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Management's Discussion- For the Quarter ended November 30, 2006

General

This Management's Discussion and Analysis (MD&A) is dated January 27, 2007 and reflects the nine month period ended November 30, 2006 and should be read in conjunction with the unaudited financial statements for the nine months ended November 30, 2006 and the notes thereto. As the year end Audited Financial Statements include more comprehensive notes than the quarterly financial statements, reference should be made to them as well. All of these financial statements, as well as press releases issued by the Company and other information, are available either at the Company's website: www.wasecoresources.com, or at SEDAR: www.sedar.com.

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.

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

Having completed the geophysical exploration activities on the Company's five uranium prospects that initially covered approximately 165 square kilometres in the Quebec Labrador Trough, the Company continued in the first quarter with the compilation of the historical geochemical and geological data and the analysis of the information developed. As a result, the Company decided to undertake further staking in areas contiguous to these blocks and completed that activity in the first quarter. This was reflected in corresponding increases to the Mineral Properties accounts.

Our former joint venture partner, UMC Energy plc. (formerly Uranium Mining Corporation plc)("UMC") subsequently decided not to proceed to the next stage of our agreement and, as a result, relinquished all of its interest in these properties. The expenditures on the properties in the first quarter were funded from the proceeds of a private placement completed by the Company in the third quarter of the previous fiscal year.

During the second quarter, the Company entered into an earn-in agreement with UraMin Inc., a company listed on the AIM (Alternative Investment Market) in London and more recently on the TSX Exchange (UMN). A follow up work program of airborne geophysics and ground geochemistry was initiated during the quarter as part of a program totalling $1,600,000 that UraMin has agreed to undertake over a two year period in order to earn a 50% interest in the uranium related assets on the property. In addition, they would make cash payments to the Company of $300,000, of which $50,000 is reflected as a receipt in the first quarter and the $100,000 first year balance was received in the second quarter. During the second quarter, the TSX Venture Exchange also approved the transaction and shareholder ratification was obtained.

In addition, during the second quarter and as part of the agreement with UraMin, additional staking was undertaken on a 50:50 cost sharing basis with UraMin. This additional staking in the second quarter and a further staking In the third quarter brings the Company's land position in this area to a total of approximately of 320 square kilometres.

The significant expenditure on exploration activity commenced in the second quarter and continuing in the third quarter is not reflected in the closing balance of the Mining Properties account as these activities were funded by UraMin. As such, the payments from UraMin to fund the expenditures which otherwise would have increased the Mineral Properties account, are credited to the Mineral Properties account effectively in matching amount leaving the Mineral Properties account unchanged. Moreover, the refunds received and receivable from the Quebec government also go to reduce the carrying value of the Mining Properties. When these reductions result in the carrying value of a property being reduced to zero (as has occurred) further amounts are credited to income instead of reducing the value below zero.

The second quarter also saw the commencement of work to digitize all of the previous known exploration work carried out on the properties and surrounding lands. This work was completed in the third quarter and was deemed to be extremely valuable. The third quarter also saw a helicopter- borne high resolution geophysical survey project completed over Block I/II and expanded Block III and an initial geochemical survey which included nearly 1,000 samples. The Company has received preliminary results and is very pleased with the progress and results of the exploration to date and especially pleased with its relationship with UraMin. While presently awaiting the final results and interpretation of the work done to date, the Company expects that additional exploration work will be undertaken and is planning a diamond drilling program to commence in the coming months. All indications point to UraMin continuing to fund the continuing program.

Other Balance Sheet Comparisons

The increase in cash balance compared to the year end and the previous quarter end reflects the profitability which the Company has achieved from having its exploration expense funded by UraMin and obtaining the benefit of the Exploration Tax Credits, minus the payment of certain old accounts payable. The increase in amounts receivable of both GST and Refundable Provincial Exploration Tax Credit reflects the exploration activity undertaken during the quarter and the three quarters. The Company has achieved a significant decrease of about $60,000 in accounts payable and accruals in the three quarters and the working capital deficiency has been reversed to a positive working capital position of over $340,000. This trend, established earlier in the year, continues in the third quarter and results from the significant amount of refund receivable from the Provincial Exploration Tax Credit (and to a lesser extent from GST recoverable from exploration expenses).

The Account Receivable reflects the amount due from UraMin for the Company's 5% management fee calculated on costs of the exploration program. The liability for Advances for Exploration Expenses represents an amount received from UraMin in excess of amounts incurred for exploration, the reverse of the situation in the previous quarter. This amount will be disbursed to suppliers in the final quarter of the fiscal year.

Capital Stock increased as a result of the exercise by some of the warrant holders of the warrants which otherwise were set to expire September 9. 177,000 shares were issued for $35,400 pursuant to such exercise and the balance expired unexercised. In addition, 200,000 shares were issued for $20,000 pursuant to the exercise by a former Director of his options shortly following his ceasing to be a Director. Finally, after the end of the third quarter, a further 100,000 shares were issued pursuant to the exercise of a Director of 100,000 options.

The reduced deficit and increased shareholders' equity reflect the strong profitability in the quarter. Shareholders and other readers should be cautious as to the ability of the Company to continue to generate such results. Such continuation will depend on a continuation by UraMin to fund the exploration program which drives profitability through the Exploration Tax Credits receivable as referred to above.

Statement of Operations Comparisons

Operating losses have been turned around into profits as discussed above from the refundable tax credits exceeding the modest overhead costs of the Company. This revenue should continue over the periods of activity in the exploration program and so will be highly variable, depending on the activity rate. Management Fees have increased this year as a result of the greater expenditure by UraMin on exploration compared to the previous year (by UMC and the failure to collect management fees on all of their expenditure).

The reduction in compensation costs by comparison to the year earlier results from these costs (deriving from option grants to the members of the board of directors) having been fully absorbed at the year end and no further grants having been made this year.

The Company's main focus is on its 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 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 discussions with a view to resume work are taking place. Management has considered and decided that it would be inappropriate at this time to reduce the carrying value of this property by an impairment charge in view of the possibility of its being called upon to share funding of additional exploration and its preparedness to do so.

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 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. The trial in this matter took place in the third quarter and the Company is now awaiting the judgment of the Court. 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 (except by virtue of the exploration tax credits refund referred to above), 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. The Company's dependence on these sources has been substantially reduced as a result of the favourable arrangements agreed in the UraMin joint venture and the Quebec tax credits from the substantial exploration work being undertaken which accrue to the Company notwithstanding the funding having been provided by third parties, initially UMC and now UraMin. This has now put the Company in a position of positive working capital for the first time in many years.

Further funding for any corporate purposes will be forthcoming 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 or other financing as the Company may feel advisable. Additionally, in the second quarter, warrants to acquire 177,000 common shares of the Company were exercised prior to their expiry on September 9, 2006 resulting in receipt by the Company of $35,400 and a former member of the Board of Directors exercised 200,000 options for a further $20,000. Subsequent to the end of the third quarter, a further 100,000 options were exercised by another Director, injecting another $10,000 into the Company.

Together with amounts from the exercise of warrants and stock options received after the end of the quarter, the 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.

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 Company had sufficient funding for the modest legal costs incurred.

Related Party Transactions

There were no related party transactions during the period beyond:

i. the reimbursement of travel and other costs incurred by individual Directors on behalf of the Company, and
ii. the repayment of the advances previously made to the Company by two shareholders who are also Directors and Officers of the Company of the amount of $11,000 on a completely interest free basis, and
iii. the payment of a success fee by the issue to a member of the Board of Directors of 100,000 shares of the Company valued at $15,000 following shareholder and regulatory approvals.

A member of the Board of Directors is a party from whom the Company purchased certain of 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.

Subsequent Events

Following the completion of the quarter under review (November 30, 2006) and prior to the date of these financial statements (January 27, 2007), the following evens have taken place:

i. A member of the Board of Directors exercised his options to acquire 100,000 common shares at a price of $0.10 per share;
ii. Additional amounts were spent on the ongoing exploration program being conducted by the Company and UraMin on the Quebec Labrador Trough 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.

Change in Accounting Policy
There has been no change to accounting policy during the period.

Summary of Quarterly Results

Selected financial information for the 3rd quarter of fiscal 2007 and each of the previous ten quarters appears below:

Fiscal years	**2007**	**2006**	**2005**
1st Quarter			
Revenue	-	7,000	-
Gain (loss)	(8,727)	(1,842)	(7,123)
Gain (loss) per share	(0.000)	(0.000)	(0.000)
2nd Quarter			
Revenue	16,350	-	-
Gain (loss)	(5,293)	(22,195)	(1,212)
Gain (loss) per share	(0.000)	(0.001)	(0.000)
3rd Quarter			
Revenue	162,236	-	-
Gain (loss)	151,000	(9,051)	(14,290)
Gain (loss) per share	0.005	(0.000)	(0.001)
4th Quarter			
Revenue		-	-
Gain (loss)		(135,267)	(12,730)

Gain (loss) per share	(0.005)	(0.000)

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, 2007