



(an exploration stage company)

Audited Consolidated Financial Statements

(Expressed in Canadian dollars)

**As at and for the years ended
February 29, 2016 and February 28, 2015**



(an exploration stage company)

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying 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 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 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 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 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 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 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

“James (Jay) Richardson”
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Waseco Resources Inc.

We have audited the accompanying financial statements of Waseco Resources Inc., which comprise the consolidated statements of financial position as at February 29, 2016 and February 28, 2015, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

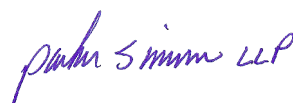
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Waseco Resources Inc. as at February 29, 2016 and February 28, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has generated revenues in the past but has not generated revenues in the past two years. This condition raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.



June 29, 2016



(an exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Years ended	February 29, 2016	February 28, 2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 6)	4,536	37,016
Sales taxes recoverable (Note 7)	2,284	3,011
	6,820	40,027
Other assets		
BLM Exploration Bond (Note 8)	23,990	22,059
Total Assets	30,810	62,086
Liabilities		
Current liabilities		
Trade payables and accruals (Note 9)	71,962	74,027
Due to Director (Note 9 and 10)	10,000	-
Exploration deposits received, net (Note 9)	382,205	382,205
	464,167	456,232
Long-term liabilities		
Provision for property restoration (Notes 8 and 15)	23,990	22,059
Shareholders' Equity (Deficiency in Asset)		
Share capital	5,942,514	5,804,506
Share payment reserves	188,002	175,202
Deficit	(6,587,863)	(6,395,913)
Total Shareholders' Equity (Deficiency in Assets)	(457,347)	(416,205)
Total Liabilities and Shareholders' Equity	30,810	62,086
Nature of Operations and Going Concern (Note 1)		
Commitments and Contingencies (Notes 15)		
Subsequent Events (Note 16)		

Approved by the Board:

("Signed") James (Jay) Richardson

CFO & Director

("Signed") Richard Williams

CEO & Director

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(an exploration stage company)

Years ended	February, 29 2016	February 28, 2015
	\$	\$
Expenses		
General and administrative (Note 10)	57,523	57,302
Shareholder relations and regulatory fees	33,660	22,086
Professional fees	25,776	32,337
Share based payments	8,800	-
Exploration and evaluation expenditures (Note 11)	143,115	141,884
	268,874	253,609
Loss before other income	(268,874)	(253,609)
Other income:		
Gain on settlement of debt	76,924	-
Miscellaneous income	-	938
Interest	-	144
	76,924	1,082
Comprehensive loss	(191,950)	(252,527)
Loss per share -basic and diluted	(0.006)	(0.008)
Weighted average number of shares outstanding - basic and diluted	32,666,895	30,468,195

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

(an exploration stage company)

	Capital Stock		Reserves			Total
	Number of shares	Amount	Share based payments	Warrants	(Deficit)	
		\$	\$		\$	\$
Balance at March 1, 2014	30,311,155	5,777,662	175,202	-	(6,143,386)	(190,522)
Issue of shares	315,815	26,844	-	-	-	26,844
Comprehensive loss for the year ended February 28, 2015	-	-	-	-	(252,527)	(252,527)
Balance at February 28, 2015	30,626,970	5,804,506	175,202	-	(6,395,913)	(416,205)
Issue of options	-	-	8,800	-	-	8,800
Hard dollar financing	2,800,000	140,000	-	-	-	140,000
Debt settlement with common shares	369,420	7,389	-	-	-	7,389
Share issuance costs	-	(5,381)	-	-	-	(5,381)
Issue of warrants	-	(4,000)	-	4,000	-	-
Comprehensive loss for the year ended February 29, 2016	-	-	-	-	(191,950)	(191,950)
Balance at February 29, 2016	33,796,390	5,942,514	184,002	4,000	(6,587,863)	(457,347)

The accompanying notes are an integral part of these financial statements



Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

(an exploration stage company)

Years ended	February 29, 2016	February 28, 2015
Operating activities		
Comprehensive loss for the year	(191,950)	(252,527)
Adjustments to reconcile Comprehensive loss to cash flow from operating activities:		
Share based payments	8,800	-
Advance royalty settled with common shares	84,312	
Gain on settlement of debt	(76,924)	
Reclamation bond provision	-	9,859
	(175,762)	(242,668)
Impact on cash flow of net changes in non-cash working capital items:		
Sales taxes recoverable	727	9,501
Refundable exploration tax credits received	-	189,491
Exploration deposits receivable	-	(938)
Trade payables and accruals	(2,064)	23,979
	(177,099)	(20,635)
Financing		
Due to director	10,000	-
Issuance of shares, net of share issuance costs	134,619	26,844
	144,619	26,844
Investing		
BLM exploration bond	-	(10,759)
	-	(10,759)
Decrease in cash and cash equivalents	(32,480)	(4,550)
Cash and cash equivalents, beginning of year	37,016	41,566
Cash and Cash Equivalents at End of year	4,536	37,016

The accompanying notes are an integral part of these financial statements



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

1. NATURE OF OPERATIONS AND GOING CONCERN

Waseco Resources Inc. (“Waseco” or the “Company”) is continued under the laws 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 whose current and principal focus is on a gold prospect in Nevada, USA. The Company also has interests in exploration prospects in Ontario and Quebec, Canada and historic feasibility studies relating to a gold prospect in Indonesia. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves which are economically recoverable.

As at February 29, 2016, the Company had working capital deficiency of \$457,347 (February 28, 2015 - \$416,205), had not yet achieved profitable operations, had accumulated losses in the development of its business of \$6,587,863 (February 28, 2015 - \$6,395,913) and expects to incur future 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 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 settle its liabilities as a going concern in the normal course of operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

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 into of joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

For further comments on the Company’s liquidity risk refer to Note 5 (ii) below.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These audited consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 29, 2016.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

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 fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting as explained in the accounting policies set out in Note 3.

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 so as to obtain benefits from its activities.

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

2.4 Adoption of new and revised standards and interpretations

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. Early adoption is permitted.



Notes to Audited Consolidated Financial Statements

(Expressed in Canadian Dollars)

Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

2. BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

Changes in Accounting Policies

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company’s financial year beginning on or after January 1, 2015. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

The following new standards have been adopted:

- IFRS 13 – Fair Value Measurement (“IFRS 13”) was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.
- IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. On January 1, 2015, the Company adopted this pronouncement and there was no impact on the Company’s financial statements.

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 such time as 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 are first tested for impairment and then capitalized as a mining asset under development. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

3.1 Mineral properties (continued)

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 of 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 vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date 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, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

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.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

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 liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Taxation (continued)

Deferred income tax assets and liabilities are 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.

3.4 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 the average market price during the year. During the years ended February 29, 2016 and February 28, 2015 all the outstanding stock options were anti-dilutive.

3.5 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables and due to related parties are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At February 29, 2016 and February 28, 2015, the Company has not classified any financial liabilities as FVTPL.

3.7 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Related party transactions

Parties are considered to be related 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 considered to be 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.

3.11 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;

3.12 Foreign currency transactions

Foreign currency transactions, including those relating to the U.S. subsidiary 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.



Notes to Audited Consolidated Financial Statements
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Twelve Months Ended February 29, 2016 and February 28, 2015

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4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order 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 of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such the Company may be dependent on external financing to fund its activities. If, however, the joint venture decides to continue the exploration in Quebec then the Company would have a source of revenue. In order to carry out the planned exploration and pay for administrative costs, the Company will spend 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.

There has been significant market turbulence worldwide due to the credit crisis and a global recession. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied, beyond revenue amounts generated, on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. 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.

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 in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 29, 2016, the Company is not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

There were no changes in the Company's approach to capital management during the year ended February 29, 2016.



Notes to Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Twelve Months Ended February 29, 2016 and February 28, 2015

(an exploration stage company)

5. FINANCIAL INSTRUMENTS

Fair value

The Company has designated its cash and cash equivalents as Fair Value Through Profit and Loss ("FVTPL"), which are measured at fair value. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs.

As at February 29, 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments is reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

Cash and cash equivalents – Cash and cash equivalents are held with major Canadian banks and therefore the risk of loss is minimal.

ii) 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 29, 2016, the Company had a working capital deficiency of \$457,347 (February 28, 2015 – \$416,205). In order to meet its longer-term working capital and property exploration expenditures, the Company would, if necessary, attempt to secure further financing to ensure that those obligations were properly discharged. Management believes that the Company has sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Waseco will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. 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.

iii) 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).



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5. FINANCIAL INSTRUMENTS (continued)

iv) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

6. CASH AND CASH EQUIVALENTS

The balance at February 29, 2016, consists of \$4,536 (February 28, 2015 - \$37,016) on deposit with a major Canadian bank.

7. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from the following sources:

	As at	
	February 29, 2016	February 28, 2015
Sales taxes recoverable	2,284	3,011
	\$ 2,284	\$ 3,011

At February 29, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The Company holds no collateral at February 29, 2016 against these receivables except as discussed in Note 8 below.

8. BLM EXPLORATION BOND

The lease covering 29 claims on the Battle Mountain Gold Trend, in Larder County, Nevada, has been transferred to Waseco Resources US Inc., a wholly owned subsidiary of the Company. There was an initial US\$10,200 exploration bond on the leased property and this was increased in the period to US\$17,740 to cover the planned follow up drill program. The Bond has been transferred to Waseco Resources US Inc.

9. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities of the Company are principally amounts owing for operating activities and deposit received re the Labrador Trough AREVA joint venture and amounts owing to professional advisors in the normal course of business.



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9. TRADE PAYABLES AND OTHER LIABILITIES (continued)

	As at	
	February 29, 2016	February 28, 2015
Trade payables and accruals	71,962	74,027
Due to director	10,000	-
Exploration deposits received, net	382,205	382,205
	\$ 464,167	\$ 456,232

10. RELATED PARTY TRANSACTIONS AND DUE TO A DIRECTOR

The financial statements include no balances and transactions with directors and/or officers of the Company other than management fee payments and reimbursements of out of pocket amounts paid by them on behalf of the Company. This amounts to \$37,372 owing to Richard Williams and \$1,500 owing to Jay Richardson, both directors of the Company, for management fees and advances incurred but not paid. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties which are not in excess of fair market values.

During the twelve month period ended February 29, 2016 the Company expensed \$44,000 (2015 - \$44,000) to officers of the Company for management fees of which \$22,500 was paid and \$21,500 was deferred and remains an accrued payable to them.

In addition to the above, \$10,000 was lent to the Company by Richard Williams, a director. The amount is non-interest bearing and repayable on demand.

The Company's related parties consist of the following officers, directors, and companies:

Officers and directors	Title
Richard Williams	President, Chief Executive Officer and Director
James Richardson	Chief Financial Officer and Director
Rick Ekstein	Director
Derek Bartlett	Director
Peter Sever	Director



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11. EXPLORATION AND EVALUATION EXPENDITURES

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

Property	(CANADA)	(CANADA)	(FOREIGN)
	James Bay Lowland Ontario	Labrador Trough Quebec	Battle Mountain Nevada
Balance, March 1, 2014	170,324	71,796	705,217
Property expenditures	-	9,379	132,505
Balance, February 28, 2015	170,324	81,175	837,722
Property expenditures	-	-	143,115
Balance, February 29, 2016	\$ 170,324	\$ 81,175	\$ 980,837

The Company has interests in the following properties:

1. Quebec-Labrador Trough – The Company controls these uranium prospects which consist of multiple blocks. The Company has a joint venture agreement with AREVA and to date the Company’s monetary contribution has been \$87,206 in addition to the underlying properties.
2. James Bay Lowlands – The Company acquired a 5% interest in 2003 in a 2,440 acre claim block adjacent 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%.
3. Battle Mountain Nevada - NSR royalty, of which 2.5% NSR, can be acquired at any time for US\$1.5 Million. (Refer to Note 8 above.). The NSR Agreement calls for advance royalty payments of US\$75,000 per year; to date, a total of US\$675,000 has been paid. The Advance Royalty requirement for 2016 has been reduced by negotiation with the property owner to US\$37,500; inclusive of cash \$12,500 to settle outstanding instalment from 2015 requirement and cash \$10,000 and issuance of shares to settle current year requirement (Refer to Note 12 below). In addition, quarterly lease payments of US\$5,000 are due. Refer to Note 16 below.

12. 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.

The Company completed a non-brokered private placement for gross proceeds of \$140,000 resulting in the issue of 2,800,000 units at a price of \$0.05 per unit, each unit consisting of one common share and one half common share warrant exercisable at a price of \$0.075 for one year. A commission of 7% cash and broker warrant of 7% was paid to a broker with respect to \$12,500 of this amount. The Black-Scholes value of the attached warrants including 17,500 broker warrants is \$4,000. The cash paid to a broker was \$875.



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12. CAPITAL STOCK (continued)

The Company negotiated the Advance Royalty payment of US\$75,000 due on March 17, 2015, to be settled with US\$10,000 cash and the issuance common shares. The effected conversion of the remaining debt related to the Advance Royalty after cash payment resulted in the issuance of 369,420 common shares. The transaction resulted in a gain on debt settlement of \$76,900 which was charged to operations.

An analysis of movements in Capital Stock is set out in the Equity analysis (Page 6) above.

Share-Based Payment Plan

Waseco has 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

Share-Based Payment Plan (continued)

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.

On March 26, 2015, The Company issued 200,000 stock options exercisable at \$0.10 per share, to each of four members of the Board. The options will expire in three years on March 26, 2018.

The following table summarizes stock options issued:

<i>Year ended</i>	February 29, 2016		February 28, 2015	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding at beginning of year	\$0.10	200,000	\$0.10	1,200,000
Transactions during the year				
Granted	\$0.10	800,000	-	-
Exercised		-	-	-
Expired	-	-	-	(1,000,000)
Outstanding at end of year	\$0.10	1,000,000	\$0.10	200,000
Exercisable at end of year	\$0.10	1,000,000	\$0.10	200,000

The weighted average life remaining on the outstanding options is 2.4 years (2015 – 1.5 years).



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12. CAPITAL STOCK (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share-based payments for the stock options granted during the year ended February 28, 2016.

	March 26, 2015
Number of options granted	800,000
Weighted average information	
Exercise Price	\$0.10
Risk-free interest rate	1.00%
Expected life	3 years
Expected volatility	100%
Vesting	100%
Expected dividends	-

13. RESERVE FOR SHARE BASED PAYMENTS

An analysis of movements in Share-Based Payments is set out in the Equity analysis (Page 6) above.

14. INCOME TAXES

The Company's income tax provision differs from the application of the Canadian statutory tax rate. A reconciliation of the combined Canadian Federal and provincial income tax rates with the Company's effective tax rate is as follows:

	February 29, 2016	February 28, 2015
Loss before income taxes	(191,950)	(252,525)
Combined statutory tax rate	26.50%	226.50%
	(51,000)	(572,000)
Permanent changes	(19,000)	39,500
Change in valuation allowance	70,000	27,500
Income tax provision	\$ -	\$ -

Deferred Income Taxes Recoverable

The Canadian statutory income tax rate of 26.50% (2015 – 26.50%) is comprised of the federal income tax rate of approximately 15.0% (2015 – 15.0%) and the provincial income tax rate of approximately 11.50% (2015– 11.50%).



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14. INCOME TAXES (continued)

At February 29, 2016, the Company has \$639,691 (2015 - \$516,720) in non-capital losses carried forward for which no benefit has been recognized in the accounts. If these losses are not utilized they will expire between 2027 and 2036.

At February 29, 2016, the Company has \$5,581,000 (2015 - \$5,444,000) of unused CCEE, CCDE, FEDE and CFRE expenses and capital losses of \$312,400 (2015 - \$312,400). The tax benefits pertaining to these expenses are available to be carried forward and similarly no benefit has been recognized in the accounts.

The tax effect of temporary differences that gave rise to the deferred tax assets and liabilities are:

	2016	2015
Deferred Tax Assets		
Loss carry-forwards	211,000	178,000
Temporary differences	1,479,000	1,442,000
Less: valuation allowance	(1,690,000)	(1,620,000)
Net Deferred Tax Assets	-	-

15. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Certain commitments pertaining to the Nevada property are detailed in Note 8 above.

16. SUBSEQUENT EVENTS

The Company has negotiated a reduction of the Annual Advance Royalty payable on the Battle Mountain Ridge gold property, in Nevada, and settled the current lease payments and the 2017 and coming year's Advance Royalty payment for shares.

The Annual Advance Royalty will be reduced from US \$75,000 annually to US \$50,000, starting in year three. The Annual Advance Royalty requirement for 2017 and the outstanding lease obligations have been settled by way of a shares for debt issuance of 1.5 million common shares at Cdn \$0.05 per share plus 750,000 share purchase warrants, exercisable at \$0.075 for 2 years from the date of regulatory approval. Next year's Advance Royalty will be satisfied by the payment of US\$ 10,000 at the time of the share for debt settlement and a further US\$ 20,000 payment on March 17, 2017. The leaseholder has agreed to waive the next US \$5,000 lease payment, which is due in August, 2016.



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17. SEGMENTED INFORMATION

The Company has identified its reportable operating segments based on the information used 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 looking at the geographical location that segregates its operations.

As at	February 29, 2016	February 29, 2016	February 28, 2015	February 28, 2015
	Current Assets	Total Assets	Current Assets	Total Assets
Canada	6,820	6,820	40,027	40,027
U.S.A	-	23,990	-	22,059
	\$ 6,820	\$ 30,810	\$ 40,027	\$ 62,086

As at	February 29, 2016	February 29, 2016	February 28, 2015	February 28, 2015
	Current Liabilities	Total Liabilities	Current Liabilities	Total Liabilities
Canada	447,787	447,787	422,428	422,428
U.S.A	16,380	40,370	33,804	55,863
	\$ 464,167	\$ 488,157	\$ 456,232	\$ 478,291

For the year ended	February 29, 2016	February 29, 2016	February 28, 2015	February 28, 2015
Operating segment	Canada	U.S.A.	Canada	U.S.A
Other income	-	-	(1,082)	-
Gain on settlement of debt	-	(76,924)	-	-
Exploration and evaluation expenditures	-	143,115	9,379	132,505
Other expenditures	125,759	-	108,627	3,098
Comprehensive Loss	\$ 125,759	\$ 66,191	\$ 116,924	\$ 135,603