WASECO RESOURCES INC.

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Management's Discussion- For the Quarter ended August 31, 2005

General

This Management's Discussion and Analysis is dated October 31, 2005 and reflects the three month period ended August 31st, 2005 and should be read in conjunction with the unaudited financial statements for the quarter and six months ended August 31, 2005 and the notes thereto. As the year end audited financial statements include more comprehensive notes than the quarterly financial statements, reference should be made to them as well. All of these financial statements, as well as press releases issued by the company and other information, are available either at the Company's website, www.wasecoresources.com or at SEDAR (www.sedar.ca).

The Company is a Tier 2 junior exploration company listed on the TSX Venture Exchange, engaged in the acquisition and exploration of mineral properties. The authorized capital is comprised of an unlimited number of no par value shares.

Exploration Activity

During the quarter, field exploration activity has been completed on the five uranium prospects which cover approximately 105 square kilometers in the Quebec Labrador Trough. The receipt of a report interpreting the results of these programmes is anticipated in the near future. This exploration expenditure is reflected in increases in the Mineral Properties and Deferred Costs ("the Properties") account in the quarter. This activity has continued in the third quarter and will be reflected in further increases to the identified account. The majority of these costs are being funded by the option payment received from our joint venture partner, Uranium Mining Corporation plc. ("UMC") who now have been listed on the AIM (Alternative Investment Market) in the United Kingdom. The balance of the expenditures has been funded from the proceeds of a private placement completed by the Company in the third quarter.

The Company is presently considering whether it will undertake further staking in the camp. UMC will be considering whether it will be proceeding further with the Company in this project. UMC have until 60 days after their receipt of the report of the completed phases of the programme (which report is expected to be sent to them prior to the end of November 2005) to make its decision. If UMC decide to continue, it is required to remit a further $800,000 to the Company to fund the next stages of the work programme. This would earn a 75% interest in those properties that are the subject of the agreement (3 of the 5 blocks owned by the Company) and create a Joint Venture in which UMC would have a 75% interest and the Company would have a 25% interest. The Company retains its 100% interest in the other two blocks. Further funding for a follow-up programme would come from refunds of costs of work undertaken which will be provided by the Quebec provincial Government pursuant to the Quebec Income Tax Act and the Mining Duties Act and such further equity financing or joint venture arrangements as the Company may feel advisable.

The balance sheet reflects the increase in the Properties account since the year end but a reduction of the balance of this account by comparison to the end of the first quarter a year ago due to the receipt of $165,000 as an option payment from UMC and the establishment of the receivable for the Quebec Government refunds discussed above (accounted for as credits to this account).

Other Balance Sheet Comparisons

The decrease in cash balance compared to the year end reflects the exploration and other costs paid, as discussed above. The cash showing at the end of the second quarter has been augmented by the proceeds of the private placement completed in the third quarter which will substantially be used to pay for the exploration work now being completed. These amounts will be further augmented by the collection of the Quebec Provincial refund. It is anticipated that further funds will be received from the exercise of options which otherwise would expire November 15 of this year.

The decrease in accounts payable and accruals reflects payments made in the quarter of items outstanding at the year end.

The increase in shareholders' equity primarily reflects the increase in capital stock issued during the quarter with $20,000 received pursuant to exercise of 200,000 share purchase options. Subsequent to the end of the Quarter, 500,000 shares have been issued at $.07 per share in connection with the acquisition of the uranium prospective properties and a private placement was completed with 833,334 shares being issued at $0.12 per share for total proceeds of $100,000. The subscribers also received one half warrant per share with each full warrant entitling the holder to subscribe for a further share at $0.20 per share for a period of one year.

Statement of Operations Comparisons

The Company earned revenue in the first quarter from its fee for management of the programme of exploration of the uranium prospects referred to above. No similar amount occurred in the previous year.

Operating losses continue to be incurred as a result of the modest overhead costs of the Company exceeding this small revenue amount. The confirmation that the Company is eligible for certain Quebec rebate programmes resulting in the recovery of a portion of the relevant expenditure on exploration and development in Quebec are being accounted as a reduction in the carrying costs of the relevant properties and so will not affect the Company's profit and loss accounts. During the year the Company has changed its method of calculation of per share amounts to base them on the number of shares outstanding at the period end rather than the previous method of basing them on the weighted average number of shares outstanding during the period under review. This facilitates the calculation, makes it more transparent for shareholders and will be more conservative in using the larger period end number of period end shares outstanding rather than the lesser weighted average during the period. This change has not resulted in any difference in the values reported owing to the minor change in calculation methodology.

The Company's main focus is on its newly acquired uranium properties. It continues to review other projects which it believes would create added shareholder value while putting primary emphasis on acquiring additional properties in the vicinity of its Quebec Labrador Trough properties. The Company owns outright two of the five blocks of claims and is in a position to enter into joint venture or other financing arrangements with respect to them.

The Company has not undertaken any further work on the Attawapiskat Diamond Property, in northern Ontario, nor on the Tewah Alluvial Gold Project, in Indonesia. Efforts to find a source of financing for these projects continue. The Company has severed its ties with its former Indonesian subsidiary but retains a significant quantity of proprietary information with respect to this project which may put it in a position to participate again if it is able to identify a funding partner.

Liquidity and Solvency

As the Company does not generally derive significant revenues from its operations, its ability to conduct exploration and development on its properties is based upon its ability to raise capital by way of joint-venture or equity funding. The Company's ability to raise capital by way of equity funding will be affected by general stock market conditions. Acquisition and exploration costs are deferred in the Company's accounts up to the point of any individual property achieving commercial production.

Together with amounts on hand, received in the third quarter from the private placement and anticipated from collection of receivables, the refunds from Quebec incentive programmes, represent sufficient funds in prospect to fund administrative costs and modest exploration and development for the next several quarters. The Company would require additional funds for more extensive exploration and development of its own uranium claims outside the UK joint venture. The uncertainty as to the participation of UMC with respect to the optioned properties is expected to be resolved in the next quarter and we will be reporting by way of press release in timely fashion as soon as we appropriately can.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements.

No account is taken in the balance sheet of the potential recovery to the Company from the litigation presently outstanding over the expropriation of certain properties by the Quebec government. The litigation continues and the Company has sufficient funding for the modest legal costs being incurred. Trial of the action is now scheduled for March 2006.

Related Party Transactions

There were no related party transactions during the period beyond the reimbursement of travel and other costs incurred by individual Directors on behalf of the Company and subscriptions for shares issued by way of private placement on identical terms as offered to and subscribed by non-related parties and exercise of options outstanding on terms previously disclosed. A new member of the Board of Directors is a party from whom the Company had purchased the uranium prospective properties when he was not a member of the Board. This transaction was negotiated and completed at arm's length when the individual had no relationship with the Company.

Proposed Transactions

Management is continuously examining potential acquisitions or options of additional properties as they are presented to the Company. No such transactions are presently pending while some possibilities are in early stages of discussion. Any such transactions would be announced by way of press release promptly upon their being committed to. The possibility of staking additional properties in the Quebec Labrador Trough camp, of particular interest to the Company, has been referred to above.

Change in Accounting Policy

Except for the change in method of calculation of per share amounts, referred to above, the only change to accounting policy during the period is the accounting for the implicit compensation cost inherent in the issue of share purchase options under the Company's Stock Option Plan. Issues are valued using the Black-Scholes model for valuation and are accounted for over the period of their life. The notes to the financial statements describe the assumptions used by the Company in this calculation. The cost is included in the general and administration costs of the periods and the corresponding credit is made to contributed surplus.

Summary of Quarterly Results

Selected financial information for the 1st quarter of fiscal 2006 and each of the previous nine quarters comprising all of the quarters in 2005 and 2004 appears below:

Fiscal years	**2006**	**2005**	**2004**
1st Quarter			
Revenue	7,000	-	-
Gain (loss)	(1,842)	(7,123)	(11,683)
Gain (loss) per share	(0.000)	(0.000)	(0.001)
2nd Quarter			
Revenue	-	-	-
Gain (loss)	(22,195)	(1,212)	(9,864)
Gain (loss) per share	(0.001)	(0.000)	(0.000)
3rd Quarter			
Revenue	-	-	250,000
Gain (loss)		(14,290)	232,123
Gain (loss) per share		(0.001)	0.009

4th Quarter			
Revenue	-	-	-
Gain (loss)		(12,730)	(24,918)
Gain (loss) per share		(0.000)	(0.001)

Management of the Company invites questions from its shareholders and will be pleased to consider how these statements may be made more useful to shareholders and others.

WASECO RESOURCES INC.

"Richard Williams"
Richard Williams
President October 31, 2005