WASECO RESOURCES INC.

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Management's Discussion- For the Quarter ended November 30th, 2005

General

This Management's Discussion and Analysis (MD&A) is dated January 27th, 2006 and reflects the three month period ended November 30th, 2005 and should be read in conjunction with the unaudited financial statements for the quarter and nine months ended November 30th, 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.

This MD&A is required to contain prospective and forward looking statements. The Company is not in the practice of making forecasts, financial or otherwise, as it believes its business of mineral exploration and development is not sufficiently foreseeable to permit any forecasts to be made with any accuracy. To the extent that it is obliged to include such prospective information herein, the Company claims the protection of safe harbour legislation and generally cautions readers that all forward looking statements are subject to change, inherent risks and uncertainties of many kinds. All statements made herein are made in good faith and in their belief as to best information and expectation available but no guarantee can be provided nor should any be inferred from any forward looking statement.

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

In September of 2005, McPhar Geosurveys Ltd. ("McPhar") completed the field geophysical exploration activities on the Company's five uranium prospects that cover approximately 105 square kilometers in the Quebec Labrador Trough. These ground and airborne programs included magnetometer, radiometric and gravity surveys. In November, 2005, McPhar delivered its preliminary findings in a report interpreting the results of these programs. This exploration expenditure is reflected in increases in the Mineral Properties and Deferred Costs ("the Properties") account in the quarter. The majority of these costs are being funded by the option payment received from our joint venture partner, UMC Energy plc. (formerly Uranium Mining Corporation plc)("UMC"), a company 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 has undertaken further a 6,000 hectares (60 sq. km.) program of staking in the camp, enlarging each of the 5 blocks in order to cover possible extensions of mineralised zones indicated from various sources. This $8,000 cost has been applied to Mineral Properties and has been funded by the private placement referred to above. Should UMC decide to participate in the project, it is required to remit a further $800,000 to the Company that will be used to fund the next stages of the work programs in 2006 on the 3 blocks covered by the UMC agreement. This would earn a 75% interest in those properties that are the subject of the agreement 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 and the additional claims that it has staked. Further funding (irrespective of UMC's decision) for a follow-up program 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 Company is currently studying the McPhar report in conjunction with geological and geochemical information in order to formulate a follow up program. The Company has no other obligations to incur additional work to maintain its ownership interests and has sufficient assessment work credits to maintain the property in good standing for a number of years.

The balance sheet reflects the increase in the Properties account since the year end resulting from Acquisition Costs and Development Expenditures of the Quebec Labrador Trough properties. These expenditures would have resulted in an even greater increase in the Properties account but for deductions 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 referred to above. The Company also received the proceeds of the 439,500 stock options, generating proceeds in the amount of $43,950. Despite the slight increase in accounts payable and accruals in the quarter the working capital deficiency remains at a modest level of approximately $40,000, a significant reduction from the previous quarter end`.

During the Quarter, 500,000 shares were issued at $.07 per share in connection with the acquisition of the uranium prospective properties. 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 on or before September 9, 2006.

Statement of Operations Comparisons

The Company earned revenue in the first quarter from its fee for management of the program of exploration of the uranium prospects referred to above. No similar amount occurred in the previous year nor has any been recorded in the 2nd and 3rd quarters as it would have exceeded UMC's obligation and might thereby be uncollectible.

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 temporarily 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 was intended to facilitate the calculation, make it more transparent for shareholders and 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 has now reverted to the original weighted average calculation as being the method prescribed.

The Company's main focus is on its recently acquired uranium properties. It continues to review other projects that 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 as well as the additional 6,000 hectares staked during the quarter, 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, where it holds a 5% interest. The development of the adjacent Victor Pipe by DeBeers and the work on the Macfadyen diamondiferous dykes to the west of the property, have rekindled interest in the camp. Management believes that the property continues to have exploration merit and preliminary discussions with a view to resume work are taking place.

The Company has severed its ties with its former Indonesian subsidiary but retains a significant quantity of proprietary information with respect to the Tewah Alluvial Gold which may put it in a position to participate again if it is able to identify a funding partner. The Company completed a Final Feasibility Study on the project in Kalimantan and has been seeking production funding for a number of years. The recent increase in the price of gold bullion has attracted new potential investors to consider the opportunity. However, any discussions are viewed to be at a very preliminary stage at this time.

The Company is also a co-plaintiff in an action against the Ministry of Natural Resources of the Province of Quebec arising from government expropriation of certain claims, optioned by the Company, that are prospective for tantalum. This matter has been set down for trial in March of 2006. The Company is seeking reimbursement of moneys spent and compensation for loss of opportunity.

Liquidity and Solvency

As the Company does not generally derive 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 and received in the third quarter from the private placement, amounts anticipated from collection of receivables (the refunds from Quebec incentive programs) 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 UMC 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.

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 member of the Board of Directors is a party from whom the Company 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. Mr. Hawkins was subsequently nominated and elected to the Board of Directors in view of his public company management experience as well as his knowledge of the properties.

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.

The Company has just received the Final Report of McPhar Geosurveys Ltd.which is now being reviewed in conjunction with publicly available geological and geochemical information. The Company would use this information as guidance in any additional staking in the area.

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. Similarly, the Black-Scholes valuation of the warrant element of the private placement units issued during the quarter has been transferred from Capital Stock to Contributed Surplus. The assumptions are similarly listed in Note * to the finacial statements.

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)	(9,051)	(14,290)	232,123
Gain (loss) per share	(0.000)	(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

January 27th, 2006