

WASECO RESOURCES INC.

Consolidated Financial Statements
(Prepared by Management)

Unaudited

For the Nine Months Ended November 30th, 2004

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.
CONSOLIDATED BALANCE SHEETS
(Prepared by Management)

	November 30, 2004 Unaudited	February 29, 2004 Audited
ASSETS	\$	\$
Current		
Cash	1,903	73,393
Share subscription - receivable	<u>5,500</u>	<u>5,500</u>
	<u>7,403</u>	<u>78,893</u>
INTEREST IN MINING PROPERTIES (note 3)	143,378	72,781
	<u>150,781</u>	<u>151,674</u>
<hr/>		
LIABILITIES and SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	133,843	112,121
	<u>133,843</u>	<u>112,121</u>
<hr/>		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 4)	5,213,214	5,213,214
Deficit	(5,196,276)	(5,173,661)
	<u>16,938</u>	<u>39,553</u>
SHAREHOLDERS' EQUITY	<u>150,781</u>	<u>151,674</u>

Approved on behalf of the Board of Directors:
"James Richardson"
Director

"Richard Williams"
Director

WASECO RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Prepared by Management)

Unaudited	Nine Months Ended Nov 30 2004	Nine Months Ended Nov 30 2003	Three Months Ended Nov 30 2004	Three Months Ended Nov 30 2003
	\$	\$	\$	\$
REVENUE				
Conversion of Promissory Note to Royalty (<i>Note 10</i>)	-	250,000	-	250,000
EXPENSES				
General	210	153	(111)	102
Interest	-	15,845	-	-
Legal, audit and accounting fees	10,291	4,000	2,863	-
Transfer Agent, Regulatory Compliance fees	12,115	18,426	4,303	16,775
	22,615	38,424	7,054	15,877
NET INCOME/ (LOSS) FOR PERIOD	(22,615)	211,576	(7,054)	233,123
DEFICIT, BEGINNING OF PERIOD	(5,173,661)	(5,359,319)	(5,189,222)	(5,380,866)
DEFICIT, END OF PERIOD	(5,196,276)	(5,147,743)	(5,196,276)	(5,147,743)
NET INCOME /(LOSS) PER SHARE	(0.001)	0.008	(0.000)	0.009

WASECO RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Prepared by Management)

Unaudited	Nine Months Ended		Three Months Ended	
	Nov. 30 2004	Nov. 30 2003	Nov. 30 2004	Nov. 30 2003
	\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES				
Net income/(loss) for the period	(22,615)	211,576	(7,054)	233,123
Item not involving cash; conversion of Promissory Note to royalty	-	(250,000)	-	(250,000)
Changes in components of non-cash working capital:				
Accounts payable and accrued liabilities	21,722	21,778	15,589	20,000
	(893)	(16,646)	8,535	3,123
CASH FLOW FROM FINANCING ACTIVITIES				
Due to affiliated company	-	15,845	-	-
	-	15,845	-	-
CASH FLOW FROM INVESTING ACTIVITIES				
Deferred exploration expenditures	(70,597)	-	(40,000)	-
Change in cash during period	(71,490)	(801)	(31,465)	3,123
CASH, BEGINNING OF PERIOD	73,393	(3,924)	33,368	-
CASH, END OF PERIOD	1,903	-	1,903	-

1. NATURE OF OPERATIONS

The reader is directed to the notes of the February 29, 2004 audited financial statements for a full description of the nature of operations for Waseco Resources Inc. (the "Company")

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 29, 2004 audited financial statements. For further information see the Company's February 29, 2004 audited financial statements.

3. INTEREST IN MINING PROPERTIES

	Nov 30 2004	Feb 29 2004
Acquisition costs	\$	\$
James Bay Lowlands, Ontario	50,000	50,000
Deferred exploration expenditures		
James Bay Lowlands, Ontario	93,378	22,781
	<u>143,378</u>	<u>72,781</u>

For further information, see the notes accompanying the Company's February 29, 2004 audited financial statements.

4. CAPITAL STOCK

Common shares outstanding:

February 29, 2004	26,201,321
Shares issued March 1, 2004 through Nov 30, 2004	nil
Outstanding at Nov 30, 2004	<u>26,201,321</u>

Stock Option Plan

The Company has a share option plan under which options to purchase common shares may be granted by the board of directors to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant less the maximum discount permitted by the Canadian Venture Exchange. The maximum number of common shares available for issuance under the plan is limited to 10% of the issued and outstanding. For further information see the Company's February 29, 2004 audited financial statements.

No new options were granted during the period September 1, 2004 – Nov 30, 2004. The current number of options outstanding is as follows:

Share Options	Exercise Price	Expiry Date
1,200,000	\$0.10	November 15, 2005

5. 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.

6. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes or interest during the nine month periods ended Nov. 30 2004 and Nov 30 , 2003.

7. BASIC LOSS PER SHARE

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

Fully diluted loss per share has not been disclosed, as the effects would be anti-dilutive.

8. CONTINGENT LIABILITY

Debts associated with the interest in the Indonesian mining properties written off prior to the current year were approximately \$639,000 as at February 29, 2004. This amount relates mainly to unpaid property taxes. Any ultimate disposition of the properties or new exploration or development will require the company to settle such debts or have the acquirer assume such debts in the case of a disposition.

9. SUBSEQUENT EVENT

Subsequent to the end of the quarter, the Company entered into a Purchase and Sale Agreement to acquire 210 claims in the Labrador Quebec trough, which are prospective for uranium. Under the terms of the Agreement, and subject to regulatory approvals, the Company is to pay \$35,000 and issue one million common shares, in aggregate, to the vendors, who are at arm's length to the Company. The vendors have retained a 2% net smelter royalty interest that the Company can buy down to 1% by paying \$ 1 million within one year of the commencement of commercial production on the properties.

10. CONVERSION OF PROMISSORY NOTE

The Company entered into an agreement during the quarter ended Nov ember 30, 2003, with Diadem Resources Inc. that converted \$250,000 of Promissory Note payable to certain royalty interests, as explained more fully in the Note 3 to the Audited Financial Statements for the Year ended February 29, 2004.