



2008 MANAGEMENT DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS

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STRATECO RESOURCES INC.

Management Discussion and Analysis

For the year ended December 31, 2008

Scope of management's financial analysis

The following analysis should be read in conjunction with the audited consolidated financial statements of Strateco Resources Inc. (the "Company") and notes thereto for the years ended December 31, 2008 and 2007. The financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Forward-looking statements

This document may contain forward-looking statements that reflect management's current expectations with regard to future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Factors that could cause future results, activities and events to differ materially from those expressed or implied by such forward-looking statements include the volatility of uranium prices, risks inherent in the mining industry, uncertainty in the estimation of mineral resources and additional financial requirements, as well as the Company's ability to secure such financing.

Incorporation, nature of operations and ongoing exploitation

The Company was incorporated under the *Canadian Business Corporations Act* by articles of incorporation dated April 13, 2000.

The Company is primarily engaged in the exploration of mining properties with a view to commercial production. It does not currently have any mines in production. The Company has a portfolio of four wholly owned mining properties, one interest and options on four mining properties in Quebec. These properties comprise 1,068 claims for a total area of 57,927 hectares (579 km²). Its activities are focused on the development of two uranium properties. With the exception of some projects in the Athabaska basin in Saskatchewan, the Matoush project, in the Otish Mountains of northern Quebec, can be considered one of the highest-grade uranium projects in the world.

Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to pursue exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

This management discussion and analysis contains "forward-looking statements", particularly statements that reflect the Company's opinions, estimates and expectations with regard to future events or results. Such forward-looking statements provide no assurance as to future results or events, and involve a number of risks and uncertainties beyond the Company's control that may cause actual or future results and event to differ materially from those presented in or implied by such forward-looking statements. These risks and uncertainties are described in the annual information form filed with the securities commissions of Quebec, Ontario, Alberta and British Columbia and the 10-K form filed annually with the United States Securities and Exchange Commission.

2008 highlights

The year 2008 proved to be exceptional and promising for the Company and its shareholders. Your Company obtained exceptional exploration results, particularly on the Matoush property. It also boasted an excellent financial condition despite the global economic crisis, continued to expand its portfolio of uranium properties, and was named 2008 Prospector of the Year by the *Association de l'exploration minière du Québec* ("AEMQ") for the development of its Matoush project. The year 2008 was also marked by major work, decisions and events that together provide an excellent outlook for the year ahead.

The Company pursued an energetic strategy throughout 2008. It continued to focus its efforts on exploration and development of its best uranium projects. In 2008, the Company carried out exploration on the Matoush project in the Otish Mountains of northern Quebec, about 260 km north of Chibougamau, which comprises the Matoush, Matoush Extension, Pacific Bay-Matoush and Eclat properties. Most of the Company's efforts were devoted to the Matoush property, but uranium exploration work was also carried out on the Mistassini and Apple properties. The Company drilled 62,989 metres, including 54,613 metres on the Matoush property. The Company plans to conduct an aggressive drilling program in 2009 to grow its mineral resource.

The Matoush project, the Company's spearhead, grew in 2008. The Matoush project is in the process of becoming a world-class uranium mining camp thanks to very high grades, extraordinary potential and its location in Quebec, one of the world's most favourable jurisdictions for mining development.

The discovery of two new zones in 2008 (MT-22 and MT-34) on the Matoush property attests to the project's growing uranium strength and potential. The new resource estimate by Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA"), dated September 16, 2008, indicated a 300% increase in all categories of mineral resources in 10 months, from 4.1 M pounds of U₃O₈ to 16.8 M pounds of U₃O₈.

Scott Wilson RPA performed the first economic assessment in a scoping study of the Matoush property dated December 17, 2008, that showed strong project economics.

Another indicator of the Matoush property's promising future was the filing by the Company in November 2008 of an underground exploration permit application with the Canadian Nuclear Safety Commission ("CNSC"). Once it receives the required authorizations, your Company will become the first company in Quebec and the first so-called junior company in Canada in this uranium cycle, or nearly 25 years, to advance a uranium exploration project to the underground exploration stage. The other Canadian companies to have achieved this are Cameco Corporation ("Cameco"), Areva and Denison Mines.

Given the size of the Matoush project, particularly with the underground exploration project planned to start in the last quarter of 2009, the Company set up a new operations and engineering department led by Pierre H. Terreault, Vice President, Operations and Engineering. This department is responsible for environmental studies, creating workplace health and safety programs and establishing surface and underground infrastructure programs as part of the exploration program for the feasibility study.

Permit applications were filed in the fall of 2008 for the construction of a permanent one-lane gravel road to provide year-round access to the Matoush project for equipment and fuel supply. This link will also substantially reduce the cost of the underground exploration program.

In addition the success of the Matoush project, your Company expanded its uranium property portfolio by signing a final agreement with Pacific Bay Minerals Ltd. ("Pacific Bay") on January 14, 2008, retroactive to October 29, 2007, to acquire a 60% interest in the 277 claims of the Pacific Bay-Matoush property, adjacent to the Matoush property.

In addition, on November 21, 2008, the Company and Majescor Resources Inc. ("Majescor") signed an option agreement providing for the Company to earn an undivided 60% interest in Majescor's uranium rights on the Mistassini property, which lies 45 km southwest of the Matoush project. The Mistassini property comprises 171 claims covering 91 km².

These acquisitions enabled the Company to consolidate its strategic position in the Otish Mountains.

The year 2008 was also marked by the October 1, 2008 closing of an \$8 million financing. This financing enabled the Company to pursue its planned exploration activities on its properties, and to maintain a very sound financial condition despite the current global financial crisis.

The Company also retained the exclusive services of financial advisor Macquarie Capital Market Canada Ltd. ("Macquarie") to help it maintain and improve its favourable financial position. Macquarie will advise the Company on possible financings and financial strategy, including the participation of strategic partners in the development of its Matoush project.

In addition to the development of a financial strategy, your Company prioritized stronger communications with the First Nations and other residents of the Matoush project area throughout 2008. The Company's primary goal in this regard is to communicate the project development stages and ensure that the public is well informed on the various aspects of uranium, particularly health and safety and other areas of possible concern. The public consultations held in early December 2008 helped strengthen communications and laid a good foundation for 2009.

Financing

On October 1, 2008, the Company announced that it had closed a non-brokered private placement of flow-through common shares with two funds for aggregate gross proceeds of \$8,000,002. The private placement consisted of 4,102,565 flow-through common shares issued at a price of \$1.95 per share.

The Company paid finder fees of 4% of the gross proceeds of the transaction. All the securities issued pursuant to the placement are subject to a hold period of four months and one day from the date of closing.

The Company will use the flow-through proceeds to incur eligible exploration expenses on the Matoush and Apple properties.

Exploration activities

The technical data in this text is based on a report titled: *Technical Report on the Mineral Resources Update for the Matoush Uranium Project Central Quebec, Canada*, dated September 16, 2008, that complies with *National Instrument 43-101 on standards of disclosure for mineral projects ("NI 43-101")*. This data was reviewed by the authors of the report, David A. Ross, M. Sc. P. Geo and R., Barry Cook, P. Eng., of Scott Wilson RPA, and the technical data based on recent information was reviewed by Jean-Pierre Lachance, Executive Vice President of the Company, who are all qualified persons as defined in *NI 43-101*.

Exploration expenses for the year ended December 31, 2008, totalled \$22,317,849 compared to \$18,763,939 for the same period in 2007. The Matoush property was the most active, with a total of \$18,421,602 spent on exploration. The Company also invested \$2,181,153 on the Apple property, \$506,089 on the Pacific Bay-Matoush property, \$452,592 on the Eclat property, \$530,298 on the Mistassini property, \$204,185 on the Matoush Extension property and \$21,931 on the Mont-Laurier Uranium property.

The Company incurred allowable exploration expenses of \$22,317,849 during the year and therefore qualifies for Quebec refundable tax credits of up to 38.75% and a Quebec refundable credit on mining duties of 12% of all eligible exploration expenses. The estimated value of such credits receivable at December 31, 2008 is \$8,621,000.

During the year ended December 31, 2008, the Company decided to write down expenses for prospecting and the Mont-Laurier Uranium property, including \$346,690 in deferred expenditures and \$10,000 in mining properties, as no significant work had been done on the property since 2006.

Projects and new acquisitions

At December 31, 2008, the Company had a portfolio of four wholly owned mining properties and an interest in and options on four mining properties in Quebec. These properties total 1,068 claims for a total area of 57,927 hectares (579 km²).

Pacific Bay-Matoush Property

On January 14, 2008, the Company increased its uranium assets with the signature of an agreement in principle allowing it to earn a 60% interest in 277 mining claims owned by Pacific Bay Minerals Ltd. ("Pacific Bay") located in the Matoush District of Québec's Otish Mountains (the "Pacific Bay-Matoush property").

The agreement calls for the Company to pay Pacific Bay a total of \$500,000, issue 200,000 The Company shares and incur \$3 million in exploration expenditures over four years, including a minimum of 10,000 meters of drilling.

As part of the transaction, The Company acquired one million units of Pacific Bay at a price of \$0.30 per unit. Each unit consists of one common share and one warrant to purchase a common share at \$0.60 per share for a period of 24 months. The shares and warrants are subject to a 12-month resale restriction ending on January 14, 2009.

As of October 29, 2007, the Company assumed direction of exploration activities on the Pacific Bay-Matoush property. The property covers an area of 145 km² in the Otish Mountains, where the Company has been drilling the Matoush high-grade uranium orebody.

Mistassini Property

The Mistassini property consists of 171 claims covering 91 km². It hosts the Lac Mantouchiche uranium showing, drilled by Majescor Resources Inc. («Majescor» in December 2007, where Hole MIST-07-03 intersected 18.5 metres grading 0.215% U₃O₈ near surface.

The Company decided to exercise its option on the Mistassini property after receiving the analysis results for the three holes drilled by Majescor on the Lac Mantouchiche uranium showing in December 2007, and gave Majescor notice to that effect on February 14, 2008.

On November 24, 2008, the Company and Majescor signed an option and joint venture agreement retroactive to February 14, 2008, for the Company to earn an undivided 60% interest in Majescor's uranium rights on the Mistassini property by incurring an aggregate of \$1.3 million in exploration expenditures over three years. The Company must reimburse Majescor the cost of the drilling program done in December 2007 (approximately \$250,000) and incur an additional \$250,000 in exploration expenses on the property in Year 1, for a total firm commitment of \$500,000 for Year 1 of the option. The remaining \$800,000 in exploration expenses will be incurred equally in Year 2 and Year 3.

During the option period, The Company will be the operator, will have exclusivity for all uranium exploration on the property, and will have full access to the property. Northern Superior Resources Inc. ("Northern Superior"), which holds a 100% interest in the diamond rights, has renounced its diamond exploration rights on the Mistassini property for the term of the agreement. Northern Superior is entitled to a 2.0% Yellow Cake Royalty on the Mistassini property.

Exploration work

After its most productive year to date in 2007 in terms both of exploration and financing, the Company had an even better year in 2008, with, among other things, 300% growth in indicated and inferred mineral resources over a 10-month period.

In 2008, the Company continued to focus its efforts on exploration and development of its most promising uranium projects, using advanced exploration methods and drilling 132 holes on the various properties, for a total of 62,989 metres of drilling.

To better discuss the exploration work on each of its properties in detail, the Company has included NOTE 1 describing the exploration program analysis techniques, sampling methods, quality control and quality assurance including information on the use of the letter «e» in «eU₃O₈», which represents the **estimated** or **equivalent** U₃O₈ determined using a calibrated gamma or spectral probe, the methodology for the use of the gamma probe – representativity and, finally, a comparison of the results for each type of analysis. This technical description can also be found on the Company's website at www.stratecoinc.com in the *Corporate-Q/A* section.

Matoush Project

The Matoush project in the Otish Mountains of northern Quebec, about 260 km north of Chibougamau, consists of the wholly-owned Matoush property, the wholly-owned Matoush Extension property, the Eclat property, in which the Company has an option on a 100% interest, and the Pacific-Bay-Matoush property, on which the Company has an option on 60%. The Matoush project currently comprises 590 claims covering a total area of 32,194 hectares (321 km²).

In 2008, on the whole of the Matoush project, total of 59,603 metres was drilled in 119 holes, bringing the total amount of drilling on the Matoush project to 126,509 metres (305 holes) since exploration began in 2006.

Matoush Property

From the outset of 2008, the Company obtained very promising drill results on the Matoush property. The potential and size of the new MT-22 mineralized zone were confirmed, as well as the extension of the AM-15 zone at depth. The subsequent discovery of the MT-34 zone in April proved decisive. In all, 106 holes were drilled on the Matoush property in 2008, totalling 54,613 metres of drilling.

In the first quarter, four active drills drilled 29 holes on the entire Matoush project from January 9 to the end of March 2008, for a total of 14,714 metres. Two drills were assigned to the MT-22 zone and a third to the lake to test and outline the southern extension of the AM-15 zone at depth. The fourth drill was assigned to the Eclat property, at the southern end of the Matoush project.

The holes drilled in the first quarter of 2008 on the MT-22 zone proved extremely positive, with impressive intersections that confirm the importance of this major new zone. The best intersections include Hole MT-08-003, with 2.86% eU₃O₈ over 5.8 metres including 4.48% eU₃O₈ over 3.4 metres; Hole MT-08-013 with 0.52% eU₃O₈ over 7.2 metres; Hole MT-08-022 with 0.37 % eU₃O₈ over 18.4 metres including 1.16% eU₃O₈ over 5.3 metres, and finally, Hole MT-08-028, drilled in early April, with 0.47% eU₃O₈ over a very significant length of 41.6 metres, including 2.40% eU₃O₈ over 7.0 metres (see longitudinal for pierce points).

In September 2007, detailed geological interpretation of the AM-15 zone as part of the 43-101 resource estimate revealed that the zone dips about 20° to the south and that the mineralization appears to continue in the underlying CBF unit. Drilling carried out on the lake ice showed clearly that the AM-15 zone continues at depth toward the south.

The five holes drilled in the less porous, 75-metre thick intermediate CBF unit all intersected the fault zone, with variable thicknesses and grades that averaged 0.08% eU₃O₈ over 4.2 metres. The mineralization extends to the lower CBF contact, and the goal is now to explore the underlying ACF unit in the extension of the AM-15 zone plunge.

The two first holes drilled in the ACF-4 (MT-08-019 and MT-08-027) proved very encouraging, both in terms of geological context and the potential size of the mineralized body.

The main interest of MT-08-019, which intersected 0.04% eU₃O₈ over 8.7 metres, is the fact that it shows a fault offset that is a prime site for uranium precipitation.

In the second quarter of 2008, the Company continued the extensive, 55,000-metre drilling program started in early January 2008 on its Matoush property. From April 1st to June 30, 2008, 34 holes were drilled on the Matoush project for a total of 19,080 metres. Drilling was primarily focused on the new MT-34 mineralized zone that lies in the depth extension of the AM-15 zone, as well as on the MT-22 mineralized zone.

The drill results are excellent, especially on the MT-34 zone, which lies in the ACF-4, as does the MT-22 zone. The MT-34 zone was intersected in early April by Hole MT-08-034 at a vertical depth of 370 metres, to the south of the AM-15 and MT-22 zones. Hole MT-08-034 has proven to be the best hole drilled to date by the Company on the Matoush property.

The mineralized intersection of the MT-34 covers a core length of 54.4 metres and grades an average of 0.69% eU₃O₈, including a 28.0-metre section grading an average of 1.32% eU₃O₈ and a 4.8-metre section grading 6.13% eU₃O₈.

The understanding of the geology and mineralization obtained from two years of work led to the discovery of this new, high-grade uranium zone, and will likely result in the discovery of many others mineralized zones. In fact, work by the Company has shown that the high-grade areas of the AM-15 and MT-22 uranium zones are associated with horizontal displacement of the Matoush fault.

Following Hole MT-08-034, three other holes were drilled in the MT-34 area to test the extensions of this new mineralized zone. The results were conclusive, showing a high-grade core within the MT-34 zone. Hole MT-08-047 intersected a 10.0-metre mineralized zone grading an average of 2.24% eU₃O₈, including a 3.0-metre section grading 3.20% eU₃O₈ at a vertical depth of 454 metres, about 70 metres south of Hole MT-08-034.

The drill intersections at the centre of the MT-34 zone can be easily compared to intersections obtained in the Athabaska basin, known for its high-grade uranium potential.

Drilling on the MT-22 mineralized zone, discovered by the Company in the fall of 2007, continues on a 50-metre grid in preparation for the next resource estimate. The results for this zone, too, are conclusive. The best results were obtained in holes MT-08-022, 028, 036 and 043. Hole MT-08-022 intersected 0.37% eU₃O₈ over 18.4 m, including 1.16% eU₃O₈ over 5.3 m. Hole MT-08-028 intersected 0.47% eU₃O₈ over 41.6 m, including 2.40% eU₃O₈ over 7.0 m. Hole MT-08-036 intersected 0.41% eU₃O₈ over 7.5 m, including 1.25% eU₃O₈ over 2.0 m, and Hole MT-08-043 intersected 2.45% eU₃O₈ over 10.5 m, including a very high-grade section of 2.0 m at 8.97% eU₃O₈.

In the third quarter, exploration consisted primarily of drilling and prospecting. A total of 15,327 metres (45 holes) were drilled on the Matoush property, including 133 metres (7 short holes) of geotechnical drilling drilled to determine the thickness of the overburden for the siting of the future ramp.

Exploration drilling on the Matoush property took place on the MT-22 zone, the MT-34 zone, and the northern and southern extensions of the MT-22, MT-34 and AM-15 mineralized zones. Of the holes on the MT-22 zone, of particular interest was MT-08-077, which intersected 0.80% eU₃O₈ over 7.0 m, including 2.07% eU₃O₈ over 2.2 m.

The twelve holes drilled in the area of the MT-34 zone tested the extensions to the north and at depth along the presumed plunge of the zone. Overall, the results were encouraging, with the Matoush fault intersected in every hole and the notable presence of fuschite, a strong indicator of the presence of uranium mineralization.

Results of interest included Hole MT-08-062, which was drilled to an approximate depth of -450 m about 190 m north of the heart of the MT-34 zone and returned an intersection of 1.86% eU₃O₈ over 3.1 m (including 2.3% eU₃O₈ over 2.3 m). The mineralization was traced to a depth of 580 metres, the deepest hole being Hole MT-08-069, which returned 0.19% eU₃O₈ over 1.0 m.

Drilling on the Matoush property continued in the fourth quarter using two drills on the north and south extensions and along the Matoush fault to identify new mineralized zones.

Twenty-three holes were drilled for a total of 9,517 metres. These holes primarily consisted of exploration drilling north of the MT-22 zone and south of the MT-34 zone.

The holes in the northern part were drilled from 500 metres to 1 km from the MT-22 zone, between sections 18+00S and 22+00S, from near surface to -425 metres. These holes failed to intersect any new zones. However, three of the four holes drilled on section 20+00S intercepted very strong fuschite alteration, which represents a favourable environment for the deposition of uranium mineralization. The best result was obtained in Hole MT-08-098, which returned a grade of 0.06% eU₃O₈ over 2.8 metres in the ACF 3.

The results of drilling to the south of the MT-34 zone between sections 40+00S and 44+50S were more compelling. Located from 500 to 1 km south of the MT-34 zone, where drilling took place in 2007 on the upper part of the zone, in the ACF 3 and the CBF. Several intersections merited attention. The drilling done in the last quarter of 2008 in this area mainly targeted the upper part of the ACF 4, except for MT-08-107, the last hole drilled by drill 1458, which intersected the Matoush fault at a vertical depth of 525 metres.

While the results to date are not economic, they are nevertheless encouraging, and warrant continued drilling in this area in the winter of 2009. Hole MT-08-105 intersected 0.06% eU₃O₈ over 3.5 metres and Hole MT-08-107 intersected 0.02% eU₃O₈ over 7.1 metres, including 0.10% eU₃O₈ over 0,9 metres.

Finally, six holes were drilled in the MT-34 zone extensions, particularly the southern extension. The best hole was MT-08-083, which returned 0.16% eU₃O₈ over 7.7 metres, including 0.37% eU₃O₈ over 1.2 metres. Drilling ended on December 5, 2008.

Eclat Property

In early March 2008, the Company began exploring the southern part of the Matoush project on the Eclat property using a drill transported by winter road. In all, three holes were drilled for a total of 2,007 metres. The first hole (EC-08-01) had to be stopped at 759 metres due to too great an influx of sand and water. However, there is no influx of water in the AM-15 and MT-22 zones. It should be noted that the stratigraphy encountered in the sediments is the same as that found in the

AM-15 area 8.5 km to the north. A clay breccias appearing to correspond to the Matoush fault was intersected at a depth of 575 metres down hole, followed by disseminated mineralization grading 0.15% eU₃O₈ over 2.1 metres at 587 metres. The next hole, EC-08-02, was drilled on the same line at a depth of 321 metres, with the pierce point 425 metres above the pierce point of EC-08-01, and would appear to indicate that locally, the Matoush fault has an inverse dip, being to the west. However, it should be noted that no anomalies were found in this hole. Finally, Hole EC-08-03 was drilled a few hundred metres north of the border with Cameco's property, and targeted the basement rock. The basement was reached without any anomalous traces found in the sediments. The basement rock intersected was mafic in nature, and very likely represents the folded extension of the "Camie River" greenstone belt. This area will be retested in the winter of 2009.

Pacific Bay-Matoush Property

Seven holes totalling 1,510 metres were drilled in 2008 on the Pacific Bay-Matoush property. The holes were drilled between August 8 and September 7, 2008, using a helicopter-transportable drill (Versadrill). The holes were drilled in the "Rabbit Ears South" sector, about 5 km east of the AM-15 zone. The targets were established for the purpose of identifying a Matoush-type uranium mineralized zone, based on the results of prospecting done in 2007 and 2008, geophysical surveys and the geomorphology study done by Polygéo in 2008.

Two sectors were tested (see the Company's website at www.stratecoinc.com for details). Five holes were drilled on Sector 1 to trace a potentially mineralized north-south fault similar to Matoush. The holes covered an east-west distance of 630 m along strike and were drilled to a vertical depth of about 300 m. Sector 2, where two holes were drilled for a total of 596 metres, lies about 700 metres directly south of Sector 1. The goal was to test for the presence of a geophysical lineament interpreted as having a similar slip to that of the Matoush fault.

No significant mineralization was intersected during this drilling program. However, ACF and CBF layers with the same sequence as those at Matoush were encountered. From a structural perspective, no major faults comparable to the Matoush fault were intersected by drilling. Nevertheless, several highly fractured to sub-brecciated zones were seen in five holes, and potential remains for the discovery of a major uranium-bearing structure. The fractured zones seen in the holes do not appear to be large enough to explain the geophysical lineaments in the sectors drilled. Complementary holes will be drilled in the winter of 2009 following data reinterpretation.

Matoush Extension Property

Three holes were drilled on the same section on the Matoush Extension property in 2008 for a total of 1,473 metres. The section lies a few hundred metres north of the east-west string of Pacific Bay claims, on what should be the extension of the Matoush fault. However, none of the holes intersected the fault.

The first hole, MT-08-002, was extended to the basement without hitting the Matoush fault. Discordance was seen at a depth of 685 metres down hole. The basement rock consists of alternating granitic material and large laminae of mafic units. Many marginal uranium anomalies were intersected in the basement, the most important being 0.02% U₃O₈ over 4.0 metres. The subsequent holes, MT-08-006 and MN-08-01, were drilled on the same section and failed to detect the extension of the Matoush fault. No radiometry anomalies were detected.

Mistassini Property

The Mistassini property, which consists of 171 map-designated claims covering 9,115 hectares (91.15 km²) on map NTS32P, lies in the Otish Mountains, about 40 km southwest of the Matoush property.

On November 24, 2008, the Company and Majescor signed a final option agreement on Majescor's Mistassini uranium property, retroactively effective to February 14, 2008. This property hosts the Lac Mantouchiche uranium showing, where Hole MIST-07-03 drilled by Majescor intersected 18.5 m grading 0.215% U₃O₈ near surface.

Following the signature of the final option agreement, the Company initiated a helicopter-borne geophysical survey in late December 2008. Planned to cover 1,000 line-kilometres, the survey ended up covering 1,869 line-kilometres and was completed on January 21, 2009.

The goal of this survey was to gather magnetic (horizontal gradient) and electromagnetic (frequency domain) data to identify any faults or fractures that might act as key structures for the deposition of uranium mineralization in the area of the Lac Mantouchiche showing and elsewhere on the property.

Apple Property

The Company owns 100% of the Apple property, 80 km southeast of Radisson, in the James Bay area. The property consists of 194 claims covering 9,928 hectares.

In 1974, INCO performed a resource estimate on a one-kilometre section covering seven subvertically dipping zones. The estimate yielded 9,365,000 tons grading 0.054% U_3O_8 or 1.08 lb/ton for a total of 10.1 million pounds (GM 57894). This resource includes 4.3 million tons categorized as proven and probable and 5.0 million tons categorized as possible. The literature (Robertson et al. 1986) reports a resource of 8.5 million tons grading 0.052% U_3O_8 (8.8 million pounds of U_3O_8) contained in a six-metre by one-kilometre wide envelope extending to a depth of 300 metres, and remaining open at depth. A correlation was established between the highest uranium grades and the pyrite content. INCO dropped the property in 1975, and no subsequent uranium exploration took place until the Company began work.

INCO's historical estimate uses different mineral resource and mineral reserve categories from those used in *NI 43-101 on standard disclosure for mineral projects*.

Mr. Jean-Pierre Lachance, a geologist, Executive Vice President of the Company and a qualified person under *NI 43-101*, has not done the work required to categorize the resource and reserves in the historical estimate into up-to-date mineral resources and reserves.

The Company does not consider the resources and reserves in the historical estimate as mineral resources or mineral reserves as defined in Sections 1.2 and 1.3 of *NI 43-101*, which are up to date. The investor or reader should not rely on this historical estimate. However, the Company can provide all the most recent available data and estimates.

In early January 2008, the Company began building a 14-person camp. The Company also repaired an old winter road before starting the drilling program in order to transport the drill.

On February 10, 2008, the Company initiated a previously planned 4,000-metre drilling program on the property. Thirteen holes totalling 3,386 metres were drilled. Nine holes totalling 2,647 metres were drilled near and in the extensions of old INCO holes drilled in the 1970s, with the goal of confirming the geology and locating the mineralized zones intersected by these old holes spread over a distance of 1 km. The Company was able to locate the tubing of the INCO holes on the property.

In four twinned holes totalling 1,413 metres (AP-08-01 to 04), the main geological units intersected are the same and virtually in the same position as shown on the INCO drill sections (GM57894). Furthermore, there is very good correlation between the conglomerate beds identified by INCO and those seen in the 2008 holes. The conglomerate beds are where they were expected to be with similar grades.

Five holes totalling 1,263 metres (**AP-08-05, 10, 11, 12 and 13**) were drilled to verify the lateral extensions of the mineralized zones surrounded by Canico for the resource estimate done between the 4,400 West and 1,100 West sections. To the exception of hole **AP-08-13** drilled on the 4,000 West section, the other holes the Company drilled east of the 1,100 West section over a lateral distance of 790 metres, with an average spacing of 150 metres between holes, with the exception of hole most to the east, **AP-08-10**, distant of 370 metres with hole **AP-08-11**. (The 4,400 West and 1,100 West Sections can be seen on the Company's website at www.stratecoinc.com.)

Among those four holes, only hole **AP-08-10** did not intersect uranium mineralization. Hole AP-08-05 centred on an important radiometric anomaly, turned out to be conclusive with the intersection of three mineralized zones measuring from 3.7 metres to 7.1 metres in length with an average grade of 0.03% U_3O_8 .

Holes AP-08-11 and AP-08-12 have each intersected two mineralized zones of an average length of 3.5 metres with grades oscillating between 0.02 and 0.06% U_3O_8 . The best intersection was 0.06% U_3O_8 over 4.0 metres in hole AP-08-12.

Hole AP-08-13 drilled on the 4,400 West section intersected the mineralization on thickness of 2.5 and 3.6 metres with an average grade of 0.04% U_3O_8 .

Four holes totalling 710 metres (AP-08-06 to 09) were also drilled to test new targets identified by the airborne surveys performed by the Company in the fall of 2007. Results were inconclusive.

On June 2, 2008, Scott Wilson RPA finalized a 43-101 technical report titled: “*Technical Report on the Apple Project, Baie James Area, Northwestern Québec, Canada prepared for Strateco Resources Inc.*”, written by R. Barry Cook, MSc., P. Eng. and Paul Chamois, M.Sc., P. Geo., qualified persons under *NI 43-101*. The report was prepared following a site visit at the end of February 2008. The full report can be found on SEDAR at www.sedar.com.

In its recommendation, Scott Wilson RPA states that the Apple project merits considerably more exploration, and proposes a substantial work program.

Following the Scott Wilson RPA report, summer 2008 exploration work on the Apple property in the James Bay region consisted primarily of prospecting, channel sampling and geological reconnaissance carried out on the basis of the results of an airborne radiometry survey conducted in the fall of 2007. The fieldwork took place from June 5 to August 9, 2008.

The geological reconnaissance revealed five main outcrops, each with different anomalous bands generally corresponding to the uranium-bearing quartz pebble/pyrite matrix conglomerate. Subsequent, tighter prospecting of each of the outcropping areas allowed the uranium zones to be precisely traced to determine their morphology, which is primarily controlled by ductile/fragile deformation. Systematic GR-135 spectrometer readings were taken to characterize the various anomalous bands and determine their uranium content.

The Apple uranium-bearing conglomerates were also traced over a distance of nearly 8 km along the northern contact with the Yasinski volcano-sedimentary formation. Many readings were obtained for each outcrop, ranging from a few thousand to up to 10,000 counts per second (“cps”). Four of the five outcrops returned values of from 5,000 to 13,000 cps. Some anomalous bands also returned values of up to 20,000 cps. The uranium content of the main Apple band therefore ranges from 0.082 to 0.330% eU₃O₈ in the richest zones. The average uranium/thorium ratio is about 0.75.

In addition to having better outlined the Apple formation, the exploration work in this program revealed fold zones in the conglomerate horizons that do not seem to have been identified by earlier work. The presence of these folds could entail the repetition of the uranium bands to the south of and parallel to the main band.

Given the extent of the pyrite-matrix uranium-bearing conglomerates as well as their degree of deformation, a 42 line/km induced polarization survey was performed in mid-August following the geological prospecting program to locate the anomalous conglomerates at depth and identify new drill targets south of the 8-km-long Apple formation.

Despite the Apple property’s potential, the Company has decided to put this project on standby due to the unstable economic climate. Consequently, the Company will focus its efforts on the Matoush project, and will not carry out any work on the Apple property in 2009.

Assessments

Resource Estimate

On August 7, 2008, the Company announced that the mineral resource at its Matoush property had increased 300% since the previous *NI 43-101* resource estimate released October 1st, 2007.

Scott Wilson RPA updated the *NI 43-101* resource estimate for the Matoush uranium project using drill hole data available as of July 25, 2008. At a cut-off grade of 0.05% U₃O₈, indicated mineral resources are estimated to total 250,000 tonnes grading 0.68% U₃O₈ containing 3,73 million pounds of U₃O₈. Inferred mineral resources are estimated to total 1,3 million tonnes grading 0.44% U₃O₈ containing 13,07 million pounds of U₃O₈. The mineral resources are contained within three zones: AM-15, MT-22 and MT-34.

For definitions of mineral resources, mineral reserves, inferred resources and indicated resources referred to in the text, please see the 2007 annual report and annual information form filed on SEDAR (www.sedar.com).

There are no mineral reserves estimated at the Matoush project. The full *NI 43-101* report prepared by qualified persons R. Barry Cook, P.Eng. and David A. Ross, P.Geo., was filed on SEDAR (www.sedar.com) on September 18, 2008.

The new resource estimate attests to the growing size and potential of the Matoush project. The Company has almost reached its initial goal of delineating 20 million pounds of U₃O₈.

Table 1 – Mineral Resource Estimate for Matoush, July 25, 2008

	Tonnes (x 1,000)	Grade (% U₃O₈)	Pounds U₃O₈ (x 1,000)
Indicated			
AM-15	162	0,52	1,840
MT-34	88	0,97	1,890
Total Indicated	250	0,68	3,730
Inferred			
AM-15	16	0,14	50
MT-22	801	0,38	6,680
MT-34	527	0,55	6,350
Total Inferred	1,344	0,44	13,070

Notes:

- CIM definitions were followed for Mineral Resources.
- The cut-off grade of 0.05% U₃O₈ was estimated using a price of US\$55/lb and assumed operating costs.
- Wireframes at 0.05% U₃O₈ and a minimum true thickness of 1.5 metres were used to constrain the grade interpolation.
- High U₃O₈ grades were cut to 9% prior to compositing to two metre lengths.
- Several blocks less than 0.05% U₃O₈ were included for continuity or to expand the lenses to the minimum thickness.
- Totals may not sum correctly due to rounding.

The Matoush drill holes used for resource estimation include 257 diamond core holes totalling more than 98,000 m. A set of cross sections and plan views were interpreted to construct three-dimensional wireframe models at a cut-off grade of 0.05% U₃O₈, and a minimum true thickness of 1.5 metres. High U₃O₈ values were cut to 9% U₃O₈ prior to compositing to two metres. Variogram parameters were interpreted from two metres composited U₃O₈ values. Block model U₃O₈ grades within the wireframe models were estimated by ordinary kriging. More than 98% of the U₃O₈ values in the drill hole database used in the grade estimate were derived from chemical analysis. The remaining values, from 27 holes drilled before July 25, 2008, were derived from gamma-probe data.

Classification into the indicated and inferred categories was guided by the drill hole density, interpreted variogram ranges and the apparent continuity of the mineralized zones. The inferred category has a general drilling grid of approximately 50 metres by 50 metres up to 70 metres.

Scoping Study

On November 11, 2008, the Company announced that the first economic assessment for the Matoush property showed very strong economics for the uranium project.

Scott Wilson RPA conducted the scoping study with the participation of Melis Engineering Ltd. for capital and processing costs, Golder Associates for radiation, environment and reclamation costs and SD Energy Associates Ltd. (“SD Energy”) for marketing and price determination.

The scoping study is based on the *NI 43-101* compliant indicated and inferred resource estimate established by Scott Wilson RPA in its *Technical Report on the Mineral Resource Update for the Matoush Uranium Project*, dated September 16, 2008, based on drilling results as of July 25, 2008 and does not include results of the ongoing drilling program. Such results will be the subject of an updated *NI 43-101* technical report in 2009.

The full *Technical Report on the Preliminary Assessment of the Matoush Project* can be found on The Company’s website (www.stratecoinc.com) and on SEDAR (www.sedar.com). It contains all the results obtained as well as detailed explanations of the following summary:

I ORE PRODUCTION AND RECOVERED METAL

The mining plan was developed on mineral resources configuration. Recovered metal is based on metallurgical tests done at SGS Lakefield Research Ltd. in Lakefield, Ontario; an average of 97.6% recovery is used.

Year	Mill feed (x 1,000)	Grade % U ₃ O ₈	Recovered metal 97.6% (x 1,000) pounds U ₃ O ₈
1	175.0	0.633	2,382
2	236.3	0.454	2,306
3	262.5	0.362	2,046
4	262.5	0.553	3,124
5	262.5	0.439	2,479
6	262.5	0.372	2,100
7	188.4	0.267	1,082
TOTAL	1,649.7	0.437	15,519

II REVENUE

- SD Energy established the price scenario with a long-term price from US \$60.00 to US \$90.00 per pound U₃O₈ over the life of the project with an evaluation price of US \$75.00 per pound U₃O₈.
- The exchange rate US \$/CAN \$ is 0.85.
- Transport to smelter in North America is \$0.10 per pound.
- Royalty 2%.

	(x 1,000) CAN \$
Gross Revenue	1,369,515
Transport to smelter	1,552
Royalty	27,359
NSR gross revenue after the royalty	1,340,604

III OPERATING COSTS

Mining	82.80 \$/T milled	Maintenance	24.84 \$/T milled
Process	107.77 \$/T milled	Site services	28.96 \$/T milled
Power (generators)	35.75 \$/T milled	Administration	22.41 \$/T milled
Average operating cost: \$302.53/T milled			
CAN \$32.15 / pound		US \$27.33 / pound	

IV OPERATING PROFIT

Year	(x 1,000) CAN \$	Year	(x 1 000) CAN \$
1	133,894	5	142,051
2	128,177	6	109,992
3	105,145	7	23,809
4	198,453		
Total operating profit: CAN \$841,522,000			

V CAPITAL COSTS

	(x 1,000) CAN \$	(x 1,000) CAN \$
Direct capital costs		193,443
Mine	28,159	
Process	149,886	
Infrastructure	15,398	
Indirect capital costs		49,928
Contingency		53,305
Capital spare		575
Before start-up		297,251
Sustaining capital (6 years)		15,564
Closure		30,000
Mine life capital costs		342,815

VI FINANCIAL

Internal rate of return before tax: 37.1%.

NET PRESENT VALUE (NPV) before tax
Discount rate % (x 1,000) CAN \$

5	341,610
8	271,200
10	231,850
15	154,110

These results show that the Matoush project has strong economics, even given the significant inflation affecting operating costs in the mining industry. The results of the scoping study justify the underground exploration program in the context of a feasibility study.

Licences

In April 2008, the Company received authorization to begin the process of obtaining the approvals required for an underground exploration program at its Matoush uranium project.

The Company advised the *Directorate of Nuclear Cycle and Facilities Regulation* (DNCFR) and the Quebec Ministry of Sustainable Development, Environment Parks (MSDEP) by letter of intent of its intention to begin the process of obtaining the permits required to begin underground exploration work planned for the end of 2009.

In the context of a feasibility study, this work would essentially consist of site preparation, excavation of an access ramp to the -300 metre level, and the excavation of exploration drifts to carry out definition drilling. Excavation would take place in waste rock and ore. The exploration work would also allow assessment of the quantity and processing of mine drainage, ventilation, mining methods and ore storage.

Once it receives the required authorizations, your Company will become the first company in Quebec and the first so-called junior company in Canada in this uranium cycle, or nearly 25 years, to advance a uranium exploration project to the underground exploration stage. The other Canadian companies to have achieved this are Cameco, Areva and Denison Mines.

On July 15, 2008, as part of the underground exploration via ramp program, the Company presented its Preliminary Project Description to the Nuclear Fuel Cycle and Facilities Regulation, the Canadian Environmental Assessment Agency and the MSDEP for comments. The Preliminary Project Description for the underground exploration program includes: the project components, metallurgy, mine drainage, the health and safety program, and 15 separate appendices on environmental assessment, the water treatment plant, metallurgical testing, the project timetable, etc.

Comments were received on August 21, 2008, from those in charge of the file at the Canadian Environmental Assessment Agency, and the Company provided the required information in mid-September 2008.

The Company was then told that instructions and comments would be issued by the Evaluating Committee (COMEV), which is responsible for large projects in the James Bay area of Quebec. Comments are now expected in late February 2009.

On November 5, 2008, the Company filed an application for an underground exploration permit for its Matoush uranium property with the CNSC.

This application is part of the project authorization process, which began on July 15, 2008 with the filing of the Preliminary Project Description to the CNSC, the Canadian Environmental Assessment Agency and the MSDEP.

This document describing the underground exploration program can be found on the Company's website (www.stratecoinc.com) and on SEDAR (www.sedar.com).

The upgrading of the Eastmain winter road to an all-season road has become essential. Consequently, permit applications were filed in the fall of 2008 for construction of a permanent one-lane gravel road for year-round supply of equipment and fuel to the Matoush project. This link will also substantially reduce the costs associated with the underground exploration program.

Strategy and action plan

Given the growing size of the Matoush project, particularly the underground exploration project in the last quarter of 2009, the Company set up an engineering department in 2008. To meet the Company's needs, BBH Géo-Management Inc., service provider, retained the services of Pierre H. Terreault to supervise this department. This department is responsible for environmental studies, setting up workplace health and safety programs and establishing surface and underground infrastructure programs as part of the exploration program for the feasibility study.

The environmental impact study started in the spring of 2007 continues throughout 2008. In the last quarter, various aspects of the study progressed considerably, particularly those regarding fish, migratory birds, marine mammals, surface and sediment hydrology studies, etc. Golder Associates continues to act as a consultant for the environmental portion of the program, and the environment remains a priority for the Company.

Your Company also prioritized stronger communications with the First Nations and the general public throughout 2008. The Company's primary goal in this regard is to communicate the project development stages and ensure that the public is well-informed on the various aspects of uranium, particularly health and safety and other areas of possible concern. The public consultations held in early December 2008 helped strengthen communications and laid a good foundation for 2009.

On November 11, 2008 the Company announced that it had retained the exclusive services of Macquarie Capital as a financial advisor to help support and improve its favourable financial position. Macquarie will advise the Company on possible financings and financial strategy, including the participation of strategic partners in the development of its wholly owned Matoush project.

In 2009, the Company will focus its efforts on completing the environmental studies and obtaining the permit required to begin underground exploration work.

In the coming months, the Company will continue to devote efforts to exploration and development of its best uranium projects using advanced exploration methods. Depending on industry demand and trends, the Company will also consider acquiring new mining properties for exploration, and may seek financing for this purpose in 2009.

The Company expects to spend \$15 million on exploration, including \$6 million on drilling on its properties to complete a total of 30,000 metres of drilling in 2009. The \$6 million will be allocated approximately as follows: Matoush property \$4,250,000; Pacific Bay-Matoush \$750,000; Eclat \$600,000; and Mistassini \$400,000.

A 30,000-metre drilling program that began on February 6, 2009, should lead to an increase in mineral resources.

NOTE 1:

Exploration program analytical procedures

All reported samples are split with hydraulic splitter by dedicated personnel. Samples are individually bagged and tagged and shipped as per transportation protocols. Strateco adds blanks and duplicates for every 14 samples and standards randomly within the sample number sequence prior to shipment.

Analytical results are received and imported into our database. Laboratory replicates and laboratory standards are checked. Internal duplicates, blanks and standards are checked. Analytical drifts from expected results triggers re-analysis.

Results are also compared with estimated grade-tonnage (GT) values from in-situ downhole probing, and with CPS values logged during initial core logging procedures.

Sampling method: quality assurance and control

The sampling program at Matoush project, including all aspects of quality assurance and quality control, is supervised by the Company's chief geologist, Jonathan Lafontaine, P.Ge., who is a qualified person as defined under *NI 43-101*.

Core is split on site using a hydraulic splitter and samples are taken at intervals of 30 cm to 3 m depending on their geological characteristics. Sealed sample bags are placed in a locked facility prior to being shipped. Samples are shipped by floatplane to the Temiscamie and trucked to Chibougamau, where courier sends them to the Saskatchewan Research Council (SRC) Geoanalytical Laboratories in Saskatoon. The laboratory is accredited by the Standards Council of Canada as an ISO/IEC 17023 laboratory for mineral analysis testing. On arrival at SRC, samples are sorted into lots according to radioactivity level, prepped and analyzed in that order. Samples are dried and jaw crushed to 60% passing -2 mm. A 100 g to 200 g subsample is split using a riffler. A ring and puck-grinding mill pulverizes the subsample to 90% passing 106 microns. The mills are cleaned between samples using steel wool and compressed air. After sample preparation, SRC analyzes the uranium content by several means. Inductively coupled plasma ICP 4-3R (partial digestion) and fluorimetry are used on samples with U_3O_8 less than 100 PPM. ICP 4-3 (total digestion) is used on samples with normal to high radioactivity, hence for the majority of the samples submitted. Samples done by ICP 4-3 also have the full package of trace elements run. Samples with greater than 1,000 ppm U_3O_8 are also subjected to an *aqua regia* digestion before determination of wt% U_3O_8 also by ICP. The results are continuously checked.

In addition to chemical analysis, Strateco uses a gamma ray downhole probe to determine uranium grade (gamma probe). Before using the probe, holes are cleaned to eliminate mineralization smearing or radon effects. Probe results in counts per second ("cps") are converted to eU_3O_8 (**equivalent U_3O_8**) based on generally-accepted algorithms specifically calibrated for the Matoush deposit. A calibration hole (MT-07-29), for which full chemical analysis was performed, is probed at least once a month to ensure that the probe is adequately calibrated and is functioning properly. Results are also compared with the chemical analysis as soon as they are received. Any disparities in the results are immediately checked and corrected.

Counts per second, usually abbreviated as cps, are a measure of radioactivity. The more radioactive elements emitting gamma rays in a source, the higher its cps reading. The relationship is not linear, in the sense that if 5,000 cps is determined to approximately equal 1% U, 25,000 cps does not necessarily equal 5% U. However, there is more radioactive material in a source that emits 25,000 cps than in a source that emits 5,000 cps.

Consequently, counts per second are a general indication or estimate of potential grade. While this is not always the case for radioactive sources, core lends itself well to this comparison because its size and shape is constant. While it is difficult to estimate potential grade from cps values in outcrops and boulders, this qualitative data confirms the presence or absence of radioactive elements in a source.

Counts per second values are significant enough to justify using them for internal quality control purposes. The «e» in eU_3O_8 represents the **estimated** or **equivalent value of U_3O_8** as determined by downhole geophysical probing. The «e» indicates that the value is not obtained by drill core assays, but rather by converting gamma radiation measured *in situ* in the drill hole into U_3O_8 values by assuming that all gamma radiation can be directly attributed to the quantity of uranium present in the rock. Strateco can clearly show that all our mineralized intersections typically have a negligible quantity of radioactivity related to thorium or potassium that would skew this analysis. Furthermore, after isotopic analysis, the Company can safely say that, like most other deposits older than 0.35 million years, the uranium is in equilibrium (i.e. daughter elements are produced and disintegrated at a steady state, correlated to the quantity of uranium).

This method of distinguishing analytical assay values from geophysical measurements is common in the industry.

While the Company could indicate that U_3O_8 values surveyed are estimated based on gamma probe readings, it is preferable to use eU_3O_8 for clarity, as suggested in the following CIM guidelines:

“Equivalent Assay: Determination of uranium content by radiometric methods. The validity of Equivalent Assays must be demonstrated with chemical assay determinations. Where employed, equivalent uranium determinations should be reported and appropriately illustrated in the database (e.g. eU_3O_8).” (Extract from page 50 of: <http://www.cim.org/committees/estimation2003.pdf> (55 pages)).

Methodology for the Use of the Gamma Probe – Representativity (extract from the Matoush project technical report dated September 16, 2008, by Scott Wilson Roscoe Postle Associates Inc.)

Every completed drill hole is probed from toe to collar except for a single or double core barrel length and a rod length pulled from the bottom of hole to prevent the drill rod string jamming. Downhole probing is completed by a Strateco geotechnician after washing the hole for one hour to eliminate minor mineralization smearing or radon effects. Two probes were used during this drilling campaign, the first being a Mount Sopris 2MGA natural gamma instrument (2MGA) on loan from Cameco with a sodium iodide detector. The second was a Mount Sopris 2GHF triple gamma instrument (2GHF) with one sodium iodide detector and two Geiger-Muller detectors. Several drill holes were probed with both instruments to ensure data continuity.

All calculations for the grade x thickness (GT) estimates are based on instrument readings inside a water-filled drill rod string, and therefore, raw cps data are factored to compensate for the steel shielding and water. Once data are imported into the database, the downhole probing data are visually compared with logged radiometric readings on drill core. Although the data sources and reporting methods are significantly different, it is a visual check to ascertain the concordance of peak spacing and general width of mineralized zones.

The calculation macros are different for each tool. For the 2MGA instrument, the adjusted cps are corrected for high-grade detector saturation by using a «dead-time» factor to compensate for the lag in electrical pulses sent to the data logger. A calibration constant is then applied to estimate the GT value of the area under the corrected cps curve. Once the GT value is obtained, it is estimated over a certain length from which an estimated grade (or eU_3O_8 in %) is calculated. For the 2GHF triple gamma tool, once a simple correction is applied to compensate for the spatial distribution of the detectors in the instrument, the values are smoothed by a moving average covering 70 cm centred on the depth of the instrument measurement. This removes spurious results and short narrow peaks which are not considered representative for GT estimates. The macro will subsequently sort the results, retaining the sodium iodide detector readings if they are below 6,000 cps (i.e., low grades), and the sum of the Geiger-Muller detectors above this cut-off. The 6,000 cps cut-off is used as per the ideal range of detection for both types of instruments.

The Excel macro uses a high order polynomial (3rd order for sodium iodide detectors, 2nd order for Geiger-Muller detectors) to assign grade to cps value on a sample per sample basis. This polynomial is determined through controlled experiments using the calibration drill hole from which known assay results are taken. Thus, a known grade over a known thickness is assigned a cps value for both detectors for a variety of grades typically encountered on the property. The calibrated polynomial curve is then acceptable up to the maximum grade encountered on the calibration curve. When this maximum cps is exceeded in a drill hole, the calibrated polynomial is no longer applicable and must be recomputed once accepted assay data have been recovered.

In order to ensure proper operation of the gamma probe as well as representativity, Strateco brought in a spectral (gamma) probe calibration specialist from Denver, Colorado. (This paragraph was added by Strateco)

Consequently, the probing methods and algorithms applied to convert from cps to eU₃O₈ were reviewed and audited by independent consultant, Dr. Robert D. Wilson, a specialist in the field of nuclear log analysis and instrumentation. Dr. Wilson concluded that the procedural methods are valid, and protocols are adequate for the remote environment in which the instruments are used (Wilson, 2008).

These data are compared with geochemical grades once sample results are returned from the SRC. Natural variations on the order of 5%-10% differences in GT do occur, though variations are typically less than 5%. A calibration hole (MT-07-29) is probed at least once per month to ensure the probe is functioning properly.

Cable stretch and slip is of particular concern and can be as high as approximately 1% (meaning one centimetre of slip and stretch going up hole per metre of coiled cable). Although this value is negligible for drill holes of less than 100 m, it can be significant for the Matoush project where drill holes usually exceed 300 m and can go as deep as 800 m or more. Stretch and slip of the cable during uphole readings is assumed to be due to cable twisting-untwisting or slip of the pulley that measures cable length. Usually, downhole gamma readings appear higher up in the log than radioactive peaks as measured on drill core. To compensate for this effect, depths are multiplied by 1.01.

RECONCILIATION OF DRILL DATA AND ANALYSIS RESULTS

Assays are considered by the Company to be the “reliable” value, however, downhole readings are used *in lieu* of assay data if these data are not available due to missing core or lengthy turnaround time by analytical procedures.

Comparing the downhole gamma log data against the assay results is best made on a GT basis for several reasons. First and most obviously, sampled media is different. Assays represent a measured quantity of uranium, whereas uranium values obtained from the in situ probing represent the radioactive signature of a football-shaped volume incorporating fluids, rod casing and wall rock. Furthermore, the natural heterogeneity of the mineralization may also lead to variation in the estimated grades. It is also important to note that the probe is not centred in the drill rod string but is gravity-held in the trough (bottom) of the rod string as it is descended and raised and thus does not evenly read the mineralization in the wall rock. Variation of sample length is yet another reason for comparing GT values. Finally, because the end product of the downhole-probing estimate is the GT value (which is later deconvoluted to length and grade), it is simply more advisable to compare the “source” of the data, the GT, rather than the actual grade and lengths.

Selected annual information

	31-12-2008	31-12-2007	31-12-2006 (Restated)	31-12-2005	31-12-2004
	\$	\$	\$	\$	\$
Income - Interest	446,328	963,895	264,008	2,246	4,886
Expenses					
· General and administrative expenses	1,297,654	1,714,447	1,431,313	559,450	555,929
· Stock-based compensation	1,089,533	1,377,348	244,541	79,600	11,520
· Writedown of deferred expenditures and mining properties	356,690	-	66,544	561,020	-
· Unrealized loss on investment – income tax benefit	265,000	-	-	-	(6,325)
	3,008,875	3,091,795	1,742,398	1,200,070	561,124
Future income taxes	(620,000)	(1,605,321)	773,200	(374,600)	-
Net loss	1,942,549	522,579	2,251,590	823,224	556,238
Net loss per share, basic and diluted	0.02	0.01	0.03	0.02	0.01

Operating results

The Company posted a net loss of \$1,942,549 for the financial year, compared to a net loss of \$522,579 for the previous year and a loss of \$2,251,590 for the fiscal year ended December 31, 2006.

Interest income increases and decreases according to the level of cash and cash equivalents and the interest rate on short-term investments.

The decrease in general and administrative expenses in 2008, \$1,297,654 in 2008 (\$1,714,447 in 2007) was mainly due to non-recurring expenses related to listing on the TSX Toronto Stock Exchange, a reduction in listing and registrar fees from \$285,250 in 2007 to \$58,650 in 2008, and to non-recurring donation of \$100,000 to an environmental fund in 2007. The 2008 financial crisis resulted in lower administrative expenses for investor relations, which fell to \$348,698 in 2008 from \$414,697 in 2007, and for shareholder communications, which were \$85,164 in 2008 compared to \$130,657 in 2007.

In 2008, the Company expanded its office space, resulting in an increase in rent to \$49,840 in 2008 (\$39,720 in 2007). Legal and audit fees amounted to \$178,147 in 2008 compared to \$140,031 in 2007, mainly due to an increase in time and cost required for the preparation of financial disclosure by the Company.

The Company recorded a sum of \$1,089,533 in 2008 (\$1,377,348 in 2007 and \$244,511 in 2006) in stock options in relation to options exercisable during the period. This charge is calculated based on the fair value using the Black-Scholes option-pricing model.

The Company decided to write down prospecting and expenses incurred on the Mont-Laurier Uranium mining property in the amount of \$346,690 in deferred expenditures and \$10,000 in mining properties.

The Company recorded an unrealized loss on changes in the fair value of an investment for fiscal 2008 in the amount of \$265,000. The Company acquired 1,000,000 units of Pacific Bay Ltd. at \$0.30 per unit on January 14, 2008, and the stock was trading at \$0.035 per share at December 31, 2008.

Supplementary Information

	31-12-2008	31-12-2007	31-12-2006 (Restated)	31-12-2005	31-12-2004
	\$	\$	\$	\$	\$
Cash and cash equivalents	10,699,376	18,986,096	9,242,201	768,601	161,574
Total assets	59,761,590	52,744,147	15,270,641	4,731,443	3,878,400
Current liabilities	1,396,939	1,162,814	1,555,924	700,951	200,648
Shareholders' equity	55,628,651	50,377,333	13,714,717	4,006,092	3,677,752
Working capital	20,379,324	27,722,184	10,005,132	682,491	475,045
Number of shares outstanding	119,266,432	114,167,867	96,373,367	61,771,257	48,286,119
Number of options outstanding	3,314,500	2,106,500	928,000	2,248,000	2,298,000

Dividend Policy

The Company has not declared any cash dividend on its outstanding common shares since incorporation. Any dividend payment will depend on the Company's financial requirements for its exploration programs, its level of growth and other factors deemed pertinent by the Board of Directors under the circumstances. It is unlikely that a dividend will be paid in the foreseeable future.

Cash Assets and Sources of Financing

The Company's working capital stood at \$20,379,324 at December 31, 2008, compared to \$27,722,184 at December 31, 2007. On October 1st, 2008, the Company completed a flow-through private placement for \$8,000,002 compared to a non-flow-through financing of \$25,012,000 in January 2007.

Proceeds of \$9,500 were received in fiscal 2008 from the exercise of stock options, compared to \$171,050 in 2007. A sum of \$188,200 in proceeds from the exercise of warrants was received in fiscal 2008, compared to \$5,573,500 in 2007.

In fiscal year 2008, the Company received \$7,394,153 in tax credit for resources, compared to \$1,319,853 in 2007.

The Company does not have any debt or investments in asset-backed commercial paper.

The Company's investment activities primarily consist of funds used in exploration work and the addition of mining properties. The Company is entitled to a refundable tax credit for resources for up to 38.75% of eligible expenses, and a credit on mining duties refundable for losses of 12% of eligible expenses incurred.

Of the \$20.4 million in working capital held by the Company at December 31, 2008, \$1.2 million will be used to cover general and administrative expenses and \$14.7 million will be used to pursue the exploration programs planned for 2009.

The Company also retained the exclusive services of financial advisor Macquarie Capital Market Canada Ltd. ("Macquarie") to help it maintain and improve its favourable financial position. Macquarie advises the Company on possible financings and financial strategy, including the participation of strategic partners in the development of its Matoush project.

Quarterly Financial Information

The following table contains selected financial information for the last eight quarters.

	31-12-2008	30-09-2008	30-06-2008	31-03-2008	31-12-2007	30-09-2007	30-06-2007	31-03-2007
	\$	\$	\$	\$	\$	\$	\$	\$
Total income	90,537	85,241	96,032	174,518	218,021	232,777	269,484	243,613
General and administrative expenses	333,308	455,466	1,111,037	487,376	298,308	339,047	1,651,913	802,527
Net loss (Net benefit)	374,461	360,225	787,005	420,858	(1,525,034)	106,270	1,382,429	558,914
Net loss (Net benefit) per share, basic and diluted	0.00	0.00	0.01	0.00	(0.01)	0.02	0.02	0.01
Current assets	16,924,007	18,545,710	22,114,699	28,250,036	28,884,998	26,939,926	29,634,886	31,761,695
Total assets	59,761,590	52,921,254	53,633,968	56,455,302	52,744,147	45,543,398	39,712,848	38,686,899
Current liabilities	1,396,939	1,672,935	2,146,779	5,107,367	1,162,814	1,353,849	1,568,029	1,417,067
Working capital	20,379,324	16,872,775	19,967,920	23,142,669	27,722,184	25,586,077	28,066,857	30,344,628
Shareholders' equity	55,628,651	50,404,319	50,583,189	50,235,935	50,377,333	44,189,549	38,144,819	37,269,832

Fourth Quarter Performance

The Company reported a loss of \$374,461 for the fourth quarter of the year compared to net earnings of \$1,525,034 for the fourth quarter of the previous year.

The material changes in expenses recorded in the fourth quarter of fiscal 2008 are related to the write-down of \$356,690 in prospecting expenses and costs incurred on the Mont-Laurier Uranium property, a \$35,000 unrealized loss on the change in fair value of investments, and a \$260,000 allowance for future income taxes.

These material changes in the fourth quarter of the previous year were primarily linked to the following items: \$1,605,321 in 2007 in future income tax benefit, compared to \$620,000 in 2008, a \$139,000 decrease in investor relations expenses, and a \$151,126 decrease in stock-based compensation.

Off Balance-Sheet Arrangements

The Company does not have any off balance-sheet arrangements.

Related-Party Transactions

The Company renewed a three-year service agreement with BBH Géo-Management Inc. ("BBH"), a related company of which Guy Hébert, an officer and director of the Company, is also an officer and director. The agreement is dated August 1, 2008, and provides for BBH to manage the Company's exploration activities. Costs and expenses to be billed by BBH to the Company include the following:

- Use of BBH's offices and equipment (for a monthly charge of \$5,200; a monthly increase of \$2,000 was applied following the increase in the size of office space);
- Management fees of 5% on all costs related to exploration and development programs and purchases related to the Matoush property;
- Management fees of 10% on all costs related to exploration and development programs on the other properties: Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties, and of 5% on all purchases related to exploration projects and option agreements on the Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties;
- Management, administration, accounting and legal services;
- Consulting services, including geology;
- Relations with investors and regulatory authorities;
- Identification of sources of financing.

The fees to be paid to BBH are approved by the Company's board of directors without Guy Hébert being present, and are equivalent to what the Company would otherwise pay to a third party in the industry.

The Company concluded the following transactions with BBH:

	December 31, 2008	December 31, 2007
Expenses capitalized in the statement of deferred expenditures		
Consultants and subcontractors ⁽¹⁾	\$ 2,572,000	\$ 1,145,000
Management fees ⁽²⁾	\$ 1,381,000	\$ 1,823,000
General and administrative expenses in the statement of earnings and deficit		
Professional fees	\$ 375,000	\$ 367,000
Legal expenses	\$ 94,000	\$ 68,000
Investor relations	\$ 142,000	\$ 168,000
Rent	\$ 48,000	\$ 40,000
Share issue costs charged against capital stock	\$ 11,000	\$ 23,000
Management fees charged against fixed assets	\$ 128,000	\$ -
Accounts payable and accrued liabilities	\$ 157,000	\$ 148,000

⁽¹⁾ The increase in consulting and subcontractor expenses is primarily attributable to an increase in the number of consultants. The Company had 24 consultants in fiscal 2008 compared to 11 in 2007. Given the growing size of the Matoush project, particularly the underground exploration project, the Company set up an engineering department in 2008, which entailed the hiring of qualified personnel by service provider BBH Géo-Management inc., Pierre H. Terreault, Vice President, Operations and Engineering, is in charge of the department, which also includes a director of workplace health and safety, and environment director of environment and support personnel. This department is responsible for environmental studies, creating workplace health and safety programs and establishing surface and underground infrastructure programs as part of the exploration program for the feasibility study.

⁽²⁾ The management fee for the Matoush property was reduced from 10% in 2007 to 5% as of August 1, 2008.

Accounting Value of Mining Properties

At the end of each year, work is assessed to determine the future potential of each property. This assessment resulted in a \$356,690 write-down for fiscal 2008 (Mont-Laurier Uranium property and Prospecting).

Summary of Key Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with generally recognized accounting principles in Canada requires management to make estimates and assumptions that affect the assets and liabilities reported. These same estimates and assumptions also have an impact on the contingencies as at the date of the financial statements, as well as amounts related to revenue and expenses for the periods. Critical estimates include estimates of the credit for mining duties refundable for losses and the refundable tax credit for resources, future income tax assets and liabilities, the possibility of recovering the value of long-term investments, mining properties and deferred exploration expenditures, the fair value of stock options granted and certain amounts payable. Actual results could therefore differ from these estimates.

Long-Term Investments

The Company has chosen to present its long-term investments as securities held for trading. Consequently, they are recognized at cost, less any impairment loss.

Mining Properties and Deferred Expenditures

Mining properties are recorded at cost and related exploration costs are deferred, net of government assistance received. In the event of a production decision, costs related to a deposit and recorded under mining properties and deferred exploration expenditures are transferred to mining assets, and then amortized on the basis of units of production for the year and proven and probable ore reserves. However, when a project is abandoned, the corresponding costs are charged against earnings.

Credit on Mining Duties Refundable for Losses and Refundable Tax Credit for Resources

The Company is eligible for a refundable credit on mining duties under the Quebec *Mining Duties Act*. This refundable credit on mining duties is equal to 12% of expenses incurred for mining activities in Quebec and is recognized as a credit under deferred expenditures.

The Company is also eligible for a refundable tax credit for resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit for resources represents up to 38.75% of the amount of eligible expenses incurred. This tax credit is recognized as a credit under deferred expenditures.

Changes in Accounting Policy

Accounting Changes

On January 1st, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of new Section 1506, «Accounting Changes», of the Canadian Institute of Chartered Accountants' («CICA») Handbook. This new section, effective for the years beginning on or after October 1st, 2006, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in

accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. The new standard has no impact on the Company's financial results for the year ended December 31, 2007.

Financial Instruments

On January 1st, 2007, the Company adopted new accounting policies resulting from the application of new accounting standards published by the CICA relating to financial instruments:

- Section 3855, "Financial Instruments – Recognition and Measurement", provides guidance on when a financial instrument must be recognized on the balance sheet and how it must be measured. It also provides guidance on the presentation of gains and losses on financial instruments.
- Section 1530, "Comprehensive Income", requires an entity to recognize certain gains and losses in a separate statement, until such gains and losses are recognized in the statement of earnings.
- Section 3251, "Equity", establishes standards for the presentation of equity and changes in equity during the reporting fiscal year.
- Section 3861, "Financial Instruments – Disclosure and Presentation" deals with the disclosure of financial instruments and non-financial derivatives in the financial statements.

After initial recognition, the measurement of financial instruments depends on their classification: held for trading, available for sale, loans and receivables and other than held-for-trading liabilities.

- *Held for trading* – Financial assets and financial liabilities required to be classified or designated as held for trading are measured at fair value, with gains, losses and transaction costs recorded in net earnings for the period in which they arise. Section 3855 allows an entity to designate any financial instrument as held for trading on initial recognition or adoption of the accounting standard if reliable fair values are available, even if that instrument would not otherwise satisfy the definition of a security held for trading. Transaction costs are recorded immediately in net earnings.
- *Available for sale* – Financial assets classified as available for sale are measured at fair value. Unrealized gains and losses are recognized directly in other comprehensive income, except for impairment losses, which are recognized in net earnings. Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in accumulated other comprehensive income are reclassified to net earnings. Transaction costs are added to the carrying amount of the financial instrument.
- *Loans and receivables* – Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method, which corresponds to costs due to their short term to maturity.
- *Other financial liabilities* - Financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method, which corresponds to costs due to their short term to maturity.

Following is a summary of the classifications the Company has elected to apply to each of its significant categories of financial instruments outstanding as of January 1st, 2007:

Cash	Held for trading
Amounts receivable	Held for trading
Long-term investment	Held for trading
Accounts payable and accrued liabilities	Held for trading

As of January 1st, 2008, the Company adopted new CICA standard in Sections 3862 and 3863, "Financial Instruments – Disclosure and Presentation". This new standard places increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. This section aims to eliminate duplication of information and simplify disclosure on the concentration of risk, credit risk, liquidity risk and market risk covered in Section 3861.

These new requirements only affect disclosure and do not have a financial impact on the Company's financial statements.

Going Concern

On January 1st, 2008, in accordance with the applicable transitional provisions, the Company adopted the new standards of Section 1400, "General Standards of Financial Statement Presentation". This standard requires that management makes an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. The new requirements only address disclosures and have no impact on the Company's financial results.

Capital Disclosures

On January 1st, 2008, in accordance with the applicable transitional provisions, the Company adopted the recommendations of new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed.

Future Changes in Accounting Policy

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed the changeover date from Canadian GAAP to International Financial Reporting Standards (IFRS). Accordingly, publicly accountable Canadian enterprises must adopt IFRS for their interim and annual financial statements for years beginning on or after January 1st, 2011. The Company will change from Canadian GAAP to IFRS during the first quarter of the year ended December 31, 2011, when it prepares its current and comparative financial information in accordance with IFRS. The Company expects this transition to have an effect on its accounting methods, presentation of financial information and information systems. During the next periods, the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements. Other new standards were issued, but are not expected to have a material impact on the Company's financial statements.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value.

The Company has a stock option plan for its officers, directors, key employees, consultants and suppliers' employees. The board of directors sets the conditions for acquiring the common stock options according to quantity and exercise price, for a maximum term of five years. The strike price of the options granted may not be less than the market price, which corresponds to the weighted average price based on the volume and price of the shares traded on the Toronto Stock Exchange for the five days preceding the option grant. The options granted are valid for a period established by the board of directors, not to exceed five years from the date the options are granted. At December 31, 2008, the number of common shares reserved for common stock option grants was 10,654,586. The maximum number of options that can be granted to any participant may not exceed 5% of the issued and outstanding shares of the capital stock.

At December 31, 2008, the Company had 119,266,432 shares (114,167,867 at December 31, 2007) and 3,314,500 stock issued and outstanding, of which 2,106,500 were exercisable at prices from \$0.20 to \$3.37 each, with expiry dates ranging from March 19, 2009 to November 24, 2013. In fiscal 2008, the Company granted 1,363,500 stock options to officers, directors, consultants and employees of the Company's suppliers. These options have an exercise price of from \$2.04 to \$2.10 per share and are exercisable for a five-year period.

At March 11, 2009, the Company had 119,266,432 shares, 3,314,500 stock options and no warrant issued and outstanding.

Risks and Uncertainties

Fair Value

Cash and cash equivalents, tax credits receivable, deposits on exploration work and accounts payable and accrued charges are financial instruments whose carrying value approximates their fair value due to their short-term maturities or the prevailing market rates.

Investments in shares are recognized at fair value, which equals the closing asking price at the end of the period.

The Company classifies its investments as financial assets held for trading and recognizes them at their fair value. The fair value of shares corresponds to the last asking price at the end of the period and the fair value of warrants corresponds to the difference between the asking price of the shares and the exercise price of the warrants. The fair value of the warrants is nil when the asking price is lower than their exercise price.

Credit Risk

Cash and cash equivalents are deposited in banking accounts at Canadian financial institutions and invested in high quality securities.

Interest Rate Risk

At December 31, 2008, the Company's exposure to interest rate risk was as follows:

- Cash and cash equivalents – variable interest rate
- Amounts receivable – interest free
- Amounts payable – interest free

In management's opinion, the Company was not exposed to any interest rate risk as at December 31, 2008.

Financial Risk

The Company is considered an exploration company. It must therefore obtain financing regularly in order to pursue its exploration activities. While it has always succeeded in doing so in the past, there can be no assurance that it will succeed in doing so in the future.

Exploration and Mining Risks

Exploration and mining activities are subject to a high level of risk. Few exploration properties reach the production stage. Unusual or unexpected formations, fires, power failures, labour disputes, floods, explosions, subsidence, landslides and the inability to locate the appropriate or adequate manpower, machinery or equipment are all risks associated with mining activities and the execution of exploration programs.

The development of resource properties depends on many factors, including the cost of mining, variations in the material mined, fluctuations in the commodities and exchange markets, the cost of processing equipment and other factors such as aboriginal claims, government regulations including in particular regulations on royalties, authorized production, importation and exportation of natural resources and environmental protection. Depending on the price of the commodities produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the exploration expenses incurred by the Company will result in the discovery of commercial quantities of ore. Most exploration projects do not result in the discovery of economic deposits.

Environmental and Other Regulations

Current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional cost, capital expenditures, restrictions or delays in the Company's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously hamper the Company or its ability to develop its properties economically. Before a property can enter into production, the Company must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained or that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed. The Company considers that it is in material compliance with the existing environmental legislation. At the exploration stage, costs related to environmental legislation's compliance are not material.

Financing and Development Risks

The Company has incurred losses to date and does not presently have the financial resources required to finance its planned exploration and development programs. Development of the Company's properties therefore depends on its ability to obtain the additional financing required. There can be no assurance that the Company will succeed in obtaining the required funding. Failure to do so may lead to substantial dilution of its interests (existing or proposed) in its properties.

Furthermore, the Company has limited experience in developing a resource property, and its ability to do so will depend on the use of experienced people or in the signature of agreements with major resource companies that can produce such expertise.

Commodities Prices

The market for uranium, gold, diamond, base metals or other mineral discovered can be affected by factors beyond the Company's control. Commodities prices have fluctuated widely, particularly in recent years. The impact of these factors cannot be accurately predicted.

Uninsured Risks

The Company could become liable for subsidence, pollution and other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or for some other reason. Payment of such liabilities could decrease or even eliminate the funds available for exploration and mining activities.

Information Disclosure Controls and Procedures

The president and chief executive officer and the chief financial officer have designed or supervised the design of disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known to them, particularly during the period in which the interim and annual documents are prepared. They have also designed or had designed internal controls over financial reporting to provide reasonable assurance that financial reporting is reliable and that the financial statements are designed to report financial information in accordance with Canadian generally accepted accounting principles.

Company management, including the president and chief executive officer and the chief financial officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the year ended December 31, 2008. Based on this assessment, the president and chief financial officer have concluded that such controls and procedures were effective and provided reasonable assurance that material information on the Company was adequately disclosed to them by other Company personnel.

There were no changes in the internal control over financial reporting during the year ended December 31, 2008, that had or could reasonably be expected to materially affect on internal control over financial reporting.

Additional Information and Continuous Disclosure

This management discussion and analysis is dated March 11, 2009, and complies with Canadian Securities Administrators' *National Instrument 51-102A* on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents management's perspective on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and financial statements filed on the Strateco (www.stratecoinc.com), SEDAR (www.sedar.com) and EDGAR (www.sec.gov/edgar.shtml) websites.



Guy Hébert
President and Chief Executive Officer



Pauline Comtois
Chief Financial Officer

Management's Responsibility for Financial Reporting

Management is responsible for the financial statements of Strateco Resources Inc. and the financial information contained in this report. The financial statements are prepared by management in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on best estimates and judgments of management.

Management maintains a system of internal control to provide reasonable assurance that assets are safeguarded from any loss or unauthorized use and that financial information is reliable and available in a timely manner.

Primarily through its Audit Committee, the Board of Directors oversees management's responsibility with regard to presentation of the information, and reviews and approves the financial statements.

The Audit Committee is appointed by the Board of Directors. Two of its three members are independent directors, and the third has a two-year statutory waiver allowing for independent status to be achieved as of June 2009. All three members are external directors. The committee meets from time to time with management as well as the external auditors to discuss matters related to internal controls, audit results, accounting principles and related subjects.

Petrie Raymond LLP, chartered accountants, an independent chartered accounting firm, was appointed to audit the Company's financial statements and issue an opinion on them.

On the recommendation of the Audit Committee, the Board of Directors has approved the Company's financial statements for the years ended December 31, 2008 and 2007.



Guy Hébert,
President and Chief Executive Officer



Pauline Comtois,
Chief Financial Officer

Boucherville, Canada
March 11, 2009

Auditors' Report to the Shareholders

We have audited the balance sheet of **Strateco Resources Inc.** as at December 31, 2008 and 2007 and the statements of deferred expenditures for the years then ended and the statements of operations, comprehensive income, deficit and cash flows for the years ended December 31, 2008, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended December 31, 2008, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.



Petrie Raymond 1

Limited Liability Partnership
Chartered Accountants

Montreal, Canada
February 27, 2009

¹ CA auditor permit No. 20507

STRATECO RESOURCES INC.

Financial Statements

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(in Canadian dollars)

	2008	2007 <i>(Restated)</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 10,699,376	\$ 18,986,096
Subscriptions receivable	-	55,200
Tax credits receivable (Note 4)	10,278,825	8,821,310
Sales tax recoverable	515,386	599,742
Deposits on exploration work	150,000	358,031
Prepaid expenses	132,676	64,619
	21,776,263	28,884,998
INVESTMENT (Note 5)	35,000	-
MINING PROPERTIES (Note 6)	10,571,154	10,044,314
DEFERRED EXPENDITURES (Note 7)	26,469,637	13,350,146
FIXED ASSETS (Note 8)	909,536	464,689
	\$ 59,761,590	\$ 52,744,147
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges (Note 15)	\$ 1,396,939	\$ 1,162,814
FUTURE INCOME TAX (Note 16)	2,736,000	1,204,000
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	55,579,592	49,276,379
Contributed surplus (Note 11)	8,829,193	7,938,539
Deficit	(8,780,134)	(6,837,585)
	55,628,651	50,377,333
	\$ 59,761,590	\$ 52,744,147

See notes to financial statements.

ON BEHALF OF THE BOARD



Guy Hébert, Director



Robert Desjardins, Director

STRATECO RESOURCES INC.
STATEMENTS OF DEFERRED EXPENDITURES
YEARS ENDED DECEMBER 31, 2008 AND 2007

(in Canadian dollars)

	2008	2007
EXPLORATION EXPENSES		
Consultants and subcontractors	\$ 4,723,011	\$ 4,010,261
Infrastructure, access roads, fuel depot and other	1,208,560	1,424,242
Drilling	8,289,629	6,451,250
Transport and fuel	2,418,360	2,481,051
Geophysics	191,382	239,664
First aid	190,095	150,550
Laboratory and analyses	824,359	242,499
Travel expenses	1,858,339	1,126,391
Management fees	1,380,040	1,823,081
Supplies and equipment rental	560,776	273,973
Maintenance and repairs	151,538	68,852
General exploration expenses	179,801	297,585
Amortization of fixed assets	341,959	174,540
	<u>22,317,849</u>	<u>18,763,939</u>
Credit for mining duties and other related exploration credits	(8,851,668)	(8,664,378)
Write-off of deferred expenditures	(346,690)	-
	<u>13,119,491</u>	<u>10,099,561</u>
NET INCREASE IN DEFERRED EXPENDITURES	13,119,491	10,099,561
BALANCE, BEGINNING OF YEAR	13,350,146	3,250,585
	<u>\$ 26,469,637</u>	<u>\$ 13,350,146</u>

See notes to financial statements.

STRATECO RESOURCES INC.
STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

	2008	2007	2006 <i>(Restated)</i>
INTEREST INCOME	\$ 446,328	\$ 963,895	\$ 264,008
Professional fees	416,483	391,800	259,745
Legal and audit expenses	178,147	140,031	159,563
Stock-based compensation	1,089,533	1,377,348	244,541
Directors' fees	19,900	19,800	18,600
Shareholder communications	85,164	130,697	135,934
Investor relations	348,698	414,697	627,947
Listing and registrar fees	58,650	285,850	25,558
Social benefits related to stock options	2,212	4,720	53,582
Travel expenses	37,226	32,215	9,169
Donation to environmental fund	-	100,000	-
Rent	49,840	39,720	38,400
Insurance	33,194	35,621	23,734
Office expenses	84,382	73,902	24,360
Taxes and permits	2,437	36,019	29,517
Recovery of Part X11.6 penalty tax	(28,522)	-	-
Interest and bank charges	4,772	9,375	14,129
Amortization of fixed assets	5,071	-	11,075
	2,387,187	3,091,795	1,675,854
Write-off of deferred expenditures and mining properties	356,690	-	66,544
Unrealized loss on changes in fair value of investment	265,000	-	-
LOSS BEFORE INCOME TAXES	2,562,549	2,127,900	1,478,390
FUTURE INCOME TAXES (BENEFIT)	(620,000)	(1,605,321)	773,200
NET LOSS AND COMPREHENSIVE INCOME	1,942,549	522,579	2,251,590
DEFICIT, BEGINNING OF YEAR	6,837,585	6,315,006	4,063,416
DEFICIT, END OF YEAR	\$ 8,780,134	\$ 6,837,585	\$ 6,315,006
NET LOSS PER SHARE, BASIC AND DILUTED	\$ 0.017	\$ 0.005	\$ 0.027
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUSTANDING (in thousands)	115,986	107,539	82,855

See notes to financial statements.

STRATECO RESOURCES INC.**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

	2008	2007	2006 <i>(Restated)</i>
CASH FLOW FROM (USED IN)			
OPERATING ACTIVITIES:			
Net loss	\$ (1,942,549)	\$ (522,579)	\$ (2,251,590)
Non-cash items			
Stock-based compensation	1,089,533	1,377,348	244,541
Unrealized loss on changes in fair value of investment	265,000	-	-
Write-off of deferred expenditures and mining properties	356,690	-	66,544
Amortization of fixed assets	5,071	-	-
Future income taxes	(620,000)	(1,605,321)	773,200
Changes in non-cash working capital items (Note 17)	(211,552)	(110,425)	(438,870)
	<u>(1,057,807)</u>	<u>(860,977)</u>	<u>(1,606,175)</u>
CASH FLOW FROM (USED IN)			
INVESTING ACTIVITIES:			
Term deposits	-	8,680,857	(8,680,857)
Income tax credits receivable	7,394,153	1,319,853	12,653
Acquisition of investment in shares	(300,000)	-	-
Transfer of mining properties and deferred expenditures	-	-	225,000
Acquisition of mining properties	(120,000)	(30,493)	(382,000)
Increase in deferred expenditures	(21,305,883)	(19,052,406)	(4,058,024)
Additions of fixed assets	(791,877)	(639,229)	-
	<u>(15,123,607)</u>	<u>(9,721,418)</u>	<u>(12,883,228)</u>
CASH FLOW FROM (USED IN)			
FINANCING ACTIVITIES:			
Repayment of term loans	-	-	(110,000)
Common share and warrants issuance	8,252,902	30,701,350	15,411,589
Common share issue costs	(358,208)	(1,694,203)	(1,019,443)
	<u>7,894,694</u>	<u>29,007,147</u>	<u>14,282,146</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,286,720)	18,424,752	(207,257)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,986,096	561,344	768,601
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,699,376	\$ 18,986,096	\$ 561,344

STRATECO RESOURCES INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

Supplemental cash flow information	2008	2007	2006
			<i>(Restated)</i>
Non-cash items related to operating, financing and investing activities:			
Acquisition of mining properties in exchange of common shares	\$ 416,840	\$ 6,745,500	\$ 228,000
Future income tax included in the cost of mining properties	\$ -	\$ 2,809,321	\$ -
Deferred expenditures included in accounts payable	\$ 1,159,377	\$ 489,370	\$ 952,377
Transfer of mining properties and deferred expenditures	\$ -	\$ -	\$ 3,200,172
Amortization of fixed assets included in deferred expenditures	\$ 341,959	\$ 174,540	\$ -
Future income tax included in common share issue costs	\$ 2,152,000	\$ -	\$ -
Common share issue costs paid for through the issuance of warrants	\$ -	\$ 701,875	\$ 304,140

See notes to financial statements.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

1. INCORPORATION AND NATURE OF OPERATIONS

The Company is incorporated under the *Canadian Business Corporations Act* and is engaged in the acquisition and exploration of properties. It has not yet determined whether the mining properties have economically-recoverable ore reserves. Recovery of amounts indicated under mining properties and the related deferred expenditures are subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to complete exploration, development and profitable future production or the proceeds from the sale of such assets.

For the year ended December 31, 2008, the Company recorded a loss of \$1,942,549 (\$522,579 in 2007 and \$2,251,590 in 2006). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and pay general and administration costs.

Management periodically seeks additional forms of financing through the issuance of new equity instruments and the exercise of stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Although management has taken steps to verify title to mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliant with regulatory requirements.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations and do not reflect the adjustment to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICY

Accounting Changes

On January 1st, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of new Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants' ("CICA") Handbook. This new section, effective for the years beginning on or after October 1st, 2006, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. The new standard has no impact on the Company's financial results for the year ended December 31, 2007.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CHANGES IN ACCOUNTING POLICY (CONT'D)

Financial Instruments

On January 1st, 2007, the Company adopted new accounting policies resulting from the application of new accounting standards published by the CICA relating to financial instruments:

- Section 3855, "Financial Instruments – Recognition and Measurement", provides guidance on when a financial instrument must be recognized on the balance sheet and how it must be measured. It also provides guidance on the presentation of gains and losses on financial instruments.
- Section 1530, "Comprehensive Income", requires an entity to recognize certain gains and losses in a separate statement, until such gains and losses are recognized in the statement of earnings.
- Section 3251, "Equity", establishes standards for the presentation of equity and changes in equity during the reporting fiscal year.
- Section 3861, "Financial Instruments – Disclosure and Presentation" deals with the disclosure of financial instruments and non-financial derivatives in the financial statements.

After initial recognition, the measurement of financial instruments depends on their classification: held for trading, available for sale, loans and receivables and other financial liabilities.

- *Held for trading* – Financial assets and financial liabilities required to be classified or designated as held for trading are measured at fair value, with gains, losses and transaction costs recorded in net earnings for the period in which they arise. Section 3855 allows an entity to designate any financial instrument as held for trading on initial recognition or adoption of the accounting standard if reliable fair values are available, even if that instrument would not otherwise satisfy the definition of a security held for trading. Transaction costs are recorded immediately in net earnings.
- *Available for sale* – Financial assets classified as available for sale are measured at fair value. Unrealized gains and losses are recognized directly in other comprehensive income, except for impairment losses, which are recognized in net earnings. Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in accumulated other comprehensive income are reclassified to net earnings. Transaction costs are added to the carrying amount of the financial instrument.
- *Loans and receivables* – Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method, which corresponds to costs due to their short term to maturity.
- *Other financial liabilities* - Financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method, which corresponds to costs due to their short term to maturity.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CHANGES IN ACCOUNTING POLICY (CONT'D)

Financial Instruments (cont'd)

Following is a summary of the classifications the Company has elected to apply to each of its significant categories of financial instruments outstanding as of January 1st, 2007:

Cash	Held for trading
Amounts receivable	Held for trading
Long-term investment	Held for trading
Accounts payable and accrued liabilities	Held for trading

As of January 1st, 2008, the Company adopted new CICA standard in Sections 3862 and 3863, "Financial Instruments – Disclosure and Presentation". This new standard places increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. This section aims to eliminate duplication of information and simplify disclosure on the concentration of risk, credit risk, liquidity risk and market risk covered in Section 3861 (Note 13).

These new requirements only affect disclosure and do not have a financial impact on the Company's financial statements.

Going Concern

On January 1st, 2008, in accordance with the applicable transitional provisions, the Company adopted the new standards of Section 1400, "General Standards of Financial Statement Presentation". This standard requires that management makes an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. The new requirements only address disclosures and have no impact on the Company's financial results.

Capital Disclosures

On January 1st, 2008, in accordance with the applicable transitional provisions, the Company adopted the recommendations of new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed (Note 12).

FUTURE CHANGES IN ACCOUNTING POLICY

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed the changeover date from Canadian GAAP to International Financial Reporting Standards (IFRS). Accordingly, publicly accountable Canadian enterprises must adopt IFRS for their interim and annual financial statements for years beginning on or after January 1st, 2011. The Company will change from Canadian GAAP to IFRS during the first quarter of the year ended December 31, 2011, when it prepares its current and comparative financial information in accordance with IFRS.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

International Financial Reporting Standards (cont'd)

The Company expects this transition to have an effect on its accounting methods, presentation of financial information and information systems. During the next quarters, the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements.

Other new standards were issued, but are not expected to have a material impact on the Company's financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank balances and highly-liquid short-term investments initially maturing within three months of their acquisition date.

CREDIT ON MINING DUTIES REFUNDABLE FOR LOSSES AND REFUNDABLE TAX CREDIT FOR RESOURCES

The Company is eligible for a refundable credit on mining duties under the Quebec *Mining Duties Act*. This refundable credit on mining duties is equal to 12% of expenses incurred for mining activities in Quebec and is recognized as a credit under deferred expenditures.

The Company is also eligible for a refundable tax credit for resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit for resources represents up to 38.75% of the amount of eligible expenses incurred. This tax credit is recognized as a credit under deferred expenditures.

INVESTMENT

The fair value of investment in shares corresponds to the last asking price at the end of the period and the fair value of warrants corresponds to the difference between the asking price of the shares and the exercise price of the warrants. The fair value of the warrants is nil when the asking price is lower than their exercise price.

MINING PROPERTIES AND DEFERRED EXPENDITURES

Mining properties are recorded at cost and related exploration costs are deferred, net of government assistance received. In the event of a production decision, costs related to a deposit and recorded under mining properties and deferred exploration expenditures are transferred to mining assets, and then amortized on the basis of units of production for the year and proven and probable ore reserves. However, when a project is abandoned, the corresponding costs are charged against earnings.

FIXED ASSETS AND AMORTIZATION

Fixed assets are amortized using the straight line method over three years for fuel tanks, computer equipment, rolling stock and leasehold improvements, and over a 10-year period for the camp; machinery and equipment are amortized using the diminishing balance method at a rate of 20%.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CAPITAL STOCK

Shares issued in consideration of non-monetary items are recorded at fair value.

Flow-through shares are issued in consideration of the proceeds received, which correspond to their fair value. When mining properties are acquired, the carrying value may exceed the fiscal value as the Company renounces deductions to the investors concerned. The Company also issues flow-through shares with no premium or discount relating to the renunciation of tax benefits to investors.

Share issue costs and future income taxes arising from the difference between carrying value and fiscal value are included in capital stock as a reduction.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company offers the stock option plan described in Note 10 for its directors, management, consultants and service providers. Any consideration received from participants in the plan on the exercise of options is included in capital stock as a credit.

In accordance with Canadian generally accepted accounting principles, the Company recognizes options granted under the stock option plan using the fair value method. Consequently, stock-based compensation expenses are recognized at fair value as at the grant date, and are charged to earnings over the vesting period.

The Company recognizes warrants granted pursuant to some financings using the fair value method. Warrants are recorded based on fair value determined using the Black-Scholes option pricing model.

When options or warrants are granted, the remuneration expense is charged to the activity in question and the counterpart to contributed surplus.

Any counterpart paid by the participants when options or warrants are exercised, as well as any contributed surplus created when options or warrants are granted, are credited to capital stock.

INCOME TAXES

The Company records its income taxes using the balance sheet method. Under this method, future income tax assets and liabilities are recognized taking into account temporary deductible or taxable differences between the carrying value and the fiscal value of assets and liabilities, using the effective or practically effective income tax rate applicable for the year in which the differences should be reversed.

The Company establishes a valuation allowance for a future income tax asset if, based on available information, it is more likely than not that part or all of the future income tax asset will not be realized.

NET LOSS PER SHARE

The basic and diluted net loss per share is calculated based on the weighted-average number of common shares outstanding during the year.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008 AND 2007

(in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

USE OF ESTIMATES

The preparation of financial statements in accordance with generally recognized accounting principles requires management to make estimates and assumptions that affect the assets and liabilities reported. These same estimates and assumptions also have an impact on the contingencies as at the date of the financial statements, as well as amounts related to revenue and expenses for the periods.

Critical estimates include estimates of the credit for mining duties refundable for losses and the refundable tax credit for resources, future income tax assets and liabilities, the possibility of recovering the value of the long-term investment, mining properties and deferred exploration expenditures, the fair value of stock options granted and certain amounts payable. Actual results could therefore differ from these estimates.

3. CASH AND CASH EQUIVALENTS

	2008	2007
Cash	\$ 331,762	\$ 763,484
Cash reserved for exploration	852,256	-
Term deposits – rate of 2.20% (4.35% to 4.56% in 2007)	5,515,358	18,222,612
Term deposit reserved for exploration – rate of 2.35%	4,000,000	-
	<hr/> \$ 10,699,376	<hr/> \$ 18,986,096

The cash and term deposit reserved for exploration result from private flow-through financings. Pursuant to the financings closed on October 1st, 2008, the Company has undertaken to incur expenses of \$8,000,000 on the Matoush and Apple uranium projects by December 31, 2009. Of this total, \$3,147,744 had been incurred as at December 31, 2008.

4. TAX CREDITS RECEIVABLE

	2008	2007
Quebec refundable credit on mining duties at 12%		
2006	\$ 288,060	\$ 251,310
2007	1,369,765	1,369,765
2008	1,374,668	-
Refundable credit for resources related to exploration expenses at rates of from 35% to 38.75%		
2007	-	7,200,235
2008	7,246,332	-
	<hr/> \$ 10,278,825	<hr/> \$ 8,821,310

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

5. INVESTMENT

On January 14, 2008, the Company acquired 1,000,000 units of Pacific Bay Minerals Ltd. ("Pacific Bay") at \$0.30 per unit. Each unit consists of one common share and one warrant entitling its holder to purchase one common share at \$0.60 per share during a 24-month period. On December 31, 2008, Pacific Bay shares were trading at \$0.0350 per share, consequently, the Company recorded an unrealized loss of \$265,000 on the change in the fair value of the investment.

This investment contains a restriction that prohibits the Company from selling its shares before January 14, 2009.

6. MINING PROPERTIES

			Interest	2008	2007
Matoush	option	100%	\$	337,000	\$ 337,000
Eclat		100%		1,184,600	774,000
Apple		100%		8,923,314	8,923,314
Pacific Bay-Matoush	option	60 %		126,240	-
Mont-Laurier Uranium		100%		-	10,000
				\$ 10,571,154	\$ 10,044,314

7. DEFERRED EXPENDITURES

	Balance at December 31, 2007	Exploration expenses	Income tax credit and/or writedown	Balance at December 31, 2008
Mining properties				
Mont-Laurier Uranium	\$ 326,834	\$ 21,931	\$ (348,765)	\$ -
Matoush	12,183,826	18,421,602	(7,229,800)	23,337,628
Matoush Extension	346,265	204,185	(94,130)	456,320
Eclat	268,742	452,591	(51,957)	669,376
Apple	69,526	2,181,153	(998,322)	1,252,357
Pacific Bay-Matoush	149,434	506,089	(232,782)	422,741
Mistassini	-	530,298	(237,083)	293,215
Prospecting	5,519	-	(5,519)	-
	\$ 13,350,146	\$ 22,317,849	\$ (9,198,357)	\$ 26,469,637

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

7. DEFERRED EXPENDITURES (CONT'D)

	Balance at December 31, 2006	Exploration expenses	Income tax credit and/or writedown	Balance at December 31, 2007
Mining properties				
Mont-Laurier Uranium	\$ 153,062	\$ 345,453	\$ (171,681)	\$ 326,834
Matoush	2,772,498	17,477,146	(8,065,818)	12,183,826
Matoush Extension	217,967	178,013	(49,715)	346,265
Eclat	101,539	347,007	(179,804)	268,742
Apple	-	129,781	(60,255)	69,526
Pacific Bay-Matoush	-	286,539	(137,105)	149,434
Prospecting	5,519	-	-	5,519
	\$ 3,250,585	\$ 18,763,939	\$ (8,664,378)	\$ 13,350,146

8. FIXED ASSETS

	Cost	Cumulative depreciation	Net value as at December 31, 2008
Fuel tanks	\$ 399,007	\$ 231,558	\$ 167,449
Camp	408,100	34,008	374,092
Rolling stock	204,774	110,485	94,289
Machinery	120,764	77,151	43,613
Equipment	181,786	40,515	141,271
Computing equipment	108,340	27,399	80,941
Leasehold improvements	8,335	454	7,881
	\$ 1,431,106	\$ 521,570	\$ 909,536

	Cost	Cumulative depreciation	Net value as at December 31, 2007
Fuel tanks	\$ 266,191	\$ 85,700	\$ 180,491
Rolling stock	176,270	42,147	134,123
Machinery	105,012	32,083	72,929
Equipment	76,859	10,700	66,159
Computing equipment	14,897	3,910	10,987
	\$ 639,229	\$ 174,540	\$ 464,689

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

9. CAPITAL STOCK

AUTHORIZED

An unlimited number of common shares without par value

An unlimited number of preferred shares without par value issuable in series with rights, privileges, restrictions and conditions to be determined by the board of directors

	2008		2007		2006	
	Common shares	Amount	Common shares	Amount	Common shares	Amount
				<i>(Restated)</i>		<i>(Restated)</i>
ISSUED AND FULLY PAID						
Balance, beginning of year						
Previously stated	114,167,867	\$ 54,208,910	96,373,367	\$ 18,962,859	61,771,257	\$ 7,898,833
Prior years restatement (Note 18)	-	(4,932,531)	-	(218,731)	-	-
Restated balance	114,167,867	49,276,379	96,373,367	18,744,128	61,771,257	7,898,833
In consideration of mining properties	240,000	416,840	3,450,000	6,745,500	500,000	228,000
In cash						
- Private placements	4,102,565 ⁽¹⁾	8,000,002	9,620,000	20,298,200	15,700,000	8,768,065
- Exercise of stock options	25,000	9,500	320,500	171,050	2,524,000	532,800
- Exercise of warrants	731,000	188,200	4,404,000	5,573,500	15,878,110	3,616,889
Reduction of paid-up capital	-	-	-	-	-	(3,200,172)
Amounts from contributed surplus (Note 11)						
- Exercise of warrants	-	194,704	-	60,828	-	2,030,343
- Exercise of stock options	-	4,175	-	79,251	-	192,953
Issue costs						
- Future income tax	-	(2,152,000)	-	-	-	-
- Brokerage fees – intermediary bonus	-	(320,000)	-	(1,569,020)	-	-
- Warrant grant	-	-	-	(701,875)	-	(304,140)
- Professional fees	-	(38,208)	-	(125,183)	-	(1,019,443)
Balance, end of year	119,266,432	\$ 55,579,592	114,167,867	\$ 49,276,379	96,373,367	\$ 18,744,128

⁽¹⁾ On October 1st, 2008, the Company closed a non-brokered private placement of 4,102,565 flow-through shares at \$1.95 per share for gross proceeds of \$8,000,002. Share issue costs were \$358,208.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

9. CAPITAL STOCK (CONT'D)

WARRANTS

At December 31, 2008, there were 5,387,200 warrants outstanding (6,118,200 in 2007), each entitling its holder to purchase one share of the Company. Changes to the warrants are shown in the following table:

	2008			2007		
	Number	Weighted-average strike price	Fair value	Number	Weighted-average strike price	Fair value
Balance, beginning of year	6,118,200	\$ 3.03	\$ 5,679,584	5,143,500	\$ 1.12	\$ 2,097,941
Adjustment to balance, beginning of year	-	-	-	(3,500)	0.20	-
Issued	-	-	-	5,387,200	3.40	5,415,675
Exercised	(731,000)	0.26	(194,704)	(4,404,000)	1.27	(1,834,032)
Expired	-	-	-	(5,000)	1.50	-
Balance, end of year	5,387,200	\$ 3.40	\$ 5,484,800	6,118,200	\$ 3.03	\$ 5,679,584

The strike prices and the expiry dates of the warrants are as follows:

Strike price	Number	Expiry
\$2.60	577,200 ⁽¹⁾	January 31, 2009
\$3.50	4,810,000	January 31, 2009
	5,387,200	

- ⁽¹⁾ On January 31, 2007, pursuant to a private placement with an underwriting syndicate led by Orion Securities Inc. and including Dundee Securities Corporation, Blackmont Capital and Sprott Securities Inc., the Company issued broker options equal to 6% of the total number of units sold under the placement (577,200 units). Each broker option allows the underwriters to purchase one unit at the issue price until January 31, 2009. One unit at \$2.60 consisted of one common shares and half a warrant. Each full warrant entitles the holder to purchase one share at \$3.50 per share. A total of 288,600 warrants could eventually be exercised. At any time the Company may notify the holders of broker options of its intention to force the exercise of the broker options should the Company's shares trade on the TSX Venture Exchange at a price equal to or greater than \$4.50 per share for a period of 20 consecutive trading days.

The fair value of each warrant issued in 2007 was determined using the Black-Scholes option-pricing model. At the grant date, the weighted average fair value of the warrants granted was \$1.2160 per warrant.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008 AND 2007

(in Canadian dollars)

9. CAPITAL STOCK (CONT'D)

The following weighted-average assumptions were used in the calculations:

	2007
Risk-free interest rate	2.80%
Expected life	1 yr
Volatility	110%
Expected dividend yield	0.0%

An amount of \$701,875 was recognized as share issue costs and credited to contributed surplus.

10. STOCK OPTION PLAN

The Company has a stock option plan for its officers, directors, consultants and suppliers' employees. The board of directors sets the conditions for acquiring the common stock options according to quantity and exercise price, for a maximum term of five years. The strike price of the options granted may not be less than the market price, which corresponds to the weighted average price based on the volume and price of the shares traded on the Toronto Stock Exchange for the five days preceding the option grant. The options granted are valid for a period established by the board of directors, not to exceed five years from the date the options are granted. At December 31, 2008, the number of common shares reserved for common stock option grants was 10,654,586. The maximum number of options that can be granted to any participant may not exceed 5% of the issued and outstanding shares of the capital stock.

Changes to the stock options under the plan are shown in the following table:

	2008		2007	
	Number	Weighted-average strike price	Number	Weighted-average strike price
Balance, beginning of year	2,106,500	\$ 2.31	928,000	\$ 0.37
Granted	1,363,500	2.05	1,499,000	3.14
Exercised	(25,000)	0.38	(320,500)	0.53
Cancelled	(130,500)	2.81	-	-
Balance, end of year	3,314,500	\$ 2.20	2 106,500	\$ 2.31

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

10. STOCK OPTION PLAN (CONT'D)

Outstanding and exercisable stock options as at December 31, 2008, are shown in the following table:

Options outstanding			Options exercisable	
Strike price	Number	Weighted-average lifespan (years)	Strike price	Number
\$0.20	400,000	1.95	\$0.20	400,000
\$0.40	175,000	2.04	\$0.40	175,000
\$2.04	1,030,500	4.33	\$2.04	783,000
\$2.10	300,000	4.16	\$2.10	100,000
\$2.38	45,000	2.98	\$2.38	45,000
\$2.60	100,000	3.05	\$2.60	100,000
\$2.72	120,000	3.49	\$2.72	80,000
\$2.80	30,000	3.06	\$2.80	30,000
\$2.86	150,000	3.18	\$2.86	150,000
\$3.00	9,000	3.21	\$3.00	9,000
\$3.20	255,000	3.44	\$3.20	225,000
\$3.37	700,000	3.24	\$3.37	700,000
\$2.20	3,314,500	3.45	\$2.20	2,797,000

During the year ended December 31, 2008, the Company granted 1,363,500 stock options (1,499,000 in 2007) to officers, directors, consultants and employees of service providers. The fair value of each option granted was determined using the Black-Scholes option-pricing model. At the date of the grant, the weighted-average fair value of the stock options granted was \$0.7627 per option (\$1.3110 in 2007).

The following weighted-average assumptions were used in the calculations:

	2008	2007
Risk-free interest rate	2.46%	3.06%
Expected life	1 yr	1 yr
Expected volatility	101%	103%
Expected dividend yield	0.0%	0.0%

An amount of \$1,089,533 (\$1,377,348 in 2007) was recognized in earnings and credited to contributed surplus in 2008 in relation to vested options.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

11. CONTRIBUTED SURPLUS

	2008	2007	2006
		<i>(Restated)</i>	<i>(Restated)</i>
Balance, beginning of year			
Previously stated	\$ 3,006,008	\$ 1,066,864	\$ 170,675
Prior years restatement (Note 18)	4,932,531	218,731	-
Restated balance	7,938,539	1,285,595	170,675
Attributions			
- Warrants	-	5,415,675	2,296,075
- Stock options	1,089,533	1,377,348	244,541
Exercise of securities			
- Warrants	(194,704)	(60,828)	(2,030,343)
- Stock options	(4,175)	(79,251)	(192,953)
Related-party transaction	-	-	797,600
Balance, end of year	\$ 8,829,193	\$ 7,938,539	\$ 1,285,595

12. CAPITAL DISCLOSURES

In terms of capital management, the objectives of the Company are to preserve its ability to continue its mining exploration. The Company includes share capital and contributed surplus in the definition of capital for a total amount of \$64,408,785 (\$57,214,918 in 2007).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the year ended December 31, 2008. The Company does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, other than those related to its flow-through financing program.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

MARKET RISK

The Company is exposed to fluctuations in the uranium price, as the uranium price influences the potential economics of the Company's mining properties and therefore has an effect on its exploration program and on the decision on whether or not to proceed with production.

CREDIT RISK

The financial instruments that expose the Company to market risk and concentrations of credit risk include cash and cash equivalents, income tax credits receivable, deposits on exploration work and exploration funds. The Company invests its cash and cash equivalents and exploration funds in high quality instruments issued by financial institutions. The Company does not have any security on its financial instruments subject to credit risk, but mitigates such risk by only transacting with a diversified group of partners with strong financial conditions, and consequently does not anticipate any losses.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

LIQUIDITY RISK

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

14. COMMITMENTS AND CONTINGENCIES

MINING PROPERTIES

Pacific Bay-Matoush Property

On January 14, 2008, the Company signed the final agreement to earn a 60% interest in 277 mining claims owned by Pacific Bay Minerals Ltd. ("Pacific Bay") located in the Matoush District of Québec's Otish Mountains. The agreement calls for the Company to pay Pacific Bay a total of \$500,000, issue 200,000 shares over four years and incur \$3 million in exploration expenditures over four years, including a minimum of 10,000 meters of drilling at a rate of 2,500 metres per year. On October 20, 2008, the Company met its commitments for the first year of the option by issuing 40,000 shares to Pacific Bay, paying \$100,000 and incurring \$750,000 in exploration for a minimum of 2,500 metres.

Mistassini Property

Pursuant to a letter of intent dated November 20, 2007 and the exercise of its right of first refusal on February 14, 2008, the Company may earn a 60% interest in Majescor's uranium rights on the Mistassini property located in the Otish Mountains, Québec by incurring an aggregate of \$1.3 million in exploration expenditures over three years. The Company must reimburse Majescor the cost of the drilling program done in December 2007 (approximately \$250,000) and incur an additional \$250,000 in exploration expenses on the property in Year 1, for a total firm commitment of \$500,000. At December 31, 2008, the Company had met its \$500,000 commitment for Year 1. The remaining \$800,000 in exploration expenses will be incurred equally in Year 2 and Year 3. On November 24, 2008, the Company and Majescor signed an option and joint venture agreement retroactive to February 14, 2008.

Eclat Property

Pursuant to a letter of intent signed on July 6, 2005 with Vija Ventures Corporation granting the Company an option to acquire a 100% interest in the Eclat uranium property in the Otish Mountains of northern Québec, the Company will have to make a last payment of \$96,000 in July 2009.

SERVICES AGREEMENT

The Company renewed its service agreement with BBH Géo-Management Inc. on August 1, 2008, for a three-year period ending on July 31, 2011. The agreement provides for a fixed monthly charge of \$5,200 for office rent, office equipment and computers to be reviewed each year on July 31.

ROYALTIES

The Company is subject to royalty payments on commercial production from certain properties.

ENVIRONMENT

The Company's exploration activities are subject to various laws and regulations governing environmental protection. These laws and regulations are continually changing and generally tend to impose increasing restrictions. The Company conducts its operations so as to provide adequate protection for public health and the environment.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

14. COMMITMENTS AND CONTINGENCIES (CONT'D)

PRIVATE PLACEMENTS

The Company closed a non-brokered flow-through private placement for \$8,000,002. The proceeds of this placement will be applied to exploration on the Matoush and Apple uranium projects. The Company has undertaken to renounce its exploration expense deductions to its subscribers.

CAPITAL LEASES

Effective January 1st, 2007, the Company signed a capital lease agreement for a camp on the Matoush project for a three-year term expiring on January 1st, 2010. An amount of \$312,000 is payable in 2009. The agreement provides for an option to purchase for \$275,000 at the end of the lease.

15. RELATED-PARTY TRANSACTIONS

During the year, consultant and subcontractor fees of \$2,572,000 (\$1,145,000 in 2007) and management fees of \$1,381,000 (\$1,823,000 in 2007) shown in the statement of deferred expenditures were paid to BBH Géo-Management Inc. ("BBH"), of which Guy Hébert, a director and officer of the Company, is also a director and officer. The management fee applicable to the Matoush property was reduced to 5% as of August 1st, 2008.

General and administrative expenses of \$659,000 (\$643,000 in 2007) shown in the statement of operations were paid to BBH.

In addition, legal fees of \$11,000 (\$23,000 in 2007) included in share issue costs were paid to BBH.

In addition, management fees of \$128,000 included in fixed assets (none \$ in 2007) were paid to BBH.

At December 31, 2008, accounts payable and accrued charges included an amount of \$157,000 (\$148,000 at December 31, 2007) owed to BBH.

These transactions occurred in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

16. INCOME TAXES

The income tax allowance differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

	2008	2007
Loss before income taxes	\$ 2,562,549	\$ 2,127,900
Combined Canadian statutory income tax rate	26.90%	31.52%
Income tax benefit at the combined Canadian statutory income tax rate	(689,326)	(670,714)
Share issue costs	(96,358)	(534,013)
Stock-based compensation	293,084	434,140
Write-off of deferred expenditures and mining properties	(95,950)	-
Change in the fair value of the investment	71,285	-
Change in income tax rate	(173,867)	26,064
Non-capital losses expired	62,469	53,225
Change in valuation allowance	-	(1,555,500)
Adjustment pursuant to a notice of assessment	-	582,245
Non-deductible and other expenses	8 663	59,232
Future income tax benefit	\$ (620,000)	\$ (1,605,321)

The combined Canadian statutory income tax rate of 26.90% consists of a federal tax rate of 15.00% and a provincial rate of 11.90% (19.62% federal and 11.90% provincial in 2007).

The tax effects of temporary differences giving rise to material future income tax assets and liabilities as at December 31, 2008 and 2007 are as follows:

	2008	2007
Future income tax asset:		
Net operating losses	\$ 1 860 800	\$ 1,757,100
Financial expenses	470 600	662,200
Fixed assets	140 300	58,700
Total future income tax asset	2 671 700	2,478,000
Future income tax liability:		
Mining properties and deferred expenditures	5 207 700	3,682,000
Future income tax liability	\$ 2 736 000	\$ 1,204,000

At December 31, 2008, the Company had non-capital losses and unused share issue costs that could be deferred to later periods and used to reduce future taxable income.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

16. INCOME TAXES (CONT'D)

These losses and share issue costs expire as follows:

	Federal	Provincial
Non-capital losses:		
2009	\$ 527,029	\$ 479,019
2010	537,046	516,928
2011	643,103	643,055
2015	710,408	654,465
2026	1,547,059	1,547,059
2027	1,423,653	1,421,974
2028	1,583,965	1,583,965
	\$ 6,972,263	\$ 6,846,465
Share issue costs:		
2009	\$ 652,865	\$ 652,865
2010	614,370	614,370
2011	410,481	410,481
2012	71,640	71,640
	\$ 1,749,356	\$ 1,749,356

17. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2008	2007	2006
Sales tax recoverable	\$ 84,356	\$ (284,109)	\$ (236,857)
Deposits on exploration work	208,031	141,969	(500,000)
Prepaid expenses	(68,057)	(38,182)	(9,256)
Accounts payable and accrued liabilities	(435,882)	69,897	307,243
	\$ (211,552)	\$ (110,425)	\$ (438,870)

18. PRIOR YEARS RESTATEMENT

During the year, the Company discovered that warrants that were issued pursuant to financings had not been valued. The Company therefore restated its financial statements and decreased the value of its capital stock by \$4,932,531 at January 1, 2008, and increased contributed surplus by the same amount. This amount includes an increase of \$4,713,800 in contributed surplus representing an increase in the value of warrants issued, and a decrease of the same amount in share capital for the year ended December 31, 2007. The balance of \$218,731 relates to the year ended December 31, 2006, and corresponds to a \$1,991,935 increase in the value of warrants issued and an increase of \$1,773,204 in the value of warrants exercised. The net of these two amounts was subtracted from capital stock and added to contributed surplus.

STRATECO RESOURCES INC.

Notes to Financial Statements

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(in Canadian dollars)

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the financial statements' presentation adopted in the current year.

20. SUBSEQUENT EVENTS

On January 31, 2009, all the warrants expired.

General Information

DIRECTORS

Guy Hébert

Boucherville, Québec
President and Chief Executive Officer
BBH Géo-Management Inc.

Robert Desjardins*

Montreal, Québec
President
Robert G. Desjardins et Associés Inc.

Jean-Guy Masse*

Montréal, Québec
President
Northern Precious Metals Management Inc.

Marcel Bergeron*

Town of Mount Royal, Québec
General Manager
Devimco Inc.

Jean-Pierre Lachance

St-Hubert, Québec
Executive Vice President
BBH Géo-Management Inc.

Henri Lanctôt

Town of Mount Royal, Québec
Gowling, Lafleur Henderson, LLP

* **Audit Committee member**

OFFICERS

Guy Hébert, B.Sc.Geol., M.B.A.

President and Chief Executive Officer

Pauline Comtois, CGA

Chief Financial Officer

Jean-Pierre Lachance, Geol.

Executive Vice President

Henri Lanctôt

Secretary

SHAREHOLDER INFORMATION

Listing

TSX Venture Exchange - Symbol RSC
Frankfurt Exchange: Symbol RF9
US SEC Registration # 0-49942 – Symbol SRSIF

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Website: www.stratecoinc.com

Transfer Agent and Registrar

Computershare Trust Company of Canada

Auditors

Petrie Raymond, LLP, Chartered Accountants

Legal Advisors

Gowling Lafleur Henderson LLP

Annual Meeting

June 9, 2009 at 10:30 a.m.
Fairmount Hotel The Queen Elizabeth
Hochelaga 2 Room
900 René-Lévesque Blvd. West
Montreal, Quebec H3B 4A5
Telephone: (514) 861-3511

Pour obtenir une version française de ce rapport, veuillez vous adresser au siège social de la Société à Boucherville (Québec).