STRATECO
RESOURCES

MANAGEMENT DISCUSSION AND ANALYSIS AS AT DECEMBER 31, 2012

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SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the financial statements of Strateco Resources Inc. (the "Company") for the years ended December 31, 2012 and 2011, and the financial statements for the year ended December 31, 2012 have been prepared in accordance with IFRS including comparative figures. All amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The sections of this MD&A on the Company's strategy and action plan, its exploration activities and the financial disclosure that reflects management's current expectations contain "forward-looking statements". Such statements should be interpreted according to context, particularly statements that reflect the Company's opinions, estimates or expectations with regard to future events or results. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Factors that could cause future results, activities and events to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, uranium price volatility, risks inherent in the mining industry, uncertainty in the estimation of mineral resources and additional financial requirements, as well as the Company's ability to meet such requirements. These risks and uncertainties are described in this MD&A and in the annual information form filed on SEDAR at www.sedar.com.

INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

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 does not currently have any mines in production. The Company has a portfolio of four wholly-owned mining properties and interests in three other mining properties. These properties are all located in Québec, and together comprise 941 claims for a total area of 49,606 hectares (496 km^2). The Company's activities are focused on the exploration of the Matoush project. With the exception of some projects in the Athabasca basin in Saskatchewan, the Matoush project in the Otish Mountains of northern Québec can be considered one of the highest-grade uranium projects in the world.

Recovery of the cost of mining assets is subject to the discovery and extraction 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 will periodically need to obtain new funds to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

URANIUM MARKET

The uranium market has grown considerably since the beginning of the 2000s because of the associated advantages and demand in many industries. Growing energy needs, particularly in emerging countries like China and India, environmental concerns and the availability of the resource for large-scale production are among the factors behind the rise in the uranium market. The uranium spot price climbed from about US$10/pound in 2002 to a peak of US$137/pound in 2007.

The uranium market was nevertheless shaken by the incident that occurred in Fukushima, Japan, on March 11, 2011, and the uranium spot price dropped substantially, as did all uranium company indices. In 2012, the uranium spot price was fairly stable at around US$48/pound and the long-term price was about US$60/pound, with the year marked by uncertainty surrounding the termination of the German nuclear program and the possibility that Japan would not restart its reactors, among other things. In January 2013, the uranium spot price was about US$42/pound.

Nevertheless, many analysts are optimistic about the future of the uranium market. Despite economic recessions and the events at Fukushima, demand for energy continues to grow. Energy needs are such that nuclear power projects are being developed around the world. Many countries intend to expand their nuclear capacity, including China, the United Kingdom, India, Russia, the United States, South Korea and the United Arab Emirates. Even Japan plans to restart some of its reactors. Uranium demand is expected to grow by 22% by 2020 and 52% by 2030 (UxC, 2012).

There are currently 435 nuclear reactors worldwide in some 30 countries (January 2013), and another 60 under construction in some 13 countries, primarily in Asia. China has 16 reactors in operation, 27 under construction and another 50 planned. In Russia, there are currently 10 reactors under construction and another 24 planned. India intends to increase its nuclear capacity with the addition of some 30 reactors in the next 20 years, and the nuclear cooperation agreement signed between Canada and India will see Canada export uranium, among other things, to India for the first time since 1976. In all, 167 nuclear reactors are expected to be built in the coming years (World Nuclear Association, January 2013).

Countries that shut down their nuclear programs following the events in Japan represent a small proportion of global demand for nuclear power. There have not been this many nuclear reactors in construction since the rapid growth seen at the end of the 1980s. Nuclear power is therefore still relevant, and the future is promising.

2012 HIGHLIGHTS

The Company had a very busy year in 2012. In addition to reaching important milestones in the development of its Matoush uranium project, the Company continued to demonstrate the project's exceptional value. Indeed, the completion of the licensing process for the underground exploration program, excellent drill results and the significant increase in the indicated resource tonnage and grade are promising developments for the future of the Company and its Matoush project.

In terms of the license to be granted by the Canadian Nuclear Safety Commission ("CNSC") for the Matoush underground exploration program, the year kicked off with positive decisions from the federal Minister of the Environment and the federal administrator of the James Bay and Northern Québec Agreement (the "federal administrator") on the Matoush project environmental impact assessment study. These approvals were an essential step in the licensing process as they allowed the Company to proceed to the next stage, namely the CNSC public hearings on the technical aspects of the project, which took place on June 5 and 7, 2012, in Mistissini and Chibougamau. At the public hearings, the Company received the support of James Bay elected officials, among others, while the Mistissini band council reiterated its opposition to the advanced exploration program.

The Company finally received the CNSC license for the underground exploration program on October 16, 2012, after a very lengthy process that began in July 2008. The license is for the maximum allowable period of five years. The CNSC has made the license subject to a number of conditions; among other things, the Company must deposit a $6,000,000 financial guaranty for site rehabilitation before starting work. The CNSC has concluded that the Company will make adequate provision for the protection of the environment, the health and safety of persons and the maintenance of national security and the international obligations to which Canada has agreed.

The Company is now waiting for the Québec government to approve the underground exploration program. On January 17, 2013, the Company announced that it had filed a motion for *mandamus* and declaratory judgment with the Québec Superior Court aimed at, among other things, ensuring that the Québec ministry of sustainable development, environment, wildlife and parks (*Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*, or "MDDEFP") renders a decision on the authorization required for the execution of the Matoush underground exploration program. At the initial case management session held in Québec City on March 20, 2013, on its motion for *mandamus* and declaratory judgment, the Company informed the Superior Court of Québec that it had decided to amend its petition to limit it to the motion for *mandamus,* in the interest of accelerating the judicial process.

On the exploration front, the 15,000-metre drilling program that started in January 2012 was aimed at better defining the mineralized zones discovered in 2010 and 2011 so as to increase the total resources in general and the indicated resource in particular. The results obtained throughout the 2012 program showed that the Matoush project has some of the highest uranium grades in the world, as well as the potential for a significant increase in the mineral resource.

The drilling program ended in late August 2012 with a total of 14,947 metres drilled. Drilling was focused on the Matoush property, and consisted primarily of definition drilling in the areas of the MT-22A and MT-34A lenses. Very good results were obtained throughout the program, the best being 2.62% U_3O_8 over 15.0 metres, including 5.71% U_3O_8 over 6.6 metres in Hole MT-12-012, drilled in the MT-22A lens.

The Matoush project mineral resource was updated twice in 2012. The first update, by Roscoe Postle Associates Inc. ("RPA") in January 2012, indicated that the inferred mineral resource had increased by 50% to 2.04 million tonnes grading 0.43% U_3O_8 containing 19.22 million pounds of U_3O_8. The indicated resource remained essentially unchanged as the Company had not carried out any definition drilling work from November 2009 to October 2011, and was therefore estimated at 453,000 tonnes at a grade of 0.78% U_3O_8 for 7.78 million pounds of U_3O_8.

The second mineral resource update for the Matoush project, prepared by RPA in December 2012, resulted in a significant increase of 58% in the indicated resource. The indicated resource is thus now estimated at 586,000 tonnes with an average grade of 0.95% U_3O_8 containing 12.33 million pounds of U_3O_8, while the inferred resource stands at 1.69 million tonnes at an average grade of 0.44% U_3O_8 containing 16.44 million pounds of U_3O_8. The indicated resource is contained in the three main zones.

In terms of relations between the Company and the Cree Nation of Mistissini ("Mistissini"), it should be recalled that the two parties signed an information and communication agreement (the "Agreement") on December 23, 2011. Following the signature of the Agreement, the information and communication committee (the "Committee") composed of representatives of the Mistissini and the Company was formed and met six times to discuss and implement various initiatives and measures to facilitate the communication of relevant, useful information on the Matoush project. These meetings also led to the creation of the positions of liaison officer and officer in charge of relations with the Mistissini community, both of which are held by Crees.

In addition, the annual information meeting was held with the tallymen on March 13, 2012, and two public information sessions on the Company took place in Mistissini, one on March 14 and the other on May 23, 2012. In February 2012, the Company also appointed Stéphane McKenzie as the manager of community relations; he is based in the Chibougamau office.

Relations with Mistissini have not evolved much since the June 2012 public hearings. Despite the Company's efforts to continue talking, there has been very little contact. The Company is awaiting the Québec government's decision before starting the underground exploration program. It nevertheless intends to pursue the dialogue with the Crees, with due respect for each other's values and the laws governing the Matoush project area.

In terms of financing, the Company started the year by announcing the closing of a $3,000,000 bridge loan with SIDEX Limited Partnership ("SIDEX") on December 29, 2011. On February 29, 2012, the Company reported that it had also completed two private placements, including one flow-through private placement with Primary Capital Inc. as lead agent with the participation of Versant Partners Inc., Dundee Securities Ltd., Stonecap Securities Inc. and Haywood Securities Inc. for total gross proceeds of $9,999,988, and another $3,000,000 non-brokered private placement with The Sentient Group ("Sentient"), an insider of the Company.

The Company also bought back the 2% NSR royalty on production from the Matoush property on December 20, 2012, paying Ditem Exploration Inc., ("Ditem") the owner of the royalty, $1,000,000. The buyback allows the Company to consider non-equity modes of financing. Finally, on the same day, the Company announced that it had closed on a $3,000,000 bridge loan from Sentient of which $500,000 was received on December 20, 2012 and $2,500,000 on January 14, 2013.

FINANCING

On February 29, 2012, the Company announced that it had closed a private placement with a syndicate of agents for 16,025,620 flow-through shares at a price of $0.60 and $0.65 per share, for gross proceeds of $9,999,988. In accordance with the terms of the flow-through share subscription agreements, the Company undertook to renounce $9,999,988 in eligible expenditures to eligible investors effective December 31, 2012. The Company paid an agents'commission of $549,999 in cash, representing 5.5% of the gross proceeds of this flow-through private placement, as well as issue costs of $122,214 in connection with the financing.

On February 29, 2012, the Company also closed a second, non-brokered private placement of 6,000,000 units priced at $0.50 each with Sentient, for gross proceeds of $3,000,000. Each unit consisted of one common share and half a warrant. Each warrant entitles its holder to purchase one common share for $0.65 up until March 1, 2014. Sentient received 180,000 additional units valued at $90,000 as a transaction fee, representing 3% of the gross proceeds of the placement, as well as $30,772 to cover fees and other expenses incurred.

The Company used the proceeds of both these financings to continue exploring and developing its properties and for general working capital purposes.

On August 7, 2012, the Company repaid the entire $3,000,000 loan borrowed from SIDEX, Limited Partnership on December 29, 2011. The loan was repaid, along with accrued interest, following receipt of $5,166,589 in refundable tax credits for resources related to 2011 exploration expenses.

On December 20, 2012, the Company borrowed a $3,000,000 bridge loan from Sentient.The loan is secured and must be repaid within 10 business days of receipt by the Company of the 2012 tax credits for resources, but no later than December 10, 2013. The loan bears interest at an annual rate of 10%. The funds will be disbursed in two installments, the first, on December 20, 2012, for $500,000 and the second, on January 14, 2013 for $2,500,000 and will be used by the Company as working capital.

In connection with the loan, the Company issued 1,500,000 common share purchase warrants to Sentient. Each warrant entitles its holder to acquire one common share of the Company for $0.24, for a 30-month period. The Company also issued 549,451 common shares to Sentient at the price of $0.182 per share, representing $100,000 as transaction fees.

PROPERTY ACQUISITIONS AND COMMITMENTS

In 2012, the Company, which holds a 60% undivided interest in the Pacific-Bay Matoush property, acted as the manager of the joint venture in which Pacific Bay holds a 40% undivided interest. The Company can continue to act as the manager of the joint venture for as long as it holds an interest of at least 50% in the joint venture.

In 2012, the same applied to the joint venture on the Mistassini property, where the Company owns a 60% interest in the uranium rights on the property and Majescor Resources Inc. ("Majescor") holds a 40% interest. The Company will be the operator of the joint venture for as long as it holds at least a 50% interest in the uranium rights on the property.

On December 20, 2012, the Company completed the acquisition of the 2% NSR royalty from Ditem on 25 claims of the Matoush property. The Company has paid an amount of $ 1,000,000 to Ditem, the holder of the royalty.

EXPLORATION

Resources – Qualified Person: Jean-Pierre Lachance, the Company's Executive, Exploration and Community Relations Vice President, meets the criteria for and is recognized as a qualified person as defined in the *Regulation 43-101, Standards of Disclosure for Mineral Projects,* also called *National Instrument 43-101, Standards of Disclosure for Mineral Projects* in other jurisdictions *("Regulation 43-101")* or *("National Instrument 43-101").* Mr. Lachance supervised the establishment of the information constituting the basic technical disclosure and approved the information contained herein. He also verified the data disclosed, including the sampling, analytical or test data underlying the information or opinions contained in the written disclosure below, using a procedure that enabled him to confirm that the data was produced using the appropriate procedures, that it was accurately transcribed from the original source and that it can be used.

The quality assurance and quality control protocols are described in detail in Section 8 *Mineral exploration properties – b) Summary of uranium exploration analytical procedures* and at the appendix A of the 2012 annual information form filed on SEDAR. This section provides a technical description of the analytical procedures, sampling methods and quality assurance and control protocols used for the exploration program, including information on the use of the letter "e" in eU_3O_8, which represents the estimated or equivalent U_3O_8 value determined using a calibrated spectral or gamma probe, the methodology for the use of the gamma probe and, finally, a comparison of eU_3O_8 and U_3O_8 results. This technical description can also be found in the *Quality Assurance and Quality Control-QA/QC* section of the Company's website, at www.strateco.ca.

The Company did not carry out any significant exploration in 2012 on the Eclat property (100% interest), Pacific Bay-Matoush property (60% undivided interest in joint venture with Pacific Bay Minerals Ltd.), Mistassini property (60% interest in the uranium rights in joint venture with Majescor Resources Inc.), Apple property (100% interest) or Quenonisca property (50% interest in joint venture with SOQUEM).

MATOUSH PROJECT

Located about 275 km north of Chibougamau in the Otish Mountains of northern Québec, the Matoush project consists of the wholly-owned Matoush, Matoush Extension and Eclat properties, as well as the Pacific Bay-Matoush property, where the Company holds a 60% undivided interest. The Matoush project currently comprises 590 claims covering a total area of 31,195 hectares (312 km^2).

The 2012 drilling program, which aimed to outline the indicated resource within the boundaries of the new zones of inferred resource and grow the existing resource, was completed at the end of August, with a total of 14,947 metres drilled. Excellent results were obtained throughout the program, particularly for the southern extension of the MT-34A lens and for the MT-22A lens of the Matoush uranium deposit. These results led to significant higher resources, with a 58% increase in the indicated resource. In all, 244,937 metres (591 holes) have been drilled at the Matoush project since exploration began in 2006.

Matoush Property

The holes of the 2012 program on the Matoush property consisted mainly of definition drilling, which started on March 10. Two holes were drilled in the first quarter for a total of 1,859 metres. These two first holes of the year were drilled to test the northern and southern extensions of the mineralization of the MT-02 lens, located between two major lenses, MT-34A and MT-22A.

Hole MT-12-001, drilled at the southern end, intersected a weakly-mineralized interval, while Hole MT-12-002 confirmed the northern extension of the mineralization with an encouraging intersection of 0.30% U_3O_8 over 2.0 metres.

In the second quarter of 2012, twelve holes were drilled on the Matoush property with the goal of outlining the indicated resource within the boundaries of the zones of inferred resource in the MT-34A and MT-22A lenses.

Eight holes were drilled in the southern extension of the MT-34A lens, for a total of 4,825 metres. Four of these holes intersected very high grades over substantial widths. Hole MT-12-003 intersected **2.85% U_3O_8 over 6.6 metres** and Hole MT-12-004 intersected **0.54% U_3O_8 over 24.8 metres, including 2.37% U_3O_8 over 3.5 metres**. These holes were drilled within a radius of about 50 metres of Hole MT-11-032, which had intersected 0.36% U_3O_8 over 27.5 metres in 2011.

Hole MT-12-010 subsequently intersected **0.82% eU_3O_8 over 12.1 metres, including 3.17% U_3O_8 over 2.8 metres,** and Hole MT-12-009 intersected **0.73% eU_3O_8 over 9.3 metres, including 2.16% U_3O_8 over 2.1 metres**.

These holes show that the southern extension of the MT-34A lens is a substantial mineralized zone, and underscore the importance of this area for any future development.

Four holes were also drilled at the centre of the MT-22A lens in the second quarter, for a total of 2,916 metres. This included Hole MT-12-012, which intersected **2.62% U_3O_8 over 15.0 metres.**

In the third quarter of 2012, eight holes were drilled on the Matoush property, still with the goal of outlining the indicated resource within the boundaries of the zones of inferred resource in the MT-34A and MT-22A lenses.

Two of these holes were drilled in the MT-22A lens (930 metres), two in the northern part of the MT-34A lens (1,315 metres) and a final four in the southern extension of the MT-34A lens (2,323 metres). All these holes were drilled in the ACF-4 unit of the sedimentary sequence, at a vertical depth of between -350 and -450 metres.

The two holes drilled on the MT-22A lens returned good results. Hole MT-12-016 intersected a zone of substantial thickness with a very high grade of **0.57% U_3O_8 over 7.5 metres, including 1.92% U_3O_8 over 2.0 metres**. This hole was drilled in the upper part of the MT-22A lens, near its north end. Hole MT-12-017, which returned a grade of 0.15% U_3O_8 over 5.5 metres, was drilled in the top, southern part of the MT-22A lens.

Holes MT-12-018 and 019 were then drilled in July in the northern part of the MT-34A lens, near Hole MT-08-050, which had intersected 0.49% U_3O_8 over 21.3 metres. MT-12-018 returned 0.10% U_3O_8 over 3.0 metres, and MT-12-019 reached its target by intersecting a very-high-grade uranium zone grading **2.33% U_3O_8 over 7.5 metres**.

Holes MT-12-020 to 023 were all drilled between lines 37+00S and 38+00S within a radius of about 50 metres of Hole MT-12-004, which had intersected 0.54% U_3O_8 over 24.8 metres. These holes were drilled to increase the volume of indicated resource south of the MT-34A lens. The best results were from Hole MT-12-020, which returned 0.30% U_3O_8 over 7.2 metres, and Hole MT-12-023, with 0.37% U_3O_8 over 11.5 metres. Holes MT-12-021 and 022 also returned interesting grades, with 0.20% U_3O_8 over 14.1 metres and 0.28% U_3O_8 over 6.3 metres. These results therefore confirm that there is substantial mineralization in this sector. Furthermore, the tighter spacing of these holes increases the level of confidence in the indicated resource estimate.

Most of the holes drilled during the quarter showed continuity of the high-grade mineralized zones of the MT-22A and MT-34A lenses. The drilling program, which had a target of 15,000 metres of drilling, was completed at the end of August with a total of 14,947 metres drilled.

Following the end of the 2012 drilling program, substantial work was done on the Matoush project mineral resource update, which was completed by RPA in December 2012. The Company's chief geologist participated actively in this update, which showed a significant increase of 58% in the indicated resource. The indicated resource is now estimated at 586,000 tonnes with an average grade of 0.95% U_3O_8 containing 12.33 million pounds of U_3O_8, up from 453,000 tonnes grading 0.78% U_3O_8 containing 7.78 million pounds of U_3O_8 in January 2012. The inferred mineral resource now stands at 1.69 million tonnes at an average grade of 0.44% U_3O_8 containing 16.44 million pounds of U_3O_8, compared to 2.04 million tonnes grading 0.43% U_3O_8 containing 19.22 million pounds of U_3O_8 in January 2012.

The indicated resource is contained in the three main zones: AM-15, MT-34 and MT-22. The inferred resource is contained primarily in the MT-22, MT-34, AM-15 Extension, MT-02, MT-06 and MT-36 zones. These zones extend over a strike length of 3 km. The results are discussed in more detail under "Assessment – Resource Estimation", below.

In addition, the Company began working to improve the geological understanding of the Matoush project uranium deposit so as to enhance the possibilities of identifying high-grade lenses. Among other things, geochemical tools were developed in conjunction with researchers from the Université Laval and the University of Toronto to determine the potential fertility associated with regional dykes. This will allow efforts to be focused on the dykes with significant, quantifiable mineralized potential. In parallel, the Company's geological team continued to review the vast amount of analytical data accumulated over the years in order to delineate the areas with strong potential for other high grade lenses. Mapping of potentially-mineralized structures also continued.

Finally, in light of the milestones ahead for the Matoush project in connection with the underground exploration program, technical teams received training required for all underground workers in the mining industry.

Full drill results can be found on the "*The Matoush Project – Longitudinal*" section of the Company's website at www.strateco.ca.

Matoush Extension Property

Four grass-roots exploration holes totalling 779 metres were drilled on the Matoush Extension property in the first quarter. The Company had to build a 17-km road to drill these holes, including a mobile bridge to cross the Tichégamie River with a minimum of environmental impact.

These four exploration holes were aimed at testing two geophysical lineaments located at the centre and northern edge of the Matoush Extension property. Two of the holes also tested radon anomalies identified by the survey carried out in the fall of 2011 in the southern part of the Matoush Extension property.

The first two holes intersected fault zones, including a new structure in Hole MN-12-002, with a mafic intrusive and alteration halos typical of the Matoush fault. The interest in the northern part of the Matoush Extension property is also heightened by the presence of outcrops with radiometry anomalies, and the presence at a shallow depth of Archean bedrock that could be prospective for uranium deposits.

The two other holes, drilled to test the radon anomalies in the possible extension of the Matoush fault about 5 km north of the MT-22A lens, failed to locate the Matoush fault. A new dyke was identified, but no other uranium results were obtained.

Full drill results can be found on the "*The Matoush Project – Longitudinal*" section of the Company's website at www.strateco.ca.

OTHER PROPERTY

Mistassini Property

No field work was done in 2012 on the Mistassini property, which lies 50 km southwest of the Matoush property.

However, a Quaternary geomorphology characterization study of the Mistassini property was conducted in June 2012. The Company retained the services of the Quaternary Applied Research Centre, a division of the James Bay Joint Action Mining Committee, to carry out the study.

The primary objective of the study was to identify and map various types of surficial Quaternary formations and the main landforms in the area of the Mistassini property using publicly-available satellite imagery and topographic products available in vector or raster digital format.

Among other things, the Quaternary geomorphology study is aimed at determining the overburden conditions specific to the area of the Mantouchiche uranium showing (the "Mantouchiche showing"), which could provide a lead in the search for additional lateral extensions of the showing or new uranium showings.

It should be recalled that the Mantouchiche showing, which returned a best drill intersection of 18.5 metres grading 0.215% U_3O_8, lies less than 50 metres below surface under a layer of drumlins of subglacial origin at least 25 metres thick.

The highlight of this study is the presence of a major, 10-km NE-SW lineament interpreted as the expression of a basement fault. The emplacement of the Mantouchiche showing seems to be related to this structure. This lineament is all the more interesting because in addition to a possible link with uranium mineralization, its alignment (NE-SW) seems to be the only one that has not been tested by drilling.

ASSESSMENT

RESOURCE ESTIMATION

The Matoush project mineral resource was updated twice in 2012 by RPA, first in January and again in December 2012. More information can be found on the "*The Matoush Project – Uranium Mineral Resources*" section of the Company's website, at www.strateco.ca.

On January 4, 2012, the Company announced the results of the Matoush project resource update, indicating that the inferred mineral resource had increased by 50% since the previous resource estimate in September 2009.

On December 7, 2012, the Company announced the results of the latest Matoush project resource update, which showed that the indicated mineral resource had increased by 58% since the previous resource estimate, dated January 2012.

The indicated resource is estimated at 586,000 tonnes grading 0.95% U_3O_8 containing 12.33 million pounds of U_3O_8, compared to 453,000 tonnes grading 0.78% U_3O_8 containing 7.78 million pounds of U_3O_8 in January 2012. The inferred mineral resource now stands at 1.69 million tonnes at an average grade of 0.44% U_3O_8 containing 16.44 million pounds of U_3O_8, compared to 2.04 million tonnes grading 0.43% U_3O_8 containing 19.22 million pounds of U_3O_8 in January 2012.

The increase in the indicated resource is primarily attributable to the 12,000 metres of definition drilling done by the Company on the MT-22A and MT-34A lenses from March to August 2012.

Table 1: Matoush Project Mineral Resource

	January 2012			December 2012 *		
Category	**Tonnage (X 1,000)**	**Grade (% U_3O_8)**	**Pounds U_3O_8 (X 1,000)**	**Tonnage (X 1,000)**	**Grade (% U_3O_8)**	**Pounds U_3O_8 (X 1,000)**
Indicated						
AM-15	269	0.704	4,189	269	0.710	4,205
MT-22	-	-	-	73	1.160	1,866
MT-34	184	0.890	3,610	245	1.160	6,257
Total Indicated	**453**	**0.779**	**7,799**	**586**	**0.954**	**12,329**
Inferred						
AM-15	91	0.211	423	95	0.217	456
MT-02	64	0.358	503	69	0.270	413
MT-06	192	0.183	774	195	0.181	777
MT-22	882	0.521	10,122	717	0.539	8,517
MT-34	607	0.470	6,286	414	0.564	5,148
MT-36	194	0.238	1,018	196	0.262	1,127
Total Inferred	**2.041**	**0.428**	**19,225**	**1.686**	**0.442**	**16,440**

* Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.1% U_3O_8.
3. High grade U_3O_8 cut to 9% except the core of the MT-34A.
4. Mineral Resources are estimated using an average long-term uranium price of US$75/pound.
5. A minimum mining width of 1.5 m was used.
6. Numbers may not add up due to rounding.

RPA updated the resource estimate for the Matoush uranium project in accordance with *National Instrument 43-101* using the drill results available on November 22, 2012. The author of the report, David Ross, M. Sc., P. Geo., visited the Matoush property in mid-October, accompanied by the Company's chief geologist. The indicated resource is contained in the three main zones: AM-15, MT-34 and MT-22. The inferred resource is primarily contained in the MT- 22, MT-34, AM-15 Extension, MT-02, MT-06 and MT-36 zones. These zones are present over a strike length of 3 km. See in the "*The Matoush Project – Longitudinal*" section at www.strateco.ca.

The Matoush structure that controls the mineralization has been identified over a strike length extending 11 km southward and 2.5 km northward. The increase in the indicated category is primarily explained by the continuity of the very high grades returned by the holes drilled in 2012. The Company also drilled several holes in the southern portion of the MT-34A lens and the central portion of the MT-22A lens to tighten the drill hole spacing in areas where resources were previously categorized as inferred.

No mineral reserves have yet been identified at the Matoush project. One of the goals of the underground advanced exploration program is to convert the mineral resources to mineral reserves.

Resources – Qualified Person: The Matoush project mineral resources disclosed in the technical report entitled "*Technical Report on the Mineral Resource Update for the Matoush Project, Central Québec, Canada*" dated February 15, 2012, were estimated by David Ross, P. Geo., Normand L. Lecuyer, B.Sc., P.Eng., and M. Barry Cook, M.Sc., P.Eng., employees of Roscoe Postle Associates ("RPA") formerly Scott Wilson RPA.. The mineral resources disclosed in the technical memorandum entitled "Matoush Mineral Resource Update" dated December 3, 2012 have been estimated by Mr. David Ross, P. Geo., an employee of RPA and independent of the Company. By virtue of their education and relevant experience, these people are recognized as a "qualified person" for the purpose of *National Instrument 43-101*. The mineral resources have been classified in accordance with the *CIM Definition Standards for Mineral Resources and Mineral Reserves* (November 2010). Mr. Ross has reviewed and approved the contents of this MD&A as they relate to the disclosure of the mineral resource estimate for the Matoush project.

ENGINEERING, PERMITS AND LICENSE

LICENSE

In 2012, the Company finally received its CNSC license for the Matoush underground exploration program. The Company went through a very lengthy process with many steps, including several in 2012.

Indeed, 2012 started off with major announcements regarding the licencing process. On February 2, 2012, the federal Minister of the Environment and the federal administrator both rendered favourable decisions regarding the Matoush uranium exploration project.

The federal Minister of the Environment stated that "the project, taken into account the mitigation measures described in the Comprehensive Study Report, is not likely to cause significant adverse environmental effects". He added that "the mitigation measures and follow-up program described in the Comprehensive Study Report are appropriate for the proposed project". The federal Minister of the Environment's news release can be found on the website of the Canadian Environmental Assessment Agency ("CEAA") (http://www.ceaa.gc.ca/052/details-eng.cfm?pid=46115).

On February 2, 2012, the federal administrator also announced her approval of the underground exploration phase of the Matoush project. She specified that the decision in favour of the Matoush exploration project was "conditional on the mentioned conditions", and underscored the importance of ensuring the proper implementation of the communication and information agreement signed between Mistissini and the Company. Both the letter and the conditions set by the federal administrator can be found on the CEAA's website (http://www.ceaa.gc.ca/default.asp?lang=En&n=D80E970C-1).

These approvals were an essential step in the process of securing the license, as they allowed the project to proceed to the next stage, namely the CNSC public hearings on the technical aspects of the project. CNSC staff and the Company filed their respective documents ("CMD") for these public hearings with the members of the CNSC Commission Tribunal on April 5, 2012. The two CMDs can be found on the Company's website (www.strateco.ca).

The CMD by CNSC staff contained information on a set of regulatory issues related to the Matoush project and the proposed permit, and made recommendations to the Commission Tribunal regarding the Company's license application for its underground exploration program. In their CMD, CNSC staff concluded that, among other things, the project as described posed a low overall risk to health, safety and the environment. They also concluded that the Company is qualified to carry on the activity authorized by the license, and that it will make adequate provision for the protection of the environment, the health and safety of persons and the maintenance of national security.

CNSC staff recommended that the Commission Tribunal accept its assessments and conclusions and grant the Company a five-year license for its Matoush underground exploration program, which is the maximum permissible term.

The Company's CMD provided an overview of the Matoush project and described the measures and programs already implemented and still to come in relation to the technical aspects, community relations and environmental, health and safety standards. The Company reiterated the CNSC staff recommendations and conclusions and described its team's capacity to carry out the underground exploration program.

The two CMDs were presented at the public hearings on the technical aspects of the Matoush project held in Mistissini on June 5 and 6 and in Chibougamau on June 7, 2012. A necessary deliberation period followed to allow the CNSC to render its decision on whether to grant the Company the license.

The process of obtaining the license for the Matoush underground exploration program finally came to an end on October 16, 2012, when the CNSC issued a license authorizing the Company to excavate an exploration ramp and build the surface buildings and facilities needed to support the underground exploration project. The license is valid for a period of five years, from October 16, 2012 until October 31, 2017.

The CNSC made the license subject to a number of conditions to be met before and during the work, including the deposit of a $6,000,000 financial guarantee to fund decommissioning. Among other things, the CNSC also asked that all the data required to complete the aquatic baseline data set be collected and analysed, and the data set be established. The Company had in fact already collected and analysed this data, and the full report was filed with the CNSC in late October 2012.

To ensure that the Company is in a position to assume direct responsibility for the fulfillment of the conditions of the license, the senior executives, management and key personnel previously employed by a management company became permanent employees of the Company on October 16, 2012, the date the license was issued.

The scope of the license is limited to advanced exploration activities, and does not cover possible future mining activities, which would be subject to a new environmental assessment and an operating licensing hearing, with opportunities for public participation.

Much of the mineral exploration will in fact take place in clean waste rock. As the mass and volume of the mineralized rock and waste is relatively small, the project will not pose any measurable radiation threat to workers or the environment.

The CNSC has concluded that the Company will make adequate provision for the protection of the environment, the health and safety of persons, and the maintenance of national security and the international obligations to which Canada has agreed. The CNSC news release on the license and the related reference documents can be found on the CNSC website (http://nuclearsafety.gc.ca), as well as on the Company's website (www.strateco.ca).

The Company is extremely proud to have obtained this license and of the process it went through to get it. In this regard, it should be noted that the environmental assessment process for the underground exploration program Matoush project was cited in the last federal budget as an example of how lengthy the process can be. From the filing of the preliminary project description in September 2008 until the approval by the federal Minister of the Environment in February 2012, the environmental assessment process covered a period of nearly four years.

The Company is now waiting for the Québec government to approve the underground exploration program, after which work on the exploration ramp can begin. In this regard, the Company filed a motion for *mandamus* and declaratory judgement with the Québec Superior Court on January 17, 2012, which among other things is aimed at ensuring that the MDDEFP minister renders a decision on the authorization required for the execution of the Matoush underground exploration program.

In filing the motion, the Company is seeking a decision from the MDDEFP minister, in accordance with Section 164 of the *Environmental Quality Act*. In the motion for declaratory judgment, the Company is asking the judge to declare null and void one of the conditions in the COMEX report which, in effect, delegates a provincial jurisdiction by requiring a written agreement be ratified with a third party concerning social acceptability.The Company has been awaiting the decision by the MDDEFP since August 2011, over 18 months, which is especially long given that it already has all the required authorizations from the other agencies involved in the process.

Further to its motion for *mandamus* and declaratory judgement, the Company filed a motion on February 7, 2013, for special case management and has asked the Associate Chief Justice of the Québec Superior Court to appoint a judge to oversee the proper conduct of the proceedings. This request was favourably received. The Honourable Justice Danielle Blondin of the Québec Superior Court has been appointed for that purpose.

At the initial case management session held in Québec City on March 20, 2013, on its motion for *mandamus* and declaratory judgment, the Company informed the Superior Court of Québec that it had decided to amend its petition to limit it to the motion for *mandamus*, in the interest of accelerating the judicial process.

STUDIES / PERMITS / AUTHORIZATIONS

The Company continued to work on the various investigations and analyses required for the underground exploration program at the Matoush project throughout 2012.

First, the application for a certificate of authorization for the construction of the portal and waste piles was filed with the MDDEFP in early January 2012. This certificate can only be issued once the Québec provincial administrator has authorized the Company to proceed with its Matoush underground exploration program.

It should be recalled that in December 2011, Dr. Bruce Kilgour, an aquatic ecotoxicologist specialized in fish habitat and independent consultant from the firm of Kilgour & Associates Ltd. in Ottawa, was retained to set up an environmental monitoring program for the regional aquatic environment upstream from the project. Dr. Kilgour presented his program to the Company in February 2012. The program includes monitoring of the fish, water and sediment at five target zones. Dr. Kilgour presented his program to the Mistissini band council early in the second quarter, and it was well received, although no timetable for program implementation had yet been determined with Mistissini. Note that Dr. Kilgour was recommended by Dr. Monique Dubé, Canada Research Chair in Aquatic Ecosystem Health Diagnosis at the University of Saskatchewan, who has acted as an expert for the Grand Council of the Crees and the Mistissini Environmental Department.

In addition, the compilation report for the data collected at the site since 2007 was filed with the CNSC in October 2012. At the CNSC's request, all the relevant analytical results and site baseline information (the database) were assembled into a single document, to make it easier to compare results once environmental monitoring begins. The completion and filing of this report with the CNSC was one of the conditions of the license for the Matoush underground exploration program.

The report contains all the data collected to date in relation to the host environment, namely the wildlife, plants, aquatic environment, soil, air and groundwater. A portion of the so-called baseline report was already presented in the environmental impact assessment statement filed in October 2009. At that time, the report contained the data collected at the site over about two years. The Company subsequently continued sampling the various components to obtain sufficient data and properly establish the site baseline state.

Following the filing of the environmental impact assessment statement, an additional base data collection program was filed with the CNSC covering the sampling gaps to be filled. This additional program was therefore set up quickly, and the data collected was added to the earlier report to produce a complete compilation report.

The database report will be used as a reference document throughout the exploration project. The data collected from environmental monitoring during the advanced exploration phase will be compared to the baseline to check whether site activities have had an impact on the environment. This approach will ensure close control and allow for a rapid response in case of any changes.

SITE WORK

First, fishing work was done in the first quarter of 2012 as part of the collection of additional base data on the aquatic environment. To do this, the environmental personnel at the Matoush project site and members of the Cree community of Mistissini installed experimental fishing nets under the ice and also did line fishing under the ice.

Thanks to the installation of air samplers in September 2011, air quality monitoring also took place throughout 2012 in accordance with the schedule proposed by the Exova Laboratory, which allowed baseline conditions to be established. The air samplers measure total particulate matter in the air, from which metals and radionuclides are analysed, along with levels of particulate matter smaller than 10 and 2.5 microns.

Four monitoring wells were also set up at the site of the future quarry by the Company's environmental personnel. The water in these boreholes was measured on each shift for four months to obtain information on the level of the water table and to determine groundwater flow at the proposed quarry site.

The ten monitoring wells installed in 2011 near the camp and surface facilities (existing and planned) were the focus of two sampling programs in 2012, one in the spring and the other in the fall, as requested by the MDDEFP. The spring results were incorporated into the environmental baseline study and the results from the fall will be presented in the annual report to be filed in September 2013.

This year, the opening and maintenance of the winter road was handled by the Ministère des Transports du Québec ("MTQ"). Deliveries of materials for the Matoush project took place from early February until March 15, 2012. Some deliveries were delayed due to mild winter weather, which closed part of the road for three weeks.

In the interim, the MTQ started clearing work for the extension of Route 167 as part of the Northern Plan. The Company and the MTQ met to analyse the possibility of a financial contribution by the Company to the Route 167 extension work, for which the MTQ is the prime contractor. An agreement for in the order of $650,000 as the Company's contribution toward the maintenance of the winter road to the Matoush project was signed in mid-January 2012, and the work was performed by the MTQ.

Finally, the Matoush project landing strip was maintained throughout the year to support the transportation of men and materials to the site.

SITE INSPECTION

The annual MDDEFP inspection took place in August 2012. Two inspectors conducted a visit to check the state of the site. The overall goal of the inspectors is to ensure that the proponent complies with the applicable regulations, primarily in relation to the management of petroleum products, waste management, contaminated waste management, stream crossings, borrow pit operation and roads.

The inspectors noted the best practices used on site by the Company's team. Among other things, they remarked on the meticulous work done to sort recyclables and limit landfill to the extent possible.

COMMUNITY AND INVESTOR COMMUNICATIONS

LOCAL COMMUNITY RELATIONS

The first quarter of 2012 was very active in terms of community relations. The signature of the communication and information agreement (the "Agreement") between the Company and Mistissini on December 23, 2011, gave rise to a series of meetings to implement the agreed-upon initiatives and measures.

To this effect, the communication and information committee (the "Committee") was first created, composed of three representatives of Mistissini and three representatives of the Company. More information on the Agreement can be found in the Company's press release on the subject dated December 23, 2011, which can be found at www.strateco.ca and on the SEDAR website at www.sedar.com.

The Committee met three times in the first quarter. It began by appointing an officer in charge of relations with the Mistissini community and a liaison officer, with both positions filled by Crees, as provided for in the Agreement. Allen Matoush is in charge of relations with the Mistissini community and reports to the Company, while Freddie Mianscum is the liaison officer between the community of Mistissini, the band council and the Company, and reports to the Mistissini band council.

The Company also appointed a new manager of community relations who started work on February 1, 2012. Stéphane McKenzie is based in the Company's office in Chibougamau, and handles relations with the communities involved in the Matoush project, namely Chibougamau, Chapais and Mistissini. He collaborates with the officer in charge of relations with the community of Mistissini. Various topics were discussed during the Committee's three meetings, in order to establish a relationship of trust and allow the underground exploration phase of the Matoush project to unfold in a spirit of partnership with the Crees.

The Company was also invited to attend the Mistissini General Assembly, held on February 28, 2012, during which the Mistissini band council presented the Agreement to the community, and the Company provided an update on the Matoush project and presented its new representatives in charge of community relations.

The Company then held its annual meeting with the tallymen and representatives of trap lines near the Matoush project on March 13, 2012. Communication and discussions with these people over the years have laid the foundation for a relationship of respect and trust that everyone seems to appreciate. Comments were received to the effect that the Company should continue in this direction.

Then, once again in an effort to inform the Cree community of Mistissini, the Company held a public information meeting on March 14, 2012. In addition to the presentation by Company representatives, the community of Mistissini invited a Cree specialist on uranium mines in Saskatchewan, Clarence Natomagan. For his presentation, Mr. Natomagan was accompanied by an elder and a Native youth leader from Saskatchewan. They discussed the experience of native communities that live, work and practice traditional activities near uranium mines. Over 50 people attended the presentations and had the opportunity to speak during the question period.

During the first quarter, in Chibougamau and Chapais, the Company participated in a networking event as part of the *Place aux Jeunes* event organized by *Le Carrefour jeunesse emploi de la Jamésie*. In addition, in an ongoing effort to supply the information needed to better understand the Matoush project, meetings were held with members of the business community, representatives of social and community organizations and local elected officials.

Then, in the second quarter of 2012, the Committee of Company and Mistissini representatives met three times. The Committee notably generated the organization of the second public information session since the beginning of the year, which was held on May 23, 2012, at the Mistissini sports complex. During this information session, Company representatives presented an update on the Matoush project, and a talk was given on radioactivity, uranium and health by Dr. Michel Plante, formerly in charge of worker protection at the Gentilly-2 nuclear station. Company representatives also took the time to revisit and respond more fully to questions asked at the previous public information session on March 14, 2012.

In response to the Cree community's questions and concerns noted during the various public information sessions and discussed during Committee meetings, the manager of community relations and officer in charge of relations with the Mistissini community, both representatives of the Company, as well as the liaison officer, were very active in the field throughout the second quarter, holding multiple informal meetings and distributing an information pamphlet.

The Company's manager of community relations was also present in the communities of Chibougamau and Chapais. In addition to regular meetings held with representatives of the various local governments, a presentation on the status of the Matoush project was made on April 25, 2012, in Chibougamau as part of regional activities during Mining Week.

Company representatives also participated in various local associations and activities, including the Regional Entrepreneurship Forum, timed to coincide with the Cap Nord tour Québec, the broad-based Action-Mines regional committee, the *Mission économique Sud-Nord* dinner and the annual meeting of the James Bay Joint Action Mining Committee.

The CNSC also held its public hearings in Mistissini and Chibougamau from June 5 to 7, 2012, to review the Company's application for a site preparation and construction license for the Matoush underground exploration program.

At the public hearings, the Company received the support of James Bay elected officials, among others, while the Mistissini band council reiterated its opposition to the advanced exploration program. Some 90 submissions were filed with the CNSC by individuals, organizations and various authorities from the communities of Mistissini, Chibougamau and Chapais, the province of Québec and Canada, among others.

The third quarter of 2012 was quiet in terms of community relations, primarily due to the stance adopted by Mistissini at the public hearings in June 2012 and the wait for the CNSC's final decision regarding the granting of the license for the Matoush underground exploration program.

A number of meetings were held in the James Bay region in the third quarter, most notably with *Développement Chibougamau*, the James Bay Joint Action Mining Committee and the Regional Conference of Elected Officers of James Bay. In Mistissini, discussions between Company representatives and members of the community tended to be more informal.

The fourth quarter of 2012 was marked by the granting of the CNSC license for the Matoush underground exploration program. While the Company is still awaiting the Québec government's authorization, the granting of the license by the CNSC was welcomed by the various James Bay organizations that support the project.

While talks have been limited since the June 2012 public hearings, the Company is determined to maintain the dialogue with the Cree Nation of Mistissini. It should be recalled that the Agreement signed in December 2011 between the Company and Mistissini is for a four-year period. However, since the Grand Council of the Crees approved a resolution for the imposition of a permanent moratorium on uranium exploration and mining in Eeyou Istchee territory in August 2012, the Cree party has temporarily suspended the activities and actions provided for in the Agreement. The Company has nevertheless maintained links with members of the community of Mistissini and local trappers' families.

The Company pursued its outreach and networking activities in the James Bay area during the fourth quarter in order to consolidate its support in the region. On October 9, 2012, the Company's manager of community relations attended the launch of an important book for the region, *Histoire du Nord-du-Québec*, published by Les Presses de l'Université Laval. The Company was also honoured on November 10, 2012, at the *Gala du Mérite entrepreneurial 2012*, organized by *Société d'aide au développement des collectivités de Chibougamau-Chapais* and *Chambre de commerce de Chibougamau*.

The Company makes good use of every available forum to raise the profile of the Matoush project in the region and maintaining good relations with other mining sector companies. For instance, it has attended public information sessions on various projects and meetings of the boards of regional bodies, such as the Regional Conference of Elected Officers of James Bay. The Company also takes advantage of every opportunity to challenge provincial policy makers and remind them of the importance of the project and its timelines.

Finally, updates to the Company's website (www.strateco.ca) remained a priority throughout 2012 as a means of informing local residents and the general public on the issues and developments associated with the Matoush project. The information in the "*News to Investors*", "*News to Communities*" and "*Press Releases*" sections enables the public to keep up with the latest developments in the Company's activities. The Company is careful to respond promptly to any questions and comments it receives through the website. The site acts as yet another forum for public discussion.

INVESTOR RELATIONS

In the first quarter, Guy Hébert, the President and Chief Executive Officer, travelled to San Francisco, Toronto and Montreal for presentations and individual and institutional meetings, and Company representatives participated in the *Prospectors and Developers Association of Canada* ("PDAC") convention held from March 4 to 7, 2012 and from March 3 to 6, 2013.

In the second quarter, Mr. Hébert was in Toronto on May 8 and 9, 2012, for presentations and individual and institutional meetings. He also travelled to Paris, Zurich, Geneva and London from May 12 to 17, 2012, for meetings with investors and shareholders.

The Company held its annual meeting of shareholders on May 30, 2012, at the *Fairmont The Queen Elizabeth Hotel* in Montreal, Québec. The shareholders re-elected the seven directors at the meeting and renewed the mandate of external auditor PricewaterhouseCoopers, LLP, s.r.l./s.e.n.c.r.l.

Mr. Hébert also participated in a series of presentations in Rivière-du-Loup, St-Georges de Beauce and Laval as part of the Cap Nord tour. This tour was aimed at publicizing the business opportunities associated with the implementation of Québec's Northern Plan.

In the third quarter, Mr. Hébert travelled to Europe, the United States and Toronto for presentations and individual and institutional meetings.

Finally, in the fourth quarter, Mr. Hébert and Jean-Pierre Lachance, Executive, Exploration and Community Relations Vice President, were in China from December 9 to 14, 2012, for meetings and presentations to potential partners and investors.

STRATEGY AND ACTION PLAN

PERMIT

The Company is waiting for the Government of Québec to approve the Matoush underground exploration program, which would allow work on the exploration ramp to begin. The motion for *mandamus* and declaratory judgment filed by the Company with Québec Superior Court on January 17, 2013, is proceeding; among other things, it is aimed at getting the MDDEFP Minister to render a final decision. On March 20, 2013, at the initial case management session held in Québec City on its motion for *mandamus* and declaratory judgment, the Company informed the Superior Court of Québec that it had decided to amend its petition to limit it to the motion for *mandamus*, in the interest of accelerating the judicial process.

COMMUNITY RELATIONS

The Company will continue to build relationship with the communities affected by the Matoush project, with due respect for each other’s values and beliefs. Company personnel remain active in the field and the Chibougamau and Mistissini offices are open. Longstanding ties have been forged with local residents and stakeholders, and the Company intends to maintain these relationships by acting accordingly. In addition, the annual meeting with the tallymen and representatives of the trap lines in the vicinity of the Matoush project took place on February 27, 2013, in Chibougamau. The Company will also maintain a presence and remain active with local organizations like the James Bay Joint Action Mining Committee.

EXPLORATION AND ENGINEERING

On the exploration and engineering front, the Company must wait for the permit from the Québec government before starting the underground exploration phase. The CNSC, the federal Minister of the Environment and the federal administrator have already given their approval for work on this phase to begin.

FINANCES / INVESTOR RELATIONS

Despite the Québec government's indecision regarding approval of the advanced exploration stage of the Matoush project, which has a significantly impact on share performance and financing efforts, the Company will continue its efforts to raise its profile and keep investors abreast of Matoush project developments. Discussions with strategic partners are also ongoing.

EXPLORATION AND EVALUATION EXPENSES AND EXPLORATION SUPPLIES

Exploration and evaluation expenses and exploration supplies for the year ended December 31, 2012	**Matoush**	**Matoush Extension**	**Eclat**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	55,312,433	519,013	4,387,900	1,865,637	950,164	63,035,147
Additions						
Salaries, consultants and subcontractors	2,505,935	37,454	12,491	24,293	3,413	2,583,586
Maintenance of infrastructure, access roads, fuel depot and others	4,791,799	-	-	-	-	4,791,799
Drilling	2,581,657	176,801	2,121	-	-	2,760,579
Geophysics	10,000	-	-	-	12,000	22,000
Transport and fuel	898,816	-	-	-	-	898,816
First aid	480,043	-	-	-	-	480,043
Laboratory and analysis	100,111	-	-	-	-	100,111
Travel and lodging	488,658	4,000	-	-	-	492,658
Canadian Nuclear Safety Commission costs	493,460	-	-	-	-	493,460
Management fees	458,735	16,895	32	97	1,260	477,019
Supplies and equipment rental	520,270	-	-	-	-	520,270
Rolling equipment maintenance	14,762	-	-	-	-	14,762
General expenses	555,566	1,386	630	1,939	1,280	560,801
Environment	506,284	-	-	-	-	506,284
Stock-based compensation	117,815	-	-	-	-	117,815
Depreciation of property and equipment	2,114,230	-	-	-	-	2,114,230
	16,638,141	236,536	15,274	26,329	17,953	16,934,233
Refundable credits for resources related for exploration expenses	(4,135,889)	(91,658)	(5,919)	(10,203)	(6,957)	(4,250,626)
Net increase	12,502,252	144,878	9,355	16,126	10,996	12,683,607
Balance, end of period	67,814,685	663,891	4,397,255	1,881,763	961,160	75,718,754

EXPLORATION AND EVALUATION EXPENSES AND EXPLORATION SUPPLIES

Exploration and evaluation expenses and exploration supplies for the year ended December 31, 2011	**Matoush**	**Matoush Extension**	**Eclat**	**Apple**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	43,803,382	494,879	4,361,338	794,240	1,237,034	572,272	51,263,145
Additions							
Salaries, consultants and subcontractors	1,607,043	29,660	38,057	1,627	78,421	49,357	1,804,165
Maintenance of infrastructure, access roads, fuel depot and others	3,805,472	-	-	-	-	-	3,805,472
Drilling	3,413,899	4,828	4,068	-	847,965	461,987	4,732,747
Geophysics	41,711	-	101	-	-	35,622	77,434
Transport and fuel	749,957	-	-	-	-	-	749,957
First aid	426,860	-	-	-	-	-	426,860
Laboratory and analysis	200,884	-	-	-	-	-	200,884
Travel and lodging	262,676	-	-	-	36,675	25,100	324,451
Canadian Nuclear Safety Commission costs	428,004	-	-	-	-	-	428,004
Management fees	506,398	285	195	154	60,321	42,247	609,600
Supplies and equipment rental	531,450	-	-	-	-	-	531,450
Rolling equipment maintenance	22,591	-	-	-	-	-	22,591
General expenses	760,594	4,629	945	1,544	2,909	2,653	773,274
Environment	535,748	-	-	-	-	-	535,748
Stock-based compensation	139,502	-	-	-	-	-	139,502
Depreciation of property and equipment	2,582,121	-	-	48,498	-	-	2,630,619
	16,014,910	39,402	43,366	51,823	1,026,291	616,966	17,792,758
Refundable credit for resources related for exploration expenses	(4,505,859)	(15,268)	(16,804)	(1,070)	(397,688)	(239,074)	(5,175,763)
Impairment	-	-	-	(844,993)	-	-	(844,993)
Net increase	11,509,051	24,134	26,562	(794,240)	628,603	377,892	11,772,002
Balance, end of period	55,312,433	519,013	4,387,900	-	1,865,637	950,164	63,035,147

SELECTED FINANCIAL INFORMATION

Years ended December 31:

	2012	2011	2010
	$	$	$
Finance income	68,339	92,799	43,203
Expenses			
Salaries and benefits, consultants and professional fees, communications and promotional expenses and office expenses	(2,040,931)	(2,563,376)	(2,122,044)
Stock-based compensation	(225,273)	(241,727)	(405,423)
Accretion expense on convertible notes, asset retirement obligations and loans payable	(2,096,092)	(1,800,234)	(1,151,699)
Depreciation of property and equipment	(31,091)	(42,921)	(38,702)
Interest and bank charges	(153,459)	(332,016)	(63,582)
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	-	(3,967,706)	(4,078,851)
Other than temporary impairment on available-for-sale investment	-	(250,000)	-
Income tax (expense) recovery	53,394	(1,215,432)	2,152,737
Net loss	(4,425,113)	(10,320,613)	(5,664,361)
Net loss per share, basic and diluted	(0.03)	(0.07)	(0.05)

As at:

	December 31, 2012	December 31, 2011	December 31, 2010
	$	$	$
Total assets	95,468,766	86,497,662	93,013,791
Long term liabilities			
Obligations under finance leases	15,426	30,874	45,003
Convertible notes	8,958,647	7,073,607	5,588,713
	8,974,073	7,104,481	5,633,716

RESULTS OF OPERATIONS

The net loss decreased for the year ended December 31, 2012 for the following reasons:

In accordance with its accounting policies, the Company reviewed the carrying value of its mineral properties as at December 31, 2011. Based on this analysis, an impairment of $3,967,706 was recorded in 2011 for the Apple property and related deferred exploration and evaluation expenditures and property and equipment.

The recovery of the income tax expense for the year ended December 31, 2012, compared to the income tax expense for the same period in 2011, was partly due to the increase from 12% to 16% in rate of mining duties which had a significant effect in 2011 on the deferred income tax expense. In addition, the increase in the premium on the issuance of flow-through shares and the increase in the credits on mining duties refundable for losses in 2012 compared to 2011 contributed to the amount of income tax recovery in 2012.

Salaries and benefits, consultant and professionals fees, communications and promotional expenses and office expenses for the year ended December 31, 2012, were lower due to the decrease in professional services fees paid in connection with the transition to IFRS in 2011, lower expenses related to investor relations activities and finally, lower regulatory fees in 2012. In addition, a contribution of $75,000 to Minalliance made in 2011 was not renewed in 2012.

An amount of $ 250,000 was also recognized in 2011 as other than temporary impairment on available-for-sale investment consisting of shares of Pacific Bay.

Interest expenses were down because loans payable for the year ended December 31, 2012, were $1,000,000 lower than in 2011 and the loan payable matured in the third quarter of 2012 compared to the fourth quarter of 2011.

The 2012 stock-based compensation expenses is based mainly on the fact that the Company granted 1,360,000 stock options on May 30, 2012, while in 2011, it granted 1,129,500 stock options at a higher fair value than in 2012.

Financial income was lower in 2012 than in 2011 because $26,000 in interest was received in 2011 on 2010 refundable tax credits for resources.

DIVIDEND POLICY

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

CASH ASSETS AND SOURCES OF FINANCING

The Company's working capital stood at $2,375,900 at December 31, 2012 ($5,570,003 at December 31, 2011), including cash of $429,254 of which $2,055 was reserved for exploration and evaluation ($3,858,141 at December 31, 2011 and $854 reserved for exploration). This working capital includes $3,606,099 in tax credits receivable at December 31, 2012 ($5,000,736 at December 31, 2011). The Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through 2013. Any funding shortfall may be met in the future in a number of ways, including, but not limited to, the issuance of new debt or equity instruments, further expenditure reductions and/or the introduction of joint venture partners and/or business combinations. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, or that these sources of funding or initiatives will be available to the Company or will be available on terms acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities utilized $2,010,403 in the year ended December 31, 2012 ($1,546,528 for the same period in 2011). The increase in cash flow used resulted from a marked improvement in 2011 in non-cash working capital items compared to 2012 which are more stable and despite a decrease in operating expenses discussed in the "Results of Operations" section of this MD&A.

The Company's investing activities consist primarily of exploration and evaluation work as detailed in tables "Exploration and Evaluation Expenses and Exploration Supplies" of this MD&A, the addition of mining properties including the purchase of the 2% NSR royalty on the production of the Matoush property and the acquisition of property and equipment.

The Company is entitled to a refundable tax credits for resources for up to 38.75% of qualifying expenditures, and a credit on mining duties refundable for losses of 16% of 50% of qualifying expenditures incurred using non-tax-renounced flow-through funds. In terms of the credit on mining duties refundable for losses, the Company has disclosed the uncertainty and its position on the recovery and measurement of amounts for the credit on mining duties refundable for losses in Note 4 to the financial statements as at December 31, 2012, “Critical accounting estimates, judgments and assumptions: Uncertain Tax Positions”.

In the first quarter of 2012, the Company received $478,674 in tax credits relating to resources of 2009. The tax credits relating to resources for 2011 in the amount of $5,166,589 were received during the third quarter of 2012 and the loan of $3,000,000 from SIDEX, Limited Partnership, and interest incurred on these tax credits have been paid in full. In the fourth quarter of 2012, the Company obtained a short-term financing of $3,000,000 from Sentient of which $500,000 was received on December 20, 2012 and $2,500,000 on January 14, 2013. This funding is guaranteed by refundable tax credits for resources in 2012. During the year ended December 31, 2012, the Company received $5,645,263 in tax credits relating to resources ($6,722,670 in 2011).

Also, the Company’s financing activities that were made during the first quarter of 2012, consist of the issuance of common flow-through shares pursuant to a $9,999,988 private placement through a syndicate of agents, the closure of a second private non-brokered placement with Sentient for the issuance of units consisting of common shares and warrants for gross proceeds of $3,000,000, plus issue costs related to these financings.

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

QUARTERLY FINANCIAL INFORMATION

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

	Dec. 31 2012	**Sept. 30 2012**	**June 30 2012 *(iii)***	**March 31 2012**	**Dec. 31 2011 *(ii)***	**Sept. 30 2011**	**June 30 2011 *(i)***	**March 31 2011**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total income	5,324	14,299	24,862	23,854	35,651	9,525	12,692	34,931
Net loss	(954,906)	(961,991)	(1,409,309)	(1,098,907)	(5,090,768)	(741,366)	(2,724,386)	(1,764,093)
Net loss, per share basic and diluted	(0.006)	(0.006)	(0.008)	(0.007)	(0.035)	(0.005)	(0.017)	(0.013)

(i) The net loss is mainly due to income tax expense and is largely attributable to an increase of 12% to 16% rate for the calculation of future mining rights which had a considerable impact on the amount of the charge of deferred taxes.

(ii) The net loss results from the impairment charge of approximately $4,000,000 for the Apple property and related deferred exploration and evaluation expenditures and property and equipment.

(iii) The higher net loss is attributable to the stock-based compensation expense following the granting of stock options by the Company and a current income tax expense arising from the renunciation of eligible expenses to qualified investors.

FOURTH QUARTER

	2012	2011
	$	$
Finance Income	5,324	35,651
Expenses		
Salaries and benefits, consultants and professional fees, communications and promotional expenses and office expenses	(667,781)	(610,078)
Stock-based compensation	-	(4,356)
Accretion expense on notes payable, convertible notes and asset retirement obligations	(539,713)	(490,333)
Amortization of property and equipment	(6,763)	(8,911)
Interest and bank charges	(5,026)	(74,947)
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	-	(3,967,706)
Other than temporary impairment on available-for-sale investment	-	(250,000)
Income tax (expense) recovery	259,053	279,912
Net loss	(954,906)	(5,090,768)
Net loss per share, basic and diluted	(0.006)	(0.035)

The loss for the quarter ended December 31, 2012 was lower than the same period last year as a result of:

- the $3,967,706 impairment recognized in 2011 on the mining properties, deferred exploration and evaluation expenditures and property and equipment related to the Apple property;
- also in 2011, the other than temporary impairment of $250,000 on available-for-sale investment; and
- finally, the marked decrease in interest expense as there were no loans payable for most of the quarter in 2012 while there were loans payable in 2011.

The significant items affecting cash flow in the fourth quarter were the payment of $1,000,000 for the purchase of 2% Royalty on the production of the Matoush property and the receipt of the $500,000 Sentient loan.

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2012

Contractual Obligations	**Payments due by period**			
Total exercise	**Less than 1 year**	**to 3 years**	**4-5 years**	**After 5 years**
	$	$	$	$
Convertible notes	-	14,905,000	-	-
Loans payable	548,630	-	-	-
Obligations under finance leases	17,592	16,126	-	-
Operating leases	85,697	-	-	-
Total contractual obligations	651,919	14,921,126	-	-

Among other things, the CNSC license obtained on October 16, 2012, is subject to the deposit by the Company of a financial guarantee of nearly $6,000,000 to fund decommissioning. This condition must be met before work begins.

OFF-BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

The Company has renewed a service agreement, on a monthly basis and effective August 1, 2011, with BBH Géo-Management Inc. ("BBH"), a related company that has an officer and director, Guy Hébert, who is also an officer and director of the Company. The agreement provides for BBH to render management services to the Company, including exploration and evaluation work.

Costs and expenses billed by BBH to the Company include the following:

- Use of BBH's offices and equipment for a monthly charge of $5,500 to be reviewed each year on July 31;
- Management fees of 5% on all costs related to exploration and evaluation programs and property and equipment purchases related to the Matoush property;
- Management fees of 10% on all costs related to exploration and evaluation programs on the other properties: Matoush Extension, Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties, and of 5% on all purchases related to exploration projects and option or joint venture agreements on the Matoush Extension, Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties;
- Management, administration, accounting and legal services;
- Consulting services, including geology;
- Shareholder relations and other services;
- Identification of sources of financing.

The Company's Board of Directors approved the BBH service agreement without Mr. Hébert being present. The fees paid by the Company to BBH for the services of BBH's personnel are equivalent to what the Company would otherwise pay to a third party in the industry.

The Company concluded the following transactions with BBH:

	2012	2011
	$	$
Capitalized exploration and evaluation expenditures in deferred exploration and evaluation expenditures		
Consultants and subcontractors	3,387,000	3,318,000
Management fees	481,000	620,000
In the statement of income		
Consulting and professional fees	964,000	1,157,000
Office expenses	64,000	66,000
Management fees charged against property and equipment	89,000	62,000

At December 31, 2012, accounts payable and accrued liabilities included an amount of $598,000 ($158,000 at December 31, 2011) owed to related parties. The invoices of BBH are due upon receipt.

However complying with the non-solicitation provision of the Services Agreement with BBH, the Company had to take into account the fact that on issuance of the license or when other events occur, it would have to incur expenses and fees to attract and hire personnel to manage its affairs and carry out its mineral exploration and development programs. Thus, the Company entered into an employee transfer agreement with BBH on November 8, 2011, which is also effective August 1, 2011 (the "Transfer Agreement").

Among other things, the Transfer Agreement grants BBH the right to claim fees for the transfer of senior staff and permanent employees from BBH to the Company. In the Transfer Agreement, the Company undertakes to pay BBH, for the transfer of each senior staff member and any future transfer of permanent employees within 30 days of their commencement of employment with the Company, a fee based on a percentage of their base salary payable by the Company.

Upon receipt of the CNSC license on October 16, 2012, the Company asked BBH to transfer ten senior staff who were formerly employees of BBH and who became employees of the Company as at that date ("Senior Staff"). An amount of $360,000 is payable to BBH for the transfer of Senior Staff.

Pursuant to the Transfer Agreement, fees for Senior Staff previously billed by BBH to the Company under the Services Agreement ceased to apply as of October 16, 2012, and the same applies to management fees related to the management of work of the exploration and evalutation programs on the Company's mineral properties listed above and management of administrative work, which are assumed by the Company as of the Senior Staff transfer date.

The Transfer Agreement also provides for the future transfer of other permanent employees of BBH who could eventually become employees of the Company but who were still employees of BBH as at March 21, 2013 (the "Permanent Employees").

All the other provisions of the Services Agreement regarding services still rendered by the permanent employees to the Company and the fixed monthly charge of $5,500 for the use of office space, office equipment of BBH, continue to apply.

NEW EMPLOYMENT CONTRACTS OF THE EXECUTIVE OFFICERS

On October 16, 2012, the new employment contracts between the Company and the named executive officers of the Company came into effect. The employment contracts for senior executives include a variable pay mechanism for up to 50% of their annual base salary. If a termination or change of control involving material changes in the duties assigned to senior executives had occurred as at December 31, 2012, the amounts payable for the executive team would have totalled $1,635,000 and $2,595,000, respectively.

STOCK OPTIONS PLAN

The stock options plan was designed to enable the Company to use shares as a means of retaining, motivating and compensating beneficiaries for their efforts they invest in achieving the Company's goals.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies, estimates, judgments, assumptions in the financial statements as at December 31, 2012, Notes 1, 2, 3 and 4.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

There were no changes in accounting policies applied by the Company for each quarter of 2011 compared to annual financial statements for the year ended December 31, 2012.

OUTSTANDING SHARE DATA

	March 21, 2013
	Number
Common shares	167,753,181
Stock options	5,115,000
Warrants	5,090,000
	177,958,181

FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its activities and investments. The Management Company manages the financial risks. The Company does not use transactions in financial instruments, including derivative financial instruments for speculative purposes. Exposure of the Company to key financial risks and financial policies in this area are described in the annual financial statements of December 31, 2012 in Note 17.

RISK AND UNCERTAINTIES

GOING CONCERN RISK

The Company and its mineral exploration and evaluation programs are at an early stage and the Company has no source of income. The Company relies upon its ability to secure significant additional financing to meet the minimum capital required to successfully complete the project and continue as a going concern. While the Company has been successful at raising funds through equity offerings, convertible notes and loans payable in the past, there is no assurance that it will be able to do so in the future nor that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its ability to pursue its exploration and evaluation program and retain its mineral properties could be impaired.

OPERATIONAL RISKS FACING EXPLORATION AND EVALUATION MINING PROJECTS

The Company is at an exploration stage. 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 conflicts, floods, rockbursts, 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. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

RESOURCE DEVELOPMENT RISKS

The development of resource properties is subject to 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 natural resources produced, the Company may decide not to undertake or continue commercial production. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

EXPLORATION (GEOLOGICAL) RISK

The probability of an individual prospect ever having reserves that meet the requirements of *National Instrument 43-101, Standards of Disclosure for Mineral Projects* is extremely remote. Most exploration and evaluation projects do not result in the discovery of ore. In all probabilities, the majority of the properties do not contain any reserves and any funds spent on exploration and evaluation will probably be lost.

COMMODITY RISK

The market for uranium, like any other mineral, can be affected by factors beyond the Company's control. Commodity prices have fluctuated widely, particularly in recent years. The impact of these factors cannot be accurately predicted, however low uranium commodity prices may reduce the profitability of the operation or altogether prevent a property from being developed.

RISK UNTIL REGISTRATION OF TITLES ON PROPERTIES

Although Management has taken steps to verify title to mining properties in which the Company has an option to acquire an interest, in accordance with industry standards for the current stage of exploration of such properties, options to acquire interests and interests in properties may be subject to unregistered prior agreements and be non-compliant with regulatory requirements until interests in mining claims and titles are registered in Québec, Canada in the name of the Company and may jeopardize the Company's option to acquire an interest in the property.

ENVIRONMENTAL AND OTHERS REGULATIONS

Current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, 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.

On October 16, 2012, the CNSC has granted to the Company the license for the underground exploration program at the Matoush project. On January 17, 2013, the Company has filed a motion for *mandamus* and declaratory judgment with the Québec Superior Court. Among other things, the motion is intended to ensure that the MDDEFP comes to a decision on the authorization required for the execution of the Matoush underground exploration program. The outcome of the Superior Court decision could affect the recoverability of the Matoush project assets in the event that the authorization is not obtained, which would constitute a material adverse change for the Company that would trigger an impairment test. At the initial case management session held in Québec City on March 20, 2013, on its motion for *mandamus* and declaratory judgment, the Company informed the Superior Court of Québec that it had decided to amend its petition to limit it to the motion for *mandamus,* in the interest of accelerating the judicial process. As at December 31, 2012, the assets of Matoush, including mining properties, deferred exploration and evaluation expenditures and property and equipment totaling $86,728,624.

OPTIONS AND JOINT-VENTURE AGREEMENTS

The Company enters into Option and Joint Venture Agreements in which 1) other parties may have interests in the same claims but for minerals other than uranium; or 2) in which the Company must obtain consent from the parties to obtain the priority for the Company to explore and produce uranium for the duration of the Option and Joint Venture Agreement; or 3) in which the royalties must sometimes be paid not by the Company but by the other party to a third party pursuant to a previous engagement with the other party to the Agreement; or 4) in which another party may manage the Option or the Joint Venture or 5) in which the Company's interest may be diluted if the Company fails to incur exploration expenditures. If the Company fails to pay the sums due or fail to issue the securities pursuant to the terms of the agreements, the option to acquire an interest or the interest in a property could be abandoned or lost and all sums invested by the Company in these claims could be lost.

FINANCING AND DEVELOPMENT

The Company has incurred losses to date and does not presently have the financial resources required to finance its planned exploration, evaluation 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. The inability to attract sufficient financing and or experienced personnel may negatively affect the profitability or the viability of a project. Future financing may take a variety of forms, the nature and conditions of which cannot be reliably predicted. Debt financing may include restrictive covenants. Equity issuances may have a dilutive effect on current shareholders. Management is continually working to secure the necessary financing needed to achieve the objectives of Company.

PERSONNEL RISK

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

INFORMATION DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer and the Chief Financial Officer have designed or supervised the design of disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known to them, particularly during the period in which the interim and annual documents are prepared.

Company Management, including the President and Chief Executive Officer and the Chief Financial Officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the year ended December 31, 2012. Based on this assessment, the President and Chief Financial Officers have concluded that such controls and procedures were effective and provided reasonable assurance that material information on the Company was adequately disclosed to them by other Company personnel.

EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There were no important changes in the internal control over financial reporting during the three-month period ended December 31, 2012, that had or could reasonably be expected to materially affect the internal control over financial reporting ("ICFR").

The President and Chief Executive Officer and the Chief Financial Officer periodically evaluated or supervised under their supervision the design and operating effectiveness of the Company's ICFR. At the end of the exercise on December 31, 2012, these officers concluded that the ICFR was effective.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A is dated March 21, 2013, and complies with Canadian Securities Administrators' *Regulation 51-102 respecting continuous disclosure obligations, c. V-1.1, r. 24*. The purpose of this MD&A 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 Company (www.strateco.ca), and SEDAR (www.sedar.com) websites.

(signed) Guy Hébert	*(signed) Yvon Robert*
Guy Hébert	Yvon Robert
President and Chief Executive Officer	Chief Financial Officer