ANNUAL REPORT
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SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the consolidated financial statements of Strateco Resources Inc. (the "Company") for the years ended December 31, 2014 and 2013, and the audited consolidated financial statements for the year ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards ("IFRS") including comparative figures. 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 impact of the Quebec government's refusal to grant the certificate of authorization needed to continue work on the Matoush project, which has obliged the Company to take legal action for damages whose outcome is 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 holds a 100% interest and interests in three mining properties, all in Quebec. Together, these properties cover 742 claims for a total area of 39,459 hectares (395 km^2). 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, SeqUr, to acquire interests in four mineral properties in Saskatchewan totalling nine mineral claims covering a total of 22,026 hectares (220 km^2). On February 27, 2015, SeqUr announced that it was withdrawing from the option agreement on the Jasper Lake project.

The Company will 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 companies 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 2014, the average uranium spot price was around US$33/pound, with the long-term price averaging about US$47/pound. In January 2015, the uranium spot price was about US$37/pound.

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 17% by 2020 and 59% by 2030 (UxC, 2014).

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. The report concludes that if warming is to be limited 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 437 nuclear reactors worldwide in some 30 countries (January 2015), and another 70 under construction in some 14 countries, primarily in Asia. China has 22 reactors in operation, 27 under construction and 64 planned in the next eight to 10 years, with another 123 proposed within the next 15 years. In Russia, there are currently nine 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. In all, more than 183 nuclear reactors are expected to be built in the coming years (World Nuclear Association, 2015).

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.

2014 HIGHLIGHTS

In 2014, the Company vigourously defended its shareholders' interests in the Matoush uranium project, pursuing its legal actions and promoting and defending uranium exploration and mining on all fronts. The Company kept a close eye on the sessions of the *Bureau d'audiences publiques sur l'environnement* ("BAPE") inquiry on the Quebec uranium industry. The Company was also obliged to take drastic cost-cutting measures by closing the Matoush camp.

Legal Proceedings
In terms of legal actions, the Company had filed a motion to invalidate in Quebec Superior Court on December 5, 2013. The Company's board of directors subsequently decided to withdraw that motion and replaced it with a motion to institute proceedings.

Thus, on December 11, 2014, the Company filed a motion to institute proceedings in the Superior Court of Quebec in which it claimed $190 million from the Quebec government for the loss of its investment in the Matoush project arising from the wrongful actions of the Minister of Sustainable Development, Environment and the Fight against Climate Change ("MDDELCC") and the Quebec government.

BAPE Commission of Inquiry on the Quebec Uranium Industry
On March 3, 2014, the former Minister of Sustainable Development, Environment, Wildlife and Parks ("MDDEFP"), now called the MDDELCC, gave the BAPE a mandate to hold an inquiry commission on the Quebec uranium industry. The commission held three separate phases of hearings in a dozen Quebec municipalities between May 20 and December 15, 2014. The BAPE's report must be delivered to the MDDELCC Minister by May 20, 2015, following which the minister will have 60 days to make the report public.

The Company kept a close eye on all the public sessions and notes both Quebeckers' general lack of interest in the commission of inquiry and the extremely tight controls on all aspects of the Canadian uranium industry described and demonstrated by experts invited to participate in the BAPE sessions.

Closure of the Matoush Camp
On June 12, 2014, the Company announced that it was closing its Matoush camp in the Otish Mountains, in northern Quebec. This decision was 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.

SeqUr Exploration Inc.
At the annual and special meeting of shareholders of the Company on May 27, 2014, a special resolution was passed allowing the Company's directors to distribute to its shareholders, at an appropriate time, in repayment of the reduction of stated capital, the 15 million common shares the Company obtained on June 10, 2014, from its subsidiary SeqUr, in exchange for an option from Denison Mines Corp. ("Denison") on the Jasper Lake uranium project, consisting of four properties in Saskatchewan. In addition, on June 12, 2014, SeqUr closed a non-brokered private placement of 5 million common shares priced at $0.02 per share, for total gross proceeds of $100,000, with Sentient Executive GP IV, Limited ("Sentient IV"), part of Sentient, an insider and a related party.

The Company announced the distribution of the 15 million common shares of SeqUr on January 8, 2015. Pursuant to the distribution, SeqUr became a reporting issuer in Quebec with approximately 790 shareholders.

Private Placement and Transaction
On June 12, 2014, the Company closed a non-brokered private placement of $1.4 million with Sentient IV. The private placement consisted of the issuance of 28 million common shares at $0.05 per share.

With the support of its shareholders, the Company had 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 November 3, 2014, the Company announced that it had given its consent to a transaction between The Sentient Group ("Sentient") and Toro Energy Limited ("Toro"), an Australian public company with uranium exploration projects in Australia. Among other things, the transaction involved the sale of a substantial portion of Sentient's holdings in the Company and all its holdings in SeqUr in exchange for shares of Toro. Subsequent to this transaction, Toro owned 19.79% of the Company's share capital.

FINANCING

On May 8, 2014, the Company signed an agreement with Sentient IV, part of Sentient, an insider and a related party, for a private placement of a total of 28 million shares at a price of $0.05 per share for proceeds of $1.4 million. This placement received 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 $1.4 million non-brokered private placement with Sentient IV. The Company incurred $32,366 in fees and issue costs in connection with this financing. The proceeds of the private placement are primarily being used 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 15 million common shares to 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 the Company's shareholders present at the meeting or represented by proxy voted in favour of a special resolution authorizing the Company to distribute the 15 million common shares of SeqUr held by the Company to its shareholders, when deemed appropriate by the Company's board of directors. The SeqUr shares were distributed on January 8, 2015.

In addition, on June 12, 2014, SeqUr closed a non-brokered private placement with Sentient IV of 5 million common shares priced at $0.02 per share. Total gross proceeds were $100,000 and issue costs amounted to $7,500. The Company now owns 75% of the subsidiary. The proceeds of the financing will be used solely for SeqUr's working capital.

On July 2, 2014, SeqUr's Board of Directors adopted a resolution appointing director Jonathan Lafontaine as President and Chief Executive Officer and Charles Riopel as a director and Sentient's representative on the board of directors, in addition to the three other SeqUr directors. Mr. Riopel resigned from the board of directors on March 2, 2015.

On January 15, 2015, Sentient Executive GP III, Limited ("Sentient III"), part of Sentient, an insider and a related party, exercised its option to convert all of its $800,000 in convertible notes of the Company into common shares. In accordance with the terms of the convertible notes, a total of 16,877,637 shares were issued at a price of $0.0474 each, bringing Sentient's interest in the Company to 14.02%.

PROPERTY ACQUISITIONS AND COMMITMENTS

On October 31, 2014, the Company gave its consent to a transaction between Sentient and Toro, an Australian public company with uranium exploration projects in Australia. Among other things, the transaction involved the sale of a substantial portion of Sentient's holdings in the Company and its subsidiary SeqUr, in exchange for shares of Toro and the transfer from Sentient to Toro of the following obligations of the Company:

- $14.1 million of secured convertible notes receivable in the Company;
- A $3 million senior secured first ranking loan receivable in the Company and the payment of the loan interest was postponed until loan maturity.

Subsequent to the transaction, Sentient, which held 27.13% of the Company's share capital, retained a stake of approximately 7.34% in the Company's share capital and 800 convertible notes representing an amount of $800,000 secured by a hypothec on the Company's assets (converted on January 15, 2015).

Option Agreement on an Interest in the Jasper Lake Project
On December 19, 2014, the Company announced that due to difficult market conditions, its subsidiary, SeqUr, and Denison had agreed to amend the terms of the agreement for the Jasper Lake project in Saskatchewan. Among other things, the new terms allowed the exploration expenses to be distributed over an additional year and the cash payments to be postponed by 12 months.

On February 27, 2015, SeqUr announced that it was withdrawing from the option agreement on the Jasper Lake project due to difficult market conditions.

More information on the initial Denison-Strateco agreement can be found in the press release dated December 17, 2013, which is on the Company's website, at www.strateco.ca. More information on the amended agreement can be found in the press release dated February 27, 2015, available on SeqUr's website (www.sequr.ca).

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, 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 2014 annual information form filed on SEDAR. This appendix 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 540 claims covering a total area of 28,652 hectares (286 km^2).

The delays and circumstances surrounding the granting of the certificate of authorization by the MDDELCC for the underground exploration phase meant cancelling exploration at the Matoush project, and the Company therefore decided to close the Matoush camp so as to reduce its operating expenses.

As part of the closure of the Matoush camp, medium and high grade drill core was selected, grouped and sorted in four separate locked, welded containers. Over 920 core boxes were moved and sorted. The exercise, which took place between August 13 and August 29, 2014, was conducted under the supervision of a project geologist, assisted by two Mistissini Crees. The goal of the operation was to secure and sort the core for each of the Matoush mineralized zones so that it can be easily accessed when needed. The closure of the Matoush camp was carried out in such a way as to protect the environment and human health.

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. The project currently consists of nine mineral claims covering a total of 22,026 hectares (220 km^2). During the earn-in period, the Company was the project operator, until it transferred its Jasper Lake option to SeqUr on June 10, 2014 (see under *Property Acquisitions and Commitments*).

The Jasper Lake project is strategically located on the eastern side of the Athabasca Basin, straddling both the shallow eastern edge of the basin and the Wollaston-domain basement. The active claims are located near the prolific uranium deposits of Cigar Lake and Rabbit Lake, both less than 12 km from the project boundary. The property can be accessed via provincial highway 905 that links La Ronge with Points North in northern Saskatchewan.

During the year 2014, field exploration work focused on the North Wedge property. Two holes were drilled in February for a total of 402 metres. The Company prepared a statutory report on these two holes and filed it with authorities in Saskatchewan. Despite the fact that no significant mineralization was intersected, the short drilling program was a technical success, notably due to the appropriate interpretation of the structures and lithologies. A budget of $125,000 was allocated for this work.

The Company’s geology team also compiled the geological and geophysical data from previous work on each of the four Jasper Lake properties so as to properly plan the logistics and the most effective and accurate airborne surveys to be conducted on the project in the future.

SeqUr assessed various financing options for, among other things, exploration work on the Jasper Lake project.

On February 27, 2015, SeqUr announced that it was withdrawing from the option agreement on the Jasper Lake project due to difficult market conditions.

PERMITS AND AUTHORIZATIONS

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Since the beginnings of the Matoush project in 2006, the Company has worked tirelessly to get through the 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 from the Canadian Nuclear Safety Commission ("CNSC") in October 2012, 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 former MDDEFP certificate of authorization needed for underground exploration at the Matoush project. All the legal proceedings that occurred prior to 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 filed a motion with Quebec Superior Court on December 5, 2013, to invalidate the MDDELCC Minister's refusal, on November 7, 2013, to issue the certificate of authorization for the underground exploration phase of the Matoush project. On January 10, 2014, Quebec's Attorney General filed a petition for special handling of the motion to invalidate, by appointing a judge to oversee the proceedings and ensure optimal management and resolution of the matter. The motion was heard by the Associate Chief Justice on February 5, 2014, and the honourable Justice Danielle Blondin of Quebec Superior Court was appointed to hear the Company's motion to invalidate.

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 took the question of the Cree participation under deliberation and rendered her judgement in July 2014. The ruling authorized the Crees to participate in relation to all issues and at all stages of the proceedings.

The Company's board of directors subsequently decided to withdraw the motion to invalidate and replace it with a new legal action. Thus, on December 11, 2014, the Company filed a motion to institute proceedings with the Superior Court of Quebec claiming $189,987,663 from the Quebec Government. The Company is seeking damages for the loss of its investment in the Matoush project arising from the wrongful actions of the MDDELCC Minister and the Quebec government.

The Company invested an average of $20 million per year in the Matoush project from 2006 to 2012 on the understanding that the government would comply with its own laws. In its lawsuit, the Company is criticizing the government for, among other things, having encouraged it to invest in Quebec, and then suddenly changing course by announcing a moratorium on uranium exploration and mining in March 2013, and finally wrongfully and arbitrarily refusing to authorize the advanced exploration of the Matoush project. The Company was placed in a situation where it was no longer realistically able to interest investors in the Matoush project, was obliged to close the Matoush camp and cause permanent job losses, and lost any real opportunity to benefit from its mineral claims and its investment in the Matoush project. The motion to institute proceedings (unofficial translation) is available on the Company's website, at www.strateco.ca.

The Company has retained Irving Mitchell Kalichman, a law firm with well-recognized expertise in this type of litigation, for guidance in connection with the legal proceedings.

The Company will continue to vigorously defend the interests of its shareholders, who have invested more than $144 million in the Matoush uranium project.

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 by May 20, 2015, and the minister will then have 60 days to make it public.

The inquiry commission included a study on uranium industry issues. The *Study on the state of knowledge, impact and mitigation measures relating to uranium exploration and mining in Quebec*, prepared by *Diversification de l'exploration minérale au Québec* ("DIVEX"), was made public on April 16, 2014. Among other things, the study indicated that potential risks of environmental and health effects associated with uranium mining "can be minimized through the application of environmental management mechanisms" and 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 DIVEX study can be found on the BAPE website, at 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 had neither the neutrality nor the legitimacy needed to chair the commission's work. The Company also asked the government to put an immediate end to the commission, both because it was pointless and because, contrary to the provisions of the *Environment Quality Act*, its mandate included 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" (BAPE, May 6, 2014).

The second phase, namely the questions and information phase, took place from September 3 to 25, 2014, in Mistissini, Québec City, Wendake and Kangiqsualujjuaq. During this phase, "the commission and participants will consider the inquiry issues in more depth, with support from experts and resource people" (BAPE, May 6, 2014).

Although no one from the Company's team was invited to participate in the second phase as an expert from Quebec's most advanced uranium project, the Company kept a close eye on all the public sessions, and noted that unlike the first phase, where a larger number of people attended to express their personal views and concerns, very few people participated in the second phase of the BAPE inquiry, when the discussions focused on uranium industry facts. Many experts made presentations on various uranium industry issues and answered the commissioners' questions.

The third and final phase of the inquiry, the presentation of briefs, took place from November 10 to December 15, 2014, and was "exclusively dedicated to the hearing of briefs and verbal opinions, and of citizens', municipalities', organizations' and groups' suggestions" (BAPE, October 7, 2014). For their presentation, *Fédération des chambres de commerce du Québec* asked the Company's President and Chief Executive Officer, Guy Hébert, to respond to the commissioners' questions. Other Company employees and stakeholders also submitted briefs expressing their support for the Quebec uranium industry.

Some 250 submissions to the BAPE on the uranium industry can be found on the BAPE website. These include many from people, professionals and organizations in favour of the Quebec uranium industry, each for their own unique reasons. All the inquiry commission's sessions can be found on the BAPE website, at http://www.bape.gouv.qc.ca/sections/mandats/uranium-enjeux/index.htm.

ENGINEERING

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

The Company's Matoush camp was on standby for over a year following the announcement on March 28, 2013, of a moratorium and commission of inquiry on Quebec's uranium industry.

The damages arising from the 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. The Company sold its buildings, infrastructure and equipment for $1,061,352 and did site rehabilitation and restoration work.

The Matoush camp closure was carried out in such a way as to protect the environment and human health, carrying on 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 MDDELCC certificate of authorization 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 BAPE commission of inquiry on the uranium industry, which took place from May 20 to December 15, 2014. The Company's President and Chief Executive Officer, Guy Hébert, increased his media exposure to remind Quebec politicians, local communities and the general public about the Matoush situation and explain it to them.

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/s.r.l./s.e.n.c.r.l. as the Company's auditor and authorized the directors to fix its remuneration.

On March 2, 2015, the Company announced that Charles Riopel, Sentient's representative, had resigned from the board of directors. Sentient sold its majority interest in the Company to Toro, an Australian uranium company, on October 31, 2014.

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

STRATEGY AND ACTION PLAN

SEQUR EXPLORATION INC.

Since the Company transferred its option on Jasper Lake project to SeqUr on June 10, 2014, and proceeded to the distribution of SeqUr' shares, on January 8, 2015, SeqUr has become an independent company and a reporting issuer in Quebec. The Company continues to provide SeqUr with administrative and legal services and exploration support, enabling both companies to minimize their general and administrative expenses.

LEGAL PROCEEDINGS

The Company will focus on its motion to initiate proceedings, whereby it is claiming damages for the loss of its investment in the Matoush project, for as long as required, and will keep investors abreast of developments.

BAPE COMMISSION OF INQUIRY ON THE QUEBEC URANIUM INDUSTRY

The Company is looking forward to the BAPE report, which must be filed with the Minister by May 20, 2015, and made public within 60 days. Although the Company was not asked to take part in the BAPE inquiry, it intends to react to and comment on the final report, given the nature of the report and its potential impact on Quebec's uranium industry and the mining industry as a whole.

EXPLORATION AND EVALUATION EXPENDITURES AND MATOUSH CAMP MAINTENANCE COSTS

Exploration and evaluation expenditures and Matoush camp maintenance costs for the year ended December 31, 2014	Matoush	Matoush Extension	Eclat	Pacific Bay-Matoush	Mistassini	Jasper Lake Project	Total
	$	$	$	$	$	$	$
Balance, beginning of period	-	-	-	-	-	-	-
Additions							
Salaries, consultants and subcontractors	584,512	1,504	1,729	2,622	405	118,314	709,086
Maintenance of infrastructure, access roads, fuel depot and others	548,448	-	-	-	-	-	548,448
Drilling	1,208	-	-	-	-	128,636	129,844
Transport and fuel	235,204	-	-	-	-	28,375	263,579
First aid	2,655	-	-	-	-	112	2,767
Laboratories and analyses	-	-	-	-	-	5,922	5,922
Travel and lodging	26,503	-	-	92	-	7,730	34,325
Canadian Nuclear Safety Commission costs	(142,381)	-	-	-	-	-	(142,381)
Supplies and equipment rental	66,865	-	-	-	-	1,512	68,377
General expenses	79,219	1,843	838	3,910	1,573	686	88,069
Environment	26,519	-	-	-	-	72	26,591
	1,428,752	3,347	2,567	6,624	1,978	291,359	1,734,627
Refundable credit for resources	1,478,394	-	-	-	-	-	1,478,394
	2,907,146	3,347	2,567	6,624	1,978	291,359	3,213,021
Impairment	-	-	-	-	-	(291,359)	(291,359)
Exploration and evaluation expenditures presented in the statements of income	(2,907,146)	(3,347)	(2,567)	(6,624)	(1,978)	-	(2,921,662)
Net change	-	-	-	-	-	-	-
Balance, end of period	-	-	-	-	-	-	-

EXPLORATION AND EVALUATION EXPENDITURES AND EXPLORATION SUPPLIES

Exploration and evaluation expenditures and exploration supplies for the year ended December 31, 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	1,224,210	4,510	8,173	3,922	1,106	1,241,921
Maintenance of infrastructure, access roads, fuel depot and others	997,766	-	-	-	-	997,766
Drilling	187,089	953	1,234	529	-	189,805
Transport and fuel	165,354	-	-	-	-	165,354
First aid	137,377	-	-	-	-	137,377
Travel and lodging	43,399	-	-	-	-	43,399
Canadian Nuclear Safety Commission costs	315,573	-	-	-	-	315,573
Supplies and equipment rental	263,514	-	-	-	-	263,514
Rolling equipment maintenance	6,745	-	-	-	-	6,745
General expenses	205,566	1,488	512	1,576	962	210,104
Environment	43,310	-	-	-	-	43,310
Depreciation of property and equipment	358,181	-	-	-	-	358,181
	3,948,084	6,951	9,919	6,027	2,068	3,973,049
Refundable credit for resources	1,031,370	(2,855)	(3,917)	3,566	1,160	1,029,324
	4,979,454	4,096	6,002	9,593	3,228	5,002,373
Impairment	(68,748,195)	(667,072)	(4,403,017)	(1,883,727)	(961,664)	(76,663,675)
Exploration and evaluation expenditures presented in the statements of income	(4,045,944)	(915)	(240)	(7,629)	(2,724)	(4,057,452)
Net change	(67,814,685)	(663,891)	(4,397,255)	(1,881,763)	(961,160)	(75,718,754)
Balance, end of period	-	-	-	-	-	-

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

Years ended December 31:

	2014	2013	2012
	$	$	$
Finance income	11,535	21,733	68,339
Expenses			
Mining properties costs	(39,507)	(4,774)	-
Exploration and evaluation expenditures and Matoush camp maintenance costs – net of exploration camp lodging revenues	(2,733,469)	(4,097,209)	(11,668)
General and administrative expenses	(1,759,867)	(1,342,562)	(2,029,263)
Stock-based compensation	-	-	(225,273)
Accretion expense on convertible notes, asset retirement obligations and loans payable	(3,214,412)	(2,602,070)	(2,096,092)
Depreciation of property and equipment	-	(5,664)	(31,091)
Interest and bank charges	(301,282)	(316,846)	(153,459)
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	(641,359)	(87,241,070)	-
Impairment of available-for-sale financial assets	(10,000)	(30,000)	-
Gain on exchange of convertible notes	-	5,125,105	-
Gain on disposal of mining properties	-	119,203	-
Gain on disposal of property and equipment	587	9,494	-
Net gain on the assumption of a liability by a third party	713,399	-	-
Income tax (expense) recovery	(608,570)	11,031,974	53,394
Net loss	(8,582,945)	(79,332,686)	(4,425,113)
Net loss per share, basic and diluted	(0.04)	(0.46)	(0.03)

As at:

	December 31, 2014	December 31, 2013	December 31, 2012
	$	$	$
Total assets	2,848,654	6,292,197	95,468,766
Non-current financial liability			
Obligations under finance leases	-	-	15,426
Loans payable	-	2,981,941	-
Convertible notes	9,263,674	6,151,853	8,958,647
	9,263,674	9,133,794	8,974,073

RESULTS OF OPERATIONS

The Company incurred a lower net loss for the year ended December 31, 2014, for the following reasons:

The Company recognized $641,359 for the impairment of mining properties and deferred exploration and evaluation expenditures for the year ended December 31, 2014, as SeqUr did not have the required funds to incur the expenses provided for in the agreement signed with Denison for the Jasper Lake project. SeqUr announced its withdrawal from the agreement on February 27, 2015. For the year ended December 31, 2013, the Company recognized an amount of $87,241,070 for the impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment as at March 31, 2013, in relation to the Matoush project.

The significantly smaller income tax recovery for the year ended December 31, 2014, relative to the previous year was due in part to the above-mentioned impairment as at March 31, 2013, which in effect eliminated all of the deferred tax liabilities and resulted in the recognition of a corresponding deferred tax recovery.

No gain on exchange of convertible notes was recognized for the year ended December 31, 2014. For the year ended December 31, 2013, a gain of $5,125,105 was recognized due to the remeasurement of the convertible notes following the amendment of the convertible note agreement that, among other things, extended the maturity of the notes from February 2015 to February 2016.

Since the recognition of the above-mentioned impairment as at March 31, 2013, the Company has presented all the exploration and evaluation expenditures related to the Matoush project in the consolidated statement of income. For the year ended December 31, 2014, such expenditures represented $2,733,469 (net of tax credits and lodging revenues), compared to $4,097,209 in 2013. The decrease in exploration and evaluation expenditures for the year ended December 31, 2014, was due to the slowdown in activities at the Matoush camp and the closure of the camp in 2014. It should also be noted that $267,750 in Matoush camp lodging revenues were recorded as a reduction in exploration and evaluation expenditures for the year ended December 31, 2014, and that net tax credits of $1,478,394 were added to exploration and evaluation expenditures for the year ended December 31, 2014, compared to $1,493,369 for the year ended December 31, 2013.

When it closed the Matoush camp, the Company disposed of all the related buildings, infrastructure and equipment. The buyers of these assets assumed some of the work commitments related to the decommissioning of these assets, resulting in a net gain on the assumption of a liability by a third party of $713,399 for the year ended December 31, 2014.

The accretion expense on the convertible notes, asset retirement obligations and loans payable increased, mainly because the accretion on the convertible notes increases as the financial liabilities approach maturity.

The increase in salaries and benefits, consulting and professional fees, communication and promotional expenses and office expenses for the year ended December 31, 2014, resulted from the activities discussed in the "Permits and Authorizations" section of this MD&A, which generated higher professional services fees. In addition, the work performed by the Company's employees during the year ended December 31, 2014, tended to be of a more administrative nature than during the year ended December 31, 2013, when their work was more related to exploration and evaluation.

DIVIDEND POLICY

The Company has not declared any cash dividend on its outstanding common shares since incorporation. It is unlikely that a cash dividend will be paid in the foreseeable future.

TREASURY AND SOURCES OF FINANCING

The Company had working capital deficiency of $4,219,750 at December 31, 2014 (positive working capital of $362,496 at December 31, 2013), including $606,240 in cash. This working capital includes $1,880,448 in tax credits receivable at December 31, 2014 ($1,080,864 at December 31, 2013), as well as a provision of $3,200,000 as at December 31, 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 $3,124,113 during the year ended December 31, 2014 ($2,216,562 in the same period of 2013). The increase in cash flow used was due in part to the general decrease in changes in non-cash working capital items during the year ended December 31, 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, the use of exploration supplies and a decrease in sales tax receivable and prepaid expenses and other receivables.

The Company's investing activities consist primarily of funds used for exploration and evaluation work carried out in Saskatchewan, as shown in the "Exploration and Evaluation Expenditures and Exploration Supplies" tables of this MD&A. The Company also used funds for the properties of the Jasper Lake project in Saskatchewan, although it generated cash flow from the sale of assets from the Matoush camp in Quebec.

During the year ended December 31, 2014, the Company's financing activities included the closing of a non-brokered private placement of $1,400,000 on June 12, 2014, with Sentient IV, a related party. In addition, SeqUr closed a non-brokered private placement with Sentient IV and issued common shares for gross proceeds of $100,000. The Company issued a total of 4,759,620 common shares for a total of $225,206 in payment of quarterly interest on the $3,000,000 loan granted by Sentient IV on December 20, 2013.

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.

	Dec. 31, 2014 *(v)*	**Sept. 30, 2014** *(iv)*	**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)*
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total income	3,143	3,276	1,590	3,526	14,872	1,838	1,497	3,526
Net income (loss)	(4,095,776)	(1,049,684)	(1,775,875)	(1,661,610)	1,601,649	(1,865,682)	(1,843,216)	(77,225,437)
Net income (loss) per share, basic and diluted, attributable to parent company equity holders	(0.018)	(0.005)	(0.009)	(0.009)	0.009	(0.011)	(0.011)	(0.460)

(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.

(iv) The lower net loss is attributable in part to $267,750 in lodging revenue from the Matoush camp recognized under exploration and evaluation expenditures, and finally, the gain of $186,466 from the sale of assets from the Matoush camp.

(v) The higher net loss resulted in part from the $641,359 impairment of mining properties and deferred exploration and evaluation expenditures in relation to SeqUr's Jasper Lake project, a $526,933 net gain on the assumption of a liability by a third party and a $655,717 adjustment in the credit for duties refundable for losses resulting from an agreement with the tax authorities. Finally, the Company has adjusted its provision for refundable tax credits for resources for the years ended December 31, 2009 to 2012, in the amount of $1,478,394. The Company has disclosed the uncertainty and its position with regard to the change in the provision for the refundable tax credit for resources in Note 4 to the financial statements as at December 31, 2014, "Judgments, Estimates and Assumptions: Uncertain Tax Positions".

FOURTH QUARTER

	2014	2013
	$	$
Finance Income	3,143	14,872
Expenses		
Mining property costs	(4,569)	(1,519)
Exploration and evaluation expenses and Matoush camp maintenance costs – net of exploration camp lodging revenues	(1,670,913)	(2,477,065)
Salaries and benefits, consultants and professional fees, communications and promotional expenses and office expenses	(647,631)	(333,090)
Accretion expense on notes payable, convertible notes and asset retirement obligations	(921,529)	(640,103)
Interest and bank charges	(74,721)	(88,699)
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	(641,359)	-
Impairment of available-for-sale financial assets	(10,000)	(30,000)
Gain on exchange of convertible notes	-	5,125,105
Gain on disposal of mining properties	-	119,203
Gain on disposal of property and equipment	587	6,451
Net gain on the assumption of a liability by a third party	526,933	-
Income tax expense	(655,717)	(93,506)
Net income (loss)	(4,095,776)	1,601,649
Net income (loss) per share, basic and diluted	(0.018)	0.009

The Company recognized a net loss for the quarter ended December 31, 2014, compared to net income for the same period last year, due to:

- a $5,125,105 gain on exchange of convertible notes in 2013 arising from the remeasurement of the convertible notes following the amendment of the convertible note agreement that, among other things, extended the maturity of the notes from February 2015 to February 2016;
- the decrease in exploration and evaluation expenditures due to the slowdown in activities at the Matoush camp and the closure of the camp at the end of 2014. A $1,478,394 provision for tax credits was also added to exploration and evaluation expenditures for the quarter ended December 31, 2014, compared to $1,830,000 for the quarter ended December 31, 2013;
- $641,359 for the impairment of mining properties and deferred exploration and evaluation expenditures for the year ended December 31, 2014, as SeqUr did not have the required funds to honour the agreement signed with Denison for the Jasper Lake project, and due to SeqUr's withdrawal from the agreement announced on February 27, 2015;
- the $562,000 increase in income tax expense in 2014, primarily due to the adjustment in the credit for duties refundable for losses resulting from an agreement with the tax authorities;
- recognition of a net gain of $526,933 on the assumption of a liability by a third party in 2014, arising from the assumption of decommissioning work commitments by buyers of the assets disposed of during the Matoush camp closure;
- increases in salaries and benefits, consulting and professional fees, communication and promotional expenses and office expenses due to higher professional fees related to legal proceedings, as well as the increasingly administrative nature of the work performed by Company employees as opposed to exploration and evaluation work;
- the increase in the accretion expense on the convertible notes, asset retirement obligations and loans payable, mainly attributable to the fact that the accretion on the convertible notes increases as the financial liabilities approach maturity.

In the fourth quarter, cash flow was significantly affected by the receipt of $449,538 from the disposal of assets during the closing of the Matoush camp.

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2014

Contractual Obligations	Payments due by period			
	Less than 1 year	1-3 years	4-5 years	After 5 years
	$	$	$	$
Convertible notes	-	14,905,000	-	-
Loans payable	3,375,000	-	-	-
Operating leases	66,000	-	-	-
Total contractual obligations	3,441,000	14,905,000	-	-

As long as the Jasper Lake option agreement remains in effect, SeqUr is responsible for incurring eligible expenses or keeping the property claims in good standing by paying renewal fees of at least $144,735 by December 31, 2015.

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

OFF-BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

BBH GEO-MANAGEMENT INC.

Effective August 1, 2014, the Company and its subsidiary, SeqUr, renewed a service agreement with BBH, a related company with an officer and director, Guy Hébert, who is also an officer of the Company and a director of both the Company and its subsidiary. The agreement, which remains in effect until December 31, 2015, provides for BBH to supply the Company and its subsidiary with certain services.

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

- Use of BBH’s offices and equipment for a monthly charge of $5,500 to be reviewed on August 1, 2015;
- Accounting;
- Consulting services, including geology.

The boards of directors of the Company and its subsidiary approved the BBH service agreement without Mr. Hébert being present. The fees paid by the Company and its subsidiary to BBH for the services of BBH’s personnel are equivalent to what the Company and its subsidiary would otherwise pay to a third party in the industry.

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

	2014	2013
	$	$
Capitalized exploration and evaluation expenditures in deferred exploration and evaluation expenditures		
Fees	43,000	355,000
In the statement of income		
Professional fees	209,000	223,000
Fees for exploration and evaluation expenditures and Matoush camp maintenance costs	352,000	395,000
Office expenses	66,000	66,000
Interest on balances owing	-	13,500

At December 31, 2014, accounts payable and accrued liabilities included an amount of $29,000 ($71,000 at December 31, 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, 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 March 18, 2015.

SENTIENT AND TORO

Subsequent to the 2013 transactions described in Notes 10 and 13 to the consolidated financial statements dated December 31, 2014, Sentient had significant influence over the Company and was thus considered a related party. Agreements and transactions with Sentient are disclosed in the consolidated financial statements of December 31, 2014, and are therefore not described here.

On November 3, 2014, the Company announced that it has given its consent to a transaction between Sentient and Toro. The transaction involved, among other things, the sale of a substantial portion of Sentient’s holdings in the Company and its entire position in SeqUr, in exchange for shares of Toro.

Toro acquired 43 million common shares of the Company, $14.1 million of secured convertible notes issued by the Company, a $3 million loan secured by a first-ranking hypothec of the Company, and 5 million common shares of SeqUr from Sentient.

Subsequent to the transaction, Sentient, which held 27.13% of the Company’s share capital, retained a stake of 7.34% in the Company’s share capital and 800 convertible notes representing an amount of $800,000 secured by a hypothec on the Company’s assets.

On January 15, 2015, Sentient exercised its option to convert all of its $800,000 in convertible notes of the Company into common shares. In accordance with the terms of the convertible notes, a total of 16,877,637 shares were issued at a price of $0.0474 each, bringing Sentient's interest in the Company to 14.02%.

At December 31, 2014, Toro, which held 19.79% of the share capital of the Company and 25% of its subsidiary, SeqUr, in addition to the notes and loan described above, exercised significant influence over the Company and its subsidiary and was therefore a related party. No other transactions or agreements were entered into between the Company and Toro other than as disclosed in the consolidated financial statements to December 31, 2014.

EMPLOYMENT CONTRACTS OF THE EXECUTIVE OFFICERS

The employment contracts for senior executives include a variable pay mechanism for up to 50% of their annual base salary. If a termination or change of control involving material changes in the duties assigned to senior executives had occurred as at December 31, 2014, the amounts payable for the executive team would have totalled $1,396,000 and $1,709,000, respectively.

STOCK OPTIONS PLAN

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies, estimates, judgments, assumptions in the consolidated financial statements as at December 31, 2014, Notes 1, 2, 3 and 4.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company applied the same accounting policies to each of its 2014 interim financial statements as it did to its annual financial statements for the year ended December 31, 2014, except as described in Note 3 to the consolidated financial statements dated December 31, 2014, which did not affect the Company's results.

OUTSTANDING SHARE DATA

	March 18, 2015
	Number
Common shares	234,165,754
Stock options	2,466,500
Warrants	1,500,000
	238,132,254

FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its activities and investments. The Management Company manages the financial risks. The Company does not use transactions in financial instruments, including derivative financial instruments for speculative purposes. Exposure of the Company to key financial risks and financial policies in this area are described in the consolidated annual financial statements of December 31, 2014 in Note 18.

RISK AND UNCERTAINTIES

GOING CONCERN RISK

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

OPERATIONAL RISKS FACING EXPLORATION AND MINING PROJECTS

The Company is at an exploration stage. Exploration and mining activities are subject to a high level of risk. Few exploration properties reach the production stage. Unusual or unexpected formations, fires, power failures, labour conflicts, floods, rockbursts, subsidence, landslides and the inability to locate the appropriate or adequate manpower, machinery or equipment are all risks associated with mining activities and the execution of exploration programs. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

RESOURCE DEVELOPMENT RISKS

The development of resource properties is subject to many factors, including the cost of mining, variations in the material mined, fluctuations in the commodities and exchange markets, the cost of processing equipment and other factors such as aboriginal claims, government regulations including, in particular, regulations on royalties, authorized production, importation and exportation of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. Failure to address these risks may reduce the profitability of the operation or altogether prevent the property from being developed.

EXPLORATION (GEOLOGICAL) RISK

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

COMMODITY RISK

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

RISK UNTIL REGISTRATION OF TITLES ON PROPERTIES

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

ENVIRONMENTAL AND OTHERS REGULATIONS

Current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously hamper the Company or its ability to develop its properties economically. Before a property can enter into production, the Company must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained or that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed. The Company considers that it is in material compliance with the existing environmental legislation.

In the absence of the former MDDEFP minister's decision on the granting of the certificate of authorization for the Matoush underground exploration project, which has been pending since August 2011, the Company initiated legal proceedings that are still ongoing; information on the proceedings is provided in the "Permits and Authorizations" section of this MD&A.

OPTIONS AND JOINT-VENTURE AGREEMENTS

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

FINANCING AND DEVELOPMENT

The Company has incurred losses to date and does not presently have the financial resources required to finance its planned exploration, evaluation and development programs. Development of the Company's properties therefore depends on its ability to obtain the additional financing required. There can be no assurance that the Company will succeed in obtaining the required funding. Failure to do so may lead to substantial dilution of its interests (existing or proposed) in its properties. The inability to attract sufficient financing and or experienced personnel may negatively affect the profitability or the viability of a project. Future financing may take a variety of forms, the nature and conditions of which cannot be reliably predicted. Debt financing may include restrictive covenants. Equity issuances may have a dilutive effect on current shareholders. Management is continually working to secure the necessary financing needed to achieve the objectives of Company.

PERSONNEL RISK

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

INFORMATION DISCLOSURE CONTROLS AND PROCEDURES

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

Company Management, including the President and Chief Executive Officer and the Chief Financial Officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the year ended December 31, 2014. Based on this assessment, the President and Chief Executive Officer and the 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. The President and Chief Executive Officer and the Chief Financial Officer have also designed or caused it to be 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 year ended December 31, 2014, that had or could reasonably be expected to materially affect the internal control over financial reporting ("ICFR").

The President and Chief Executive Officer and the Chief Financial Officer periodically evaluated or supervised under their supervision the design and operating effectiveness of the Company's ICFR. At the end of the exercise on December 31, 2014, these officers concluded that the ICFR was effective.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A is dated March 18, 2015, and complies with Canadian Securities Administrators' *Regulation 51-102 respecting continuous disclosure obligations, c. V-1.1, r. 24*. The purpose of this MD&A is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspective on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Company (www.strateco.ca), and SEDAR (www.sedar.com) websites.

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

CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014 AND 2013

(In Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the consolidated financial statements of Strateco Resources Inc. and the financial information contained in this report. The consolidated financial statements are prepared by management in accordance with International Financial Reporting Standards and necessarily include amounts based on best estimates and judgments of management.

Management maintains a system of internal control 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.

Primarily through its Audit Committee, the Board of Directors oversees management's responsibility with regard to presentation of the information, review and approval of the consolidated financial statements.

The Audit Committee is appointed by the Board of Directors. All its members are independent directors. The Audit Committee meets from time to time with management as well as the external auditors to discuss matters related to internal controls, audit results, accounting principles and related subjects.

PricewaterhouseCoopers, LLP/s.r.l./s.e.n.c.r.l., a partnership of Chartered Professional Accountants, was appointed to audit the Company's consolidated financial statements and issue an opinion on them.

On the recommendation of the Audit Committee, the Board of Directors has approved the Company's consolidated financial statements for the years ended December 31, 2014 and 2013.

(Signed) Guy Hébert	(Signed) Yvon Robert
Guy Hébert	Yvon Robert
President and Chief Executive Officer	Vice President Finance

Boucherville, Canada
March 18, 2015

March 18, 2015

Independent Auditor's Report

To the Shareholders of Strateco Resources Inc.

We have audited the accompanying financial statements of Strateco Resources Inc., which comprise the statements of financial position as at December 31, 2014 and 2013 and the statements of income, comprehensive income, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2800, Montréal, Quebec, Canada H3B 2G4
T: 514 205 5000, F: 514 876 1502, www.pwc.com/ca

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Strateco Resources Inc. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast substantial doubt about Strateco Resources Inc's ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA Auditor, CA, public accountancy permit No. A123642

STRATECO RESOURCES INC.
Consolidated Statements of Financial Position

(in Canadian dollars)

	As at December 31, 2014	As at December 31, 2013
	$	$
ASSETS		
Current assets		
Cash	556,854	1,843,106
Cash for distribution to shareholders (Note 24)	49,386	-
Tax credits receivable (Note 5)	1,880,448	1,080,864
Sales tax receivable	-	106,261
Sales tax receivable for distribution to shareholders (Note 24)	11,784	-
Prepaid expenses and other receivables	63,766	105,920
	2,562,238	3,136,151
Mineral properties and deferred exploration and evaluation expenditures for distribution to shareholders (Notes 7 and 24)	-	-
	2,562,238	3,136,151
Non-current assets		
Non-current portion of tax credits receivable (Note 5)	87,016	1,856,641
Available-for-sale investments (Note 6)	191,419	93,992
Mining properties (Note 7)	-	100,000
Property and equipment (Note 8)	7,981	1,105,413
Total assets	2,848,654	6,292,197
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges	562,792	928,229
Accounts payable and accrued charges for distribution to shareholders (Note 24)	13,151	-
Sales tax payable	14,951	-
Provisions (Note 9)	3,200,000	1,830,000
Loans payable (Note 10)	2,991,094	-
Current portion of obligations under finance leases (Note 11)	-	15,426
	6,781,988	2,773,655
Non-current liabilities		
Loans payable (Note 10)	-	2,981,941
Convertible notes (Note 10)	9,263,674	6,151,853
Asset retirement obligations (Note 12)	1,514,988	2,259,419
Total liabilities	17,560,650	14,166,868
EQUITY (DEFICIT)		
Share capital (Note 13)	84,830,956	83,238,116
Equity component of convertible notes (Note 10)	4,933,323	4,933,323
Warrants (Note 13)	92,706	439,747
Contributed surplus	13,365,304	13,065,410
Accumulated other comprehensive loss	72,216	(35,211)
Deficit	(117,950,680)	(109,516,056)
	(14,656,175)	(7,874,671)
Non-controlling interest	(55,821)	-
Total equity (deficit)	(14,711,996)	(7,874,671)
Total liability and equity (deficit)	2,848,654	6,292,197

Going concern (Note 1)
Commitments (Note 23)
Subsequent events (Note 24)
The accompanying notes are an integral part of these consolidated financial statements.

STRATECO RESOURCES INC.
Consolidated Statements of Income
For the years ended December 31, 2014 and 2013

(in Canadian dollars)

	2014	2013
	$	$
EXPENSES		
Mining properties costs (Note 19)	39,507	4,774
Exploration and evaluation expenditures and Matoush camp maintenance costs - net of exploration camp lodging revenues (Note 19)	2,733,469	4,097,209
General and administrative expenses (Note 20)	1,759,867	1,348,226
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment (Notes 4 and 24)	641,359	87,241,070
Gain on disposal of mining properties (Note 6)	-	(119,203)
Gain on disposal of property and equipment	(587)	(9,494)
Net gain on the assumption of a liability by a third party (Note 12)	(713,399)	-
Operating loss	(4,460,216)	(92,562,582)
Finance income	(11,535)	(21,733)
Finance costs		
Accretion expense on convertible notes (Note 10)	3,111,821	2,381,001
Accretion expense and changes in estimates for asset retirement obligations	93,438	(10,201)
Accretion expense on loans payable (Note 10)	9,153	231,270
Interest and bank charges	300,582	314,703
Interest on obligations under finance leases	700	2,143
Other gains and losses		
Gain on exchange of convertible notes (Note 10)	-	(5,125,105)
Impairment of available-for-sale financial assets (Note 6)	10,000	30,000
Loss before income tax	(7,974,375)	(90,364,660)
Current income tax expense	655,717	122,984
Deferred income tax recovery (Note 4)	(47,147)	(11,154,958)
Income tax expense (recovery) (Note 16)	608,570	(11,031,974)
NET LOSS	(8,582,945)	(79,332,686)
Net loss attributable to:		
Equity holders of the parent company	(8,374,624)	-
Non-controlling interest	(208,321)	-
NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY PER SHARE, BASIC AND DILUTED	(0.04)	(0.46)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)	202,336	174,234

The accompanying notes are an integral part of these consolidated financial statements.

STRATECO RESOURCES INC.
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2014 and 2013

(in Canadian dollars)

	2014	2013
	$	**$**
Net loss	(8,582,945)	(79,332,686)
Other comprehensive income (loss) that may be reclassified subsequently to net income		
Changes in fair value of available-for-sale investments	97,427	(35,211)
Impairment of available-for-sale financial assets in the statement of income	10,000	30,000
Other comprehensive income (loss)	107,427	(5,211)
COMPREHENSIVE INCOME (LOSS)	(8,475,518)	(79,337,897)
Comprehensive loss attributable to:		
Equity holders of the parent company	(8,267,197)	-
Non-controlling interest	(208,321)	-

The accompanying notes are an integral part of these consolidated financial statements.

STRATECO RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013

(in Canadian dollars)

	2014	2013
	$	$
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net loss	(8,582,945)	(79,332,686)
Non-cash items:		
Accretion expenses and change in estimate associated with the asset retirement obligations	3,214,412	2,602,070
Depreciation of property and equipment	-	5,664
Impairment of mining properties, deferred exploration and evaluation expenditures and property and equipment	641,359	87,241,070
Gain on disposal of mining properties	-	(119,203)
Gain on disposal of property and equipment	(587)	(9,494)
Net gain on the assumption of a liability by a third party	(713,399)	-
Shares issued in payment of interest	225,206	-
Payments for asset retirement obligations	(71,347)	-
Gain on exchange of convertible notes	-	(5,125,105)
Impairment of available-for-sale financial assets	10,000	30,000
Deferred income tax recovery	(47,147)	(11,154,958)
	(5,324,448)	(5,862,642)
Changes in non-cash working capital items:		
Tax credits receivable	970,041	851,983
Sales tax	109,428	267,200
Prepaid expenses and other receivables	49,693	309,792
Exploration supplies	-	260,381
Accounts payable and accrued charges	(298,827)	126,724
Provisions	1,370,000	1,830,000
	2,200,335	3,646,080
Cash flow from operating activities	(3,124,113)	(2,216,562)
INVESTING ACTIVITIES		
Tax credit received	-	3,242,545
Acquisition of mining properties	(250,000)	(106,619)
Increase in deferred exploration and evaluation expenditures	(288,651)	(2,600,794)
Additions to property and equipment	-	(167,054)
Proceeds from the sale of mining properties	-	10,000
Proceeds from the sale of property and equipment	587	10,763
Proceeds from the disposal of assets held for sale	1,061,352	-
Cash flow from investing activities	523,288	388,841
FINANCING ACTIVITIES		
Share capital issuance	1,400,000	822,319
Issue costs	(32,366)	(26,734)
Share capital issuance from non-controlling shareholders, net of issue costs	92,500	-
Loans payable, net of financing costs (Note 10)	(80,749)	5,461,436
Payments on obligations under finance leases	(15,426)	(15,448)
Repayment of a loan payable (Note 10)	-	(3,000,000)
Cash flow from financing activities	1,363,959	3,241,573
NET CHANGE IN CASH	(1,236,866)	1,413,852
Cash, beginning of period	1,843,106	429,254
CASH, END OF PERIOD	606,240	1,843,106

STRATECO RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013

(in Canadian dollars)

	2014	2013
	$	$
Cash transactions		
Interest received	11,535	21,733
Interest paid	582	308,968

Supplemental cash flow information (Note 22).
The accompanying notes are an integral part of these consolidated financial statements.

STRATECO RESOURCES INC.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2014 and 2013

(in Canadian dollars)

	Attributable to equity holders of the parent company									
	Number of common shares outstanding	Share capital	Equity component of convertible notes	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total	Non-controlling interest	Total equity (deficit)
		$	$	$	$	$	$	$	$	$
Balance at January 1, 2013	**167,753,181**	**82,551,146**	**4,933,323**	**2,575,671**	**11,229,519**	**(30,000)**	**(30,183,370)**	**71,076,289**	**-**	**71,076,289**
Net loss	-	-	-	-	-	-	(79,332,686)	(79,332,686)	-	(79,332,686)
Other comprehensive income (loss)	-	-	-	-	-	(5,211)	-	(5,211)	-	(5,211)
Comprehensive income (loss)	-	-	-	-	-	(5,211)	(79,332,686)	(79,337,897)	-	(79,337,897)
Private placements (Note 13)	16,446,389	822,319	-	-	-	-	-	822,319	-	822,319
Issue costs (Note 13)	-	(26,734)	-	-	-	-	-	(26,734)	-	(26,734)
In consideration of issue costs (Note 13)	328,927	-	-	-	-	-	-	-	-	-
Deferred income tax	-	(108,615)	-	-	-	-	-	(108,615)	-	(108,615)
Expiry of warrants, net of income taxes of $300,033 (Note 13)	-	-	-	(2,135,924)	1,835,891	-	-	(300,033)	-	(300,033)
Balance at December 31, 2013	**184,528,497**	**83,238,116**	**4,933,323**	**439,747**	**13,065,410**	**(35,211)**	**(109,516,056)**	**(7,874,671)**	**-**	**(7,874,671)**
Balance at January 1, 2014	**184,528,497**	**83,238,116**	**4,933,323**	**439,747**	**13,065,410**	**(35,211)**	**(109,516,056)**	**(7,874,671)**	**-**	**(7,874,671)**
Net loss	-	-	-	-	-	-	(8,374,624)	(8,374,624)	(208,321)	(8,582,945)
Other comprehensive income (loss)	-	-	-	-	-	107,427	-	107,427	-	107,427
Comprehensive income (loss)	-	-	-	-	-	107,427	(8,374,624)	(8,267,197)	(208,321)	(8,475,518)
Private placement (Note 13)	28,000,000	1,400,000	-	-	-	-	-	1,400,000	-	1,400,000
Issue costs (Note 13)	-	(32,366)	-	-	-	-	-	(32,366)	-	(32,366)
Investment in the subsidiary by a non-controlling shareholder, net of issue costs (Note 13)	-	-	-	-	-	-	-	-	92,500	92,500
Dilution loss (Note 13)	-	-	-	-	-	-	(60,000)	(60,000)	60,000	-
Shares issued in consideration of loan interest payable (Note 13)	4,759,620	225,206	-	-	-	-	-	225,206	-	225,206
Expiry of warrants, net of income taxes of $47,147 (Note 13)	-	-	-	(347,041)	299,894	-	-	(47,147)	-	(47,147)
Balance at December 31, 2014	**217,288,117**	**84,830,956**	**4,933,323**	**92,706**	**13,365,304**	**72,216**	**(117,950,680)**	**(14,656,175)**	**55,821**	**(14,711,996)**

The accompanying notes are an integral part of these consolidated financial statements.

(in Canadian dollars)

1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Strateco Resources Inc. ("the Company") is incorporated under the *Canada Business Corporations Act* and is engaged in the acquisition, exploration and evaluation of mining properties. As of December 31, 2014, the Company's objectives are to explore and evaluate new uranium properties in Saskatchewan and cover the cost of the legal proceedings in connection with the Matoush project. The address of its registered office and principal place of business is 1225 Gay-Lussac Street, Boucherville, Quebec, J4B 7K1, Canada. The Company's shares are listed on the Toronto Stock Exchange TSX.

The Company has not yet determined whether the mining properties have economically recoverable ore reserves. Recovery of amounts indicated under mining properties is subject to the Company's ability to obtain the financing required to carry out exploration and evaluation of its mining properties.

The accompanying consolidated financial statements have been prepared using generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of GAAP applicable to a going concern, as described in the following paragraph. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

The Company recorded a net loss of $8,582,945 for the year ended December 31, 2014, and has an accumulated deficit of $117,950,680 as at December 31, 2014. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. As at December 31, 2014, the Company had working capital deficiency of $4,219,750, including cash and cash equivalents of $606,240. Management considers that these funds are insufficient for the Company to continue operating. Any future funding shortfall may be met in a number of ways, including the issuance of new equity instruments, cost 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, that such sources of funding or initiatives will be available to the Company or that they 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 consolidated financial statements.

These consolidated financial statements were approved for issue by the Board of Directors on March 18, 2015, for their release.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of consolidated financial statements, including IAS 34, *Interim Financial Reporting*.

The Company has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements.

(in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the Company's consolidated financial statements are described below:

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Consolidation

In January 2014, the Company incorporated SeqUr Exploration Inc. ("SeqUr"), at the time a wholly-owned subsidiary specialized in the acquisition, exploration and evaluation of mineral properties, under the *Canada Business Corporations Act.*

The Company's consolidated financial statements include the financial statements of Strateco Resources Inc. and those of its subsidiary, SeqUr, 75% owned by the Company. Intercompany unrealized gains and losses, transactions and balances are eliminated on consolidation.

The subsidiary is an entity controlled by the Company. The Company controls an entity when the group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by exercising its power over the entity. The accounts of its subsidiary are fully consolidated from the day on which the Company obtained control, and cease to be on the day on which the Company ceases to have control. The subsidiary's accounting policies are consistent with the policies adopted by the Company.

Non-controlling Interest

A non-controlling interest is an interest in the share capital of a subsidiary owned by an external entity. The share of the net assets of the subsidiary attributable to the non-controlling interest is presented as a component of equity. Its share of the net loss and comprehensive loss is recognized directly in equity even if the balance of non-controlling interest income is negative. The Company treats transactions with non-controlling interest holders on the same basis as transactions with holders of equity securities. Changes in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and highly-liquid short-term investments maturing within three months of their acquisition date.

EXPLORATION AND EVALUATION

Exploration and evaluation ("E&E") assets are comprised at deferred E&E expenditures and mining properties. Expenditures incurred on activities that precede E&E of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, as well as the costs incurred by the Company subsequent to an impairment and which are not deemed recoverable on a property, are expensed immediately. Expensed costs are included under operating activities in the cash flow statements.

E&E assets includes rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded in property costs when the payments are made or received.

E&E expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenditures are capitalized to mine development costs in property and equipment.

E&E expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the statement of cash flows under the heading Acquisition of mining properties and Increase in deferred exploration and evaluation expenditures.

GOVERNMENT ASSISTANCE

Quebec refundable credits on mining duties for losses are recorded in the statement of income as a current income tax recovery. The Company is entitled to a refundable tax credit for resources on qualified mining E&E expenses incurred in the province of Quebec, which are recorded against the deferred E&E expenditures reported in the statement of financial position or against expenses if the costs have been expensed.

PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price which may include construction or development of an item of property and equipment, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling the item and restoring the site on which it is located.

Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Depreciation of property and equipment, if related to E&E activities, is capitalized in deferred E&E expenditures. The depreciation expense for assets not related to E&E activities and for property and equipment used on fully-impaired mining properties is recognized in the statement of income.

Property and equipment, including assets recorded under capital leases, are depreciated based on the cost of an item of property and equipment less its estimated residual value, over a three to ten year period based on their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each significant part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the statement of income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets and E&E capitalized expenses and assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation or amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation or amortization charge for the period.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income or as deferred E&E expenditures over the period of the lease.

The Company leases certain equipment. Leases of equipment for which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance cost. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the statement of income as finance cost over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

CONVERTIBLE NOTES

The liability, equity and other (when applicable) components of convertible notes are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. 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 income as finance cost.

The carrying amount of other components (when applicable), such as warrants, for example, is determined using the Black-Scholes option pricing model.

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible notes, and is presented in Equity as an equity component of convertible notes. The equity component is not re-measured subsequent to initial recognition, except on conversion or expiry.

The transaction costs are distributed between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS AND PROVISIONS

Provisions for environmental restoration costs and legal claims, where applicable, are recognized when: (i) the Company has a present legal or constructive obligation as a result of previous events; (ii) it is likely that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as finance cost. Changes in assumptions or estimates are reflected in the period in which they occur.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration and evaluation, development or ongoing production of a mineral property. Such costs arising from the decommissioning of property and equipment and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted for each period for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company also records a corresponding asset amount which is amortized in a logical and systematic manner.

SHARE-BASED PAYMENT TRANSACTIONS

The fair value of share options granted to employees are recognized in the statement of income, or capitalized to deferred E&E expenditures over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

SHARE CAPITAL AND WARRANTS

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FLOW-THROUGH SHARES

The Company finances some E&E expenditures through the issuance of flow-through shares. The Company renounced the resource expenditure deductions for income tax purposes to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors pay for the shares (the "premium") calculated using the residual value is recognized as other liability which is reversed in the results as recovery of deferred income taxes when eligible expenditures have been made.

INCOME TAXES

Income tax expense (recovery) on the profit for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively.

Mining taxes represent Canadian provincial taxes levied on mining activities and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and whose implementation is expected over the period during which the deferred tax is realized or recovered.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

INCOME (LOSS) PER SHARE

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding at the end of the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the EPS. The treasury stock method is used to determine the dilutive effect of the warrants, share options and the if-converted method is used for convertible debentures. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants, share options and convertible notes.

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SEGMENT DISCLOSURE

The Company currently operates in a single segment: the acquisition, exploration, evaluation and development of mineral properties. All of the Company's activities are conducted in Quebec and Saskatchewan, in Canada.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized in the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income. Gains and losses arising from changes in fair value are presented in the statement of income within other gains or losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of income as part of finance income. When an available-for-sale asset is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income and are included in other gains or losses.

Available-for-sale financial assets are classified as non-current, unless the investment matures within twelve months, or Management expects to sell them within twelve months.

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, loans payable and convertible notes. Accounts payable and liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Loans payable, obligations under capital leases and convertible notes are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Company has classified its financial instruments as follows:

Category	**Financial instrument**
Loans and receivables	Cash
Available-for-sale financial assets	Available-for-sale financial assets
Financial liabilities at amortized cost	Accounts payable and accrued charges
	Obligations under finance leases
	Loans payable
	Convertible notes

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date of the statement of financial position, the Company assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition (a "loss event") and that loss event has an impact on the estimated cash flows of the financial assets that can be reliably estimated. If such evidence exists, the Company recognizes an impairment loss, as follows:

Financial assets carried at amortized cost

The impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment losses as well as reversals are recognized in the statement of income.

Available-for-sale financial assets

The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of income.

Impairment losses on available-for-sale equity financial assets are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the Company and its subsidiary SeqUr is the Canadian dollar, which is also the presentation currency.

ACCOUNTING STANDARD ADOPTED IN 2014

The Company adopted the following new and revised standard, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

The Company adopted (IFRIC) 21, Levies as at January 1, 2014. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of IFRIC 21 did not require any adjustments as at January 1, 2014.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than January 1, 2014. Many of these updates are not relevant to the Company and are therefore not discussed herein.

<u>IFRS 9, Financial Instruments ("IFRS 9")</u>

The IASB published the first phase of IFRS 9, Financial Instruments, in November 2009 and October 2010. In November 2013, the IASB issued a new general model for hedge accounting, which is now covered by IFRS 9. The final version of IFRS 9 was published in July 2014. It contains a third classification for measurement of financial assets (at fair value through comprehensive income) and a single, forward-looking loss impairment model based on "expected loss".

This standard is part of a broader project to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has three classifications: amortized cost, fair value through comprehensive income and fair value through profit or loss. The choice of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. IFRS 9 also introduces new changes for financial liabilities and links hedge accounting to risk management. The new standard applies to fiscal years beginning on or after January 1, 2018, although early adoption is permitted. Management is currently assessing the impact of this standard on its consolidated financial statements.

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Many of the amounts included in the financial statements require Management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the financial statements include:

1. Impairment of non-financial assets
    - The Company's evaluation of the recoverable amount with respect to the non-financial assets is based on numerous assumptions and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The Company's recoverable amount estimates are based on numerous assumptions. The recoverable amount estimates may differ from actual values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each consolidated statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to: the right to explore in the specific area will expire during the period or in the near future and is not expected to be renewed; substantive E&E expenditures in a specific area are neither budgeted nor planned; E&E of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale, significant negative industry or economic trends, a significant drop in uranium prices.

    - In 2013, all the Company's mining properties and the associated deferred E&E expenditures have been fully impaired by $3,358,548 and $76,663,675 respectively, given the Company's inability to proceed with its underground exploration program for the Matoush project, the uncertainty surrounding the uranium industry in Quebec and the lack of significant planned E&E expenditures. The Company's property and equipment have also been impaired by $7,218,847 based on Management's best estimate of their recoverable value, which was $1,106,682. The recoverable value of assets is equal to their fair value net of disposal costs. Recoverable value was assessed based on the residual value of the assets, that is, the estimated amount the Company would obtain from their disposal, net of estimated disposal costs. Given the Company's inability to determine whether or not they were recoverable, all E&E and mining property expenditures incurred by the Company, including those for the care and maintenance of the Matoush project, were recorded in the consolidated statement of income following the impairment (Note 19).

    - As at December 31, 2014, the Jasper Lake project was fully impaired in the absence of significant budgeted expenditures, as SeqUr does not have the necessary funds to cover for the expenses provided in the agreement which led SeqUr to withdraw from the option agreement between SeqUr and Denison Mines Corp. ("Denison") on February 27, 2015 (Note 24).

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

2. Recognition of deferred income tax assets and the measurement of income tax expense
   - Periodically, the Company evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Company believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Company records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires Management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

   - The impairment described in the first point created a reversal of the deferred income tax liability and a corresponding deferred income tax recovery for the financial year ended December 31, 2013.

3. Asset retirement obligations
   - Asset retirement obligations arise from the development, construction and normal operation of mining property and equipment as mining activities are subject to laws and regulations governing the protection of the environment. The Company intends to make in the future, expenditures to comply with such laws and regulations. The estimated present value of reclamation liabilities is recorded in the period in which the liability is incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability will be increased each period to reflect the interest element and will also be adjusted for changes in the discount rates and in the estimate of the amount, timing and cost of the work to be carried out.

   - Future remediation costs are accrued based on Management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Changes in estimates are reflected in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires Management to make estimates of the future costs that the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Given the uncertainty surrounding the ongoing legal proceedings for the Matoush underground exploration permit, at December 31, 2014, the outstanding environmental restoration and rehabilitation obligations were still measured based on the Company's estimate that the environmental restoration and rehabilitation costs required to comply with the laws and regulations will be incurred in 2017, the year the Canadian Nuclear Safety Commission ("CNSC") licence granted in 2012 expires, and the obligation is therefore included in non-current liabilities. Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to activities for reclamation and remediation.

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4. Uncertain tax positions
    - The refundable credit for resources and credit on duties refundable for losses (the "tax credits") for the current period and prior periods are measured at the amount the Company expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. To determine whether the expenses it incurs are eligible, the Company must exercise considerable judgment and interpretation, which makes the recovery of tax credits uncertain. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain. Should such a difference arise, an adjustment would have to be made to tax credits receivable and provisions may potentially need to be recognized for previous tax credits received by the Company. It may take considerable time for the tax administration to render its decisions on issues related to tax credits, and it can therefore take a long time to recover tax credits. Tax credits that the Company expects to recover within more than one year are classified as non-current assets. The amounts recognized in the financial statements are based on the Company's best estimates and according to its best judgment, as stated above. However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Company's financial position and cash flows.

    - Credits on duties refundable for losses
      The Company received notices of assessment from a tax authority in 2011, 2013 and 2014 for the financial years ended December 31, 2006, 2007, 2008, 2009, 2010, 2011 and 2012, refusing certain expenditures in the calculation of Quebec credits on duties refundable for losses amounting to approximately $2,300,000 for those seven years. The Company disagrees with the notices of assessment and initiated an objection process to support its claims. Without prejudice to the overall legal and objection proceedings, the Company believes that its maximum exposure is a total reduction in the Quebec credits on duties refundable for losses of approximately $2,300,000 at December 31, 2014, if all the expenditures mentioned in the notices of assessment are ultimately refused.

      The Company made representations to the tax authorities in late 2014, and on January 12, 2015, the latter signed a final transaction agreement and waiver of the right of appeal with the Company for the seven financial years in question. On January 30, 2015, the Company received notices of reassessment for the years ended December 31, 2006 to 2012, along with a final refund in the amount of $907,978. The Company recorded an adjustment of $655,717 in the credit for duties refundable for losses in its consolidated statement of income under the current income tax expense to reduce the amount receivable at December 31, 2014. The $907,978 received in credit for duties refundable for losses was classified as a current asset.

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

- Refundable tax credits for resources
  In 2014, the Company received draft notices of assessment from a tax authority for the financial years ended December 31, 2009, 2010, 2011 and 2012, declining certain expenditures in the calculation of the refundable tax credits for resources amounting approximately $4,446,000 for those four years. The Company disagrees with certain adjustments proposed in the draft notices of assessment and formulated additional representations that were submitted to the tax authority for discussion before the notices of assessment are issued. The Company was reassessed for those years for a new amount of approximately $3,244,000. The Company has made new representations to the tax authorities and is still awaiting the notices of assessment. Without prejudice to the overall legal and objection proceedings that may ensue, the Company believes that its maximum exposure represents a demand for repayment of previously received refundable tax credits for resources amounting to a total of approximately $3,244,000 at December 31, 2014, excluding applicable interest, if all the expenditures mentioned in the notices of assessment are ultimately refused.

  As at December 31, 2014, the Company recorded a specific provision of $3,200,000 in the statement of financial position (Note 9), despite its disagreement with the draft notices of assessment, as the Company had already received the refundable tax credits for resources for the periods in question. The Company also recorded a $270,000 provision against its refundable tax credits for resources receivable due to the uncertainties mentioned above, despite the fact that it disagrees with the draft notice of assessment, as these tax credits are still receivable by the Company.

5. Going concern
   - The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. TAX CREDITS RECEIVABLE

	December 31, 2014	December 31, 2013
	$	$
Quebec refundable credits on mining duties for losses, net (Note 4)	994,994	1,856,641
Refundable tax credit for resources, net (Note 4)	972,470	1,080,864
	1,967,464	2,937,505
Less: Non-current portion of tax credits receivable *(i)*	87,016	1,856,641
Current portion of tax credits receivable	1,880,448	1,080,864

(i) Due to delays in the processing of claims for Quebec refundable credits on mining duties for losses, the Company has classified all of its Quebec refundable credits on mining duties for losses as non-current assets in 2013.

(in Canadian dollars)

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Subsequent to a share consolidation on the basis of one new share for five old shares on July 9, 2013, the Company owned 200,000 shares of Pacific Bay Minerals Ltd. ("Pacific Bay") as at December 31, 2014. Pacific Bay shares were trading at $0.025 as at December 31, 2014 ($0.025 at December 31, 2013). On December 31, 2014, the Company impaired its investment by $10,000 ($30,000 at December 31, 2013) due to the sustained decrease in share price, and $10,000 ($30,000 at December 31, 2013) was therefore reclassified to net loss.

On December 5, 2013, the Company announced the signature of a formal agreement with Canada Strategic Metals ("Strategic Metals") for the acquisition of the Apple property. The agreement provides for Strategic Metals to acquire 100% of the Apple property, wholly-owned by the Company, in consideration of $10,000 in cash and 4,000,000 common shares of Strategic Metals, which are subject to resale restriction periods of 4 to 24 months, and which were valued at $109,203 at the time of the transaction based on restriction-related discounts of 27% to 59% on the quoted price. The common shares issued to the Company are subject to resale restriction periods as follows:

- 800,000 common shares within 4 months of final TSX-V approval;
- 800,000 common shares within 9 months of final TSX-V approval;
- 800,000 common shares within 12 months of final TSX-V approval;
- 800,000 common shares within 18 months of final TSX-V approval; and
- 800,000 common shares within 24 months of final TSX-V approval.

The agreement also provides for a 2% net smelter royalty (NSR) payable to Virginia Mines Inc., half of which can be bought back for $1,000,000, which is transferred to and assumed by Strategic Metals under the agreement. The Company recorded a gain of $119,203, in 2013, on the sale of the Apple property.

As at December 31, 2014, the Company held 4,000,000 shares of Strategic Metals and the price of the shares of Strategic Metals was $0.055 ($0.04 at December 31, 2013), while the discounted value of the shares, taking into account the resale restriction periods, was $0.05 ($0.02 at December 31, 2013). A 5% change in the restriction-related discounts would have had an impact of about $2,000 on the value of the investment as at December 31, 2014.

	Pacific-Bay	**Strategic Metals**	**Total**
	$	**$**	**$**
Balance as at December 31, 2013	5,000	88,992	93,992
Fair value as at December 31, 2014	5,000	186,419	191,419
Changes during the year ended December 31, 2014	-	97,427	97,427
Impairment in the consolidated statement of income			10,000
Other comprehensive loss for the year ended December 31, 2014			107,427

(in Canadian dollars)

7. MINING PROPERTIES AND DEFERRED E&E EXPENDITURES

Mining properties	Interest	December 31, 2012	Additions	Impairment (Note 4)	December 31, 2013	Additions	December 31, 2014
		$	$	$	$	$	$
Matoush project							
Matoush	100%	1,339,982	-	(1,339,982)	-	-	-
Matoush Extension	100%	40,775	-	(40,775)	-	-	-
Eclat	100%	1,290,671	-	(1,290,671)	-	-	-
Pacific Bay-Matoush	60%	661,782	-	(661,782)	-	-	-
Jasper Lake project	Option of 49%	-	100,000	-	100,000	250,000	350,000
Other project							
Mistassini	60%	18,719	6,619	(25,338)	-	-	-
		3,351,929	106,619	(3,358,548)	100,000	250,000	350,000

Deferred E&E expenditures	December 31, 2012	Additions	Tax Credits	Impairment (Note 4)	December 31, 2013	Additions	December 31, 2014
	$	$	$	$	$	$	$
Matoush project							
Matoush	67,308,630	1,896,391	(456,826)	(68,748,195)	-	-	-
Matoush Extension	663,891	5,193	(2,012)	(667,072)	-	-	-
Eclat	4,397,255	9,407	(3,645)	(4,403,017)	-	-	-
Pacific Bay-Matoush	1,881,763	3,207	(1,243)	(1,883,727)	-	-	-
Jasper Lake Project	**-**	**-**	**-**	**-**	-	291,359	291,359
Other project							
Mistassini	961,160	823	(319)	(961,664)	-	-	-
	75,212,699	1,915,021	(464,045)	(76,663,675)	-	291,359	291,359
Total mining properties and deferred E&E expenditures							641,359
Impairment (Note 24)							(641,359)
							-

MATOUSH
The Company owns 100% of the Matoush property, located about 270 km north of Chibougamau.

MATOUSH EXTENSION
The Company owns 100% of the Matoush Extension property.

ECLAT
The Company owns a 100% interest on all minerals, except diamonds, on all the claims in Eclat property, subject to a 2% NSR royalty and a 2% of gross proceeds of carbon emission rights in favor of Vija Ventures Corporation.

PACIFIC BAY-MATOUSH
The Company holds a 60% undivided interest in the property.

MISTASSINI
The Company and Majescor Resources Inc. signed a joint venture agreement and the Company holds a 60% stake in the uranium rights of the Mistassini property which is the main asset of the joint venture.

The Mistassini property is subject to a royalty of 2% of the proceeds from the all sales of uranium oxide.

(in Canadian dollars)

7. MINING PROPERTIES AND DEFERRED E&E EXPENDITURES (CONT'D)

JASPER LAKE PROJECT

On December 16, 2013, the Company entered into an option agreement with Denison on the Jasper Lake project in Saskatchewan. The Company can earn up to a 60% interest in the project, which is comprised of four Denison properties formerly known as Jasper Lake, Minor Bay, Ahenakew Lake and North Wedge. The Company will be the project operator during the earn-in period.

The Company transferred its option on the Jasper Lake project to SeqUr on June 10, 2014, in exchange for shares. In December 2014, SeqUr and Denison agreed to amend the terms of the Jasper Lake project agreement.

The new terms of the agreement call upon the Company to make total cash payments of $1,000,000 and incur $4,000,000 in exploration expenditures over four years to obtain an initial undivided 49% interest in the project. Payments will be made on the following schedule:

- $100,000 within 10 days of signature of the agreement (paid on December 23, 2013);
- $250,000 by June 30, 2014 (paid on June 26, 2014);
- $350,000 by June 30, 2016; and
- $300,000 by June 30, 2017.

Furthermore, a minimum of $1,000,000 must be spent on exploration by December 31, 2015 ($291,359 as at December 31, 2014). As long as the option agreement remains in effect, SeqUr is responsible for incurring eligible expenses or keeping the property claims in good standing by paying renewal fees of at least $144,735 by December 31, 2015.

Under the agreement, to obtain an additional 11% interest for a total undivided 60% interest in the project, the Company must make additional payments of $2,000,000 and incur an additional $6,000,000 in exploration expenditures over the subsequent three years, such that the additional payments are to be:

- $200,000 within ten days of the signature of a letter of intent to earn the additional 11% interest;
- $500,000 by June 30, 2018;
- $700,000 by June 30, 2019; and
- $600,000 by June 30, 2020.

As at December 31, 2014, the Jasper Lake project was fully impaired in the absence of significant budgeted expenditures, as SeqUr does not have the necessary funds to cover for the expenses provided in the agreement which led SeqUr to withdraw from the option agreement between SeqUr and Denison announced on February 27, 2015 (Note 24).

(in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Buildings and infrastructure	Vehicles and rolling stock *(i)*	Equipment	Total *(ii)*
	$	**$**	**$**	**$**
Year ended December 31, 2013				
Net book value, beginning of year	8,386,015	61,296	190,509	8,637,820
Additions	51,554	-	-	51,554
Dispositions	-	-	(1,269)	(1,269)
Depreciation	(328,405)	(10,837)	(24,603)	(363,845)
Impairment charges (Note 4)	(7,132,250)	(17,757)	(68,840)	(7,218,847)
Net book value, end of year	976,914	32,702	95,797	1,105,413
As at December 31, 2013				
Cost	14,446,494	526,486	1,052,069	16,025,049
Accumulated depreciation	(6,337,330)	(476,027)	(887,432)	(7,700,789)
Accumulated impairment charges	(7,132,250)	(17,757)	(68,840)	(7,218,847)
Net book value	976,914	32,702	95,797	1,105,413
Year ended December 31, 2014				
Net book value, beginning of year	976,914	32,702	95,797	1,105,413
Transfer to assets held for sale (Note 12)	(976,914)	(32,702)	(87,816)	(1,097,432)
Net book value, end of year	-	-	7,981	7,981
As at December 31, 2014				
Cost	5,972,108	-	92,984	6,065,092
Accumulated depreciation	(2,883,280)	-	(77,558)	(2,960,838)
Accumulated impairment charges	(3,088,828)	-	(7,445)	(3,096,273)
Net book value	-	-	7,981	7,981

(i) There was no depreciation expense relating to finance leases in the consolidated statement of income in 2013 and 2014. No depreciation expense relating to property and equipment under finance lease was capitalized in deferred E&E expenditures for the year ended December 31, 2014 ($3,932 as at December 31, 2013).

Included in Vehicles and rolling stock, there are vehicles and rolling stock under a finance lease with net book values of $0 as at December 31, 2014 ($18,806 as at December 31, 2013).

(ii) All property and equipment are located in Canada.

(in Canadian dollars)

9. PROVISIONS

	Refundable tax credits for resources	Total
	$	**$**
As at December 31, 2013	1,830,000	1,830,000
Additions	1,370,000	1,370,000
As at December 31, 2014	3,200,000	3,200,000
Current	3,200,000	3,200,000
Non-current	-	-

As at December 31, 2014, the Company recorded a specific provision of $1,370,000 ($1,830,000 in 2013) in the consolidated statement of financial position (Note 4) that resulted in an increase in E&E expenditures in the statement of income, while net tax credits for the fiscal year ended December 31, 2014, totalled $1,478,394 ($1,493,369 in 2013) (Note 19).

10. LOANS PAYABLES AND CONVERTIBLE NOTES

	Convertible notes (a)	Loans payable (b and c)
	$	**$**
As at December 31, 2012	8,958,647	268,730
Exchange of notes / additions, net	6,072,966	5,481,941
Exchange of notes / reimbursement	(11,260,761)	(3,000,000)
Accretion expense	2,381,001	231,270
As at December 31, 2013	6,151,853	2,981,941
Accretion expense	3,111,821	9,153
As at December 31, 2014	9,263,674	2,991,094

(a) On January 27, 2010, the Company closed a private placement with Sentient Executive GP III, Limited ("Sentient III"), part of The Sentient Group, including $14,905,000 of convertible notes accompanied by common share purchase warrants. Each tranche of $1,000 in notes was accompanied by approximately 527 warrants, which expired before being exercised.

The notes do not bear interest and are unsecured. They mature on February 27, 2015. They are convertible into shares by the holder during that period at a price of $0.95 per share. Until the notes mature, Sentient III has the option of converting the notes in tranches of $1,000 into 1,053 shares on the basis of a conversion price of $0.95 per share, for a total of 15,689,474 shares.

At the maturity date, the Company may at its sole discretion elect to repay the principal amount of the notes, in whole or in part, in common shares. The number of common shares to be issued will be calculated by dividing the elected portion of the principal amount by 95% of the weighted-average price of five trading days on the TSX. According to the subscription agreement, the Company will not issue more than 30,451,608 common shares following the conversion of the notes and will not issue the common share at a price lower than $0.7018 without the prior consent of the shareholders. If the consent of the shareholders is not granted, the Company will have to settle the difference between the weighted average price of the share on the TSX for five trading days and the floor price of $0.7018 in cash.

If there is a change in control, the holder may elect to receive the reimbursement of the outstanding principal amount multiplied by 101%.

(in Canadian dollars)

10. LOANS PAYABLES AND CONVERTIBLE NOTES (CONT'D)

On December 20, 2013, the Company exchanged the convertible notes issued in January 2010 and maturing in February 2015.

The Company and Sentient III agreed to the same terms as in the January 2010 agreement, but with the maturity of the convertible notes postponed to February 2016, with an option for Sentient III to extend the maturity one year at a time for a maximum of three additional years.

The Company retains its right to force conversion of the notes into shares rather than repaying the notes in cash at the new note maturity date, at the amended price of the lower of the weighted average price of the shares traded on the TSX for the 20 days preceding the conversion date or $0.25 per share.

In addition, Sentient III's option to convert some or all of the notes into common shares was amended to postpone the right to exercise this option until after December 31, 2014.

The convertible note agreement is secured by a hypothec on all of the Company's assets.

As this was an exchange of notes, the Company recorded a gain of $5,125,105 on the exchange date, considering the book value of exchanged notes and the fair value of the liability component of the new notes issued as the exchanged notes are substantially different from the old notes and the transaction must be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. On recognition, the liability component was measured using an effective interest rate of 50%, corresponding to the estimated market rate the Company would have received for a similar financing without the conversion right. In connection with this transaction, the Company paid $62,690 in fees, which were recorded as a reduction of the convertible notes.

On October 31, 2014, Sentient III sold, assigned and transferred $14,105,000 in convertible notes (14,105 notes) issued by the Company to Toro Energy Limited ("Toro"). Following the transaction, Sentient III held 800 convertibles notes representing $800,000, which were converted subsequent to year end (Note 24).

(b) On December 20, 2013, Sentient Executive GP IV, Limited ("Sentient IV"), part of the Sentient Group, granted the Company a $3,000,000 loan. The loan is also secured by a first-ranking hypothec on all of the Company's assets, and is repayable at the end of a two-year term. The loan bears interest at a rate of 10%, payable quarterly in cash or by the issuance of common shares priced at the weighted average share price for the 20 trading days preceding the interest payment date, at the Company's option. The Company incurred fees of $18,059 in connection with the loan, which were recorded as a reduction of the loan.

On October 29, 2014, Sentient IV agreed with the Company to defer the interest payment on the loan until December 18, 2015. Sentient IV sold the entire $3,000,000 loan to Toro on October 31, 2014.

(c) On December 20, 2012, Sentient IV granted the Company a $3,000,000 loan. The funds were disbursed in two installments: $500,000 on December 20, 2012, and $2,500,000 on January 14, 2013. The loan was secured by the 2012 refundable tax credits for resources and was repayable within 10 business days of the receipt by the Company of the 2012 refundable tax credits for resources, or by December 10, 2013, at the latest. The loan bore interest at an annual rate of 10%.

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

(in Canadian dollars)

10. LOANS PAYABLES AND CONVERTIBLE NOTES (CONT'D)

The estimated fair value of $0.062 per warrant for an aggregate of $92,706 was determined using the Black-Scholes pricing model using the following assumptions: risk-free interest rate of 1.14%, expected volatility of 70%, no expected dividend yield and an expected life of the warrants of 30 months. This amount and the $38,564 in issuance costs in connection with this financing were recorded as a reduction of the loan.

The Company repaid the $3,000,000 loan to Sentient IV in full, along with $233,895 in interest, on December 20, 2013.

11. OBLIGATIONS UNDER FINANCE LEASES

	December 31, 2013
	$
Obligations under finance leases	15,426
Current portion of the obligations under finance leases	(15,426)
	-

12. ASSET RETIREMENT OBLIGATIONS AND MATOUSH CAMP CLOSURE

	December 31, 2014	December 31, 2013
	$	$
Balance, beginning of year	2,259,419	2,269,620
Accretion expense on asset retirement obligations	71,066	71,731
Performance of obligation-related work	(95,929)	-
Realisation of work by a third party	(741,940)	-
Changes in estimates with respect to obligations previously ascertained	22,372	(81,932)
Balance, end of year	1,514,988	2,259,419

MATOUSH CAMP CLOSURE

On June 12, 2014, the Company announced that it was closing down its Matoush camp in the Otish Mountains in northern Quebec. The decision was part of a cost reduction plan that the Company was required to introduce following the Quebec government's refusal to grant the final certificate of authorization required to start the advanced exploration phase of the Matoush project.

The Company therefore drew up a plan to sell the Matoush camp buildings, facilities and equipment. The Company disposed of held-for-sale assets with a carrying value of $1,089,893 for proceeds of $1,061,352, thus realizing a loss of $28,541. The buyers nevertheless assumed some of the work obligations associated with decommissioning those assets, resulting in a net gain of $713,399 on disposal of a portion of the liability for the year ended December 31, 2014.

In connection with the sale of the buildings, infrastructure and equipment, the Company did some of the work required to settle the obligations related to those assets, in addition to the other work done by the buyers. For the year ended December 31, 2014, the Company did $95,929 worth of work required for the remaining obligations related to these assets. The obligation related to the rehabilitation and restoration work required for the remaining assets, which are fully depreciated and cannot be sold, remains in the Company's non-current liabilities, and the Company still anticipates that the work will be done in 2017.

(in Canadian dollars)

12. ASSET RETIREMENT OBLIGATIONS AND MATOUSH CAMP CLOSURE (CONT'D)

The estimated undiscounted cash flows required to settle the asset retirement obligations are $1,425,000. The Company is reviewing, at each period, the amount and the expected timing of payment of the cash flows required to settle the obligations and adjusts the asset retirement obligations accordingly. A discount rate of 2.95% (3.39% as at December 31, 2013) was used to evaluate the obligations at December 31, 2014 and the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2017, the year the CNSC licence expires. If the Company is unable to obtain the required exploration permit and thus use its CNSC licence, it is assumed that the asset retirement obligations will be settled in 2017, when the CNSC licence expires.

13. EQUITY

SHARE CAPITAL

AUTHORIZED
An unlimited number of common shares without par value.

An unlimited number of preferred shares without par value issuable in series with rights, privileges, restrictions and conditions to be determined by the Board of Directors.

(a) On March 20, June 20 and September 22, 2014, the Company issued a total of 4,759,620 common shares for a total of $225,206 in payment of quarterly interest on the $3,000,000 loan borrowed from Sentient IV on December 20, 2013.

(b) On June 12, 2014, the Company closed a non-brokered private placement with Sentient IV for 28,000,000 common shares at a price of $0.05 per share, for gross proceeds of $1,400,000. The Company incurred $32,366 in fees and issue expenses in connection with the financing, which were charged against share capital.

In addition, SeqUr, a subsidiary of the Company, closed a non-brokered private placement with Sentient IV the same day for 5,000,000 common shares priced at $0.02 per share for gross proceeds of $100,000, giving Sentient IV a 25% interest in SeqUr (Note 21). SeqUr incurred $7,500 in fees in connection with the financing, which were charged against the non-controlling minority interest. The sale of a 25% interest resulted in a $60,000 dilution loss at that date.

(c) On August 12, 2013, the Company closed a non-brokered private placement with Sentient IV of 16,446,389 common shares priced at $0.05 each for gross proceeds of $822,319. Sentient IV received 328,927 additional shares evaluated at $16,446 representing 2% of the gross proceeds of the placement, as a transaction fee. In connection with this financing, the Company incurred fees and issue costs totaling $26,734, which were charged against share capital.

(in Canadian dollars)

13. EQUITY (CONT'D)

SHARE PURCHASE WARRANTS

Each warrant entitles its holder to purchase one share of the Company. Changes to the outstanding warrants are shown in the following table:

	2014			2013		
	Number	**Weighted -average exercise price**	**Total**	**Number**	**Weighted-average exercise price**	**Total**
		$	$		$	$
Balance, beginning of year	4,590,000	0.52	439,747	13,379,474	0.86	2,575,671
Warrants expiry	(3,090,000)	0.65	(347,041)	(8,789,474)	1.03	(2,135,924)
Balance, end of year	1,500,000	0.24	92,706	4,590,000	0.52	439,747

Outstanding warrants as at December 31, 2014, are shown in the following table:

Number of warrants	Exercise price	Expiry date
1,500,000	$0.24	June 19, 2015

14. STOCK OPTION PLAN

The Company has a stock option plan for its officers, directors and consultants. The Board of Directors sets the conditions for acquiring the common stock options according to quantity and exercise price. The strike price of the options granted may not be less than the market price, which corresponds to the weighted-average price based on the volume and price of the shares traded on the Toronto Stock Exchange for the five days preceding the option grant. The options granted are valid for a period established by the Board of Directors, not to exceed five years from the date the options are granted. The maximum number of common shares issuable under the plan is 10,654,586. The maximum number of options that can be granted to any participant may not exceed 5% of the issued and outstanding shares of the share capital.

Changes to the stock options under the plan are shown in the following table:

	2014		2013	
	Number	**Weighted-average exercise price**	**Number**	**Weighted-average exercise price**
		$		$
Balance, beginning of year	3,549,500	0.69	5,426,000	0.99
Expired	(791,000)	0.99	(1,876,500)	1.55
Balance, end of year	2,758,500	0.60	3,549,500	0.69

(in Canadian dollars)

14. STOCK OPTION PLAN (CONT'D)

As at December 31, 2014, the Company had the following outstanding options:

Number of outstanding options	Number of exercisable options	Exercise price	Expiry date
		$	
14,000	14,000	1.00	January 4, 2015
500,000	500,000	1.00	May 26, 2015
252,500	252,500	1.00	June 6, 2015
880,000	880,000	0.50	June 27, 2016
1,112,000	1,112,000	0.40	May 29, 2017
2,758,500	2,758,500		

15. COMPENSATION OF KEY MANAGEMENT

Key management includes directors and senior executives of the Company and its subsidiary. Employment contracts in force for senior executives include a variable pay mechanism for up to 50% of their annual base salary.

The compensation paid or payable for key management services is presented below:

	2014	2013
	$	$
Salaries, benefits and severance	1,090,000	916,000
Senior executives services and directors fees	57,000	56,000
	1,147,000	972,000

Termination and Change of Control Benefits

Certain employment agreements between the executive team and the Company contain termination and change of control provisions. If a termination or change of control involving material changes in the duties assigned to senior executives had occurred as at December 31, 2014, the amounts payable for the executive team would have totalled $1,396,000 and $1,709,000, respectively.

16. INCOME TAXES

	2014	2013
	$	$
Taxes payable		
Credits on duties refundable for losses	655,717	122,984
Total income taxes expense	655,717	122,984
Deferred taxes		
Rise and reversal of temporary differences relating to:		
Income taxes	(47,147)	(1,376,987)
Mining taxes	-	(9,777,971)
Total deferred income tax recovery	(47,147)	(11,154,958)
Income tax expenses (recovery)	608,570	(11,031,974)

(in Canadian dollars)

16. INCOME TAXES (CONT'D)

The income tax provision differs from the amount resulting from the application of the combined Canadian statutory income tax rate. The combined statutory tax rate is the sum of the rate of federal income taxes of 15% (15% in 2013), Provincial of 11.9% (11.9% in 2013) and the Quebec mining tax rate of 16% (16% in 2013). The mining tax rate is considered net of income tax on income related thereto of 4.304% (4.304% in 2013).

	2014	2013
	$	$
Loss before income tax	(7,974,375)	(90,364,660)
Combined Canadian statutory income tax rate	38.596%	38.596%
Income tax recovery at the combined statutory income tax rate	(3,077,790)	(34,877,144)
Changes in fair value of the available-for-sale investment	10,414	701
Non-deductible and other expenses	278,822	80,415
Expenses non-taxable for mining tax	1,410,823	893,830
Unrecognized temporary differences	1,330,584	22,747,240
Credits on mining duties for losses	655,717	122,984
	608,570	(11,031,974)

The following table presents an analysis of deferred tax assets and liabilities.

	2014	2013
	$	$
Deferred tax assets		
Deferred tax assets to be recovered in more than 12 months	(1,519,986)	(2,371,869)
Deferred tax liabilities		
Deferred tax liabilities to be settled in more than 12 months	1,519,986	2,371,869
Deferred tax liabilities, net	-	-

The following table presents the evolution of the deferred tax account.

	2014	2013
	$	$
As at January 1	-	10,746,310
Amount recognized as a recovery in the statement of income	(47,147)	(11,154,958)
Tax expense related to the share capital	47,147	408,648
As at December 31	-	-

(in Canadian dollars)

16. INCOME TAXES (CONT'D)

The following table shows the changes in deferred tax assets and liabilities during the year, regardless of compensation balances relating to the same taxation authority.

Deferred tax assets

	Non-capital losses	Property and equipment	Asset retirement obligations	Mining tax	Other	Total
	$	$	$	$	$	$
As at December 31, 2012	(2,697,980)	(456,642)	(340,443)	(1,466,696)	(421,254)	(5,383,015)
Amount debited (credited) in the statement of income	2,697,980	181,905	(267,341)	1,466,696	(1,476,742)	2,602,498
Amount debited (credited) in the share capital	-	-	-	-	408,648	408,648
As at December 31, 2013	-	(274,737)	(607,784)	-	(1,489,348)	(2,371,869)
Amount debited (credited) in the statement of income	-	274,737	200,252	-	329,747	804,736
Amount debited (credited) in the share capital	-	-	-	-	47,147	47,147
As at December 31, 2014	-	-	(407,532)	-	(1,112,454)	(1,519,986)

Deferred tax liabilities

	Deferred E&E expenditures	Convertible notes	Mining tax	Other	Total
	$	$	$	$	$
As at December 31, 2012	5,424,711	891,953	9,777,971	34,690	16,129,325
Amount debited (credited) in the statement of income	(5,424,711)	1,462,643	(9,777,971)	(17,417)	(13,757,456)
As at December 31, 2013	-	2,354,596	-	17,273	2,371,869
Amount debited (credited) in the statement of income	-	(837,079)	-	(14,804)	(851,883)
As at December 31, 2014	-	1,517,517	-	2,469	1,519,986

(in Canadian dollars)

16. INCOME TAXES (CONT'D)

The following deferred tax assets related to deferred E&E expenditures, property and equipment, mining taxes and unused tax losses expiring from 2027 to 2033 were not recognized in financial statements:

	2014	2013
	$	$
Mining properties	266,079	-
Deferred E&E expenditures	15,052,481	14,156,311
Property and equipment	1,340,438	2,460,143
Mining tax	2,885,298	3,543,918
Non-capital losses	7,118,067	5,348,376
Deferred tax assets	26,662,363	25,508,748

17. CAPITAL DISCLOSURES

In terms of capital management, the objectives of the Company are to preserve its ability to continue as a going concern and to pursue its mining E&E activity as a going concern. The Company's capital includes shareholders' equity and convertible notes reduced by cash, for a negative total amount of $6,054,562 (negative total of $583,983 in 2013). Management reviews its capital management policies on a going concern basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the year ended December 31, 2014. The Company doesn't have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Company closes a flow-through private placement in which case the funds are restricted in use for E&E expenses. The changes in capital are presented in the statement of changes in equity.

18. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's Management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

(a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and fair value.

(i) Interest risk
The Company has cash balances and the Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts of major Canadian chartered banks. As of December 31, 2014 and 2013, the Company had invested no amount in term deposits.

The loan payable bears interest at a fixed rate while the convertible debenture does not bear interest. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

(in Canadian dollars)

18. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Price risk
The Company is exposed to market risk in trading its investments in Pacific Bay and Strategic Metals, TSX Venture issuers active in mineral exploration. As of December 31, 2014, a 10% decrease (increase) in price on the stock market would result in an estimated increase (decrease) of approximately $19,100 in these available-for-sale investments.

(b) Fair value

The fair value of financial instruments is summarized as follows:

	December 31, 2014		**December 31, 2013**	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
	$	**$**	**$**	**$**
Financial assets				
Cash	606,240	606,240	1,843,106	1,843,106
Available-for-sale financial assets	191,419	191,419	93,992	93,992
Financial liabilities				
Accounts payable and accrued charges	575,943	575,943	928,229	928,229
Obligations under finance leases	-	-	15,426	15,426
Loans payable	2,991,094	3,000,000	2,981,941	3,000,000
Convertible notes	9,263,674	9,316,635	6,151,853	6,211,090

Fair value estimates are made at the consolidated statement of financial position date, based on relevant market information and other information about financial instruments.

As at December 31, 2014, the Company's financial instruments consisted of cash, available-for-sale financial assets, accounts payable and accrued charges and loans payable and convertible notes. The fair value of these financial instruments, discussed above, approximated their carrying value due to their short maturity and current market rates with the exception of the loans payable and the convertible notes.

Fair value hierarchy
The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities: available-for-sale financial assets (mineral exploration company – Pacific Bay);
- Level two includes inputs that are observable other than quoted prices included in level one: none;
- Level three includes inputs that are not based on observable market data: available-for-sale financial assets (mineral exploration company – Strategic Metals).

(c) Credit risk

The financial instruments which expose the Company to market risk and concentrations of credit risk include cash. The Company invests cash with a Canadian chartered bank.

(in Canadian dollars)

18. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs and administrative expenses. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2014, the Company had cash of $606,240 ($1,843,106 as at December 31, 2013) to settle current liabilities of $6,781,988 ($2,773,655 as at December 31, 2013).

The Management estimates that such funds will not be sufficient for the Company to continue as a going concern (Note 1).

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 expenditures reductions or 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 for the Company or that they will be available on terms which are acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

The following are the contractual maturities of financial liabilities, including interest where applicable as at December 31, 2014 and 2013:

			2014		
	Carrying amount	**Contractual cash flows**	**From 0 to 12 months**	**From 12 to 24 months**	**More than 24 months**
	$	**$**	**$**	**$**	**$**
Accounts payables and accrued charges	575,943	575,943	575,943	-	-
Loans payable	2,991,094	3,375,000	3,375,000	-	-
Convertible notes	9,263,674	14,905,000	-	14,905,000	-

			2013		
	Carrying amount	**Contractual cash flows**	**From 0 to 12 months**	**From 12 to 24 months**	**More than 24 months**
	$	**$**	**$**	**$**	**$**
Accounts payables and accrued charges	928,229	928,229	928,229	-	-
Loans payable	2,981,941	3,600,000	300,000	3,300,000	-
Obligations under finance leases	15,426	16,126	16,126	-	-
Convertible notes	6,151,853	14,905,000	-	-	14,905,000

(in Canadian dollars)

19. MINING PROPERTY COSTS, E&E EXPENDITURES AND MATOUSH CAMP MAINTENANCE COSTS

Mining properties costs		For the year ended December 31, 2014	For the year ended December 31, 2013
	Interest	Total	Total
		$	$
Matoush project			
Matoush	100%	55	1,302
Matoush Extension	100%	19,024	760
Eclat	100%	4,928	-
Pacific Bay-Matoush	60%	15,663	-
Other project			
Mistassini	60%	(163)	2,712
		39,507	4,774

E&E Expenditures and Matoush Camp Maintenance Costs	For the year ended December 31, 2014			
	Additions	Tax Credits, Net	Exploration Camp Lodging Revenues	Total
	$	$	$	$
Matoush project				
Matoush	1,474,904	1,478,394	(267,750)	2,685,548
Matoush Extension	3,347	-	-	3,347
Eclat	2,567	-	-	2,567
Pacific Bay-Matoush	6,624	-	-	6,624
Other project				
Mistassini	1,978	-	-	1,978
Prospecting – general exploration expenses	33,405	-	-	33,405
	1,522,825	1,478,394	(267,750)	2,733,469

E&E Expenditures	For the year ended December 31, 2013		
	Additions	Tax Credits, Net (Notes 4 and 9)	Total
	$	$	$
Matoush project			
Matoush	2,511,596	1,488,196	3,999,792
Matoush Extension	1,758	(843)	915
Eclat	512	(272)	240
Pacific Bay-Matoush	2,820	4,809	7,629
Other project			
Mistassini	1,245	1,479	2,724
Prospecting – general exploration expenses	85,909	-	85,909
	2,603,840	1,493,369	4,097,209

(in Canadian dollars)

20. GENERAL AND ADMINISTRATIVE EXPENSES

	For the years ended December 31,	
	2014	**2013**
	$	**$**
Salaries and benefits	837,969	630,060
Consulting and professional fees	656,589	427,037
Communication and promotion expenses	139,615	152,093
Office expenses	125,694	133,372
Depreciation of property and equipment	-	5,664
	1,759,867	**1,348,226**

21. RELATED-PARTY TRANSACTIONS

BBH GEO-MANAGEMENT INC.

On August 1, 2014, the Company and its subsidiary SeqUr renewed a service agreement, effective as of August 1, 2014, and in effect until December 31, 2015, with BBH Géo-Management Inc. (“BBH”), which is a related company because the president and director of BBH is also the president and director of the Company and director of the subsidiary.

Under the terms of the Agreement, BBH provides certain services to the Company and its subsidiary. The Company pays a fixed monthly fee of $5,500 to be reviewed on August 1, 2015.

While complying with the non-solicitation provision of the Services Agreement with BBH, the Company took 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 to manage its affairs and carry out its mineral exploration and development programs. Thus, the Company entered into an employee transfer agreement with BBH on November 8, 2011, which is also effective August 1, 2011 (the “Transfer Agreement”).

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

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 March 18, 2015.

During the year ended December 31, 2014:

BBH charged:

i) fees of $43,000 ($355,000 in 2013) included in deferred E&E expenditures;
ii) professional fees for a total amount of $209,000 ($223,000 in 2013);
iii) exploration and evaluation expenditures and Matoush camp maintenance costs of $352,000 recorded in the statement of income ($395,000 in 2013);
iv) rental fees of $66,000 ($66,000 in 2013);
v) interest of $0 charged on balances in arrears ($13,500 in 2013).

(in Canadian dollars)

21. RELATED-PARTY TRANSACTIONS (CONT'D)

At December 31, 2014, accounts payable and accrued liabilities include an amount of $29,000 ($71,000 at December 31, 2013) owed to BBH. Fees charged by BBH for services rendered to the Company and its subsidiary by BBH employees are marked up by 1.85 to cover fringe benefits and other risks assumed by BBH as the employer. BBH invoices are payable upon receipt and bear interest at a rate of 5%.

SENTIENT AND TORO

Subsequent to the transactions described in Notes 10 and 13 in 2013, the Sentient Group exercised significant influence over the Company and was therefore a related party. All agreements and transactions with the Sentient Group are disclosed in the consolidated financial statements and are therefore not repeated in this note.

On November 3, 2014, the Company announced that it had consented to a transaction between the Sentient Group and Toro. Among other things, the transaction involved the sale of a substantial portion of the Sentient Group's position in the Company and its entire position in SeqUr in exchange for shares of Toro.

Toro acquired 43,000,000 common shares of the Company from Sentient, $14,105,000 in secured convertible notes issued by the Company (Note 10), a $3,000,000 loan secured by a first-ranking hypothec of the Company (Note 10) and 5,000,000 common shares of SeqUr (Note 13).

Following the transaction, the Sentient Group, which had owned 27.13% of the Company's share capital, held 7.34% of the Company's share capital and 800 convertible notes representing $800,000 secured by a hypothec on the Company's assets that were converted after December 31, 2014 (Note 24).

At December 31, 2014, Toro, which held 19.79% of the share capital of the Company and 25% of its subsidiary, SeqUr, in addition to the notes and loan described above, exercised significant influence over the Company and its subsidiary and was therefore a related party. No other transactions or agreements were entered into between the Company and Toro other than as disclosed in the consolidated financial statements.

22. SUPPLEMENTAL CASH FLOW INFORMATION

	2014	**2013**
	$	**$**
Non-cash transactions		
Deferred E&E expenditures included in accounts payable and accrued charges	81,360	78,652
Issue costs of loans payable and convertible notes included in accounts payable and accrued charges	-	80,749
Tax credits receivable presented as a reduction in deferred E&E expenditures	-	464,045
Asset retirement obligation settlements included in accounts payable and accrued charges	24,582	-
Depreciation of property and equipment included in deferred E&E expenditures	-	358,181
Units issued for share issue costs	-	16,446
Shares issued in payment of interest on the loan payable	225,206	-

(in Canadian dollars)

23. COMMITMENTS

The following table lists the Company's contractual obligations over the next years ending December 31.

	2015	**2016 and thereafter**
	$	**$**
Operating leases	66,000	-

As long as the option agreement remains in effect, SeqUr is responsible for incurring eligible expenses or keeping the property claims in good standing by paying renewal fees of at least $144,735 by December 31, 2015 (Note 7).

The CNSC has attached a condition, among others, to the license obtained on October 16, 2012, to be met before the work foreseeing that the Company will have to deposit a financial guarantee of nearly $6,000,000 to fund decommissioning.

24. SUBSEQUENT EVENTS

DISTRIBUTION OF THE SEQUR SHARES TO THE COMPANY'S SHAREHOLDERS

On January 8, 2015, the Company completed the distribution of 15,000,000 common shares representing 100% of its investment in its SeqUr subsidiary.

The Company's shareholders as of the record date, December 30, 2014, received 0.069032 SeqUr shares for each common share of the Company held by them.

The Company used this distribution to repay its shareholders for a reduction of zero value in stated capital as at January 8, 2015. The fair value of the SeqUr common shares is equal to the fair value of SeqUr's net assets, which is nil due to the impairment of the Jasper Lake project (Notes 4 and 7) and the fact that SeqUr was in a negative net asset position with a working capital deficiency at December 31, 2014 and January 8, 2015.

CONVERSION OF CONVERTIBLE NOTES HELD BY SENTIENT III

On January 15, 2015, Sentient III exercised its option to convert all of its $800,000 in convertible notes of the Company into common shares. In accordance with the terms of the convertible notes, 16,877,637 shares were issued, bringing the Sentient Group's interest in the Company to 14.02%.

SEQUR'S WITHDRAWAL FROM THE JASPER LAKE AGREEMENT WITH DENISON

In February 2015, SeqUr decided to withdraw and informed Denison that it was terminating the Jasper Lake project option agreement in accordance with the terms of the agreement.

FORM 52-109F1 CERTIFICATION OF ANNUAL FILINGS

FULL CERTIFICATE

*I, **Guy Hébert, President and Chief Executive Officer of Strateco Resources Inc.,*** certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of ***Strateco Resources Inc.*** (the "issuer") for the financial year ended ***December 31, 2014.***

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings (c. V-1.1, r. 27), for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the financial year end

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the *Internal Control – Integrated Framework* (2013) (COSO Framework) published by *The Committee of Sponsoring Organizations of the Treadway Commission* (COSO).

5.2 N/A

5.3 N/A

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

(a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

(b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

(i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

(ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on ***October 1st, 2014*** and ended on ***December 31, 2014*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 26, 2015

(Signed) Guy Hébert

____

President and Chief Executive Officer

FORM 52-109F1 CERTIFICATION OF ANNUAL FILINGS

FULL CERTIFICATE

*I, **Yvon Robert, Chief Financial Officer of Strateco Resources Inc.,*** certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the “annual filings”) of ***Strateco Resources Inc.*** (the “issuer”) for the financial year ended ***December 31, 2014.***

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers’ Annual and Interim Filings (c. V-1.1, r. 27), for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 ***Control framework:*** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the *Internal Control – Integrated Framework* (2013) (COSO Framework) published by *The Committee of Sponsoring Organizations of the Treadway Commission* (COSO).

5.2 **N/A**

5.3 **N/A**

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

(a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

(b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

(i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

(ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on ***October 1st, 2014*** and ended on ***December 31, 2014*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 26, 2015

*(*Signed*)* Yvon Robert

Chief Financial Officer

GENERAL INFORMATION

DIRECTORS

Guy Hébert
Boucherville, Quebec
President and Chief Executive Officer
Strateco Resources Inc.

Jean-Pierre Lachance
St-Hubert, Quebec
Executive, Exploration and Community Relations Vice President
Strateco Resources Inc.

Jean-Guy Masse*
Montréal, Quebec
President
Northern Precious Metals Funds Management Inc.

Robert Desjardins*
Montréal, Quebec
President
Robert G. Desjardins and Associates Inc.

Marcel Bergeron*
Montréal, Quebec
Financial Consultant

Paul-Henri Couture*
Laval, Quebec
Minvest Capital

Henri Lanctôt
Town of Mount Royal, Quebec

*** Audit Committee member**

OFFICERS

Guy Hébert, B.Sc.Geol., M.B.A.
President and Chief Executive Officer

Jean-Pierre Lachance, Geol.
Executive, Exploration and Community Relations Vice President

Yvon Robert, CPA, CA
Vice President Finance and
Chief Financial Officer

Anne Hébert
Secretary

SHAREHOLDERS INFORMATION

Listing
Toronto Stock Exchange (TSX) - Symbol “RSC”
Frankfurt Exchange: Symbol “RF9”

Transfer Agent and Registrar
Computershare Investor Services Inc.

Auditor
PricewaterhouseCoopers, LLP, s.r.l./s.e.n.c.r.l.

Legal Advisors
Gowling Lafleur Henderson LLP

Head Office
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Annual Meeting of Shareholders
June 17, 2015 at 10:30 a.m.
Hotel Hilton Garden Inn Montreal
James McGill A Room
380 Sherbrooke St. West
Montréal, QC H3A 0B1
Toll free number: 1-877-840-0010

Pour obtenir une version française de ce rapport, veuillez vous adresser au siège social de la Société à Boucherville (Québec).