



(an exploration stage company)

Audited Consolidated Financial Statements

(Expressed in Canadian dollars)

**As at and for the years ended
February 28, 2023 and February 28, 2022**



(an exploration stage company)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated financial statements of Waseco Resources Inc. [the "Company"] are the responsibility of the management and have been approved by the Board of Directors of the Company.

The audited consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies as disclosed in the notes to the audited consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the audited consolidated financial statements have been prepared fairly, in all material respects and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the audited consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

"Richard Williams"
President

"Jim O'Neill"
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Waseco Resources Inc.

Opinion

We have audited the consolidated financial statements of Waseco Resources Inc., which comprise the audited consolidated statements of financial position as at February 28, 2023 and 2022 and the audited consolidated statements of comprehensive loss, audited consolidated statements of changes in equity and audited consolidated statements of cash flows for the years then ended and notes to the audited consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying audited consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the audited consolidated financial statements, which indicates that the Company had limited working capital as at February 28, 2023 and 2022. As stated in Note 1, these events, or conditions, along with other matters as set forth in Note 4, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the audited consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement public accountant on the audit resulting in this Independent Auditor's Report is Marco F. Simone.

June 28, 2023

Simone + Company



(an exploration stage company)

Audited Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

As at	February 28, 2023	February 28, 2022
Assets		
Current Assets		
Cash	\$ 650	\$ 3,894
HST recoverable	2,011	1,997
BLM Exploration Bond (Note 6)	-	22,526
	\$ 2,661	\$ 28,417
Liabilities		
Current Liabilities		
Trade payables and accruals	\$ 103,711	\$ 91,183
Advances payable (Note 7)	487,021	469,944
Loan payable to shareholder (Note 8)	5,000	5,000
	595,732	566,127
Exploration Deposits (Note 2, 9 and 10)	51,454	58,924
	647,186	625,051
Deficiency in Assets		
Share capital	6,473,483	6,473,483
Share payment reserve	73,418	73,418
Deficit	(7,191,426)	(7,143,535)
	(644,525)	(596,634)
	\$ 2,661	\$ 28,417

Nature of Operations and Going Concern (Note 1) and Subsequent Event (Note 10)

Approved by the Board:

"Derek Bartlett"
Director

"Richard Williams"
CEO & Director

The accompanying notes are an integral part of the audited consolidated financial statements



Audited Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Years Ended	February 28, 2023	February 28, 2022
Revenues		
Operator	\$ 3,729	\$ 4,730
Expenses		
General and administrative	650	1,665
Exploration and evaluation expenditures (Note 9)	3,742	(19,003)
Professional fees	24,798	30,053
Share based compensation	-	73,418
Shareholder relations and regulatory fees	21,862	16,327
Foreign exchange losses	568	1,541
	51,620	104,001
Net Loss and Comprehensive Loss	\$ (47,891)	\$ (99,271)
Loss per share – basic and diluted	(0.001)	(0.002)
Weighted average number of shares – basic and fully diluted	41,681,390	41,681,390

The accompanying notes are an integral part of the audited consolidated financial statements



**Audited Consolidated Statements of
Changes in Equity**
(Expressed in Canadian dollars)

	Share Capital		Contributed Surplus			Total
	Number of Shares	Amount	Share Payment Reserve	Warrants	Deficit	
Balance at February 28, 2021	41,681,390	\$6,473,83	\$ 59,920		\$(7,104,184)	\$ (570,781)
Value of options expired	-	-	(59,920)	-	59,920	-
Value of options granted	-	-	73,418	-	-	73,418
Comprehensive loss for the year	-	-	-	-	(99,271)	(99,271)
Balance at February 28, 2022	41,681,390	6,473,483	\$ 73,418	-	\$(7,143,535)	\$ (596,634)
Comprehensive loss for the period	-	-			(47,891)	(47,891)
Balance at February 28, 2023	41,681,390	\$6,473,483	\$ 73,418	-	\$(7,191,426)	\$ (644,525)

The accompanying notes are an integral part of the audited consolidated financial statements



**Audited Consolidated Statements of
Cash Flows**
(Expressed in Canadian dollars)

Years Ended	February 28, 2023	February 28, 2022
Operations		
Net comprehensive loss for the period	\$ (47,891)	\$ (99,271)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based compensation	-	73,418
	(47,891)	(25,853)
Accretion of operator revenue	(3,729)	(3,000)
Net change in non-cash operating working capital items:		
HST recoverable	(14)	2,156
Trade payables and accruals	12,528	8,471
BLM exploration bond	22,526	(4)
Provision for reclamation	-	(22,522)
Cash Used in Operations	(16,580)	(40,752)
Financing		
Loans and advances payable	17,077	3,549
Repayment of shareholder loan	-	-
Expenditures paid from exploration deposits	(3,741)	(5,382)
Cash From (Used in) Financing Activities	13,336	(1,833)
Decrease in Cash	(3,244)	(42,585)
Cash at beginning of year	3,894	46,479
Cash at End of Year	\$ 650	\$ 3,894

The accompanying notes are an integral part of the audited consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Waseco Resources Inc. (“Waseco” or the “Company”) is incorporated under the laws of the Province of Ontario. Its shares trade on the TSX Venture Exchange under the symbol WRI and on the Frankfurt Exchange under the symbol WSE. The Company’s registered office is Suite 1500, 2 Queen Street East, Toronto, Ontario, M5C 3G5.

The Company is an exploration stage company. On July 13, 2020, the Company announced that it had optioned its Battle Mountain Ridge Project, in Nevada, to the Marigold Mining Company (“Marigold”), a subsidiary of SSR Mining Inc. Management believes that this project can now be developed in conjunction with the adjacent Trenton Canyon Mine, which is being brought forward by Marigold. Management also expects that the option will be exercised and that the Company could receive several million dollars at that time. Thereafter, it may continue to participate in the project through a royalty holding.

Management and the Technical Advisory Committee have now turned their attention to evaluating new projects. The Company also has interests in exploration prospects in Ontario and Quebec, Canada, and a Positive Bankable Feasibility Study (“intellectual Property”) relating to a gold prospect in Indonesia. Substantially all the Company’s efforts are devoted identifying a new lead project. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves which are economically recoverable.

As at February 28, 2023, the Company had a working capital deficiency of \$593,071 (February 28, 2022 - \$537,710), has never had profitable operations, has accumulated losses at February 28, 2023 of \$7,191,426 (February 28, 2022 - \$7,143,535) and expects to continue to incur losses in the development of its business, all of which casts significant doubt on the Company’s ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments, if any, that may be required to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and discharge its liabilities as a going concern in the normal course of operations.

The Company has taken steps to verify title to its mineral exploration properties in accordance with industry standards for the current stage of exploration of such properties. However, these procedures do not guarantee the Company’s title as the properties’ title may be subject to unregistered prior agreements, unregistered claims, or aboriginal claims.

Management plans to secure necessary financing, as and when needed, through a combination of the issue of new equity or debt instruments and the entering of joint venture or option arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on June 28, 2023.

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation and functional and presentation currency

These audited consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for fair value through profit and loss assets, which are carried at fair value. These statements are prepared using the accrual basis of accounting except for cash flow information, which is prepared on a cash basis.

In the year ended February 28, 2023, the Company corrected previously unidentified misallocations of an HST refund of \$100,318 and the receipt of a Quebec exploration refundable tax credit of \$170,633, which resulted in the \$270,951 overstatement of exploration deposits and the accumulated deficit. The misallocations occurred prior to the year ended February 29, 2020. The impact of the correction of these misallocated tax refunds for the years ended February 28, 2021 and 2022 are summarized below:

Consolidated Statement of Financial Position	Previously Reported at February 28, 2021	Reallocation Amount	Adjusted at February 28, 2021
Exploration deposits	\$ 338,259	\$ 270,951	\$ 67,308
Accumulated deficit	(7,375,135)	270,951	(7,104,184)

Consolidated Statement of Financial Position	Previously Reported at February 28, 2022	Reallocation Amount	Adjusted at February 28, 2022
Exploration deposits	\$ 329,875	\$ 270,951	\$ 51,454
Accumulated deficit	(7,414,486)	270,951	(7,143,535)

The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

2.3 Basis of consolidation

These audited consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary: Waseco Resources US Inc., a Nevada corporation based in the United States. Control is achieved when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

All inter-company transactions, balances revenues and expenses are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All acquisition, exploration and evaluation costs, net of incidental revenues, are charged to operations in the period incurred until it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property will be tested for impairment and then capitalized as a mining asset under development.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

3.2 Share-based payments

Share-based payment transactions

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees, when and if they occur, are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense is recognized for equity-settled transactions at each reporting date over the vesting period and reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that income for income tax purposes will be available against which the deductible temporary differences, and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

As described in Note 1, the Company is in the mineral exploration business. Due the nature of this business, Waseco has a long history of accumulated losses that have given rise to both accumulated non-capital losses carried forward and exploration and development expenditures that are capitalized for income tax purposes, both of which would result in the recording of a deferred tax asset if it were not for the Company's history of accumulated losses. As such, the Company has never recorded a deferred tax asset and does not anticipate doing so in the foreseeable future.

If and when Waseco recognizes a deferred income tax asset or liability it will be measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at average market price during the year. As at years ended February 28, 2023 and February 29, 2022 all the outstanding stock options were anti-dilutive.

3.5 Related party transactions

Parties are related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3.6 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue, and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

The most significant estimates relate to, but are not limited to, the following:

- the calculation of the fair value of share-based payments and equity settled transactions requires the use of estimates of inputs in the Black-Scholes option pricing valuation model.
- assessment of the going concern presumption as detailed in Note 1 to the financial statements.

3.7 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial assets

The Company classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

Amortized cost: Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income ("FVTOCI"): Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. An election may be made to classify an equity investment that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss ("FVTPL"): Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial liabilities

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

FVTPL: This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost: Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

3.9 Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The classification of the financial assets and liabilities at February 28, 2022 is as follows:

Financial Instrument:	Classification:
Cash	Amortized cost
BLM exploration bond	Amortized cost
Trade payables and accrued liabilities	Amortized cost
Advances payable	Amortized cost
Shareholder's loans	Amortized cost

3.10 Adoption of new and revised standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The adoption of these new standards did not have a material impact on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on January 1, 2020. IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration, and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. All the properties, in which the Company currently has an interest, are in the exploration stage with no operating revenues, as such the Company is dependent on external financing to fund its activities. To carry out planned exploration and pay for administrative costs, the Company will utilize its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

4. CAPITAL MANAGEMENT (continued)

The mining industry is cyclical in nature. For the past few years, raising equity capital for junior explorers, such as Waseco, has been challenging. The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so. Waseco has also been financially supported, and continues to be supported, with non-interest-bearing cash advances from the Company's Chief Executive Officer.

Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting. In the meantime, the Company has been fortunate in being the beneficiary of interest free advances by the Company's Chief Executive Officer but there is no assurance of the continuation of such support. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

The Company is not subject to any capital requirements imposed by regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 28, 2023, the Company was not compliant with this policy of the TSXV.

There were no changes in the Company's approach to capital management during the year ended February 28, 2023.

5. FINANCIAL INSTRUMENTS

Waseco's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest-rate risk: Waseco maintains excess cash balances in an interest-bearing bank account at a major Canadian financial institution.

Credit risk: Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and refunds of government taxes due and the risk is considered low.

Liquidity risk: The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At February 28, 2023, the Company had a working capital deficiency of \$593,071 (February 28, 2022 – \$537,710). To meet its longer-term working capital and property exploration expenditures, the Company will use its best efforts to secure further financing to ensure that those obligations were properly discharged.

There can be no assurance that Waseco will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. In the meantime, the Chief Executive Officer, who is also a Director of the Company, has been supporting the Company's operations by extending shareholder advances to the Company with neither interest nor fixed repayment terms. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Waseco may change and shareholders may suffer additional dilution.

5. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis: The Company's investments are subject to fair value fluctuations. As at February 28, 2023 if the fair value of the investments had changed by 10%, with all other variables held constant, the change in net comprehensive income would be insignificant.

Market risk: Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

6. BLM EXPLORATION BOND

Waseco provided a reclamation bond to the government of the State of Nevada in the amount US\$17,740 with respect to the leases claims on the Battle Mountain Gold Trend, in Larder County, Nevada (see note 9.1). Under the terms of an Option Agreement with the Marigold, Waseco's bond will be returned to it once Marigold provides the Nevada government with its own reclamation bond.

On December 30, 2021, the Bureau of Land Management Nevada State Office ("BLM") issued a letter to confirm that the BLM bond provided by Marigold Mining Co. was modified to expand their mine plan boundary to include the Battle Mountain Ridge lease claims, and therefore the reclamation cost estimate for Waseco was reduced to \$Nil and the bond requirement was terminated. The refund of the BLM reclamation bond was received on March 2, 2022.

7. ADVANCES PAYABLE

The advances payable to Waseco's Chief Executive Office are unsecured, non-interest bearing, and with no fixed terms of repayment.

8. LOAN PAYABLE TO SHAREHOLDER

The loan payable to shareholder is unsecured, non-interest bearing and with no fixed terms of repayment.

9. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenses for the Company are broken down as follows:

Property's Location	James Bay Lowland Ontario	Labrador Trough Quebec	Battle Mountain Nevada, USA	Total
Balance at February 29, 2021	\$170,324	102,935	1,577,447	1,850,706
Property expenditures (recovery)	-	3,661	(22,664)	(19,003)
Balance at February 28, 2022	170,324	106,596	1,554,783	1,831,703
Property expenditures	-	3,742	-	3,742
Balance at February 28, 2023	\$ 170,324	\$ 110,338	\$ 1,554,783	\$ 1,835,445

9.1 Battle Mountain, Nevada: The Company leases 29 unpatented mining claims on the Battle Mountain Gold Trend, in Larder County, Nevada. This lease is held in the name of Waseco Resources US Inc., a wholly owned subsidiary the Company. The property is subject to a 5% NSR royalty of which 2.5% NSR can be acquired at any time for US\$1.5 Million. The NSR Agreement initially called for advance royalty payments of US\$75,000 per year, which was reduced to US \$50,000 commencing in fiscal 2018. In addition, the Property has quarterly lease payments of US \$5,000. These payments include an inflation adjustment, to be calculated quarterly.

On July 1, 2020, the Company's wholly owned subsidiary entered into an Option Agreement (the "Agreement") with the Marigold Mining Company ("Marigold"), a wholly owned subsidiary of SSR Mining Inc. Under the terms of the Agreement, Marigold has an exclusive option to acquire all the rights, title, and interest in Waseco's leased unpatented mining claims within the Agreement's five-year term, which commenced on the date the Agreement was executed. On closing Waseco received cash consideration of US\$100,000 as an advance towards the option purchase price plus US\$22,660 as a reimbursement of advance royalty, lease payments and core shack fees paid by Waseco. Marigold also assumed Waseco's obligation to pay the annual royalty and quarterly lease payments.

Under the terms of the Agreement, Marigold has the option, at its sole discretion, to complete minimum earn-in work requirements, which are as follows:

- No later than July 1, 2023 either complete 10,000 feet of drilling or incur \$500,000 in qualifying exploration expenditures; and
- No later than July 1, 2025 either complete an additional 20,000 feet of drilling or incur an additional \$1.0 million in qualifying exploration expenditures.

•

9. EXPLORATION AND EVALUATION EXPENDITURES (continued)

If Marigold does not complete the minimum earn-in work requirements, it has the option to pay Waseco an amount equal to the qualifying exploration expenditures for the applicable earn-in period less the qualifying exploration expenditures actually incurred by Marigold for the applicable earn-in period.

On January 18th, 2023, the Marigold advised the Company that its 2022 drilling program on the BMR Project, included 14 drill holes totaling 9,550 feet. Their drilling program cost of US\$547,690 exceeds the first earn-in work requirement milestone of US\$500,000 pursuant to the Agreement.

When Marigold fulfills its exclusive option obligations discussed above, Marigold will have the right to exercise its option by providing Waseco with written notice within sixty days from July 1, 2025 to purchase the existing data owned by Waseco, as well as the contracts, water rights, permits, lease for the unpatented mining claims and existing royalty agreement, at the rate of US\$25 multiplied by the number of Measured, Indicated and Inferred mineral resource reported in Marigold's resource statement, which is required to conform to the standards of National Instrument 43-101. The purchase price is subject to a maximum option price of US\$6.0 million and a minimum option price of US\$1.0 million.

Marigold will also pay Waseco a 1% Net Smelter Return on the production and sale of minerals from the property in excess of 300,000 ounces produced. At Marigold's sole option and discretion, it may exercise the right to reduce the existing royalty from 5% to 2.5% in accordance with the terms of the existing lease agreement.

Both Waseco and Marigold have the right to terminate this agreement in writing, at any time, with either mutual consent or unilaterally.

9.1 Quebec-Labrador Trough: The Company controls these uranium prospects which consist of multiple blocks. The Company has a joint venture agreement with ORANO Canada Inc. (formerly Areva Canada Inc.) (the "ORANO Agreement") and to date the Company's monetary contribution has been \$105,770 in addition to the underlying properties. The Company's joint venture partner advanced the Company funds to be used to pay for exploration expenditures, of which \$51,454 in advances is unspent at February 28, 2023 (\$58,924 at February 28, 2022). Waseco earns a 10% fee on exploration expenditures incurred, which is recognized as operator revenue in these financial statements. During the year ended February 28, 2023, the Company also charged \$3,000 (year ended February 28, 2022 -\$3,000) in direct overhead expenses to this advance account, which has also been recognized as operator revenue. This direct overhead expense was for senior management time incurred to management this project.

Under the terms of Waseco's joint venture agreement with ORANO the Company has no obligation to return unused exploration deposits to its joint venture partner. In addition, the partner has no claim on the exploration deposits, as such the Company's exploration deposits are being indefinitely retained by Waseco.

9. EXPLORATION AND EVALUATION EXPENDITURES (continued)

9.2 James Bay Lowlands: In 2003 Waseco acquired a 5% interest in 2003 in a 2,440-acre claim block is in approximately to the DeBeers Victor mine in the Attawapiskat Region in Northern Ontario. The property is subject to a 2% net smelter return (“NSR”), with the Company and its joint venture partners having a right of first refusal to buy out 1%.

10. EXPLORATION DEPOSITS

The exploration deposits were received pursuant to terms of the ORANO Agreement (see note 9). Under the terms of the agreement, ORANO is responsible for 50% of exploration expenditures incurred, as such Waseco records ORANO’s share of the exploration expenditures as a reduction to the exploration deposits account.

11. 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.

Share-Based Payment Plan: 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, options shall vest immediately except those options granted to consultants or persons employed in investor relations activities, which are to vest over a twelve-month period. All options expire on the fifth anniversary from the grant date, unless specified otherwise in a Director’s Resolution. The exercise price of each option issued shall not be less than the closing market price of the Company’s stock on the day immediately preceding the date of grant.

The following table summarizes stock options issued and outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance – February 28, 2021	2,200,000	\$ 0.075
Expired	(2,200,000)	0.075
Granted – April 13, 2021	2,400,000	0.075
Granted – August 30, 2021	400,000	0.050
Balance – February 28, 2022	2,800,000	0.071
Changes in the period	-	-
Balance – February 28, 2023	2,800,000	\$ 0.071

10. CAPITAL STOCK (continued)

The following is information regarding the outstanding options at February 28, 2023:

Options by Expiry Date	Number of Options	Exercise Price	Remaining Life in Years
April 9, 2024	2,200,000	\$0.075	1.13
August 18, 2024	400,000	0.050	1.47
Total options and weighted averages	1,915,000	\$0.071	1.18

On April 13, 2021, the Company issued 2,400,000 options, including 1,600,000 options to its directors and 800,000 options to its consultants. These options are exercisable upon the grant date at \$0.075 per share and expire on April 9, 2024 (remaining life or 1.13 years).

On August 30, 2021, the Company issued 400,000 options to its CFO. These options are exercisable upon the grant date at \$0.05 per share and expire on August 18, 2024 (remaining life or 1.47 years).

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the options granted during the period.

Grant Date	April 13, 2021	August 30, 2021
Number of options granted	2,400,000	400,000
Weighted average information		
Exercise price	\$0.075	\$0.050
Risk-free interest rate	0.30%	0.04%
Life	3 years	3 years
Expected volatility	80%	80%
Expected dividends	-	-

11. INCOME TAXES

Current Income Tax Provision: The Company's income tax provision differs from the application of the Canadian statutory tax rate of 26.5% (2021 – 26.5%). A reconciliation of the combined Canadian Federal and provincial income tax rates with the Company's effective tax rate is as follows:

11. INCOME TAXES (continued)

Years Ended	February 28, 2023	February 28, 2022
Income taxes expense (recoverable) at statutory income tax rate	\$ (12,700)	\$ (26,300)
Share based compensation	-	19,500
Exploration costs expensed (recovered) for accounting purposes	1,000	(5,000)
	(11,700)	(11,800)
Valuation allowance	11,700	11,800
Income tax provision	\$ -	\$ -

Deferred Income Taxes Recoverable: At February 28, 2023, the Company has \$1,399,400 (February 28, 2022 - \$1,355,200) in non-capital losses carried forward that are available to reduce future net income for income tax purposes. If these losses are not utilized, they will expire as follows:

Years of Expiry	
2028 to 2032	\$ 187,300
2033 to 2037	533,400
2038 to 2045	678,700
	\$ 1,399,400

At February 28, 2023, the Company has \$5.9 million (February 28, 2022- \$5.9 million) of unused CCEE, CCDE, FEDE and CFRE expenditures as well as capital losses of \$312,400 (2022 - \$312,400). The tax benefits pertaining to these income tax pools are available may be carried forward indefinitely and similarly no benefit has been recognized in the accounts owing to the uncertainty of the Company's ever achieving taxable income against which these amounts might be utilized.

The tax effect of temporary differences, at the statutory Canadian income tax rate of 26.5%, that gave rise to these unrecorded deferred tax assets are as follows:

Years Ended	February 28, 2023	February 28, 2022
Deferred tax assets:		
Exploration expenditures	\$ 1,556,000	\$ 1,570,000
Loss carry-forwards	412,000	400,000
	1,978,000	1,970,000
Less valuation allowance	(1,978,000)	(1,9970,000)
Net deferred tax assets	\$ -	\$ -

12. SEGMENTED INFORMATION

The Company has identified its reportable operating segments based on the information utilized by the President and Chief Financial Officer (considered to be the chief decision makers) to manage the business. The Company primarily manages its business by country of operation.

As at	February 28, 2023	February 28, 2023	February 28, 2022	February 28, 2022
	Current Assets	Total Assets	Current Assets	Total Assets
Canada	2,662	2,662	5,891	5,891
U.S.A.	-	-	22,526	22,526
	\$ 2,662	\$ 2,662	\$ 28,417	\$ 28,417

As at	February 28, 2023	February 28, 2023	February 28, 2022	February 28, 2022
	Current Liabilities	Total Liabilities	Current Liabilities	Total Liabilities
Canada	595,732	918,137	554,107	892,366
U.S.A.	-	-	22,522	22,522
	\$ 595,732	\$ 918,137	\$ 28,417	\$ 28,417

Years ended	February 28, 2023	February 28, 2023	February 28, 2022	February 28, 2022
Operating segment	Canada	USA	Canada	USA
Revenues	3,729		\$ 4,730	\$ -
Expenses:				
Exploration and evaluation expenditures (recovery)	3,742	-	3,661	(22,664)
Other expenditures	47,878		123,004	
	51,620	-	126,665	(22,664)
Comprehensive income (loss)	\$ (47,891)	\$ -	\$ (121,935)	\$ 22,664

13. RELATED PARTY TRANSACTIONS

Related party transactions include advances from, and consulting fees, management fees and compensation paid to key management personnel or to companies controlled by such individuals. Key management personnel are defined as officers and directors of the Company.

- (i) Directors do not have employment contracts with the Company and receive no cash compensation, while officers may have consulting contracts for providing their services. Both directors and officers are also eligible for share-based payments. Expenditures recorded are summarized below:

13. RELATED PARTY TRANSACTIONS (continued)

	February 28, 2023	February 28, 2022
Compensation - Consulting and management	\$ 13,313	\$ 8,000
Share-based payment	-	51,384
Total	\$ 13,313	\$ 59,384

(ii) As at February 28, 2023, in addition to the advances payable to the Company's Chief Executive Officer of \$487,021 (February 28, 2022 - \$469,944), the Company's net amount owing to key management personnel was \$16,718 (February 28, 2022 - \$6,520).