



(an exploration stage company)

Unaudited Consolidated Financial Statements

(Expressed in Canadian dollars)

**As at and for the nine months ended
November 30, 2016 and November 30, 2015**



(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.

January 30, 2017

“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 nine months ended November 30, 2016 and 2015 have not been reviewed by the Company's auditors.



(an exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

<i>Periods ended</i>	November 30, 2016	February 29, 2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	193,768	4,536
Subscriptions receivable (Note 6)	-	-
Sales taxes recoverable (Note 6)	5,783	2,284
	199,551	6,820
Other assets		
BLM Exploration Bond (Note 7)	23,817	23,990
Total Assets	223,368	30,810
Liabilities		
Current liabilities		
Trade payables and accruals (Note 8)	53,129	71,962
Due to Director (Note 9)	142,564	10,000
Exploration deposits received, net (Note 8)	367,695	382,205
	563,388	464,167
Long-term liabilities		
Provision for property restoration (Notes 7 and 14)	23,817	23,990
Shareholders' Equity (Deficiency in Asset)		
Share capital	6,310,719	5,942,514
Share payment reserves	184,002	184,002
Warrants reserve	67,120	4,000
Deficit	(6,925,678)	(6,587,863)
Total Shareholders' Equity (Deficiency in Assets)	(363,837)	(457,347)
Total Liabilities and Shareholders' Equity	223,368	30,810
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)

	Nine month period ended		Three month period ended	
	November 30,		November 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Expenses				
General and administrative	54,999	37,682	32,040	14,018
Shareholder relations and regulatory fees	16,161	29,013	3,364	3,593
Professional fees	14,409	28,610	9,409	6,495
Share based payments	-	8,800	-	-
Exploration and evaluation expenditures	254,321	99,177	151,101	60,328
	339,890	203,282	195,914	84,434
Loss before other income	(339,890)	(203,282)	(195,914)	(84,434)
Other income:				
Management fee income	2,075	-	413	-
	2,075	-	413	-
Comprehensive loss	(337,815)	(203,282)	(195,501)	(84,434)
Loss per share -basic and diluted	(0.009)	(0.006)	(0.005)	(0.003)
Weighted average number of shares outstanding - basic and diluted	37,003,482	32,563,198	40,007,654	33,279,637

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, 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	73,125	-	-	-	73,125
Debt settlement with common shares	1,500,000	75,000	-	-	-	75,000
Issue of warrants	-	(19,600)	-	19,600	-	-
Exercise of warrants 2016 financing	-	4,000	-	(4,000)	-	-
November 24, 2016:						
Issuance of shares	4,000,000	300,000	-	-	-	300,000
Issue of warrants	-	(47,520)	-	47,520	-	-
Share issuance costs	-	(16,800)	-	-	-	(16,800)
Comprehensive loss for nine months ended November 30, 2016	-	-	-	-	(337,815)	(337,815)
Balance at November 30, 2016	40,271,390	6,310,719	184,002	67,120	(6,925,678)	(363,837)

	Capital Stock		Reserves			Total
	Number of shares	Amount \$	Share based payments \$	Warrants \$	(Deficit) \$	
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
Issue of shares	3,169,420	158,471	-	-	-	158,471
	(See Note below)					
Comprehensive loss for nine months ended November 30, 2015	-	-	-	-	(203,282)	(203,282)
Balance at November 30, 2015	33,796,390	5,962,977	184,002	-	(6,599,195)	(452,216)

Note:

The number of shares issued in the nine months to November 30, 2015 and the corresponding amount recorded were restated at year-end to correctly record the settlement of the Advance Royalty and the gain on settlement.

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

(an exploration stage company)

	Nine month period ended		Three month period ended	
	November 30,		November 30,	
	2016	2015	2016	2015
Operating activities				
Net comprehensive (loss)/gain for the period	(337,815)	(203,282)	(212,302)	(84,434)
Adjustments to reconcile net income to cash flow from operating activities:				
Share based payments	-	8,800	-	-
Impact on cash flow of net changes in non-cash working capital items:				
Sales taxes recoverable	(3,499)	(3,198)	(1,268)	343
Uramin advances	-	-	-	-
Exploration deposits receivable	(14,510)	-	(4,537)	-
Subscriptions receivable	-	-	4,875	21,600
Exploration bond	173	(1,595)	(560)	-
Accounts payable and accruals	(18,833)	21,804	21,254	13,213
	(374,484)	(177,471)	(192,538)	(49,278)
Financing				
Due to director	132,564	-	24,279	-
Issue of shares	431,325	158,471	300,000	-
	563,889	158,471	324,279	-
Investing				
BLM exploration bond	(173)	1,595	560	-
	(173)	1,595	560	-
Increase (decrease) in cash and cash equivalents	189,232	(17,405)	132,301	(49,278)
Cash and cash equivalents, beginning of period	4,536	37,016	61,467	68,889
Cash and Cash Equivalents at End of Period	193,768	19,611	193,768	19,611

The accompanying notes are an integral part of these financial statements



Notes to unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Nine Months Ended November 30, 2016 and 2015

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1. NATURE OF OPERATIONS AND GOING CONCERN

Waseco Resources Inc. (“Waseco” or the “Company”) was incorporated under the laws of the Province of British Columbia and has been 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 and principal focus is on a gold prospect in Nevada, USA. The Company also has interests in exploration prospects in Ontario and Quebec, Canada and historical feasibility studies relating to a gold prospect in Indonesia. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves which are economically recoverable.

As at November 30, 2016, the Company had working capital deficiency of \$363,837 (February 29, 2016 - \$457,347), had not yet achieved profitable operations, had accumulated losses in the development of its business of \$6,925,678 (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 statement of financial position 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. As of the quarter end, the Company had sufficient cash on hand to cover its anticipated expenses for the next twelve months.

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 into of joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful. 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.

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



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Standards ("IFRS") issued by the International Accounting Standards Board ("IASB" or "the Board") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC).

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 30th, 2017.

2.2 Basis of presentation and functional and presentation currency

These unaudited 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 prepared based on accounting policies and methods of computation consistent with those adopted in the Company's February 29, 2016 audited annual financial statements. Since the adoption of IFRS, the Company has consistently written off all exploration expenditure as incurred, not carrying it on the Statement of Financial Position at cost as it might have.

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

2.3 Basis of consolidation

These unaudited consolidated financial statements include the financial statements of the Company and its controlled and 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



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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.

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. No impact is expected on the Company’s financial statements.

Changes in Accounting Policies

The IASB issued several new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company’s financial year beginning on or after January 1, 2015. In preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

The following new standards have been adopted:

- IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.
- IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.



Notes to unaudited Consolidated Interim Condensed 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 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. To carry out the planned exploration and pay for administrative costs, the Company will further deplete its negative 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 and Mr. Williams' support as noted above, is vital to the Company's continued operations. 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 any 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 November 30, 2016, the Company is compliant with the policies of the TSXV.

There were no changes in the Company's approach to capital management during the six months ended November 30, 2016.

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 payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized



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cost, which also equals fair value. Fair values of trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs.

As at November 30, 2016, 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 November 30, 2016, the Company had a working capital deficiency of \$363,837 (February 29, 2019 – \$457,347). 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 would 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).

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.



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5. CASH AND CASH EQUIVALENTS

The balance at November 30, 2016, consists of \$193,768 (February 29, 2016 - \$4,536) on deposit with a major Canadian bank.

6. TRADE AND OTHER RECEIVABLES

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

	As at	
	November 30, 2016	November 30, 2015
Sales taxes recoverable	5,784	4,515
Subscriptions receivable	-	4,875
	<u>\$ 5,784</u>	<u>\$ 9,390</u>

At November 30, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral at November 30, 2016 against these receivables.

7. 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 increased prior to the recent exploration program to US\$17,740 to cover the planned follow up drill program. The Bond, also, has been transferred to Waseco Resources US Inc.

8. 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.

	As at	
	November 30, 2016	November 30, 2015
Trade payables and accruals	53,129	31,875
Due to director	142,564	118,285
Exploration deposits received, net	367,695	372,232
	<u>\$ 563,388</u>	<u>\$ 522,392</u>



Notes to unaudited Consolidated Interim Condensed Financial Statements
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9. 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 which are not in excess of fair market values.

During the nine-month period ended November 30, 2016 the Company expensed \$33,000 (2016 – \$33,000) to officers of the Company for management fees of which \$9,000 was paid and \$24,000 was deferred and remains an accrued payable to Mr. Williams.

In addition to the above, an additional \$109,564 has been lent to the Company by Richard Williams, a director. These amounts are non-interest bearing and repayable on demand.

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 Ellingson	Director
Peter Sever	Director

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, 2015	170,324	81,175	837,722
Property expenditures	-	-	143,115
Balance, March 1, 2016	170,324	81,175	980,837
Property expenditures	-	12,426	241,895
Balance, November, 2016	\$ 170,324	\$ 93,601	\$ 1,222,732

The Company has interests in the following properties:

1. Quebec-Labrador Trough – The Company and AREVA by joint venture control 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 \$936,601 in addition to the underlying properties.



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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. The NSR Agreement calls for advance royalty payments of US\$75,000 per year; as at the period end, a total of US\$675,000 has been paid. The Advance Royalty requirement for 2016 was reduced by negotiation with the property owner to US\$37,500; inclusive of cash \$12,500 to settle an outstanding installment from 2015 requirement and cash US\$10,000 and issuance of shares to settle current year requirement (Refer to Note 11 below). In addition, the quarterly lease payment of US\$5,000 was waived.

The Company has negotiated a reduction of the Annual Advance Royalty payable on the Battle Mountain Ridge property, and settled the current lease payments and the 2017 and coming year's Advance Royalty payment for shares.

The Annual Advance Royalty has been reduced from US \$75,000 annually to US \$50,000, starting in year three (2018/9). The current Annual Advance Royalty and the outstanding lease obligation have been settled by way of a shares for debt issuance of 1.5 million common shares at Cdn \$0.05 per share, plus 700,000 share purchase warrants, exercisable at \$0.075 for 2 years. This year's Advance Royalty has been satisfied by the payment of US\$10,000 and the issuance of shares in settlement of debt during the quarter under review, and next year's Advance Royalty will be satisfied by the payment of US\$ 20,000 on July 17, 2017.

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.

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.



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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.

The following table summarizes stock options issued:

<i>Nine months ended</i>	November 30, 2016		November 30, 2015	
	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	200,000
Transactions during the year				
Granted		-	\$0.10	800,000
Exercised		-	-	-
Expired		-	-	-
Outstanding at end of the period	\$0.10	1,000,000	\$0.10	1,000,000
Exercisable at end of the period	\$0.10	1,000,000	\$0.10	1,000,000

The weighted average life remaining on the outstanding options is 1.05 years.

12. RESERVE FOR SHARE BASED PAYMENTS

An analysis of movements in Share-Based Payments is set out in the Equity analysis (Page 5) above.

13. INCOME TAXES – Year end balances

At February 29, 2016, the Company has \$639,691 (2015 - \$516,720) 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 2027 and 2036.

At February 29, 2016, the Company has \$5,581,000 (2015 - \$5,444,000) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of \$312,400 (2015 - \$312,400). The tax benefits pertaining to



Notes to unaudited Consolidated Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Nine Months Ended November 30, 2016 and 2015

(an exploration stage company)

these expenses are available to be carried forward 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:

	2016	2015
Deferred Tax Assets		
Loss carry-forwards	211,000	178,000
Temporary differences	1,479,000	1,442,000
Less: valuation allowance	(1,690,000)	(1,620,000)
Net Deferred Tax Assets	-	-

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 7 above.

15. SUBSEQUENT EVENTS

Subsequent to the quarter end, the Company announced the results of its recent drill program by way of press release dated January 26, 2016. This press release is now posted and available on SEDAR and the Company's website.