

WASECO RESOURCES INC.

Financial Statements

Six months ended August 31, 2007

(Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Waseco Resources Inc.**Balance Sheets****(Unaudited - Prepared by Management)**

| | August 31, 2007 (Unaudited) | February 28, 2007 (Audited) |
|--|--------------------------------|--------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 372,473 | \$ 226,259 |
| Refundable provincial exploration tax credit | 309,331 | 285,831 |
| GST recoverable | 8,650 | 40,787 |
| Accounts receivable | 15,000 | 37,579 |
| Prepaid exploration expense | 73,946 | - |
| | 779,400 | 590,456 |
| Mineral Properties and Deferred Costs (Note 3) | 265,243 | 171,243 |
| | \$ 1,044,643 | \$ 761,699 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accruals (Note 8) | \$ 178,838 | \$ 235,810 |
| Exploration Deposits Received, net | 258,296 | 36,119 |
| | 437,134 | 271,929 |
| Shareholders' Equity | | |
| Share capital (Note 4) | 5,660,662 | 5,660,662 |
| Contributed surplus (Note 5) | 66,902 | 66,902 |
| Deficit | (5,120,055) | (5,237,794) |
| | 607,509 | 489,770 |
| | \$ 1,044,643 | \$ 761,699 |

Nature of operations (Note 1)

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

Approved on behalf of the board of directors:

"James Richardson"
James Richardson, Director

"Richard Williams"
Richard Williams, Director

Waseco Resources Inc.**Interim Statements of Operations and Deficit
(Unaudited – Prepared by Management)**

| | Six Months Ended Aug 31 2007 | Six Months Ended Aug 31 2006 | Three Months Ended Aug 31 2007 | Three Months Ended Aug 31 2006 |
|---|---------------------------------------|---------------------------------------|---|---|
| Revenue: | | | | |
| Management fees | - | 16,350 | - | 16,350 |
| Income from option payments received | 173,500 | 51,973 | 173,500 | 51,973 |
| | 173,500 | 68,323 | 173,500 | 68,323 |
| Expenses: | | | | |
| Professional fees | 9,454 | 10,174 | 7,547 | 7,924 |
| Shareholder relations and regulatory fees | 36,480 | 11,439 | 30,745 | 9,782 |
| Miscellaneous | 577 | 8,757 | 382 | 3,937 |
| Rent | 3,000 | - | 1,500 | - |
| Management fees | 7,000 | - | 7,000 | - |
| Stock-based compensation (Note 6) | - | - | - | - |
| | 56,511 | 30,370 | 47,174 | 21,643 |
| Loss before other income (expenses) | 116,989 | 37,953 | 126,326 | 46,680 |
| Other income: | | | | |
| Interest | 750 | - | 750 | - |
| | 750 | - | 750 | - |
| Net profit (loss) for the period | 117,739 | 37,953 | 127,076 | 46,680 |
| Deficit, beginning of period | (5,237,794) | (5,377,371) | (5,247,131) | (5,386,098) |
| Deficit, end of period | (5,120,055) | (5,339,418) | \$ (5,120,055) | \$ (5,339,418) |
| Loss per share - basic and diluted | (0.0040) | 0.0010 | \$ (0.0043) | \$ 0.0000 |
| Weighted average number of shares | 29,511,155 | 29,034,155 | 29,511,155 | 29,034,155 |

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

Waseco Resources Inc.
Interim Statements of Cash Flows
(Unaudited – Prepared by Management)

| | Six Months Ended Aug 31 2007 | Six Months Ended Aug 31 2006 | Three Months Ended Aug 31 2007 | Three Months Ended Aug 31 2006 |
|--|---------------------------------------|---------------------------------------|---|---|
| Operating activities: | | | | |
| Net profit (loss) for the period | \$ 117,739 | \$ 37,953 | \$ 127,076 | \$ 46,680 |
| Item not affecting cash: | | | | |
| Stock-based compensation | - | - | - | - |
| | 117,739 | 37,953 | 127,076 | 46,680 |
| Changes in non-cash working capital items: | | | | |
| GST Recoverable | 32,137 | (876) | (4,977) | (8,661) |
| Accounts Payable and Accruals | (56,972) | (31,151) | 17,256 | (14,707) |
| Refundable Provincial Exploration Tax Credit | (23,500) | (150,423) | (23,500) | (150,423) |
| Prepaid Exploration | (73,946) | - | (59,946) | - |
| Accounts Receivable | 22,579 | (33,356) | 37,579 | (33,356) |
| Shareholder Loan | - | 1,000 | - | (9,000) |
| Total cash flows (used in) provided by operating activities | 18,037 | (176,853) | 93,488 | (169,467) |
| Investing activities: | | | | |
| Exploration expenses advanced | 222,177 | - | 230,517 | - |
| Expenditures related to interest in Mining Properties, net of recovery | (94,000) | 154,674 | (94,000) | 110,325 |
| Total cash flows used in investing activities | 128,177 | 154,671 | 136,517 | 110,325 |
| Financing activities: | | | | |
| Capital Stock Issued | - | 15,000 | - | 15,000 |
| Total cash flows (used in) provided by financing activities | - | 15,000 | - | 15,000 |
| Increase in cash and cash equivalents during the period | 146,214 | (7,182) | 230,005 | (44,142) |
| Cash and cash equivalents, beginning of period | 226,259 | 7,255 | 142,468 | 44,215 |
| Cash and cash equivalents, end of period | 372,473 | 73 | \$ 372,473 | \$ 73 |
| Cash and cash equivalents consists of: | | | | |
| Cash | 162,473 | \$ 73 | \$ 162,473 | \$ 73 |
| Term deposits | 210,000 | - | 210,000 | - |
| | 372,473 | \$ 73 | \$ 372,473 | \$ 73 |

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

Waseco Resources Inc.**Interim Statements of Comprehensive Loss****(Unaudited – Prepared by Management)**

| | Six Months Ended Aug 31 2007 | Six Months Ended Aug 31 2006 | Three Months Ended Aug 31 2007 | Three Months Ended Aug 31 2006 |
|---|---------------------------------------|---------------------------------------|---|---|
| Net loss for the period, being comprehensive loss for the period | 117,739 | 37,953 | 127,076 | 46,680 |

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

Waseco Resources Inc.**Notes to the Interim Financial Statements****For the Six Month Period Ended August 31, 2007****(Unaudited – Prepared by Management)**

1. NATURE OF OPERATIONS

The reader is directed to the notes of the February 28, 2007 audited financial statements for a full description of the nature of operations for Waseco Resources Inc. (the "Company") and more comprehensive notes to the Financial Statements generally.

This and other useful information on the Company are available on the Company's web site at www.wasecoresources.com and on SEDAR (www.sedar.com).

Waseco Resources Inc. (Waseco or the Company) is incorporated under the laws of Ontario. The Company's principal business activity is mineral exploration in Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in preparing these financial statements are those used by the Company as set out in the notes of the February 28, 2007 audited financial statements. For further information see the Company's February 28, 2007 audited financial statements.

3. INTEREST IN MINING PROPERTIES

Two years ago, the Company entered into a Purchase and Sale Agreement to acquire 210 claims in the Quebec Labrador Trough, which are prospective for uranium and other minerals. The vendors have retained a 2% net smelter royalty interest that the Company can buy down to 1% by paying \$1 million within 1 year of the commencement of commercial production on the properties. The Company paid \$35,000 and issued 1,000,000 common shares to the vendors during the year of acquisition fulfilling its obligations so that it now holds a 100% interest in the claims subject to the aforementioned royalty and subject to an option on certain claims, as more fully described below.

During the prior fiscal year, the Company entered into an Agreement with a third party (UraMin Inc. ["UraMin"]) whereby the latter can earn a 50% interest in the uranium and related metals in all of the Labrador Trough claims. To acquire the option, the optionee paid Waseco \$150,000 during the prior fiscal year and \$150,000 during the second quarter. The Company has undertaken an exploration program designed as a continuing evaluation of the uranium and other mineral potential of the property. UraMin is to provide \$1,600,000 of funding of the Company's exploration expenditures to earn an interest in uranium and related metals on the property. In the event that the optionee elects not to fund the entire program over a two year period, it will have no further obligations, and will retain no interest in the property. The Company has received \$260,000 from UraMin towards the second year's exploration expenditure commitment.

The Company anticipates being the recipient of refunds for approximately 47% of exploration and development expenditures spent on the properties in the Quebec Labrador Trough pursuant to the Quebec Mining Duties and Provincial Income Tax treatments.

The Company continues to hold a 5% interest in the Attawapiskat diamond prospect in northern Ontario. No work was performed on this property during the period.

Waseco Resources Inc.
Notes to the Interim Financial Statements
For the Six Month Period Ended August 31, 2007
(Unaudited – Prepared by Management)

| | August 31, 2007 | February 28, 2007 |
|--|-----------------|-------------------|
| Acquisition Costs: | | |
| Balance, beginning of year | 243,445 | 214,035 |
| Acquisition costs in period - Indonesia | 94,000 | 29,410 |
| | 337,445 | 243,445 |
| Deferred Exploration Expenditures: | | |
| Balance, beginning of period | \$ (72,202) | \$ 111,879 |
| Exploration costs | 50,000 | 732,282 |
| Refundable provincial exploration tax credit | (23,500) | (289,331) |
| Option payment received | (200,000) | (809,470) |
| Option payments recognized as revenues | 173,500 | 182,438 |
| | (72,202) | (72,202) |
| Balance, end of period | \$ 265,243 | \$ 171,243 |

For further information, see the notes accompanying the Company's February 28, 2007 audited financial statements.

4. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited common shares.

(b) Issued and Outstanding Share Capital

| | Number of Shares | Amount |
|--|---------------------|--------------|
| Balance, February 28, 2007 | 29,511,155 | \$ 5,660,662 |
| Transactions during the quarter: No transactions | - | - |
| Balance, August 31, 2007 | 29,511,155 | \$ 5,660,662 |

Waseco Resources Inc.
Notes to the Interim Financial Statements
For the Six Month Period Ended August 31, 2007
(Unaudited – Prepared by Management)

4. SHARE CAPITAL (continued)

(c) Stock Options

Stock option activity since February 28, 2007 is presented below:

| | Number of Options | Weighted Average Exercise Price |
|-------------------------------------|----------------------|--|
| Outstanding, February 28, 2007 | 800,000 | \$ 0.10 |
| Transactions during the quarter | | |
| Granted | - | - |
| Expired | - | - |
| Outstanding, August 31, 2007 | 800,000 | \$ 0.10 |

All of the outstanding options expire on May 6, 2008.

Waseco 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, the options shall vest immediately except that options granted to consultants or persons employed in investor relations activities shall vest over twelve months. All options expire on the fifth anniversary from the grant date, unless otherwise specified.

Warrants

As at August 31, 2007 Waseco had no warrants outstanding.

5. CONTRIBUTED SURPLUS

| | Six Months Ended August 31, 2007 |
|----------------------------------|--|
| Balance, beginning of period | \$ 66,902 |
| Stock-based compensation expense | - |
| Balance, end of period | \$ 66,902 |

Waseco Resources Inc.

Notes to the Interim Financial Statements

For the Six Month Period Ended August 31, 2007

(Unaudited – Prepared by Management)

6. INCOME TAXES

Owing to the availability of offsetting loss carry forwards the estimated income tax payable for the period is nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets.

Consequently, the potential future recovery arising from potential application of tax loss carry forwards and differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some or all of the future tax assets will be realized.

7. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes or interest during the six month period ended August 31, 2007.

8. BASIC LOSS PER SHARE

The loss per share figures are calculated using the weighted average number of common shares outstanding during the period.

Fully diluted loss per share has not been disclosed, as the effect would be non material.

9. RELATED PARTY TRANSACTIONS

Other than the reimbursement to Related Parties of amounts expended by them on behalf of the Company for travel and other costs and the payment of a total of \$7,000 in management fees to the two Officers most involved in the management of the Company's operations, there were no Related party Transactions in the period.

10. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter.