

WASECO RESOURCES INC.

Financial Statements

Three months ended May 31, 2006

(Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Waseco Resources Inc.

Balance Sheet

(Prepared by Management)

	May 31, 2006 (Unaudited)	February 28, 2006 (Audited)
	2006	2006
ASSETS		
Current Assets		
Cash	44,215	7,255
GST recoverable	1,343	9,128
Prepaid Exploration expense	5,000	5,000
Refundable Provincial Exploration tax credit	98,464	98,464
	149,022	119,847
Mineral Properties and Deferred Costs (Note 3)	281,568	325,914
	430,590	445,761
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable and accruals	168,524	184,968
Shareholder Loan	10,000	-
	178,524	184,968
	178,524	184,968
Shareholders' Equity		
Capital Stock (Note 4)	5,536,164	5,536,164
Contributed Surplus (Note 5)	102,000	102,000
Deficit	(5,386,098)	(5,377,371)
	252,066	260,793
	430,590	445,761

Approved by the Board of Directors

"James Richardson"
Director

"Richard Williams"
Director

Waseco Resources Inc.
Statement of Operations and Deficit
(Prepared by Management)

Periods Ended	Three months ended	
	31-May	31-May
	2006	2005
Revenue - Management fees		7,000
Expenses		
Shareholder relations and regulatory fees	1,657	5,012
Professional Fees	2,250	2,000
Miscellaneous	4,820	1,830
	8,727	8,842
Net Loss	(8,727)	(1,842)
Deficit, beginning of period	(5,377,371)	(5,209,016)
Deficit, end of period	(5,386,098)	(5,210,858)
Net loss per share - basic and fully diluted	(0.0003)	(0.0001)
Number of shares outstanding	28,934,155	26,201,321

Waseco Resources Inc.
Statement of Cash Flow
(Prepared by Management)

Periods Ended	Three months ended	
	31-May	31-May
	2006	2005
Operations		
Net loss	(8,727)	(1,842)
Adjustments to reconcile Net Income to net cash provided by operations:		
GST recoverable	7,784	
Accounts Payable	(16,444)	(106,402)
Shareholder Loan	10,000	
	(7,387)	(108,244)
Financing		
Capital Stock issued	-	51,000
	-	51,000
Investing		
Option payments received	50,000	-
Expenditures related to interest in Mining Properties	(5,653)	(87,866)
	44,347	(87,866)
Net increase in cash	36,960	(145,110)
Cash, beginning of period	7,255	196,237
Cash at end of period	44,215	51,127

WASECO RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS
May 31st, 2006

1. NATURE OF OPERATIONS

The reader is directed to the notes of the February 28, 2006 audited financial statements for a full description of the nature of operations for Waseco Resources Inc. (the "Company") and more comprehensive notes to the Financial Statements generally. This and other useful information on the Company are available on the Company's web site at www.wasecoresources.com and on SEDAR (www.sedar.ca).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in preparing these financial statements are those used by the Company as set out in the notes of the February 28, 2006 audited financial statements. For further information see the Company's February 28, 2006 audited financial statements.

3. INTEREST IN MINING PROPERTIES

During the previous year, the Company entered into a Purchase and Sale Agreement to acquire 210 claims in the Quebec Labrador Trough, which are prospective for uranium and other minerals. The vendors have retained a 2% net smelter royalty interest that the Company can buy down to 1% by paying \$1 million within 1 year of the commencement of commercial production on the properties. The Company paid \$35,000 and issued 1,000,000 common shares to the vendors during the year fulfilling its obligations so that it now holds a 100% interest in the claims subject to the aforementioned royalty and subject to an option on certain claims, as more fully described below.

Subsequent to the end of the Quarter, the Company entered into an Agreement with a third party (UraMin Inc.. ["UraMin"]) whereby the latter can earn a 50% interest in all of the Labrador Trough claims. To acquire the option, the optionee paid Waseco \$150,000, \$50,000 during the quarter under review and \$100,000 subsequently. The Company has undertaken an exploration program designed as a continuing evaluation of the uranium and other mineral potential of the property. UraMin has committed to spend a further \$1,600,000 of exploration expenditures to earn a property interest and to pay the Company a further \$150,000 on the first anniversary of the agreement. In the event that the optionee elects not to fund the entire program over a two year period, it will have no further obligations, and will retain no interest in the property.

The Company anticipates being the recipient of refunds for approximately 46% of exploration and development expenditures spent on the properties in the Quebec Labrador Trough pursuant to the Quebec Mining Duties and Provincial Income Tax treatments.

The Company continues to hold a 5% interest in the Attawapiskat diamond prospect in northern Ontario. No work was performed on this property during the period.

	May 31 2006	Feb 28 2006
Acquisition costs		
Balance, beginning of year	\$214,035	\$60,000
Acquisition costs		154,035
Total acquisition costs	214,035	214,035
Deferred exploration expenditures		
Balance, beginning of year	111,879	(43,757)
Option payments received	(50,000)	-
Exploration costs	5,654	254,100
Refundable provincial exploration tax credit	-	(98,464)
Total Deferred exploration expenditures	67,533	111,879
Total Mineral and Properties	\$281,568	\$325,914

For further information, see the notes accompanying the Company's February 28, 2006 audited financial statements.

4. 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 as follows:

	Shares	Amount
Balance at February 28, 2006	28,934,155	\$5,536,164
Transactions during the quarter:		
Balance at May 31, 2006	28,934,155	\$5,536,164

Stock Options

The following table summaries the continuity of stock options issued:

	Weighted Average Exercise Price	No. of Options
Outstanding at Feb. 28, 2006	\$ 0.10	1,100,000
Transactions during the quarter:		
Outstanding at end of May 31, 2006	\$ 0.10	1,100,000
Exercisable at end of May 31, 2006	\$ 0.10	1,100,000

All of the outstanding options expire on May 6, 2008.

Waseco established a stock option plan to provide additional incentive to its directors, officers, employees, service providers, or consultants in their efforts on behalf of the Company in the conduct of its affairs. The total number of shares which may be issued thereunder shall not exceed 10% of the then issued and outstanding shares of the Company. Under the terms of the plan, the options shall vest immediately except that options granted to consultants or persons employed in investor relations activities shall vest over twelve months. All options expire on the fifth anniversary from the grant date, unless otherwise specified.

Warrants

As at May, 2006 Waseco had 416,667 warrants outstanding with an exercise price of \$0.20 each. These warrants expire on September 9th, 2006

5. Contributed Surplus

	2007
Balance at February 28, 2006	\$ 102,000
Value assigned to:	
Balance at end of May 31, 2006	\$ 102,000

6. INCOME TAXES

The estimated taxable income for the period is nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

7. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes or interest during the three month period ended May 31st, 2006.

8. BASIC LOSS PER SHARE

The loss per share figures are calculated using the weighted average number of common shares outstanding during the period.

Fully diluted loss per share has not been disclosed, as the effects would be anti-dilutive.

9. SUBSEQUENT EVENTS

Subsequent to the end of the Quarter, the Company entered into the joint venture agreement with UraMin and received a further \$100,000 in this respect beyond the \$50,000 already received as a fee for exclusivity.

Also, on the day following the end of the quarter, the Company repaid the \$10,000 which had been loaned to the Company by two shareholders who are also Officers and Directors. No interest, fee commission or other reward was paid to the two individuals.