WASECO
RESOURCES INC.

(an exploration stage company)

Revised Audited
Consolidated Financial Statements

(Expressed in Canadian dollars)

As at and for the years ended
February 28, 2017 and February 29, 2016

These Revised Financial Statements are being filed to correct, and are intended to replace in their entirety, the original audited consolidated financial statements filed for the year ended February 28, 2017. These revised audited consolidated annual financial statements have been revised to correct the independent auditor's report dated June 28, 2017. Specifically, the Revised Financial Statements are being filed to revise the "Opinion" paragraph of the independent auditor's report dated June 28, 2017 to amend the dates of the financial position of Waseco Resources Inc. to February 28, 2017 and February 29, 2016 from the dates as originally reported of February 29, 2016 and February 28, 2015. There are no other changes contained in these Revised Financial Statements.

This notice does not form a part of the audited annual financial statements.

(an exploration stage company)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial 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 consolidated financial 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 consolidated financial 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 consolidated financial 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 consolidated financial 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 consolidated 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 consolidated financial 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

Independent Auditor's Report

Corrected July 1, 2017

To the Shareholders of
Waseco Resources Inc.

We have audited the accompanying financial statements of Waseco Resources Inc., which comprise the consolidated statement of financial position as at February 28, 2017 and February 29, 2016, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Waseco Resources Inc. as at February 28, 2017 and February 29, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has generated revenues in the past but has not generated revenues in the past two years. This condition raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Parker Simone LLP.

June 28, 2017

WASECO RESOURCES INC.

(an exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars

Years ended	**February 28, 2017**	February 29, 2016
	$	$
Assets		
Current assets		
Cash (Note 6)	**66,852**	4,536
Sales taxes recoverable (Note 7)	**14,004**	2,284
	80,856	6,820
Other assets		
BLM Exploration Bond (Note 8)	**23,340**	23,990
Total Assets	**104,196**	30,810
Liabilities		
Current liabilities		
Trade payables and accruals (Note 9)	**60,532**	71,962
Due to Director (Note 9)	**139,259**	10,000
Exploration deposits received, net (Note 8)	**367,695**	382,205
	567,487	464,167
Long-term liabilities		
Provision for property restoration (Notes 8 and 15)	**23,340**	23,990
Shareholders' Equity (Deficiency in Asset)		
Share capital	**6,308,719**	5,942,514
Share payment reserves	**184,002**	184,002
Warrants reserve	**85,020**	4,000
Deficit	**(7,064,372)**	(6,587,863)
Total Shareholders' Equity (Deficiency in Assets)	**(486,630)**	(457,347)
Total Liabilities and Shareholders' Equity	**104,196**	30,810

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Notes 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

WASECO RESOURCES INC.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

(an exploration stage company)

Years ended	**February 28, 2017**	February 29, 2016
	$	$
Expenses		
General and administrative	**56,430**	57,523
Shareholder relations and regulatory fees	**21,805**	33,660
Professional fees	**22,901**	25,776
Share based payments	**-**	8,800
Exploration and evaluation expenditures	**383,298**	143,115
	484,433	268,874
Loss before other income	**(484,433)**	(268,874)
Other income:		
Gain on settlement of debt	**5,850**	76,924
Miscellaneous income	**2,075**	-
	7,925	76,924
Comprehensive loss	**(476,509)**	(191,950)
Loss per share -basic and diluted	**(0.013)**	(0.006)
Weighted average number of shares outstanding - basic and diluted	**36,700,989**	32,666,895

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

WASECO RESOURCES INC.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(an exploration stage company)

	Capital Stock		Reserves			
	Number of shares	**Amount**	**Share based payments**	**Warrants**	**(Deficit)**	**Total**
		$	**$**	**$**	**$**	**$**
Balance at March 1, 2015	30,626,970	5,804,506	175,202	-	(6,395,913)	(416,205)
Issue of options	-	-	8,800		-	8,800
Hard dollar financing	2,800,000	140,000	-	-	-	140,000
Debt settlement with common shares	369,420	7,389				7,389
Issue of warrants	-	(4,000)	-	4,000	-	-
Share issuance costs	-	(5,381)	-	-	-	(5,381)
Comprehensive loss						
for the year ended February 29, 2016	-	-	-	-	(191,950)	(191,950)
Balance at March 1, 2016	33,796,390	5,942,514	184,002	4,000	(6,587,863)	(457,347)
August 31, 2016:						
Shares issued on exercise of warrants	975,000	75,935	-	(2,810)	-	73,125
Debt settlement with common shares	1,500,000	75,000	-	-	-	75,000
Issue of warrants	-	-		15,900	-	15,900
Expiry of warrants 2016 financing	-	1,190	-	(1,190)	-	-
November 7, 2016:						
Issuance of shares	4,000,000	300,000	-	-	-	300,000
Issue of warrants	-	(69,120)	-	69,120	-	-
Share issuance costs	-	(16,800)	-	-	-	(16,800)
Comprehensive loss						
for the year ended February 28, 2017	**-**	**-**	**-**	**-**	**(476,509)**	**(476,509)**
Balance at February 28, 2017	**40,271,390**	**6,308,719**	**184,002**	**85,020**	**(7,064,372)**	**(486,630)**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

(an exploration stage company)

Years ended	**February 28, 2017**	February 29, 2016
Operating activities		
Net comprehensive (loss)/gain for the period	**(476,509)**	(191,950)
Adjustments to reconcile net income to cash flow from operating activities:		
Share based payments	**-**	8,800
Advance royalty settled with common shares	**96,750**	84,312
Gain on settlement of debt	**(5,850)**	(76,924)
	(385,609)	(175,762)
Impact on cash flow of net changes in non-cash working capital items:		
Sales taxes recoverable	**(11,720)**	727
Exploration deposits receivable	**(14,510)**	-
Accounts payable and accruals	**(11,430)**	(2,064)
	(423,268)	(177,099)
Financing		
Due to director	**129,259**	10,000
Issuance of shares, net of share issuance costs	**356,325**	134,619
	485,584	144,619
Increase (decrease) in cash	**62,316**	(32,480)
Cash beginning of period	**4,536**	37,016
Cash End of Period	**66,852**	4,536

The accompanying notes are an integral part of these financial statements

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 a Positive Bankable Feasibility Study ("intellectual Property") relating to a gold prospect in Indonesia. Substantially all 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 February 28, 2017, the Company had working capital deficiency of $486,631 (February 29, 2016 - $457,347), had not yet achieved profitable operations, had accumulated losses in the development of its business of $7,064,372 (February 29, 2016 - $6,587,863) 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 or debt instruments and the entering 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 5 (ii) below.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These audited consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 28, 2017.

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation and functional and presentation currency

These audited consolidated financial 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, as explained in the accounting policies set out in Note 3.

The consolidated 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 owned subsidiary: Waseco Resources US Inc., a Nevada corporation based in the United States. Control is achieved when the Company has the power to govern the financial and operating policies of an entity 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

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. Early adoption is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All acquisition exploration and evaluation costs, net of incidental revenues, are charged to operations in the period incurred until it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are first tested for impairment and then capitalized as a mining asset under development. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

3.2 Share-based payments

Share-based payment transactions
Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions
The costs of equity-settled transactions with employees, when and if they occur, are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

3.3 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Taxation (continued)

combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.4 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended February 28, 2017 and February 29, 2016 all the outstanding stock options were anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash balances are classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3.6 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables and due to related parties are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At February 28, 2017 and February 29, 2016, the Company has not classified any financial liabilities as FVTPL.

3.7 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen because of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.9 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3.10 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below: The most significant estimates relate to, but are not limited to, the following:

- the calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;
- assessment of the going concern presumption as detailed in Note 1 to the financial statements;

3.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts 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.

There has been significant market turbulence worldwide due to the credit crisis and a global recession. 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.

The Company is not subject to any capital requirements imposed by regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 28, 2017, the Company is compliant with the policies of the TSXV.

There were no changes in the Company's approach to capital management during the year ended February 28, 2017. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash 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.

As at February 28, 2017, 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– Cash balances are held with a major Canadian bank 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 February 28, 2017, the Company had a working capital deficiency of $486,631 (February 29, 2016 – $457,347). 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. In the meantime, Mr. Williams, The Chief Executive Officer and a Director of the Company, has been supporting the Company's operations by extending shareholder loans to the Company with nil interest or other consideration therefor. 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).

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (continued)

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.

6. CASH

The balance at February 28, 2017, consists of $66,852 (February 29, 2016 - $4,536) on deposit with a major Canadian bank.

7. TRADE AND OTHER RECEIVABLES

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

	As at	
	February 28, 2017	February 29, 2016
Sales taxes recoverable	**14,004**	2,284
	$ 14,004	$ 2,284

At February 28, 2017, the Company anticipates full recovery of this amount and therefore no impairment has been recorded against this receivable. The Company holds no collateral at February 28, 2017 against this receivable except as discussed in Note 8 below.

8. BLM EXPLORATION BOND

The lease covering 29 claims on the Battle Mountain Gold Trend, in Larder County, Nevada, has been transferred to Waseco Resources US Inc., a wholly owned subsidiary of the Company. There was an initial US$10,200 exploration bond on the leased property and this was subsequently increased to US$17,740 to cover the planned follow up drill program. The Bond has been transferred to Waseco Resources US Inc.

9. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities of the Company are principally amounts owing for operating activities, advances from a director as detailed below and a deposit received re the Labrador Trough AREVA joint venture and amounts owing to professional advisors in the normal course of business. The deposit referred to in the previous sentence is gradually being reduced by the Company's payment of the 50% of the ongoing costs attributable to AREVA.

(Expressed in Canadian Dollars)

9. TRADE PAYABLES AND OTHER LIABILITIES (continued)

	As at	
	February 28, 2017	February 29, 2016
Trade payables and accruals	**60,532**	71,962
Due to director	**139,259**	10,000
Exploration deposits received, net	**367,695**	382,205
	$ 567,486	$ 464,167

10. RELATED PARTY TRANSACTIONS AND DUE TO A DIRECTOR

Except for the amounts advanced to or on behalf of the Company by Mr. Williams noted below, 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. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

During the twelve-month period ended February 28, 2017 the Company expensed $44,000 (2016 - $44,000) to officers of the Company for management fees of which $12,000 was paid and $32,000 was deferred and remains an accrued payable to them.

$139,259 has been lent to the Company by Richard Williams, a director and includes the deferred amount above.

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
Derek Bartlett	Director
Michael Ellington	Director
Peter Sever	Director

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION EXPENDITURES

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

Property	(CANADA) James Bay Lowland Ontario	(CANADA) Labrador Trough Quebec	(FOREIGN) Battle Mountain Nevada
Balance, March 1, 2015	170,324	81,175	837,722
Property expenditures	-	-	143,115
Balance, March 1, 2016	170,324	81,175	980,837
Property expenditures	-	12,435	370,863
Balance, February 28, 2017	**$ 170,324**	**$ 93,610**	**$ 1,351,700**

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 $93,610 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 Attawapisakat 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 Ridge Nevada – is subject to a 5% NSR royalty, of which 2.5% NSR, can be acquired at any time for US$1.5 Million. (Refer to Note 8 above.). The NSR Agreement calls for advance royalty payments of US$75,000 per year; to date, a total of US$750,000 has been paid.

   The Annual Advance Royalty has been reduced by negotiation from US $75,000 annually in 2016 to US $50,000, starting in 2018/2019. The Annual Advance Royalty and the outstanding lease obligation for fiscal 2016 have been settled by way of a shares for debt issuance of 1.5 million common shares at Cdn $0.05 per share, plus 750,000 share purchase warrants, exercisable at $0.075 for 2 years. 2017's Advance Royalty will be satisfied by the payment of US$ 20,000 on July 17, 2017. In addition, quarterly lease payments of US$5,000 are due.

(Expressed in Canadian Dollars)

12. 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.

During the period under review, 975,000 warrants, which were part of a unit offering issued last year, were exercised for proceeds of $73,125. The exercise resulted in the issuance from treasury of 975,000 shares at $0.075 per share.

In addition, a non-brokered private placement was made for 4,000,000 common shares at $0.075 per share raising $300,000 with 2,000,000 share purchase warrants with an exercise price of $0.10 for a one year period.

An analysis of movements in Capital Stock is set out in the Equity analysis (Page 6) above.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the warrants issued during the year ended February 28, 2017.

	August 31, 2016	November 7, 2016
Number of warrants issued	750,000	2,160,000
Weighted average information		
Exercise Price	$0.075	$0.10
Risk-free interest rate	1.00%	1.00%
Expected life	2 years	1 year
Expected volatility	100%	100%
Vesting	100%	100%
Expected dividends	-	-

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.

(Expressed in Canadian Dollars)

12. CAPITAL STOCK (continued)

Share-Based Payment Plan (continued)

On March 26, 2015, The Company issued 200,000 stock options exercisable at $0.10 per share, to each of four members of the Board. The options will expire in three years on March 26, 2018.

The following table summarizes stock options issued and outstanding:

Years ended	**February 28, 2017**		February 29, 2016	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
Outstanding at beginning of year	**$0.10**	**1,000,000**	$0.10	1,000,000
Transactions during the year				
Granted	-	-		-
Exercised	-	-		-
Expired	**$1.10**	**(200,000)**		-
Outstanding at end of the period	**$0.10**	**800,000**	$0.10	1,000,000
Exercisable at end of the period	**$0.10**	**800,000**	$0.10	1,000,000

The weighted average life remaining on the outstanding options is 1.1 years (2016 – 2.4 years).

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the stock options granted during the year ended February 29, 2016.

	March 26, 2015
Number of options granted	800,000
Weighted average information	
Exercise Price	$0.10
Risk-free interest rate	1.00%
Expected life	3 years
Expected volatility	100%
Vesting	100%
Expected dividends	-

(Expressed in Canadian Dollars)

13. RESERVE FOR SHARE BASED PAYMENTS

An analysis of movements in Share-Based Payments is set out in the Equity analysis (Page 6) above.

14. INCOME TAXES

The Company's income tax provision differs from the application of the Canadian statutory tax rate. A reconciliation of the combined Canadian Federal and provincial income tax rates with the Company's effective tax rate is as follows:

14. INCOME TAXES (continued)

		February 28, 2017	February 29, 2016
Loss before income taxes		**(476,509)**	(191,950)
Combined statutory tax rate		**26.50%**	26.50%
		(126,000)	(51,000)
Permanent changes		**96,000**	19,000
Change in valuation allowance		**30,000**	70,000
Income tax provision	**$**	**-**	$ -

Deferred Income Taxes Recoverable

The Canadian statutory income tax rate of 26.50% (2016 – 26.50%) is comprised of the federal income tax rate of 15.0% (2016 – 15.0%) and the provincial income tax rate of approximately 11.50% (2016– 11.50%).

At February 28, 2017, the Company has $739,000 (2016 - $639,691) 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 2028 and 2037.

At February 28, 2017, the Company has $5,684,600 (2016 - $5,581,000) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of $312,400 (2016 - $312,400). The tax benefits pertaining to these expenses are available to be carried forward indefinitely and similarly no benefit has been recognized in the accounts.

The tax effect of temporary differences that gave rise to the deferred tax assets and liabilities are:

	2017	2016
Deferred Tax Assets		
Loss carry-forwards	237,000	211,000
Temporary differences	1,506,000	1,479,000
Less: valuation allowance	(1,743,000)	(1,690,000)
Net Deferred Tax Assets	-	-

(Expressed in Canadian Dollars)

15. 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 8 above.

16. SEGMENTED INFORMATION

The Company has identified its reportable operating segments based on the information used by the President and Chief Financial Officer (considered too be the chief decision makers) to manage the business. The Company primarily manages its business by looking at the geographical location that separates its operations.

As at	February 28, 2017 Current Assets	February 28, 2017 Total Assets	February 29, 2016 Current Assets	February 29, 2016 Total Assets
Canada	80,856	80,856	6,820	6,820
U.S.A	-	23,340	-	23,990
	$ 80,856	$ 104,196	$ 6,820	$ 30,810

As at	February 28, 2017 Current Liabilities	February 28, 2017 Total Liabilities	February 29, 2016 Current Liabilities	February 29, 2016 Total Liabilities
Canada	524,935	524,935	447,787	447,787
U.S.A	42,552	65,892	16,380	40,370
	$ 567,487	$ 590,827	$ 464,167	$ 488,157

For the year ended **Operating segment**	February 28, 2017 Canada	February 28, 2017 U.S.A.	February 29, 2016 Canada	February 29, 2016 U.S.A.
Other income	(2,075)	-	-	-
Gain on settlement of debt	-	(5,850)	-	(76,924)
Exploration and evaluation expenditures	12,435	370,863	-	143,115
Other expenditures	101,137	-	125,759	-
Comprehensive Loss	$ 111,497	$ 365,013	$ 125,759	$ 66,191