INTERIM MANAGEMENT DISCUSSION AND ANALYSIS AS AT JUNE 30, 2014

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SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the annual financial statements of Strateco Resources Inc. ("the Company") for the years ended December 31, 2013 and 2012, and the unaudited condensed interim consolidated financial statements for the quarters ended June 30, 2014 and 2013. The unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2014, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. All amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The sections of this management discussion and analysis ("MD&A") on the strategy and action plan, exploration activities and financial reporting of the Company and its subsidiary, SeqUr Exploration Inc. ("SeqUr"), incorporated under the *Canada Business Corporations Act* on January 13, 2014, reflect Management's current expectations and as such, contain "forward-looking statements". Such statements should be understood in 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, but are not limited to, uranium price volatility, risks inherent in the mining industry, uncertainty in the estimation of mineral resources, additional financial requirements and the Company's ability to meet such requirements, and the consequences of significant unforeseen delays in obtaining the provincial certificate of authorization required for activities to proceed, for which the Company has had to initiate legal proceedings, the outcome of which remains uncertain. These risks and uncertainties are more fully described in this MD&A and the annual information form filed on SEDAR.

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 three mining properties in which it hold a 100% interest and interests in three mining properties, all in Quebec. Together, these properties cover 792 claims for a total area of 42,002 hectares (420 km^2). The Company is focusing its efforts on obtaining the provincial certificate of authorization needed to advance the Matoush project, located in Quebec. Except for some projects in the Athabasca basin in Saskatchewan, the Matoush project, located in the Otish Mountains of northern Quebec, can be considered one of the highest-grade uranium exploration projects in the world. The Company has also transferred an option to its subsidiary to acquire interests in four mineral properties in Saskatchewan totalling 18 mineral claims covering a total of 45,271 hectares. The Company is thus participating in the development of new uranium properties in Saskatchewan and pursuing its goal of advancing its Matoush project in Quebec.

The Company will periodically need to obtain new funds to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

URANIUM MARKET

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

The uranium market was nevertheless shaken by the incident that occurred in Fukushima, Japan, on March 11, 2011, and the uranium spot price dropped substantially, as did all uranium company indices. A period of uncertainty followed, particularly in relation to the termination of the German nuclear program and the possibility that Japan might not restart its reactors. In the second quarter of 2014, the uranium spot price was approximately US $29/lb and the mid- to long-term price stood at around US $45/lb.

Many analysts are optimistic about the future of the uranium market. Despite economic recessions, the events at Fukushima and the recent drop in uranium prices, demand for energy continues to grow. Energy needs are such that nuclear power projects are being developed around the world. Many countries intend to expand their nuclear capacity, including China, the United Kingdom, India, Russia, the United States, South Korea and the United Arab Emirates. More than 45 countries that do not have a nuclear program are currently considering this option. Uranium demand is expected to grow by 20% by 2020 and 61% by 2030 (UxC, 2013).

On April 13, 2014, the Intergovernmental Panel on Climate Change ("IPCC") released the third part of its report on climate change mitigation, in which it urged governments to take immediate action to limit global warming, including increasing the share of energy supply from nuclear. To succeed in limiting warming to 2 °C, a major change in approach is required, including in the energy supply sector, which accounts for 35% of the planet's greenhouse gas emissions ("GHG"). To avoid the worst, GHGs must decrease by 40-70% by 2050 compared to 2010, and be near zero by the end of the century. To do this, the IPCC advocates the use of low-carbon energy supply (renewables, nuclear), which needs to triple or even quadruple by 2050; their share in electricity supply must increase from 30% today to over 80% by 2050. According to the IPCC, if nothing is done, global warming could easily increase by over 4 °C, which would have a devastating impact on global agriculture, fisheries and the availability of drinking water, in addition to causing a rise in the number of extreme, deadly weather events. This increase is mainly due to the use of fossil fuels such as coal and oil; nuclear is an integral part of the proposed solution. (Report - Summary for Policymakers, IPCC, April 2014)

There are 434 nuclear reactors worldwide in some 30 countries (June 2014), and another 70 under construction in some 14 countries, primarily in Asia. China has 20 reactors in operation, 29 under construction and 57 planned in the next eight to ten years, with another 118 proposed within the next 15 years. In Russia, there are currently 10 reactors under construction and another 31 planned. India intends to increase its nuclear capacity, with 22 new reactors planned in the next eight to ten years, and 35 reactors proposed within the next 15 years. The new Nuclear Cooperation Agreement between Canada and India, which took effect on September 27, 2013, opens up new markets for Canadian uranium exporters. In all, more than 172 nuclear reactors are expected to be built in the coming years (World Nuclear Association, 2014).

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

HIGHLIGHTS

The Company continued to work very hard during the second quarter of 2014 to defend its shareholders' interests in the Matoush project. The Quebec uranium industry received considerable media attention due to the start of the commission of inquiry by the *Bureau d'audiences publiques sur l'environnement* ("BAPE"). The Company's President and Chief Executive Officer, Guy Hébert, took the opportunity to increase his media exposure to remind Quebec politicians and the general public about the Matoush situation.

The BAPE commission of inquiry on the uranium industry (the "commission") announced on March 28, 2013, began the first phase of its mandate on May 20, 2014. This pre-consultation phase, which ended on June 23, 2014, allowed the commission to tour a dozen Quebec municipalities and communities to "listen to the public's concerns and adjust its inquiry strategy accordingly" (BAPE, 2014).

On May 20, 2014, the Company called upon the BAPE to recuse Louis-Gilles Francoeur, the chair of the commission, in particular because he has neither the neutrality nor the legitimacy needed to chair the commission's work. The Company also called for the government to put an immediate end to the commission, both because it is pointless and because, contrary to the provisions of the Environment Quality Act, its mandate includes the territory of the James Bay and Northern Quebec agreement.

On May 27, 2014, the Company held its Annual and Special Meeting of Shareholders ("annual meeting"), resulting in the election of each of the Company's directors, the appointment of its auditor and the adoption of two special resolutions, including one allowing it to enter into a private placement.

Consequently, the Company announced, on June 12, 2014, that it had closed the $1.4 million private placement with Sentient Executive GP IV, Limited ("Sentient IV"), part of the Sentient Group, a Company insider. The private placement consisted of the issuance of 28 million common shares at $0.05 per share.

The other special resolution passed at the annual meeting allows the Company's directors to distribute 15 million common shares of its subsidiary, SeqUr, to the Company's shareholders when deemed appropriate. The Company obtained the shares on June 10, 2014, in exchange for the option obtained from Denison Mines Corp. on the Jasper Lake uranium project, consisting of four properties in Saskatchewan. On June 12, 2014, SeqUr also closed a $100,000 private placement involving the issuance of 5 million common shares at $0.02 to Sentient IV.

With the support of its shareholders, the Company has restored its financial health sufficiently to warrant the continued listing of its shares on the Toronto Stock Exchange ("TSX"). The Company had been on the TSX surveillance list since December 17, 2013. On June 16, 2014, the TSX completed its review of the Company's common shares and determined that the Company met the TSX's continued listing requirements.

On June 12, 2014, the Company announced the temporary closure of its Matoush camp in the Otish Mountains, in northern Quebec. This decision is part of a cost cutting program that the Company adopted due to the Quebec government's refusal to issue the final permit needed to start the advanced exploration phase of the Matoush project. Subsequent to June 30, 2014, the Company sold some of its assets held for sale for $549,250.

Finally, on July 4, 2014, the court ruled on the Crees' request to intervene in the Company's motion to invalidate the decision made by Quebec's former Minister of Sustainable Development, Environment, Wildlife and Parks ("MDDEFP") on November 7, 2013, whereby he refused to deliver the certificate of authorization for the underground exploration phase of the Matoush project. The ruling allows the Crees to participate in relation to all issues and at all stages of the proceedings.

FINANCING

The Company did not enter into any private placements or other type of financing agreement in the first quarter.

On May 8, 2014, in the second quarter, the Company signed an agreement with Sentient IV, an insider and a related party, for a private placement of a total of 28,000,000 shares at a price of $0.05 per share for proceeds of $1,400,000. This placement was subject to shareholder approval at the Annual General and Special Meeting of Shareholders ("Annual Meeting") on May 27, 2014, as well as regulatory approval.

At the annual meeting, 98.53% of the Company's shareholders present at the meeting or represented by proxy, voted in favour of the special resolution authorizing the directors of the Company to enter into a private placement. Voting on this matter was on a disinterested basis (excluding Sentient).

On June 12, 2014, the Company closed a non-brokered private placement of $1,400,000 with Sentient IV. The Company incurred $32,366 in fees and issue costs in connection with this financing, which was charged to share capital. The Company will primarily use the proceeds of the private placement for the maintenance of the Matoush project and working capital. A sum of $250,000 was allocated to the option agreement on the Jasper Lake project, in Saskatchewan.

On June 10, 2014, SeqUr issued 14,999,999 common shares of the Company in exchange for the Company's option on the Jasper Lake uranium project, consisting of four properties in Saskatchewan.

At the annual meeting, 99.37% of Strateco shareholders present at the meeting or represented by proxy voted in favour of a special resolution authorizing the Company's directors to distribute the 15 million common shares of SeqUr held by the Company to its shareholders, when they deem appropriate.

In addition, on June 12, 2014, SeqUr closed a non-brokered private placement with Sentient IV of 5,000,000 common shares priced at $0.02 per share, for total gross proceeds of $100,000. SeqUr incurred fees of $7,500 in connection with this financing, which were charged to non-controlling interest. The Company now owns 75% of the subsidiary. The proceeds of the financing will be used solely for SeqUr's working capital.

Finally, it should be noted that SeqUr's Board of Directors adopted a resolution on July 2, 2014, appointing Jonathan Lafontaine, a director, as President and Chief Executive Officer, and Charles Riopel as a director, representing Sentient, in addition to the three other SeqUr directors.

EXPLORATION ACTIVITIES

Resources – Qualified Person: Mr. Jean-Pierre Lachance, the Company's Executive & Exploration and Community Relations Vice President, meets the criteria and is recognized as a qualified person as defined in the *Regulation 43-101 respecting standards of disclosure for mineral projects, CQLR, c V-1.1, r 15*. Mr. Lachance supervised the establishment of the information constituting the basic technical disclosure and approved the information contained herein. Mr. Lachance also verified the data disclosed, including the sampling, analytical or test data underlying the information or opinions contained in the written disclosure below, using a procedure that enabled him to confirm that the data was produced using the appropriate procedures, that it was accurately transcribed from the original source and that it can be used.

The quality assurance and quality control protocols are described in detail in Appendix A to the 2013 annual information form filed on SEDAR. This section provides a technical description of the analytical procedures, sampling methods and quality assurance and control protocols used for the exploration program. This technical description can also be found in the "*Quality Assurance and Quality Control-QA/QC"* section of the Company's website, at www.strateco.ca.

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

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

The delays and circumstances surrounding the granting of the certificate of authorization by the *Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques* ("MDDELCC"), formerly the MDDEFP, for the underground exploration phase meant cancelling the Matoush project exploration. As the Company focused all its efforts on the legal procedures aimed at obtaining the certificate of authorization and made staff cuts due to the delays, no drilling was done on the Matoush deposit in the second quarter of 2014. The Company decided to temporarily close the Matoush camp so as to reduce its operating expenses.

JASPER LAKE PROJECT (SASKATCHEWAN)
(Comprising the Jasper Lake, Minor Bay, Ahenakew Lake and North Wedge properties)

The Jasper Lake project in the Athabasca Basin in Saskatchewan consists of the Jasper Lake, Minor Bay, Ahenakew Lake and North Wedge properties, in which the Company can earn an interest of up to 60%. The Jasper Lake project currently consists of 18 mineral claims covering a total of 45,271 hectares (452 km^2).

No exploration took place on any of the properties of the Jasper Lake project during the second quarter of 2014.

The Company completed the report for the statutory work relating to two holes drilled in February 2014 on the North Wedge property and filed it with the Saskatchewan authorities.

The compilation of historical exploration work conducted on the four properties of the Jasper Lake project continued in preparation for the airborne geophysical surveys scheduled to begin toward the end of the third quarter of 2014.

PERMITS AND AUTHORIZATIONS

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Since the beginnings of the Matoush project in 2006, the Company has worked tirelessly to get through a long process of meeting the applicable standards and complying with provincial and federal regulations with respect to uranium projects. After completing a large number of environmental, social, economic and technical studies, the Company finally obtained its authorization from the federal Environment Minister and, in October 2012, from the Canadian Nuclear Safety Commission (“CNSC”), and a positive recommendation from the provincial evaluation committee for the Matoush underground exploration program. Furthermore, since the beginning of the Matoush project permitting process, the Company has been granted more than 20 certificates, permits and leases at the provincial level alone.

In January 2013, the Company began legal proceedings aimed at obtaining the MDDEFP, now the MDDELCC, certificate of authorization needed to begin underground exploration at the Matoush project. All the legal proceedings that occurred prior to the second quarter of 2014 are described in previous quarterly and annual reports, as well as in the “The Matoush Project – Legal Proceedings” section of the Company’s website.

The Company pursued these legal efforts in the second quarter of 2014. It remains fully engaged in the process and more determined than ever to win its case.

It should be recalled that the Company filed a motion to invalidate with Quebec Superior Court (“the Court”) on December 5, 2013. This motion seeks to invalidate the former MDDEFP minister’s decision of November 7, 2013, whereby he refused to issue the certificate of authorization for the underground exploration phase of the Matoush project. In addition to seeking to invalidate the decision, the Company is asking the Court to force the minister to issue the certificate of authorization needed for the advanced exploration phase.

In this regard, on December 24, 2013, the Crees filed a request to intervene in the Company’s motion to invalidate. On February 20, 2014, a hearing was held on the type and scope of the Cree intervention. The honourable judge Danielle Blondin, who is in charge of the motion to invalidate, took the question of the Cree participation under deliberation and rendered her judgement in July 2014. The ruling authorizes the Crees to participate in relation to all issues and at all stages of the proceedings.

In relation to the Company’s motion to invalidate, it was also agreed that the defence and examination of all the parties should be completed by November 14, 2014, for future hearings.

The Company is pursuing its legal actions, and intends to continue to vigorously defend the interests of its shareholders, who have invested more than $125 million in the Matoush uranium project in Quebec.

BAPE COMMISSION OF INQUIRY ON THE QUEBEC URANIUM INDUSTRY

On March 3, 2014, the former MDDEFP minister gave the BAPE the mandate to hold an inquiry commission on the Quebec uranium industry. The commission's work began May 20, 2014, for a one-year term. The BAPE's report must be delivered to the minister of the MDDELCC, formerly the MDDEFP, by May 20, 2015, and the minister will then have 60 days to make it public.

Within the scope of the inquiry commission, a study on uranium industry issues was ordered. The *Study on the state of knowledge, impact and mitigation measures relating to uranium exploration and mining in Quebec* (the "Study"), prepared by *Diversification de l'exploration minérale au Québec* ("DIVEX"), was made public on April 16, 2014.

Among other things, the Study indicates that potential risks of environmental and health effects associated with uranium mining "can be minimized through the application of environmental management mechanisms." The study also refers Health Canada's conclusions that the "potential for health impacts from uranium mining does not differ much from those associated with other types of mining" (Health Canada, 2004).

The Study also points out that the Canadian Nuclear Safety Commission ("CNSC") does not grant a license unless all regulatory requirements have been met. The proponent must "be qualified to carry out the activities permitted under the license or permit" and "will, in the context of these activities, make adequate provision for the protection of the environment, the health and safety of persons, the maintenance of national security and the implementation of international obligations to which Canada has agreed."

The Study's conclusions underscore that "the existing laws and regulations in Quebec and Canada covering the environment and radiation protection are internationally recognized as best practice and are based on proven scientific concepts. Compliance and enforcement remain the best tools for minimizing the potential impact of uranium exploration and mining in Quebec."

The Study prepared by DIVEX can be found on the BAPE website:
http://www.bape.gouv.qc.ca/sections/mandats/uranium-enjeux/documents/gen.htm.

On May 20, 2014, the Company called upon the BAPE to recuse Louis-Gilles Francoeur, the chair of the commission, in particular because he has neither the neutrality nor the legitimacy needed to chair the commission's work. The Company also wished that the government puts an immediate end to the commission, both because it is pointless and because, contrary to the provisions of the Environment Quality Act, its mandate includes the territory of the James Bay and Northern Quebec agreement.

The BAPE began the first phase of its mandate on May 20, 2014. This pre-consultation phase, which ended on June 23, 2014, allowed the commission to tour a dozen Quebec municipalities and communities to "listen to the public's concerns and adjust its inquiry strategy accordingly".

The second phase, the question and information phase, is expected to begin during the first week of September 2014, "the commission and participants will consider the inquiry issues in more depth, with support from experts and resource people".

Finally, during the third phase, scheduled to take place in the late fall 2014, "the Commission will hear people who have tabled briefs or who wish to present their opinions verbally". (BAPE, May 6, 2014)

ENGINEERING

On June 12, 2014, the Company announced that it was temporarily closing its Matoush camp in the Otish Mountains, in northern Quebec. This decision is part of a cost cutting program that the Company adopted due to the Quebec government's refusal to issue the final permit needed to start the advanced exploration phase of the Matoush project.

Strateco's Matoush camp has been on standby for over a year, ever since a moratorium and commission of inquiry on Quebec's uranium industry was announced on March 28, 2013.

The damages arising from the temporary closure of the Matoush camp and any cost associated with reopening the camp in the future add to the damages incurred by the Company and its shareholders following the Quebec government's refusal to issue the certificate of authorization. Subsequent to June 30, 2014, the Company sold some of its facilities and equipment for $549,250 and did some of the site rehabilitation and restoration work.

The Matoush camp will be closed in such a way as to protect the environment and human health, in keeping with the approach the Company has taken since the start of the Matoush project in 2006.

COMMUNITY AND INVESTOR COMMUNICATIONS

The delayed issuance of the certificate of authorization from the MDDELCC, formerly the MDDEFP, has forced the Company to operate with a smaller staff, and the Company therefore currently has no representatives in the local communities. However, discussions with members of the Cree community of Mistissini and the James Bay community indicate that the long-standing relationship persists. The Company remains available and open to discussion and to providing the local communities with information.

The Company has also taken advantage of the considerable media attention generated by the holding of the BAPE commission of inquiry on the uranium industry. The Company's President and Chief Executive Officer, Guy Hébert, increase his media exposure to remind Quebec politicians, local communities and the general public about the Matoush situation and explain it to them.

The Company responds daily to questions from shareholders and the public, and all the public information on the Matoush project is posted on the Company's website (www.strateco.ca).

On May 27, 2014, the Company held its annual meeting, in Montreal, resulting in the election of each of the Company's directors, the appointment of its auditor and the adoption of two special resolutions more fully described in the "Financing" section of this MD&A.

All of the Company's directors were re-elected. The board is composed of Messrs. Marcel Bergeron, Paul-Henri Couture, Robert Desjardins, Guy Hébert, Jean-Pierre Lachance, Henri Lanctôt, Jean-Guy Masse and Charles Riopel.

The meeting also appointed PricewaterhouseCoopers LLP as the Company's auditor and authorized the directors to fix its remuneration.

STRATEGY AND ACTION PLAN

EXPLORATION

No site work can be done on the underground exploration program at the Matoush project until the Company obtains a certificate of authorization from the MDDELCC, formerly the MDDEFP.

The temporary closure of the Matoush camp, aimed to reducing costs while retaining the Company's recognized expertise, should end sometime in September.

SEQUR EXPLORATION INC.

SeqUr is planning a financing by the end of 2014, subject to market conditions, which would allow the 15 million shares to be distributed to the Company's shareholders and airborne geophysical surveys to be flown over the entire Jasper Lake project.

LEGAL PROCEEDINGS

The Company will focus its efforts on the ongoing proceedings in relation to the motion to invalidate the Minister's decision proceeding for as long as required, so as to enforce its rights and protect the rights of its shareholders. In addition to the legal proceedings already underway, the Company reserves its rights to any future claims, and will continue to inform its shareholders on the ongoing legal proceedings.

BAPE COMMISSION OF INQUIRY ON THE QUEBEC URANIUM INDUSTRY

The Company intends to continue to be very active throughout the BAPE inquiry commission so as so vigorously defend its shareholders' interests, the Quebec uranium industry and the development of its advanced uranium exploration program at its Matoush project, whose negligible environmental impact has already been the subject of all the studies and public hearings required under the Environment Quality Act and applicable to Quebec public lands.

EXPLORATION AND EVALUATION EXPENDITURES AND EXPLORATION SUPPLIES

Exploration and evaluation expenditures and exploration supplies for the six-month period ended June 30, 2014	**Matoush**	**Matoush Extension**	**Eclat**	**Pacific Bay-Matoush**	**Mistassini**	**Jasper Lake Project**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	-	-	-	-	-	-	-
Additions							
Salaries, consultants and subcontractors	346,768	1,053	1,098	1,930	194	92,679	443,722
Maintenance of infrastructure, access roads, fuel depot and others	355,192	-	-	-	-	-	355,192
Drilling	656	-	-	-	-	129,943	130,599
Transport and fuel	160,528	-	-	-	-	28,375	188,903
First aid	196	-	-	-	-	112	308
Laboratories and analyses	-	-	-	-	-	5,922	5,922
Travel and lodging	-	-	-	92	-	7,730	7,822
Canadian Nuclear Safety Commission costs	63,950	-	-	-	-	-	63,950
Supplies and equipment rental	60,041	-	-	-	-	1,512	61,553
General expenses	56,246	1,962	892	2,745	1,675	686	64,206
Environment	7,069	-	-	-	-	72	7,141
	1,050,646	3,015	1,990	4,767	1,869	267,031	1,329,318
Refundable credit for resources	-	-	-	-	-	-	-
	1,050,646	3,015	1,990	4,767	1,869	267,031	1,329,318
Exploration and evaluation expenditures presented in the statements of income	(1,050,646)	(3,015)	(1,990)	(4,767)	(1,869)	-	(1,062,287)
Net change	-	-	-	-	-	267,031	267,031
Balance, end of period	-	-	-	-	-	267,031	267,031

EXPLORATION AND EVALUATION EXPENDITURES AND EXPLORATION SUPPLIES

Exploration and evaluation expenditures and exploration supplies for the six-month period ended June 30, 2013	**Matoush**	**Matoush Extension**	**Eclat**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	67,814,685	663,891	4,397,255	1,881,763	961,160	75,718,754
Additions						
Salaries, consultants and subcontractors	727,047	4,510	8,173	2,678	1,106	743,514
Maintenance of infrastructure, access roads, fuel depot and others	614,208	-	-	-	-	614,208
Drilling	170,163	954	1,234	(14,040)	(5,418)	152,893
Transport and fuel	(69,860)	-	-	-	-	(69,860)
First aid	123,032	-	-	-	-	123,032
Travel and lodging	51,963	-	-	-	-	51,963
Canadian Nuclear Safety Commission costs	204,836	-	-	-	-	204,836
Supplies and equipment rental	117,331	-	-	-	-	117,331
Rolling equipment maintenance	7,106	-	-	-	-	7,106
General expenses	139,846	1,905	702	2,161	1,318	145,932
Environment	35,254	-	-	-	-	35,254
Depreciation of property and equipment	358,181	-	-	-	-	358,181
	2,479,107	7,369	10,109	(9,201)	(2,994)	2,484,390
Refundable tax credit for resources	(686,090)	(2,855)	(3,917)	3,566	1,160	(688,136)
	1,793,017	4,514	6,192	(5,635)	(1,834)	1,796,254
Impairment	(68,748,195)	(667,072)	(4,403,017)	(1,883,727)	(961,664)	(76,663,675)
Exploration and evaluation expenses presented in the statements of income	(816,920)	(1,333)	(430)	7,599	2,338	(808,746)
Net change	(67,772,098)	(663,891)	(4,397,255)	(1,881,763)	(961,160)	(75,676,167)
Balance, end of period	42,587	-	-	-	-	42,587

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Finance income	1,590	1,497	5,116	5,023
Expenses				
Mineral property expenditures	(31,872)	-	(34,938)	-
Exploration and evaluation expenditures	(491,411)	(808,746)	(1,098,255)	(808,746)
Salaries and benefits, consultants and professional fees, communications and promotional expenses and office expenses	(389,898)	(332,375)	(742,376)	(729,822)
Accretion expense on convertible notes, asset retirement obligations and loans payable	(788,771)	(652,944)	(1,463,723)	(1,265,249)
Depreciation of property and equipment	-	-	-	(5,664)
Interest and bank charges	(75,513)	(78,985)	(150,456)	(148,605)
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	-	-	-	(87,241,070)
Income tax recovery	-	28,337	47,147	11,125,480
Net loss	(1,775,875)	(1,843,216)	(3,437,485)	(79,068,653)
Net loss per share, basic and diluted	(0.009)	(0.011)	(0.018)	(0.471)

As at:

	June 30, 2014	December 31, 2013
	$	**$**
Total assets	6,019,593	6,292,197
Non-current financial liability		
Loans payable	2,986,476	2,981,941
Convertible notes	7,537,027	6,151,853
	10,523,503	9,133,794

RESULTS OF OPERATION

The net loss for the three- and six-month periods ended June 30, 2014, decreased for the following reasons:

No impairment was recorded for the three- and six-month periods ended June 30, 2014, while the Company had impaired its non-financial assets as at March 31, 2013. The Company's mining properties, Matoush project-related deferred exploration and evaluation expenditures, and property and equipment were impaired by a total of $87,241,070 as at March 31, 2013.

The substantially-lower the income tax recovery for the six-month period ended June 30, 2014, as compared to the same period in 2013, is partly attributable to the above-mentioned impairment recorded as at March 31, 2013. The impairment had also had the effect of completely eliminating the deferred income tax liabilities and a corresponding recovery of deferred income tax had been recorded for the three-month period ended March 31, 2013.

Since the recognition of the above-mentioned impairment of its non-financial assets, the Company has presented all of its Matoush project exploration and evaluation expenditures in the interim consolidated statement of income. Total expenditures for the three- and six-month periods ended June 30, 2014 amount to $491,411 and $1,098,255, respectively, compared to $808,746 for the same periods in 2013.

The accretion expense on convertible notes, asset retirement obligations and loans payable is increasing primarily because the accretion on convertible notes increases as the financial liabilities approach maturity. These charges had no impact on the Company's cash flow.

CASH ASSETS AND SOURCES OF FINANCING

The Company had negative working capital of $1,049,155 at June 30, 2014 (positive working capital of $362,496 at December 31, 2013), excluding assets held for sale but including $995,899 in cash. This working capital includes $1,286,794 in tax credits receivable at June 30, 2014 ($1,080,864 at December 31, 2013), as well as a provision of $1,830,000 as at June 30, 2014 ($1,830,000 as at December 31, 2013). Management estimates that these funds will not be sufficient for the Company to continue operating. Any funding shortfall may be met in the future in a number of ways, including, but not limited to, the issuance of new equity instruments, further expenditure reductions and other measures. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, or that these sources of funding or initiatives will be available to the Company or will be available on terms acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities used $1,753,093 in the six-month period ended June 30, 2014 ($451,911 in the same period of 2013). The increase in cash flow used was due in part to the presentation of all exploration and evaluation expenses related to the Matoush project in the Company's interim consolidated statement of income since the recognition of the impairment of the Company's non-financial assets, as discussed under "Results of Operations" in this MD&A. There was also a general decrease in changes in non-cash working capital items during the six-month period ended June 30, 2014, primarily as a result of major changes in the Company's operations during the same period in 2013 arising from its inability to conduct its Matoush underground exploration program, which entailed an increase in accounts payable and accrued charges and the transfer of exploration supplies to prepaid expenses and other receivables.

The Company's investing activities consist primarily of funds used for exploration and evaluation work in Saskatchewan carried out, as shown in the "Exploration and Evaluation Expenditures and Exploration Supplies" tables of this MD&A. In addition, the Company used the funds for the properties of the Jasper Lake project in Saskatchewan.

During the six-month period ended June 30, 2014, the Company's financing activities included the closing of a non-brokered private placement with Sentient IV, an insider and a related party, and the issuance of common shares for gross proceeds of $1,400,000. In addition, SeqUr, a subsidiary of the Company, closed a non-brokered private placement with Sentient IV and issued common shares for gross proceeds of $100,000. Finally, on March 20, 2014, the Company issued 1,288,937 common shares priced at $0.057 per share for a total of $73,973 in payment of quarterly interest on the $3,000,000 loan granted by Sentient IV on December 20, 2013. On June 20, 2014, the Company issued 1,362,688 common shares priced at $ 0.056 per share for a total of $75,616, again in payment of quarterly interest on the same $3,000,000 loan. Note that the issuance of shares in payment of quarterly interest is a non-cash transaction.

QUARTERLY FINANCIAL INFORMATION

The following table contains selected financial information for the last eight quarters. The amounts were determined in accordance with IFRS, and are in Canadian dollars.

	June 30 2014 *(ii)*	**March 31, 2014** *(ii)*	**Dec. 31 2013** *(ii, iii)*	**Sept. 30 2013** *(ii)*	**June 30 2013** *(ii)*	**March 31 2013** *(i)*	**Dec. 31 2012**	**Sept. 30 2012**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total income	1,590	3,526	14,872	1,838	1,497	3,526	5,324	14,299
Net income (loss)	(1,775,875)	(1,661,610)	1,601,649	(1,865,682)	(1,843,216)	(77,225,437)	(954,906)	(961,991)
Net income (loss) per share, basic and diluted	(0.009)	(0.009)	0.009	(0.011)	(0.011)	(0.460)	(0.006)	(0.006)

(i) The net loss is attributable to the $87,241,070 impairment of the Company's mining properties, deferred exploration and evaluation expenditures and property and equipment, and to the recovery of deferred income taxes in the amount of $11,038,464.

(ii) The higher net loss is attributable to the presentation of all exploration and evaluation expenditures in the statement of income since the recognition of the impairment charge on the Company's non-financial assets; these Matoush-related expenditures totalled $808,746, $811,398 and $2,391,156 for the three-month periods ended June 30, 2013, September 30, 2013 and December 31, 2013, respectively, and $606,844 and $491,411 for the three-month periods ended March 31, 2014 and June 30, 2014, respectively.

(iii) Net income was primarily due to a of $5,125,105 gain on exchange of convertible notes.

OFF-BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

BBH GEO-MANAGEMENT INC.

Effective August 1, 2011, the Company renewed a service agreement on a monthly basis with BBH, a related company with an officer and director, Guy Hébert, who is also an officer and director of the Company. The agreement provides for BBH to supply the Company with certain services.

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

- Use of BBH's offices and equipment for a monthly charge of $5,500 to be reviewed each year on July 31;
- Accounting;
- Consulting services, including geology.

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

The Company and its subsidiary entered into the following transactions with BBH:

	Six-month periods ended June 30,	
	2014	**2013**
	$	**$**
Capitalized exploration and evaluation expenditures in deferred exploration and evaluation expenditures		
Fees	33,000	355,000
In the statement of income		
Professional fees	110,000	97,000
Fees for exploration and evaluation expenses	196,000	181,000
Office expenses	33,000	33,000

At June 30, 2014, accounts payable and accrued liabilities included an amount of $65,000 ($400,000 at June 30, 2013) owed to related parties. The fees charged by BBH for services rendered to the Company and its subsidiary by employees of BBH include a mark-up of 1.85 to cover benefits and other risks borne by BBH as employer. The invoices of BBH are payable upon receipt and bear interest at a rate of 5% per year.

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

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

The Transfer Agreement provides for the future transfer of permanent employees of BBH who could eventually become employees of the Company but who were still employees of BBH as at August 6, 2014.

SENTIENT GROUP

Subsequent to the transactions described in Notes 10 and 13 to the financial statements dated December 31, 2013, the Sentient Group has significant influence over the Company and thus is considered a related party. Agreements and transactions with the Sentient Group are already disclosed in the financial statements of December 31, 2013, and in the unaudited condensed interim consolidated financial statements of June 30, 2014, and are therefore not described here.

OUTSTANDING SHARE DATA

	August 6, 2014
	Number
Common shares	215,180,122
Stock options	2,772,500
Warrants	1,500,000
	219,452,622

RISK AND UNCERTAINTIES

Risk factors are more fully discussed in the Company's MD&A in the annual report for the year ended December 31, 2013.

NEW ACCOUNTING POLICIES IN EFFECT

The new accounting policies in effect for the quarter ended June 30, 2014, are set out in Note 2 to the Company's unaudited condensed interim consolidated financial statements.

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. The President and Chief Executive Officer and the Chief Financial Officer have also designed or had designed internal controls over financial reporting to provide reasonable assurance that financial reporting is reliable and that the financial statements are designed to report financial information in accordance with IFRS.

There were no important changes in the internal control over financial reporting during the three-month period ended June 30, 2014, that had or could reasonably be expected to materially affect the internal control over financial reporting ("ICFR").

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A is dated August 6, 2014, and complies with Canadian Securities Administrators' *Regulation 51-102 respecting continuous disclosure obligations, c. V-1.1, r. 24*. The purpose of this MD&A is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspective on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Company (www.strateco.ca), and SEDAR (www.sedar.com) websites.

(Signed) Guy Hébert
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Guy Hébert
President and Chief Executive Officer

(Signed) Yvon Robert
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Yvon Robert
Chief Financial Officer