



## MEMORANDUM

**TO: JEAN-PIERRE LACHANCE, VICE PRESIDENT EXPLORATION,  
STRATECO RESOURCES INC.**

**JONATHAN LAFONTAINE, CHIEF GEOLOGIST, STRATECO  
RESOURCES INC.**

**FROM: DAVID ROSS, P.GEO., PRINCIPAL GEOLOGIST, RPA**

**SUBJECT: MATOUSH MINERAL RESOURCE UPDATE**

**DATE: DECEMBER 3, 2012**

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Roscoe Postle Associates Inc. (RPA) was retained by Strateco Resources Inc. (Strateco) to update the Mineral Resource estimate for the Matoush deposit, located in Central Quebec, Canada. RPA prepared Mineral Resource estimates in 2007, 2008, 2009, and 2011. RPA also completed a Preliminary Economic Assessment (PEA) and a supporting NI 43-101 Technical Report in December 2008, and an updated PEA and report in 2010. Since the 2011 resource estimate, an additional 13,000 m of infill drilling was completed as of the end of August 2012.

The updated Mineral Resource estimate used drill hole data available as of November 22, 2012. A set of cross-sections and plan views were used to construct three-dimensional wireframe models at a cut-off grade of 0.1%  $U_3O_8$ . High-grade values were cut to 9%  $U_3O_8$  prior to compositing. Variogram parameters were interpreted from two-metre composited values. Block  $U_3O_8$  grades within the wireframe models were estimated by ordinary kriging. At a cut-off grade of 0.1%  $U_3O_8$ , Indicated Mineral Resources were estimated to total 586,000 t grading 0.954%  $U_3O_8$  containing 12.3 million pounds  $U_3O_8$ . Inferred Mineral Resources were estimated to total 1.69 million tonnes grading 0.442%  $U_3O_8$  containing 16.4 million pounds  $U_3O_8$  (Table 1). Mineral Resources are contained within six zones: AM-15, MT-22, MT-34, MT-02, MT-06, and MT-36. There are no Mineral Reserves estimated at Matoush.

The updated resource includes a significant increase in Indicated resources. Three areas were upgraded from Inferred to Indicated. Part of Lens MT-34C was upgraded due to closely spaced drilling. Two areas of lens MT-22A were upgraded due to a better understanding of the controls on mineralization, specifically the spatial relationship of the various dyke types.

There is excellent potential to discover additional resources along the Matoush Fault Zone. The main challenge is to identify thick, high-grade, shoots and target these in a cost effective manner.



**TABLE 1 MINERAL RESOURCES BY ZONE – NOVEMBER 22, 2012**  
**Strateco Resources Inc. - Matoush Project**

| Category               | Tonnage<br>(000 t) | U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(000 lb) |
|------------------------|--------------------|--------------------------------------|---|
| <b>Indicated</b>       |                    |                                      |   |
| AM-15                  | 269                | 0.710                                | 4,205                                     |
| MT-22                  | 73                 | 1.160                                | 1,866                                     |
| MT-34                  | 245                | 1.160                                | 6,257                                     |
| <b>Total Indicated</b> | <b>586</b>         | <b>0.954</b>                         | <b>12,329</b>                             |
| <b>Inferred</b>        |                    |                                      |   |
| AM-15                  | 95                 | 0.217                                | 456                                       |
| MT-02                  | 69                 | 0.270                                | 413                                       |
| MT-06                  | 195                | 0.181                                | 777                                       |
| MT-22                  | 717                | 0.539                                | 8,517                                     |
| MT-34                  | 414                | 0.564                                | 5,148                                     |
| MT-36                  | 196                | 0.262                                | 1,127                                     |
| <b>Total Inferred</b>  | <b>1,686</b>       | <b>0.442</b>                         | <b>16,440</b>                             |

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.1% U<sub>3</sub>O<sub>8</sub>.
3. Mineral Resources are estimated using an average long-term uranium price of US\$75 per pound.
4. A minimum mining width of 1.5 m was used.
5. The MT34A lens is within both the MT-34 and AM-15 zones.
6. Numbers may not add due to rounding.

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The information, conclusions, opinions, and estimates contained herein are based on:

1. information available to RPA at the time of preparation of this report,
2. assumptions, conditions, and qualifications as set forth in this report, and
3. data, reports, and opinions supplied by the Client and other third party sources.

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## DATABASE

The updated resource estimate was prepared using drill hole data available to November 22, 2012. This includes holes up to and including MT-12-023 for a total of 538 diamond core holes. Of these, 415 holes representing 188,123 m of drilling are located within the area of resources (Table 2). The wireframe models representing the mineralized lenses are intersected by 158 holes.

**TABLE 2 GEMCOM DATABASE RECORDS PRIMARY DATA  
Strateco Resources Inc. - Matoush Project**

| <b>Table Name</b>                             | <b>Number of Records*</b> |
|---|---------------------------|
| Hole-ID                                       | 415                       |
| Survey  | 5,021                     |
| U <sub>3</sub> O <sub>8</sub> Chemical Assays | 20,159                    |
| Geology                                       | 4,086                     |
| Hematite/Limonite Alteration                  | 11,778                    |
| Fuchsite/Chlorite/Muscovite Alteration        | 4,180                     |
| Tourmaline Alteration                         | 729                       |
| Structure                                     | 386                       |
| Radiometric                                   | 4,236                     |
| Density                                       | 1,439                     |

\* In the area of the Matoush deposit only.

As of November 22, 2012, chemical analyses for all holes had been received, however, equivalent U<sub>3</sub>O<sub>8</sub> (eU<sub>3</sub>O<sub>8</sub>) values were used instead of chemical assays where drill core recovery was poor. This occurred in two holes MT-08-020 and MT-11-002.

Verification steps made by RPA to validate the drill hole database included independent sampling, manual comparison against hardcopy assay certificates, a series of digital queries, and review of Strateco's QA/QC results. Three holes appear to have erroneous location data and were therefore removed from the resource database:

- Holes MT-08-031 and MT-08-032 were drilled from the lake located to the west of the deposit. The collar elevation and downhole orientation survey data appear to be erroneous as the flat-lying stratigraphy is offset as much as five metres for these holes. The elevation error is confirmed by the collar coordinates with respect to water levels, ice thickness registry for 2008, and 3D LIDAR maps. The FlexIT downhole surveys also appear erroneous due to unrealistic changes in direction over distances of 50 m or less.
- Hole AM-15, the discovery hole drilled by Uranerz was excluded from the drill hole database due to poor location data plus the fact it was drilled at a low angle to the mineralized lens.



In RPA's opinion, the Gemcom drill hole database is valid and is suitable to estimate Mineral Resources.

## CUT-OFF GRADE

Table 3 outlines the parameters used for the cut-off grade (COG) calculation. Parameters were derived from Lecuyer et al. (2010) and Lecuyer (personal communication, 2012).

**TABLE 3 CUT-OFF GRADE ASSUMPTIONS**  
**Strateco Resources Inc. - Matoush Project**

| <b>Assumption</b>        | <b>Units</b>                          | <b>Value</b> |
|--------------------------|---------------------------------------|--------------|
| <b>Revenue</b>           |                                       |              |
| Uranium Price            | US\$/lb U <sub>3</sub> O <sub>8</sub> | 75           |
| Exchange Rate            | US\$:C\$                              | 1.00         |
| Metallurgical Recovery   | %                                     | 97.6         |
| Transport                | C\$/lb U <sub>3</sub> O <sub>8</sub>  | 0.10         |
| Royalty                  | %                                     | 2.0          |
| <b>Operating Costs</b>   |                                       |              |
| Mining                   | C\$/t milled                          | 85           |
| Processing               | C\$/t milled                          | 85           |
| Power                    | C\$/t milled                          | 29           |
| Maintenance              | C\$/t milled                          | 20           |
| Site Services            | C\$/t milled                          | 30           |
| General & Administration | C\$/t milled                          | 21           |
| Total                    | C\$/t milled                          | 270          |
| <b>Breakeven COG</b>     | <b>% U<sub>3</sub>O<sub>8</sub></b>   | <b>0.17</b>  |
| <b>Incremental COG</b>   | <b>% U<sub>3</sub>O<sub>8</sub></b>   | <b>0.10</b>  |

The breakeven cut-off grade is estimated to be 0.17% U<sub>3</sub>O<sub>8</sub>. RPA estimated and reported the November 2012 Mineral Resources based on an incremental cut-off grade of 0.10% U<sub>3</sub>O<sub>8</sub>.

Marginal material reported between the incremental and breakeven COGs represents mineralization that has a reasonable prospect of economic extraction assuming sunk development costs. Marginal material may be included largely to maintain resource continuity, and does not represent a significant portion of the Mineral Resource estimate. The Mineral Resources at Matoush are relatively insensitive to COG in the range of 0.10% U<sub>3</sub>O<sub>8</sub> to 0.17% U<sub>3</sub>O<sub>8</sub>, and marginal material represents less than 2% of the global resource contained metal, and less than 15% of the resource tonnes.

## RELATIONSHIP OF MINERALIZATION AND DYKES

The relationship between mineralization and the various characteristics of the dyke has been observed at Matoush since Strateco began drilling in 2006. The working hypothesis proposes that certain phases of the mafic intrusive have acted as more efficient redox buffers than other phases of the same mafic intrusion. Statistical analysis has shown that mineralization correlates with mafic intrusive phases that have lamprophyric or altered lamprophyric characteristics (including a lower magnetic susceptibility, somewhat higher Ba, P<sub>2</sub>O<sub>5</sub>, and REE, xenocrysts or pitted altered surface, and specular hematite). Strateco's logging nomenclature

identifies the preferred phases as type B and type C dykes, as opposed to fresh, magnetic gabbro (also known as type A) or very highly altered clay-rich gouge zones (also known as type D), both of which appear to be less prospective for uranium mineralization. There are natural variances in this relationship between mineralization and intrusive phases, but the overall correlation is established well enough that the different dyke phases can be plotted and interpreted on a longitudinal section and then used an exploration targeting and grade contouring tool, and as a guide for Mineral Resource classification.

## GEOLOGICAL INTERPRETATION

Outlines of the mineralized lenses were interpreted on ten-metre spaced vertical sections. Minimum criteria of 0.10%  $U_3O_8$  over 1.5 m true thickness was used as a guide. Narrow intercepts grading 0.05% to 0.10%  $U_3O_8$  located adjacent to the main mineralized intercept were included. Where necessary, the wireframe intercept was “bulked out” to a minimum of 1.5 m true thickness. Partial assays were used under the assumption that the grade decreases outwards. Low-grade intercepts were included in the initial wireframe models for zones MT-34 and MT-22. Many of these intercepts were removed by clipping the resource wireframe if below 0.10%  $U_3O_8$ . Some intersections grading 0.05% to 0.10%  $U_3O_8$  were included in the grade interpolation to preserve continuity and/or maintain a soft boundary.

Six zones make up the Mineral Resources at Matoush: AM-15, MT-34, MT-22, MT-02, MT-06, and MT-36 (Table 4). Each zone is made up of one or more lenses, most of which strike north ( $009^\circ$ ) and dip steeply ( $87^\circ$ ) to the east.

- The AM-15 zone consists of the North, Upper, and South lenses, and an upper portion of the MT-34A lens. The zone is hosted in the ACF3 sedimentary unit, with some mineralization extending into the overlying CBF2 and underlying CBF3 sedimentary layers. An extension of AM-15 is located 200 m to the south, also within the ACF3 unit. Excluding the extension, the AM-15 zone measures 300 m in strike length by 50 m in height and ranges in true thickness from one metre to nearly 20 m with an average grade of 0.58%  $U_3O_8$ . It hosts a south-plunging high-grade shoot that appears to be continuous with the high grade core in the MT-34A Lens.
- The MT-34 zone includes three main lenses, MT-34A, MT-34B, and MT-34C. MT-34A is primarily hosted in the upper ACF4 unit, but also extends into the overlying CBF3 sedimentary unit and AM-15 zone. The MT-34B lens is hosted in the ACF4C and ACF4D sedimentary units. The MT-34A lens measures 400 m in strike length by 150 m in height. The MT-34B lens measures 220 m by 75 m. The MT-34C lens measures 260 m by 60 m. The zone varies between minimum mining widths of 1.5 m to approximately 15 m and has an average grade of 0.79%  $U_3O_8$ . MT-34A hosts a high grade shoot that extends upward into the AM-15 zone.
- The MT-22 zone includes the MT-22A and MT-22B lenses, primarily hosted within the ACF4 sedimentary unit. Part of the MT-22A lens extends into the overlying CBF3 unit. The zone measures 600 m along strike, 400 m in height, with a true thickness ranging from one metre to five metres, and an average grade of 0.60%  $U_3O_8$ . Significant mineralization is located in the core of the lenses, surrounding drill holes MT-08-001, MT-08-003, MT-08-043, MT-08-022, MT-08-054, MT-08-077, and MT-12-012.
- The MT-02 zone is hosted in the ACF4 sedimentary unit between the MT-22 and MT-34 zones. It measures 275 m along strike by 50 m in height, and varies between 1.5 m to

five metres in thickness. Mineralization appears to plunge to the south. The average grade of the MT-02 Lens is 0.27% U<sub>3</sub>O<sub>8</sub>.

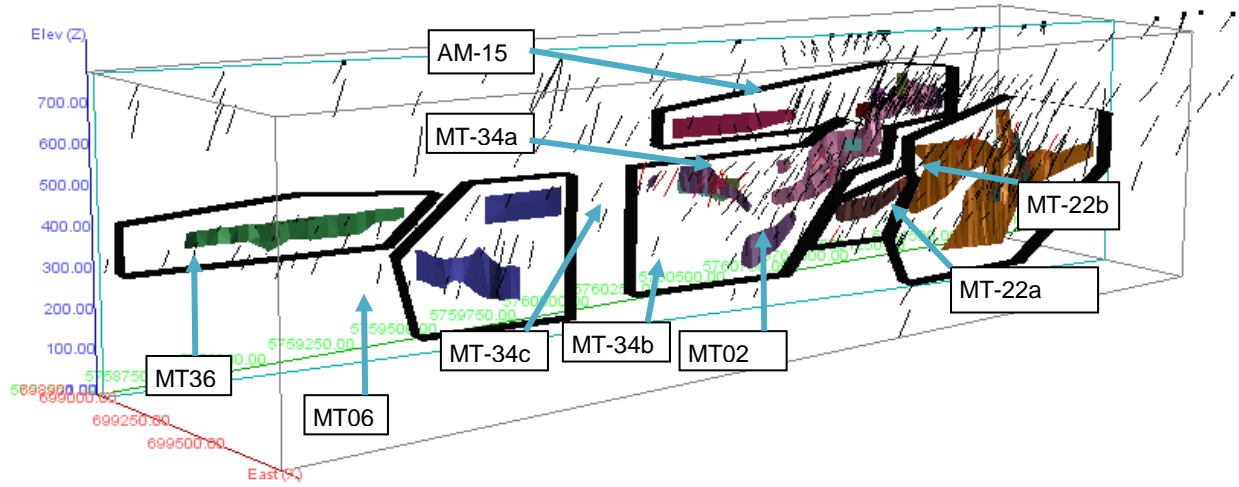
- The MT-06 zone is made up of upper and lower lenses. The upper lens is hosted in the upper-most ACF4 sedimentary units, ACF4A and ACF4B, and measures 225 m along strike by 75 m in height. The lower lens is hosted in the lower ACF4C and ACF4D sedimentary units and measures 350 m along strike by 100 m in height. The MT-06 zone varies between the minimum mining width of 1.5 m to approximately four metres. The average grade is 0.15% U<sub>3</sub>O<sub>8</sub>.
- The MT-36 zone is hosted in the uppermost ACF4 sedimentary unit, within sub-units ACF4A and ACF4B. It includes a sub-horizontal “wing” at the ACF4-CBF3 sedimentary unit contact within the eastern hanging wall zone. The average grade of the MT-36 zone is 0.21% U<sub>3</sub>O<sub>8</sub>. The zone measures 675 m along strike by 50 m in height. The sub-horizontal component is significantly smaller measuring 200 m along strike by 30 m to 40 m wide. The MT-36 zone varies from the minimum mining width of 1.5 m to approximately five metres.

**TABLE 4 LENS DIMENSIONS AND DETAILS**  
**Strateco Resources Inc. - Matoush Project**

| Zone         | Lens   | Strike<br>(deg.) | Dip<br>(deg.) | Max.<br>Strike<br>Length<br>(m) | Max.<br>Down<br>Dip<br>(m) | Avg. True<br>Thickness<br>(m) | Volume<br>(000 m <sup>3</sup> ) | No. Holes<br>Intersecting<br>Solid |
|--------------|--------|------------------|---------------|---------------------------------|----------------------------|-------------------------------|---------------------------------|------------------------------------|
| AM-15        | North  | 008              | -90           | 80                              | 80                         | 2.1                           | 7.2                             | 7                                  |
| AM-15        | South  | 006              | -83           | 110                             | 70                         | 3.0                           | 14.4                            | 17                                 |
| AM-15        | Upper  | 011              | -90           | 45                              | 40                         | 2.3                           | 3.8                             | 3                                  |
| AM-15        | S Ext. | 008              | -86           | 400                             | 55                         | 1.7                           | 69.3                            | 6                                  |
| MT-22        | MT22A  | 007              | -90           | 600                             | 400                        | 2.7                           | 339.5                           | 40                                 |
| MT-22        | MT22B  | 007              | -85           | 40                              | 200                        | 1.9                           | 16.3                            | 5                                  |
| MT-34        | MT34A  | 008              | -82           | 400                             | 150                        | 5.8                           | 256.5                           | 63                                 |
| MT-34        | MT34B  | 007              | -82           | 220                             | 75                         | 1.8                           | 29.7                            | 3                                  |
| MT-34        | MT34C  | 007              | -82           | 260                             | 60                         | 7.8                           | 36.1                            | 12                                 |
| MT-02        | MT-02  | 007              | -86           | 275                             | 50                         | 2.6                           | 31.9                            | 5                                  |
| MT-06        | Upper  | 005              | -90           | 225                             | 75                         | 2.6                           | 30.9                            | 3                                  |
| MT-06        | Lower  | 003              | -86           | 350                             | 100                        | 2.6                           | 72.8                            | 2                                  |
| MT-36        | Main   | 008              | -89           | 675                             | 50                         | 2.6                           | 77.0                            | 7                                  |
| MT-36        | Wing   | 008              | -01           | 200                             | 40                         | 2.6                           | 13.6                            | 2                                  |
| <b>Total</b> |        | <b>008</b>       | <b>-85</b>    | <b>2,900</b>                    | <b>550</b>                 | <b>3.5</b>                    | <b>1,000</b>                    | <b>175</b>                         |

Note: The total strike length is measured from the northernmost to the southernmost extent of mineralization, irrespective of elevation. The maximum down dip length is measured from the uppermost to the lowermost mineralized points, irrespective of section.

**FIGURE 1 3D VIEW OF WIREFRAME LENSES (LOOKING WEST)**



## U<sub>3</sub>O<sub>8</sub> STATISTICS

Uranium values within the wireframes were tagged with domain identifiers and exported for statistical analysis. Results were used to help verify the modelling process. Basic statistics by lens are summarized in Table 5. Several smaller lenses are grouped together in a category called 'Other'. Note that some descriptive statistics can be misleading where the number of samples is low.

Descriptive statistics and examination of probability plots indicated positively skewed data approaching a log-normal distribution. All zones and lenses have coefficient of variation (CV) values for U<sub>3</sub>O<sub>8</sub> greater than one.

**TABLE 5 DESCRIPTIVE STATISTICS OF U<sub>3</sub>O<sub>8</sub> VALUES BY LENS  
Stratco Resources Inc. - Matoush Project**

|                    | AM-15 South |                                   | AM-15 Upper |                                   | AM-15 North |                                   |
|--------------------|-------------|-----------------------------------|-------------|-----------------------------------|-------------|-----------------------------------|
|                    | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) |
| No. of Cases       | 103         | 103                               | 14          | 14                                | 35          | 35                                |
| Minimum            | 0.20        | 0.001                             | 0.40        | 0.003                             | 0.30        | 0.001                             |
| Maximum            | 3.00        | 7.050                             | 1.00        | 1.050                             | 1.00        | 3.110                             |
| Sum                | 70.57       |                                   | 10.90       |                                   | 21.20       |                                   |
| Median             | 0.60        | 0.216                             | 0.75        | 0.071                             | 0.60        | 0.080                             |
| Arithmetic Mean    | 0.69        | 0.767                             | 0.78        | 0.143                             | 0.61        | 0.668                             |
| Weighted Mean      |             | 0.636                             |             | 0.113                             |             | 0.509                             |
| Standard Deviation | 0.36        | 1.276                             | 0.21        | 0.271                             | 0.27        | 0.973                             |
| CV                 | 0.53        | 1.664                             | 0.27        | 1.887                             | 0.44        | 1.457                             |
|                    | MT-22A      |                                   | MT-22B      |                                   | MT-02       |                                   |
|                    | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) |
| No. of Cases       | 260         | 260                               | 19          | 19                                | 26          | 26                                |
| Minimum            | 0.30        | 0.001                             | 0.40        | 0.003                             | 0.30        | 0.015                             |
| Maximum            | 8.30        | 13.800                            | 1.00        | 2.520                             | 1.00        | 1.600                             |
| Sum                | 192.15      |                                   | 14.50       |                                   | 18.88       |                                   |
| Median             | 0.70        | 0.181                             | 0.70        | 0.113                             | 0.70        | 0.138                             |
| Arithmetic Mean    | 0.74        | 1.049                             | 0.76        | 0.489                             | 0.73        | 0.283                             |
| Weighted Mean      |             | 0.800                             |             | 0.492                             |             | 0.272                             |
| Standard Deviation | 0.54        | 2.242                             | 0.20        | 0.669                             | 0.24        | 0.364                             |
| CV                 | 0.74        | 2.136                             | 0.26        | 1.368                             | 0.33        | 1.285                             |
|                    | MT-34A      |                                   | MT-34B      |                                   | Other       |                                   |
|                    | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) | Length (m)  | U <sub>3</sub> O <sub>8</sub> (%) |
| No. of Cases       | 776         | 776                               | 12          | 12                                | 101         | 101                               |
| Minimum            | 0.10        | -                                 | 0.30        | 0.001                             | 0.30        | 0.001                             |
| Maximum            | 2.70        | 25.700                            | 1.00        | 1.380                             | 1.10        | 2.330                             |
| Sum                | 529.13      |                                   | 8.60        |                                   | 65.60       |                                   |
| Median             | 0.60        | 0.288                             | 0.75        | 0.017                             | 0.50        | 0.136                             |
| Arithmetic Mean    | 0.68        | 1.153                             | 0.72        | 0.241                             | 0.65        | 0.298                             |
| Weighted Mean      |             | 0.880                             |             | 0.202                             |             | 0.273                             |
| Standard Deviation | 0.28        | 2.607                             | 0.28        | 0.468                             | 0.24        | 0.422                             |
| CV                 | 0.41        | 2.261                             | 0.39        | 1.944                             | 0.36        | 1.416                             |



|                           | MT-06         |                                      | MT-36         |                                      | AM15 South Ext. |                                      |
|---------------------------|---------------|--------------------------------------|---------------|--------------------------------------|-----------------|--------------------------------------|
|                           | Length<br>(m) | U <sub>3</sub> O <sub>8</sub><br>(%) | Length<br>(m) | U <sub>3</sub> O <sub>8</sub><br>(%) | Length<br>(m)   | U <sub>3</sub> O <sub>8</sub><br>(%) |
| <b>No. of Cases</b>       | 31            | 31                                   | 57            | 57                                   | 30              | 30                                   |
| <b>Minimum</b>            | 0.50          | 0.002                                | 0.30          | 0.001                                | 0.40            | 0.002                                |
| <b>Maximum</b>            | 1.00          | 1.330                                | 1.00          | 12.800                               | 1.00            | 1.220                                |
| <b>Sum</b>                | 22.15         |                                      | 32.30         |                                      | 21.15           |                                      |
| <b>Median</b>             | 0.65          | 0.116                                | 0.50          | 0.066                                | 0.70            | 0.063                                |
| <b>Arithmetic Mean</b>    | 0.72          | 0.179                                | 0.57          | 0.401                                | 0.71            | 0.174                                |
| <b>Weighted Mean</b>      |               | 0.164                                |               | 0.27                                 |                 | 0.159                                |
| <b>Standard Deviation</b> | 0.17          | 0.276                                | 0.22          | 1.708                                | 0.20            | 0.295                                |
| <b>CV</b>                 | 0.24          | 1.543                                | 0.39          | 4.259                                | 0.28            | 1.697                                |

|                           | MT-34C        |                                      |
|---------------------------|---------------|--------------------------------------|
|                           | Length<br>(m) | U <sub>3</sub> O <sub>8</sub><br>(%) |
| <b>No. of Cases</b>       | 99            | 99                                   |
| <b>Minimum</b>            | 0.30          | 0.003                                |
| <b>Maximum</b>            | 1.00          | 8.280                                |
| <b>Sum</b>                | 53.10         |                                      |
| <b>Median</b>             | 0.50          | 0.446                                |
| <b>Arithmetic Mean</b>    | 0.54          | 1.211                                |
| <b>Weighted Mean</b>      |               | 1.191                                |
| <b>Standard Deviation</b> | 0.19          | 1.711                                |
| <b>CV</b>                 | 0.35          | 1.413                                |

## CUTTING HIGH-GRADE VALUES

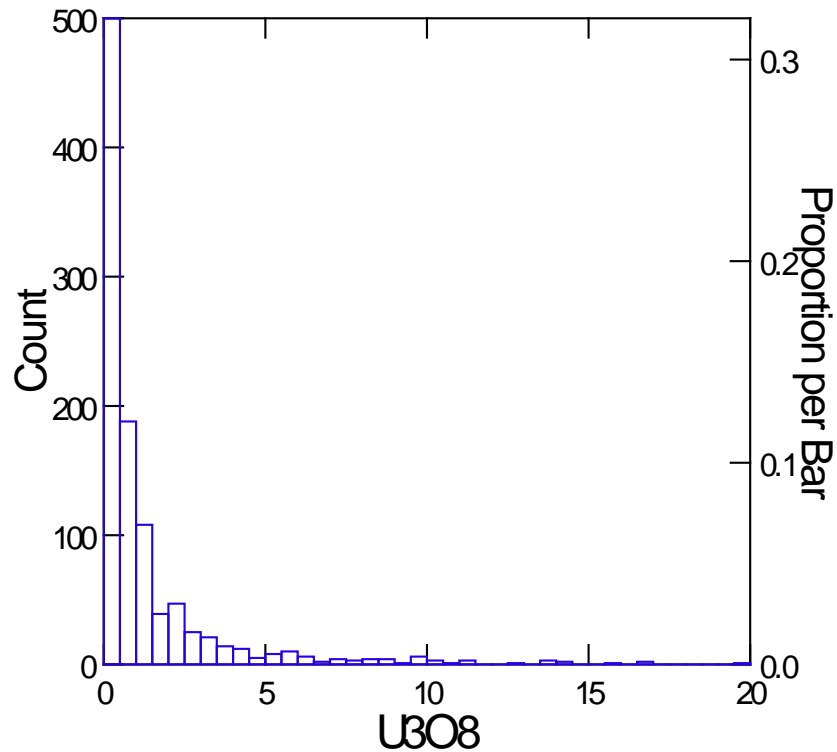
Where the assay distribution is positively skewed or approaches log-normal, erratic high-grade values can have a disproportionate effect on the average grade of a deposit. One method of treating these outliers in order to reduce their influence on the average grade is to cut or cap them at a specific grade level. In the absence of production data to calibrate the cutting level, inspection of the assay distribution can be used to estimate a “first pass” cutting level.

RPA’s interpretation of the frequency distributions of the resource assays suggests cutting high-grade values to 9% U<sub>3</sub>O<sub>8</sub> (Figure 2). Inspecting high-grade values on vertical sections and level plans confirms that uranium values above this level are spatially erratic and therefore cutting is appropriate.

Cutting high-grade U<sub>3</sub>O<sub>8</sub> values to 9% affects 27 values which represent 1.7% of the resource assays. Lenses MT-34A, MT-22A, and MT-36 were affected. In MT-22A for example, the average grade of the resource assays was reduced from 1.05% U<sub>3</sub>O<sub>8</sub> to 0.99% U<sub>3</sub>O<sub>8</sub>, a 6% decrease (Table 6). The standard deviation is reduced from 2.24 to 1.98 and the CV from 2.14 to 2.00.

Part of the high grade shoot within Lens MT-34A was left uncut in order to preserve the high grade core.

**FIGURE 2 HISTOGRAM OF RESOURCE ASSAY VALUES**



**TABLE 6 DESCRIPTIVE STATISTICS OF CUT  $U_3O_8$  ASSAY VALUES**  
**Strateco Resources Inc. - Matoush Project**

|                          | <b>MT-22A</b><br><b><math>U_3O_8</math> (%)</b> | <b>MT-34A</b><br><b><math>U_3O_8</math> (%)</b> | <b>MT-36</b><br><b><math>U_3O_8</math> (%)</b> |
|--------------------------|---|---|--|
| Cutting Level            | 9%  | 9%  | 9%   |
| Number of Values Cut     | 8   | 18  | 1  |
| Percent of Values Cut    | 3%  | 2%  | 2%   |
| No. of Cases             | 260   | 776   | 57   |
| Minimum                  | 0.001   | 0.001   | 0.001  |
| Maximum                  | 9.000   | 9.000   | 9.000  |
| Median                   | 0.181   | 0.288   | 0.066  |
| Arithmetic Mean          | 0.993   | 1.021   | 0.334  |
| Standard Deviation       | 1.982   | 1.850   | 1.220  |
| Coefficient of Variation | 1.995   | 1.812   | 3.649  |

## COMPOSITING

Sample intervals within the wireframe models range from ten centimetres to five metres, and average 70 cm (Table 5). Assays within the wireframe models were composited to two-metre lengths starting at the first mineralized wireframe boundary from the collar and resetting at each new lens wireframe boundary. Several shorter composites occur at the bottom of the mineralized zone, immediately above where the drill hole exits the wireframe. Partial composites less than 60 cm long were removed from the dataset. Non-assayed intervals were treated as zero grade.

Table 7 summarizes statistics of the uncut and cut  $U_3O_8$  composite values by lens. The decrease in average composite grade, when compared to raw assay grades, is mainly due to a sample length bias whereby the geologist logging the core selects shorter sample lengths for the higher grade intercepts, based on scintillometer response.

**TABLE 7 DESCRIPTIVE STATISTICS OF  $U_3O_8$  COMPOSITE VALUES BY LENS  
Stratco Resources Inc. - Matoush Project**

|                           | AM-15 South     |                     | AM-15 Upper     |                     | AM-15 North     |                     |
|---------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
|                           | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) |
| <b>No. of Cases</b>       | 38              | 38                  | 6               | 6                   | 14              | 14                  |
| <b>Minimum</b>            | 0.001           | 0.001               | 0.010           | 0.010               | 0.001           | 0.001               |
| <b>Maximum</b>            | 3.312           | 3.312               | 0.244           | 0.244               | 2.448           | 2.448               |
| <b>Median</b>             | 0.301           | 0.301               | 0.087           | 0.087               | 0.187           | 0.187               |
| <b>Arithmetic Mean</b>    | 0.614           | 0.614               | 0.112           | 0.112               | 0.433           | 0.433               |
| <b>Weighted Mean</b>      | 0.638           | 0.638               | 0.113           | 0.113               | 0.532           | 0.532               |
| <b>Standard Deviation</b> | 0.755           | 0.755               | 0.084           | 0.084               | 0.671           | 0.671               |
| <b>CV</b>                 | 1.230           | 1.230               | 0.748           | 0.748               | 1.550           | 1.550               |
|                           | MT-22           |                     | MT-22B          |                     | MT-02           |                     |
|                           | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) |
| <b>No. of Cases</b>       | 101             | 101                 | 9               | 9                   | 11              | 11                  |
| <b>Minimum</b>            | 0.001           | 0.001               | 0.001           | 0.001               | 0.051           | 0.051               |
| <b>Maximum</b>            | 8.956           | 8.057               | 0.855           | 0.855               | 0.739           | 0.739               |
| <b>Median</b>             | 0.267           | 0.267               | 0.459           | 0.459               | 0.207           | 0.207               |
| <b>Arithmetic Mean</b>    | 0.812           | 0.782               | 0.403           | 0.403               | 0.250           | 0.250               |
| <b>Weighted Mean</b>      | 0.827           | 0.794               | 0.393           | 0.393               | 0.272           | 0.272               |
| <b>Standard Deviation</b> | 1.563           | 1.434               | 0.338           | 0.338               | 0.205           | 0.205               |
| <b>CV</b>                 | 1.925           | 1.834               | 0.839           | 0.839               | 0.819           | 0.819               |
|                           | MT-34A          |                     | MT-34B          |                     | Other           |                     |
|                           | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) | $U_3O_8$<br>(%) | Cut $U_3O_8$<br>(%) |
| <b>No. of Cases</b>       | 282             | 282                 | 6               | 6                   | 38              | 38                  |
| <b>Minimum</b>            | 0               | 0                   | 0.001           | 0.001               | 0.001           | 0.001               |
| <b>Maximum</b>            | 14.226          | 8.608               | 0.540           | 0.540               | 1.004           | 1.004               |
| <b>Median</b>             | 0.331           | 0.331               | 0.070           | 0.070               | 0.176           | 0.176               |
| <b>Arithmetic Mean</b>    | 0.842           | 0.780               | 0.152           | 0.152               | 0.285           | 0.285               |
| <b>Weighted Mean</b>      | 0.877           | 0.811               | 0.208           | 0.208               | 0.276           | 0.276               |
| <b>Standard Deviation</b> | 1.544           | 1.198               | 0.206           | 0.206               | 0.283           | 0.283               |
| <b>CV</b>                 | 1.834           | 1.536               | 1.361           | 1.361               | 0.993           | 0.993               |



|                           | MT-06                                |  | MT-36                                |  | AM15 South Ext.                      |  |
|---------------------------|--------------------------------------|--|--------------------------------------|--|--------------------------------------|--|
|                           | U <sub>3</sub> O <sub>8</sub><br>(%) | Cut U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(%) | Cut U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(%) | Cut U <sub>3</sub> O <sub>8</sub><br>(%) |
| <b>No. of Cases</b>       | 13                                   | 13                                       | 19                                   | 19                                       | 12                                   | 12                                       |
| <b>Minimum</b>            | 0.002                                | 0.002                                    | 0.012                                | 0.012                                    | 0.002                                | 0.002                                    |
| <b>Maximum</b>            | 0.659                                | 0.659                                    | 1.938                                | 1.368                                    | 0.637                                | 0.637                                    |
| <b>Median</b>             | 0.130                                | 0.130                                    | 0.093                                | 0.093                                    | 0.118                                | 0.118                                    |
| <b>Arithmetic Mean</b>    | 0.161                                | 0.161                                    | 0.268                                | 0.238                                    | 0.168                                | 0.168                                    |
| <b>Weighted Mean</b>      | 0.164                                | 0.164                                    | 0.271                                | 0.236                                    | 0.166                                | 0.166                                    |
| <b>Standard Deviation</b> | 0.167                                | 0.167                                    | 0.456                                | 0.345                                    | 0.180                                | 0.180                                    |
| <b>CV</b>                 | 1.038                                | 1.038                                    | 1.698                                | 1.447                                    | 1.073                                | 1.073                                    |

|                           | MT-34C                               |  |
|---------------------------|--------------------------------------|--|
|                           | U <sub>3</sub> O <sub>8</sub><br>(%) | Cut U <sub>3</sub> O <sub>8</sub><br>(%) |
| <b>No. of Cases</b>       | 29                                   | 29                                       |
| <b>Minimum</b>            | 0.022                                | 0.022                                    |
| <b>Maximum</b>            | 5.291                                | 5.291                                    |
| <b>Median</b>             | 0.537                                | 0.537                                    |
| <b>Arithmetic Mean</b>    | 1.135                                | 1.135                                    |
| <b>Weighted Mean</b>      | 1.209                                | 1.209                                    |
| <b>Standard Deviation</b> | 1.287                                | 1.287                                    |
| <b>CV</b>                 | 1.133                                | 1.133                                    |

## DENSITY

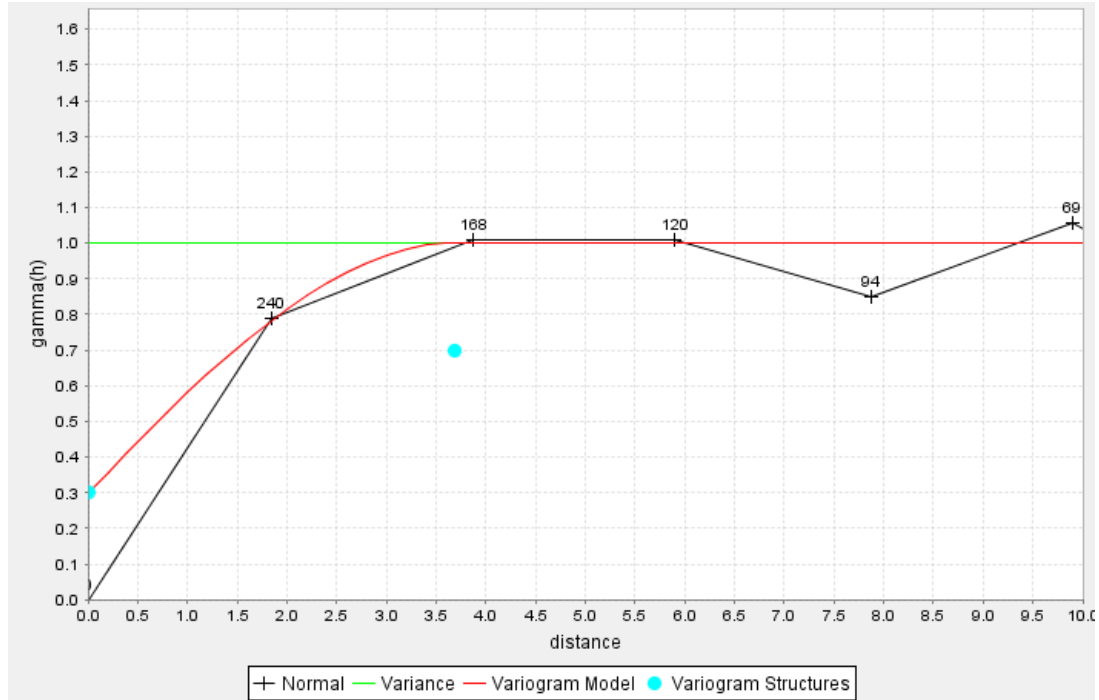
RPA reviewed results of 1,033 bulk density measurements made by Strateco technicians using the water immersion method. The dataset included input weights plus some paired rock density measurements made by pycnometer at the Saskatchewan Research Council (SRC). RPA concluded that smaller samples may have poor accuracy and precision, and therefore used only samples weighing greater than 600 g to calculate the average density of mineralization at 2.67 t/m<sup>3</sup>. This factor was then used to convert resource volumes to a tonnage.

## VARIOGRAPHY AND KRIGING PARAMETERS

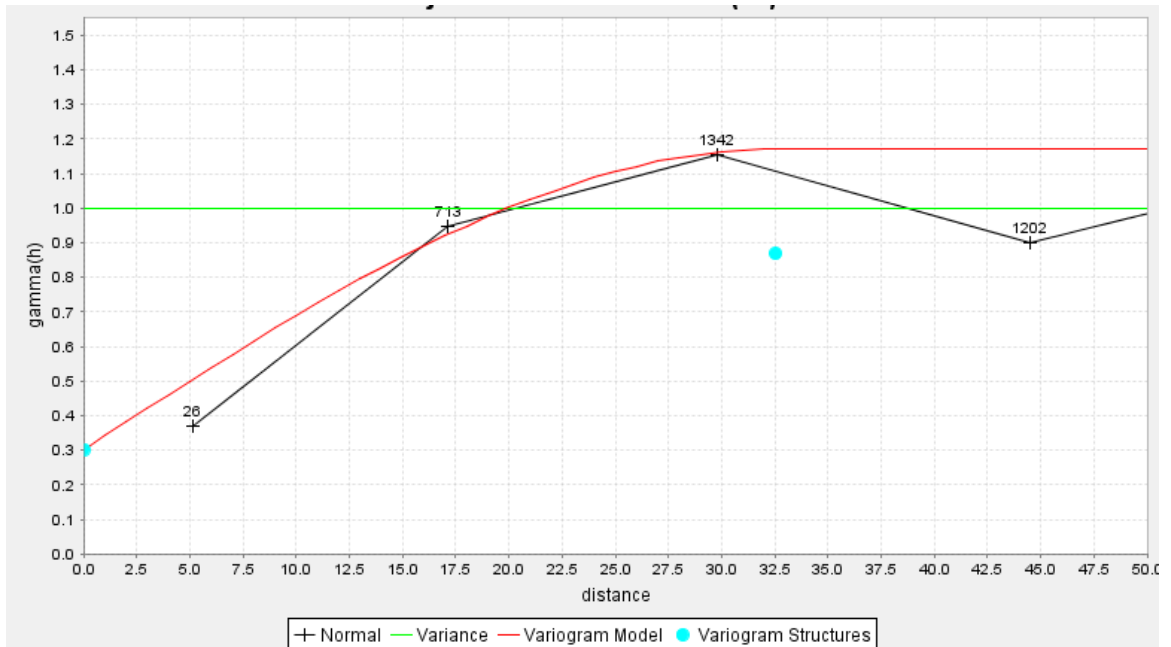
RPA generated downhole, omni-directional, and directional variograms using the two-metre composite U<sub>3</sub>O<sub>8</sub> values located within the mineralized wireframes. The downhole variogram suggests a relative nugget effect of approximately 25% (Figure 3). Long range directional variograms were focused in the plane of mineralization, which strikes north-south and dips vertically. In general, the longest ranges were interpreted in the direction of plunge (southward from -10° to -45°). The major (down-plunge) variogram has an overall range of approximately 33 m (Figure 4). The semi-major variogram has a range of approximately 20 m (Figure 5).

RPA used a three pass interpolation with larger search ellipses for each pass (Table 7) to estimate most blocks inside the wireframe models. The search ellipses were oriented in the plane of mineralization, and when tri-axial, in the plunge of mineralization. A minimum of one to a maximum of eight composites were used to estimate the grade of each block.

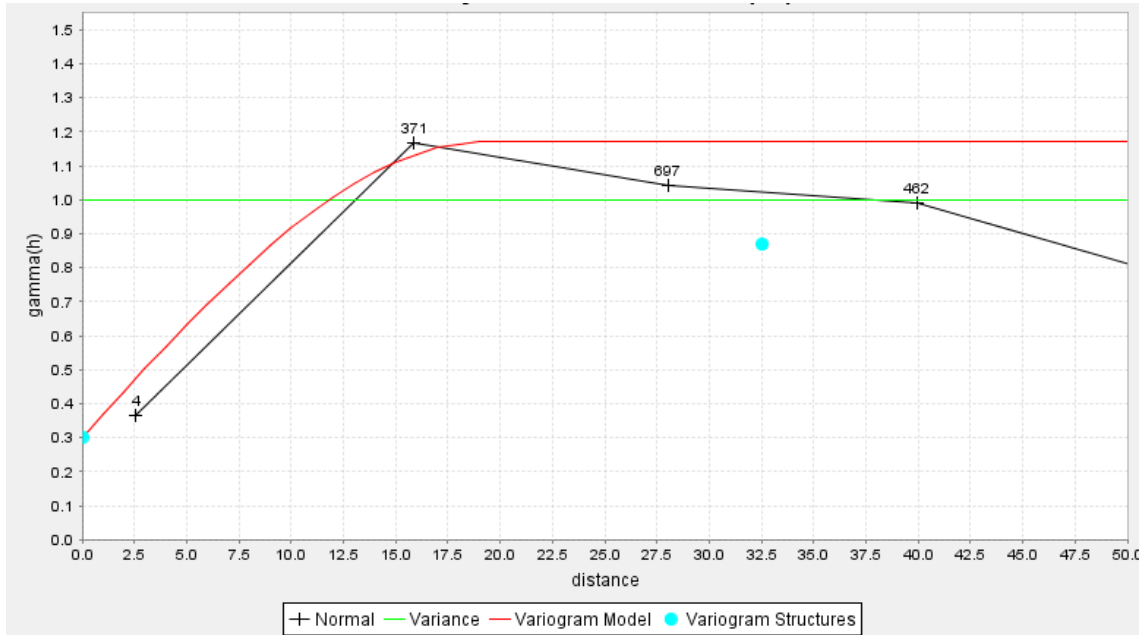
**FIGURE 3 DOWNHOLE VARIOGRAM**



**FIGURE 4 ALONG-STRIKE VARIOGRAM**



**FIGURE 5 DOWN-DIP VARIOGRAM**



**TABLE 7 SEARCH ELLIPSE DIMENSIONS  
Strateco Resources Inc. - Matoush Project**

|   | Major (m) | Semi-major (m) | Minor (m) |
|---|-----------|----------------|-----------|
| Tri-axial (MT02, MT22A, MT34A, MT22B, MT34B, MT34C) |           |                |           |
| 1st pass  | 33        | 20             | 9         |
| 2nd pass  | 66        | 40             | 18        |
| 3rd pass  | 120       | 120            | 120       |
| Oblate (AM15SE, MT06, Other)                        |           |                |           |
| 1st pass  | 33        | 33             | 9         |
| 2nd pass  | 66        | 66             | 18        |
| 3rd pass  | 120       | 120            | 120       |
| Isotropic (MT36)                                    |           |                |           |
| 1st pass  | 33        | 33             | 33        |
| 2nd pass  | 66        | 66             | 66        |
| 3rd pass  | 120       | 120            | 120       |

**BLOCK MODEL SET-UP**

The rotated (-8°) Gemcom block model is made up of 65 columns, 310 rows, and 70 levels for a total of 1,410,500 blocks. The model origin is at UTM Zone 18, NAD83 coordinates 698900 mE, 5758585 mN and 699 m elevation. Each block is 10 m by 10 m by 3 m in size and contains the following information:

- Estimated cut and uncut U<sub>3</sub>O<sub>8</sub> grades related to mineralized blocks inside the mineralization wireframes.



- The percentage volume of each block within the mineralization wireframes.
- A global tonnage factor of 2.67 t/m<sup>3</sup>.
- Mineral Resource classification identifiers for resource blocks.
- The distance to the closest composite used to interpolate the block grade.
- The average distance to all composites used to interpolate the block grade.
- The number of composites used to estimate the block grade.

## **CLASSIFICATION**

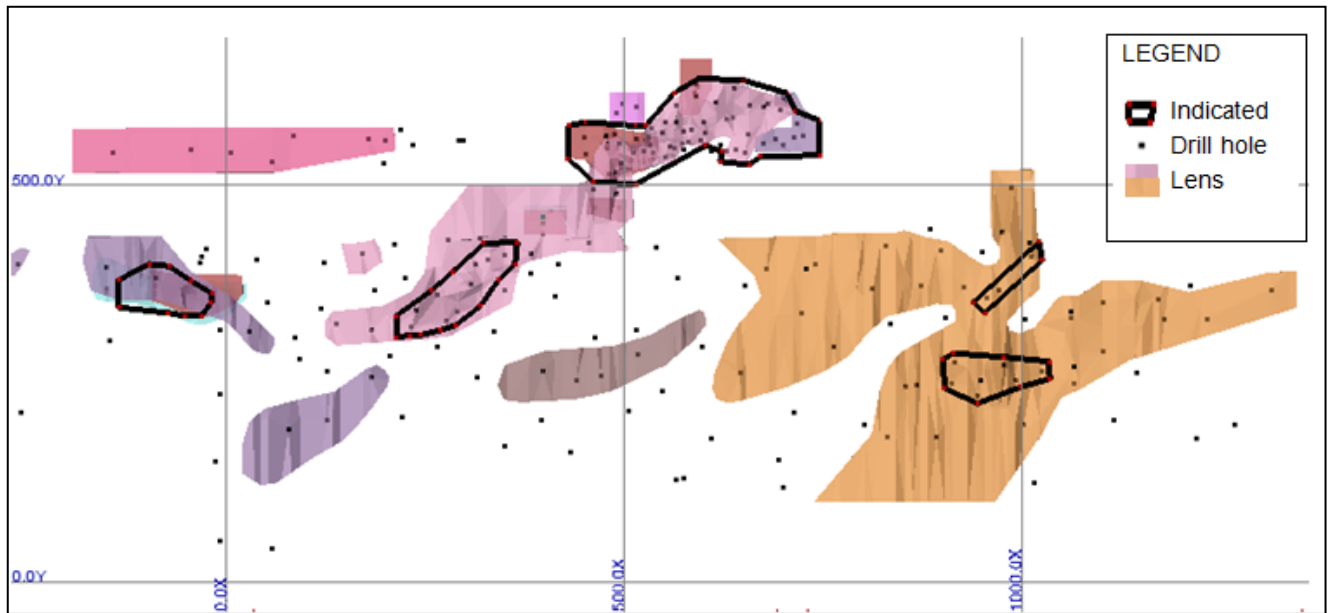
RPA manually classified the Mineral Resources based on drill hole spacing, geology, lens thickness, continuity, and variogram ranges. Most areas of Indicated are supported by 30 m to 40 m spacing, with some exceptions in areas of thicker and more continuous mineralization where spacing up to 50 m was included.

The classification in the AM-15 zone remains the same as previous estimate. The drill hole spacing in the AM-15 zone is generally less than 20 m. The MT-34 (Main lens), South Lens, and most of the North Lens were classified as Indicated. Although there are some areas of closely spaced drilling in the upper MT-34 (part of AM-15 zone) and South lenses, no blocks were classified as Measured because grade and geometrical continuity has not been established to the confidence level required for the Measured category.

The thick high-grade shoot in the MT-34A lens classified as Indicated in the previous estimate was extended due to additional drill holes. The stronger grade continuity in the down-plunge direction is reflected in the manual classification where Indicated portions are more tightly constrained along-strike than in the down-plunge direction.

Three areas were upgraded from Inferred to Indicated in this current estimate. Part of Lens MT-34C was classified as Indicated due to closely spaced drilling. Two areas of Lens MT-22A were upgraded from Inferred to Indicated due to an increased understanding of the controls on mineralization, specifically the spatial interpretation of the various types of dykes.

FIGURE 2 CLASSIFICATION LONGITUDINAL SECTION







## MINERAL RESOURCE REPORTING

Table 8 lists resources by lens and classification at a 0.10% U<sub>3</sub>O<sub>8</sub> cut-off. The part of the MT34A lens located within the AM-15 zone was formally known as the Main lens. Lenses MT34A and MT22A make up the bulk of the resources.

**TABLE 8 MINERAL RESOURCES BY LENS  
Strateco Resources Inc. - Matoush Project**

| Classification/Lens    | Tonnage<br>(000 t) | U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(000 lb) |
|------------------------|--------------------|--------------------------------------|---|
| <b>Indicated</b>       |                    |                                      |   |
| SZ                     | 29                 | 0.576                                | 373                                       |
| UZ                     | 0                  | 0.375                                | 1   |
| NZ                     | 14                 | 0.623                                | 197                                       |
| MT22A                  | 73                 | 1.160                                | 1,866                                     |
| MT34A                  | 438                | 0.969                                | 9,350                                     |
| MT34C                  | 32                 | 0.776                                | 541                                       |
| <b>Total Indicated</b> | <b>586</b>         | <b>0.954</b>                         | <b>12,329</b>                             |
| <b>Inferred</b>        |                    |                                      |   |
| MISC                   | 94                 | 0.294                                | 610                                       |
| UZ                     | 10                 | 0.118                                | 25  |
| NZ                     | 3                  | 0.330                                | 25  |
| MT02                   | 69                 | 0.270                                | 413                                       |
| MT06                   | 195                | 0.181                                | 777                                       |
| MT22A                  | 681                | 0.545                                | 8,188                                     |
| MT22B                  | 36                 | 0.421                                | 330                                       |
| MT34A                  | 217                | 0.517                                | 2,469                                     |
| MT34B                  | 58                 | 0.210                                | 269                                       |
| MT36                   | 196                | 0.262                                | 1,127                                     |
| AM15SE                 | 67                 | 0.251                                | 369                                       |
| MT34C                  | 61                 | 1.377                                | 1,837                                     |
| <b>Total Inferred</b>  | <b>1,686</b>       | <b>0.442</b>                         | <b>16,440</b>                             |

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.1% U<sub>3</sub>O<sub>8</sub>.
3. Mineral Resources are estimated using an average long-term uranium price of US\$75 per pound.
4. A minimum mining width of 1.5 m was used.
5. The MT34A lens is within both the MT-34 and AM-15 zones.
6. Numbers may not add due to rounding.

Table 9 lists resources by zone and cut-off grade and shows that the deposit is relatively insensitive to cut-off grades from 0.05% to 0.20% U<sub>3</sub>O<sub>8</sub>.



**TABLE 9 MINERAL RESOURCES BY ZONE AND CUT-OFF GRADE  
Strateco Resources Inc. - Matoush Project**

|                      | Cut-off | Tonnage<br>(000 t) | U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(000 lb) |
|----------------------|---------|--------------------|--------------------------------------|---|
| <b>Indicated</b>     |         |                    |                                      |   |
| AM-15                | > 0.3   | 200                | 0.88                                 | 3,889                                     |
|                      | > 0.2   | 236                | 0.78                                 | 4,088                                     |
|                      | > 0.1   | 269                | 0.71                                 | 4,205                                     |
|                      | > 0.05  | 281                | 0.68                                 | 4,227                                     |
| MT--22               | > 0.3   | 56                 | 1.47                                 | 1,795                                     |
|                      | > 0.2   | 57                 | 1.43                                 | 1,805                                     |
|                      | > 0.1   | 73                 | 1.16                                 | 1,866                                     |
|                      | > 0.05  | 73                 | 1.16                                 | 1,867                                     |
| MT-34                | > 0.3   | 203                | 1.35                                 | 6,052                                     |
|                      | > 0.2   | 233                | 1.21                                 | 6,213                                     |
|                      | > 0.1   | 245                | 1.16                                 | 6,257                                     |
|                      | > 0.05  | 247                | 1.15                                 | 6,260                                     |
| <b>All Indicated</b> | > 0.3   | 459                | 1.16                                 | 11,736                                    |
|                      | > 0.2   | 527                | 1.04                                 | 12,106                                    |
|                      | > 0.1   | 586                | 0.95                                 | 12,329                                    |
|                      | > 0.05  | 601                | 0.93                                 | 12,354                                    |
| <b>Inferred</b>      |         |                    |                                      |   |
| AM-15                | > 0.3   | 27                 | 0.38                                 | 222                                       |
|                      | > 0.2   | 38                 | 0.34                                 | 283                                       |
|                      | > 0.1   | 95                 | 0.22                                 | 456                                       |
|                      | > 0.05  | 113                | 0.19                                 | 483                                       |
| MT-02                | > 0.3   | 27                 | 0.35                                 | 212                                       |
|                      | > 0.2   | 49                 | 0.31                                 | 338                                       |
|                      | > 0.1   | 69                 | 0.27                                 | 413                                       |
|                      | > 0.05  | 85                 | 0.23                                 | 439                                       |
| MT-06                | > 0.3   | 2                  | 0.37                                 | 19  |
|                      | > 0.2   | 75                 | 0.25                                 | 411                                       |
|                      | > 0.1   | 195                | 0.18                                 | 777                                       |
|                      | > 0.05  | 273                | 0.15                                 | 886                                       |
| MT-22                | > 0.3   | 411                | 0.79                                 | 7,177                                     |
|                      | > 0.2   | 571                | 0.64                                 | 8,063                                     |
|                      | > 0.1   | 717                | 0.54                                 | 8,517                                     |
|                      | > 0.05  | 837                | 0.47                                 | 8,698                                     |
| MT-34                | > 0.3   | 192                | 1.01                                 | 4,280                                     |
|                      | > 0.2   | 256                | 0.82                                 | 4,639                                     |
|                      | > 0.1   | 414                | 0.56                                 | 5,148                                     |
|                      | > 0.05  | 467                | 0.51                                 | 5,241                                     |
| MT-36                | > 0.3   | 70                 | 0.49                                 | 745                                       |
|                      | > 0.2   | 74                 | 0.47                                 | 766                                       |
|                      | > 0.1   | 196                | 0.26                                 | 1,127                                     |
|                      | > 0.05  | 238                | 0.23                                 | 1,199                                     |
| <b>All Inferred</b>  | > 0.3   | 318                | 0.78                                 | 5,478                                     |
|                      | > 0.2   | 491                | 0.59                                 | 6,437                                     |
|                      | > 0.1   | 969                | 0.37                                 | 7,922                                     |
|                      | > 0.05  | 1,175              | 0.32                                 | 8,248                                     |



Table 10 compares the previous estimate done in 2011 with the current estimate. Changes in mineral resources are:

- A 29% increase in Indicated tonnage and a corresponding decrease of 17% in Inferred tonnage;
- A 22% increase the Indicated grade and 3% increase in Inferred grade;
- A 58% increase in Indicated contained metal; and
- A 14% decrease in Inferred contained metal.

The increase in Indicated tonnage is primarily due to additional drilling and a better understanding of the controls on mineralization. The global tonnage has gone down, primarily due to infill drilling intersecting low grades in parts of the MT-34 Zone. The average grade of the Indicated resources increased due to the addition of the high grade areas in MT-34 and MT-22, plus modified kriging and search ellipse parameters.

**TABLE 10 COMPARISON OF CURRENT AND PREVIOUS ESTIMATES  
Strateco Resources Inc. - Matoush Project**

|           | 2011 Estimate   |                                      |  | 2012 (current) Estimate |                                      |  | Percent Difference |   |   |
|-----------|-----------------|--------------------------------------|--|-------------------------|--------------------------------------|--|--------------------|---|---|
|           | Tonnes<br>(000) | U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(000 lbs) | Tonnes<br>(000)         | U <sub>3</sub> O <sub>8</sub><br>(%) | U <sub>3</sub> O <sub>8</sub><br>(000 lbs) | Tonnage<br>% diff  | U <sub>3</sub> O <sub>8</sub><br>% diff | U <sub>3</sub> O <sub>8</sub><br>% diff |
| Indicated | 453             | 0.78                                 | 7,782                                      | 586                     | 0.954                                | 12,329                                     | 29%                | 22%                                     | 58%                                     |
| Inferred  | 2,041           | 0.43                                 | 19,225                                     | 1,686                   | 0.442                                | 16,440                                     | -17%               | 3%                                      | -14%                                    |



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