

WASECO RESOURCES INC.

Financial Statements

Six months ended August 31, 2006

(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 Sheet
(Prepared by Management)

	Aug 31, 2006 (Unaudited)	Feb 28, 2006 (Audited)
	2006	2006
ASSETS	\$	\$
Current Assets		
Cash	73	7,255
GST Recoverable	10,004	9,128
Accounts Receivable	33,356	-
Prepaid Exploration Expense	5,000	5,000
Refundable Provincial Exploration Tax Credit	248,887	98,464
	297,320	119,847
Mineral Properties and Deferred Costs (Note 3)	171,243	325,914
	468,563	445,761
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable and Accruals	153,817	184,968
Shareholder Loan	1,000	-
	154,817	184,968
	154,817	184,968
Shareholders' Equity		
Capital Stock	5,551,164	5,536,164
Contributed Surplus	102,000	102,000
Deficit	(5,339,418)	(5,377,371)
	313,746	260,793
	468,563	445,761

Approved by the Board of Directors

"James Richardson"
Director

"Richard Williams"
Director

Waseco Resources Inc.
Statement of Operations and Deficit
(Prepared by Management)

Periods Ended	Six months ended		Three months ended	
	Aug 31, 2006	Aug 31, 2005	Aug 31, 2006	Aug 31, 2005
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue				
Management fees	16,350	7,000	16,350	-
Income from option payments received	51,973		51,973	
	68,323		68,323	
Expenses				
Shareholder Relations and Regulatory Fees	11,439	16,719	9,782	11,708
Professional Fees	10,174	5,000	7,924	3,000
Compensation Costs re Options Issued	-	7,418	-	7,418
Miscellaneous	8,757	1,899	3,937	69
	30,370	31,036	21,643	22,195
	Net Profit (Loss)	37,953	(24,036)	46,680
	(22,195)			
Deficit, beginning of period	(5,377,371)	(5,209,016)	(5,386,098)	(5,210,858)
Deficit, end of period	(5,339,418)	(5,233,052)	(5,339,418)	(5,233,053)
Net loss per share - basic and fully diluted	0.001	(0.001)	0.002	(0.001)
Number of shares outstanding	29,034,155	27,161,321	29,034,155	27,161,321

Waseco Resources Inc.
Statement of Cash Flow
(Prepared by Management)

Periods Ended	Six months ended		Three months ended	
	Aug 31, 2006	Aug 31, 2005	Aug 31, 2006	Aug 31, 2005
	2006	2005	2006	2005
	\$	\$	\$	\$
Operations				
Net Gain (Loss)	37,953	(24,037)	46,680	(22,195)
Adjustments to reconcile Net Income to net cash provided by operations:				
Accounts Receivable	(33,356)	(75,400)	(33,356)	(66,865)
GST Recoverable	(876)	-	(8,661)	-
Refundable Provincial Exploration Tax Credit	(150,423)	-	(150,423)	-
Accounts Payable	(31,151)	2,116	(14,707)	99,983
Shareholder Loan	1,000	-	(9,000)	-
	(176,853)	(97,321)	(169,467)	10,923
Financing				
Capital Stock Issued	15,000	71,000	15,000	20,000
Contributed Surplus	-	7,418	-	7,418
	15,000	78,418	15,000	27,418
Investing				
Expenditures Related to Interest in Mining Properties	154,671	(160,743)	110,325	(72,877)
	154,671	(160,743)	110,325	(72,877)
Net increase (decrease) in cash	(7,182)	(179,646)	(44,142)	(34,536)
Cash, beginning of period	7,255	196,237	44,215	51,127
Cash at end of period	73	16,591	73	16,591

WASECO RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

August 31st, 2006

1. NATURE OF OPERATIONS

The reader is directed to the notes of the February 28, 2006 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).

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, 2006 audited financial statements. For further information see the Company's February 28, 2006 audited financial statements.

3. INTEREST IN MINING PROPERTIES

During the previous year, 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 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 second fiscal Quarter, the Company entered into an Agreement with a third party (UraMin Inc.. ["UraMin"]) whereby the latter can earn a 50% interest in all of uranium related assets on the Labrador Trough claims. To acquire the option, the optionee paid Waseco \$150,000, \$50,000 during the first fiscal quarter and \$100,000 in the period under review. The Company has undertaken an exploration program designed as a continuing evaluation of the uranium and other mineral potential of the property. UraMin has to spend \$1,600,000 in exploration expenditures to earn a property interest and pay the Company a further \$150,000 on the first anniversary of the agreement. 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 46% 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.

	August 31 2006	Feb 28 2006
Acquisition costs:		
Balance, beginning of year	\$214,035	\$60,000
Acquisition costs in period	24,892	154,035
Total acquisition costs	238,927	214,035
Deferred exploration expenditures:		
Balance, beginning of year	111,879	(43,757)
Option payments received	(150,000)	-
Exploration costs	380,893	254,100
Exploration cost funding by optionee	(259,933)	
Refundable provincial exploration tax credit	(150,523)	(98,464)
Total Deferred exploration expenditures	(67,684)	111,879
Total Mineral and Properties	\$171,243	\$325,914

For further information, see the notes accompanying the Company's February 28, 2006 audited financial statements.

4. 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 as follows:

	Shares	Amount
Balance at February 28, 2006	28,934,155	\$5,536,164
Transactions during the quarter: Issue of shares as finder's fee	100,000	15,000
Balance at August 31, 2006	29,034,155	\$5,551,164

Stock Options

The following table summarizes the continuity of stock options issued:

	Weighted Average Exercise Price	No. of Options
Outstanding at May 31, 2006	\$ 0.10	1,100,000
Transactions during the quarter: NIL		
Outstanding at end of August 31, 2006	\$ 0.10	1,100,000
Exercisable at end of August 31, 2006	\$ 0.10	1,100,000

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, 2006 Waseco had 416,667 warrants outstanding with an exercise price of \$0.20 each. These warrants expire on September 9th, 2006

5. Contributed Surplus

	2007
Balance at February 28, 2006	\$ 102,000
Transactions in quarter: NIL	
Balance at end of August 31, 2006	\$ 102,000

6. INCOME TAXES

The estimated taxable income 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 or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from 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 or future tax liabilities will be realized.

7. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes or interest during the three month period ended August 31st 2006.

8. BASIC PROFIT/LOSS PER SHARE

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

Fully diluted profit/loss per share has not been disclosed, as the effects would be anti-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 beyond:

- i. the issue of 100,000 common shares valued at \$15,000 to a member of the Board of Directors as a success fee for arranging the UraMin transaction following regulatory and shareholder approval; and
- ii. the advance by a member of the Board of Directors to the Company of a shareholder loan of \$1,000 on completely interest free terms, to be repaid upon receipt of funds by the Company from exercise of warrants (which has been completed after the quarter end – see Subsequent Events)

10. SUBSEQUENT EVENTS

Subsequent to the end of the Quarter, the Company:

- i. Received \$35,400 from the exercise of 177,000 warrants for the purchase of shares at \$0.20 per share which were scheduled to expire September 9, 2006;
- ii. Received \$20,000 from the exercise by a former member of the Board of Directors of 200,000 options to purchase common shares at \$0.10 per share.
- iii. The Company repaid the \$1,000 which had been loaned to the Company by a shareholder who is also an Officer and Director. No interest, fee commission or other reward was paid to the individual.
- iv. Significant additional exploration in an amount which is material to the Company was carried out by UraMin pursuant to the program referred to above.