REPORT TO SHAREHOLDERS

During the second quarter your Company focused on:

- advancing its nickel properties located in the Thompson Nickel Belt of Manitoba
- upgrading the status of its Rainy River and Cameron Lake properties by the completing and filing of 43-101 resource estimates, and on
- exploration drilling for base metal potential on its Timmins Joint Venture project.

Mel Project
Following the winter 2004 drill program at the Mel Property, Inco Ltd. completed an updated resource estimate for the deposit. The total measured and indicated resource is now estimated to be 3.03 million tons averaging 0.77 % nickel. The significant increase in the estimated mineral resource enhances the potential of advancing the property to production as does its close proximity (40 kilometres by road) to Inco's Thompson facility. The mineral resource estimate will be used for a preliminary economic evaluation of mining the deposit using open pit mining methods, and shipping the ore to Thompson for treatment. Amec PLC, an internationally recognized mining engineering firm, has been engaged to carry out this evaluation. Metallurgical test work is currently being planned.

Minago Project
The historical drill hole data from the Minago deposit (Thompson Nickel Belt) has been re-examined to determine if areas between known mineralized lenses are of sufficient grade to support a large-scale open pit mining operation. As part of the study, MIRARCO Mining Innovation has developed a virtual reality 3D model of the deposit and an updated mineral resource estimate. This work is ongoing and is expected to be completed in the third quarter of 2004. Additional diamond drilling is planned to test attractive exploration targets on the property, and to gather additional data on the deposit.

Abitibi Belt
Exploration work continued on the Timmins JV with Falconbridge/Noranda and Wallbridge Mining. The JV has exploration projects on two properties– the FedNor and the Halliday Dome. The JV is testing prospective airborne geophysical responses with combined ground geophysics and diamond drilling to outline copper/zinc and nickel/copper mineralization targets. Diamond drilling has commenced and five holes totaling 1,232 metres have been completed. Although no economic mineralization was intersected, diamond drilling will continue for the remainder of the year, testing the many high priority targets on the properties.

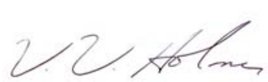
Other Projects
While our focus has been on the development of our Mel and Minago projects, and on our Timmins JV exploration we have also been talking to other companies regarding the potential joint venture or sale of our valuable gold assets at Cameron Lake and Rainy River. This will allow us to focus on the nickel assets. 43-101 resource studies have been completed on both properties.

Corporate
The Board of Directors has been further strengthened with the addition of David Lewis. David's experience in building and managing large global investment funds will be invaluable as we move from the exploration phase to the mine development phase for projects such as Mel and Minago.

The Company currently has adequate flow through dollars to carry out its ongoing exploration programs for 2004. There is a working capital deficit of $503,000, excluding the cash for exploration expenditures, which will be covered with a financing during the third quarter.

Summary
The Company has, over the first six months of 2004, advanced exploration efforts on both the Mel and Timmins JV and has moved both the Mel and Minago projects a step closer to production decisions. We will improve our efforts to keep our shareholders and the investor community updated on our progress. This is a very exciting time for Nuinsco, and while the stock price has not appreciated, we are excited about our projects and believe that our shareholders will be rewarded for their patience.

On behalf of the Board of Directors



W. Warren Holmes
President and CEO
Aug 12, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS
Three Months and Six Months Ended June 30, 2004

This Management Discussion and Analysis is dated August 12, 2004 and reflects the three-month and six-month periods ended June 30, 2004 and should be read in conjunction with the interim consolidated financial statements and the Management Discussion and Analysis included in the 2003 Annual Report. The Company also published an Annual Information Form. These documents along with others published by the Company are available on SEDAR at www.sedar.com or from the office of the Company.

OVERALL PERFORMANCE

During 2004, the Company undertook extensive exploration on its mineral properties in Manitoba. The majority of expenditures (67%) were incurred on the Mel Property in Thomson Manitoba where the drilling identified 3.03 million tons of measured and indicated resources at a grade of 0.77% nickel. Amec plc has been engaged to carry out a preliminary economic evaluation of mining this deposit by open pit. The Company has spent $3.43 million of a $6.0 million requirement to earn 100% interest in the project. Inco has the right to earn back a 51% interest in the project.

Work continues on evaluating the Minago deposit located south of Thomson at the south end of the Thompson Nickel Belt. Modelling of the previous drilling information, which identified 10.9 million tonnes grading 1.19% nickel, has been completed and Mirarco's virtual reality modelling technology has been used to re-evaluate the mining potential of the deposit. Indications are that a significant low-grade deposit exists which could be amenable to open pit mining. Calculations are continuing and will be enhanced with an exploration program being planned for later this year.

Management continues its Timmins Joint Venture exploration program, and the evaluation of new exploration projects.

The Company has sufficient funds to continue its exploration activities during the balance of 2004. However, it requires funds immediately to continue its corporate and administrative activities and to fund its bank overdraft and accounts payable. Plans are underway to acquire this funding and to acquire additional exploration funding.

SELECTED ANNUAL INFORMATION

Fiscal Years Ended, December 31,	2003	2002	2001
Interest income	$ 10,000	$ 1,000	$ 28,000
Loss for the year	$ 3,515,000	$ 2,128,000	$ 4,089,000
Loss per share - basic and diluted	$ 0.05	$ 0.04	$ 0.08
Total assets	$ 18,173,000	$ 16,842,000	$ 17,800,000
Total long-term liabilities	$ 200,000	$ 200,000	$ -

RESULTS OF OPERATIONS

For the three months ended June 30, 2004, the Company incurred a loss of $765,000 or $0.01 per share compared to a loss of $145,000 in the same period of 2003. General administrative expenses were $189,000 during the second quarter of 2004 compared to $143,000 for the same period in 2003. General exploration expenses of $13,000 were incurred for the technical evaluation of new projects in the USA. In the current period, $558,000 of the loss was a write down of a portion of deferred exploration expenditures incurred on the Lac Rocher project.

For the six-month period ended June 30, 2004, the Company incurred a loss of $621,000 or $0.01 per share compared to a loss of $336,000 or $0.01 per share in the same period of 2003. General administrative expenses were $392,000 during the first half of 2004 compared to $268,000 for the same period in 2003. This reflects increased activities related to reviewing new projects, legal costs on financing opportunities and general corporate activities. Other expenses include a charge of $852,800 for the fair value attributed to 4,075,000 stock options granted during the first quarter of 2004 and the $558,000 write down of Lac Rocher. In the same period in 2003, 1,250,000 stock options granted were valued at $64,000. These expenses were offset in part by the recognition of previously unrecorded tax assets amounting to $1,191,000 which were recognized with the renunciation of the tax benefits of the flow-through share expenditures.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the first two quarters of fiscal 2004 and each of the quarters of fiscal 2003 and 2002.

Fiscal year 2004	2nd Quarter	1st Quarter
Revenue	$ 6,000	$ 11,000
(Loss) income	$ (765,000)	$ 144,000
(Loss) income per share –basic and fully diluted	$ (0.01)	$ -

Fiscal year 2003	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	$ 9,000	$ -	$ 1,000	$ -
Loss	$ (3,041,000)	$ (138,000)	$ (145,000)	$ (191,000)
Loss per share –basic and fully diluted	$ (0.05)	$ -	$ -	$ -

Fiscal year 2002	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	$ (2,000)	$ -	$ -	$ 3,000
Loss	$ (1,459,000)	$ (84,000)	$ (471,000)	$ (114,000)
Loss per share –basic and fully diluted	$ (0.05)	$ -	$ (0.01)	$ -

EXPLORATION AND DEVELOPMENT ACTIVITIES

Exploration activities accelerated during 2004. The financing completed towards the end of 2003 allowed the Company to advance several projects. A total of $1,749,000 was incurred on exploration during the first half of 2004 compared to $711,000 for the same period of 2003 of which $1,195,000 was spent on the Mel Property in 2004 compared to $577,000 in 2003. Complete details of the mineral properties can be reviewed in the 2003 Annual Report.

Mel Project

During the second quarter of 2004, Nuinsco received an updated resource estimate for the Mel deposit. An estimated 3.03 million tons of measured and indicated resources averaging 0.77% nickel lies between depths of 46 and 183 metres. This mineral resource will be used as input for a preliminary economic evaluation of mining the upper section of the Mel deposit by an open pit, followed by underground mining for extraction of the remaining estimated mineral resources. Amec plc has been engaged to carry out the evaluation, expected to be completed in the third quarter of 2004.

Nuinsco has spent a total of $3.43 million to date on this project and must spend $6.0 million by February 28, 2006 to earn a 100% interest. Inco has the right to earn back a 51% interest in the project.

Rainy River Project

In May 2004, Nuinsco completed an independent 43-101 resource estimate of the #17 gold zone at Rainy River, Northwestern Ontario. This resource study identified 1,736,000 tonnes of 1.56 g/t gold in the indicated category and 11,025,000 of 1.33 g/t gold in the inferred category. The deposit has been outlined along 800 metre strike length to a vertical depth of 200 metres. The average width of the zone is 70 metres. The study employed a 0.7 g/t gold cut off and a gold price of $US 375.

Nuinsco is currently negotiating with third parties to continue exploration of the property by way of a joint venture agreement.

Cameron Lake

In April 2004, an updated independent 43-101 resource estimate was calculated for the Cameron Lake gold deposit. The resource study is tabulated below:

Above 305 m	**Tonnes**	**Au g/t**	**Au oz**
Measured	187,000	6.77	40,700
Indicated	380,000	6.44	78,700
Inferred	258,000	6.02	49,900

Below 305m	**Tonnes**	**Au g/t**	**Au oz**
Measured			
Indicated	5,000	5.62	900
Inferred	754,000	4.94	119,800

Considerable potential remains to increase the resource of the deposit to depth while improved gold prices enhance its overall economics.

Abitibi Belt

In January 2004, the Company and Wallbridge Mining Company Limited formed a joint venture with Falconbridge/Noranda to explore the Abitibi belt near Timmins, Ontario. During the first quarter of 2004, approximately $155,000 was paid toward the Company's commitment of $300,000 as its share of the exploration program for 2004. While results of diamond drilling haven't yet been exciting, the program is still in its early stage with many high priority anomalies to test.

LIQUIDITY AND CAPITAL RESOURCES

Cash decreased during the six-month period ended June 30, 2004 by $2,439,000 to $713,000. Of the decrease, $1,988,000 was spent on exploration and $484,000 was used for operating activities. At June 30, 2003, cash stood at $132,000 and subsequently during 2003, additional financings were secured. Of the current cash position at June 30, 2004, there is a $296,000 bank overdraft for current operations and $1,009,000 available to fund exploration expenditures for the balance of 2004. During the current period, the Company looked at a number of financing opportunities and is diligently trying to close on a financing to fund non-exploration corporate activities with about $900,000 required for 2004. In the first quarter of 2003, the Company received loans of $400,000 from two directors. The loans were on a demand basis bearing interest at 12% per annum. The loans were repaid in the last quarter of 2003 from the equity financings.

OUTSTANDING SHARE DATA

At August 12, 2004, the Company had 81,242,498 common shares issued and outstanding.

In addition, there were 8,300,000 stock options granted, 1,052,632 shares reserved for conversion of the convertible debt, and 10,260,949 warrants issued and outstanding which in total would bring the fully diluted issued common shares to a total of 100,856,079.

OUTLOOK

The Company is fortunate to own a variety of highly prospective gold and nickel exploration properties sufficiently advanced to be considered for production possibilities. To this end, management plans to undertake a number of exploration and development programs to continue to advance its properties towards production. The current financing environment is an example of why management believes that it is important to focus on developing its properties to mining to generate cash flow.

RISKS AND UNCERTAINTIES

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the Company's working capital deficiency casts substantial doubt on its ability to continue as a going concern without additional financing. Management is optimistic that additional financings will be completed to meet ongoing requirements in the very near term.

While a company's success may result from good fortune, it is more often dependent on management's knowledge and expertise and its ability to identify and advance attractive projects and targets from the grass-roots stage to the more advanced stages as well as to secure necessary financing.

Regulatory standards continue to change making the review process longer, more complex, and more costly. Even if an apparently mineable deposit is discovered, there is no assurance that it will ever reach production or be profitable, as its results are influenced by many key factors, such as commodity prices and foreign exchange rates, which cannot be controlled by management.

While it is impossible to eliminate all of the risks associated with exploration and mining, it is management's intention to manage its affairs, to the extent possible, to ensure that the Company's assets are protected and that its efforts will result in increased shareholder value.

NUINSCO RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	June 30, 2004 (unaudited)	December 31, 2003 (audited)
ASSETS		
Current		
Cash	**$ -**	$ 239
Cash for exploration expenditures	**1,009**	2,913
Accounts receivable	**70**	44
Prepaid expenses	**4**	21
Total current assets	**1,083**	3,217
Exploration and Development Projects (Note 2)	**16,150**	14,914
Other Assets	**45**	42
	$ 17,278	$ 18,173
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank overdraft	**$ 296**	$ -
Accounts payable and accrued liabilities	**281**	553
Total current liabilities	**577**	553
Long-term		
Convertible notes	**200**	200
	777	753
Shareholders' Equity		
Share capital (Note 3(a))	**58,738**	59,881
Stock option compensation (Note 3(b))	**1,000**	155
Share purchase warrants	**65**	65
Contributed surplus	**759**	759
Deficit	**(44,061)**	(43,440)
Net shareholders' equity	**16,501**	17,420
	$ 17,278	$ 18,173

Approved by the Board

W. Warren Holmes, Director | **René R. Galipeau, Director**

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

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

	Three Months Ended June 30,		Six Months ended June 30,	
	2004	2003	**2004**	2003
Revenue				
Interest income	**$ 6**	$ 1	**$ 17**	$ 1
Costs and Expenses				
General and administrative	**189**	143	**392**	268
Depreciation	**2**	3	**4**	5
Stock option compensation (Note 3(b)	**-**	-	**853**	64
General exploration	**13**	-	**13**	-
Write-down of exploration and development projects	**558**	-	**558**	-
	762	146	**1,820**	337
Loss before income taxes	**756**	145	**1,803**	336
Income taxes (Note 3(a))	**9**	-	**(1,182)**	-
Net loss for period	**765**	145	**621**	336
Deficit, beginning of period	**43,296**	40,116	**43,440**	39,925
Deficit, end of period	**$ 44,061**	$ 40,261	**$ 44,061**	$ 40,261
Loss per share	**$ 0.01**	nil	**$ 0.01**	$ 0.01
Weighted average outstanding common shares	**81,242,498**	60,695,602	**81,234,164**	60,362,463

CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash from (used by)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Operating activities				
Net loss for the period	**$ (765)**	$ (145)	**$ (621)**	$ (336)
Items not affecting cash				
Depreciation	**2**	3	**4**	5
Stock option compensation	**-**	-	**853**	64
Write-down of exploration and development projects	**558**	-	**558**	-
Income taxes	**-**	-	**(1,191)**	-
	(205)	(142)	**(397)**	(267)
Changes in non-cash working capital	**(78)**	40	**(87)**	65
Cash used by operating activities	**(283)**	(102)	**(484)**	(202)
Financing Activities				
Demand Loans	**-**	-	**-**	400
Deposits	**-**	(240)	**-**	270
Issue of Common Shares	**-**	270	**40**	-
Cash from financing activities	**-**	30	**40**	670
Investing activities				
Additions to exploration and development projects	**(405)**	(15)	**(1,988)**	(713)
Other assets	**(7)**	-	**(7)**	-
Cash used by investing activities	**(412)**	(15)	**(1,995)**	(713)
Net decrease in cash during period	**(695)**	(87)	**(2,439)**	(245)
Cash, beginning of period	**1,408**	219	**3,152**	377
Cash, end of period	**$ 713**	$ 132	**$ 713**	$ 132
Cash, end of period				
Cash	**$ -**	$ 132	**$ -**	$ 132
Cash for exploration expenditures	**1,009**	-	**1,009**	-
Bank overdraft	**(296)**	-	**(296)**	-
	$ 713	$ 132	**$ 713**	$ 132

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004 (unaudited)

1. **a) General**

The interim consolidated financial statements of the Company for the three-month and six-month periods ended June 30, 2004 have been prepared by management using accounting principles generally accepted in Canada for interim financial statements and reflect the same accounting principles set out in the notes to the Company's consolidated financial statements as of December 31, 2003, appearing in the Company's 2003 Annual Report. These interim financial statements should be read in conjunction with those annual financial statements and the notes thereto. The results of operations and cash flow for the current periods are not necessarily indicative of the results to be expected for the full year.

b) Going Concern

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

Several adverse conditions cast substantial doubt on the validity of the Company's application of the going concern principle. During recent years, the Company has incurred losses. These losses included non-cash write-downs of exploration and development projects. As at June 30, 2004, the Company had a working capital deficiency of $503,000 (excluding the cash on hand for exploration expenditures).

Should the Company not be able to obtain additional financing and should the Company not be able to continue as a going concern, then adjustments would be required with respect to the carrying value of the Company's assets and liabilities, reported net loss for the year, and the balance sheet classifications used.

2. Exploration and Development Project

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

	Balance December 31, 2003	**Current Expenditures**	**Write-downs**	**Balance June 30, 2004**
Rainy River (Note)	$ 9,358	$ 221	$ -	$ 9,579
Lac Rocher	2,726	37	(558)	2,205
Mel Properties	2,059	1,195	-	3,254
Cameron Lake	390	86	-	476
Prairie Lake	309	27	-	336
Other	72	228	-	300
	$ 14,914	$ 1,794	$ (558)	$ 16,150

	Balance December 31, 2002	**Current Expenditures**	**Write-downs**	**Balance June 30, 2003**
Rainy River (Note)	$ 11,789	$ 74	$ -	$ 11,863
Lac Rocher	2,712	2	-	2,714
Mel Properties	1,487	577	-	2,064
Cameron Lake	108	32	-	140
Prairie Lake	143	16	-	159
Other	57	10	-	67
	$ 16,296	$ 711	$ -	$ 17,007

In December 2003, the Rainy River project expenditures were written down by $2,605,000 for costs incurred on areas of the property on which the Company is no longer focusing. In June 2004, the Lac Rocher project expenditures were written down by $558,000 to reflect assessment work done prior to the main discovery.

2. Share Capital

a) During the six-month period ended June 30, 2004 the following common shares were issued:

	Shares	Amount (,000)
Balance December 31, 2003	81,042,498	$ 59,881
Stock options exercised	200,000	40
Value of options exercised	-	8
Tax value of renunciations for flow-through shares (Note)	-	(1,191)
Balance June 30, 2004	81,242,498	$ 58,738

Note: In February 2004, the Company renounced $3,489,000 in Canadian Exploration Expenditures to investors of flow-through shares in 2003. The tax value of this renunciation amounting to $1,191,000 has been recorded as a liability and charged against share capital. Since the Company has unrecorded future income tax assets, the liability has been reduced and an income tax recovery has been recognized in the statement of operations.

b) In January 2004, 250,000 stock options were granted at $0.44 each and 3,825,000 stock options were granted at $0.42 each under the stock option plan. The options were granted for a term of 10 years. The fair value of the 4,075,000 options granted has been estimated on the date of the grant at $852,800 using the Black-Scholes option pricing method, using the following weighted average assumptions:

Dividend yield	-
Expected volatility	30%
Risk free interest rate	4.2%
Expected option term – years	8

c) At August 12, 2004 the issued and outstanding common shares of the Company totalled 81,242,498 and on a fully diluted basis there would be 100,856,079 common shares outstanding.