approximately 70% sulphide.

On the Mel Lease, a single borehole EM survey was conducted on a drill hole located approximately 600 metres (2,000 feet) north of the Mel Deposit and completed in 2004. The survey produced a positive result, interpreted to be nickeliferous sulphide mineralization on the trend of the Mel Deposit. Also on the lease, overburden drilling highlighted the poor geotechnical characteristics of the clays overlying the Mel Deposit.

Cameron Lake The Cameron Lake Project consists of one mining lease encompassing 979 ha, contiguous mining claims totalling 3,728 ha and mineral rights connected to mineral patents at Rowan Lake of 94.78 ha. The surface rights to these mineral patents were sold during 2005. During the mid 1980s approximately $24 million was spent by a former partner of Nuinsco to develop the mine by ramp to the 865 foot level. A milling facility is required to bring this property to production.

Fieldwork at Cameron Lake in 2004 and early 2005 consisted of two diamond drill holes collared to test along strike and the down-plunge extension of the mineralized zone to depth below 300 metres. In addition, a technical report including a NI 43-101 compliant updated resource estimate was completed. In December 2005, the Company entered into an agreement whereby a third-party company will refurbish the 28 kilometre road to the Cameron Lake deposit with the addition of drainage, culverts and resurfacing. In excess of $450,000 will be spent on this work by the third-party company, which will significantly improve access to the site. The Company is reviewing its options to either bring the property to production or sell all or a portion of its interest to a third party.

Diabase Peninsula In December 2004, Nuinsco announced an agreement with Trend Mining Company to option the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan. During 2005, a field program commenced at Diabase Peninsula. Grid control was established over the central claim of the "original project" claim block. Transient EM geophysics was conducted during March over approximately 68 kilometres of the grid. Results show a continuous conductivity anomaly striking northeast between grid lines 1600N and 6600N – the anomaly extends off of the grid to both the north and south, remaining on Nuinsco claims. A second, parallel, anomaly occurs at the south end of the surveyed area, for a distance of approximately 800 metres. The geophysical survey is used to define linear zones of high conductivity within the underlying basement rocks. These conductors are believed to be graphite bearing shears that are considered to be important controls on uranium deposition and hence are useful exploration guides.

An airborne EM (Megatem) survey, flown by Fugro Surveys, was conducted in August. This survey covered the entire property at a 300 metre line spacing.

A prospecting crew was also active on the property in August and October. Samples were collected from boulders and outcrops on the grid established over the central claim of the "original project" claim block. This work was conducted to extend geochemical sampling beyond that of the historical surveys which identified anomalous alteration and clay mineralization associated with ground geophysical anomalies. Results are pending.

Diamond drilling commenced on the property in early December as planned. Eight drill targets were recommended from the anomalous results resulting from the ground TEM survey conducted in the spring of 2005. Prior to the Christmas break one drill hole was completed to 483 metres – the hole intersected the unconformity at 404.5 metres beneath Athabasca sediments and diabase. Beneath the unconformity, deformed graphite and sulphide bearing biotitic schist was intersected and is interpreted to be the Cable Bay Shear Zone. Samples have been submitted for both geochemical analysis and SWIR (for qualitative clay abundances). The observed mineralization in the basement generally explains the geophysical response. Assay/geochem results are at an early stage with little interpretation. Uranium values up to 60ppm have been obtained – this is 20-30 times background, but the significance of these values remains to be determined.

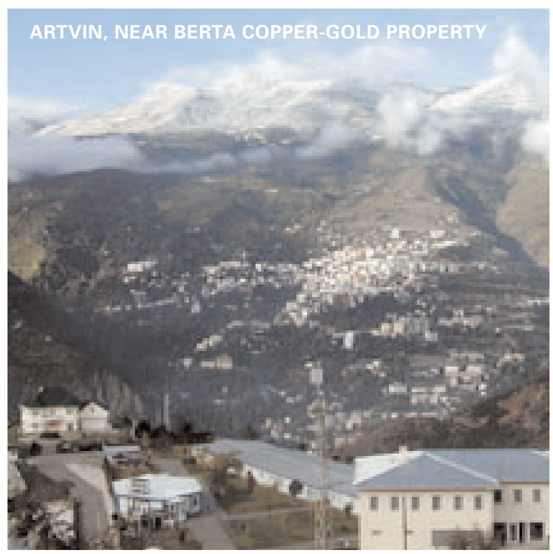
Minago The Minago project consists of two mining leases, ML-002 (247.23 ha) and ML-003 (176.85 ha), and ten mineral claims encompassing 1,324 ha. The project is 100% owned by Nuinsco. In 2005, the diamond drilling program on the project comprised six holes. Drilling started in early January and ended late in March, totalling 3,010 metres. Five drill holes were collared around the Minago Deposit, totalling 2,600 metres, to verify grade and geology reported in historic drill holes and to 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 the "North Limb," to assess the mineralization there.

All holes drilled in the main Nose Deposit were near to existing drill intersections to verify earlier results. Predictably all of the holes intersected the expected rock types and mineralization. Current assays results have varied somewhat when compared to historical results. This may be attributed to the use of different analytical techniques and uncertainty as to the exact location of some historic drill intersections. However, generally the drilling has confirmed the grade of the serpentinised, upper portion, of the deposit which constitutes the bulk of the resource at Minago as it is currently defined.

Data verification and check assaying of historic core was also conducted in conjunction with the drilling program. All of this work is part of an extensive and ongoing evaluation of the economic viability of Minago. Samples for metallurgical testing have also been collected from the 2005 drill core and sent to PRA Laboratories in Vancouver for processing.

Muriel Lake The property at Muriel Lake consists of 825 ha in contiguous mineral claims, located 75 kilometres north of Geraldton in northwestern Ontario. Results from a UTEM geophysical survey conducted on approximately 30 kilometres of grid line show two linear responses – a relatively stronger, continuous, 1,300 metre response in the north part of the claim group and a shorter, weaker response underlying the south part of the property. Subsequently, ground verification and prospecting was begun to assess the results of the geophysical survey. These activities were curtailed because of work restrictions resulting from forest fire risk. The region is known to host small, copper-zinc bearing, sulphide showings, several of which are on strike from the UTEM anomalies.

Fednor/Halliday In 2004, the Company and Wallbridge Mining Company Limited entered into an option agreement with Falconbridge/Noranda to explore the Abitibi greenstone belt near Timmins, Ontario. During 2005 Nuinsco and Wallbridge each spent the $0.5 million required to become vested with 50% of the property (25% each). A joint venture was formed in October whereby Falconbridge, Wallbridge and Nuinsco would fund 50%, 25% and 25% of expenditures respectively. Although the program has identified the source of a number of geophysical anomalies, no mineralization of economic significance has been found. Therefore Nuinsco has elected to not participate in the ongoing program and is accepting dilution on those portions of the property on which work has been conducted.



ARTVIN, NEAR BERTA COPPER-GOLD PROPERTY

Berta The Berta Joint Venture agreement was signed and announced in a press release on October 13, 2003. The Berta property is located approximately 50 kilometres from the Black Sea coast in northeastern Turkey. During 2004 soil sampling and mapping programs identified an extensive copper alteration system of some 15 square kilometres in area. Fieldwork commenced in mid-April with additional soil sampling on two areas associated with anomalous copper and gold values from the 2004 sampling. The new samples in-filled the pre-existing sample pattern to better define the anomalies. The sampling was completed in late April. Analytical results confirm earlier results that demonstrate widespread anomalous copper mineralization.

A diamond drill program commenced in July 2005 and upon completion in November comprised six drill holes totalling 1,030 metres. These holes constituted the initial drill test of the widespread copper and gold anomalies identified at surface in the earlier soil and rock sampling programs. Three drill holes collared to test copper in soil anomalies near the centre of the Berta mineralizing system confirm the well developed fracturing and sulphide mineralization, while analytical results from 398 samples demonstrate long intervals of anomalous copper mineralization, peaking at 4,530 ppm copper, to depths of up to 300 metres below surface. To the north, three shorter holes were collared specifically to test anomalous gold mineralization. Locally, values of up to 2.19 g/t gold were encountered over narrow widths with strongly anomalous zinc and copper mineralization.

By year-end 2005, the Company had expended the required US$0.35 million to become vested with 50% of the project. Results to date are considered to be sufficiently prospective to warrant continuation of the project. Falconbridge has confirmed participation under a joint venture and a budget has been established to execute a work program in 2006.

Elmalaan A Letter of Intent covering an option of the grassroots Elmalaan property, a high-grade copper-zinc prospect in northeastern Turkey, was signed with Falconbridge early in December. A definitive agreement is being drafted to allow fieldwork to commence. An exploration program will be formulated with Falconbridge. In total, US$0.25 million is to be expended before year-end 2006, including 1,000 metres of diamond drilling.

Lac Rocher Located in the Lac Rocher area of northwestern Québec, the Lac Rocher project hosts a small but high-grade nickel deposit which was a focus of the Company's activities in 1999-2000. No fieldwork was conducted during 2004 or 2005, however the Company is reconsidering the viability of this project given recent improvements in the market price of nickel.

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 shares, sale of properties and debt provided by insiders.

Year ended December 31, 2005

At December 31, 2005, the Company had working capital of $1.3 million, compared to working capital of $0.9 million at the end of 2004. In addition, from the issuance of flow-through common shares the Company had $2.1 million of cash available for exploration expenditures to be incurred in 2006, compared to $0.6 million at the end of 2005. For both periods, this amount includes $1.0 million representing the current portion of the Long-Term Receivable from the sale of the Rainy River property. In the year ended December 31, 2005, cash used for operating activities amounted to $0.9 million, compared to $0.7 million in 2004, and cash used for exploration activities amounted to $3.0 million, compared to $2.6 million in 2004. During 2005, equity financing activities provided $3.6 million, compared to $1.2 million in 2004. During 2005, the Company received $1.0 million from the sale of the Rainy River property, compared to $0.5 million in December 2004. Further payments of $1.0 million, payable in quarterly payments of $0.25 million, will be received during 2006. Cash on hand at the end of 2005 plus the cash which will be available from the sale of marketable securities is expected to be sufficient to fund the Company's ongoing administrative expenditures for 2006. Additional financing or property sales may be required to fund increased activity and costs to advance projects to production.

OUTLOOK

The Company continued to be very active on a number of its projects during 2005. Exploration and property evaluation costs totaled $3.0 million, compared to $3.1 million in 2004, and these levels of activity are expected to be sustained, and possibly increased, in 2006. The improved environment for metal prices that has been witnessed over the past 12-18 months is being called a super cycle and significantly alters the Company's ability to advance its high-quality projects through exploration as higher metal prices enhance both the attractiveness of mineral exploration projects in general and the access to capital for junior exploration companies like Nuinsco.

In Canada, the Diabase Peninsula property and Minago nickel project are expected to be a key focus for the Company during 2006. At the Lac Rocher property in northwestern Quebec, evaluation of the potential to mine the high grade resource is being reviewed and looks positive at current elevated nickel prices.

With the exercise of Falconbridge's right to participate in the Berta property in Turkey, accelerated activity is also expected to be generated at this project during 2006. Plans are to complete an airborne electromagnetic and magnetic survey (AEM and AMAG) to identify the most favourable targets not only on the Berta property but also on the Company's recently acquired Elmalaan property located nearby. The Company considers Turkey a very favourable environment which provides the potential for significant mineral discoveries.

While there is no guarantee that favourable economic conditions will prevail, metal prices are expected to remain buoyant with the continuing need for virtually all metals generated by increasing demand in both China and India. The Company is very optimistic that the current conditions will continue, allowing Nuinsco to develop into a junior mining company with exploration projects financed by cash flow from mining activities.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2005, the Company incurred fees in respect of services and consulting activities provided by directors and corporations controlled by them of $42,800 (2004 - $43,000).

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 in which 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.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the

Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The future volatility is also uncertain and the model has its limitations.

The Company's recoverability of the recorded value of its mineral properties and associated deferred exploration and development expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

OUTSTANDING SHARE DATA

At March 27, 2006, the Company had 105,727,412 common shares issued and outstanding. In addition, there were 1,052,632 common shares reserved as security on the convertible debt, 11,825,000 stock options granted and 10,106,590 share purchase warrants, compensation units and underlying warrants issued and outstanding which bring the fully diluted issued common shares to 128,711,634. The exercise of the warrants and options would generate approximately $ 7.0 million.

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.

CONTROLS AND PROCEDURES

As of December 31, 2005, an evaluation was carried out, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of December 31, 2005.

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.

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.

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 consolidated 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 consolidated 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 consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides an independent professional opinion thereon.

W. Warren Holmes Chief Executive Officer
March 27, 2006

René R. Galipeau Chairman and CFO
March 27, 2006

auditors' report

TO THE SHAREHOLDERS OF NUINSCO RESOURCES LIMITED

We have audited the consolidated balance sheet of Nuinsco Resources Limited as at December 31, 2005 and 2004 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, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Canada, March 27, 2006

consolidated balance sheets

As at December 31, (in thousands of Canadian dollars)	2005	2004
ASSETS		
Current		
Cash and cash equivalents	**$ 578**	$ 380
Cash for exploration expenditures (note 7)	**2,072**	618
Marketable securities (market value $1,543)	**316**	–
Accounts receivable	**46**	41
Current portion of long-term receivable (note 3)	**1,000**	1,000
Prepaid expenses	**29**	24
Total current assets	**4,041**	2,063
Long-Term Receivable (note 3)	**–**	1,000
Exploration and Development Projects (note 4)	**5,076**	7,124
Buildings and Equipment (note 5)	**41**	50
	$ 9,158	$ 10,237
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 714**	$ 583
Convertible Notes (note 6)	**200**	200
	914	783
SHAREHOLDERS' EQUITY (note 7)		
Share capital	**62,768**	59,832
Stock option compensation	**1,177**	926
Share purchase warrants	**406**	81
Contributed surplus	**1,049**	761
Deficit	**(57,156)**	(52,146)
Net shareholders' equity	**8,244**	9,454
	$ 9,158	$ 10,237

GOING CONCERN (note 1(b))

Approved by the Board of Directors

W. Warren Holmes Director

René R. Galipeau Director

See Notes to Financial Statements

consolidated statements of operations and deficit

Years ended December 31, (in thousands of Canadian dollars, except per share amounts)	2005	2004
Income		
Interest	**$ 8**	$ 18
Gain on sale of marketable securities	**400**	–
	408	18
Costs and Expenses		
General and administrative	**987**	723
Stock option compensation (note 7(b))	**364**	781
Amortization	**9**	10
(Recovery) loss on sale of exploration and development project (note 3)	**(555)**	7,226
Write-down of exploration and development projects (note 4)	**4,824**	1,166
Total costs and expenses	**5,629**	9,906
Loss before income taxes	**5,221**	9,888
Income tax recoveries (note 8)	**(211)**	(1,182)
Net loss for the year	**5,010**	8,706
Deficit, beginning of year	**52,146**	43,440
Deficit, end of year	**$ 57,156**	$ 52,146
Loss per share (note 2)	**$ 0.05**	$ 0.11
Weighted average shares outstanding	**93,585,190**	81,694,406

See Notes to Financial Statements

consolidated statements of cash flows

Years Ended December 31, (in thousands of Canadian dollars)	2005	2004
CASH PROVIDED FROM (USED BY):		
Operating Activities		
Net loss for the year	$ (5,010)	$ (8,706)
Items not affecting cash		
Stock option compensation	364	781
Reduction of future income taxes	(211)	(1,191)
Gain on sale of marketable securities	(400)	–
(Recovery) Loss on sale of exploration and development project	(550)	7,226
Write-down of exploration and development projects	4,824	1,166
Amortization	9	10
Changes in non-cash working capital (note 9)	121	45
Recovery of expenses – marketable securities	(16)	–
Cash used by operating activities	(869)	(669)
Financing Activities		
Issue of common shares	3,147	1,150
Issue of warrants	500	–
Cash provided from financing activities	3,647	1,150
Investing Activities		
Additions to exploration development projects	(3,026)	(2,617)
Sale of exploration and development property	250	–
Long-term receivable	1,000	–
Sale of marketable securities	650	–
Increase in buildings and equipment	–	(18)
Cash used by investing activities	(1,126)	(2,635)
Net increase (decrease) in cash during the year	1,652	(2,154)
Cash and Cash Equivalents, beginning of year	998	3,152
Cash and Cash Equivalents, end of year	$ 2,650	$ 998
Cash and Cash Equivalents		
Cash and cash equivalents	$ 578	$ 380
Cash for exploration expenditures	2,072	618
	$ 2,650	$ 998

See Notes to Financial Statements

notes to consolidated financial statements

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 base metal properties in Canada and Turkey. The Company may conduct its activities on its own or participate with others on a joint venture basis. The recoverability of the cost of projects is dependent upon the discovery of economically recoverable mineral reserves, the Company's ability to finance the development of a project and its future profitable operation or, alternatively, upon the profitable disposal of a 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 and/or sale of resource properties for its funds.

Several conditions cast doubt on the validity of the Company's application of the going concern principle. During the years ended December 31, 2005 and December 31, 2004, the Company incurred losses of $5,010,000 and $8,706,000, respectively. These losses included non-cash property write-downs of $4,824,000 in 2005 and a loss on the sale of the Rainy River property of $7,226,000 plus write-downs of exploration and development projects of $1,166,000 for the year ended December 31, 2004. As at December 31, 2005, the Company had working capital of $1,255,000 (excluding the cash on hand for exploration expenditures). During the year ended December 31, 2005, the Company was able to complete equity financings and received $1,650,000 as a result of selling a major exploration property in 2004. This sale will provide additional funds during 2006 of up to $2,500,000, including $1,000,000 from receivables and $1,500,000 from the sale of the balance of the shares based on the market value of shares of Rainy River Resources Ltd. ("Rainy River") at the end of 2005.

Should the Company not be able to continue to obtain financing for exploration activities and administration costs 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 in accordance with 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.

Exploration and Development Projects

Exploration and development projects include the direct costs related to the various mineral properties, including cost of acquisition of the properties and deferred exploration and development expenses net of any recoveries.

These costs are capitalized and accumulated on a property-by-property basis and will be amortized as operating expenses against such future revenue using a unit of production method based upon estimated proven and probable mineral reserves.

On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration and development activities that are warranted in the future or if there is any impairment in the carrying value. An impairment loss would be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value.

The carrying values of exploration and development projects represent unamortized net costs incurred to date and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, upon the Company's ability to obtain the necessary financing to complete the development and upon future profitable production.

Buildings and Equipment

Buildings and equipment are recorded at cost. Amortization is provided over the related assets' estimated useful life using the declining-balance method at an annual rate of 10% for buildings and 20% for equipment.

Cash and Short-Term Deposits

Cash and short-term investments consist of balances with banks and investments in money market instruments. These investments are carried at cost, which approximates market value. Cash and cash equivalents consist of investments with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities greater than 90 days at the date of purchase.

Cash raised for exploration activities through the issuance of flow-through shares is restricted and is shown on the balance sheet as "Cash for exploration expenditures."

Marketable Securities

Short-term investments in marketable securities are recorded at the lower of cost or market value. The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. When there has been a loss in the value of an investment in marketable securities that is determined to be other than a temporary decline, the investment is written down to recognize the loss. The securities are valued at cost. The market value of the marketable securities holdings at December 31, 2005 exceeds cost.

Asset Retirement Obligations

On January 1, 2004, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110 – "Asset Retirement Obligations" ("CICA 3110") which requires that the fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. The adoption of CICA 3110 has been applied retroactively without any material change to the consolidated financial statements since it has been determined there are no asset retirement obligations.

Stock-based Compensation Plans

Stock Option Plan

The Company has in effect a stock option plan which is described in Note 7(b) and which is accounted for using the recommendations issued by the Canadian Institute of Chartered Accountants, handbook section 3870 "Stock-based compensation and other stock-based payments." The standard requires that all stock-based awards made to employees and non-employees be measured and recognized at the date of grant using a fair value-based method to calculate compensation expense. Compensation expense is charged to income over the vesting period of the options or service period, whichever is shorter.

Share Incentive Plan

The Company has a share incentive plan (the "Share Incentive Plan"), which consists of a share purchase plan (the "Share Purchase Plan"), and a share bonus plan (the "Share Bonus Plan"). The Share Bonus Plan is administered by the directors of the Company. The Plan provides that eligible persons thereunder include directors, senior officers and employees of the Company and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of the business.

The Share Incentive Plan is described in note 7(d). The Company uses the fair value method of accounting for, and to recognize as compensation expense, its stock-based compensation for employees. Shares issued under the Share Incentive Plan are recorded at the issue price.

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 year. Actual results could differ from those estimates. Management believes those estimates are reasonable. The assets which require management to make significant estimates and assumptions in determining carrying values include exploration and development projects.

Financial Instruments

Financial instruments are initially recorded at historical cost. The Company's financial instruments consist of cash equivalents, accounts receivable, accounts payable and accrued liabilities and convertible notes. The fair value of financial assets and liabilities approximates their recorded amounts because of the short period to receipt or payment of cash.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates enacted is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Flow-Through Shares

The Company financed 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. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the statement of operations.

Loss Per Share

The Company uses the treasury stock method in assessing the diluted loss per share. Due to reported losses, diluted loss per share data is the same as loss per share as the assumed exercise of stock options and warrants are anti-dilutive. Loss per share amounts are calculated using the weighted average number of shares outstanding during the year.

3 MARKETABLE SECURITIES AND LONG-TERM RECEIVABLE

In December 2004, the Company sold its Rainy River property to a private company which later went public under the name Rainy River Resources Ltd. ("Rainy River"). The terms of the sale include cash payments totalling $2,500,000 over two years, of which $500,000 was paid on execution of the agreement. The balance of $2,000,000 was set up as a "Long-Term Receivable" and is receivable in quarterly amounts of $250,000 commencing on March 15, 2005. During 2005 the Company received $1,000,000 of this receivable and the balance of $1,000,000 is receivable in 2006. An additional amount of $2,500,000 will be received on the date commercial production commences and a royalty of $1 per ton of ore produced will be received. In addition, Nuinsco was granted 7% of the fully diluted capital of Rainy River and, for a period of five years, has the right to maintain its 7% interest in the public company by participating in any subsequent equity financings. All of the amounts receivable are secured by a mortgage on the property. As a result of the sale of the Rainy River property in December 2004, the Company recorded a loss on the sale of exploration and development project of $7,226,000.

In 2005, pursuant to the sales agreement, the Company received 2,197,380 common shares of Rainy River which were valued at $0.25 per share. This was recorded as "(Recovery) loss of the sale of exploration and development project" on the consolidated statement of operations and deficit. Profits from the sale of these shares will be recorded as a gain or loss on sale of marketable securities. The Long-Term Receivable and the value of the shares of Rainy River received have been set up in the accounts, as the recoverability of the other amounts under the sales agreements can not be determined at the date of the financial statements.

4 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.

($'000s)	Balance December 31, 2004	Current Expenditures	Write-downs, Losses and Recoveries (1)	**Balance December 31, 2005**
Diabase	$ 22	$ 897	$ –	**$ 919**
Lac Rocher	1,686	23	(16)	**1,693**
Mel Properties	3,431	475	(3,906)	**–**
Cameron Lake	662	119	(250)	**531**
Minago	434	724	–	**1,158**
Prairie Lake	325	–	(325)	**–**
Fednor/Halliday	417	120	(537)	**–**
Berta	64	469	–	**533**
Other	83	199	(40)	**242**
	$ 7,124	$ 3,026	$ (5,074)	**$ 5,076**

(1) Includes a recovery of $250,000 from the sale of surface rights on Cameron Lake project.

($'000s)	Balance December 31, 2003	Current Expenditures	Write-downs	Balance December 31, 2004
Rainy River (note 3)	$ 9,355	$ 371	$ (9,726)	$ –
Lac Rocher	2,726	32	(1,072)	1,686
Mel Properties	2,059	1,372	–	3,431
Cameron Lake	390	272	–	662
Minago	69	365	–	434
Prairie Lake	309	16	–	325
Fednor/Halliday	3	414	–	417
Berta	–	64	–	64
Other	3	196	(94)	105
	$ 14,914	$ 3,102	$ (10,892)	$ 7,124

(a) 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 on 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).

In 2005, the Company wrote off $15,575 (2004 - $1,072,000) for prior expenditures incurred on areas of the property where the Company is no longer focusing.

(b) 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 “Mel 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 Mel Properties by incurring qualified expenditures of $6,000,000 in the five-year period ending August 31, 2005. Subject to the Company incurring the required expenditures and exercising its option, Inco has the right to earn back a 51% interest in the Mel Properties by incurring expenditures of $6,000,000 over a four-year period following the date of exercise of the Company’s option. In late 2004, the agreement was amended so that the earn-in period was extended to February 28, 2006. To December 31, 2005, $3,906,000 has been spent towards the expenditure requirement.

Inco is the manager of the exploration phase and has the right to purchase ores produced from the Mel Properties. The Company has the option to manage the development and operation of any mines developed on the Mel Properties. Subject to the Company earning its 100% interest in the Mel 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 Mel Properties, the other party has a right of first refusal.

The agreement expired on February 28, 2006. As such the Company was required to write off its past expenditures incurred on the property to December 31, 2005 amounting to $3,906,000. The Company is in discussions with Inco to reach an understanding on the property ownership going forward.

(c) Diabase Peninsula

In December, 2004 Nuinsco entered into an agreement with Trend Mining Company to option the Diabase Peninsula property in the Athabasca Basin of northern Saskatchewan. At year end 2005 the property consisted of eight contiguous claims encompassing 18,646 ha. Three claims are optioned while five were staked by Nuinsco; all are subject to the option agreement with Trend Mining. Exploration for uranium has been ongoing at Diabase Peninsula since March 2005; by year end ground and airborne geophysical surveys had been completed as had geochemical prospecting and reconnaissance mapping, while a diamond drilling program commenced in December.

(d) Berta

On October 13, 2003 the Company entered into the Berta Joint Venture Agreement with Falconbridge. The Berta property is located approximately 50 kilometres from the Black Sea coast in northeastern Turkey. Pursuant to the agreement the Company was required to US$350,000 to earn a 50% interest in the project.

As a result of the work programs conducted by Nuinsco during 2005, the Company became vested with 50% of the project at year-end 2005. Falconbridge has confirmed participation under the joint venture and will participate prorata in future expenditures. Falconbridge is the operator of the project.

(e) Cameron Lake

The Cameron Lake project consists of one mining lease encompassing 979 ha, contiguous mining claims totalling 3,728 ha and mineral patents at Rowan Lake of 95.7 ha. The surface rights to the Rowan lake property were sold in 2005. A NI 43-101 compliant report and resource estimate was completed. During the mid-1980s, approximately $24,000,000 was spent on the project by a former shareholder to develop the property by ramp to the 860 foot level.

(f) Minago

The Minago project consists of two mining leases, ML-002 (247.23 ha) and ML-003 (176.85 ha), and ten mineral claims encompassing 1,324 ha. The project is 100% owned by the Company. During 2005 Nuinsco conducted significant data verification and validation program that included drilling a series of five holes collared to support and confirm the historic drill hole data, resampling of historic drill core and vetting, and correction and digitization of historic data. A single drill hole was also collared to assess extensions to the nickel mineralized rock that comprises the main Nose Deposit which hosts the resource. A 43-101 compliant report and resource estimate was also completed.

(g) Prairie Lake

The Prairie Lake property consists of 600 ha of mineral claims. No work was conducted by Nuinsco during 2005 and the carrying value of the property was written off. A third party is conducting diamond exploration on this property under an option agreement.

(h) Fednor/Halliday

In 2004, the Company and Wallbridge Mining Company Limited entered into an option agreement with Falconbridge/Noranda to explore the Abitibi greenstone belt near Timmins, Ontario. During 2005 Nuinsco and Wallbridge each completed the expenditure of $500,000 required to become vested with 50% of the project (25% each). A joint venture was formed in October whereby Falconbridge, Wallbridge and Nuinsco would fund 50%, 25% and 25% of expenditures respectively. Although the program has identified the source of a number of geophysical anomalies, no mineralization of economic significance has been found. As a result, Nuinsco has elected to not participate in the ongoing program and is accepting dilution on those portions of the project on which work has been conducted. The carrying value of $537,000 was written off in 2005.

(i) Other

Other properties include Muriel Lake which consists of seven contiguous claims comprising 825 ha. During 2005 a program of line cutting and ground geophysics was conducted over a portion of the property. The claims encompass base metal showings with copper and zinc mineralization. Late in 2004, a ground geophysics survey identified anomalous trends. Some of these were investigated during 2005 with a prospecting and sampling program. More work is required to complete the assessment of the property.

5 BUILDINGS AND EQUIPMENT

		2005		2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 20,700	$ 17,600	$ 3,100	$ 3,400
Equipment	247,900	210,400	37,500	46,800
	$ 268,600	$ 228,000	$ 40,600	$ 50,300

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 $22,516 in 2005 and $21,462 in 2004. 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 2005 and 2004:

	Number of Shares	Amount ($'000s)
Balance – December 31, 2003	81,042,498	$ 59,881
Warrants exercised	200,000	48
Private placements	3,000,000	526
Issue of flow-through shares	2,472,904	568
Renunciation of flow-through share value (note 7((a)(v))	–	(1,191)
Balance – December 31, 2004	86,715,402	$ 59,832
Options exercised	–	–
Issued for property	50,000	12
Private placements	4,720,978	563
Issue of flow-through shares	14,241,032	2,572
Renunciation of flow-through share value (note 7((a)(v))	–	(211)
Balance – December 31, 2005	**105,727,412**	**$ 62,768**

(i) In December 2005, the Company issued 2,512,118 flow-through common shares at $0.17 per common share for gross proceeds of $427,060. Insiders of the Company purchased approximately 83% of the issue. Proceeds from the issue will be used for exploration activities during 2006.

(ii) In December 2005, the Company completed two flow-through common share financings and issued 5,360,000 flow-through share units at $0.20 per unit, for gross proceeds of $1,072,000 to finance part of the 2005 and 2006 exploration programs. Each unit comprised one flow-through common share and one half common share purchase warrant. The holder of a full warrant is entitled to purchase one common share at $0.25 for two years. In addition, the Company issued 2,875,568 common share units at $0.15 per unit for gross proceeds of $431,335. Each unit comprises one common share and one half common share purchase warrant, with each full warrant entitling the holder to purchase one common share for $0.25 for a period of two years.

As part of the above two financings in December 2005, the agents were granted 658,845 compensation warrants (the "Compensation Warrants"). The holder is entitled to purchase one common share for $0.17 for each Compensation Warrant held for a period of two years.

(iii) In April, 2005, the Company issued 6,368,914 flow-through share units at $0.26 per unit for gross proceeds of $1,655,918. Each flow-through share unit is comprised of one flow-through share and one flow-through share purchase warrant. Each flow-through share purchase warrant is exercisable to purchase one flow-through share at $0.40 per share until December 2005. The warrants were not exercised.

The Company also issued 1,145,410 common share units at $0.22 per share for gross proceeds of $251,990. Each common share unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable to purchase one common share at $0.40 per share until April 2007.

As part of the financing the agents were granted 751,432 compensation warrants ("Compensation Warrants") which entitle the holder to purchase one common share and one common share purchase warrant for $0.26 until April 2007 for each Compensation Warrant held. Each warrant entitles the holder to purchase one common share for $0.40 until April 2007

(iv) In January 2005, the Company issued 700,000 common 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 common share at $0.30 until January 2007.

As part of the financing the agents were granted 19,500 compensation warrants (the "Compensation Warrants"). Until January 2007, the Compensation Warrants entitle the holder to purchase one common share for $0.20 and receive an equivalent number of half warrants. Each whole warrant entitles the holder to purchase one common share at $0.30 per share until January, 2007.

(v) During the year ended December 31, 2004 the Company completed a flow-through common share financing for gross proceeds of $618,266 to finance part of the 2005 exploration program. At December 31, 2004 none of the exploration expenditures of the flow-through shares issued had been incurred and that amount has been set-aside on the balance sheet.

During the year ended December 31, 2004, the Company completed a private placement of 3,000,000 common shares at $0.20 per share for gross proceeds of $600,000. As part of the financing, investors who were not insiders of the Company were granted 1,000,000 half share purchase warrants. Each whole share purchase warrant entitles the holder to purchase one share for $0.30 until December 2006.

As part of the above two financings in 2004 the agents were granted 243,102 compensation warrants (the "Compensation Warrants"). On exercise, the holder is entitled to purchase one common share for $0.20 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 December 2006.

(vi) In February 2005, the Company renounced $618,000 (2004 - $3,489,000) in Canadian exploration expenditures to purchasers of flow-through shares in 2004. The tax value of this renunciation amounts to $211,000 (2004 - $1,190,000) and 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.

(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 common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to 10 years. No compensation is recognized when options are exercised. The number of shares reserved for issuance is not to exceed 15% of the aggregate number of common shares issued and outstanding (calculated on a non-diluted basis) from time to time. At December 31, 2005, the Company had 4,034,000 common shares available for the granting of future options.

A summary of the status of the plan and changes during 2005 and 2004 are presented below:

	Number of Options	Average Exercise Price	Amount
Outstanding, December 31, 2003	4,845,400	$ 0.56	$ 155,000
Options granted	4,825,000	0.41	781,000
Options exercised	(200,000)	0.20	(8,000)
Options expired	(670,400)	0.93	(2,000)
Outstanding, December 31, 2004	8,800,000	$ 0.47	$ 926,000
Options granted	4,275,000	0.20	364,000
Options expired or cancelled	(1,250,000)	0.72	(113,000)
Outstanding, December 31, 2005	**11,825,000**	**$ 0.40**	**$ 1,177,000**

The unexercised options, all of which are currently exercisable, expire at various dates through to January 2014 at prices ranging from $0.165 per share to $1.44 per share.

The following table summarizes further information about the stock options outstanding at December 31, 2005:

Range of Exercise Prices	Options Outstanding	Years to Expiry (1)	Price (1)
$0.165 - $0.20	5,325,000	5.54	$ 0.20
$0.25 - $0.44	5,525,000	7.91	$ 0.38
$0.50 - $1.44	975,000	1.90	$ 1.16
$0.165 - $1.44	11,825,000	6.35	$ 0.40

(1) In this table, “years to expiry” and “price” have been calculated on a weighted average basis.

The weighted average grant date fair value of options granted during 2005 was $0.085 (2004 - $0.12) per share. The grant of the 4,275,000 options during 2005 to employees, directors and consultants resulted in a compensation expense totalling $364,000 compared to 4,825,000 options resulting in compensation expense totalling $781,000 during 2004. The fair value of options granted has been estimated at the date of grant using the Black-Scholes option-pricing model, with the following assumptions:

Option Assumptions	**2005**	2004
Dividend Yield	**–**	–
Expected volatility	**67%**	30.0%
Risk free interest rate	**3.5%**	4.2%
Expected option term – years	**3**	8
Fair value per share of options granted	**$ 0.0078 - $ 0.0085**	$ nil - $0.20

(c) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price	Amount ($'000s)
Balance – December 31, 2003	10,884,949	$ 0.43	65
Issued for cash	500,000	0.30	6
Compensation warrants	243,102	0.20	9
Underlying warrants	121,551	0.30	1
Expired	(624,000)	0.45	–
	11,125,602	$ 0.42	81
Balance – December 31, 2004			
Issued for cash	7,050,978	0.28	267
Flow-through warrants	6,368,914	0.40	108
Issued on exercise of Compensation Warrants	1,429,777	0.22	92
Underlying warrants	761,182	0.40	31
Expired	(16,629,863)	0.42	(173)
Balance – December 31, 2005	**10,106,590**	**$ 0.28**	**406**

At December 31, 2005 the following shares are reserved for issuance on the exercise of share purchase warrants (note 6(a)):

Exercise Price	Number	Expiry
$0.20	243,102	Dec. 2006
$0.30	621,551	Dec. 2006
$0.30	350,000	Jan. 2007
$0.30	9,750	Jan. 2007
$0.30	19,500	Jan. 2007
$0.40	1,145,410	Apr. 2007
$0.26	751,432	Apr. 2007
$0.40	751,432	Apr. 2007
$0.25	2,505,000	Nov. 2007
$0.17	658,845	Dec. 2007
$0.25	175,000	Dec. 2007
$0.25	2,875,568	Dec. 2007
	10,106,590	

(d) Share Incentive Plan

At the annual meeting of shareholders held on May 27, 2005, shareholders of the Company approved a new share incentive plan ("Share Incentive Plan") which includes both a share purchase plan (the "Share Purchase Plan") and a share bonus plan (the "Share Bonus Plan").

The purpose of the Share Incentive Plan is to encourage ownership of the common shares by directors, senior officers and employees of the Corporation and its designated affiliates and consultants who are primarily responsible for the management and profitable growth of its business, to advance the interests of the Corporation by providing additional incentive for superior performance by such persons and to enable the Corporation and its designated affiliates to attract and retain valued directors, officers, employees and consultants.

Under the Share Purchase Plan, eligible directors, senior officers and employees of the Company and its designated affiliates and consultants can contribute up to 10% of their annual basic salary before deductions to purchase common shares. The Company matches each participant's contribution. The purchase price per common share is the volume weighted-average of the trading prices of the common shares on The Toronto Stock Exchange for the calendar quarter in respect of which the common shares are issued. Common shares acquired are held in safekeeping and delivered to employees as soon as practicable following March 31, June 30, September 30 and December 31 in each calendar year. No common shares were issued pursuant to the Share Purchase Plan during 2005. The maximum number of common shares issuable under the Share Purchase Plan is the lesser of: (i) that number of common shares that can be purchased with a dollar amount equal to 20% of the annual gross annual salary of the Participants (as defined in the Share Incentive Plan); and (ii) 1% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time to time.

The Share Bonus Plan permits common shares to be issued as a discretionary bonus to eligible directors, senior officers and employees of the Company and its designated affiliates, and consultants from time to time. For the year ended December 31, 2005, no common shares were issued under the Share Bonus Plan. The maximum number of common shares issuable under the Share Bonus Plan is the lesser of: (i) 2,000,000 common shares; and (ii) 2% of the aggregate number of issued and outstanding common shares (calculated on a non-diluted basis) from time to time.

8 INCOME TAXES

The Company's 2005 income tax recovery amount of $211,000 relates to a renunciation of flow-through shares (note 7(a)(vi)). For 2004, the income tax recovery amount of $1,182,000 relates to a renunciation of flow-through shares (note 7(a)(vi)) less an amount paid for large corporations tax.

The reconciliation of the combined Canadian federal and provincial statutory income tax rate aggregating to 36.12% (2004 - 40%) to the effective tax rate is as follows:

	2005	2004
Statutory rate applied to loss for year	**$ 1,810,000**	$ 3,953,000
Non taxable items	**(1,533,000)**	(3,673,000)
Large corporations tax	**–**	9,000
Valuation allowance	**(488,000)**	(1,471,000)
	$ (211,000)	$ (1,182,000)

The Company has accumulated losses for tax purposes of approximately $3,247,000 which expire in various years to 2015 as follows:

2006	$ 245,000
2007	221,000
2008	308,000
2009	90,000
2010	679,000
2014	940,000
2015	764,000
	$ 3,247,000

Future income tax assets and liabilities are recognized for temporary differences between the carrying value of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		2005		2004
Future income tax assets				
Temporary differences				
Eligible capital property	$	326,000	$	361,000
Equipment		70,000		77,000
Exploration and development		3,721,000		4,341,000
Foreign exploration and development		196,000		–
Share issue costs		203,000		115,000
Net tax losses carried forward		1,173,000		985,000
		5,689,000		5,879,000
Valuation allowance for future income tax assets		(5,689,000)		(5,879,000)
Future income tax assets, net	$	–	$	–

A valuation allowance has been recorded equal to the full amount of the future income tax benefit as the likelihood of utilizing unused tax losses cannot be determined at this time, and accordingly, the Company has no income tax recoveries.

9 CHANGES IN NON-CASH WORKING CAPITAL

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

		2005		2004
Accounts receivable and prepaid expenses	$	(10,000)	$	(35,000)
Accounts payable and accrued liabilities		131,000		80,000
	$	121,000	$	45,000

10 RELATED PARTY TRANSACTIONS

(a) The aggregate of amounts in respect of services and consulting fees paid or payable by the Company for the years ended December 31, 2005 and 2004 to directors and corporations controlled by them was $42,800 and $43,000, 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 prior to April 26, 2005. 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.

OFFICERS

W. Warren Holmes
Chief Executive Officer

René R. Galipeau
Chief Financial Officer

Brian E. Robertson
President

Paul L. Jones
Vice-President, Exploration

CORPORATE OFFICE

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940 The East Mall, Suite 110
Toronto, Ontario M9B 6J7

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E-mail admin@nuinsco.ca
Web site www.nuinsco.ca

uranium copper
nickel gold zinc

BOARD OF DIRECTORS

Chairman
René R. Galipeau (2)(5)*

Directors
W. Warren Holmes (2)*(3)(5)
Frank J. Crothers (1)(2)(3)*
George F. Archibald (3)(4)
Tom W. Judson
Peter N. Thomson (1)(3)
David M. Lewis (5)
Howard R. Stockford (2)(4)*
T. Mike Young (4)(5)
Howard Barth (1)*

Committee Chair *
Member of the Audit Committee (1)
Member of the Corporate Governance Committee (2)
Member of the Compensation Committee (3)
Member of the Technical Committee (4)
Member of the Strategy Committee (5)

TRANSFER AGENT

Computershare Investor Services
Toronto, Ontario

AUDITORS

Flabbi & Elder LLP
Chartered Accountants
Toronto, Ontario

LEGAL COUNSEL

Marvin J. Singer
Macleod Dixon LLP
Toronto, Ontario

Shareholders are cordially invited to attend the Annual General Meeting on Wednesday June 14, 2006, beginning at 11:00 a.m. Toronto time at the Dominion Club, 1 King St. W., Toronto.

DESIGN AND LAYOUT KOBALT DESIGN AND COMMUNICATIONS INC TORONTO CANADA

nuinsco
RESOURCES LIMITED