



WASECO RESOURCES INC.

Financial Statements

For the Nine Months ended November 30th, 2005

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 unaudited 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)

As at	November 30, 2005 Unaudited	February 28, 2005 Audited
	2006	2005
	\$	\$
Assets		
Current Assets		
Cash	41,300	196,237
Sundry receivables	133,814	-
	<u>175,114</u>	<u>196,237</u>
Mineral Properties and Deferred Costs	269,255	16,243
	<u>444,369</u>	<u>212,480</u>
Liabilities		
Current Liabilities		
Accounts payable and accruals	215,890	208,282
	<u>215,890</u>	<u>208,282</u>
Shareholders' Equity		
Capital stock (note 4)	5,449,414	5,213,214
Contributed surplus	21,168	-
Deficit	(5,242,104)	(5,209,016)
Shareholder's Equity	<u>228,478</u>	<u>4,198</u>
	<u>444,369</u>	<u>212,480</u>

Waseco Resources Inc.

Statement of Operations and Deficit

(Prepared by Management)

As at	Nine months ended		Three months ended	
	November 30, 2005	November 30, 2004	November 30, 2005	November 30, 2004
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue - Management fees	7,000	-	-	-
Expenses				
Professional fees	12,000	7,428	7,000	6,428
Compensation cost re options issued	7,418	-		-
Shareholder relations and Regulatory fees	18,202	7,812	1,482	1,699
Miscellaneous	2,468	321	569	208
	40,088	15,561	9,051	8,335
Net Loss	(33,088)	(15,561)	(9,051)	(8,335)
Deficit at beginning of period	(5,209,016)	(5,173,661)	(5,233,053)	(5,180,887)
Deficit at End of Period	(5,242,104)	(5,189,222)	(5,242,104)	(5,189,222)
Net loss per share-basic	(0.001)	(0.001)	(0.000)	(0.000)
and fully diluted				
Number of shares outstanding	28,934,155	26,201,321	28,934,155	26,201,321

Waseco Resources Inc.

Statements of Cash Flow

Periods ended	Nine months ended		Three months ended	
	November 30, 2005	November 30, 2004	November 30, 2005	November 30, 2004
	2006	2005	2006	2005
	\$	\$	\$	\$
Operations				
Net income/(loss)	(33,088)	(22,615)	(9,051)	(7,054)
Less non-cash elements therein:				
Compensation Cost	7,418		-	
Cash loss	(25,670)		(9,051)	
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Net change in non-cash operating working capital items:				
Sundry receivables	(133,814)		(58,414)	
Accounts payable and accrued liabilities	7,608	21,722	5,492	15,589
Cash flow from operating activities	(151,876)	(893)	(61,973)	8,535
Financing				
Capital stock issued	236,200	(70,597)	165,200	(40,000)
Contributed surplus re warrants issued	13,750		13,750	
	249,950	(70,597)	178,950	(40,000)
Investing				
Expenditure related to interest in mining properties	(253,011)		(92,268)	
Cash flow from investing activities	(253,011)	-	(92,268)	-
Net increase in cash	(154,937)	(71,490)	24,709	(31,465)
Cash, beginning of period	196,237	73,393	16,591	33,368
Cash, end of period	41,300	1,903	41,300	1,903

WASECO RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
November 30th, 2005

1. NATURE OF OPERATIONS

The reader is directed to the notes of the February 28, 2005 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, 2005 audited financial statements. For further information see the Company's February 28, 2005 audited financial statements. During the third quarter, the Company issued by way of private placement, share units comprised of a share and a half warrant to acquire further shares where each full warrant entitles the holder to acquire a further share at a price of twenty cents for a period of one year. Pursuant to this issue, the Company adopted a policy of accounting for the issue of such units by calculating according to the Black-Scholes model the value of the warrant portion and transferring that portion of the unit price from Capital Stock to Contributed Surplus.

3. INTEREST IN MINING PROPERTIES

During the first quarter, 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 500,000 common shares to the vendors during the first quarter and issued a further 500,000 common shares in the third quarter, 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.

During the second quarter, the Company entered into an Agreement with a third party now UMC Energy plc. ("UMC") whereby the latter can earn a 75% interest in 150 of the Labrador Trough claims. To acquire the option, the optionee paid Waseco \$200,000 (which amount has been credited to Properties as a reduction of the Properties account). The Company has undertaken an exploration program designed as a preliminary evaluation of the uranium and other mineral potential of the property. Following receipt of the Report detailing the results of these programs, UMC must commit to spend a further \$800,000 of exploration expenditures to earn a property interest. In the event that UMC elects not to fund the said balance, it will have no further obligations, and will retain no interest in the property. The Company is currently reviewing the Report along with other geological and geochemical data with a view to formulating a follow up work program.

The Company anticipates being the recipient of refunds for approximately 47% 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. Sufficient assessment work credits have been filed to maintain the property in good standing until 2007. A production decision on the adjacent DeBeers Victor Pipe project has generated renewed interest in the area and preliminary discussions to reactivate the exploration program have been initiated.

	Nov 30 2005	Feb 28 2005
Acquisition costs	\$	\$
James Bay Lowlands, Ontario	50,000	50,000
Labrador Trough, Quebec	105,000	10,000
Deferred exploration expenditures		
James Bay Lowlands, Ontario	160,643	121,243
Labrador Trough, Quebec	267,803	-
Option Payment Received	(200,000)	(165,000)
Exploration Expenses Recoverable	<u>(114,191)</u>	<u> </u>
	269,255	16,243

For further information, see the notes accompanying the Company's February 28, 2005 audited financial statements.

4. CAPITAL STOCK

Common Shares Outstanding:

Outstanding as at August 31 st , 2005 :	27,161,321
Shares issued, September 1 st to November 30 th 2005:	
Private Placement:	833,334
Exercise of Stock Options:	439,500
Property Payment:	500,000
Outstanding at November 30 th , 2005:	28,934,205

Stock based compensation and Stock Option Plan

The Company has a share option plan under which options to purchase common shares may be granted by the board of directors to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant less the maximum discount permitted by the Toronto Venture Exchange. The maximum number of common shares available for issuance under the plan is limited to 10% of the issued and outstanding. For further information see the Company's February 28, 2005 audited financial statements.

The fair value of options recognized in the Statement of Operations and Deficit has been estimated at the grant date using the Black-Scholes pricing model. Assumptions used in the pricing model for the year are: risk-free interest rate of 3.5%; expected volatility 105.9%; expected dividend yield of nil %; and expected life of three years. The fair value was charged to compensation expense with credit to contributed surplus.

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumption can affect estimates and therefore the existing models do not necessarily provide a reliable means of determining the fair value of the Company's stock options. The fair value on the grant-date of options was \$0.058 per option.

During the period, 439,500 options were exercised at a price of \$0.10 per share, for total proceeds to the Company of \$43,950. The current number of options outstanding is as follows:

Share Options	Exercise Price	Expiry Date
1,100,000	\$0.10	May 5th, 2008

A further credit to Contributed Surplus was made in the amount of \$13,750 to reflect the Black-Scholes' model valuation of the warrants issued in the private placement. The assumptions used were: risk-free interest rate of 4.75%; expected volatility 105.9%; expected dividend yield of nil %; and expected life of one year.

5. INCOME TAXES

The estimated taxable income for the period is nil. Based upon the level of historic 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.

6. SUPPLEMENTARY CASH FLOW INFORMATION

The Company did not pay any income taxes or interest during the three and nine month periods ended November 30th, 2005 and November 30th, 2004.

7. 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.

8. CONTINGENT LIABILITY

The item previously referred to as "Contingent liability" has been deleted, as the Company has severed its ties with its Indonesian subsidiary. For further details, refer to the Management's Discussion and Analysis for the Second Quarter.

9. SUBSEQUENT EVENTS

The Company has received the Final Report on the geophysical assessment of the Quebec Labrador Trough uranium prospects. It is now reviewing the data in conjunction with other geological and geochemical information in order to compile a further work program for the current year.