Management's Discussion & Analysis

For the quarter ended May 31, 2011

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General

This Management's Discussion and Analysis ("MD&A") is dated August 27, 2011, and reflects the first quarter ended May 31, 2011 and should be read in conjunction with the unaudited financial statements for the corresponding period and the audited financial statements for the year ended February 28, 2011 and their corresponding notes. These financial statements and their related MD&A's, 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.com.

This represents the first filing of financial statements by the Company under International Financial Reporting Standards ("IFRS"). There are considerable differences between IFRS and the Generally Accepted Accounting Practices ("GAAP") that formerly governed the preparation of Canadian public company financial statements. Considerable effort has gone into the conversion process from GAAP to IFRS and every effort has been made within the financial statements and this MD&A to explain the differences, the elections made where alternatives were available and the exemptions claimed in the conversion process.

While the differences in many respects are far reaching, the Company, by virtue of its exploration stage of existence, has not experienced as comprehensive a change as many other companies have. The principal difference the reader will notice is the dramatic change to Mineral Properties values: Formerly capitalized, until and unless brought to commercial production or effectively abandoned, acquisition and exploration expenses are now expensed in the period in which they are incurred. This reduces the significance of the Company's balance sheet and increases its deficit and regular periodic losses (while eliminating the irregular large one time losses incurred when a property was effectively abandoned).

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 such 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.

Description of the Business and Overview

The Company is a Tier 2 junior exploration company, listed on the TSX Venture Exchange ("WRI") and on the Frankfurt Exchange ("WSE"), engaged in the acquisition and exploration of mineral properties. The authorized capital is comprised of an unlimited number of no par value shares. The Company is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

The Company's principal activities are currently focused on a large land position in the Quebec Labrador Trough. These properties are presently subject to a joint venture in the process of being formally documented with AREVA Resources Canada Inc.(AREVA") a wholly owned subsidiary of AREVA Group S.A., the world's leading integrated nuclear company (see

www.areva.com for more information) under arrangements more fully explained below. The Joint Venture Agreement has now been substantially settled between the Company and AREVA and awaits only execution by both parties. The Company is also seeking to explore a large alluvial gold prospect in Indonesia, which is also described further, below.

The Company does not hold any interests in producing or commercial ore deposits and has no production revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of uranium, gold or other mineral resources are discovered. If, in the future, a discovery is made, substantial financial resources would be required to establish ore reserves. Additional substantial financial resources would be required to develop mining and processing for any ore reserves that may be discovered. If the Company were to be unable to finance the establishment of ore reserves or the development of mining and processing facilities it might be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development. As a strategic consideration, the Company may find it more attractive to do so in any event, as it considers its primary business and expertise to be exploration, but it does not rule out the possibility of production in the appropriate circumstances.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These include commodity prices, availability of capital, exploration risks, regulatory risks, environmental risks, competition, dependence on key personnel, potential risks relating to mineral titles and aboriginal land claims, currency risk and potential amendments to tax laws.

As at August 27, 2011, the directors and officers of the Company are:

Derek Bartlett	Director
A.C.A. (Peter) Howe	Chairman and Director
Richard Ekstein	Director
James (Jay) Richardson	Director and Secretary-Treasurer (C.F.O.)
Richard Williams	Director and President (C.E.O.).

Overall Performance

The following paragraphs provide an analysis of the financial condition of the Company, results of operations, trends, events, uncertainties and industry and economic factors that affect the Company's performance.

As at May 31, 2011, the Company's cash position was $**1,036,306**. This was a decrease from $1,067,629 at February 28, 2011 resulting from the expenditure principally of routine administrative costs. Working capital decreased from $890,000 to $825,000, as detailed below and the decrease was attributable to payment of operating and property acquisition costs, some of which were subsequently written off.

During the quarter ended May 31, 2011, $35,649 was spent on acquisition and evaluation costs with respect to the Company's mineral properties including both Indonesia and the Quebec properties where the Company now participates for its 50% proportionate share in same.

During the quarter ended May 31, 2011, the Company had 30,311,155 common shares

outstanding, unchanged from February 28, 2011.

Trends

There are no unusual trends, commitments, events or uncertainties presently known or identifiable to management that would reasonably be expected to have a material effect on the Company's business, financial condition or results of operations beyond the greater than usual variability of ease or difficulty in raising capital which appears to be in a continuing uncertain trend after the extremely difficult period experienced by many companies in the last three years and the aforementioned expectation of bearing 50% of the ongoing exploration costs of the Quebec Labrador Trough exploration Joint Venture. The Company is fortunate that, as noted below, it does not presently or in near term prospect have any need to raise funds as it has more than enough for its present and prospective needs for the next twelve months in its available resources. The nature of the Company's business is demanding of capital for property acquisition costs, exploration commitments and holding costs. The Company intends to utilize cash on hand to meet these obligations and will continue to raise funds, if necessary, to augment this cash position. At the time of writing, no such need is anticipated. As AREVA has now spent its full commitment of exploration funding to earn a 50% interest in the uranium related metals, the flow of profitability the Company has enjoyed from the benefits of the exploration tax credits has been interrupted during the lull in activity. However, the joint venture agreement now awaiting execution embodies a similar arrangement which may contribute to profitability in the future but, at present, no ongoing exploration programs are being undertaken.

Risks

There are certain risk factors that could have material effects on the Company that are not quantifiable at present due to the nature of the Company's industry segment and other considerations.

Exploration Development and Operating Risk

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration and development, any of which could result in work stoppages, damage to property, and possible environmental damage. None of the properties in which the Company has an interest has a known body of commercial ore as defined under NI 43-101. Development of the Company's mineral properties would follow only upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercially viable bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract the metal from the resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development could be obtained on a timely basis.

Business Risk

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Commodity Prices

The price of the Company's common shares, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of uranium, gold and/or other metals. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, would be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delay or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing would be available if needed or that, if available, the terms of such financings would be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing. No such adverse impacts are presently being experienced for the reason cited above.

Environmental and Permitting

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, would not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate properties or acquisition candidates or negotiate acceptable agreements, including

arrangements to finance the acquisitions and their development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed would ultimately benefit the Company.

Competition
The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than it. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospective properties for mineral exploration in the future.

Land Title
The Company has not sought formal title opinions on its mineral property interests in Canada and in Indonesia. Any of the Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company has no present knowledge of any material defect in the title to any of the properties in which the Company has or may acquire an interest.

Review of Operations

Quarters Ended May 31, 2011 and 2010
The Company had a net loss of $65,754 or $0.002 per share for the quarter ended May 31, 2011 compared to $30,838 or $0.001 per share for 2010. These resulted from the comparative periods both having had a modest level of administrative cost incurred together with the absorption of some modest acquisition and exploration costs.

Professional fees were $5,764 for the quarter ended May 31, 2011 compared to $500 for the comparable period of, 2010. These fees relate primarily to the annual audit requirement and the related annual tax filings and reflect the fact that there was an over-accrual at the year end February 28, 2010 which eliminated the need for any accrual in the first quarter of the current year.

Office and general costs (including Shareholders' Information and regulatory costs and Management fees) were $8,591 for the quarter ended May 31, 2011, compared to $24,806 for the comparable period in 2010 reflecting the expensing of fewer news release costs and transfer agent fees in the three months versus the comparative period. There was an increase in Management fees in the period from nil to $18,000 as a result of an over accrual going into the earlier comparable period. Office and general costs may be expected to increase as business activities grow.

Exploration Activities

Quebec Labrador Trough Project
There was no exploration activity in the field carried out on the Quebec Labrador Trough Project in the quarter under review.

Management continues to be pleased with its working relationship with AREVA. It is the world's leader in the nuclear industry, and as such, provides valuable technical expertise to the projects. It has also developed an in depth knowledge of the area, having explored northern Quebec over

the past 40 years. The work undertaken not only advanced our knowledge and understanding of the properties, but also generated revenue and profitability for the Company from the tax credits on exploration expenditures, as discussed in previous reports and below. These benefits are very positive for the Company and their continuation post the earn-in phase is now a possibility and provided for in the JV Agreement awaiting execution.

History

In fiscal 2006, the Company carried out airborne geophysical exploration activities on five uranium prospects that initially covered approximately 105 square kilometres (210 claims) in the Quebec Labrador Trough. As a result, the Company decided to undertake further staking in areas contiguous to these blocks. This was reflected in corresponding increases to the Mineral Properties accounts. Waseco currently holds 775 claims, covering over 300 square kilometres.

Following an earlier joint venture with UMC Energy Inc., in 2006, the Company entered into an agreement with UraMin Inc. ("UraMin"), a company then listed on the Toronto Stock Exchange and the AIM in London. A follow up work program of airborne geophysics and ground geochemistry was initiated as part of a program totalling $1,600,000 that UraMin agreed to fund the Company to undertake over a two year period in order to acquire a 50% interest in the uranium and related metals discovered on the properties. In addition, UraMin agreed to make cash payments to the Company of $300,000, which have been received. As the initial interest has been achieved, UraMin/AREVA has not elected to increase its interest in the uranium and related metals identified on the properties to 70% by agreeing to fund work resulting in a bankable feasibility study and the Company is prepared for the expectation of sharing in the funding of future exploration costs on a 50:50 basis with them.

During the year ended February 28, 2007 and as part of the agreement with UraMin Inc., additional staking was undertaken with them on a 50:50 shared cost basis. This additional staking increases the Company's total land position in this area to approximately 330 square kilometres.

In August of 2007, an initial field program of prospecting and sampling was carried out on a portion of the Du Portage claims. The results of this program were deemed to be incomplete and inconclusive by UraMin.

Subsequently, UraMin advised the Company of the depth of presence that it has in Canada as a result of UraMin being taken over by AREVA, as discussed below. This development provides the project with access to additional regional information, as well as a significant team of qualified geologists and technicians for the undertaking and supervision of field work.

2007 also saw the commencement of work to digitize previous known exploration work carried out on the properties and surrounding lands and this work was deemed to be extremely valuable. A previous year also saw a helicopter-borne high resolution geophysical survey project completed over the Du Portage claims and the expanded Block III as well as an initial geochemical survey which included nearly 1,000 samples.

During the second quarter of the year ended February. 29, 2008, UraMin committed to fund the Company's continuing program for the second year and remitted $450,000 to the Company in payment of the $150,000 unrestricted payment to the Company and $300,000 towards the program commenced in August. Following the UraMin acquisition by AREVA SA, as noted below, the Company's legal and contractual relationship with UraMin remains unchanged, albeit

now more formalized in the JV Agreement. The Company now works additionally with AREVA staff to integrate the respective property databases and plan and carry out work programs.

In the first quarter of the year concluded on February 28, 2009 the Company successfully negotiated the Extension Agreement with UraMin Inc. and its new parent, AREVA.
By this Extension Agreement, UraMin was provided additional time, to June 28, 2010, to complete its funding option to earn a 50% interest in the uranium and related metals discovered on the Company's properties, in exchange for increasing its funding option to an additional $2,000,000 as from the signing of this agreement.

This was followed in the second and third quarters by a helicopter assisted surface exploration program of geological mapping and sampling. Results of samples taken further confirmed the presence of Uranium at surface, as reported in the Company's press releases of March 10 and April 28, 2009.

A program of approximately $900,000 was carried out by the Company during the course of the year ended Feb. 28, 2009, all funded by UraMin, as noted above. This was designed to provide the ground information preparatory to the drilling program that was carried out over the summer and fall of 2009. During the period, AREVA recommended and the Company agreed to allow 397 claims to lapse, as they were deemed to be non-core to the exploration program going forward.

Indonesia

The Company, having previously severed its ties with its former Indonesian subsidiary, retained a significant quantity of proprietary information with respect to the Tewah Alluvial Gold project. Having learned that the Contract of Work covering the project had been terminated, the Company is in the process of re-establishing title to significant portions of its former holdings. Once this has been substantially advanced it may seek a funding partner and it has received expressions of interest in this regard. Substantial progress in this matter is not expected until the re-assembly of as much as possible of the former land position has been completed. As of the date of this MD&A, this process of re-assembly had been further delayed by a government imposed moratorium which effects mining, forestry, and agricultural licences in the area. This is primarily a result of large tracts of rain forest having been burned down and subsequently licensed out by the local government authorities for palm oil plantations in an apparent contravention of a national mandate to preserve the rain forests. Three Kuasa Pertambangan ("KP"), which is an Indonesian form of exploration tenement, had been applied for. The process for establishing title once the moratorium is lifted is being formulated. During this hiatus period, we have suspended local expenditures. It is expected that personal attendance in Indonesia by senior management may be required and will increase travel costs but will bring a much enhanced level of understanding and appreciation of the project and its potential for the Company.

Management is also evaluating other mineral property opportunities in Indonesia.

The Company's previously completed Final Feasibility Study on the project in Kalimantan puts it in an advanced position on this project. The recent prices for gold as well as zircon have attracted new potential investors to consider the opportunity. However, any discussions are viewed to be at a very preliminary stage at this time

Attawapiskat

The Company has participated in a geophysical survey on the Attawapiskat Diamond Property, in northern Ontario, where it holds a 5% interest. The development of the adjacent Victor Mine by De Beers and the work on the Macfadyen diamondiferous dykes to the west of the property, have rekindled interest in the camp. The Company has been informed of certain evaluation work which has been undertaken by one of the other joint owners of the property. As a result, the Company has now been informed of plans for additional work to be done on the property and expects to contribute its proportionate share of the cost of such program. It is possible that the Company might seek to increase its share, presently standing at 5%, by contributing an amount to the program greater than its share, in the event that any participant does not opt to maintain its present interest. Sufficient assessment work has been filed to maintain the property in good standing.

During a previous year, the Company received an amount of $2,500 as its proportionate share of a payment received from De Beers for the rental of a portion of the surface rights of one of the claims and paid $1,580 as its proportionate share of work done in the year. No additional amounts have been invested during the previous or current quarter but it is anticipated that there will be further investment as the exploration program continues and perhaps also further investment if the Company is provided the opportunity to increase its interest in the project.

Other Balance Sheet Comparisons

The increases in cash and significant fluctuations in receivables (from Refundable Provincial Exploration Tax Credits) balances over the last three years, reflect the profitability which the Company has achieved from having UraMin (and a former partner) supply funds for the Company’s exploration expense and obtaining the benefit of the Exploration Tax Credits.

Statement of Operations Comparisons

There was a reversal in net profit for the year ended February 28, 2011 compared to the comparative year, as noted above.

Management fee revenue was eliminated compared to $56,012 in the comparative year as a result of there having been no expenditure in the Quebec Labrador Trough project. Such expenses are the basis for the calculation of the Company’s Management Fee income.

The fluctuating profitability reflects the variability of exploration activities. We anticipate an absence of exploration activity next quarter and perhaps continuing into future quarters with a corresponding elimination of profitability. The quarter under review showed comparability with the previous year’s corresponding quarter except for the incurring of acquisition and exploration costs of $36,000 primarily from sharing with AREVA all expenditures beyond their attainment of the $2,000,000 level. These expenditures were primarily for additional property acquisition costs.

Other Cash Flow Comparisons

The main elements of the Statement of Cash Flows have been discussed above under Balance Sheet Comparisons or Statements of Operations Comparisons.

The Company's main focus is on its uranium properties and the re-establishment of its position in Indonesia. It continues to review other projects that it believes would create added shareholder value while putting primary emphasis on acquiring additional properties of merit in the vicinity of its Quebec Labrador Trough properties.

Liquidity and Solvency

The Company's ability to conduct exploration and development on its properties has traditionally been primarily based upon its ability to enter into attractive joint venture arrangements with third parties to undertake exploration and development expenditures on its behalf or to fund it to undertake them. As the Company built its resources from its profitable operations, its ability to undertake additional activities on its own was enhanced.

Further funding for any corporate purposes will be forthcoming from refunds of costs of work undertaken which may be provided by the Quebec provincial Government pursuant to the Quebec Income Tax Act and such further equity or other financing as the Company may feel advisable.

The Company's present resources represent sufficient funds in prospect to fund administrative costs and modest exploration and development of its own. UraMin having completed its earn in and elected not to exercise its option to increase its interest to 70% by advancing to a bankable feasibility study, the Company anticipates participating with UraMin in further expenditure in the 50:50 joint venture which has been formed.

It is also the Company's intention to investigate introducing a joint venture partner for the development of its Indonesian project and it is optimistic from initial expressions of interest that this is achievable, particularly in the currently favourable environment of strong prices both for gold and for zircon, an important prospective by-product in this project. The Company will address these possibilities more rigorously when the property re-assembly has been completed.

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Related Party Transactions

There were no related party transactions during the quarter beyond the payment or accrual of $18,000 quarterly in management fees paid or payable to three officers and/or directors.

Change in Accounting Policy

New Accounting Standards

In February 2008, the Company adopted the following new CICA accounting standards. Section 1535 Capital Disclosures establishes disclosure requirements regarding an entity's capital, including (i) an entity's objectives, policies, and processes of managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any externally imposed capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The new standard has had no impact on the Company's financial statements. Sections 3862 Financial instruments – Disclosures and 3863 Financial Instruments – Presentation replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards have had no material impact on the Company's financial statements.

Adoption of these standards did not require the Company to restate prior periods as these new standards have been adopted prospectively. The Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants relating to the accounting for and disclosure of financial instruments and comprehensive income.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets* replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard became effective as of March 1, 2009. The section has no significant effect to these annual financial statements.

Waseco's transition to International Financial Reporting Standards ("IFRS")

As mandated by the Canadian Accounting Standards Board, IFRS replaced previous Canadian GAAP for publicly accountable enterprises, including the Company, effective fiscal years beginning on or after January 1, 2011, that is effective with this fiscal year beginning March 1, 2011.

Accordingly, the Company is reporting interim and annual financial statements in accordance with IFRS beginning with this quarter ending May 31, 2011. The Company's 2011 interim and annual financial statements include comparative 2010 financial statements adjusted to comply with IFRS.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

Transition to IFRS from GAAP

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS") for financial periods beginning on and after March 1, 2011.
The Company has adopted IFRS with an adoption date of March 1, 2011 and a transition date of March 1, 2010.

IFRS Conversion

The Company's IFRS conversion plan was comprehensive and addressed matters including changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion was understood and managed reasonably, the Company hired an IFRS conversion project manager. The accounting staff attended several training courses on the adoption and implementation of IFRS. Through in-depth training and the preparation of reconciliations of historical Canadian GAAP financial statements to IFRS, the Company believes that its accounting personnel have obtained the necessary understanding of IFRS.
In conjunction with the adoption of IFRS the Company has updated its accounting system, which will satisfy all the information needs of the Company under IFRS. The Company has also reviewed its current internal and disclosure control processes and they did not need significant modification as a result of the conversion to IFRS.

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS did not change the actual cash flows of the Company, the adoption resulted in changes to the reported financial position and results of operations of the Company. In order to allow the users of the financial statements to better understand these changes, we have provided reconciliations between Canadian GAAP and IFRS for the total assets, total liabilities, shareholders equity, cash flows and net loss in the notes to the interim unaudited financial statements. The adoption of IFRS has had no significant impact on the net cash flows of the Company. The changes made to the statements of financial position and comprehensive income have resulted in reclassifications of various amounts on the statements of cash flows; however, as there has been no change to the net cash flows, no reconciliations have been presented.
In preparing the reconciliations, the Company applied the principles and elections of IFRS 1, with a transition date of March 1, 2010. As the Company has adopted IFRS effective March 1, 2010, it has applied the provisions of IFRS 1 as described under the section entitled "Initial Adoption – IFRS 1", with a March 1, 2010 transition date. The Company will also apply IFRS standards in effect at February 29, 2012 as required by IFRS 1.

Initial Adoption of International Accounting Standards

IFRS 1 ''First Time Adoption of International Accounting Standards'' sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional date of the statement of financial position with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied.
The Company elected to take the following IFRS 1 optional exemptions:

• to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;
• to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Comparative Information

The Company has restated all periods from March 1, 2010 onwards in accordance with IFRS. IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the transition date are consistent with those made under previous Canadian GAAP.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS has resulted in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the changes to accounting policies in key areas:

1) *Exploration and Evaluation Expenditures*

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties.

The Company has established an accounting policy to expense, as incurred, all costs relating to acquisition, exploration and evaluation until such time as it has been determined that a property has economically recoverable reserves.

The application of this policy on the adoption of IFRS has a significant impact on the Company's financial statements. On adoption of IFRS, the carrying value of the mineral property interests has been reduced to zero (at the transition date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and evaluation costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves and the Company would test these balances for impairment on a quarterly basis.

2) *Impairment of (Non-financial) Assets*

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. However, this change does not have an immediate additional impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at future dates.

3) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than previous under Canadian GAAP.

The Company has not implemented any changes to its accounting policies related to share-based payments that would result in a significant change in line items within its financial statements.

4) *Jointly controlled assets*

Where the Company's activities may be conducted through jointly controlled assets, the Company would recognize its share of the jointly controlled assets and liabilities jointly with the other venturers and correspondingly the related revenue and operating costs in the financial statements. This is consistent with IFRS *Joint Arrangements* which requires the application of the equity method.

5) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while former Canadian GAAP only required the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. However, this change does not have an immediate impact on the carrying value of its assets.

6*) Property and Equipment*

IFRS contains different guidance related to recognition and measurement of property and equipment than former Canadian GAAP.

The Company has not experienced any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

7) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company has not implemented any changes to its accounting policies related to income taxes that resulted in a significant change to line items within its financial statements.

8) Foreign Currency

IFRS requires that the functional currency of the Company be determined separately, and the Company has determined that its functional currency is the Canadian dollar.

The Company has not implemented any changes to its accounting policies related to foreign currency that resulted in a significant change to line items within its financial statements at the transition date.

Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling interests," which

establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for 2011. Earlier adoption was permitted. The adoption of this standard has not had any immediate impact on the Company's financial statements as there are no such interests.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption was permitted. The adoption of this standard has not had any immediate impact on the Company's financial statements as the Company presently has no subsidiaries for consolidation.

Critical Accounting Policies

Income Tax

The Company accounts for income taxes in accordance with the asset and liability method. The determination of future income tax assets and liabilities is based on the differences between the financial statement and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they would be realized.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of 3 months or less (or option of early encashment without significant penalty) at the date of original issue.

Earnings per Share

Basic earnings per share are determined by dividing the net earnings by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is the same as basic earnings per share except that the denominator is the fully diluted number of shares that would be outstanding if all of the options outstanding were to be exercised. As all of the outstanding options are "out of the money" there is no additional presentation (and with respect to the quarter under review it would be anti-dilutive).

Changes in Accounting Policies Including Initial Adoption

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments - Disclosures (Handbook Section 3862), and Financial Instruments - Presentation (Handbook Section 3863). These new standards became effective for the Company on October 1, 2007.

Financial Instruments

Handbook Sections 3862 Financial instruments — Disclosures and 3863 Financial Instruments — Presentation replace Handbook Section 3861 Financial Instruments — Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. These new sections place increased emphasis on disclosures

about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in its audited financial statements.

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The application of this new standard had no impact on the Company's operating results or financial position.

On March 27, 2009, the CICA approved EIC 174,"Mining Exploration Costs". This provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long lived assets in general. The application of this new standard had no impact on the Company's operating results or financial position.

All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications for its Financial Instruments:

Cash	Held for trading
Short-term investments	Held for trading
Accounts and other amounts receivable	Loans and Receivables
Accounts payable and accrued liabilities	Other Liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

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

Fair Value

As at May 31, 2011, the carrying values of cash, short term investments, HST/GST receivable, accounts payable and accrued liabilities are at fair value due to their immediate or short term to maturity.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs

that are not based on observable market data.

	Level One	Level Two	Level Three
Cash	$1,036,306		
Accounts receivable		$ 19,316	
Accounts payable and accrued liabilities		$ 112,354	

The accounts receivable are from the Canadian Federal and Quebec Provincial governments and, accordingly, not considered to be at risk.

Credit Risk

The Company's cash and short-term investments are held with Schedule A Canadian Chartered Banks and are therefore not considered to be exposed to significant credit risk.

Market and Interest Rate Risk

The Company does not have any interest bearing debt. The Company invests cash, surplus to its operational needs, in investment-grade short-term deposit certificates issued by the banks where it keeps its Canadian Bank accounts. The Company periodically assesses the quality of its investments with these banks and is satisfied with the credit ratings of the banks and the investment grade of their short-term deposit certificates. The interest rates attaching to these instruments are fixed and therefore do not carry interest rate risk.

Sensitivity Analysis

The Company has designated its cash and cash equivalents as held for trading, which is measured at fair value; the carrying amount of the financial instruments equals fair market value.

Management believes that, based on their knowledge and experience of financial markets, the following sensitivity analysis is appropriate for its cash and cash equivalents and its exposure to foreign exchange risk: The Company's funds are held primarily in short term investment grade deposits, the rates of which are fixed for varying periods. As a result, changes in interest rates would not affect the amount of interest to be earned by the Company.

As of May 31, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equal.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and to plan expenditures only when funds will be available. As at May 31, 2011, the Company had current assets of $1,055,622 (previous year end $1,085,474) and current liabilities of $230,900 (previous year end $194,998). As a result, working capital at May 31, 2011 was $824,722 down from $890,476 at the year end. The bulk of the Company's current assets is represented by cash and is correspondingly secure and predictable.

Additional Capital

The continued exploration work by the Company may require substantial additional financing. There can be no assurance that additional capital or other types of financing would be available if needed or that, if available, the terms of such financings would be favorable to the Company.

In addition, low commodity prices may affect the Company's ability to obtain financing since the mineral property investment that constitutes the primary activity of the Company is linked to such prices.

Critical Accounting Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. With the transition to IFRS, such estimates have significantly decreased in significance as Mineral Properties are no longer carried as an asset.

Outlook

The business objective of the Company is the acquisition, exploration, development and production of mineral resources from properties in Canada and abroad. More particularly, the Company's primary business objective is to carry out exploration programs on the Quebec Labrador Trough properties and to increase its landholding position and advance its project in Indonesia with a view to understanding and potentially re-establishing its feasibility.

If the results in Quebec of the initial exploration and test drilling programs prove to be encouraging, the Company may require additional capital that may require future financings. There can be no assurance that the Company would be able to raise such additional capital if and when required on terms it considers acceptable.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the current fiscal quarter, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. In view of the small size of the Company's management team and the absence of staff beyond that small team, the Company relies fundamentally on the personal involvement of two senior Officers in all transactions and their scrutiny of same.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the quarter covered by this Management's Discussion and Analysis, management of the Company, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and

procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Subsequent Events

Following the completion of the quarter under review, there were no material subsequent events beyond the receipt from AREVA of the final draft of the Joint Venture agreement which is now awaiting execution.

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. Referred to above is the Company's renewed interest in the Tewah project and the expectation of entering into discussions which may lead to arrangements for its exploitation.

Disclosure of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at August 27, 2011:

Common Shares of no par value	**Number**
Shares	30,311,155
Warrants	nil
Options	200,000

Summary of Quarterly Results

Selected financial information for the first quarter of fiscal 2012 and each of the previous eight quarters appears below:

Summary of Quarterly Results

Summary of Quarterly Results	Under IFRS	Under GAAP	Under GAAP
Fiscal Period Ended	**Feb '12**	**Feb '11**	**Feb '10**
1st Quarter			
Revenue	-	-	$140,160
Gain (loss)	$ (65,754)	$ (25,306)	119,149
Gain (loss) per share	(0.002)	(0.001)	0.004
2nd Quarter			
Revenue		-	104,434
Gain (loss)		(31,563)	57,526
Gain (loss) per share		(0.001)	0.002
3rd Quarter			
Revenue		-	243,159
Gain (loss)		(22,999)	191,259
Gain (loss) per share		(0.001)	0.006
4th Quarter			
Revenue		6,188	882
Gain (loss)		(196,465)	(22,143)
Gain (loss) per share		(0.006)	(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"
President
August 27, 2011