

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – September 2009

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STRATECO
RESOURCES

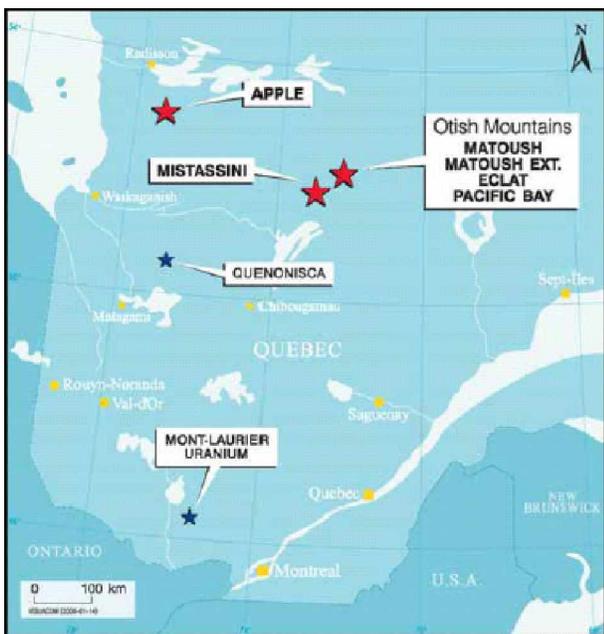
Strateco Resources (Cdn\$ 0.95)

TSX : RSC
 H+L prices (12 months) : Cdn\$ 1.77 – 0.40
 Net shares issued : 119.3 million
 Fully diluted : 122.8 million
 Market Capitalization : Cdn\$ 113.1 million

First Price Target: Cdn\$ 1.80

Company Profile

Strateco Resources ("Strateco") owns 100% interest of 5 uranium properties and has interest or options on 3 mining properties all located in Quebec, Canada. These properties cover 1,068 claims for a total area of 56,747 hectares.



The Company's flagship property is the **Matoush Project**, which covers 212 km² on a strike length of 312 km. The Matoush structure has been traced 11 kilometres to the south and 2.5 kilometres to the north.

On September 19, 2009, the updated NI 43-101 showed that the indicated mineral resources doubled in the past 12 month to reach 436,000 tonnes grading 0.78% U₃O₈ containing 7.46 million pounds U₃O₈.

Indicated Mineral Resources are now estimated at 436,000 tonnes grading 0.78% U₃O₈ containing 7.46 million pounds U₃O₈.

Inferred Mineral Resources are estimated at 1.16 million tonnes grading 0.50% U₃O₈ containing 12.78 million pounds U₃O₈.

Total resources are now 20.24 million pounds of U₃O₈ with the average grade having increased 20% to 0.58% U₃O₈.

2009 Project Locations

LEGEND
 ★ Active Uranium Projects ★ Other Projects

Since the drilling program began in February 2009, 20,000 metres of initially planned 30,000 metres of exploration drilling in 2009 have been completed. Because of positive drilling results the program has been increased to 35,000 metres.

Strateco plans to carry out 60,000 metres of surface drilling per year in 2010 and 2011, with the Company's objective to determine the possibility of reaching 60 million pounds of U3O8.

The environmental studies required to build the mill and tailing ponds are scheduled to begin in 2010. The mill construction capacity will be decided based on the resources outlined in 2011.

The objective is now to sustain a minimum potential production of 4 million pounds of U3O8 per year.

Due to the growth in mineral resources and grade and the reduction off various estimated operating costs, the Scoping Study as per November 2008 will be updated in the coming months. Strateco expects the estimated production costs of US\$ 28.33 per pound U3O8 to lower.

The Company has spent Cdn\$ 24 million on exploration in 2008 and has planned to expend Cdn\$ 18 million in 2009.

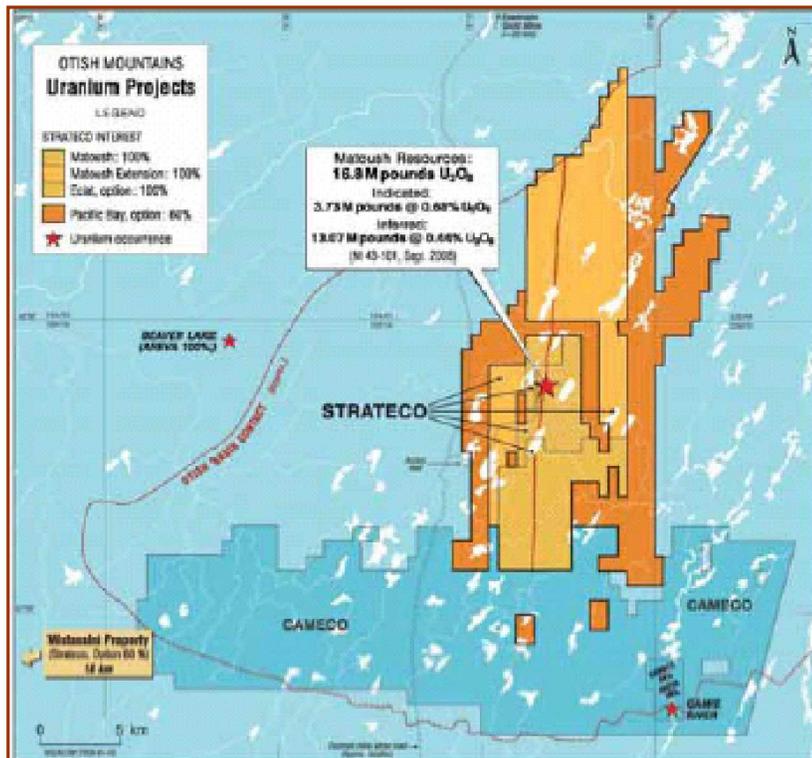
Strateco is eligible for exploration tax credits equal to approximately 50% of surface exploration expenses until such time.

Overview of Projects

Ø Matoush Project and High-Grade Uranium Deposit, Otish Mountains, Quebec

Strateco's Matoush Project covers 312 km² over a strike length of 25 kilometres and drilling defined over 10 kilometres.

The Matoush High-Grade Uranium Deposit has been discovered by Uranerz Exploration and Mining in the mid-1980s before Strateco has been exploring the Deposit since 2006 and in September 2008 released a NI 43-1101 compliant report outlining Indicated Mineral resource of 3.73 million pounds of U3O8 grading 0.68% U3O8 and Inferred Mineral resource of 13.07 million pounds U3O8 grading 0.44% U3O8. The Mineral Resources are contained within three zones: AM-15, MT-22 and MF-34.



In the MT-06 area, the four recently completed holes (MT-09-011, 013, 015 and 0118) all intercepted the Matoush fault, with anomalous uranium values.

On July 27, 2009 Strateco announced that hole MT-09-22, a new uranium high-grade intersection at a vertical depth of 450 metres in the extension of the MT-34 zone lens, intersected 0.99% eU3O8 over 30.6 metres, including 5.98% eU3O8 over 4.5 metres.

The two most recent holes confirmed mineralization to the south. Hole MT-09-035 intersected the mineralised zone over 2.9 metres grading 0.12% eU3O. Hole MT-09-036 was drilled 200 metres south from MT-09—35 and intersected a 4.7 metre section of mineralization grading 0.26% eU3O8.

Since the drilling program began in February 2009, 20,000 metres of initially planned 30,000 metres of exploration drilling in 2009 have been completed. Because of positive drilling results the program has been increased to 35,000 metres.

The success of the drilling program completed on the southern part of the Matoush structure (Eclat Property) and knowledge of the property geology, indicate that the Matoush structure could potentially contain sufficient uranium resources to feed an ore processing plant at a rate superior to the forecasted production of 750 tonnes per day in the Scoping Study (November 2008) and knowledge of the property geology, indicate that the Matoush structure could potentially contain sufficient uranium resources to feed an ore processing plant at a rate superior to the forecasted production of 750 tonnes per day for approximately 2.3 million pounds of U3O8 per year.

Strateco plans to carry out 60,000 metres of surface drilling per year in 2010 and 2011 at a total cost of Cdn\$ 16 million, in parallel with underground exploration work.

In June 2009, detailed engineering plans for the surface and underground infrastructures were completed in the scope of the application for a licence from the Canadian Nuclear Safety Commission (CNSC). The ramp plan has also been revised and completed, and Strateco has received conformation from Quebec authorities that the landing strip construction near the Matoush camp is exempt from the environmental impact study.

Strateco plans to have all the detailed plans and programs and the environmental impact study completed and filed with the various authorities by the end of the third quarter of 2009.

In 2010, Strateco plans to begin the environmental studies required for mill and tailings pond construction. These studies are required to obtain a mine construction permit.

SCOPING STUDY			
1. ORE PRODUCTION AND RECOVERED METAL			DECEMBER 2008
Year	Mill Feed (x 1,000) Tonnes	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

2. REVENUE	
The price scenario was established by SD Energy with a long term price from US\$60.00 to US\$90.00 per pound U ₃ O ₈ over the life of the project with an evaluation price of US\$75.00 per pound U ₃ O ₈ .	
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

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Ø Mistassini Property (60% optioned), Otish Mountains

In November 2008, Strateco and **Majescor Resources** (MJX – TSX.V) executed an agreement under which Strateco can earn a 60% interest in Majescor's uranium rights on the Mistassini Property by incurring Cdn\$ 1.3 million in exploration expenditures over 3 years, including a firm Cdn\$ 500,000 commitment in year 1. Strateco has to date spent approximately Cdn\$ 940,000 exploration work on the Property as part of this agreement.

The Mistassini Property, located 50 km southwest of Strateco's Matoush Property, is comprised of 171 map-designed claims with a total surface area of 9,115 hectares. During the option period Strateco will be the sole operator for all uranium exploration and will have full and exclusive access to the Property.

Northern Superior Resources (SUP – TSX.V, which holds 100% of the rights for diamonds and 50.5% of the rights for all mineral substances other than diamonds and uranium on the property optioned to Strateco, is entitled to a 2.0% Yellow Cake Royalty on the Mistassini Property.

On July 9, 2009, Strateco announced the preliminary results of a drill program of 7 holes for a total of 786 metres completed on the Mistassini Property. A new uranium-bearing zone was intersected in the immediate vicinity of the Lac Mantouchiche showing, where Majescor drilled an 18.5 metre intersection grading 0.2115% U₃O₈ near surface in hole MIST-07-03 at a virtual depth of 47 metres.

Drill hole MIST-09-03 intersected 11.0 metres grading 0.13% eU₃O₈, including 0.9 metre at a grade of 1.03% eU₃O₈. This new uraniferous zone is located in the hanging wall of the Mantouchiche showing, at a vertical depth of 32 metres.

The extension of the Mantouchiche showing was intersected in this drill hole at a vertical depth of 64 metres, with an intercept of 3.0 metres grading 0.08% eU₃O₈, including 0.14% eU₃O₈ over 1.2 metres.

Drill hole MIST-09-04 confirmed the vertical extension of the new bearing zone, with an intercept of 13.9 metres grading 0.08% eU₃O₈ at a vertical depth of 40 metres, including a sub-intercept of 5.1 metres grading 0.186% eU₃O₈.

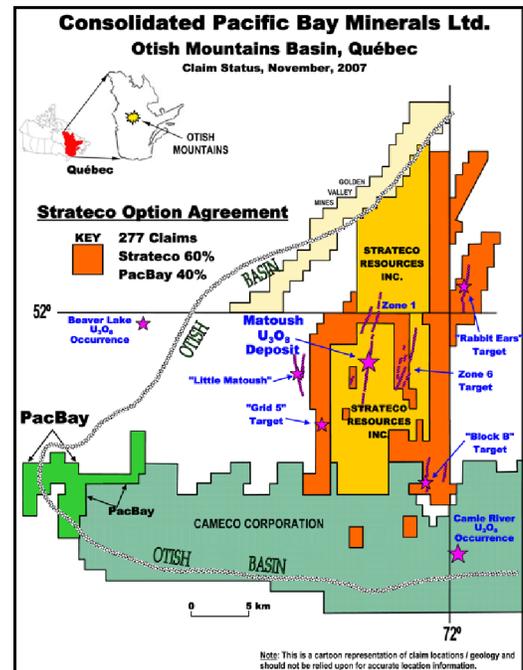
Given the possible results of the drill campaign and following a structural and geological interpretation, further exploration work will be carried out in 2010.

At first, as ground geophysical survey will be conducted to test for the possible presence of high-grade uranium lenses preferentially aligned along a north-south axis.

Ø Pacific Bay claims (60% optioned) Otish Mountains

In January 2008, Strateco and **Pacific Bay Minerals** (PBM – TSX.V) executed a definitive agreement whereby Strateco can earn a 60% interest in 277 Pacific Bay mineral claims comprising an area of 145 square kilometres, located in the Matoush District of Quebec Otish Mountains, where the Company has been drilling the Matoush high-grade uranium body.

The agreement calls for Strateco pay Pacific Bay a total of Cdn\$ 500,000 and issue 200,000 Strateco shares over 4 years and incur Cdn\$ 3 million on exploration expenditures over 4 years, including a minimum of 10,000 metres of drilling.



Management

Guy Hébert, President and CEO of the Company since April 2000, has been active in the international mining industry for the last 35 years. He was the architect of over \$ 350 million in financing in various gold and base metals mining projects in Canada and overseas. Mr. Hebert is also President of BBH Geo-Management since October 1992. Over the years, he held many management positions for various mining companies: President of Lyon Lake Mines (1986 to 2001); President and CEO of Audrey Resources (1985 to 1992); President, CEO and Director of Altavista Mines (1995 to 2000).

Jean-Pierre Lachance, Geo., Executive Vice President of the Company since April 2000, has more than 30 years of experience in the mining industry and has held various manager positions with public and private companies in Canada and overseas. He is also Vice President of BBH Geo-Management since October 1992. Between 1996 and 2001, he held many management positions for various mining companies: Vice President, then Executive Vice President of Lyon Lake Mines (1996 to 2001); President of Novontar, a Company with properties in Costa Rica (1996 to 2002); Vice President of Altavista Mines from 1994 to 2004 and was responsible for all of the exploration activities of the company.

Pierre H. Terreault, P. Eng. MPM, Vice President, Operations & Engineering of the Company since April 2008, is Member of the Professional Engineer of Quebec, Ontario and Newfoundland. He graduated from École Polytechniques of Montreal in Mining Engineering and has a Master's Degree in Project Management from l'Université du Québec de l'Abitibi Témiscamingue. He has close to 30 years experience in different mining sectors, has held various managing positions and started various mining projects throughout Quebec and Newfoundland.

From 2007 to 2008, Mr. Terreault was Mine Manager for Opinaca Mines (Goldcorp). From 2004 to 2007, he was the General Manager for Kiena Complex (Wesdome). Between 1998 and 2003, he was the General Superintendent for Ross Finlay 2000. From 1996 to 1998, he was Vice President of Operations for Roycefield Resources in Newfoundland. Between 1994 and 1996, he was General Manager for Talpa Mining Contractor after being Engineering Manager for the same company from 1992 to 1994. Finally, from 1983 to 1992, he held various positions in production and mining engineering for Lac Minerals and was Mining Engineer for Camflo Mines from 1981 to 1983.

Jean-Guy Masse, Director of the Company since April 2000, President of Funds Metal Precious Northern since October 2003 and President of Masvil Capital since 1992. From 1992 to 1998 he was President of Orleans Resources and President of CMP Fund Management from 1988 to 1992.

Robert Desjardins, Director of the Company since October 2001, obtained his degree in accounting sciences in 1967 from the HEC Montreal. Since 1989, he has been President of *Robert G. Desjardins et Associés*, a firm specializing in corporate finance and the development of financial products. Mr. Desjardins is a member of the Ordre des Administrateurs Agréés du Québec.

Henri Lanctôt, Director of the Company since January 2007, is a partner of Gowling Lafleur Henderson LLP. He was admitted to the Quebec Bar in 1968 after graduating in 1967 from the Faculty of Law of the University of Montreal. In 1984, M^e Henri Lanctôt joined Lafleur Brown, the law firm that merged with Gowlings on July 1st, 2000.

Marcel Bergeron, CA, Director of the Company since March 2007, obtained in 1981, a Bachelor degree in accounting sciences of the University of Québec in Montreal (UQAM). He is a member of l'*Ordre des comptables en management accrédités du Québec* (CMA) since June 1981 and of l'*Ordre des comptables agréés du Québec* (CA) since December 1983. From July 1990 to June 2006, Mr. Bergeron was a partner of Petrie Raymond, chartered accountants and auditors of the Company and thereafter joined Devimco, a real estate company, in July 2006, as General Manager.

Investment Recommendation:

Strateco's **Matoush Project** including its High-Grade Uranium deposit is the most outstanding project in the prospective Otish Mountains Basin in Quebec, which is often compared to the world renowned Athabasca Basin in Saskatchewan.

Indicated Mineral Resources and Inferred Mineral Resources are estimated now at 7.46 million pounds U3O8 and 12.78 million pounds U3O8, respectively and offer a lot of potential to be upgraded and expanded since Strateco having completed 20,000 metres of the planned 35,000 metres of exploration drilling in 2009 and the Company planning to carry out 60,000 metres of surface drilling per year in 2010 and 2011.

The objective is to sustain a minimum potential production of up to 4 million pounds of U3O8 per year.

The Company has completed a Scoping Study in November 2008 with a forecasted production of 750 tonnes per day for approximately 2.3 million pounds of U3O8 per year and 15.5 million pounds over a mine life of 7 years. At an estimated cost of US\$ 27.33 per pound and an evaluation price of US\$ 65 per pound, this offers a gross cash flow of US\$ 87 million per annum.

The Scoping Study will be updated in the coming months.

In 2010 Strateco plans to begin the environmental studies required for milling and tailings pond construction. These studies are required to obtain a mine construction permit.

With production to be expected within the next few years, with the potential to produce 4 million pounds of U3O8 per year and considering the Company's current Mineral resources of 20.2 million pounds U3O8, with the potential to be upgraded to 60 million pounds, in our view, the shares of Strateco are substantially undervalued.

Our first price objective is: Cdn\$ 1.80.