



(an exploration stage company)

Unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian dollars)

**For the Three and Six Months ended
August 31, 2014 and 2013**



(an exploration stage company)

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated interim condensed financial statements [the “Statements”] of Waseco Resources Inc. [the "Company"] are the responsibility of the management and have been approved by the Board of Directors of the Company.

The Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies as disclosed in the notes to the Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the Statements have been prepared fairly, in all material respects and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited consolidated interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings) (“NI 52-109”), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures (“DC&P”) and/or ICFR, as defined in NI 52-109.

“Richard Williams”
President

“James (Jay) Richardson”
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by and are the responsibility of management. The Statements for the three and six months ended August 31, 2014 and 2013 have not been reviewed by the Company's auditors.



(an exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Six Months Ended August 31, 2014	Year Ended February 28, 2014
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	90,749	41,566
Refundable provincial exploration tax credits	242	189,491
Sales taxes recoverable	17,038	12,512
	108,029	243,569
Other assets		
BLM Exploration Bond (Note 7)	20,347	11,300
Total Assets	128,376	254,869
Liabilities		
Current liabilities		
Trade payables and accruals	52,728	50,048
Exploration deposits received, net	374,245	383,143
	426,973	433,191
Long-term liabilities		
Provision for property restoration (Notes 10 and 14)	12,200	12,200
Shareholders' Equity (Deficiency in Asset)		
Share capital	5,804,506	5,777,662
Share payment reserves	175,202	175,202
Deficit	(6,290,505)	(6,143,386)
Total Shareholders' Equity (Deficiency in Assets)	(310,797)	(190,522)
Total Liabilities and Shareholders' Equity	128,376	254,869
Nature of Operations and Going Concern (Note 1)		
Commitments and Contingencies (Notes 14)		
Subsequent Events (Note 15)		

Approved by the Board:

("Signed") James (Jay) Richardson
CFO & Director

("Signed") Richard Williams
CEO & Director

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

(an exploration stage company)

	Six month period ended		Three month period ended	
	August 31,		August 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Expenses				
General and administrative	26,849	30,973	15,649	15,691
Shareholder relations and regulatory fees	14,176	9,770	10,826	9,007
Professional fees	13,905	16,000	12,405	6,750
Share based payments	-	4,400	-	4,400
Exploration and evaluation expenditures	101,231	196,958	7,383	110,543
	156,161	258,101	46,263	146,391
Loss before other income	(156,161)	(258,101)	(46,263)	(146,391)
Other income:				
Miscellaneous income	-	157	-	157
Interest	9,042	5,066	-	5,000
	9,042	5,223	-	5,157
Comprehensive loss	(147,119)	(252,878)	(46,263)	(141,234)
Loss per share -basic and diluted	(0.005)	(0.008)	(0.002)	(0.005)
Weighted average number of shares outstanding - basic and diluted	30,388,393	30,311,155	30,465,630	30,311,155

The accompanying notes are an integral part of these interim financial statements



Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

(an exploration stage company)

	Capital Stock		Reserves		Total
	Number of shares	Amount	Share based payments	(Deficit)	
		\$	\$	\$	\$
Balance at March 1, 2013	30,311,155	5,777,662	170,802	(5,802,567)	145,897
Share based payments	-	-	4,400	-	4,400
Comprehensive loss					
for the year ended February 28, 2014	-	-	-	(340,819)	(340,819)
Balance at February 28, 2013	30,311,155	5,777,662	175,202	(6,143,386)	(190,522)
Issue of shares	315,815	26,844	-	-	26,844
Comprehensive loss					
for the six months ended August 31, , 2014	-	-	-	(147,119)	(147,119)
Balance at August 31, 2014	30,626,970	5,804,506	175,202	(6,290,505)	(310,797)

	Capital Stock		Reserves		Total
	Number of shares	Amount	Share based payments	(Deficit)	
		\$	\$	\$	\$
Balance at March 1, 2013	30,311,155	5,777,662	170,802	(5,802,567)	145,897
Issue of shares	-	-	4,400	-	4,400
Comprehensive loss					
for the six months ended August 31, 2013	-	-	-	(252,878)	(252,878)
Balance at August 31, 2013	30,311,155	5,777,662	175,202	(6,055,445)	(102,581)

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

(an exploration stage company)

	Six month period ended		Three month period ended	
	August 31,		August 31,	
	2014	2013	2014	2013
Operating activities				
Net comprehensive (loss)/gain for the period	(147,119)	(252,878)	(46,263)	(141,234)
Adjustments to reconcile net income to cash flow from operating activities:				
Share based payments	-	4,400	-	4,400
Impact on cash flow of net changes in non-cash working capital items:				
Sales taxes recoverable	14,090	39,896	(3,290)	41,775
Exploration deposits receivable	161,735	100,161	-	100,161
Accounts payable and accruals	2,680	4,520	(39,090)	1,539
	31,386	(103,901)	(88,643)	6,641
Financing				
Issue of shares	26,844	-	26,844	-
	26,844	-	26,844	-
Investing				
BLM exploration bond	9,047	-	9,047	-
Short term loan receivable - secured	-	93,250	-	95,000
	9,047	93,250	9,047	95,000
Increase (decrease) in cash and cash equivalents	49,183	(10,651)	(70,846)	101,641
Cash and cash equivalents, beginning of period	41,566	137,500	161,595	25,208
Cash and Cash Equivalents at End of Period	90,749	126,849	90,749	126,849

The accompanying notes are an integral part of these financial statements



Notes to Unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended August 31, 2014 and 2013

(an exploration stage company)

1. NATURE OF OPERATIONS AND GOING CONCERN

Waseco Resources Inc. ("Waseco" or the "Company") is continued under the laws of Ontario. Its shares trade on the TSX Venture Exchange under the symbol WRI and on the Frankfurt Exchange under the symbol WSE. The Company's registered office is Suite 1500, 2 Queen Street East, Toronto, Ontario, M5C 3G5.

The Company is an exploration stage company whose current focus is on a gold prospect in Nevada, USA. The Company also has interests in exploration prospects in Ontario and Quebec, Canada and intellectual property relating to a gold prospect in Indonesia. Substantially all of the Company's efforts are devoted to developing the properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

As at August 31, 2014, the Company had a working capital deficiency of \$318,944 (February 28, 2014 - \$189,622), had not yet achieved profitable operations, had accumulated losses in the development of its business of \$6,290,505 (February 28, 2014 - \$6,143,586) and expects to incur future losses in the development of its business, all of which casts significant doubt on the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

Management plans to secure necessary financing, as and when needed, through a combination of the issue of new equity and/or debt instruments and the entering into of joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

For further comments on the Company's liquidity risk refer to Note 4 (ii) below.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited consolidated interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC).

These Statements were authorized for issuance by the Board of Directors of the Company on October 29, 2014.



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2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation and functional and presentation currency

These unaudited Statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information on the basis of accounting policies and methods of computation consistent with those adopted in the Company's February 28, 2014 audited financial statements.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

2.3 Basis of consolidation

These audited consolidated financial statements include the financial statements of the Company and its wholly controlled subsidiary: Waseco Resources US Nevada Inc., a Nevada corporation based in the United States with reclamation bonds related to the Company's claims in Nevada. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company transactions, balances revenues and expenses are eliminated on consolidation.

2.4 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, IFRS, amendments and related interpretations which are effective for the Company's financial year beginning on or after March 1, 2014. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IAS 32 '*Financial instruments, Presentation*' – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

Management confirms that the above standard was adopted in the Company's financial statements for the period beginning March 1, 2014 and did not have a material impact on the financial statements



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3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such the Company may be dependent on external financing to fund its activities. If, however, the joint venture decides to continue the exploration in Quebec then the Company would have a source of revenue. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The junior resource sector has been under pressure for the past few years. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied, beyond revenue amounts generated, on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended August 31, 2014. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash and cash equivalents as Fair Value Through Profit and Loss ("FVTPL"), which are measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of trade and other receivables, trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs.



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4. FINANCIAL INSTRUMENTS (continued)

As at August 31, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments is reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

Cash and cash equivalents – Cash and cash equivalents are held with major Canadian banks and therefore the risk of loss is minimal.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At August 31, 2014, the Company had a working capital deficit of \$320,264 (February 28, 2013 – \$189,622). In order to meet its longer-term working capital and property exploration expenditures, the Company would, if necessary, attempt to secure further financing to ensure that those obligations were properly discharged. There can be no assurance that Waseco will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Waseco may change and shareholders may suffer additional dilution.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

iv) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

5. CASH AND CASH EQUIVALENTS

The balance at August 31, 2014, consists of \$90,749 (February 28, 2013 - \$41,566) on deposit with two major Canadian banks.



Notes to Unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended August 31, 2014 and 2013

(an exploration stage company)

6. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from the following sources:

	As at	
	August 31, 2014	August 31, 2013
Refundable provincial exploration tax credit	242	18,858
Sales taxes recoverable	17,038	3,310
Short-term loan receivable-secured (note 7)	-	108,750
	\$ 17,280	\$ 130,918

At August 31, 2014, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral at August 31, 2014 against these receivables.

7. NEVADA PROPERTY AND NEVADA BLM EXPLORATION BOND

On April 18th, 2012, the Company optioned from Sparton Resources Inc., a 75% interest in a lease covering 29 claims on the Battle Mountain Gold Trend in Lander County, Nevada. As part of the option agreement, the Company agreed to provide a \$100,000 loan for one year, secured by the remaining 25% interest in the lease. The loan was interest bearing at 7% per annum. Sparton elected not to repay the short-term loan and forfeited their 25% interest in the lease now being 100% Waseco owned.

During the year ended February 28, 2014, the Company acquired Nevada Sparton Inc. which paid the US\$10,200 exploration bond on the leased property. Waseco has subsequently reimbursed Sparton for the cost of the reclamation bond and has subsequently paid to increase the bond to cover the planned follow up drill program.

8. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities of the Company are principally amounts owing for operating activities and deposit received re the Labrador Trough AREVA joint venture and amounts owing to professional advisors in the normal course of business.

	As at	
	August 31, 2014	August 31, 2013
Trade payables and accruals	52,728	51,088
Exploration deposits received, net	374,245	212,510
	\$ 426,973	\$ 263,598



Notes to Unaudited Consolidated Interim Condensed Financial Statements

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Six Months Ended August 31, 2014 and 2013

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9. RELATED PARTY TRANSACTIONS

The financial statements include no balances and transactions with directors and/or officers of the Company other than management fee payments and reimbursements of out of pocket amounts paid by them on behalf of the Company and \$7,347 (2013 - \$12,906), owing to Richard Williams, a director, for advances made on behalf of the Company and in 2013 payments made to Derek Bartlett, a director, for professional services. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties which are not in excess of fair market values.

The Company's related parties consist of the following officers, directors, and companies:

Officers and directors	Title
Richard Williams	President, Chief Executive Officer and Director
James Richardson	Chief Financial Officer and Director
Rick Ekstein	Director
Derek Bartlett	Director
Peter Sever	Director

During the six months ended August 31, 2014, the Company incurred \$22,000 (2013 - \$30,000) expense to officers of the Company for management fees of which \$14,000 was paid leaving \$8,000 payable to a related party.

10. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenses for the Company are broken down as follows:

Property	(CANADA)	(CANADA)	(FOREIGN)
	James Bay Lowland Ontario	Labrador Trough Quebec	Battle Mountain Nevada
Balance, March 1, 2013	170,324	67,092	-
Property expenditures	-	4,704	705,217
Balance, February 28, 2014	170,324	71,796	705,217
Property expenditures	-	-	101,231
Balance, August 31, 2014	\$ 170,324	\$ 71,796	\$ 806,448



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10. EXPLORATION AND EVALUATION EXPENDITURES (continued)

The Company has interests in the following properties:

1. Quebec-Labrador Trough – The Company controls these uranium prospects which consist of multiple blocks. The Company has a joint venture agreement with AREVA and to date the Company's monetary contribution has been \$71,796 in addition to the underlying properties.
2. James Bay Lowlands – The Company acquired a 5% interest in 2003 in a 2,440 acre claim block adjacent to the DeBeers Victor mine in the Attawapiskat Region in Northern Ontario. The property is subject to a 2% net smelter return ("NSR"), with the Company and its joint venture partners having a right of first refusal to buy out 1%.
3. Battle Mountain Nevada – The Company holds a 100% interest in a lease subject to an underlying 5% NSR royalty, of which 2.5% NSR, can be acquired at any time for US\$1.5 Million. (Refer to Note 7 above.). The NSR Agreement calls for advance royalty payments of US\$75,000 per year; to date, a total of US\$587,500 has been paid.

11. CAPITAL STOCK

Share Capital

Waseco is authorized to issue an unlimited number of common shares. The issued and outstanding share capital consists of common shares.

An analysis of movements in Capital Stock is set out in the Equity analysis (Page 5) above. In the period under review, 315,815 shares were issued for US\$25,000 in payment in part of this year's Advance Royalty payment.

Share-Based Payment Plan

Waseco has established a stock option plan to provide additional incentive to its directors, officers, employees, service providers, or consultants in their efforts on behalf of the Company in the conduct of its affairs. The total number of shares which may be issued thereunder shall not exceed 10% of the then issued and outstanding shares of the Company. Under the terms of the plan, options shall vest immediately except those options granted to consultants or persons employed in investor relations activities, which are to vest over a twelve month period. All options expire on the fifth anniversary from the grant date, unless specified otherwise in a Director's Resolution.

The exercise price of each option issued shall not be less than the closing market price of the Company's stock on the day immediately preceding the date of grant.



Notes to Unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended August 31, 2014 and 2013

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11. CAPITAL STOCK (continued)

Share-Based Payment Plan (continued)

The following table summarizes stock options issued:

Six months ended	August 31,			August 31,	
	2014			2013	
	Weighted Average Exercise Price	No. of Options		Weighted Average Exercise Price	No. of Options
Outstanding at beginning of period	\$0.10	1,200,000		\$0.10	1,000,000
Transactions during the period					
Granted	-	-		-	-
Exercised	-	-		-	-
Expired	-	-		-	-
Outstanding at end of period	\$0.10	1,200,000		\$0.10	1,000,000
Exercisable at end of period	\$0.10	1,200,000		\$0.10	1,000,000

The remaining weighted average life remaining on the stock options is 1.00 year.

The weighted average assumptions used with the Black-Scholes valuation model for the determination of the share-based payment of \$4,400 for the stock options granted during the year ended February 28, 2014 were: exercise price \$0.10, risk free interest rate 1.13%, expected life 3 years, expected volatility 90%, vesting 100% and dividends Nil. There were no such payments in 2013.

12. RESERVE FOR SHARE BASED PAYMENTS

An analysis of movements in Share-Based Payments is set out in the Equity analysis above.

13. INCOME TAXES

At February 28, 2014, the Company has \$423,400 (2013 - \$310,400) in non-capital losses carried forward for which no benefit has been recognized in the accounts. If these losses are not utilized they will expire between 2029 and 2034.

At February 28, 2014, the Company has \$5,299,700 (2013 - \$5,076,400) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of \$312,400 (2013 - \$312,400). The tax benefits pertaining to these expenses are available to be carried forward and similarly no benefit has been recognized in the accounts.



Notes to Unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended August 31, 2014 and 2013

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14. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Certain commitments pertaining to the Nevada property are detailed in Note 10 above.

15. SUBSEQUENT EVENTS

During the six months, with respect to the annual advance royalty payment of US\$75,000 due April 18, 2014, the royalty owner agreed to accept an instalment of US\$25,000 (which has been paid) with two further instalments of US\$25,000. The second installment was paid in shares on July 17, 2014 as noted above, based on the average trading price of the previous 5 days. With respect to the final US\$25,000 installment, the Company has now obtained the agreement of the royalty owner that this will be satisfied by the payment of US\$12,500 (which has been paid) and the balance when the Company completes its next financing. The royalty owner further agreed to negotiate a reduction of future annual Advance Royalty obligations. .