INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 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 June 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

This management discussion and analysis may contain forward-looking statements on the financial information that reflect Management's current expectations with regard to future events. 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.

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 kilometres^2). Its activities are focused on exploration and the development of the Matoush project. With the exception of some projects in the Athabaska 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.

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 provide no assurance as to future results or events, and involve a number of risks and uncertainties beyond the Company's control that may cause actual or future results and events to differ materially from those presented in or implied by such forward-looking statements. These risks and uncertainties are described in the annual information form filed on SEDAR and the annual 10-K form filed on EDGAR.

HIGHLIGHTS

The sustained efforts and work of the Company's team throughout the second quarter of fiscal 2010 were once again fruitful. The Matoush project is still very well placed to become the first uranium project in Quebec to advance to the underground exploration stage and the first to be realized by a so-called junior company in Canada in this cycle, meaning in nearly 25 years. The Matoush project is progressing well on all fronts, whether it be exploration, engineering and environmental studies, communications or finance.

Among the highlights of this quarter were the public information meetings held in Mistissini and Chibougamau on May 25 and 26. The Company's team spent the past months meticulously preparing for the presentation of the results of the Matoush project environmental impact study to local residents and representatives of the various provincial and federal government bodies. This first phase of the public hearing process went very well, particularly as the environmental impact study concludes that the impact on workers, nearby residents and the environment would be negligible. The information meetings provided the opportunity for a good exchange between the Company, representatives of the various government bodies and local residents.

In terms of exploration, the Company is still in the midst of the largest surface program undertaken to date on the Matoush project, consisting of 120,000 metres of drilling over two years (2010-2011). In the second quarter, the Company succeeded in sustaining an excellent drilling rate with essentially a single operating drill, and despite difficult logistics caused by the early, sudden thaw. In all, 12,522 metres were drilled in 23 holes.

In addition, interpretation of the results of the airborne geophysical survey by Terraquest Ltd. ("Terraquest") in March 2010 led to the development of a new geological model. The advanced-technology survey covering the entire Matoush project, including the Matoush, Matoush Extension, Eclat and Pacific Bay-Matoush properties, led to the generation of Matoush-type drill targets.

In terms of engineering, the Company's team continued to work very hard to advance the various files related to the underground exploration program. One of these is the construction of an access road to the landing strip, which is going particularly well.

The Company also received a series of questions from the Canadian Nuclear Safety Commission ("CNSC"), the Federal Environmental and Social Impact Review Panel-South ("COFEX") and the Provincial Environmental and Social Impact Review Committee ("COMEX") requesting that certain aspects of the Matoush project environmental impact study for the underground exploration phase be expounded or completed. Strateco responded directly to some of the questions and designated various consultants to answer the others appropriately. The Company has already sent its responses to the CNSC; the COFEX responses should be ready by early August and the COMEX responses at the beginning of the fall.

Another highlight of the second quarter of 2010 was the appointment of Mr. Paul Einarson, CA, CPA, as Vice President, Finance by the Company's Board of Directors. Mr. Einarson assumed his full-time role with the Company on May 12, also acting as the Company's Chief Financial Officer and Treasurer. The huge potential of the Matoush project and the scope of the related activities warranted the creation of the permanent position filled by Mr. Einarson. His duties include, among others, assisting the President with corporate presentations to financial institutions. His recognized experience and talent make Mr. Einarson a significant asset for the Company. He has over 20 years of experience in the financial industry, working for well-respected companies. Management would like to sincerely thank Ingrid Martin for services rendered to the Company; Ms. Martin performed the same duties as Mr. Einarson, but on a part-time basis.

Finally, communications with the Mistissini Cree community and the community of Chibougamau were significantly strengthened in May and June by the organization of a number of meetings at different levels. These meetings enabled the Company to inform the public on the development of the Matoush project, and to respond to the questions and concerns raised. Aside from the public information meetings, which were a highlight of the second quarter, another noteworthy event was the organization of a major meeting in Mistissini with representatives of the various entities, particularly the Cree Human Resources Development ("CHRD") and the Local Environment Department in Mistissini. The second quarter was therefore marked by numerous initiatives aimed in particular at supporting and consolidating relations with local communities.

FINANCING

A $15 million private financing was subscribed to by Sentient Executive GP III, Limited ("Sentient") on January 27, 2010. The Company's March 31, 2010 Interim Management's Discussion and Analysis contains additional details of this financing.

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 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, Executive and Exploration Vice President of the Company. All three are 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 included here by way of 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 method, 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 second quarter of 2010, a total of 12,522 metres were drilled on the Matoush project (covering the Matoush, Matoush Extension, Eclat and Pacific Bay-Matoush properties), as follows: 12,498 metres in 23 holes on the Eclat property, and 24 metres on the Matoush property. No holes were drilled on the Matoush-Extension or Pacific Bay-Matoush properties. In total, 186,927 metres (424 holes) have been drilled on the Matoush project since exploration began in 2006.

The Company did not conduct significant exploration on the Apple, Mistassini, Quénonisca or Mont-Laurier Uranium properties in the second 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)

In terms of exploration on the Matoush project, the Company had a very good second quarter, despite the early, almost instantaneous thaw in May. In fact, in less than 72 hours, the Company had to stop using the road leading to the southern edge of the Eclat property because of safety and environmental protection concerns. As a result, two drills stopped working on May 6 and the third was pulled out of the area to work on exploration elsewhere on the property. Since then, the Company has continued the work with one drill in operation. A second drill should resume work in August. A total of 26,711 metres have been drilled on the Matoush project since the beginning of 2010.

Eclat Property

Apart from the last 24 metres of a hole drilled at the beginning of April on the Matoush property (MT-10-004), all 12,522 metres of exploration drilling in the second quarter were drilled on the Eclat property (EC-10-021 to EC-10-042). This brings the total number of metres drilled on the Eclat property in 2010 to 24,119 metres.

The exploration strategy for the second quarter was to continue definition of the Matoush fault on a 200-metre grid and to follow-up on the anomalies located between lines 110+00S and 118+00S, the drilling grid will stop 2.3 kilometres from the southern border of the Eclat property (line 125+00S). These holes also allowed improved mapping of the faults subparallel to the Matoush fault, temporarily designated the East 1, East 2 and West 1 faults. Each of these faults hosts a dike. Despite the fact that preliminary interpretation of the structure setting appears to indicate that the uranium anomalies are still associated with the Matoush fault, it is clear that the other dikes also have potential. Follow-up work was done on the zones where the tourmaline alteration was clearly stronger than what had been drilled previously.

The holes concentrated between lines 110+00S and 118+00S were particularly aimed at following up on holes EC-09-005, EC-09-006, EC-08-001 and EC-09-003, which had intersected uranium mineralization worthy of note about six kilometres south of the AM-15 zone. This area is particularly interesting due to two aspects: first, the presence of anomalies along nearly one kilometre of the Matoush fault is in itself promising, and second, this area is located above a basement rock transition zone, which indicates strong potential. The intersections of holes EC-10-027 and EC-10-040, drilled during the second quarter, attest to the potential of this area.

It must be recalled that there are similarities between the two mineralized areas (EC-09-005/EC-09-006 and AM-15) in terms of degree of alteration of the mineralization in the shear settings, and proximity to a mafic intrusive in the Matoush fault. Analysis results for holes EC-09-005 and EC-09-006 proved very revealing of the potential of the area. These two holes, spaced at 200 metres with a pierce point at the same elevation (-350 metres), returned the following results: 0.16% U_3O_8 over 2.4 metres and 0.11% U_3O_8 over 1.5 metres (EC-09-005), and 0.15% U_3O_8 over 1.5 metres (EC-09-006). Hole EC-10-027 was drilled to test the south plunge of Hole EC-09-006, while Hole EC-10-040 was drilled to test the south plunge of EC-09-005.

Hole EC-10-027 intersected the Matoush fault 80 metres deeper (along the presumed plunge) than EC-09-006. Two 0.5-m thick mineralized zones were intersected, returning analytical grades of 0.3% U_3O_8 and 0.06% U_3O_8. An important aspect of this hole is the strong, extensive fuschite alteration typical of the AM-15 zone seen over a 5.0 metre section.

Hole EC-10-040 intersected the Matoush fault 140 metres deeper than in Hole EC-09-005, with once again alteration typical of AM-15, MT-22 and MT-34, located six kilometres farther north. The hole returned a grade of 0.03% eU_3O_8 over 3.6 metres.

One of the highlights of exploration was the receipt of the results of the Terraquest airborne geophysics survey flown last March. The goal of the survey was to define linear geophysical anomalies representing Matoush-type faults that might potentially prove to host large mineralized zones.

The survey was performed using aeromagnetic instrumentation and the associated high-resolution electromagnetic (EM): XDS/VLF. The survey data was processed by MPH Consulting, who were mandated to highlight Matoush-type potential targets corresponding to dikes injected in the faults. Following data processing, the targets were tested, most notably with holes EC-10-035 to EC-10-039 which were drilled to the east of the Matoush fault in the southern portion of Eclat property. All the holes intersected various sizable structures corresponding to the geophysical targets, primarily clayey breccias, but barren of any significant mineralization.

Subsequently, additional processing of the Terraquest data allowed this data to be analyzed with exceptional accuracy. This in-depth, extremely precise analysis led to the identification of new drill targets. In fact, the continuity at depth can be checked by eliminating certain surface anomalies and compiling the linear magnetic anomalies. This process identified a second series of geophysical targets, all outside the Matoush fault. The discovery of a strong linear magnetic anomaly on surface coinciding with a strong VLF anomaly indicated a strong likelihood that this anomaly is a similar structure to Matoush. The new targets will be tested in the coming weeks. The results from the new Terraquest data processing therefore hold great promise for the Company.

On the Pacific Bay-Matoush property, where the Company has an option to acquire a 60% interest, prospecting work was done on the north-south belt to the west of the Eclat South area. This work led to the discovery of a three-metre anomalous sub-outcropping block measuring up to 1,800 counts per second approximately four kilometres west of the Matoush fault. This new, previously unexplored area now holds particular interest due to the fact that the geophysical survey data processing discussed earlier revealed the presence of a north-south lineament about four kilometres long which contains two clearly identified drill targets. These targets will be drilled early in the third quarter.

ENGINEERING, PERMITS AND LICENCES

The Company's team is still working hard to complete the various studies required for the underground exploration program, which will begin as soon as the necessary permits are obtained.

Following the October 2009 filing of the Company's environmental impact study for the Matoush project with the CNSC, the latter gave the Company's team a list of questions aimed at expounding or completing certain aspects of the study. All the questions were answered and the responses were sent to the CNSC for comments.

On April 30, 2010, the Company also received a request from COFEX for additional information on the Matoush project environmental impact study. Some of the questions were sent to the various consultants involved, including Golder Associates ("Golder"), SENES Consultants Limited ("SENES"), Groupe Stavibel Inc., Scott Wilson RPA and GENIVAR. The other questions are now being reviewed in house and responses are being prepared. This document is expected to be filed in early August 2010.

On June 18, 2010, the Company also received COMEX's official questions and comments on the environmental impact study. An earlier meeting had taken place on June 9, 2010 to discuss these questions with analysts from the Ministry of Sustainable Development, Environment and Parks ("MDDEP"). The questions and comments from the provincial committee (COMEX) are by and large the same as the federal (COFEX) questions. Some of the questions will be sent to the consultants involved, but the Company's team will respond to most of the questions. The final document is expected to be filed in September 2010.

The public was invited to participate in public information meetings on the Matoush project, which took place on May 25 and 26 in Mistissini and Chibougamau. The public information meetings were the first phase of public hearings held by COFEX and COMEX. Representatives from Golder and SENES accompanied the Company's team to the Mistissini and Chibougamau meetings to provide technical support during the question periods.

In preparation for the public information meetings, GENIVAR created a 3D animation covering all the stages of uranium exploration and the operation of a future uranium mine on the Matoush property. This informative video, about nine minutes long, was prepared in response to specific questions from COFEX and was used as an introduction during the public information meetings. It is now posted on the Company's website (www.stratecoinc.com) and on YouTube.

In April 2010, the Company received the certificate of authorization for the expansion of the Matoush camp and its drinking and waste water treatment system.

Following a directive issued by the Provincial Evaluation Committee ("COMEV") in May 2010, the Company's team had to provide more detail for some of the studies on the exploitation of the borrow pits on areas covering more than three hectares and located near a water body. Poly-Geo Inc. was retained to perform field work and prepare the report. The field work was carried out between June 8 and 16, 2010. The report presents more specific results for the granular deposit (DG 9, located three kilometres east of the landing strip) to be exploited for the landing strip construction. This document was filed with the MDDEP during the week of July 12, 2010. A full report forming part of the impact study and including the other borrow pits will be filed in August. The document was broken up to accelerate the authorization certification process for the landing strip (DG-9).

The Company was obliged to suspend some of its activities during the thaw given the rapid melting and the large amount of mud on the construction zone access routes. Normal activities resumed in mid-June.

The construction of the access roads for the landing strip and the borrow pits were completed according to plan. Installation of the contractor's crushers began. These crushers will be used to produce the materials required for construction of the landing strip, and all the permits for the landing strip were obtained from the various ministries. The authorization certificate was issued on June 21, 2010.

Some drainage work had to be done near the surface facilities to accelerate ground dewatering.

On June 30, 2010, there were 38 members on the Company's team which is comprised of 18 at the Matoush camp and 20 at the corporate office.

Within the framework of its occupational health and safety program, the Company increased the number of controls for avoiding incidents on the project site. Many measures were taken, including the holding of occupational health and safety meetings for all employees and contractors working on the site. Inspections of the contractor work areas are also performed more frequently now, and a number of health and safety documents have been prepared and distributed.

Finally, a meeting with the CHRD was held in June to discuss in particular their employment integration program, employment assistance for new companies and on-the-job training. The CHRD's mandate is to develop skills of Cree and Non-Cree by providing support and financing to create new jobs or upgrade employees' skills.

COMMUNITY AND INVESTOR COMMUNICATIONS

The second quarter was very busy and productive in terms of community communications and relations. The Company has apparently met its objective, which is to give particular importance to openness and transparency, transmitting the information and knowledge required to ensure that the public better understands the uranium industry.

First, with the full-time presence of a Director of Community Relations at the Company's offices in Mistissini and Chibougamau and with an assistant, a member of the Cree community, at the Mistissini office, the number of meetings with local residents has multiplied. In early May, a tour of the trap cabins from Temiscamie to Mistissini took place to distribute information on the Matoush project and answer residents' questions, in English and Cree. The "personalized" meetings were very well received, and allowed the Company to hear first hand the concerns of the local population.

A communications tool was also developed to enable the Company to obtain addition information on land use. A questionnaire was distributed to the tallymen near the Matoush project to determine their habits in terms of hunting, fishing and other traditional activities. Various individual follow-up meetings were also held to identify the more active zones in each trapping area.

Through the Regional Conference of Elected Representatives of the James Bay (CRÉBJ), Company representatives were then invited to present the Matoush project development to elected officials of the James Bay Territory. This meeting led to an interesting exchange that allowed critical information on the project to be communicated. Once more, the Company was able to respond to the questions raised while taking note of the comments and concerns of local elected officials.

One of the highlights of the second quarter was the public information meetings held in Mistissini and Chibougamau on May 25 and 26. These meetings provided the Company with the opportunity to present the results of its environmental impact study to local residents, as well as representatives of COMEX, COFEX, the CNSC, Health Canada and the MDDEP. This initial step in the public hearing process went well, and in particular allowed everyone to ask questions, make comments and express their concerns.

Company representatives then participated in a number of meetings in Mistissini and Chibougamau throughout the month of June, most notably with the James Bay Joint Action Mining Committee, *La Ruée vers le Nord* (The Lure of the North), the Director-General of Mistissini, the CHRD and the Local Environment Department for Mistissini. All these meetings were part of the Company's communications plan, which aims, among other things, to include local communities in the Matoush project development. The subjects discussed included the creation of a "uranium committee", notably authorized by the Canadian Environmental Assessment Agency (CEAA) and headed by the Local Environment Department for Mistissini. This committee was created to involve people from the community in the decision process for uranium exploration and mining in the territory. The Company will only participate in some of the committee meetings to allow the committee as much latitude as possible with regard to the matters discussed.

The Company also encourages local community initiatives to provide information on uranium exploration and mining. In the second quarter, on May 12 and 13, information evenings were organized by the "uranium committee" of the CRÉBJ in Chapais and Chibougamau. This type of activity makes it much easier for local communities to acquire an accurate understanding of the facts surrounding the uranium industry.

The Company also posted a new information video on its website (www.stratecoinc.com) and on YouTube. The, English and French, video explains the various stages of the Matoush project development in a simple, visually-engaging way. It is an exceptional information tool that reaches a very large public audience. The Company is also continuing to update and optimize its website to make the information available on the Matoush project and the uranium industry in general as accessible as possible.

In terms of investor relations, Guy Hébert, the Company's President and Chief Executive Officer, made many presentations in the second quarter, particularly in Montreal and Toronto. Company management is also continuing to meet with potential

Canadian and foreign partners. Early in the quarter, the Company also announced that it had retained the services of Renmark Financial Communications Inc. to assist in its investor relations activities.

In short, all these initiatives show that the Company is working to inform the public on the nature of its work and the related issues. The Company's efforts are clearly contributing to the social acceptance of the Matoush project, as well as the maintenance of good relations with local native and non-native residents, investors, government bodies and the general public.

STRATEGY AND ACTION PLAN

For the coming months, the Company's team is determined to continue rigorously working to obtain the licence required to start the Matoush project underground exploration program. Furthermore, with the largest drilling program every conducted on the Matoush project, the Company intends to once again significantly increase the uranium resource on its Matoush property.

It must be recalled that with the drilling program underway, which could reach 120,000 metres over the next two years (2010-2011), the Company plans to establish a potential of 60 million pounds of U_3O_8. Intensive, sustained exploration work will take place throughout the next quarter on the Matoush project properties, mainly on the Eclat property, as well as the Pacific Bay-Matoush property.

In addition, work on construction of the landing strip will be completed over the next four months. This will facilitate the transport of the manpower and equipment required to advance operations at the Matoush project site.

In relation to the Matoush underground exploration program licence, the Company's team will continue to respond to questions from COFEX and COMEX to provide the additional information required for the environmental impact study. As indicated above, all the information should be available by early fall. In order to accelerate the licensing process for mine construction, the Company plans to begin, in 2011, the environmental studies required for tailings pond construction.

The Company is also optimistic about the second phase of public hearings on the Matoush project, which should take place this fall. The Company's team is doing everything it can to inform local residents. The conclusions of the environmental impact study are positive and encouraging for project development. The purpose of the second phase of public hearings is to allow the public to express its viewpoint on the project and its impact, and to present or table briefs.

In terms of communications, in addition to participating in the public hearings and responding to the questions and concerns raised, the Company will pursue its information activities throughout the coming quarter. The Company representatives in the Mistissini and Chibougamau offices are also very active in terms of information and awareness. The Company will also pursue its efforts to set up a committee of representatives from the community of Mistissini, with the goal of enhancing the Cree community's involvement in the Matoush project development.

Finally, the Company's President and Chief Executive Officer will travel to Europe in the fall to attend various meetings to promote the Company to investors and encourage them to invest in this highly promising project. Presentations are also planned for Montreal, Toronto and the United States.

EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the six-month period ended June 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	1,976,706	11,934	314,383	14,451	25,576	(10,483)	2,332,567
Infrastructure, access roads, fuel depot and others	1,226,698	-	-	-	-	-	1,226,698
Drilling	344,657	-	2,439,291	-	-	-	2,783,948
Transport and fuel	2,263,842	-	-	-	-	-	2,263,842
Geophysics	58,329	-	-	-	55,476	-	113,805
First aid	314	-	-	-	-	-	314
Laboratory and analysis	46,949	-	171,482	-	-	19,352	237,783
Travel and lodging	620,915	-	-	-	-	-	620,915
Nuclear permits	186,950	-	-	-	-	-	186,950
Management fees	337,316	-	261,834	433	5,548	360	605,490
Supplies and equipment rental	111,469	-	-	-	-	-	111,469
Rolling equipment maintenance	93,903	-	-	-	-	-	93,903
General expenses	142,272	-	-	900	-	-	143,172
Environment	130,367	-	-	-	-	-	130,367
Stock-based compensation	169,343	-	-	-	-	-	169,343
Amortization of property and equipment	362,125	-	-	26,538	-	-	388,664
	8,072,155	11,934	3,186,990	42,322	86,600	9,229	11,409,230
Credit for mining duties and other exploration credits	(3,677,615)	(5,501)	(1,469,203)	(7,276)	(39,923)	(11,520)	(5,211,039)
Net increase	4,394,540	6,433	1,717,787	35,046	46,677	(2,292)	6,198,191
Balance end of period	36,542,938	459,773	2,715,568	1,437,118	859,254	488,427	42,503,078

Exploration expenses and exploration supplies for the six-month period ended June 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	1,764,831	9,594	34,565	56,957	27,741	40,290	1,933,978
Infrastructure, access roads, fuel depot and others	1,356,853	-	-	-	-	-	1,356,853
Drilling	1,324,274	-	298,649	2,299	238,735	117,363	1,981,320
Transport and fuel	696,552	-	-	1,208	17,916	83,400	799,076
Geophysics	-	-	-	-	-	100	100
First aid	7,422	-	-	-	-	-	7,422
Laboratory and analysis	164,513	-	-	-	-	-	164,513
Travel and lodging	784,619	-	-	75	-	50	784,744
Nuclear permits	383,250	-	-	-	-	-	383,250
Management fees	297,821	-	29,865	997	25,877	40,948	395,508
Supplies and equipment rental	249,517	-	-	-	-	-	249,517
Rolling equipment maintenance	86,835	-	-	5,584	-	-	92,419
General expenses	171,835	-	-	3,047	-	6,100	180,982
Environment	351,037	-	-	-	-	-	351,037
Stock-based compensation	169,945	-	-	-	-	-	169,945
Amortization of property and equipment	161,438	-	-	29,426	-	-	190,864
	7,970,742	9,594	363,079	99,593	310,269	288,251	9,041,528
Credit for mining duties and other exploration credits	(3,964,327)	(4,423)	(166,494)	(14,373)	(142,720)	(137,770)	(4,430,107)
Net increase	4,006,415	5,171	196,585	85,220	167,549	150,481	4,611,421
Balance end of period	27,382,043	461,491	865,961	1,337,577	590,290	443,696	36,304,887

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three-month periods ended June 30		**Six-month periods ended June 30**	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Income – Interest	(7,462)	(12,046)	(17,840)	(43,402)
Expenses				
General and administrative expenses	529,084	287,266	1,088,194	661,013
Stock-based compensation	333,862	237,393	360,847	404,112
Accretion expense on convertible notes and on asset retirement obligation	292,878	-	484,586	-
Future income taxes expense (recovery)	11,000	(276,000)	(393,396)	(327,000)
Net loss	(1,159,362)	(236,613)	(1,522,391)	(694,723)
Net loss per share, basic and diluted	(0.01)	-	(0.01)	(0.01)

	As at As at June 30 2010	As at As at December 31 2009
	$	$
Total assets	76,569,941	61,655,744
Long term liabilities		
Obligations under capital leases	125,678	171,522
Future income tax	1,103,000	1,293,000
Asset retirement obligations	448,030	160,000
Convertible notes	4,962,938	-
	6,639,646	1,624,522

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

For the six-month period ended June 30, 2010, a stock-based compensation expense of $360,847 was recognized in the statement of operations, comprehensive loss and deficit ($404,112 for the same period in 2009) as a result 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 and administrative expenses increased to $1,088,194 for the six-month period ended June 30, 2010 from $661,013 in the same period last year due to the following:

- Increase activities on investor relations ($297,264 on June 30, 2010 versus $161,888 on June 30, 2009) following promotional trips to visit European investors and a contribution to the Communic-Action Funds spread over 2010;
- Legal, accounting and audit expenses increased to $200,560 on June 30, 2010 from $89,360 on June 30, 2009 mainly because of additional accounting professional fees;
- Increased level of activities by the Company creating additional office expenses.

The loss for the three-month period ended June 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;
- A higher level of stock options issuances due to a higher level of activity;
- The addition of accretion expense on convertible notes and asset retirement obligations;
- A future income tax expense versus a future income tax recovery mainly due to deferred exploration expenses funded by flow-though financing.

CASH ASSETS AND SOURCES OF FINANCING

The Company's working capital stood at $14,967,183 at June 30, 2010 ($8,441,128 at December 31, 2009). This working capital includes $12,580,355 of tax credits receivable at June 30, 2010 ($9,306,880 at December 31, 2009).

On January 27, 2010, the Company closed a private placement with Sentient of 100,000 units for an amount of $95,000 and $14,905,000 of convertible notes accompanied by common share purchase warrants.

During the six-month period ended June 30, 2010, the Company received $1,151,952 in resources tax credits.

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

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.

Of the $14.9 million in working capital held by the Company at June 30, 2010, approximately $1.0 million will be used to cover general and administrative expenses and approximately $9.0 million will be used to pursue the exploration programs planned for the remaining of fiscal year 2010.

Management is of the opinion that the Company requires more funding before the end of the year 2010 to continue its exploration and development plans, including the excavation of the exploration ramp if the permits are obtained as expected in the fall 2010. In the past, the Company has been able to rely on its ability to raise financing through public and private equity offerings. In addition, once its interests on the Mistassini and Pacific-Bay-Matoush properties are acquired, the Company will be able to explore and develop further theses properties through joint-venture participation.

QUARTERLY FINANCIAL INFORMATION

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

	June 30, 2010	March 31 2010	Dec. 31 2009	Sept. 30 2009	June 30 2009	March 31 2009	Dec. 31 2008	Sept. 30 2008
	$	$	$	$	$	$	$	$
Total income	7,462	10,378	2,441	8,203	12,046	31,356	90,537	85,241
Net profit (loss)	(1,159,362)	(363,029)	(526,573)	(261,978)	(236,613)	(458,110)	33,539	(360,225)
Net profit (loss), per share, basic and diluted	(0.009)	(0.003)	(0.004)	(0.002)	(0,002)	(0.004)	-	(0.003)

OFF BALANCE-SHEET ARRANGEMENTS

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

COMMITMENTS

The Company has signed new leases in the six-month period ended June 30, 2010 and the obligations of the Company total $511,591 as of June 30, 2010 compared to $529,079 as at December 31, 2009.

RELATED-PARTY TRANSACTIONS

The Company concluded the following transactions with BBH Géo-Management Inc. (“BBH”):

	Six-month periods ended June 30	
	2010	2009
	$	$
Expenses capitalized in the statement of deferred expenditures		
Consultants and subcontractors	1,889,000	1,495,000
Management fees	613,000	396,000
General and administrative expenses in the statement of earnings and deficit		
Professional fees	254,000	204,000
Legal expenses	65,000	60,000
Investor relations	69,000	74,000
Rent	33,000	31,000
Management fees charged against property and equipment	88,000	11,000
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 $79,592 for the six-month period ended June 30, 2010 which are included in legal and audit expenses.

At June 30, 2010, accounts payable and accrued liabilities included an amount of $555,000 ($469,000 at June 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.

CHANGES IN ACCOUNTING POLICY

During the six months ended June 30, 2010, the Company adopted the following accounting policies:

CONVERTIBLE NOTES

The liability and equity components of convertible debentures are presented separately on the consolidated 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 roadmap 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 detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed in the third 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 third 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 vesting period 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 note 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 third 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.

It has yet to determine how the accounting will be generated in parallel under IFRS so that in 2011 it has the comparative information available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place in the third quarter 2010 to generate the dual accounting.

STEP 2.4: INTERNAL CONTROLS:

During the third 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 in the third quarter of 2010 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 August 4, 2010
	Number
Common shares	122,695,906
Stock options	5,589,500
Warrants	8,289,474
	136,574,880

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.

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 June 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 August 4, 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 President and Chief Executive Officer	Paul Einarson Chief Financial Officer