

# **WASECO RESOURCES INC.**

## **Financial Statements**

**Nine months ended November 30, 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.

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

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	November 30, 2007 (Unaudited)	February 28, 2007 (Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 326,005	\$ 226,259
Refundable provincial exploration tax credit	313,683	285,831
GST recoverable	9,416	40,787
Accounts receivable	-	37,579
Prepaid exploration expense	73,946	-
	723,050	590,456
Mineral Properties and Deferred Costs (Note 3)	265,243	171,243
	\$ 988,293	\$ 761,699
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accruals	\$ 158,311	\$ 235,810
Exploration Deposits Received, net	228,768	
	387,079	235,810
<b>Shareholders' Equity</b>		
Share capital (Note 4)	5,660,662	5,660,662
Contributed surplus (Note 5)	66,902	66,902
Deficit	(5,126,350)	(5,237,794)
	601,214	489,770
	\$ 988,293	\$ 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

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

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	Nine Months Ended Nov 30 2007	Nine Months Ended Nov 30 2006	Three Months Ended Nov 30 2007	Three Months Ended Nov 30 2006
Revenue:				
Management fees	-	32,848	-	16,498
Miscellaneous	7,835		7,835	
Income from option payments received	177,851	197,711	4,351	145,738
	185,686	230,559	12,186	162,236
Expenses:				
Professional fees	12,461	18,672	3,006	8,498
Shareholder relations and regulatory fees	41,284	14,032	4,655	2,593
Miscellaneous	747	8,902	320	145
Rent	4,500	-	1,500	-
Management fees	16,000	-	9,000	-
Stock-based compensation (Note 6)	-	-	-	-
	74,992	41,606	18,481	11,236
Profit (Loss) before other income	110,694	188,953	(6,295)	151,000
Other income:				
Interest	750	-	-	-
	750	-	-	-
Net profit (loss) for the period	111,444	188,953	(6,295)	151,000
Deficit, beginning of period	(5,237,794)	(5,377,371)	(5,120,055)	(5,339,418)
Deficit, end of period	(5,126,350)	(5,188,418)	\$ (5,126,350)	\$ (5,188,418)
Profit (Loss) per share - basic and diluted	0.0038	0.0064	\$ (0.0002)	\$ 0.0005
Weighted average number of shares	29,511,155	29,307,935	29,511,155	29,411,150

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

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

	Nine Months Ended Nov 30 2007	Nine Months Ended Nov 30 2006	Three Months Ended Nov 30 2007	Three Months Ended Nov 30 2006
Operating activities:				
Net profit (loss) for the period	\$ 111,444	\$ 188,953	\$ (6,295)	\$ 151,000
Item not affecting cash:				
Stock-based compensation	-	-	-	-
	111,444	188,953	(6,295)	151,000
Changes in non-cash working capital items:				
GST Recoverable	31,371	(16,946)	(758)	(16,070)
Accounts Payable and Accruals	(77,499)	(59,662)	(20,686)	(28,511)
Refundable Provincial Exploration Tax Credit	(27,852)	(283,725)	(4,352)	(133,302)
Prepaid Exploration	(58,091)	-	-	-
Accounts Receivable	37,578	(32,848)	15,000	508
Shareholder Loan	-	-	-	(1,000)
Total cash flows (used in) provided by operating activities	16,951	(204,228)	(17,091)	(27,375)
Investing activities:				
Recovery of costs (Expenditures)	176,795	154,671	(29,377)	-
Expenditures related to interest in Mining Properties, net of recovery	(94,000)	16,379	-	16,379
Total cash flows used in investing activities	82,795	171,050	(29,377)	16,379
Financing activities:				
Capital Stock Issued	-	70,400	-	55,400
Total cash flows (used in) provided by financing activities	-	70,400	-	55,400
Increase in cash and cash equivalents during the period	99,746	37,222	(46,468)	44,404
Cash and cash equivalents, beginning of period	226,259	7,255	372,473	73
Cash and cash equivalents, end of period	326,005	44,477	\$ 326,005	\$ 44,477
Cash and cash equivalents consists of:				
Cash	116,005	\$ 44,477	\$ 116,005	\$ 44,477
Term deposits	210,000	-	210,000	-
	326,005	\$ 44,477	\$ 326,005	\$ 44,477

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

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

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	NineMonths Ended Nov 30 2007	Nine Months Ended Nov 30 2006	Three Months Ended Nov 30 2007	Three Months Ended Nov 30 2006
Net profit (loss) for the period, being comprehensive loss for the period	111,444	188,953	(6,295)	151,000

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

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**Waseco Resources Inc.****Notes to the Interim Financial Statements****For the Nine Month Period Ended November 30, 2007****(Unaudited – Prepared by Management)**

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**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](http://www.wasecoresources.com) and on SEDAR ([www.sedar.com](http://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**

Three 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 would have no further obligations, and would 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 has re-established its interest in a substantial portion of the Tewah Alluvial Gold Project in Kalimantan, Indonesia. The Company continues to hold proprietary interest in the substantial feasibility report that had been conducted on these lands some years ago.

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.

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**Waseco Resources Inc.****Notes to the Interim Financial Statements****For the Nine Month Period Ended November 30, 2007****(Unaudited – Prepared by Management)**

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	November 30, 2007	February 28, 2007
<b>Acquisition Costs:</b>		
Balance, beginning of year	243,445	214,035
Acquisition costs in period - Indonesia	94,000	29,410
	<u>337,445</u>	<u>243,445</u>
<b>Deferred Exploration Expenditures:</b>		
Balance, beginning of period	\$ (72,202)	\$ 111,879
Exploration costs	9,259	732,282
Refundable provincial exploration tax credit	(4,351)	(289,331)
Option payment received	(4,908)	(809,470)
Option payments recognized as revenues	-	182,438
	<u>(72,202)</u>	<u>(72,202)</u>
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**

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	Number of Shares	Amount
Balance, February 28, 2007	29,511,155	\$ 5,660,662
Transactions during the quarter: No transactions	-	-
Balance, November 30, 2007	<u>29,511,155</u>	<u>\$ 5,660,662</u>

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**Waseco Resources Inc.****Notes to the Interim Financial Statements****For the Nine Month Period Ended November 30, 2007****(Unaudited – Prepared by Management)**

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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, November 30, 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 November 30, 2007 Waseco had no warrants outstanding.

**5. CONTRIBUTED SURPLUS**

	Nine Months Ended November 30, 2007
Balance, beginning of period	\$ 66,902
Stock-based compensation expense	-
Balance, end of period	\$ 66,902



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**Waseco Resources Inc.**

**Notes to the Interim Financial Statements**

**For the Nine Month Period Ended November 30, 2007**

**(Unaudited – Prepared by Management)**

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**Waseco Resources Inc.****Notes to the Interim Financial Statements****For the Nine Month Period Ended November 30, 2007****(Unaudited – Prepared by Management)**

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**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 nine month period ended November 30, 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 or accrual of a total of \$16,000 in management fees to the three Officers and/or directors 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. An amount of \$2500 was received as the Company's share of payment received in respect of rent on a portion of the Attawapiskat property. While not material, it is one aspect of continuing activity on this property.