



(an exploration stage company)

Unaudited Consolidated Financial Statements

(Expressed in Canadian dollars)

**As at and for the three months ended
May 31, 2018 and May 31, 2017**



(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



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Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Periods ended	May 31, 2018	February 28, 2018
	\$	\$
Assets		
Current assets		
Cash (Note 4)	3,419	4,800
Sales taxes recoverable	7,496	5,741
Prepaid expenses	-	1,125
	10,915	11,666
Other assets		
BLM Exploration Bond (Note 5)	22,837	22,723
Total Assets	33,752	34,389
Liabilities		
Current liabilities		
Trade payables and accruals (Note 6)	67,840	49,363
Due to Directors (Note 7)	263,954	232,338
Exploration deposits received, net (Note 8)	364,402	367,529
	696,196	649,231
Long-term liabilities		
Provision for property restoration (Note 5)	22,837	22,723
Shareholders' Equity (Deficiency in Asset)		
Share capital	6,369,559	6,308,719
Share payment reserve	-	184,002
Warrants reserve	85,020	85,020
Deficit	(7,139,860)	(7,215,306)
Total Shareholders' Equity (Deficiency in Assets)	(685,281)	(637,565)
Total Liabilities and Shareholders' Equity	33,752	34,389

Nature of Operations and Going Concern (Note 1)

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)

Periods ended	May 31, 2018	May 31, 2017
	\$	\$
Expenses		
General and administrative	11,130	11,185
Shareholder relations and regulatory fees	3,956	8,875
Professional fees	5,900	8,345
Stock based compensation	60,840	-
Exploration and evaluation expenditures	27,014	15,590
	108,840	43,995
Loss before other income	(108,840)	(43,995)
Other income:		
Miscellaneous income	284	-
	284	-
Comprehensive loss	(108,556)	(43,995)
Loss per share -basic and diluted	(0.003)	(0.001)
Weighted average number of shares outstanding - basic and diluted	40,271,390	40,271,390

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	Warrants	(Deficit)	
		\$	\$	\$	\$	\$
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 March 1, 2017	40,271,390	6,308,719	184,002	85,020	(7,064,372)	(486,631)
Comprehensive loss for the year-ended February 28, 2018	-	-	-	-	(150,934)	(150,934)
Balance at March 1, 2018	40,271,390	6,308,719	184,002	85,020	(7,215,306)	(637,565)
March 16, 2018:						
Expiration of share based payments reserve	-	-	(184,002)	-	184,002	-
Options granted	-	60,840	-	-	-	60,840
Comprehensive loss for the three months ended May 31, 2018	-	-	-	-	(108,556)	(108,556)
Balance at May 31, 2018	40,271,390	6,369,559	-	85,020	(7,139,860)	(685,281)

	Capital Stock		Reserves			Total
	Number of shares	Amount	Share based payments	Warrants	(Deficit)	
		\$	\$	\$	\$	\$
Balance at March 1, 2017	40,271,390	6,308,719	184,002	85,020	(7,064,372)	(486,631)
Comprehensive loss for three months ended May 31, 2017	-	-	-	-	(43,995)	(43,995)
Balance at May 31, 2017	40,271,390	6,308,719	184,002	85,020	(7,108,367)	(530,626)

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

(an exploration stage company)

<i>Periods ended</i>	May 31, 2018	May 31, 2017
Operating activities		
Net comprehensive (loss)/gain for the period	(108,556)	(43,995)
Adjustments to reconcile net income to cash flow from operating activities:		
Share based payments	60,840	-
	(47,716)	(43,995)
Impact on cash flow of net changes in non-cash working capital items:		
Trade and other payables	18,474	(16,612)
Exploration deposits receivable	(3,127)	-
Prepaid expenses	1,125	-
Sales taxes recoverable	(1,754)	(1,007)
	(32,997)	(61,614)
Financing		
Due to directors	31,616	10,100
	31,616	10,100
Increase (decrease) in cash and cash equivalents	(1,381)	(51,514)
Cash and cash equivalents, beginning of period	4,800	66,852
Cash and Cash Equivalents at End of Period	3,419	15,338

The accompanying notes are an integral part of these financial statements



Notes to unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Three Months Ended May 31, 2018 and May 31, 2017

(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 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 May 31, 2018, the Company had working capital deficiency of \$685,281 (February 28, 2018 - \$637,565), had not yet achieved profitable operations, had accumulated losses in the development of its business of \$7,263,022 (February 28, 2018 - \$7,215,306) 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, if any, 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 July 30, 2018.



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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 for 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, 2018 annual audited financial statements.

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 has determined that there is no material impact on its consolidated financial statements.



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3. 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 is 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 is significant market turbulence worldwide due to political posturing and market interference. 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 May 31, 2018, the Company is not compliant with the policies of the TSXV.

There were no changes in the Company's approach to capital management during the quarter ended May 31, 2018. The Company is not subject to externally imposed capital requirements.



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4. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash as "FVTPL", which are measured at 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 other payables and due to related parties are determined from transaction values which were derived from observable market inputs.

As at May 31, 2018, 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 May 31, 2018, the Company had a working capital deficiency of \$685,281 (February 28, 2018 – \$637,565). 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 advances to the Company with neither interest nor fixed repayment terms. 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.



Notes to unaudited Consolidated Interim Condensed Financial Statements
(Expressed in Canadian Dollars)
Three Months Ended May 31, 2018 and May 31, 2017

(an exploration stage company)

5. 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.

6. 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 in respect of 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 very gradually being reduced by the Company's payment of the 50% of the ongoing costs attributable to ORANO (previously AREVA).

	As at	
	May 31, 2018	February 28, 2018
Trade payables and accruals	67,840	49,361
Due to directors	263,954	232,338
Exploration deposits received, net	364,402	367,530
	<u>\$ 696,196</u>	<u>\$ 649,229</u>

7. RELATED PARTY TRANSACTIONS AND DUE TO DIRECTORS

Except for the amounts advanced to or on behalf of the Company by directors noted below, the financial statements include no balances and transactions with directors and/or officers of the Company other than management fee payments and accruals 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 quarter ended May 31, 2018 the Company expensed \$11,000 (2017 - \$11,000) to officers of the Company for management fees of which \$11,000 was deferred and remains an accrued payable to them. \$263,954 has been lent interest free to the Company by two directors and includes the deferred amount above.

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

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



Notes to unaudited Consolidated Interim Condensed Financial Statements
(Expressed in Canadian Dollars)
Three Months Ended May 31, 2018 and May 31, 2017

(an exploration stage company)

8. 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, 2017	170,324	93,610	1,351,700
Property expenditures	-	151	41,038
Balance, March 1, 2018	170,324	93,761	1,392,738
Property expenditures	-	3,353	23,661
Balance, May 31, 2018	\$ 170,324	\$ 97,114	\$ 1,416,399

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 ORANA and to date the Company's monetary contribution has been \$97,114 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 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\$790,000 has been paid which includes \$20,000 for 2018.

The Annual Advance Royalty has been reduced by negotiation from US \$75,000 annually in 2016 to US \$50,000, starting in 2018/2019. 2017's Advance Royalty was satisfied by the payment of US\$ 20,000 on July 17, 2017. In addition, quarterly lease payments of US\$5,000 have been paid.

9. 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 3) above.



Notes to unaudited Consolidated Interim Condensed Financial Statements
(Expressed in Canadian Dollars)
Three Months Ended May 31, 2018 and May 31, 2017

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9. CAPITAL STOCK

Share Capital (continued)

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.

In March 2018, the Company issued 1.6 million options to its Directors as well as 1.0 million options to the four members of its Technical Advisory Committee and its Battle Mountain Ridge Project Manager.

The following table summarizes stock options issued and outstanding:

<i>Period ended</i>	May 31, 2018		February 28, 2018	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding at beginning of period	\$0.100	800,000	\$0.10	800,000
Transactions during the year				
Granted	\$0.075	2,600,000	-	-
Exercised	-	-	-	-
Expired	\$0.100	(800,000)	\$ 0.10	-
Outstanding at end of the period	\$0.075	2,600,000	\$0.10	800,000
Exercisable at end of the period	\$0.075	2,600,000	\$0.10	800,000

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the options granted during the period.



Notes to unaudited Consolidated Interim Condensed Financial Statements
(Expressed in Canadian Dollars)
Three Months Ended May 31, 2018 and May 31, 2017

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9. CAPITAL STOCK

Share Capital (continued)

	March 16, 2018
Number of options granted	2,600,000
Weighted average information	
Exercise Price	\$0.075
Risk-free interest rate	1.30%
Life	3 years
Expected volatility	100%
Expected dividends	-

resulting in a calculated value of 2.34 cents per share option.

10. INCOME TAXES

At February 28, 2018, the Company has \$5,905,300 (2017 - \$5,684,700) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of \$312,400 (2017 - \$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, at the statutory Canadian income tax rate of 26.5%, that gave rise to the deferred tax assets are:

	2018	2017
Deferred Tax Assets		
Temporary differences	1,591,000	1,506,000
Loss carry-forwards	262,000	237,000
Less: valuation allowance	(1,853,000)	(1,743,000)
Net Deferred Tax Assets	-	-



Notes to unaudited Consolidated Interim Condensed Financial Statements
(Expressed in Canadian Dollars)
Three Months Ended May 31, 2018 and May 31, 2017

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11. SEGMENTED INFORMATION

The Company has identified its reportable operating segments based on the information used by the President and Chief Financial Officer (considered to 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	May 31, 2018	May 31, 2018	February 28, 2018	February 28, 2018
	Current Assets	Total Assets	Current Assets	Total Assets
Canada	10,915	10,915	11,674	11,674
U.S.A	-	22,837	-	22,733
	\$ 10,915	\$ 33,752	\$ 11,674	\$ 34,407

As at	May 31, 2018	May 31, 2018	February 28, 2018	February 28, 2018
	Current Liabilities	Total Liabilities	Current Liabilities	Total Liabilities
Canada	686,571	686,571	648,931	648,931
U.S.A	9,625	32,462	291	23,014
	\$ 696,196	\$ 719,033	\$ 649,222	\$ 671,945

For the year ended	May 31, 2018	May 31, 2018	February 28, 2017	February 28, 2017
Operating segment	Canada	U.S.A.	Canada	U.S.A.
Other income	(284)	-	(15)	-
Exploration and evaluation expenditures	3,353	23,661	151	44,240
Other expenditures	20,986	-	106,258	300
Comprehensive Loss	\$ 24,055	\$ 23,661	\$ 106,394	\$ 44,540