



**THIRD QUARTER**  
**INTERIM REPORT**  
SEPTEMBER 30, 2008

## Interim Management Discussion and Analysis for the Quarter ended September 30, 2008

### Scope of Management's Financial Analysis

The following analysis should be read in conjunction with the Company's audited financial statements and notes thereto for the years ended December 31, 2007 and 2006, and the management discussions and analysis as required.

### Incorporation, Nature of Operations and Ongoing Exploration

The Company was incorporated under the *Canada 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 currently owns or holds interests in various mining properties in Québec but does not have any mines in production. Its activities are focused on the development of two uranium properties, including the Matoush project in the Otish Mountains of northern Quebec, considered one of the highest-grade uranium projects in the world, with the exception of some projects in Saskatchewan's Athabaska Basin.

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, there can be no assurance that it will continue to do so.

This interim management discussion and analysis contains certain statements that may be "Forward Looking Statements" according to context, in particular statements regarding the Company's expectations, estimates and beliefs as to future events or results. Forward Looking Statements provide no assurance as to future results or events, and involve a number of risks and uncertainties that are beyond the Company's control and could cause actual results and future events could differ materially from those anticipated by such statements. These risks and uncertainties are discussed in the annual report filed with the securities commissions of Alberta, British Columbia, Ontario and Quebec, and in the Form 10-KSB annual report filed with the US Securities and Exchange Commission.

### Selected Annual Information (Unaudited)

	Earnings Statement as at September 30, 2008 (9 months) \$	Earnings Statement as at September 30, 2007 (9 months) \$
<b>Income</b>		
Interest	355,791	745,874
<b>Expenses</b>		
General and administrative before stock-based compensation	1,047,105	1,416,139
Stock-based compensation	1,006,774	1,611,233
<b>Net loss</b>	1,568,088	2,281,498
<b>Net loss per share, basic and diluted</b>	0.01	0.02
	Balance sheet as at September 30, 2008	Balance sheet as at December 31, 2007
<b>Total assets</b>	52,921,254	52,744,147
<b>Current liabilities</b>	1,672,935	1,162,814
<b>Shareholders' equity</b>	50,404,319	50,377,333

## **Strategy and Outlook**

Exploration work for the interim period covered by this MD&A, from July 1 to September 30, 2008, took place primarily on the Matoush, Apple and Pacific Bay-Matoush properties.

The Matoush project, 300 km north of Chibougamau in the Otish Mountains, remains the Company's priority in the pursuit of its goal of becoming the first Quebec company to advance a uranium exploration project to the underground exploration stage.

The new resource estimate, carried out by Scott Wilson Roscoe Postle & Associates ("Scott Wilson RPA") in a technical report for the Matoush property dated September 16, 2008, attests to the strength of the Matoush project's growing uranium potential. Overall mineral resources climbed 300% in 10 months, from 4.1 million pounds of U<sub>3</sub>O<sub>8</sub> to 16.8 million pounds of U<sub>3</sub>O<sub>8</sub>. The initial objective of outlining 20 million pounds of U<sub>3</sub>O<sub>8</sub> has almost been achieved. Drilling will continue uninterrupted throughout 2009 to increase the mineral resources.

The scoping study is now expected at the end of October 2008. The delay is primarily due to large fluctuations in raw materials prices, including reagents, which necessitated that all the study parameters be revised.

The licence request for underground exploration via ramp is now the priority. Strengthening of communications with the First Nations and the population in general will also be in the forefront in the coming quarter. The Company's primary objective is to communicate the various project development phases and to properly inform the public on the various aspects of uranium, including potential concerns for health and safety. Public forums are also planned during the second week of December 2008.

The October 1, 2008 closing of an \$8 million financing consisting exclusively of flow-through funding will enable the Company to continue with exploration activities on its properties as planned.

## **Exploration Activities**

The technical data for the Matoush project is based on a technical report dated September 16, 2008 that complies with *National Instrument 43-101* on standards of disclosure for mineral projects («*NI 43-101*») prepared and revised by R. Barry Cook, P. Eng. And David A. Ross, M.Sc., P.Geo., of Scott Wilson RPA, designed as qualified persons under *NI 43-101*. All other technical data contained in this interim report has been revised by Mr. Jean-Pierre Lachance, BSc Geo. Executive Vice-President of the Company also designed as a qualified person.

The Company incurred exploration expenses of \$5,436,892 during the three-month period ended September 30, 2008, compared to \$5,143,660 during the same period in 2007. Cumulative exploration expenses for the first nine months of 2008 amounted to \$17,724,560 compared to expenses of \$14,584,681 for the same period in 2007. The Matoush property was the most active project, with exploration expenses of \$4,500,349 in the third quarter of 2008, while \$463,165 was spent by the Society on the Apple property and \$424,597 on the Pacific Bay-Matoush property.

The Company incurred allowable exploration expenses of \$17,724,560 to September 30, 2008, and therefore qualifies for Quebec refundable tax credits of up to 38.75% and a credit on duties refundable from Quebec of 12% of all eligible exploration expenses. The estimated value of such tax credits receivable during the period ended September 30, 2008, is \$8,100,168.

## **Exploration**

In the third quarter of 2008, the Company's exploration work focused on the Matoush project, located 300 km north of Chibougamau in the Otish Mountains.

The Matoush project consists of the wholly-owned Matoush property, the Eclat property, on which the Company has an option to earn a 100% interest, and the Pacific Bay-Matoush property, on which the Company has an option to earn 60%.

Exploration work was also conducted on the wholly-owned Apple property, 80 km southeast of Radisson in the James Bay region.

In the following text covering in details exploration works on the Company's properties, the letter "e" in "eU<sub>3</sub>O<sub>8</sub>" represents the *estimated* or *equivalent* value of U<sub>3</sub>O<sub>8</sub> as determined by downhole calibrated geophysical probing. Further information on the various technical subjects relating to exploration work on the Matoush project, namely the eU<sub>3</sub>O<sub>8</sub> nomenclature, exploration program analysis methods, sampling techniques, quality control for the results obtained by the gamma probe, laboratory chemical analyses and a reconciliation of results table, is available on the Company's website at [www.stratecoinc.com](http://www.stratecoinc.com).

## **Matoush Project**

Third quarter exploration work on the Matoush project essentially consisted of drilling and prospecting.

A total of 16,837 metres were drilled in 52 holes. Of this total, 15,327 metres (45 holes) were drilled on the Matoush property and the remaining 1,510 metres (7 holes) on the Pacific Bay-Matoush property.

### Matoush Property

Of the 15,327 metres drilled on the Matoush property during the third quarter, 133 metres (7 short holes) were geotechnical holes drilled to determine the thickness of the overburden for the siting of the future ramp.

Drilling on the Matoush property can be broken down as follows: five holes (3,096 metres) for the definition of the MT-22 zone, twelve holes (7,125 metres) for the definition of the MT-34 zone, and eleven holes (4,973 metres) on the northern and southern extensions of the MT-22, MT-34 and AM-15 mineralized zones.

Two holes (MT-08-61 and 64) were drilled in the MT-22 to provide geological information within the mineral resource envelope. The three other holes (MT-08-77, 79 and 80) were drilled within the envelope in the northern extension of the MT-22 zone between the -400 m and -450 m levels. The best hole was MT-08-77, which intersected 0.80% eU<sub>3</sub>O<sub>8</sub> over 7.0 m, including 2.07% eU<sub>3</sub>O<sub>8</sub> over 2.2 m. These results are not part of the latest resource estimate.

Twelve holes were drilled in the area of the MT-34 zone to test 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.

Holes MT-08-62 and MT-08-68, drilled to an approximate depth of -450 m about 190 m north of the heart of the MT-34 zone, returned interesting results, with respective intersections of 1.86% eU<sub>3</sub>O<sub>8</sub> over 3.1 m (including 2.3% eU<sub>3</sub>O<sub>8</sub> over 2.3 m) and 0.05% eU<sub>3</sub>O<sub>8</sub> over 1.39 m. In the depth extension, hole MT-08-58 (-530 m) returned a notable intersection of 0.03% eU<sub>3</sub>O<sub>8</sub> over 19.3 m, including 0.13% U<sub>3</sub>O<sub>8</sub> over 1.6 m. Hole MT-08-69 (-580 m) returned 0.19% eU<sub>3</sub>O<sub>8</sub> over 1.0 m. (The hole pierce points and results can be seen on longitudinal section on the Company's Website at [www.stratecoinc.com](http://www.stratecoinc.com)). With the exception of Hole MT-08-62, these holes are not part of the resource estimate.

The exploration holes drilled in the northern extension of the AM-15 zone (600 m to the north) and the MT-22 zone (200 m to the north) resulted in the identification of a new fault, the Coonishish fault. This fault lies about 200 m east of the Matoush fault and is subparallel to it. Two sections spaced at approximately 75 metres were drilled to determine the fault's strike and dip and assess its uranium potential. The task proved relatively arduous, as the Coonishish fault is cut by other siliceous, clayey faults. From an exploration perspective, the results were compelling, as the genesis model allowed the confirmation of a second system detached from the Matoush fault. The Coonishish fault was intersected in almost all the layers: ACF 1, 2 and 3 and CBF 1, 2 and 3. Only one hole has intercepted mineralization to date, with the notable presence of fuschite alteration, which remains a key element for exploration. MT-08-84 returned an intersection of 0.04% eU<sub>3</sub>O<sub>8</sub> over 2.0 metres.

Drilling on the Matoush property will continue, with two drills working on the north and south extensions of the known zones, as well as along the Matoush fault, to identify new mineralization.

Scott Wilson RPA completed a new resource estimate for the Matoush project in late July, and a press release to this effect was issued on August 7, 2008. The estimate showed a substantial 300% increase in the mineral resource in the 10 months since the first *NI 43-101* mineral resource estimate was issued on October 1, 2007.

Scott Wilson RPA updated the resource estimate for the Matoush uranium project in accordance with *NI 43-101*, using the drill results available on July 25, 2008. At a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub>, indicated mineral resources are estimated at 250,000 tonnes grading 0.68% U<sub>3</sub>O<sub>8</sub> containing 3.73 million pounds of U<sub>3</sub>O<sub>8</sub>, and inferred mineral resources are estimated

at 1.3 million tonnes grading 0.44% U<sub>3</sub>O<sub>8</sub> containing 13.07 million pounds of U<sub>3</sub>O<sub>8</sub>. The mineral resources are contained in the AM-15, MT-22 and MT-34 zones.

For the definitions of mineral resources, mineral reserves, inferred resources and indicated resources referred to in the following text, please refer to the 2007 annual management discussion and analysis and annual information form filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Matoush project does not yet have any mineral reserves (see longitudinal section on [www.stratecoinc.com](http://www.stratecoinc.com)). The full *NI 43-101* report, prepared by qualified persons R. Barry Cook, P.Eng., and David A. Ross, P.Geo. of Scott Wilson RPA, was filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on September 18, 2008.

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

	Tonnes (x 1,000)	Grade (% U <sub>3</sub> O <sub>8</sub> )	Pounds U <sub>3</sub> O <sub>8</sub> (x 1,000)
<b>Indicated</b>			
AM-15	162	0.52	1,840
MT-34	88	0.97	1,890
<b>Total Indicated</b>	250	0.68	3,730
<b>Inferred</b>			
AM-15	16	0.14	50
MT-22	801	0.38	6,680
MT-34	527	0.55	6,350
<b>Total Inferred</b>	1,344	0.44	13,070

Notes:

1. CIM definitions were used for the mineral resources.
2. Cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub> was estimated using a price of US \$55/lb U<sub>3</sub>O<sub>8</sub> and assuming operating costs.
3. Grade-shell wireframe at 0.05% U<sub>3</sub>O<sub>8</sub> and a minimum true width of 1.5 m were used to constrain grade interpolation.
4. High U<sub>3</sub>O<sub>8</sub> grades were cut to 9% before creating 2-m long composites.
5. Some blocks of less than 0.05% U<sub>3</sub>O<sub>8</sub> were included for continuity or to extend the zone to a minimum width.
6. Totals may be different due to rounding.

The Matoush project drilling includes 257 diamond drill holes totalling over 98,000 metres. Modeling of U<sub>3</sub>O<sub>8</sub> grades within the wireframe shell was estimated by ordinary kriging. Over 98% of the U<sub>3</sub>O<sub>8</sub> values in the drilling database used to estimate the grade were from chemical analyses. The remainder was gamma probe values from 27 recent holes.

Resources were categorized as indicated and inferred based on the spacing of the holes, interpretation of the variogram variations and the apparent continuity of the mineralized zones. The inferred category has a drill grid of approximately 50 metres by 50 to 70 metres.

This new *NI 43-101* resource estimate will be used as a reference for the scoping study, which will assess the economic value of the project. The report is now expected at the end of October 2008.

On another front, the environmental impact study initiated in the spring of 2007 continued. During the last quarter, various aspects of the study progressed substantially, including fish, migrating birds, marine mammals, and surface and sediment hydrological studies. Golder Associates continues to act as a consultant for the environmental portion of the program.

On July 15, 2008, as part of the ramp-access underground exploration program, a preliminary project description was prepared and sent to the *Nuclear Fuel Cycle and Facilities Regulation*, the Canadian Environmental Assessment Agency and Québec's *Ministère du Développement Durable, de l'Environnement et des Parcs*. The preliminary description of the underground exploration project includes: the project components, metallurgy, mine runoff, health and safety program and 15 appendices covering such topics as the environmental assessment, water treatment plant, metallurgical testing and the project timetable.

The Company responded in mid-September to comments received on August 21, 2008, from those in charge of the file at the Canadian Environmental Assessment Agency.

#### Pacific Bay-Matoush Property

Seven holes totalling 1,510 metres were drilled on the Pacific Bay-Matoush property, in which the Company has an option to earn a 60% interest. The holes were drilled between August 8 and September 7, 2008 using a helicopter-transportable drill (Versa drill). 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 Polygéó in 2008.

Two sectors were tested (see Website for details at [www.stratecoinc.com](http://www.stratecoinc.com)). Five holes were drilled on Sector 1 to trace a potentially-mineralized north-south fault similar to Matoush. The holes covered an east-west lateral distance of 630 m 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 alternation 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.

#### Apple Property

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 field work 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 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%  $eU_3O_8$  in the richest zones. The average uranium/thorium ratio is about 0.75. Chemical assays have not been received yet.

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.

Preliminary data was received at the end of September. Once the results have been interpreted, a decision on the next drilling program will be taken.

#### Prospecting

In the summer of 2008, prospecting work took place mainly on the Matoush Extension and Pacific Bay-Matoush properties.

Few new anomalies were discovered on the Matoush Extension property, which is wholly-owned by the Company. The areas prospected were mainly chosen to trace the most interesting zones identified by prospecting in 2007. These included

the Laurent-Martin showing, which lies about 4.5 km northeast of the AM-15 zone, where highly radioactive boulders of 5,000 to 61,000 cps had been discovered. The same applies to the east-west band lying 5 km north of the mineralized AM-15 zone, where a radioactive outcrop (600 to 1,000 cps) had been identified by prospecting in the summer of 2007.

Prospecting in the Rabbit Ears area of the Pacific Bay-Matoush property (see Website for details at [www.stratecoinc.com](http://www.stratecoinc.com)) focused on the periphery of an outcrop with radiometric anomalies of up to 1,100 cps. Various erratic boulders were found, with values of up to 4,000 cps.

### Quarterly Financial Information

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

	30-09-2008	30-06-2008	31-03-2008	31-12-2007	30-09-2007	30-06-2007	31-03-2007	31-12-2006
	\$	\$	\$	\$	\$	\$	\$	\$
Total income	85,241	96,032	174,518	218,021	232,777	269,484	243,613	114,002
General and administrative expenses	455,466	1,111,037	487,376	298,308	339,047	1,651,913	802,527	433,312
Net loss (earnings)	360,225	787,005	420,858	(1,525,034)	106,270	1,382,429	558,914	1,092,509
Net loss per share, basic and diluted	0.00	0.01	0.00	0.01	0.02	0.01	0.01	0.01
Current assets	18,545,710	22,114,699	28,250,036	28,884,998	26,939,926	29,634,886	31,761,695	11,561,056
Total assets	52,921,254	53,633,968	56,455,302	52,744,147	45,543,398	39,712,848	38,686,899	15,270,641
Current liabilities	1,672,935	2,146,779	5,107,367	1,162,814	1,353,849	1,568,029	1,417,067	1,555,924
Working capital	16,872,775 <sup>(1)</sup>	19,967,920	23,142,669	27,722,184	25,586,077	28,066,857	30,344,628	10,005,132
Shareholders' equity	50,404,319	50,583,189	50,235,935	50,377,333	44,189,549	38,144,819	37,269,832	13,714,717

(1) The Company closed an \$8 million private placement on October 1, 2008.

### Operating Results and Financial Resources

The Company's revenues for the quarter consisted of interest income of \$85,241 on short-term investments, and compare to interest income of \$232,777 on short-term investments for the same period last year.

At September 30, 2008, the Company had cash and cash equivalents of \$7,903,421, \$11,082,675 less than at December 31, 2007. The Company received, on June 9, 2008, \$7,200,403 from income tax receivable at December 31, 2007, which reduced the use of funds, consisting primarily of deferred exploration expenses of \$17,724,560 and operating expenses of \$1,047,105, not including stock-based compensation.

At September 30, 2008, the Company had assets of \$52,921,254 compared to \$52,744,147 at December 31, 2007.

### General and Administrative Expenses

For the quarter, before stock-based compensation, general and administrative expenses amounted to \$283,611, compared to \$339,047 for the same quarter of last year. The decrease was mainly due to lower shareholder communications, investor relations, listing and registrar and office expenses.

For the nine-month period ended September 30, 2008, general and administrative fees net of stock-based compensation amounted to \$1,047,105, down \$369,034 from \$1,416,139 in 2007. This decrease was primarily due to non-recurring costs related to listing on the TSX Toronto Stock Exchange and a \$100,000 donation to an environmental fund in 2007.

Excluding stock-based compensation, general expenses have averaged \$393,000 over the last eight quarters.

### Source of Financing

In the third quarter, the Company issued 25,000 common shares for net proceeds of \$9,500.

Despite the economic crisis currently gripping the entire planet, management wishes to reassure shareholders that the Company's finances remain very healthy.

In order to sustain the pace of its exploration and development activities through this financial crisis, management closed a non-brokered flow-through financing on October 1, 2008 with two funds for \$8,000,002. The private placement consisted of 4,102,565 flow-through shares at \$1.95 per share.

The Company will use most of the proceeds of the flow-through financing to incur eligible exploration expenses on the Matoush property in Quebec's Otish Mountains.

### **Off Balance-Sheet Arrangements**

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

### **Related-Party Transactions**

The Company has renewed a three-year services agreement dated August 1, 2008 with BBH Géo-Management Inc. (hereinafter referred to as "BBH"), a related company of which an officer and director, Mr. Guy Hébert, is also an officer and director of the Company. The agreement provides for BBH to manage the exploration work to be conducted by the Company. 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 payable to BBH approved by the Board of directors, in the absence of Mr. Guy Hébert, are equivalent to the fees that the Company would otherwise have paid to a third, arm's length party in the industry.

The Company completed the following transactions with BBH:

	<b>September 30, 2008</b>	<b>September 30, 2007</b>
	<b>Nine-month period</b>	<b>Nine-month period</b>
Expenses capitalized in the statement of deferred expenditures		
Consultants and subcontractors	\$ 1,936,000	\$ 712,000
Management fees	\$ 1,354,000	\$ 1,476,000
General and administrative expenses in the statement of earnings and deficit		
Professional fees	\$ 275,000	\$ 275,000
Legal expenses	\$ 70,000	\$ 53,000
Investor relations	\$ 108,000	\$ 125,000
Rent	\$ 33,000	\$ 29,000
Share issue costs charged against capital stock	\$ -	\$ 23,000
Accounts payable and accrued charges	\$ 238,000	\$ 232,000

## **Financial Instruments**

### 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.

### Interest Rate Risk

At September 30, 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 September 30, 2008.

## **Outstanding Share Data**

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

The Company had 115,123,867 shares issued and outstanding at September 30, 2008 (114,167,867 at December 31, 2007) for a value of \$54,801,385 (\$54,208,910 at December 31, 2007).

On November 5, 2008, the Company had 119,266,432 shares, 3,325,500 stock options and 5,387,200 warrants issued and outstanding.

## **Risks and Uncertainties**

### Exploration and Mining

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.

## Financing and Development

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 depends 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, diamonds, base metals or any 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.

## **Disclosure Controls and Procedures**

The president and 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 financial officer, participated in and supervised an assessment of the effectiveness of disclosure controls and procedures for the quarter ended September 30, 2008. Based on this assessment, the president and chief financial officer have concluded that such disclosure controls and procedures were effective and were applied in such a way as to provide reasonable assurance that material information on the Company was made known to them in a timely fashion by the other Company personnel.

There were no changes in the internal control over financial reporting during the quarter ended September 30, 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 November 5, 2008 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 other reports filed on the Strateco ([www.stratecoinc.com](http://www.stratecoinc.com)), SEDAR ([www.sedar.com](http://www.sedar.com)) and EDGAR ([www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml)) websites.



Guy Hébert  
President and Chief Executive Officer



Pauline Comtois  
Chief Financial Officer

# STRATECO RESOURCES INC.

## BALANCE SHEETS

(In Canadian dollars)

	September 30, 2008	December 31, 2007
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 7,903,421	\$ 18,986,096
Subscriptions receivable	-	55,200
Tax credits receivable (Note 3)	9,721,075	8,821,310
Sales taxes recoverable	708,340	599,742
Deposits on exploration work	150,000	358,031
Prepaid expenses	62,874	64,619
	18,545,710	28,884,998
INVESTMENTS (Note 4)	70,000	-
MINING PROPERTIES (Note 5)	10,454,914	10,044,314
DEFERRED EXPENDITURES (Note 6)	22,974,538	13,350,146
FIXED ASSETS (Note 7)	876,092	464,689
	\$ 52,921,254	\$ 52,744,147
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges (Note 13)	\$ 1,672,935	\$ 1,162,814
FUTURE INCOME TAXES	844,000	1,204,000
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 8)	54,801,385	54,208,910
Contributed surplus	4,008,607	3,006,008
Deficit	(8,405,673)	(6,837,585)
	50,404,319	50,377,333
	\$ 52,921,254	\$ 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

(unaudited)

(In Canadian dollars)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2008	2007	2008	2007
<b>EXPLORATION EXPENSES</b>				
Consultants and subcontractors	\$ 1,778,659	\$ 1,311,380	\$ 3,687,530	\$ 2,862,925
Infrastructure, access roads, fuel depot and other (recovery)	129,457	(60,232)	913,904	1,088,661
Drilling	2,092,623	1,843,014	7,128,194	5,077,501
Transport and fuel	158,827	862,212	1,713,726	2,124,292
Geophysics	-	41,571	11,382	205,881
Geology (recovery)	-	(24,825)	-	87,075
Laboratory and analyses	203,406	35,841	548,807	131,553
Travel expenses and lodging	450,709	490,937	1,383,651	834,255
Management fees	196,565	385,601	1,353,845	1,475,734
Supplies and equipment rental	195,219	44,382	452,264	153,475
Mobile equipment and maintenance	44,452	4,928	78,718	62,936
Depreciation on fixed assets	75,198	53,650	211,900	107,500
General exploration expenses	111,777	155,201	240,639	372,893
	5,436,892	5,143,660	17,724,560	14,584,681
Credit for duties and other related exploration credits	(2,500,000)	(2,668,000)	(8,100,168)	(6,899,378)
<b>NET INCREASE IN DEFERRED EXPENDITURES</b>	2,936,892	2,475,660	9,624,392	7,685,303
<b>BALANCE, BEGINNING OF PERIOD</b>	20,037,646	8,460,228	13,350,146	3,250,585
<b>BALANCE, END OF PERIOD</b>	\$ 22,974,538	\$ 10,935,888	\$ 22,974,538	\$ 10,935,888

See notes to financial statements.

# STRATECO RESOURCES INC.

## STATEMENTS OF EARNINGS AND DEFICIT

(unaudited)

(In Canadian dollars)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2008	2007	2008	2007
INTEREST INCOME	\$ 85,241	\$ 232,777	\$ 355,791	\$ 745,874
GENERAL AND ADMINISTRATIVE EXPENSES				
Professional fees	86,105	106,289	302,022	292,614
Legal and audit expenses	33,316	8,781	97,810	85,769
Stock-based compensation	171,855	-	1,006,774	1,611,233
Directors' fees	5,400	6,300	16,300	14,900
Shareholder communications	12,190	20,731	74,455	117,289
Investor relations	82,586	105,061	311,140	353,238
Listing and registrar fees	4,916	22,770	53,720	287,060
Social benefits related to stock options (recovery)	-	(17,843)	-	(10,640)
Travel expenses	5,428	1,665	28,260	13,237
Donation to an environmental fund	-	-	-	100,000
Rent	13,960	9,960	33,880	29,760
Insurances	19,362	10,408	58,085	30,417
Office expenses	18,204	26,573	64,398	59,628
Taxes and permits	-	31,533	1,258	33,891
Interest, penalties and bank charges	720	6,819	4,353	8,976
Depreciation on fixed assets	1,424	-	1,424	-
	455,466	339,047	2,053,879	3,027,372
UNREALIZED LOSS ON CHANGE OF THE INVESTMENT'S FAIR VALUE	50,000	-	230,000	-
LOSS BEFORE INCOME TAXES	420,225	106,270	1,928,088	2,281,498
FUTURE INCOME TAXES BENEFIT	(60,000)	-	(360,000)	-
NET LOSS	360,225	106,270	1,568,088	2,281,498
DEFICIT, BEGINNING OF PERIOD	8,045,448	8,490,234	6,837,585	6,315,006
DEFICIT, END OF PERIOD	\$ 8,405,673	\$ 8,596,504	\$ 8,405,673	\$ 8,596,504
NET LOSS PER SHARE, BASIC AND DILUTED	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)	115,122	108,322	114,912	106,109

See notes to financial statements.

# STRATECO RESOURCES INC.

## STATEMENTS OF CASH FLOWS

(unaudited)

(In Canadian dollars)

	Three-month period ended September 30,		Nine-month period ended September 30	
	2008	2007	2008	2007
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>				
Net loss	\$ (360,225)	\$ (106,270)	\$ (1,568,088)	\$ (2,281,498)
Non-cash items:				
Stock-based compensation	171,855	-	1,006,774	1,611,233
Unrealized loss on fluctuation of the just placement value	50,000	-	230,000	-
Depreciation on fixed assets	1,424	-	1,424	-
Future income taxes	(60,000)	-	(360,000)	-
Changes in non-cash working capital items (Note 14)	(568,678)	(105,271)	666,499	(52,801)
	(765,624)	(211,541)	(23,391)	(723,066)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>				
Term deposits	-	11,411,796	-	123,092
Income tax credits receivable	-	(1,352,478)	7,200,403	(5,579,525)
Acquisition of investment in shares	-	-	(300,000)	-
Acquisition of mining properties	-	-	(20,000)	(20,000)
Increase in deferred expenditures	(5,361,694)	(2,422,010)	(17,512,660)	(7,577,803)
Additions to fixed assets	(46,005)	-	(624,727)	(550,584)
	(5,407,699)	7,637,308	(11,256,984)	(13,604,820)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>				
Common share issuance	9,500	162,500	197,700	26,093,800
Common share issue costs	-	-	-	(1,694,203)
	9,500	162,500	197,700	24,399,597
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,163,823)</b>	<b>7,588,267</b>	<b>(11,082,675)</b>	<b>10,071,711</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>14,067,244</b>	<b>3,044,788</b>	<b>18,986,096</b>	<b>561,344</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 7,903,421</b>	<b>\$ 10,633,055</b>	<b>\$ 7,903,421</b>	<b>\$ 10,633,055</b>

### Additional information concerning cash flows

Items related to operations activities, financing and investments with no effect on cash flows:

Depreciation on fixed assets included in deferred expenditures	\$ 75,198	\$ 53,650	\$ 211,900	\$ 107,500
Acquisition of mining properties in exchange of common shares	\$ -	\$ -	\$ 390,600	\$ 642,000

See notes to financial statements.

# STRATECO RESOURCES INC.

## Notes to Financial Statements

For the period ended September 30, 2008

(unaudited)

(In Canadian dollars)

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The interim financial statements should be read in conjunction with Strateco Resources Inc.'s annual financial statements for the year ended December 31, 2007.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared using the same presentation and accounting principles as those used in the annual financial statements for the year ended December 31, 2007, except for the adoption of the following standards, effective January 1, 2008:

#### *CAPITAL DISCLOSURES*

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 1535, "Capital Disclosures". This section establishes the standards for disclosing information about an entity's capital, namely: i) qualitative information regarding the entity's objectives, policies and processes for managing capital; ii) quantitative information on the elements included in capital management; iii) whether or not the entity has complied with capital requirements to which it is subject under external regulations; and iv) if the entity has not complied with such requirements, the consequences of such non-compliance. Note 10 has been added to the financial statements for the period as a result of the adoption of this standard.

#### *FINANCIAL INSTRUMENTS*

##### DISCLOSURE AND PRESENTATION

In December 2006, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation". These two sections replace Handbook Section 3863, "Financial Instruments – Disclosure and Presentation", and introduce new disclosure requirements, particularly in relation to risks. Note 11 has been added to the financial statements for the period due to the adoption of this standard.

##### FAIR VALUE

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.

#### *FIXED ASSETS*

Fixed assets are depreciated using the straight line method over three years for fuel tanks and computer equipment and over ten years for the camp, and using the diminishing balance method at a rate of 20% for rolling stock, machinery and equipment.

### 2. CASH AND CASH EQUIVALENTS

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	<b>September 30, 2008</b>	<b>December 31, 2007</b>
	(unaudited)	(audited)
Cash	\$ 891,017	\$ 763,484
Term deposits – rates of 2,94% (4,35% to 4,56% in 2007)	7,012,404	18,222,612
	<b>\$ 7,903,421</b>	<b>\$ 18,986,096</b>

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**STRATECO RESOURCES INC.**  
**Notes to Financial Statements**

For the period ended September 30, 2008

(unaudited)

(In Canadian dollars)

**3. INCOME TAX CREDITS RECEIVABLE**

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
	(unaudited)	(audited)
Quebec refundable 12% credit on duties at 31-12-2006	\$ 251,310	\$ 251,310
Quebec refundable 12% credit on duties at 31-12-2007	1,369,597	1,369,597
Refundable 35% to 38.75% tax credit for resource on exploration expenses at 31-12-2007	-	7,200,403
Allowance for credit on duties and other exploration-related credits at 30-09-2008	8,100,168	-
	<b>\$ 9,721,075</b>	<b>\$ 8,821,310</b>

**4. INVESTMENTS**

On January 14, 2008, the Company acquired 1,000,000 units of Consolidated Pacific Bay 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 September 30, 2008, Pacific Bay shares traded at \$0.07 per share.

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

**5. MINING PROPERTIES**

	<b>Interest</b>	<b>September 30, 2008</b>	<b>December 31, 2007</b>
		(unaudited)	(audited)
Mont-Laurier Uranium	100%	\$ 10,000	\$ 10,000
Matoush	100%	337,000	337,000
Eclat	100%	1,184,600	774,000
Apple	100%	8,923,314	8,923,314
		<b>\$ 10,454,914</b>	<b>\$ 10,044,314</b>

**6. DEFERRED EXPENDITURES**

<b>Mining properties</b>	<b>Balance at December 31, 2007</b>	<b>Exploration expenses</b>	<b>Reduction</b>	<b>Balance at September 30, 2008</b>
	(audited)	(unaudited)	(unaudited)	(unaudited)
Mont-Laurier Uranium	\$ 326,834	\$ 15,025	\$ (4,985)	\$ 336,874
Matoush	12,530,091	14,379,746	(6,576,751)	20,333,086
Eclat	268,742	451,215	(204,718)	515,239
Apple	69,526	2,053,146	(936,344)	1,186,328
Pacific Bay-Matoush	149,434	502,230	(229,634)	422,030
Mistassini	-	322,376	(147,736)	174,640
Prospecting	5,519	822	-	6,341
	<b>\$ 13,350,146</b>	<b>\$ 17,724,560</b>	<b>\$ (8,100,168)</b>	<b>\$ 22,974,538</b>

**STRATECO RESOURCES INC.**  
**Notes to Financial Statements**

For the period ended September 30, 2008

(unaudited)

(In Canadian dollars)

**7. FIXED ASSETS**

	Cost	Cumulative Depreciation	Balance as at September 30, 2008 (unaudited)	Balance as at December 31, 2007 (audited)
Fuel tanks	\$ 354,655	\$ 174,364	\$ 180,291	\$ 180,491
Camp	371,000	21,642	349,358	-
Rolling stock	180,227	86,505	93,722	134,123
Machinery	105,012	58,336	46,676	72,929
Equipment	168,460	29,879	138,581	66,159
Computer equipment	84,602	17,138	67,464	10,987
	\$ 1,263,956	\$ 387,864	\$ 876,092	\$ 464,689

**8. 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

	September 30, 2008 (unaudited)	
	Common shares	Amount
<b>ISSUED AND FULLY PAID</b>		
Balance, beginning of period	114,167,867	\$ 54,208,910
In consideration of mining properties	200,000	390,600
In cash - exercise of stock options and warrants	756,000	197,700
Amounts from contributed surplus	-	4,175
Balance, end of period	115,123,867	\$ 54,801,385

**WARRANTS**

At September 30, 2008, there were 5,387,200 warrants outstanding, each entitling its holder to purchase one share of the Company. Changes to the warrants are shown in the following table:

	September 30, 2008 (unaudited)	
	Number	Weighted average strike price
Balance, beginning of period	6,118,200	\$ 3.03
Warrants exercised	(731,000)	\$ 0.26
Balance, end of period	5,387,200	\$ 3.40

**STRATECO RESOURCES INC.**  
**Notes to Financial Statements**

For the period ended June 30, 2008

(unaudited)

(In Canadian dollars)

**8. CAPITAL STOCK (cont'd)**

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

<b>Strike Price</b>	<b>Number</b>	<b>Expiry</b>
\$2.60	577,200 <sup>(1)</sup>	January 31, 2009
\$3.50	4,810,000	January 31, 2009
	5,387,200	

<sup>(1)</sup> 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 Toronto Stock Exchange at a price equal to or greater than \$4.50 per share for a period of 20 consecutive trading days.

**9. STOCK OPTION PLAN**

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

	<b>September 30, 2008</b> <b>(unaudited)</b>	
	<b>Number of options</b>	<b>Weighted-average strike price</b>
Balance, beginning of period	2,106,500	\$ 2.31
Options granted	1,281,000	\$ 2.05
Exercised	(25,000)	\$ 0.38
Cancelled	(37,000)	\$ 2.98
Balance, end of period	3,325,500	\$ 2.22

**STRATECO RESOURCES INC.**  
**Notes to Financial Statements**

For the period ended June 30, 2008  
(unaudited)  
(In Canadian dollars)

**9. STOCK OPTION PLAN (cont'd)**

The outstanding stock options and the stock options exercisable as at September 30, 2008 are shown in the following table:

Options Outstanding			Options Exercisable		
Weighted average strike price	Number	Weighted-average lifespan(years)	Weighted average strike price	Number	
\$0.20	400,000	2.19	\$0.20	400,000	
\$0.40	175,000	2.28	\$0.40	175,000	
\$1.50	7,500	3.10	\$1.50	7,500	
\$2.04	974,000	4.54	\$2.04	799,000	
\$2.10	300,000	4.41	\$2.01	100,000	
\$2.38	45,000	3.23	\$2.38	45,000	
\$2.60	100,000	3.30	\$2.60	100,000	
\$2.72	120,000	3.74	\$2.72	80,000	
\$2.80	30,000	3.31	\$2.80	30,000	
\$2.86	150,000	3.42	\$2.86	150,000	
\$3.00	9,000	3.45	\$3.00	9,000	
\$3.20	315,000	3.68	\$3.20	210,000	
\$3.37	700,000	3.48	\$3.37	700,000	
\$2.22	3,325,500	3.67	\$2.19	2,805,500	

During the period ended September 30, 2008, the Company granted 175,000 stock options to a consultant and employees of a service provider of the Company. The fair value of each option granted was determined using the “Black-Scholes” option-pricing model. At the date of grant, this weighted average fair value of the options granted was \$0.649.

The following weighted average assumptions were used in the calculation:

Risk-free interest rate	2.45%
Expected life	2 years
Expected volatility	104%
Expected dividend yield	0%

As at September 30, 2008, an amount of \$171,855 was recognized in earnings and credited to contributed surplus regarding options whose rights are vested.

**10. CAPITAL DISCLOSURES**

The Company’s objective for capital management is to ensure that it can continue as a going concern in order to pursue the development of its mining properties.

The Company defines capital as shareholders’ equity, comprising the capital stock and contributed surplus.

The Company is not subject to any external requirements regarding its capital.

# **STRATECO RESOURCES INC.**

## **Notes to Financial Statements**

For the period ended June 30, 2008

(unaudited)

(In Canadian dollars)

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### **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

#### **MARKET RISK**

The Company is exposed to risk related 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 possible decision on whether 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 and deposits on exploration work. The Company invests its cash and cash equivalents 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.

#### **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.

### **12. COMMITMENTS AND CONTINGENCIES**

#### **MINING PROPERTIES**

##### *Pacific Bay- Matoush Property*

On January 14, 2008, the Company signed a final agreement to acquire a 60% interest in the 277 claims of the property belonging to Consolidated Pacific Bay Minerals Ltd. («Pacific Bay») and located in the Matoush area of Quebec's Otish Mountains. The agreement provides for the Company to pay a total of \$500,000 to Pacific Bay and issue 200,000 common shares over a four-year period, and to spend \$3 million on exploration over four years, including a minimum of 10,000 metres of drilling or 2,500 metres per year. On October 20, 2008, the Company met its obligations for the first year of the option by issuing 40,000 common shares to Pacific Bay, paying \$100,000 and completing \$750,000 in exploration work for a minimum of 2,500 metres.

##### *Mistassini Property*

Pursuant to the letter of intent dated November 20, 2007 and the exercise of the right of first refusal on February 14, 2008, the Company may acquire a 60% interest in the uranium rights of Majescor Resources Inc. (Majescor) on the Mistassini property in Quebec's Otish Mountains, by carrying out a total of \$1.3 million in exploration over three years. The Company must reimburse Majescor about \$250,000 for the cost of the drilling program carried out in December 2007 and conduct another \$250,000 in exploration on the property for a total firm commitment of \$500,000 for the first year of the option. The remaining \$800,000 in exploration expenses will be evenly split between the second and third year. The parties are presently negotiating a formal agreement.

#### **SERVICES AGREEMENT**

The Company renewed its services agreement with BBH Géo-Management Inc. as of August 1, 2008. This agreement has a three-year term ending on July 31, 2011 and provides for a fixed monthly charge of \$5,200 for the rental of office space and office and computer equipment that will be reviewed annually on July 31.

# STRATECO RESOURCES INC.

## Notes to Financial Statements

For the period ended June 30, 2008

(unaudited)

(In Canadian dollars)

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### 13. RELATED-PARTY TRANSACTIONS

During the period, consultant and subcontractor fees of \$1,936,000 (\$712,000 in 2007) and management fees of \$1,354,000 (1,476,000 in 2007) shown in the statement of deferred expenditures were paid to BBH Géo-Management Inc., of which Guy Hébert, a director and officer of the Company, is also a director and officer. On August 1, 2008, the management fee for the Matoush property was decreased to 5%.

General and administrative expenses of \$486,000 (482,000 in 2007) shown in the earnings statement were paid to the same company.

At September 30, 2008, accounts payable and accrued charges included an amount of \$238,000 (\$148,000 at December 31, 2007) owed to the same company.

### 14. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Nine-month period ended September 30,	
	2008	2007
Subscriptions receivable	\$ 55,200	\$ -
Sales tax recoverable	(108,598)	(320,702)
Deposits on exploration work	208,031	452,497
Prepaid expenses	1,745	17,479
Accounts payable and accrued charges	510,121	(202,075)
	<u>\$ 666,499</u>	<u>\$ (52,801)</u>

### 15. COMPARATIVE FIGURES

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

### 16. SUBSEQUENT EVENTS

On October 1, 2008, the Company closed a non-brokered flow-through financing with two funds for an amount of \$8,000,002. The private placement consisted of the issuance of 4,102,565 flow-through shares priced at \$1.95 per share.

An agent's fee of 4% of the gross proceeds (\$320,000) will be paid by the Company. All securities issued are subject to a hold period of four months plus one day from the closing date.

**FORM 52-109F2452,4**  
**CERTIFICATION OF INTERIM FILINGS**

I, Guy Hébert, President and Chief Executive Officer of Strateco Resources Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *Strateco Resources Inc.*, (the issuer) for the interim period ending September 30, 2008.
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
  - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 7, 2008



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Guy Hébert  
President and Chief Executive Officer

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Pauline Comtois, CGA, Chief Financial Officer for Strateco Resources Inc., certify that:

- 1 I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *Strateco Resources Inc.*, (the issuer) for the interim period ending September 30, 2008.
- 2 Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
- 3 Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.
- 4 The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
  - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;
  - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5 I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 7, 2008



Pauline Comtois, CGA  
Chief Financial Officer

## 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**  
Ville Mont-Royal, Québec  
Gowling, Lafleur Henderson, LLP

\* **Audit Committee Member**

### OFFICERS

**Guy Hébert, B.Sc. Geol., M.B.A.**  
President and Chief Executive Officer

**Jean-Pierre Lachance, Geol.**  
Executive Vice President

**Pauline Comtois, CGA**  
Chief Financial Officer

**Henri Lanctôt**  
Secretary

### SHAREHOLDER INFORMATION

**Listing**  
Toronto Stock Exchange: Symbol RSC  
Frankfurt Stock Exchange: Symbol RF9  
US SEC Registration # 0-49942 – Symbol SRSIF

**Transfer Agent and Registrar**  
Computershare Trust Company of Canada

**Auditors**  
Petrie Raymond, LLP, Chartered Accountants

**Legal Advisors**  
Gowling Lafleur Henderson LLP

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