

WASECO RESOURCES INC.

Financial Statements

Three months ended May 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 un-audited 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)**

	May 31, 2007 (Unaudited)	February 28, 2007 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 142,468	\$ 226,259
Refundable provincial exploration tax credit	285,831	285,831
GST Recoverable	3,673	40,787
Accounts Receivable	52,579	37,579
Prepaid Exploration Expense	14,000	-
	498,551	590,456
Mineral Properties and Deferred Costs (Note 3)	171,243	171,243
	\$ 669,794	\$ 761,699
Liabilities		
Current liabilities:		
Accounts payable and accruals (Note 8)	\$ 161,582	\$ 235,810
	161,582	235,810
Exploration Deposits Received	27,779	36,119
	189,361	271,929
Shareholders' Equity		
Share capital (Note 4)	5,660,662	5,660,662
Contributed surplus (Note 5)	66,902	66,902
Deficit	(5,247,131)	(5,237,794)
	480,433	489,770
	\$ 669,794	\$ 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)**

	Three Months Ended May 31 2007	Three Months Ended May 31 2006
Expenses:		
Professional fees	1,907	2,250
Shareholder relations and regulatory fees	5,735	1,657
Miscellaneous	195	4,820
Rent	1,500	-
Stock-based compensation (Note 6)	-	-
	9,337	8,727
Loss before other income (expenses)	(9,337)	(8,727)
Other income:		
Interest	-	-
	-	(8,727)
Net loss for the period	(9,337)	(8,727)
Deficit, beginning of period	(5,237,794)	(5,377,371)
Deficit, end of period	\$ (5,247,131)	\$ (5,386,098)
Loss per share - basic and diluted	\$ (0.0003)	\$ (0.0003)
Weighted average number of shares	29,511,155	28,934,155

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

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

	Three Months Ended May 31 2007	Three Months Ended May 31 2006
Operating activities:		
Net loss for the period	\$ (9,337)	\$ (8,727)
Item not affecting cash:		
Stock-based compensation	-	-
	(9,337)	(8,727)
Changes in non-cash working capital items:		
GST Recoverable	37,114	7,784
Accounts Payable and Accruals	(74,228)	(16,444)
Accounts Receivable	(15,000)	
Prepaid Exploration	(14,000)	
Shareholder Loan	-	10,000
Total cash flows (used in) provided by operating activities	(75,454)	(7,387)
Investing activities:		
(Reduction in) Option payments received	(8,340)	50,000
Expenditures related to interest in Mining Properties, net of recovery	-	(5,653)
Total cash flows used in (provided by) investing activities	(8,340)	44,347
Financing activities:		
Shares issued for cash, net of share issue costs	-	-
Total cash flows (used in) provided by financing activities	-	-
Increase in cash and cash equivalents during the period	(83,791)	36,960
Cash and cash equivalents, beginning of period	226,259	7,255
Cash and cash equivalents, end of period	\$ 142,468	\$ 44,215
Cash and cash equivalents consists of:		
Cash	\$ 116,258	\$ 44,215
Term deposits	110,000	-
	\$ 142,468	\$ 44,215

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

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

	Three Months Ended May 31, 2007	Three Months Ended May 31, 2006
Net loss for the period, being comprehensive loss for the period	(9,337)	(8,727)

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

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 subsequent to the quarter end (see Subsequent Events, note 13). 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 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 Three Month Period Ended May 31, 2007
(Unaudited – Prepared by Management)

	May 31, 2007	February 28, 2007
Acquisition Costs:		
Balance, beginning of year	243,445	214,035
Acquisition costs in period	-	29,410
	<u>243,445</u>	<u>243,445</u>
Deferred Exploration Expenditures:		
Balance, beginning of period	\$ (72,202)	\$ 111,879
Exploration costs	-	732,282
Refundable provincial exploration tax credit		(289,331)
Option payment received		(809,470)
Option payments recognized as revenues		182,438
	<u>(72,202)</u>	<u>(72,202)</u>
Balance, end of period	\$ 171,243	\$ 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, May 31, 2007	<u>29,511,155</u>	<u>\$ 5,660,662</u>

Waseco Resources Inc.
Notes to the Interim Financial Statements
For the Three Month Period Ended May 31, 2007
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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, May 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 there under 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 May 31, 2007 Waseco had no warrants outstanding.

5. CONTRIBUTED SURPLUS

	Three Months Ended May 31, 2007
Balance, beginning of period	\$ 66,902
Stock-based compensation expense	-
Balance, end of period	\$ 66,902

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 three month period ended May 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 dilutive.

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, there were no Related Party Transactions in the period.

10. SUBSEQUENT EVENTS

Subsequent to the end of the Quarter:

- i. Uramin renewed its commitment to continue funding the Company's exploration of the Quebec Labrador Trough properties by paying to the Company \$150,000 as an unrestricted payment to the Company for the second annual instalment of such and \$300,000 as a deposit towards project costs to be expended by the Company.
- ii. The Company undertook activities in Indonesia resulting in the staking of SKP's covering gold and zircon on most of the Company's former Tewah Contract of Work resulting in expenditure of approximately \$100,000.
- iii. The Company received payment from UraMin of its 5% management fee on the Quebec Labrador Trough exploration project.