INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2010

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SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the audited financial statements of Strateco Resources Inc. ("the Company") and notes thereto for the years ended December 31, 2009 and 2008, as well as the interim financial statements for the period ended September 30, 2010. The Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The sections of this management discussion and analysis on the Company's strategy and action plan and exploration activities contain "forward-looking statements" depending on context, particularly statements that reflect the Company's opinions, estimates and 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 in general the volatility of uranium prices, risks inherent in the mining industry, uncertainty in the estimation of mineral resources and additional financial requirements, as well as the Company's ability to meet such requirements. These risks and uncertainties are described in the annual information form filed on SEDAR and the annual Form 10-K filed on EDGAR.

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 five wholly-owned mining properties and an interest in and options on three mining properties in Quebec that together comprise 1,068 claims for a total area of 56,747 hectares (567 square kilometres). Its activities are focused on exploration and the development 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 Quebec can be considered one of the highest-grade uranium projects in the world.

Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to pursue exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company 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.

HIGHLIGHTS

The third quarter of 2010 was marked by impressive progress in the preparations for the Matoush project underground exploration phase. Now that a considerable amount of work has been completed, the Company has high hopes of obtaining the licence required to begin underground work on the Matoush project in the near future. Furthermore, promising drill results have once again confirmed the potential of the Matoush project and demonstrated the importance of starting underground work as soon as possible.

On the exploration front, the Company is continuing with the largest drilling program yet on the Matoush project, consisting of 120,000 metres over two years (2010-2011). In the third quarter, approximately 6,690 metres were drilled, essentially on the Eclat and Matoush properties. Most of the holes were drilled along the Matoush fault, within an 8.3-km corridor to the south of the MT-34 zone. The holes were drilled to test the continuity of the mineralization associated with intense alteration zones within highly anomalous areas identified by earlier drilling. The results proved very encouraging, among other things allowing priorities to be set for sections to be drilled in the fourth quarter.

In addition, the hard work of the field crew led to good progress on the engineering front: the Matoush project runway celebrated its inaugural flight on October 15. The landing strip will simplify the transport of the manpower and equipment required to move ahead with the project. The more than 1.5 km of gravel roads built on site will also help facilitate transportation.

Meanwhile, the Company's project team worked to respond in a clear, detailed manner to questions from the Canadian Nuclear Safety Commission ("CNSC"), the Federal Environmental and Social Impact Review Panel-South ("COFEX"), the Provincial Environmental and Social Impact Review Committee ("COMEX") and the Mistissini "Uranium Committee". These questions were aimed at expounding on or adding to certain aspects of the Matoush project environmental impact study required for the licence for the underground exploration phase. In the third quarter, the Company finalized and submitted all the responses to the various authorities involved. The public hearings on the environmental impact study for the Matoush project underground exploration program will be held on November 23 and 25, 2010 in Mistissini and Chibougamau, respectively. (see press release dated October 27, 2010).

In terms of communications, a large number of meetings were held with the communities, various organizations, investors which helped the Company achieve its objectives of openness and transparency in disseminating information on the uranium industry. For instance, in the third quarter, Company representatives met with Mistissini's new chief, Richard Shecapio, accompanied by his predecessor, Chief John Longchap. This first official meeting with the new chief was an opportunity to present the Matoush project, including the various aspects of the project, from its beginnings in 2006 until today, as well as future plans. Multiple visits to the Matoush site also took place, most notably with Chief Shecapio, various Cree authorities and representatives of government bodies such as the CNSC and COFEX. The visitors appeared impressed by the quality of the infrastructure and the progress of the work.

Finally, the Company continued to maintain and create links with investors. In particular, the Company's President and Chief Executive Officer participated in the Macquarie Global Nuclear Conference 2010 in Toronto and the World Nuclear Association's annual conference in London, England. The Company also presented a brief to the parliamentary commission on *Bill 79, An Act to amend the Mining Act, 1st session, 39th legislature, Quebec, 2009*. Among other things, the bill contains measures for the judicious supervision and development of the Quebec uranium industry, and cites the reasons why Quebec should equip itself with specific measures and tools to develop a prosperous, safe, environmentally-conscious uranium industry.

FINANCING

On September 15, 2010, the Company entered into a loan agreement with SIDEX Limited Partnership ("SIDEX") for a $2.5 million bridge loan. The loan bore interest at an annual rate of 9%.

In connection with the loan, Strateco issued 300,000 common share purchase warrants to SIDEX. Each warrant entitles the holder to acquire one common share of Strateco for 18 months at a price of $1.00 per share. Each share is subject to a four-month resale restriction.

The funds were used to bridge a delay in the payment of the Company's 2009 refundable tax credits for resources. As at September 30, 2010, Strateco had earned a total of $14.7 million in tax credits, of which $5.7 million related to 2009 refundable tax credits for resources. Strateco also expects to receive $1.5 million in refundable mining duties by the end of this calendar year.

The loan was secured with the 2009 tax credits for resources, and had to be repaid within 30 days of receipt of the 2009 tax credits for resources but no later than March 15, 2011. It was repaid entirely to SIDEX on October 8, 2010, following the receipt of $5.76 million of refundable tax credits for 2009.

EXPLORATION

The technical data in the following text is based on a report entitled: *Technical Report on the Mineral Resources Update for the Matoush Uranium Project Central Quebec, Canada*, dated September 16, 2008, prepared in accordance with *National Instrument 43-101 respecting standards of disclosure for mineral projects* ("*NI 43-101*"). This data has been reviewed by the authors of the report, David A. Ross, M. Sc., P. Geo., and R. Barry Cook, P. Eng., of Scott Wilson Roscoe Postle Associates Inc. (" Scott Wilson RPA"). *The Matoush Mineral Resources Update* dated September 18, 2009, was prepared and reviewed by David A. Ross, M. Sc., P. Geo., of Scott Wilson RPA, and is available on the Company's website at www.stratecoinc.com. The technical data based on recent information has been reviewed by Jean-Pierre Lachance, the Company's Executive & Exploration Vice President. These three individuals are all qualified persons as defined in *NI 43-101*.

NOTE 1 of the "**Strategy and Action Plan section in the 2009 Annual Management Discussion and Analysis for the year ended December 31, 2009**" is incorporated by reference to help the reader better understand the exploration work done on the Matoush project. This note provides a technical description of the exploration program analytical procedures, sampling methods, quality assurance and control 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.stratecoinc.com.

In the third quarter of 2010, 6,689 metres were drilled on the Matoush project (covering the Matoush, Matoush Extension, Eclat and Pacific Bay-Matoush properties), including 3,219 metres in six holes on the Matoush property and 3,470 metres in five holes on the Eclat property. No holes were drilled on the Matoush Extension or Pacific Bay-Matoush properties. In all, 193,616 metres (435 holes) have been drilled on the Matoush project since exploration began in 2006.

The Company did not conduct any significant exploration on the Apple, Mistassini, Quénonisca or Mont-Laurier Uranium properties in the third quarter of 2010, as it continued to focus its efforts on exploring the Matoush project.

MATOUSH PROJECT
(Comprising the Matoush, Matoush Extension, Eclat and Pacific Bay-Matoush properties)

The massive Matoush project drilling program continued in the third quarter. The single operating drill completed 6,689 metres, bringing the total number of metres drilled since the beginning of the year to 33,400 (56 holes). The drilling rate was the same as last quarter. The Company is considering various ways to achieve the 45,000 metres of drilling planned for the year 2010, including using a second drill next quarter.

Eclat Property

The 3,470 metres completed on the Eclat property during the quarter brings the total number of metres drilled in 2010 to 24,589. The Company pursued its strategy of testing the uranium potential along the Matoush fault.

Holes EC-10-042 to EC-10-044, drilled on a spacing of about 100 metres some 8.2 km south of the MT-34 zone, were aimed at following up on anomalies identified by holes EC-08-001 and EC-09-003. Hole EC-10-044 returned the best results, with an intersection of 0.04% U_3O_8 over 7.0 metres, including a 2.5-metre section grading 0.08% U_3O_8. With its pierce point at a vertical depth of 690 metres, this hole proved to be the deepest drilled to date in the area of interest, to within 150 metres of the basement rock.

The two other holes, EC-10-045 and -046, were drilled in another high-priority area located between 3.3 and 3.7 km south of the MT-34 zone to test the continuity at depth of holes EC-10-002 and EC-10-008. Hole EC-10-002 had previously intersected a 1.2-metre mineralized zone grading a high 0.67% U_3O_8. Despite the presence of the very intense fuschite alteration typical of the MT-34 and AM-15 zones, the gamma probe did not show significant readings for either hole as the Hole EC-10-046. This area nevertheless merits further investigation, due in particular to the very intense alteration mentioned above.

Matoush Property

The five holes on the Matoush property were drilled in July and September, for a total of 5,811 metres drilled since the beginning of 2010.

The three holes done in July were drilled to test for structures similar to the Matoush fault following in-depth geophysical analysis. Holes MT-10-005, -006 and -007 did indeed confirm the presence of faults, although they failed to intersect any significant dikes or mineralization. Hole MT-10-005 in particular intersected a large clayey, brecciated fault at a depth of between 75 and 111 metres downhole. Despite the fact that none of the holes hit mineralization, they provided important information on the structural setting of the property as a whole.

Holes MT-10-008 and -009, completed in September, were drilled to follow up on anomalies identified in Holes MT-09-036 and MT-10-004. Both holes intersected the Matoush fault and strong fuschite alteration. Hole MT-10-010, completed in early October and located about 1.5 km south of the MT-34 zone, returned the best result with 0.10% eU_3O_8 over 1.0 metre. This area remains a priority for drilling next quarter.

The number and scope of the uranium anomalies discovered along the Matoush fault confirm that the mineralizing characteristics of the main zone also exist elsewhere on the property. The distribution of these zones along the entire Matoush fault is presently being studied, as the Company pursues its efforts to determine the mineralization distribution model in order to identify new zones.

ENGINEERING, PERMITS AND LICENCE

The Operations and Engineering department was very productive in the third quarter, carrying out and completing extensive work on the Matoush project.

First, two representatives of the CNSC visited the site on September 9, touring the existing facilities and issuing positive comments. Another visit was held on September 17, with members of COFEX, the CNSC, the Canadian Environmental Assessment Agency (“CEAA”) and the Cree Regional Authority. The goal of the visit was to show the current progress of work and indicate the sites of the future facilities, principally the waste storage area and the water treatment plant and related ponds. The comments on the visit were positive, particularly regarding the organization and quality of the existing facilities. COMEX has also indicated its interest in visiting the site.

In the context of the licensing process for the underground exploration program, the Company received multiple questions (over 200) from the federal and provincial authorities requesting additional details or supplementary information on certain aspects of the Matoush project environmental impact study. Responses to the questions from COFEX and certain federal ministries were filed with the CEAA on August 9, 2010, as planned. The filed documents also included responses to questions posed by the public at information meetings, as well as to additional requests from the CEAA based on judgements from the Supreme Court of Canada declaring the federal jurisdictional control over the environmental study evaluation process even on projects located in the province of Quebec.

On September 24, 2010, one week before the deadline, the Company also filed responses to COMEX questions and comments on the impact study with the Ministry of Sustainable Development, Environment and Parks (“MSDEP”). Responses to all the additional questions on the Matoush project environmental impact study have therefore now been provided.

Meanwhile, the impact study for exploitation beyond the boundaries of deposit DG-9 (borrow pits), to be used in runway construction, was filed with the MSDEP on July 16, 2010. A second impact study, this time for exceptional exploitation of deposits DT-1, DT-18, DT-19, DT-20, DG-5 and DG-8 (borrow pits), was filed with the MSDEP on September 8, 2010. No comments have yet been received on these studies.

On August 8, 2010, the MSDEP approved the Company’s request for exemption from the impact assessment and study process for use of a remote landfill, filed with the MSDEP on April 19, 2010. Furthermore, on August 11, 2010, the MSDEP approved the Company’s request for exemption from the impact assessment and study process for temporary storage of contaminated soil, filed with the MSDEP on April 28, 2010. There were no developments during the quarter with regard to the application for an authorization certificate for the four-season road section between kilometres KM 73.5 and KM 130.

GENIVAR was selected from among five potential consultants to conduct a groundwater monitoring program, as well as a background soil sampling program on the property. These two programs were included in the document prepared in response to the COMEX questions and filed with the MSDEP on September 24, 2010. The start date for these programs will be determined once they have been approved by the MSDEP.

Considerable construction work was done in the third quarter. Good progress was made on the runway. An inaugural flight was done on October 15. The consulting firm of Aurus did quality control on the runway compaction and grain-size distribution. This project is being supervised by GENIVAR in conjunction with the Company's own supervisor. The MG112b granular layer is 95% complete, and the MG56 course is 70% complete. The final MG20 layer will be applied later.

Other infrastructure work was also done, including the installation of a concrete floor in the megadomes of Major Drilling Group and the Company, installation of the trailers for the new offices, construction of the road to the future fuel park and a section of access road between the camp and the winter road, construction of the enviroseptic system for the sewers and connection of the fuel tanks for the semi-automatic supply to the generator. Installation of the trailers for the new offices took place with the help of Matoush Enterprises, and the mound, leaching bed, septic tank and pumps were installed in conjunction with ASDR Environnement. The enviroseptic system should meet the needs of the camp for the foreseeable future. The remaining sewer should be connected to the existing system next quarter.

The fuel tanks used to feed the generators were connected to function semi-automatically with a new pump. The work was done by SM Construction Inc. and then inspected by the firm of Groupe Stavibel Inc.

Electrical work was also done on the site. The new 500 kW generator, new offices and megadome are almost ready from an electrical perspective. The work should be finished once the lineworkers and missing materials arrive. An electrical engineer from GENIVAR has been supervising the work since late August.

On the occupational health and safety front, none of the readings from the 50 thermoluminescent dosimeters worn by workers at the camp was over the detection limit of 0.1 mSv. Several victim evacuation drills were also conducted at the site.

On September 30, 2010, the Company's team consisted of 37 members, including 17 at the Matoush camp and 20 at the head office.

COMMUNITY AND INVESTOR COMMUNICATIONS

The Company continued to assign particular importance to openness and transparency in the third quarter, as usual. This willingness to work with the support of its stakeholders was reflected by the many meetings held.

Following the election of the Mistissini Band Council, the Company met with the new chief, Richard Shecapio, as well as the newly-elected councillors. This first official meeting, held with the new chief and his predecessor, Chief John Longchap, was an opportunity to present the Matoush project, including the various aspects of the project, from its beginnings in 2006 up until today, as well as future plans. The importance of establishing good relations and the spin-offs for the Cree community were also discussed. Company representatives speak regularly with various representatives of the Mistissini community to answer their questions and keep them informed on current and future developments.

The Company also organized Matoush project site visits for the many stakeholders. During various visits, representatives of COFEX and the CNSC, Chief Richard Shecapio, a member of the Cree Regional Authority, band council members and representatives of the Mistissini Department of the Environment and Department of Economic Development were able to visit the property to see the facilities. The visitors appeared impressed by the size of the project, the progress of the operations and the quality of the facilities. More specifically, they commented positively on the cleanliness of the site, the site recycling practices and the tour of the megadomes, core shack and landing strip. It is our opinion that these visitors are now better able to visualize and form an accurate picture of the Matoush uranium project, which we feel can help to adjust some preconceived ideas.

The Company's Chibougamau and Mistissini offices, which opened in 2010, are still helping to support local community relations and disseminate information on the Matoush project and related issues. Company representatives on site are meeting with an increasing number of residents and local officials, as well as using the necessary communication tools to disseminate information. Their presence is a direct response to a community demand for a greater local Company presence.

The initiatives of local authorities are also contributing greatly to informing the public on the Matoush project. The Company is delighted with elected officials' willingness to transmit neutral, scientific information to their constituents. These efforts clearly contribute to a healthy climate conducive to constructive, beneficial discussion. For instance, in the third quarter, the Mistissini community was invited both to ask CNSC representatives questions directly on the radio and to participate in a radon information meeting in Mistissini.

The Company also took advantage of media coverage of the parliamentary commission on *Bill 79, An Act to amend the Mining Act, 1st session, 39th legislature, Quebec, 2009* to answer questions on uranium exploration and mining from the province's journalists. It was a good opportunity for the Company to inform Quebeckers on the facts about uranium. As a major player in the Quebec uranium industry, the Company also insisted on filing and presenting a brief to this parliamentary commission. Numerous suggestions were made to support the judicious supervision and development of the industry. Commission members acknowledged to these suggestions and the reasons given by the Company for the development of a Quebec uranium industry.

In addition to assigning considerable importance to public relations, the Company continues to establish new investor relations and maintain its long-term relationships. To achieve this, the Company's President and Chief Executive Officer participated in, among other things, the Macquarie Global Nuclear Conference 2010 in Toronto and the World Nuclear Association annual conference in London, England from September 14 to 17.

Finally, the Company devoted particular attention to keeping its website up to date at www.stratecoinc.com. The site provides access to a large quantity of information and updates on the most recent developments in the Company's activities, thus enabling stakeholders, investors and any other concerned or interested party to find answers to their questions.

The various initiatives taken and communication tools used by the Company are indicative of its true willingness to inform the public and act in a way that secures the support of the communities, the various decision-making bodies and investors. The Company is relying on open, ongoing communication to ensure that all the activities related to the Matoush project are part of an honest, transparent process.

STRATEGY AND ACTION PLAN

Next quarter, the Company will focus its energies on the public hearings in Mistissini and Chibougamau and on obtaining the licence required to start the Matoush project underground exploration program. Due to the Company's openness and transparency since work began in 2006 and its efforts to create a high-quality project respectful of health, safety and the environment, management is confident that the Matoush project will receive the social acceptance it needs from the communities involved and the support of local, provincial and federal authorities. The Company has high hopes of becoming the first company in Quebec and the first so-called junior company in Canada in this cycle to move ahead with a uranium exploration project involving underground exploration.

In order to support and strengthen the relations with local communities, the Company intends to pursue its efforts and initiatives to inform and sensitize anyone interested and concerned regarding the issues surrounding uranium exploration and mining. The Company will continue to take the needs, concerns and suggestions of local communities into consideration, so that the Matoush project development can encompass health, safety, environmental protection, social acceptability and economic prosperity.

In terms of exploration work, drilling is planned for the next quarter on the Pacific Bay-Matoush property, in an area located about 4.0 km west of the Matoush zone, in the central portion of the property. The target consists of a new anomalous zone identified during the airborne geophysical survey flown in January 2010. An initial hole is already underway in this as-yet undrilled area.

The drill will subsequently return to the high-priority area on the Matoush fault, between 1.0 and 3.0 km from the heart of the MT-34 zone. Another crew will use a second drill to cement 16 drill holes in the area of the exploration ramp, which is scheduled to begin in the spring of 2011, once the licence has been obtained.

It must be remembered that the Company is still in the midst of the largest drilling program every conducted on the Matoush project, consisting of 120,000 metres to be drilled over two years (2010-2011).

In terms of work to be done on the site, the installation of the electrical system will be completed, as well as the leaching bed.

The authorization certificates for the building of the winter road are expected soon. The work will be planned during the next quarter, and the material required will be identified.

In terms of investor relations, the Company has a heavy program ahead for the fourth quarter. Among other things, the Company's President and Chief Executive Officer travelled to Victoria, Vancouver and San Francisco in late October and to Toronto and London, Ontario in early November to meet with brokers and investors. The Company will take care to make considered decisions and act in such a way as to establish and maintain a bond of trust with its investors.

EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the nine-month period ended September 30, 2010	Matoush	Matoush Extension	Eclat	Apple	Pacific Bay-Matoush	Mistassini	Total
	$	$	$	$	$	$	$
Balance beginning of period	32,148,398	453,340	997,781	1,402,072	812,577	490,719	36,304,887
Additions							
Consultants and subcontractors	1,946,377	29,884	119,046	17,371	60,868	(9,632)	2,163,913
Infrastructure, access roads, fuel depot and others	1,382,935	-	-	-	-	-	1,382,935
Drilling	1,068,005	-	3,524,084	-	-	-	4,592,089
Transport and fuel	1,736,901		689,871	-	-	-	2,426,772
Geophysics	58,329	-	-	-	55,476	-	113,805
First aid	130,411	-	-	-	-	-	130,411
Laboratory and analysis	49,582	-	237,889	-	-	19,352	306,823
Travel and lodging	642,850	-	368,000	-	-	-	1,010,850
Nuclear permits	75,637	-	-	-	-	-	75,637
Management fees	413,450	-	306,750	478	5,548	359	726,585
Supplies and equipment rental	187,389	-	-	-	-	-	187,389
Rolling equipment maintenance	44,575	-	-	-	-	-	44,575
General expenses	298,036	-	-	1,350	-	-	299,386
Environment	209,972	-	-	-	-	-	209,972
Stock-based compensation	210,725	-	-	-	-	-	210,725
Amortization of property and equipment	575,732	-	-	39,330	-	-	615,062
	9,030,907	29,884	5,245,640	58,528	121,891	10,079	14,496,929
Credit for mining duties and other exploration credits	(3,999,490)	(13,776)	(2,418,240)	(8,850)	(56,192)	(11,912)	(6,508,460)
Net increase	5,031,417	16,018	2,827,400	49,678	65,699	(1,833)	7,988,469
Balance end of period	37,179,815	469,448	3,825,181	1,451,750	878,276	488,886	44,293,356

Exploration expenses and exploration supplies for the nine-month period ended September 30, 2009	**Matoush**	**Matoush Extension**	**Eclat**	**Apple**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance beginning of period	23,375,628	456,320	669,376	1,252,357	422,741	293,215	26,469,637
Additions							
Consultants and subcontractors	2,767,081	16,320	39,404	79,035	45,162	50,927	2,997,929
Infrastructure, access roads, fuel depot and others	1,544,075	-	-	-	4,124	-	1,548,199
Drilling	2,556,390	-	351,005	2,299	507,183	117,363	3,534,240
Transport and fuel	758,032	-	-	1,208	59,655	83,400	902,295
Geophysics	-	-	-	-	-	100	100
First aid	15,042	-	-	-	-	-	15,042
Laboratory and analysis	290,656	-	-	-	12,600	-	303,256
Travel and lodging	1,254,358	-	-	75	15,971	86	1,270,490
Nuclear permits	852,036	-	-	-	-	-	852,036
Management fees	430,370	-	35,101	1,798	60,585	41,054	568,908
Supplies and equipment rental	396,739	-	-	-	-	-	396,739
Rolling equipment maintenance	112,299	-	-	8,415	2,900	-	123,614
General expenses	274,628	780	-	14,837	1,300	8,648	300,193
Environment	628,570	-	-	-	-	-	628,570
Stock-based compensation	169,945	-	-	-	-	-	169,945
Amortization of property and equipment	251,113	-	-	44,296	-	-	295,409
	12,301,334	17,100	425,510	151,963	709,480	301,578	13,906,965
Credit for mining duties and other exploration credits	(5,704,096)	(7,524)	(196,160)	(25,548)	(327,218)	(142,738)	(6,403,284)
Net increase	6,597,238	9,576	229,350	126,415	382,262	158,840	7,503,681
Balance end of period	29,972,866	465,896	898,726	1,378,772	805,003	452,055	33,973,318

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Income – Interest	5,206	8,203	23,046	51,605
Expenses				
General, administrative and other expenses	499,490	349,609	1,566,057	1,022,124
Stock-based compensation	20,499	113,117	381,346	517,229
Accretion expense on convertible notes and asset retirement obligations	318,457	-	803,043	-
Amortization of property and equipment	10,994	4,455	27,621	12,903
Unrealized gain on changes in fair value of investment	(20,000)	(25,000)	(15,000)	(45,000)
Future income taxes expense (recovery)	24,666	(172,000)	(368,730)	(499,000)
Net loss	(848,900)	(261,978)	(2,371,291)	(956,701)
Net loss per share, basic and diluted	(0.007)	(0.002)	(0.019)	(0.008)

	As at September 30 2010	As at December 31 2009
	$	**$**
Total assets	81,966,635	61,655,744
Long term liabilities		
Obligations under capital leases	63,543	171,522
Future income tax	923,841	1,293,000
Asset retirement obligations	1,341,662	160,000
Convertible notes	5,266,539	-
	7,595,585	1,624,522

Results of operations

For the nine-month period ended September 30 2010, the net loss has increased by $1,414,590 and was caused by the items discussed below:

The interest income is lower in 2010 than in 2009 due to lower interest rates and lower cash balances.

For the nine-month period ended September 30, 2010, a stock-based compensation expense of $381,346 was recognized in the statement of operations, comprehensive loss and deficit ($517,229 for the same period in 2009) as a result of a lower number of stock option grants. Accretion expense was also recorded on the convertible notes and on the asset retirement obligations. These expenses had no impact on the Company's cash position in the period.

General, administrative and other expenses increased to $1,566,057 for the nine-month period ended September 30, 2010 from $1,035,077 in the same period last year due to the following:

- Increase activities on investor relations and shareholder communications ($486,161 in 2010 versus $411,884 in 2009) following promotional trips to visit European investors and a contribution to the Communic-Action Funds which is spread over 2010;
- Legal, accounting and audit expenses increased to $643,677 at September 30, 2010 from $441,538 at September 30, 2009 because the increased level and complexities of financial transactions and exploration and development activities which require additional consultations;
- Increased level of activities by the Company creating additional office expenses;

- Increase in financing fees ($86,662 at September 30, 2010 versus $760 at September 30, 2009) relating to methods of financing requiring fees and or costs to be incurred prior to closing.

The loss for the three-month period ended September 30, 2010 was higher than the same period last year as a result of:

- Increased investor relations, legal, accounting and audit, and office expenses as described above;
- Accretion expense on convertible notes and asset retirement obligations;
- A future income tax expense in 2010 versus a future income tax recovery in 2009.

CASH ASSETS AND SOURCES OF FINANCING

The Company's working capital stood at $8,963,508 at September, 30, 2010 ($8,441,128 at December 31, 2009) including cash and cash equivalents of $1,950,304 ($321,065 at December 31, 2009). This working capital includes $13,670,029 of tax credits receivable at September 30, 2010 ($9,306,880 at December 31, 2009). Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through September 30, 2011. 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 expenditures 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 for the Company or that they will be available on terms which are 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 $480,420 in the three-month period ended September 30, 2010 ($341,406 for the same period in 2009) and $1,529,147 in the nine-month period ended September 30, 2010 ($970,569 for the same period in 2009). The increase in cash utilized is consistent with the increase in the operating expenses discussed in the "Results of operations" section of this Management's Discussion and Analysis.

The Company's investment activities primarily consist of funds used in exploration work and the addition of mining properties. The Company is entitled to a refundable tax credit for resources for up to 38.75% of eligible expenses, and a credit on mining duties refundable for losses of 12% of eligible expenses incurred. In the third quarter of 2010, the Company obtained $2,500,000 in short-term financing which was secured against the 2009 tax credits related to resource exploration expenditures. During the nine-month period ended September 30, 2010, the Company received $1,151,952 in resources tax credits. Financing activities in the nine-month period ended September 30, 2010 also included a common share, warrant and convertible note issuance of $15,000,000.

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.

	Sept. 30 2010	**June 30 2010**	**March 31 2010**	**Dec. 31 2009**	**Sept. 30 2009**	**June 30 2009**	**March 31 2009**	**Dec. 31 2008**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total income	5,206	7,462	10,378	2,441	8,203	12,046	31,356	90,537
Net profit (loss)	(848,900)	(1,159,362)	(363,029)	(526,573)	(261,978)	(236,613)	(458,110)	33,539
Net profit (loss), per share, basic and diluted	(0.007)	(0.009)	(0.003)	(0.004)	(0.002)	(0.002)	(0.004)	-

OFF BALANCE-SHEET ARRANGEMENTS

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

COMMITMENTS

The Company has signed new leases in the nine-month period ended September 30, 2010 and the obligations of the Company total $427,243 as of September 30, 2010 compared to $529,079 as at December 31, 2009.

The level of the Company's obligation regarding decommissioning increased substantially in the quarter relating to the construction of the airstrip at the Matoush site.

RELATED-PARTY TRANSACTIONS

The Company concluded the following transactions with BBH Géo-Management Inc.

	Nine-month periods ended September 30	
	2010	**2009**
	$	**$**
Expenses capitalized in the statement of deferred expenditures		
Consultants and subcontractors	2,811,000	2,235,000
Management fees	864,000	571,000
General and administrative expenses in the statement of earnings and deficit		
Professional fees	655,000	288,000
Rent	49,000	47,000
Management fees charged against property and equipment	152,000	12,000
Issue costs for the issuance of the convertible notes	25,000	-

In addition, a company controlled by Ingrid Martin, CA, CFO and treasurer in function from June 9, 2009 until May 12, 2010, charged accounting fees of $81,204 for the nine-month period ended September 30, 2010 which are included in legal and audit expenses.

At September 30, 2010, accounts payable and accrued liabilities included an amount of $1,041,000 ($267,000 at September 30, 2009) owed to related-parties.

CRITICAL ACCOUNTING ESTIMATES

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

Critical estimates include estimates of the refundable credit on mining duties and the refundable tax credit for resources, future income tax assets and liabilities, the possibility of recovering the value of mining properties and deferred exploration expenditures, the fair value of stock options granted, asset retirement obligations, convertible notes, the amortisation period of property and equipment and certain amounts payable. Actual results could therefore differ from these estimates. Concerning the valuation of mining properties and deferred expenditures, the risk assessment includes, but is not limited to, indicators such as recent exploration activity and or interruptions in exploration activity, changes in base commodity prices and, market capitalization (a function of the publicly traded share price), availability of sufficient financing, and geological evidence of mineralized ore.

CHANGES IN ACCOUNTING POLICY

During the nine months ended September 30, 2010, the Company adopted the following accounting policies:

CONVERTIBLE NOTES
The liability and equity components of convertible debentures are presented separately on the balance sheet starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. The liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible notes at maturity which is recorded in the statement of operations, comprehensive loss and deficit. This long term debt is classified as other debts.

The carrying amount of the other components (when applicable), for example warrants, are determined with the Black-Scholes model.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the convertible notes. When applicable, the carrying value of the financial liability is first deducted by the carrying amount of any other components. It is presented in Shareholders' Equity as equity component of convertible notes.

The transaction costs are distributed between liability and equity components on a pro-rata basis of their carrying amounts.

DEBT ISSUE COST
Debt issuance costs are presented as a reduction of long-term debt and are amortized according to the effective interest rate method.

INTEREST EXPENSE
The Company does not capitalise the interest expense in the property and equipment cost for which the acquisition, the construction, the development or the enhancement are spread over time.

IFRS CONVERGENCE

The Company is using a four step process to convert to IFRS ("*International Financial Reporting Standards*"):

STEP 1: DIAGNOSTIC
The initial diagnostic stage has been completed in 2009 with a preliminary gap analysis of the accounting and business processes.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

The Company has delayed its implementation plan by one quarter. As such, the detailed analysis of the accounting policies impacted by the IFRS convergence is now expected to be completed in the fourth quarter of 2010. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure.

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, the analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that govern the Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements.

They are as follows:

First time adoption (IFRS 1)
IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company’s opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

The Company believes that the choices available under IFRS 1 will allow the opening balance as of January 1, 2010 to remain similar to the closing balance of December 31, 2009. The Company expects that key IFRS 1 exemption decisions will be approved by Management during the fourth quarter of 2010.

Impairment of assets (IAS 36)
IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).

IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit (“CGU”).

The Company believes that the changes of this policy will have no impact on the financial statements on the changeover date. Nevertheless, in the subsequent years, this policy could generate more impairment than Canadian GAAP would since it uses a one-step test.

Share-based payments (IFRS 2)
Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.

For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

The Company believes that the changes of this policy will have a very limited impact on the Financial Statements of the Company. In addition, in future years, the stock-based compensation for grants with graded vesting periods will be front-loaded instead of being linear.

Mineral property interests, exploration and evaluation costs (IFRS 6)
Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.

Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date and in subsequent years.

Property, plant and equipment (IAS 16, IFRIC 1)
Under IFRS, the Company can elect to measure property plant and equipment ("PPE") using either the cost model or the revaluation model. Canadian GAAP only accepts the cost model. The Company will not select the revaluation model due to the difficulty and effort needed to determine the fair value.

Under IFRS, each part of a PPE with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. The IFRS may result in additional details needed to maintain the PPE sub-ledger. Under IFRS, the residual value and the useful life of an asset shall be reviewed at least at each year end. Canadian GAAP requests the same review but only on a regular basis.

The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date since its PPE were simple. Nevertheless, when the Company obtains the right to build the exploration ramp, additional attention will be needed to identify the different parts of each PPE.

Convertibles notes (IAS 32 et IAS 23)
Under IFRS, compound instruments that have both liability and equity characteristics are split into these components upon initial recognition. The carrying amount of the compound instrument is allocated between its debt and equity components so that the liability is recognised at its fair value and the equity component as the residual. Canadian GAAP permits this allocation to be made using the relative fair value method or by assigning the less easily measurable component as the residual.

When accounting for the January 27, 2010 convertible notes placement, the Company recognized the liability component at its fair value and the equity component as the residual in compliance with IFRS, which is also allowed under Canadian GAAP. So there will be no impact for the Company to apply this IFRS policy.

Under IFRS, borrowing costs directly attributable to the acquisition or construction of a qualifying asset must be capitalized. When accounting for the January 27, 2010 financing, the Company adopted an accounting policy to expense these borrowing costs. This will have to be reviewed in detail as it will more than likely create a convergence adjustment.

Asset retirement obligation (IAS 37)
IFRS requires decommissioning provisions to be measured based on Management's best estimate of the expenditures that will be made. Under Canadian GAAP, asset retirement obligations are measured at fair value, incorporating market assumptions.

IFRS uses discount rates that reflect the risks specific to the decommissioning provision. Under Canadian GAAP, the discount rates for the asset retirement obligation are based on the entity's credit-adjusted risk-free rate.

Finally, the adjustments under IFRS to decommissioning provisions are made each period for changes in timing or amount of cash flows, changes in the discount rate and the unwinding of the discount. Canadian GAAP is similar except for changes in discount rates that alone do not result in a remeasurement of the provision. Also, unlike IFRS, changes in estimates that decrease the liability are discounted using the discount rate applied upon initial recognition of the liability. When changes in estimates increase the liability, the additional liability is discounted using the current discount rate, like IFRS.

IFRS defines site restoration and environmental provisions as legal and constructive obligations. Canadian GAAP limits the definition as legal obligations.

The Company believes that the changes of this policy will have an impact on the Financial Statements on the changeover date. In subsequent years, the Company will have to remeasure the provision more often if the actualisation rate changes.

Financial instruments (IAS 39)
Under IFRS, all financial assets must be classified into "loans and receivables", held-to-maturity", "fair value through profit or loss" or "available-for-sale" categories. Like IFRS, all financial assets under Canadian GAAP must be classified into "loans and receivables", 'held-to-maturity", "held-for-trading" (fair value through profit or loss) or "available-for-sale"

categories. However, there are certain differences from IFRS with respect to the types of assets that may be classified into each of these categories.

Financial instruments may be designated on initial recognition as measured at fair value through profit or loss only if certain criteria are met. Like IFRS, financial instruments under Canadian GAAP may be designated on initial recognition as held for trading (and measured at fair value through profit and loss) only if certain criteria are met. However, these criteria are less restrictive than under IFRS.

The Company is presently evaluating the impact of these potential modifications.

STEP 2.2: FINANCIAL STATEMENTS PREPARATION

During the fourth quarter of 2010, we will prepare the financial statement model and we will identify the IFRS convergence adjustments.

STEP 2.3: IT SYSTEMS

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expected at this point to operate the accounting system under the IFRS. Nevertheless, certain Excel spreadsheets may have to be adapted to support the changes made in accounting policies.

The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1.

STEP 2.4: INTERNAL CONTROLS:

During the fourth quarter 2010, Management will review existing internal control process and procedures to address significant changes to existing accounting policies and practices.

STEP 2.5: IMPACT ON THE BUSINESS:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. Since December 31, 2009, the Company closed a private placement of convertible notes and the IFRS impacts have been discussed in Step 2.1.

STEP 3: IMPLEMENTATION

In this stage the Company will implement the changes that have been developed including changes to the accounting processes and policies. The Company will also quantify the IFRS impacts.

Management will prepare the structure of the first interim financial statements as of March 31, 2011 with the opening balance as of January 1st, 2010, the relevant comparable balances and the disclosure notes.

Management plans to start this step and finalize it in the fourth quarter of 2010.

STEP 4: POST IMPLEMENTATION

Management will prepare the first annual financial statements in compliance with IFRS for the year ending December 31, 2011.

OUTSTANDING SHARE DATA

	On November 3, 2010
	Number
Common shares	122,745,906
Stock options	5,459,000
Warrants	8,589,474
	136,794,380

RISK FACTORS

Details of risk factors are outlined in the Company's MD&A included in the annual report for the year ended December 31, 2009.

Going Concern Risk

The Company and its mineral exploration programs are at an early stage and the Company has no source of revenues. The Company relies upon the 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 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, one impact may be that Company's ability to pursue its exploration program and retain its mineral properties could be impaired.

INFORMATION DISCLOSURE CONTROLS AND PROCEDURES

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

Company Management, including the President and Chief Executive Officer and the Chief Financial Officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the year ended December 31, 2009. Based on this assessment, the President and Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective and provided reasonable assurance that material information on the Company was adequately disclosed to them by other Company personnel.

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.

There were no important changes in the internal control over financial reporting during the period ended September 30, 2010, that had or could reasonably be expected to materially affect the internal control over financial reporting ("ICFR").

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This management discussion and analysis is dated November 3, 2010, and complies with Canadian Securities Administrators' *National Instrument 51-102* on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspective on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Strateco (www.stratecoinc.com), SEDAR (www.sedar.com) and EDGAR (www.sec.gov/edgar.shtml) websites.

(s) Guy Hébert	(s) Paul Einarson
______________________	______________________
Guy Hébert	Paul Einarson
President and Chief Executive Officer	Chief Financial Officer