



STRATECO RESOURCES INC.

1225 GAY-LUSSAC, BOUCHERVILLE, QUÉBEC, CANADA, J4B 7K1

ANNUAL INFORMATION FORM

March 21, 2011

Strateco Resources Inc.

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ITEM 1: COVER PAGE**1.1: Date**

This annual information form is dated March 21, 2011, the date of the report of the Company's auditors on the Company's most recent financial statements, being for the year ended December 31, 2010. All amounts in the following sections are in Canadian dollars.

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ITEM 3: CORPORATE STRUCTURE

3.1: Name, Address and Incorporation

Strateco Resources Inc. (the “Company” or “Strateco”) was incorporated under the *Canada Business Corporations Act* by articles of incorporation dated April 13, 2000. Strateco’s head office is at 1225 rue Gay-Lussac, Boucherville, Québec J4B 7K1. The Company also has a community relations office in Chibougamau and an office in Mistissini.

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

4.1: Three-Year History

Documents Incorporated by Reference: MD&As and Financial Statements of an Exploration-Stage Company

The Company, an exploration-stage company, incorporates its management discussion and analysis (“MD&A”) and audited financial statements for the fiscal years ending December 31, 2010, 2009 and 2008, filed on SEDAR, into this document by reference.

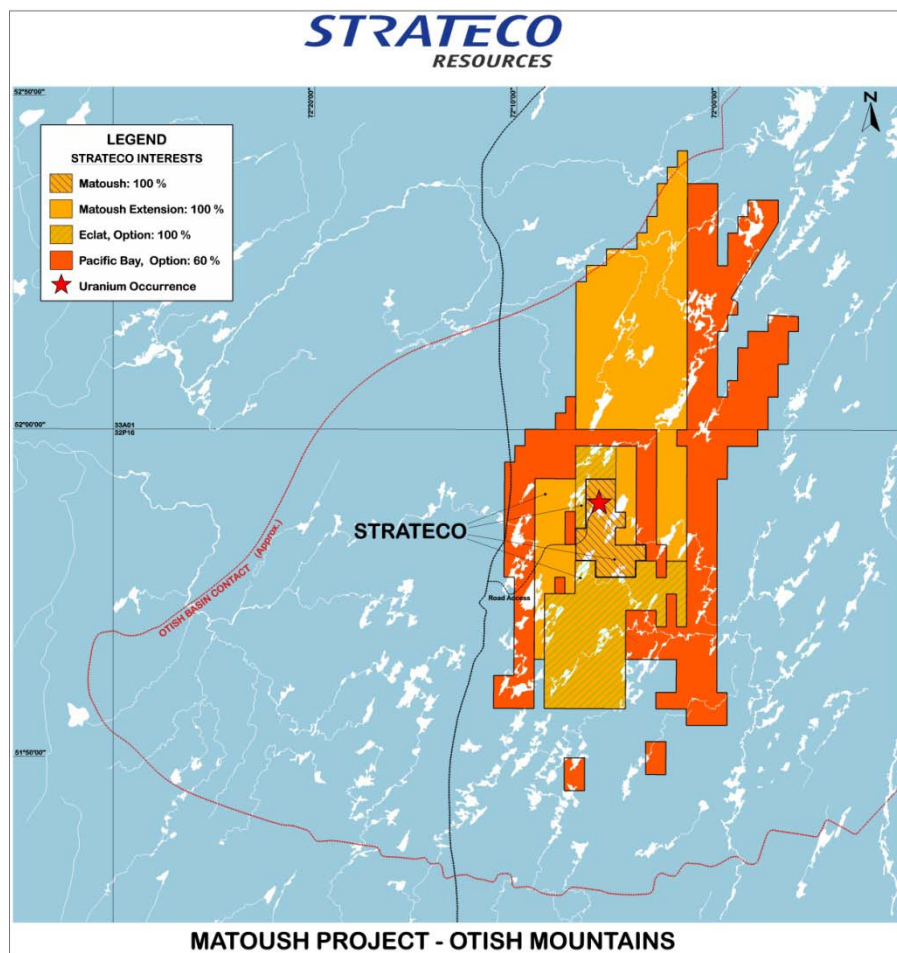
General Development of the Business for the Past Three Years

The Company is primarily engaged in the exploration of mining properties with a view to commercial production. It does not currently have any mines in production. The Company has a portfolio of five wholly-owned mining properties, two joint ventures and one mining property under option. All properties are located in Quebec. These properties comprise 1,068 claims for a total area of 56,747 hectares (567 square kilometres). The Company’s activities are focused on the exploration and development of the MATOUSH PROJECT. With the exception of some projects in the Athabaska basin in Saskatchewan, the Matoush project, in the Otish Mountains of northern Quebec, can be considered one of the highest-grade uranium projects in the world.

The recovery of the cost of mining assets is subject to the Company’s ability to discover economically mineable reserves and obtain the funding required to pursue the exploration and development of its properties, profitable future production or sufficient proceeds from the sale of the properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so in the past, there can be no assurance that it will continue to do so in the future.

MATOUSH PROJECT

The map in **Figure 1** below shows the Company’s interests in the various properties that make up the MATOUSH PROJECT, including the MATOUSH PROPERTY, MATOUSH EXTENSION PROPERTY, ECLAT PROPERTY and PACIFIC BAY-MATOUSH PROPERTY.



The MATOUSH PROJECT lies in the Otish Mountains of northern Quebec, approximately 275 kilometres north of Chibougamau, and consists of the wholly-owned MATOUSH PROPERTY (see Section 5.4.03), the MATOUSH EXTENSION PROPERTY (see Section 5.4.05.), and the ECLAT PROPERTY (see Section 5.4.04.), where the Company owns a 100% interest, as well as the PACIFIC-BAY-MATOUSH PROPERTY (see Section 5.4.06.), where the Company has an option to earn a 60% interest. The MATOUSH PROJECT currently comprises 590 claims covering a total area of 31,213 hectares (312 km²). In all, 200,083 metres (444 holes) have been drilled on the Matoush project since exploration began in 2006.

The project is accessible by air, and in winter by the Eastmain winter road, which runs about 7 kilometres to the west of the project. The winter road was upgraded over a distance of 142 kilometres to allow access to the camp and transportation of the equipment and fuel required.

The workers and consultants on site enjoy a fully-equipped 50-person camp that was completed in 2007.

Projects and New Acquisitions

As of December 31, 2010, the Company had a portfolio of five wholly-owned mining properties, one joint venture and two options on mining properties, all located in Quebec. These properties comprise 1,068 claims for a total surface area of 56,747 hectares (567 km²).

a) ECLAT PROPERTY

The Company acquired a 100% interest in the 90 claims of the Eclat property for all mineral substances except diamonds on June 15, 2009, when it made the final \$96,000 payment before the fourth anniversary of an agreement that was signed on July 6, 2005, with Vija Ventures Corporation (“Vija”). The property is subject to a 2% NSR royalty on any production, for all minerals except diamonds, and a 2% share of the gross proceeds from the future sale or disposition of the carbon emissions rights related to uranium production on the property, payable to Vija.

b) PACIFIC BAY-MATOUSH PROPERTY

On January 14, 2008, the Company signed the final agreement to earn a 60% interest in the Pacific Bay-Matoush property in the Matoush District of Quebec's Otish Mountains. The agreement calls for the Company to pay Pacific Bay a total of \$500,000, issue 200,000 common shares over four years and incur \$3 million in exploration expenditures over four years, including a minimum of 10,000 metres of drilling at a rate of 2,500 metres per year. In addition, the Company acquired, on the signature date of the final agreement, 1,000,000 units of Pacific Bay at a price of \$0.30 per unit whereby each unit consists of one common share and one warrant to purchase a common share at \$0.60 per share for a period of 24 months. The warrants expired without being exercised.

In October 2009, the Company met its annual commitments for the year by completing the issuance of 40,000 common shares (valued at \$34,400 in 2009), paying \$100,000 and completing \$750,000 in exploration work including the minimum of 2,500 metres of drilling.

In October 2010, the Company met its annual commitments for the year through the issuance of 50,000 common shares (valued at \$30,100 based on the share price on the date of the issuance of the shares) and by paying \$125,000. The annual commitments for 2010 regarding exploration work were not met as only \$298,224 was spent. The Company negotiated an amendment whereby the remaining exploration expenditures of 2010 will be added to the 2011 commitment increasing the 2011 exploration commitment to \$957,364 and carry out the required drilling.

c) MISTASSINI PROPERTY

On February 14, 2010, the Company fulfilled its commitments for the second year of the option, as provided for in the option and joint venture agreement, dated February 14, 2008, between the Company and Majescor Resources Inc. (the “Agreement”) and incurred the required exploration expenses of \$400,000 during this year of the option.

Furthermore, on February 14, 2011, the Company fulfilled its obligations for the third year of the option pursuant to the Agreement, by incurring more than \$400,000 in exploration expenses on the property for a total of more than \$1,300,000 in exploration expenses on the property over a three-year period. Consequently, the Company has acquired its 60% interest in the uranium rights on the Mistassini property. The joint venture on the property should begin in the coming months.

4.1.3 General Description of Exploration Work in the Past Three Years

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

Note to U.S. investors concerning estimates of Measured and Indicated Resources. This section uses the terms “measured resources” and “indicated resources”. The Company cautions U.S. investors that while

those terms are recognized and required by Canadian regulations, the *U.S. Securities and Exchange Commission* does not recognize them. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

Note to U.S. investors concerning estimates of Inferred Resources. This section uses the term “**inferred resources**”. The Company cautions U.S. investors that while this term is recognized and required by Canadian regulations, the *U.S. Securities and Exchange Commission* does not recognize it. “**Inferred resources**” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an **Inferred Mineral Resource** will ever be upgraded to a higher category. Under Canadian rules, estimates of **Inferred Mineral Resources** may not form the basis of feasibility or pre-feasibility studies except for some exceptions. **U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally minable.**

a) 2008

In early January 2008, the Company began a 40,000-metre drilling program on the MATOUSH PROJECT and planned a budget of \$22 million in exploration.

In the first quarter of 2008, the Company carried out an extensive drilling program on its wholly-owned MATOUSH PROPERTY, located in the Otish Mountains, 275 km north of Chibougamau, and obtained interesting drill results. The potential and size of the new **MT-22** mineralized zone was confirmed, as well as the extension of the **AM-15** zone at depth.

In the second quarter of 2008, drilling was primarily focused on the new **MT-34** mineralized zone that lies in the depth extension of the **AM-15** zone, as well as on the **MT-22** mineralized zone.

In the third quarter of 2008, exploration work on the MATOUSH PROJECT properties essentially consisted of drilling and prospecting. A total of 16,837 metres were drilled in 52 holes, with 15,327 metres (45 holes) drilled on the MATOUSH PROPERTY and the remaining 1,510 metres (7 holes) on the PACIFIC BAY-MATOUSH PROPERTY.

The Company prospected in the Laurent Martin area, 5.0 km to the east of the **AM-15** lens, where a train of boulders including one that returned nearly 60,000 cps had been identified during prospecting in summer 2007.

In the fourth quarter 2008, drilling with two drills continued on the MATOUSH PROJECT to test the northern and southern extensions of well-defined lenses and also along the Matoush fault, with the objective of identifying new mineralised lenses.

Twenty-three holes were drilled for a total of 9,517 metres during the fourth quarter 2008. These holes tested areas to the north of the **MT-22** lens and south of the **MT-34** lens.

In 2008, a total of 119 holes were drilled on the MATOUSH PROJECT for a total of 59,603 meters leading to the delineation of an **Indicated mineral resource** of 250,000 tonnes grading 0.68% U_3O_8 containing **3.73 M pounds of U_3O_8** and an **Inferred mineral resource** of 1,344,000 tonnes grading 0.44% U_3O_8 containing **13.07 M pounds of U_3O_8** , as reported in Section 5.4.04.5.

b) 2009

In 2009, the Company continued to focus its efforts on the exploration and development of its best uranium project, the MATOUSH PROJECT. The Company drilled 75 holes on its various properties for a total of 35,026 metres of drilling, including 34,240 metres on the MATOUSH PROPERTY. Most notably, the holes drilled on the MATOUSH PROPERTY resulted in the doubling of the indicated mineral resource to 436,000 tonnes containing **7.46 million pounds of U_3O_8 at the high grade of 0.78% U_3O_8** , as more fully described in the updated resource estimate by Scott Wilson RPA dated September 18, 2009, in Section 5.4.03.6.

The 2009 drilling program began in early February on the MATOUSH PROJECT, with two drills in operation. One drill was assigned to drilling on the southern extension of the **MT-34** zone, about 1 km away from that zone, with the goal of identifying a new lens at a depth of between -400 and -650 metres. The second drill was first mobilized on the PACIFIC BAY-MATOUSH property to drill 1,500 metres in the Rabbit Ears South area, and was then moved in early March to an area of the ECLAT property 9.5 km south of the **MT-34** zone, near Hole **EC-08-01**, which returned very interesting results in the winter of 2008.

Drilling was temporarily suspended during the spring thaw, from April 27 to May 27, 2009. Drilling then resumed, with two drills operating on the properties, as well as one helicopter-borne drill for holes drilled on the MISTASSINI and PACIFIC BAY-MATOUSH properties. Besides the exploration holes, five geotechnical holes totalling 526 metres were drilled as part of the preparatory work for the underground exploration program. The 2009 drilling program ended on November 26, 2009.

c) 2010

At the beginning of 2010, the Company began an ambitious 60,000-metre drilling program on the MATOUSH PROJECT as a whole, aimed at identifying new mineralized zones. Work started with one drill in operation, to which a second drill was added on January 27 and a third on February 13, 2010. The Company had a very good second quarter, despite the early, almost instantaneous thaw in May. In fact, in less than 72 hours, the Company had to stop using the road leading the southern edge of the ECLAT PROPERTY because of safety and environmental protection concerns. As a result, two drills stopped working on May 6 and the third was pulled out of the area to work on exploration elsewhere on the property. The Company had to continue work with only one drill in operation.. The Company drilled 66 holes on the various properties of the MATOUSH PROJECT, for a total of 39,867 metres of drilling. Most notably, this drilling resulted in the discovery of a new mineralized zone along the Matoush fault, 1.5 kilometres south of the existing resources, as well as a new Matoush-type fault four kilometres to the west of the fault. In November, the Company announced the discovery of a new high-grade zone; lens **MT-36**, located 1.5 kilometres south of the three existing high-grade lenses (**AM-15**, **MT-22** and **MT-34**) of the MATOUSH PROJECT. The program, which was supposed to total 60,000 metres, was cut to allow work to continue on the landing strip and to stay within the total budget for 2010.

In March, Terraquest flew a high-resolution airborne electromagnetic geophysics survey (XDS/VLF EM). The goal of the survey was to define linear geophysical anomalies representing Matoush-type faults that might potentially prove to host large mineralized lenses. It covered the entire MATOUSH PROJECT, including the MATOUSH, MATOUSH EXTENSION, ECLAT and PACIFIC BAY-MATOUSH properties, for a total of 1,754 line-kilometres. Mobilization and demobilization costs were shared with a neighbouring mining company.

The survey data was processed by MPH Consulting Ltd., who were mandated to highlight “Matoush”-type potential targets corresponding to dikes injected in the faults. Data processing highlighted targets to the east and west of the Matoush fault, in the area south of the Eclat property.

Subsequently, additional processing of the Terraquest data allowed this data to be analyzed with greater accuracy. This in-depth and extremely precise analysis led to the identification of new drill targets. In fact, the continuity at depth can be checked by eliminating certain surface anomalies and compiling the linear magnetic anomalies. This process identified a second series of geophysical targets, all outside the Matoush fault. The discovery of a strong linear magnetic anomaly on surface coinciding with a strong VLF anomaly indicated a strong likelihood that this anomaly is a similar structure to Matoush. The results proved conclusive, with the discovery in early October of a Matoush-type fault with identical alteration to that of the Matoush fault.

The Company did not carry out any work on the APPLE, MISTASSINI, QUÉNONISCA and MONT-LAURIER URANIUM properties in 2010, as it focused all its efforts on exploring the MATOUSH PROJECT.

For 2011, the Company is planning a program of about 30,000 metres of drilling. This phase of drilling will be focused on the MATOUSH PROPERTY (100% owned), PACIFIC BAY-MATOUSH PROPERTY (option on 60%) and MISTASSINI property (60% interest acquired on February 14, 2011).

All the drill results obtained in 2008, 2009 and 2010 can be found on the longitudinal section and photos of the mineralized intersection on the Company's website at [.stratecoinc.com](http://stratecoinc.com).

The true widths for the holes drilled in 2008, 2009 and 2010 have not yet been determined.

MATOUSH PROJECT Site Work

One of the highlights of 2010 was the considerable progress in the building of the landing strip. The landing strip now handles the transport of manpower and materials required for the operation.

Work on the construction of the landing strip began in May 2010. The contract for construction of the landing strip and the access road was granted to Les Entreprises Carsa Inc., a contractor affiliated with the Mistissini Crees. Work on construction of the landing strip began in May. Construction of the landing strip access road began in the first quarter.

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

In the third quarter, quality control was carried out on compaction and grain-size distribution for landing strip work. This work was performed by Consultants Aurus Inc. This project is being supervised by GENIVAR in conjunction with the Company's own supervisor. The MG112b granular layer is 100% complete, and the MG-56 course is 80% complete. An MG-31.5 mm class gravel layer was laid the length of the landing strip, over a 30-metre width, to a thickness of about eight centimetres. The final MG-20 layer will be applied in the summer of 2011.

Work on of the landing strip construction progressed so well throughout the year that the inaugural flight with a landing on the Matoush project runway took place in the last quarter of the year, on October 15. Since then, manpower and equipment have been transported directly between Chibougamau and the Matoush landing strip.

On November 9, landing strip construction work was halted for the rest of 2010 due to the onset of winter. The last flight of the year took place on December 16.

The Company also carried out other engineering work on its Matoush uranium exploration project. In the first quarter, the winter road was maintained from the time it opened on February 10 until it closed on March 15, 2010. All the planned and necessary transports took place, despite abnormally mild winter temperatures. The Company also prepared an information document with various guides and forms, which will be used to ensure that transport personnel comply with environmental management and occupational safety requirements.

The Company also installed a number of new temporary structures on site to meet the needs of the exploration program. These buildings included three megadomes, two dormitory trailers and one office trailer. A new, higher-capacity generator was also added to meet future requirements, and an overhead power line was installed to provide power to the temporary structures.

In the second quarter of 2010, due to the mild winter weather mentioned above, which caused rapid melting and large amount of mud on the construction zone access routes, the Company was obliged to suspend some of its activities during the spring thaw. Normal activities resumed in mid-June.

Other infrastructure work took place in the third quarter, including the installation of a concrete floor in the megadomes of Major Drilling Group International Inc. and the Company, installation of the trailers for the new offices, construction of the road to the future fuel depot and a section of access road between the camp and the winter road, construction of the enviroseptic system for the sewers and connection of the fuel tanks for the semi-automatic supply to the generator. Installation of the trailers for the new offices took place with the help of Les Entreprises Matoush, and the mound, leaching bed, septic tank and pumps were installed in conjunction with ASDR Environnement. The enviroseptic system should meet the needs of the camp for the foreseeable future.

Work continued in the fourth quarter. On November 24, 2010, the sewers were connected to the septic tank, new offices and camp. The aqueduct, septic tank, septic field and pumps were also all operational as of that date. The old Seprotech sewage treatment system will be emptied and returned to the supplier.

In addition, the fuel tanks used to feed the generators were connected to function semi-automatically with a new pump. The work was done by SM Construction Inc. and then inspected by Stavibel. Changes made to the installation of the fuel facilities following the Stavibel inspection were accepted, and the Company received the compliance certificate on December 23, 2010.

The bulk of the site electrical work, which was to take place during the year, was completed. The connections between the new 500kW generator and the other site installations were completed; the mega domes, new offices, sewage facilities, core shack and generator semi-automatic feed are now all powered by the new generator. The alternator for the 300kW generator was also changed. An electrical engineer from GENIVAR has been overseeing the project since the end of August.

Finally, the concrete base for the installation of the communications antenna near the new offices was completed, and the antenna is now up and running.

Work in connection with the landing strip will be finalized in the summer of 2011. No other work is planned for the year 2011 until the permit is granted by the CNSC. Once it obtains the permit, the Company will begin excavating the portal. The Company will also undertake the first phase of the study on the tailings site selection study during the year.

Health and Safety at the MATOUSH PROJECT

As part of its occupational health and safety program, the Company increased the number of control measures to avoid accidents at the project site. Victim evacuation drills were also conducted at the site, and the contractors' work areas are now inspected on a much more frequent basis.

The Company also organizes occupational health and safety meetings for all employees and contractors on the site, and prepares and distributes many health and safety documents. Short descriptions of the health and safety programs that would apply to an underground exploration phase can be found in the "Health and Safety" section of the Company's website at [.stratecoinc.com](http://stratecoinc.com).

None of the readings from the 50 thermoluminescent dosimeters worn by workers at the camp were over the device detection limit of 0.1 mSv. The dosimeters are analysed by Heath Canada.

Future Jobs / Manpower

A meeting was held in June with the Cree Human Resources Development ("CHRD") to discuss, in particular, their employment integration, new enterprises employment assistance and employment training programs. The CHRD's mandate is to develop Cree and non-Cree skills by providing support and financing for the creation of new jobs or worker training. The Company has set local population hiring and training targets for the Matoush project underground exploration program. These can be found in the Matoush project environmental impact statement, available on the Company's website at [.stratecoinc.com](http://stratecoinc.com).

On December 31, 2010, there were 37 members of the Company's team which is comprised of 17 at the Matoush camp and 20 at the corporate office.

Community Relations

Throughout 2009, the Company continued to strengthen communications with the First Nations to inform them on the various stages of the MATOUSH PROJECT development. A technical presentation on mineral exploration was made to five representatives of the Grand Council of the Crees and two representatives of the Cree Mineral Exploration Board at the Company's head office on February 10, 2009. This working session proved positive, enabling those present to be well informed and to obtain clear answers to their questions and concerns.

An official meeting was held near the MATOUSH PROJECT site at the Temiscamie base, on February 21. Twenty-three of the 26 participants were Cree, including four tallymen responsible of the trap lines in the Matoush project

area. Two similar meetings took place at the same time for the last two years. Because they are directly on site, these meetings generate more dialogue.

Company management made two presentations, one to the *Ministère des Ressources naturelles et de la Faune* and the other to the deputy minister of mines and his entourage. A third presentation was made in Chibougamau to the MNA for Ungava.

These presentations and exchanges had two specific goals: to publicize the Matoush project overall, particularly its development stages, and to inform the main stakeholders on the various aspects of uranium, particularly potential concerns such as radioactivity, radon, health and safety and environmental protection.

In early April 2009, the Company was an active participant and a major sponsor of the fourth annual Learning Together conference in Montreal, which brings together aboriginal communities from across Canada. Among other things, this conference aims to create strong links between First Nations communities and the mining industry. It allowed the Company to address questions from many participants on uranium projects. The presentations and the participation of a Company representative in discussion groups that included representatives from Cameco and the CNSC proved very beneficial.

On April 21, 2009, a meeting was held with the chief of the Mistassini band council to discuss the progress of the Matoush project, as well as the work remaining for the preparation of the underground exploration program.

The year 2010 was very full in terms of communications and community relations. The Company took many steps to maintain and strengthen relations with the communities of Mistissini and Chibougamau-Chapais. Once again, the Company's team did everything possible to ensure that the public remained informed on the nature of the work and uranium-related issues, making a particular effort to remaining open and transparent.

In the first quarter of 2010, the Company continued to take the steps required to establish and maintain good relations with the First Nations and James Bay residents. It opened offices in Mistissini and Chibougamau, created the position of director of community relations and appointed a liaison officer from the Cree community, providing a direct link between the Company and the communities involved and offering residents local access to information on the various issues related to the MATOUSH PROJECT. The Company's local representatives held multiple meetings with residents and local authorities. Their presence is a direct response to a request from the communities for the Company to be more present in the communities involved.

In addition, in the interest of further promoting the development of harmonious relations with the Mistissini Cree community and informing its members on development related to the MATOUSH PROJECT, the Company organized two meetings in February, one with the Cree family whose trap line covers the Matoush facilities and deposit, and another with the chief of the Cree Nation of Mistissini.

The Company also held information meetings throughout the quarter. In particular, it organized meetings with local authorities, local organizations, the regional committees involved in the project, local contractors, professionals from the region and the public, so as to involve the various stakeholders, maintain an open dialogue, look into concerns and disclose information on the MATOUSH PROJECT.

In fact, various authorities, including the Regional Conference of Elected Representatives of the James Bay ("CREBJ") and Learning Together, took the initiative of organizing information activities in the municipalities of Mistissini and Chibougamau-Chapais. The Company encourages this type of activity, as it leads to a better understanding of the issues surrounding uranium exploration and mining, among other things. It is then much easier for communities to arrive at an accurate understanding of the facts surrounding the uranium industry.

One of these initiatives, the visit by four aboriginal chiefs from Saskatchewan, certainly helped shed light on the realities of living near a uranium mine. Organized by Chief John Longchap and Learning Together, these information sessions were well received by local residents. The chiefs, who represent the Canadian communities most directly affected by uranium mining, were unequivocal about the impacts of uranium mines on health and the environment: after 50 years of uranium mining, the health of their communities, the environment, water, game and

fish is intact, even with a uranium mine less than 30 kilometres away. Their respective communities also enjoy the direct benefits of uranium mining.

The Company also uploaded its new website in mid-March, at stratecoinc.com. The website was optimized so as to be more accessible, powerful and user-friendly in order to inform the public more effectively. The Company also acquired a new management tool that allows it to update the site regularly, so that the public can have access to the latest developments regarding the Company's activities. Henceforth, the public will have fast, easy access to the documentation put out by the Company. Local community residents, investors and anyone else involved or interested can use the site to find answers to their questions, and even communicate with the Company's team.

The second quarter was also very busy and productive in terms of community communications and relations. First, with the full-time presence of a director of community relations at the Company's offices in Mistissini and Chibougamau and an assistant, a member of the Cree Community, there were a large number of meetings with local residents. In early May, a tour of the trap cabins from Temiscamie to Mistissini took place to distribute information on the MATOUSH PROJECT and answer residents' questions, in English and Cree. The "personalized" meetings were very well received, and allowed the Company to hear firsthand the concerns of the local population.

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

Through the CREBJ, Company representatives were then invited to present the Matoush project development to elected officials of the Jamésie Territory. This meeting led to an interesting exchange that allowed critical information on the project to be communicated. Once again, the Company was able to respond to the questions raised while taking note of the comments and concerns of local elected officials.

One of the highlights of the second quarter was the public information meetings held in Mistissini and Chibougamau on May 25 and 26. These meetings provided the Company with the opportunity to present the results of its environmental impact study to local residents, as well as representatives of COMEX, COFEX, the CNSC, Health Canada and the MSDEP. This first phase of the public hearing process in particular allowed everyone to ask questions, make comments and express their concerns. This exercise once again enabled the Company to listen to the local communities' concerns of the MATOUSH PROJECT.

In preparation for the public information meetings, GENIVAR created a 3D animation for the Company on the MATOUSH PROJECT. The video provides, in both English and French, a simple, visual explanation of all the stages of the MATOUSH PROJECT development, including all the stages of uranium exploration and the operation of a future uranium mine. This informative video was prepared in response to specific questions from COFEX, and was used as an introduction during the public information meetings. It is now posted on the Company's website (stratecoinc.com) and on YouTube. It is an exceptional information tool accessible to a very broad audience.

Company representatives then participated in a number of meetings in Mistissini and Chibougamau throughout the month of June, most notably with the James Bay Joint Action Mining Committee, *La Ruée vers le Nord* (The Lure of the North), the Director-General of Mistissini, the CHRD and the Mistissini Department of the Environment. All these meetings were part of the Company's communications program, which aims, among other things, to include local communities in the MATOUSH PROJECT development decision process. The subjects discussed included the creation of a "uranium committee", notably authorized by the CEAA and headed by the Mistissini Department of the Environment. This committee was created to involve people from the community in the decision process for uranium exploration and mining in the territory. Despite the Company's desire to collaborate with the Mistissini uranium committee to provide the basic, necessary information on the MATOUSH PROJECT development, the committee has thus far refused any form of cooperation with the Company.

During the second quarter, the Company also continued to encourage local community initiatives to provide information on issues related to uranium exploration and mining. These included information evenings organized by the CREBJ "uranium committee" in Chapais and Chibougamau on May 12 and 13, providing an opportunity for the public to be informed by uranium industry experts.

In the third quarter of 2010, the Company's desire to win the support of its stakeholders was reflected by the many meetings held.

Following the Mistissini Band Council election in July 2010, the Company met with the new chief, Richard Shecapio, as well as the newly-elected councillors. This first official meeting, held with the new chief and his predecessor, Chief John Longchap, was an opportunity to present the MATOUSH PROJECT, including the various aspects of the project, from its beginnings in 2006 up until today, as well as future plans. The importance of establishing good relations and the spin-offs for the Cree community were also discussed. Local representatives and Company management spoke regularly with various representatives of the Mistissini community to answer their questions and keep them informed on current and future developments.

The Company also organized MATOUSH PROJECT site visits for a number of stakeholders. During various visits, representatives of COFEX and the CNSC, Chief Richard Shecapio, a member of the Cree Regional Authority, band council members and representatives of the Mistissini Department of the Environment and Department of Economic Development were able to visit the MATOUSH PROPERTY to see the facilities. The visitors appeared impressed by the size of the project, the progress of the operations and the quality of the infrastructure. More specifically, they commented positively the cleanliness of the site, the site recycling practices and the tour of the megadomes, core shack and landing strip. The visitors were thus able to visualize and form an accurate picture of the Matoush uranium project.

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

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

Other important meetings also took place in the last quarter. First, the Company's local representatives continued to meet individually with many Mistissini community residents. These many meetings, which in fact took place throughout the year, allowed the Company to inform people, answer their questions, learn about their concerns and above all show that it has a real desire to be present in the communities and involve local residents.

A visit to the Matoush site took place on October 15, 2010, with Jamésie elected officials and on November 10, 2010, with the tallymen and representatives of the trap line families. Once again, the Company believes that these visits greatly enhance understanding of the issues related to the MATOUSH PROJECT, and give rise to the kind of discussions needed to establish good relations.

Finally, the year ended with the second stage of the public hearings on the environmental impact statement for the underground exploration phase of the Matoush project. These meetings, held on November 23 in Mistissini and November 25 in Chibougamau, allowed the public to express their opinions on the project and/or present a brief.

The Company receive considerable support at the public hearings: nearly 50 local and regional authorities, businesses, organizations and individuals confirmed their support for the project in letters, briefs and presentations. The Company feels that it has considerable support from the Jamésie Territory, which represents more than 14,000 people, the tallymen and Cree families, one of whose trap lines cover the MATOUSH PROJECT infrastructure and deposit, as well as certain members of the Cree community.

Nevertheless, the Company takes the refusal of the Cree Nation of Mistissini to support the MATOUSH PROJECT very seriously. On December 3, following the public hearings, the Company agreed to a proposal from the Cree

Mineral Exploration Board to set up a communication program to disseminate transparent, reliable and comprehensible information on the MATOUSH PROJECT to enable the Mistissini community to arrive at an enlightened decision. The Company plans to pursue its efforts to develop and deepen its relations with the Mistissini Cree to properly respond to their concerns and eventually secure their support.

In summary, in light of this information, the Company feels that it has clearly made numerous, extensive efforts to inform local communities during the year, not to mention since the start of the MATOUSH PROJECT in 2006. Over 200 meetings and information activities took place with local communities. The Company has clearly assigned considerable importance to openness and transparency so as to disseminate the information and knowledge required for the public to better understand the uranium industry.

The MATOUSH PROJECT remains a priority for the Company in its quest to become the first Quebec company to bring a uranium exploration project to the underground exploration stage.

Sources of Financing

On October 1, 2008, the Company closed a non-brokered private placement of flow-through common shares with two funds for aggregate gross proceeds of \$8,000,001.75. The private placement consists of 4,102,565 flow-through common shares issued at a price of \$1.95 per share. The proceeds of the financing were flow-through funds and were used by the Company before December 31, 2009, to incur eligible exploration expenses on its MATOUSH PROJECT located in Quebec, Canada, as described in detail in Section **4.1.1**

On December 8, 2009, the Company closed a flow-through private placement of \$2.5 million with one insider holding more than 10% of the share capital of the Company, through one fund and one accredited investor that are related, for an aggregate amount of \$2.4 million, and another accredited investor for an amount of \$100,000 for a total flow-through financing of \$2,500,000. This private placement was arranged with three (3) subscribers from Ontario. Pursuant to this private placement, the Company issued a total of 2,500,000 flow-through common shares at a price of \$1.00 per share.

The flow-through proceeds were used by the Company to incur eligible exploration expenses on its MATOUSH PROJECT including the MATOUSH, MATOUSH EXTENSION, ECLAT and PACIFIC BAY-MATOUSH properties, all located in Quebec. The Company paid a finder's fee of \$100,000 in relation to this financing.

On January 27, 2010, the Company closed a non-brokered private placement for a total financing of \$15 million. The financing was subscribed by Sentient Executive GP III Limited on behalf of two funds ("Sentient"). Sentient is an equity fund that manages natural resource sector investments.

Pursuant to the private placement, Sentient subscribed for 100,000 units at a price of \$0.95 per unit for an amount of \$95,000. Each unit consisted of one common share (a "share") of the Company and half a warrant. Each warrant entitles its holder to purchase one share of the Company for \$1.00 during a 24-month period from closing and for \$1.05 during the subsequent period of 24 to 36 months from closing. On closing, the Company issued a total of 100,000 shares and 50,000 warrants in consideration of the subscription price of the units.

Sentient also subscribed for 14,905 convertible notes maturing on February 27, 2015, for an amount of \$14,905,000. Each tranche of \$1,000 in notes is accompanied by approximately 527 warrants, for a total of 7,844,737 warrants with the same exercise conditions as the warrants included in the units.

Until the maturity date of the notes, Sentient has the option of converting the notes into 1,053 shares per tranche of \$1,000 based on a conversion price of \$0.95 per share, for a total of 15,689,474 shares.

The Company paid Sentient transaction fees equal to 5% of the gross proceeds of the private placement. These transaction fees in the amount of \$750,000 were paid through the issuance at closing of 789,474 units, being 789,474 shares and 394,737 warrants with the same exercise conditions as the warrants included in the units.

The Company used the net proceeds of the private placement to finance exploration work, primarily for the acquisition of materials and infrastructure for its Matoush uranium project, which comprises the MATOUSH, MATOUSH EXTENSION, ECLAT and PACIFIC-BAY MATOUSH PROPERTIES in Quebec's Otish Mountains.

On September 15, 2010, the Company entered into a \$2.5 million bridge loan with SIDEX LP ("SIDEX"), and repaid the loan and accrued interest on October 8, 2010. The loan bore interest at an annual rate of 9%, was secured by the 2009 refundable credit for resources-related expenditures. In connection with the loan, the Company issued 300,000 common share purchase warrants to SIDEX. Each warrant entitles the holder to acquire one common share of the Company for a period of 18 months at a price of \$1.00 per share.

On November 26, 2010, the Company entered into a \$4 million bridge loan agreement with SIDEX. The loan bears interest at an annual rate of 8%.

In connection with the loan, the Company issued 500,000 common share purchase warrants to SIDEX. Each warrant entitles the holder to acquire one common share of the Company for a period of 24 months at a price of \$1.05 per share. The loan is secured and must be repaid within 30 days from the receipt of the 2010 tax credits for resources, or by December 31, 2011, at the latest.

On December 23, 2010, the Company announced the closing of a \$13,000,493 bought deal private placement financing with a syndicate of underwriters. The private placement consisted of the issuance of 9,639,000 units priced at \$0.83 per unit and 5,263,200 common flow-through shares priced at \$0.95 each. Each Unit consisted of one common share plus half a transferable common share purchase warrant, with each whole warrant entitling its holder to purchase one common share at a price of \$1.05 per share for a period of 24 months from closing.

The Company paid an intermediary fee of \$650,025. All the securities issued under the private placement are subject to a restricted period on resale of four months plus one day from closing.

Pursuant to the \$13,000,493 private placement, Sentient exercised its full right of participation of 11.98%, and on December 31, 2010, agreed to purchase 1,800,000 units for gross proceeds of \$1,494,000. No commission was paid in relation to this non-flow-through private placement.

The Company will use the proceeds of these financings to continue developing its properties and for general working capital purposes.

In the last three years, the Company also worked on building housing and office facilities for 50 people at the Matoush camp, a landing strip that is now operational and allows the transportation of goods and people, and a 10-km access road to the landing strip.

Investor Relations

On the investor relations front, several members of the Company's team travelled to Toronto in the first quarter of 2010 for the meeting of the Prospectors and Developers Association of Canada ("PDAC") from March 7 to 10. Guy Hébert, the President and Chief Executive Officer, made a presentation at the meeting, outlining the reasons to invest in the Company. He also travelled to Europe from February 1 to 5 and to Florida from February 28 to March 3 to attend the Global Metals & Mining Conference, and gave media interviews to inform investors and the public on the Matoush project developments.

Mr. Hébert made many presentations in the second quarter, in Europe from May 2 to 8, as well as in Montreal and Toronto on several occasions. Company management also continued to meet with potential Canadian and foreign partners. Early in the quarter, the Company also announced that it had retained the services of Renmark Financial Communications Inc. ("Renmark") to assist in its investor relations activities. The Company also held its annual and special meeting of the Company's shareholders on May 27, where the shareholders re-elected the directors and appointed new Company auditors, and renewed the shareholder rights plan for a three-year period.

In the third quarter, the Company continued to establish relationships with new investors and maintain its long-term relationships. To achieve this, Mr. Hébert participated in, among other things, the World Nuclear Association annual

conference in London from September 14 to 17 and the Macquarie Global Nuclear Conference 2010 in Toronto on September 30.

Finally, the Company closed 2010 with a number of investor relations-related activities. In the last quarter, Mr. Hébert travelled to Victoria, Vancouver, San Francisco and London (Ontario) from October 27 to November 5 for meetings organized by Renmark with retail brokers and their clients. In response to the interest shown in the Company and uranium, Mr. Hébert also went to Toronto on November 11 for institutional meetings.

All these meetings and activities are part of the Company's intensive investor relations program. Their number and scope demonstrates the importance that the Company assigns to its investors and to the general public.

ITEM 5: GENERAL DESCRIPTION OF THE BUSINESS

5.1: Exploration

Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to pursue exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

The Company is a junior company engaged in uranium exploration and to its knowledge, there exists no competition between companies involved in this business. The Company's primary goal is to use exploration to discover as large a uranium resource as possible to eventually become a uranium producer and sell this uranium at the market value. There are very few uranium producers in Canada, and world demand exceeds the production capacity of such companies. Most companies cooperate with each other, exchange or share equipment, consulting services and knowledge to meet the complex requirements in terms of health and safety, government permitting and authorization, and exploration and production methods.

However, in the Canadian mining industry in general, there is some level of competition when it comes to attracting and hiring geologists and mining technicians, which are difficult to find in Québec and elsewhere in Canada. However, to date the Company has been able to recruit qualified personnel and consultants in Europe and Québec and to secure their services.

Another aspect of competition for the whole mining industry in general is the acquisition of claims and the many factors that can affect their value. However, once the Company has acquired an interest in the claims of a property or has signed an agreement to this effect, the property claims and adjacent claims are protected within an area of interest defined in the agreement. For the moment, the Company has sufficient mining claims to pursue its objectives.

In 2007, the Company initiated an environmental impact study for the MATOUSH PROJECT with the help of a specialized firm, Golder Associates, at approximate costs of \$268,000 in 2007, or less than 1.5% of the Company's exploration expenses, which totalled approximately \$18.7 million.

As of December 31, 2008, the Company had spent \$1,193,640 on environmental impact studies and had paid a management company \$20,420 for the full-time services of an environmental manager for November and December 2008 meet the environmental requirements of the underground exploration program. This amount totalled \$1,214,060 and represented only 5.40% of the Company's exploration expenses of \$22,317,849.

For the fiscal year ended December 31, 2009, the Company spent approximately \$976,000 to obtain environmental permits and licenses, comply with environmental obligations of the various levels of government and retain the services of the environmental manager for the year through a management company. This amount represented approximately 5.6% of the Company's exploration expenses for the year, which totalled \$15,356,254.

For the fiscal year ended December 31, 2010, the Company spent approximately \$470,000 to comply with environmental obligations of the various levels of the provincial and federal governments, carry out work in accordance with environmental requirements, retain the services of the environmental manager for the year through a management company and, finally, to organize the public hearings required as part of the environmental assessment related to the underground exploration ramp.. This amount represented approximately 4% of the Company's exploration expenses for the year. As long as the Company remains at the uranium exploration stage, compliance with federal, provincial and local environmental legislation does not entail material capital expenditures for the Company.

The Company has no employees or consultants as it has a Services Agreement with BBH Géo-Management Inc., which supplies employees and consultants for management, secretarial, geology, operations, legal affairs, investor relations, technical and environmental matters and professional services, as more fully described in the Company's MD&A for the year ended December 31, 2010.

5.2: Risk Factors

a) Operational Risks Associated with Exploration and Mining Projects

The Company's activities are at the exploration stage. Exploration and mining activities are subject to a high degree of risk. Few exploration properties reach the production stage. Unusual or unexpected geological 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.

b) Resource Development Risk

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.

c) Exploration (Geological) Risk

The probability of an individual prospect ever having reserves that meet the requirements of *NI 43-101* is extremely remote. Most exploration projects do not result in the discovery of ore. In all likelihood, most properties do not contain any reserves and funds spent on exploration will be lost.

d) 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.

e) Environmental and Other 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.

f) Financing and Development

The Company has incurred losses to date and does not presently have the financial resources required to finance its planned exploration 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.

g) Option 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.

h) Risk until Registration of Property Title

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 property may be subject to unregistered prior agreements and be non-compliant with regulatory requirements until interests in mining claims and titles are registered in Québec, Canada in the name of the Company, which could jeopardize the Company's option to acquire an interest in the property.

i) 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.

j) Uninsured Risk

The Company could become liable for subsidence, pollution and other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or for some other reason. Payment of such liabilities could decrease or even eliminate the funds available for exploration and mining activities.

Please see the MD&A and audited financial statements for the year ended December 31, 2010, filed on SEDAR for the risks associated with the Company's financial disclosure.

5.3: Companies with Asset-Backed Securities Outstanding

Not applicable.

5.4: Mineral Exploration Properties

5.4.01 Property Description

The following technical data has been read and edited by Jean-Pierre Lachance, Geo., Executive and Exploration Vice President of Strateco Resources Inc., and David A. Ross, P.Geo., Senior geologist at Scott Wilson Roscoe Postle Associates Inc. (“Scott Wilson RPA”), who are both qualified persons as defined under *NI 43-101*.

At December 31, 2010, the Company had a portfolio of five wholly-owned mining properties, one joint ventures and two mining property under option, all located in Quebec. These properties totaled 1,068 claims for a total surface area of 56,747 hectares (567 km²).

The table below shows the number of claims, the surface area for each property held by the Company as of March 15, 2011, the type of minerals explored for, the Company’s interest in each property and any applicable royalties:

	Number of claims	Surface Area in Hectares	Company’s Interest (I) and Options (O)	Percentage	Exploration ⁽¹⁾	Royalties
MATOUSH	25	1,328.46	I	100%	U ₃ O ₈	2% NSR on yellow cake ⁽²⁾
MATOUSH EXTENSION	198	10,503.85	I	100%	U ₃ O ₈	-
ECLAT	90	4,786.90	I ⁽³⁾	100%	U ₃ O ₈	2% NSR ⁽³⁾
PACIFIC-BAY-MATOUSH	277	14,576.33	O ⁽⁴⁾	60%	U ₃ O ₈	2% NSR on yellow cake ⁽⁴⁾
MISTASSINI	171	9,114.47	O ⁽⁵⁾	60%	U ₃ O ₈	2% NSR on yellow cake ⁽⁵⁾
APPLE	194	9,928.13	I	100%	U ₃ O ₈	2% NSR ⁽⁶⁾
MONT-LAURIER URANIUM	80	4,710.35	I	100%	U ₃ O ₈	
QUENONISCA	33	1,799.00	I ⁽⁷⁾	50%	Zn, Pb, Cu, Ag	
TOTAL	1,068	56,747.26				

⁽¹⁾ Exploration for uranium: U₃O₈ and base metals exploration: Zn, Pb, Cu and Ag;

⁽²⁾ This royalty will be payable by the Company to Ditem Explorations Inc. upon production;

⁽³⁾ The Company holds a 100% interest in all minerals other than diamonds in the ECLAT PROPERTY since June 15, 2009. This royalty is payable to Vija Ventures Corporation on production of all minerals other than diamonds, and 2% is payable to Vija Ventures Corporation on all gross proceeds from the sale or disposition of carbon emission rights tied to the production of uranium from the property;

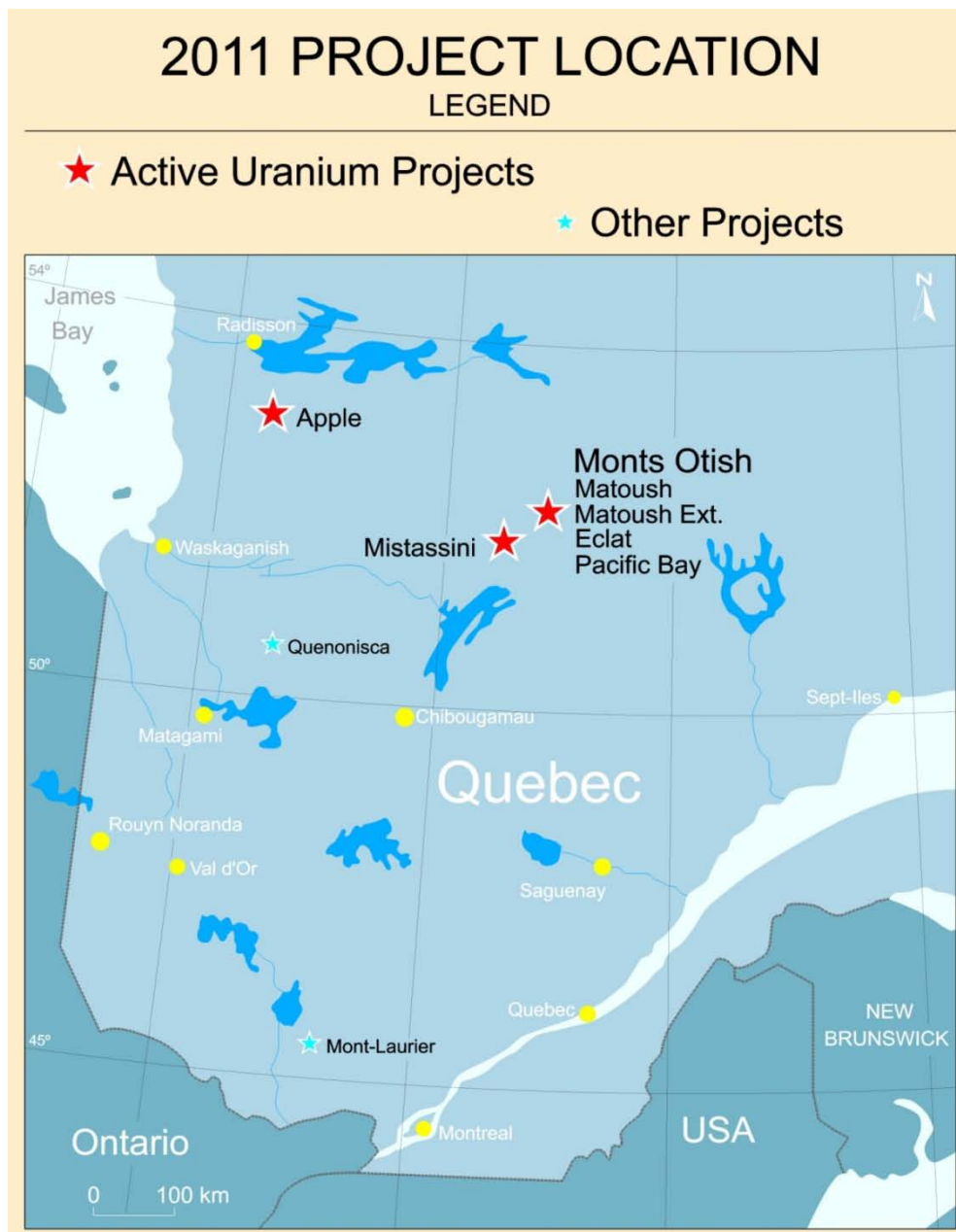
⁽⁴⁾ The Company has an option to acquire a 60% interest in the PACIFIC BAY-MATOUSH PROPERTY over a period of four years ending in 2011. Only Pacific Bay Minerals Ltd, its successors and assigns is required to pay this Yellow Cake Royalty to Pierre Angers, upon production. For additional information on the risks and uncertainties of this agreement, see the preceding section, under **g) Option and Joint Venture Agreements**, and for the interest held, see **Section 5.4.06**;

⁽⁵⁾ On February 15, 2011, the Company acquired a 60% interest in the uranium rights on the Mistassini property. This royalty is payable by the parties to the option and joint venture agreement to Northern Superior Resources Inc. on production. For additional information on the risks and uncertainties of this agreement, see the preceding section, under **g) Option and Joint Venture Agreements**, and for the interest held, see **Section 5.4.08**;

⁽⁶⁾ This Yellow Cake Royalty is payable to Virginia Mines Inc. on production of all minerals, subject to a buyback right of the Company to purchase one percent (1%) NSR for a cash payment of one million dollars (\$1,000,000).

⁽⁷⁾ The Company and SOQUEM, each holds a 50% interest in this property. Upon production, each partner is entitled to its share of the production but if the interest of any one party falls to 10% or less, it must transfer its interest to the other party and will hold thereafter a 1% NSR royalty. For additional information on the risks and uncertainties of this agreement, see the preceding section, under **g) Option and Joint Venture Agreements**, and for the interest held, see **Section 5.4.011**.

The map in **Figure 2** below represents the regional location of all the Company's properties and projects in the Province of Québec, Canada, as of March 2011:



The Company's eight properties will be discussed in the following order:

- 5.4.02** SUMMARY OF URANIUM EXPLORATION ANALYTICAL PROCEDURES
- 5.4.03** MATOUSH PROJECT
 - 5.4.03.1** AM-15 ZONE
 - 5.4.03.2** MT-22 ZONE
 - 5.4.03.3** MT-34 ZONE
 - 5.4.03.4** MT-006
 - 5.4.03.5** MT-36 ZONE
 - 5.4.03.6** Technical Reports
 - 5.4.03.7** 2008 Scoping Study
 - 5.4.03.8** 2010 Updated Scoping Study
- 5.4.04** ECLAT PROPERTY

- 5.4.05 MATOUSH EXTENSION PROPERTY
- 5.4.06 PACIFIC BAY-MATOUSH PROPERTY
- 5.4.07 PERMITS AND LICENCES
- 5.4.08 MISTISSINI PROPERTY
- 5.4.09 APPLE PROPERTY
- 5.4.10 MONT-LAURIER PROPERTY
- 5.4.11 QUENONISCA PROPERTY
- 5.4.12 NOTE: SUMMARY OF URANIUM EXPLORATION ANALYTICAL PROCEDURES

As the Company is primarily engaged in uranium exploration on the properties described in detail in the various sections, the Company will begin by presenting a brief **Summary of Uranium Exploration Analytical Procedures** in Section 5.4.02 below. A more detailed description of these procedures can be found further down, in Section 5.4.012.

5.4.02 Summary of Uranium Exploration Analytical Procedures

Summary of Sampling Methods, Quality Assurance and Quality Control:

The sampling program at MATOUSH PROJECT, including all aspects of Quality Assurance and Quality Control (“QA/QC”), is supervised by the Company’s Chief Geologist, Jonathan Lafontaine, P.Geo., who is a Qualified Person under *NI 43-101*.

Drill core is hydraulically split on-site by dedicated personnel and samples are collected over 30 cm to 3 m intervals based on geology. All reported samples are split with hydraulic splitter. Samples are individually bagged and tagged and shipped as per transportation protocols. Blanks, duplicates, and standards are randomly inserted in the sample shipment within the sample number sequence.

Prior to shipping, sealed sample bags are stored in a locked facility. Samples are shipped via air to Témiscamie float plane base, trucked to Chibougamau and from there sent by courier to the Geo-analytical Laboratories at the Saskatchewan Research Council (“SRC”) in Saskatoon, in the Province of Saskatchewan in Canada. The laboratory is accredited by the Standards Council of Canada as an ISO/IEC 17025 Laboratory for Mineral Analysis Testing. On arrival at SRC, samples are sorted into lots according to radioactivity level and prepped and analyzed in that order. Samples are dried and jaw crushed to 60% passing -2 mm and 100 g to 200 g sub sample split out using a riffler. The sub-sample is pulverized to 90% passing 106 microns using a ring and puck grinding mill. The mills are cleaned between samples using steel wool and compressed air.

After sample preparation, SRC analyzes for U_3O_8 content by several means. ICP 4-3R (partial digestion) and fluorimetry are used on samples with U_3O_8 less than 100 PPM. ICP 4-3 (total digestion) is employed on samples with normal to high radioactivity, hence for the majority of the samples submitted. Samples with greater than 1,000 PPM U_3O_8 are also subjected to an Aqua Regia digestion before determination of wt% U_3O_8 also by ICP. The Company independently adds one blank sample and one quarter split duplicate each with every 14 samples. Results are reviewed on an ongoing basis.

In addition to chemical analysis, the Company employs a down-hole gamma probe instrument to estimate uranium grades. Prior to probing, the holes are washed to eliminate minor mineralization smearing or radon effects. Probe results, in cps units, are converted to eU_3O_8 (equivalent U_3O_8) using well established algorithms specifically calibrated to the Matoush deposit. A calibration hole (MT-07-29), for which there are complete chemical analyses, is probed at least once per month to ensure the probe is calibrated accurately and functioning properly. Results are also compared with chemical analysis when received. Discrepancies in results are immediately investigated and corrected.

Analytical results are received and imported into the Company's database. Laboratory replicates and laboratory standards are checked. Internal duplicates, blanks and standards are checked. Analytical drift from expected results triggers re-analysis.

Results are also compared with estimated Grade and Thickness ("GT") values from in-situ down-hole probing, and with counts per second ("CPS") values logged during initial core logging procedures.

In the texts discussing exploration work on the Company's properties, the letter "e" in " eU_3O_8 " represents the **estimated** or **equivalent** value of U_3O_8 as determined by down-hole calibrated geophysical probing.

Further information on the various technical subjects relating to exploration work for uranium, namely the " eU_3O_8 " and "CPS" nomenclatures, exploration program analysis methods, sampling techniques, quality control for the results obtained by the gamma probe and laboratory chemical analyses is available under "Q/A and Q/C" in the "Quality Assurance and Control" section of the Company's website at [.stratecoinc.com](http://stratecoinc.com) and in Section 5.4.013 of this annual information form.

5.4.03 MATOUSH PROPERTY

The Company owns a 100% interest in this uranium property, currently the main focus of the MATOUSH PROJECT, which is located about 275 km north of Chibougamau, in the Otish Mountains of Quebec, Canada (See **Figure 1** for regional location of the MATOUSH PROPERTY).

a) Location and Access

This property is accessible year round by air, and in winter by the Eastmain winter road, which runs about seven kilometres to the west of the property.

b) Mining Claims

The property consists of 25 claims covering an area of 1,328.46 hectares.

A letter of intent dated May 12, 2005 provided for the Company to earn a 51% interest from Ditem Explorations Inc. ("Ditem"), which then owned a 100% interest in the MATOUSH PROPERTY, in consideration of payments totalling \$125,000 over two years, including \$5,000 on signature of the agreement; \$750,000 in exploration work over three years, including \$200,000 the first year; and the issuance of 600,000 common shares of the Company over two years. The Beaver Lake Area project, which lied approximately 20 kilometres to the west, was also covered by this initial agreement.

A new letter of intent was signed with Ditem on February 21, 2006, giving the Company a 100% interest in the MATOUSH PROPERTY under the following terms: The Company paid \$10,000 at the execution of the letter of intent and within five days following approval of the transaction by regulatory authorities, the Company paid to Ditem \$140,000 and issued to Ditem 400,000 common shares. The shares were subject to a resale restriction of four months plus a day. Ditem retains a 2% NSR, as defined by industry standards. The claims in the Beaver Lake area were not renewed by the Company following its acquisition of a 100% interest in the MATOUSH PROPERTY.

c) Uranium Potential

The Otish Mountains area is well known for its uranium potential, particularly due to exploration conducted by Uranerz Exploration and Mining ("Uranerz") and Cogema in the late 1970s and early 1980s.

The results of exploration conducted by Uranerz in the early 1980s before uranium prices tumbled, as well as those obtained by the Company in 2006, 2007, 2008 and 2009, indicated that the MATOUSH PROPERTY had a very good potential.

Uranerz only explored a 900-metre section of the Matoush structure, which had been traced over 3,900 metres on this property. The Matoush structure was discovered in the early 1980s by the German company. In 1984, Uranerz drilled 23 holes, including Hole **AM-15**, which returned a 16-metre intersection at a vertical depth of 200 metres grading 0.95% U_3O_8 or over 20 pounds of U_3O_8 per tonne of ore, a very high grade by today's standards. Due to low uranium prices from 1985 to 2005, the uranium potential of the MATOUSH PROPERTY was not explored any further. Uranerz exploration work results dated from the late 1970s and early 1980s and preceded the Canadian National Instrument 43-101 ("NI 43-101").

***Cautionary Note:** A qualified person has not done sufficient work to classify the historical estimate by Uranerz as current mineral resources or mineral reserves. The Company does not consider resources or reserves of an historical estimate to be mineral resources or mineral reserves, as these categories are defined in articles 1.2 and 1.3 of the NI 43-101, as amended. The investor or reader should not rely upon this historical estimate.*

This exploration work by Uranerz served however as the Company's point of departure for exploration of the MATOUSH PROPERTY.

d) **Exploration**

AM-15 ZONE

Exploration conducted by Uranerz Exploration and Mining in the late 1970s and early 1980s led to the identification of a significant intersection in Hole AM-15, which returned a 16-metre intersection grading 0.95% U_3O_8 . This intersection served as the point of departure for the Company's first exploration program on the Matoush property in 2006.

The holes drilled by the Company in 2006-2007 proved very positive, leading to the identification of the uranium-rich AM-15 zone.

On September 26, 2007, Scott Wilson Roscoe Postle & Associates (Scott Wilson RPA) completed a NI 43-101 technical report on the MATOUSH PROJECT, including a resource estimate on the AM-15 core zone.

Scott Wilson RPA prepared the initial mineral resource estimate for the AM-15 core zone at Matoush using drillhole data available as of September 6, 2007. A set of cross sections and plan views were interpreted to construct three dimensional (3D) grade-shell wireframe models at a cut-off grade of 0.05% U_3O_8 and a minimum horizontal thickness of 2 metres. High grade assays were cut to 7% U_3O_8 . Forty-four of the 119 drill holes in the AM-15 zone area were used to estimate the mineral resources. The mineralization making up the mineral resource is shared among four vertical lenses controlled by the Matoush Fault Zone (MFZ): Main Lens, South Lens, North Lens and an Upper Lens. Block model U_3O_8 grades within the wireframe models were estimated by ordinary kriging.

These first resource estimates for the AM-15 zone were as follows: Indicated mineral resource: 201,000 tonnes grading 0.79% U_3O_8 containing 3.48 million pounds of U_3O_8 . **Inferred** mineral resources were estimated as follows: 65,000 tonnes grading 0.43% U_3O_8 containing 0.62 million pounds U_3O_8 .

The table showing these first resources estimates on the AM-15 Zone is presented in the section entitled **Technical Reports** at subsection 5.4.03.6.

MT-22 ZONE

The **MT-22** mineralized zone discovered by the Company in 2007 on the MATOUSH PROPERTY lies under the **AM-15** zone and is parallel to its plunge. The **MT-22** lens drilled on a grid of approximately 100 m, lies at a vertical depth of between -300 m and -650 m and over a length of 450 m, between sections 31+50S and 27+00S and remained open to the north over its full height (350 m) (see longitudinal section on the Company's website: stratenco.com). Given the known structural context of MATOUSH PROPERTY, several lenses with various grades and thicknesses were expected from drilling on a tighter grid and were also expected to return significant grades at the intersection with the Matoush fault.

Between November 2007 and March 2008, more than 25 holes had been drilled on this new **MT-22** zone. Good results on the **MT-22** zone were obtained in the two last holes drilled in 2007, **MT-07-129** and **MT-07-130**, and were located 80 metres apart at the same depth, -350 metres. Hole **MT-07-129**, which intersected **8.8 metres at 0.18% U₃O₈, including 3.9 metres at 0.38% U₃O₈**, was encouraging, particularly as the alteration halo in this hole is identical to that of the **AM-15** zone.

The holes drilled in the first quarter of 2008 on the **MT-22** zone proved positive, with impressive intersections that confirm the importance of this major new zone. The best intersections included Hole **MT-08-003**, with **1.90% U₃O₈ over 7.5 metres including 5.60% U₃O₈ over 2.4 metres** and Hole **MT-08-013 with 0.27% U₃O₈ over 9.4 metres**.

In February 2008 the Company intersected a new high grade section at the North End of the **MT-22** lens and in March 2008, the Company realised that the **MT-22** mineralized zone on the MATOUSH PROPERTY, discovered at depth under the **AM-15** zone, was proving to be major and planned for 50,000 metres of drilling during the year 2008 on this property.

During the second quarter of 2008, drilling on the **MT-22** mineralized zone, continued on a 50-metre grid in preparation for the next resource estimate. The results for this zone were conclusive. The best results were obtained in holes **MT-08-022, 028, 036** and **043**. Hole **MT-08-022** intersected **0.53% U₃O₈ over 17.3 m, including 1.59% U₃O₈ over 5.1 m**. The hole intersected **0.06% U₃O₈ over 60.9 metres, including 0.13% U₃O₈ over 9.4 metres** showing a strong potential for this sector. Hole **MT-08-028** intersected **0.51% U₃O₈ over 40.4 m, including 2.26% U₃O₈ over 7.4 m**. Hole **MT-08-036** intersected **0.42% U₃O₈ over 6.9 m, including 1.04% U₃O₈ over 2.4 m**, and Hole **MT-08-043** intersected **2.19% U₃O₈ over 9,7 m, including an high-grade section of 2.8 m at 6.04% U₃O₈**.

During the third quarter of 2008, five holes (3,096 metres) were drilled for the definition of the **MT-22** zone on the MATOUSH PROPERTY. Two holes (**MT-08-061** and **064**) were drilled in the **MT-22** zone to provide geological information within the mineral resource envelope. The three other holes (**MT-08-077, 079** and **080**) were drilled within the envelope in the northern extension of the **MT-22** zone between the -400 m and -450 m levels. The hole **MT-08-077** intersected **1.52% U₃O₈ over 4.50 m**.

All the results of **MT-22** zone can be viewed on the longitudinal section on the Company's website, at [.stratcoinc.com](http://stratcoinc.com).

MT-34 ZONE

During the winter of 2006-2007, the **Southern Extension** of the **AM-15** zone was drilled along the **ACF 3** horizon hosting the **AM-15** estimated resources.

Detailed geological interpretation of the **AM-15** zone revealed that the zone dipped about 20⁰ to the south, and that the mineralization appeared to continue in the underlying **CBF** unit. Drilling to be carried out on the lake ice began at the end of January 2008. The holes drilled show clearly that the **AM-15** zone continues at depth toward the south. The goal was then to explore the underlying **ACF** layer, the same unit that hosted the **MT-22** zone to the north.

In 2008, the Company explored and outlined the **Southern Extension** of the **AM-15** zone at depth. This new zone had returned important core lengths with lower U₃O₈ grades than the **AM-15** and **MT-22** zones. However, it should be noted that exploration of this area had just begun, and based on the **MT-22** zone model, there were likely high-grade zones in the **ACF** at depths of between -300 and -650 metres.

This drilling on the **Southern Extension** of **AM-15** led to the discovery of a new mineralized zone, the **MT-34** lens, on the Company's MATOUSH PROPERTY at the end of April 2008. The understanding of the geology and mineralization obtained from three years of work led to the discovery of this new, high-grade uranium zone and could likely result in the discovery of other mineralized zones. In fact, work by the Company has shown that the high-grade areas of the **AM-15** and **MT-22** uranium zones are associated with horizontal displacement of the Matoush fault.

The new zone, named **MT-34**, was intersected by Hole **MT-08-034** at a vertical depth of 370 metres, south of the **AM-15** and **MT-22** zones. The Hole **MT-08-034** was the most interesting hole drilled by the Company at that time on the MATOUSH PROPERTY (the location of Hole **MT-08-034** can be seen at [.stratecoinc.com](http://stratecoinc.com)).

Hole **MT-08-034** had intersected mineralization over a **57.3 -metres** section of drill core and graded **an average of 0.67% U₃O₈, including a 27.5-metres** section grading at an average of **1.36% U₃O₈** and a **4.80-metre** section with a grade of **6.03% U₃O₈**. The true width of the mineralized sections had not yet been determined.

Following Hole **MT-08-034**, 11 other holes were drilled in the **MT-34** area to test the extensions of this new mineralized zone. The results were conclusive, showing a high-grade core within the **MT-34** zone. Hole **MT-08-047** intersected a **12.0-metre mineralized zone grading an average of 1.72% U₃O₈**, at a vertical depth of 454 metres about 70 metres south of **MT-08-034**, which intersected a **12.0-metre** mineralized section grading an average of **1.72% U₃O₈**.

Two other holes drilled between holes **MT-08-034** and **MT-08-047** on a **40-metre grid** in preparation for the next resource estimate confirmed the potential of this new zone. Hole **MT-08-050** intersected the mineralized zone **over 21.3 metres averaging 0.49% U₃O₈, including 2.0 metres grading 1.99% U₃O₈**, while hole **MT-08-053** intersected an **11.5-metre** mineralized section **averaging 2.98% U₃O₈**.

Holes **MT-08-062** and **MT-08-068**, drilled to an approximate depth of -450 m about 190 m north of the heart of the **MT-34** zone, returned interesting results, with respective intersections of **0.60% U₃O₈ over 3.5 m (including 0.73 % U₃O₈ over 2.8 m)** and **0.03 % U₃O₈ over 5.00 m (including 0.05% U₃O₈ over 2.50m)**. In the depth extension, hole **MT-08-058** (-530 m) returned a notable intersection of **0.02% U₃O₈ over 21.0m, including 0.08% U₃O₈ over 2.4 m**. Hole **MT-08-069** (-580 m) returned **0.17% U₃O₈ over 2.7 m**. (The hole pierce points and results can be seen on longitudinal section on the Company's website at [.stratecoinc.com](http://stratecoinc.com)).

Finally, six holes were drilled in the **MT-34** zone extensions, particularly the southern extension. The best hole was **MT-08-083**, which returned **0.11% U₃O₈ over 7.4 metres, including 0.35% U₃O₈ over 1.3 metres**. Drilling ended on December 5, 2008.

In September 2008, Scott Wilson RPA proceeded to an estimate of resources that can be summarized as follows: **Indicated** mineral resources: **250,000 tonnes grading 0.68% U₃O₈ containing 3.73 millions of pounds U₃O₈** . **Inferred** mineral resources were estimated to **1.3 M tonnes grading 0.44% U₃O₈ containing 13.07 millions of pounds U₃O₈**.

Drilling 2009

The drill results for the first quarter of 2009 were promising, particularly south of the **MT-34** zone. Hole **MT-09-006**, drilled 1 km away from the heart of the **MT-34** zone on Section 46 + 00S, intersected a 8.9-metre zone strongly altered in fuschite with the presence of pitchblende and uranophanes. This intersection graded **0.27% U₃O₈ over 9.5 metres, including 0.97% U₃O₈ over 1.2 metres**.

In the second quarter, another eight holes were drilled in the **MT-06** area on a 100-metre grid to test the continuity of the Hole **MT-09-006** intersection. The best hole was **MT-09-009**, drilled to a vertical depth of -600 metres along the presumed plunge of **MT-09-006**, 100 metres away. It **intersected 0.11% U₃O₈ over 2.4 metres** at the level of the fault.

Early in June, one of the two drills in operation on the MATOUSH PROPERTY was assigned to the **MT-34** zone area. Due to the very high grades obtained in Hole **MT-08-034** (**1.36% U₃O₈ over 27.5 m including 6.03% U₃O₈ over 4.8 m**) relative to the other grades and thicknesses for the zone, the influence of Hole **MT-08-034** in the September 2008 resource estimate done by Scott Wilson RPA was voluntarily limited.

Furthermore, because a 50 m x 70 m drill grid was used in the area of **MT-08-034** in 2008, this resource could not be categorized as an indicated resource.

Four holes were drilled in the upper part of the **MT-34** zone in June 2009. Three of the four holes intersected high grades over considerable intervals.

Hole **MT-09-012**, whose pierce point lies just a few metres from Hole **MT-08-050** due to strong deviation, returned an intersection of **0.69% U₃O₈ over 25.5 metres, including 1.44% U₃O₈ over 7.2 metres** while Hole **MT-08-50** previously intersected **0.44% eU₃O₈ over 21.6 m, including 1.88% eU₃O₈ over 1.8 metres**, with chemical analysis showing **0.49% U₃O₈ over 21.3 m, including 1.99% U₃O₈ over 2.0 m**.

Hole **MT-09-016**, whose pierce point lies midway between holes **MT-08-050** and **MT-08-034**, returned an intersection of **0.56% U₃O₈ over 25.8 metres, including 0.94% U₃O₈ over 12.5 metres**.

In the third quarter of 2009, drilling continued steadily on the MATOUSH PROPERTY, with two drills in operation. One drill (1419) was dedicated to definition drilling on the **MT-34** zone to improve data quality in preparation for a new resource estimate. The second drill (1420) was essentially used for exploration drilling on the southern extension of the **MT-34** zone (widely-spaced holes).

The closely-spaced holes drilled on the **MT-34** zone returned excellent results overall, confirming and increasing confidence in the geological continuity and high grades, as can be seen by the increase in the indicated resource and grades in the new September 2009 resource estimate.

In addition to the definition drilling, the results for the 12 exploration holes drilled to the south of the **AM-15** zone in the **ACF-3** and south of the **MT-34** zone in the upper **ACF-4** confirmed the new-zone discovery potential. Of the three holes drilled approximately 400 metres south of the **AM-15** zone in the **ACF-3** (**MT-09-030, 031, 032**), Hole **MT-09-030** proved the most encouraging, with a mineralized intersection of **3.9 metres grading 0.26% U₃O₈**. The nine holes drilled in the **ACF-4** over a distance of 1,800 metres along strike, relatively loosely spaced at about 200 metres, all intersected the Matoush fault and an alteration halo typical of the one around the mineralized zones. The three last holes (**MT-09-035 TO 038**), drilled in virgin ground, proved the most interesting, with intersections of **0.17% U₃O₈ over 2.0 metres** in Hole **MT-09-035** and **0.48% U₃O₈ over 4.2 metres** in Hole **MT-09-036**.

On September 18, 2009, Scott Wilson RPA issued an updated *NI 43-101*-compliant resource estimate for the MATOUSH PROJECT based on drill results available as of September 1, 2009 and using similar methods as applied in the previous estimate (Scott Wilson RPA, Sept. 2008).

The increase in the **indicated** resources from **3.73 million pounds grading 0.67% U₃O₈** (Scott Wilson RPA, Sept. 2008) to **7.46 million pounds at 0.78% U₃O₈** is significant. The indicated resources for the **MT-34** zone, which lies in the upper part of the **ACF-4** stratigraphic unit, is now estimated at **174,000 tonnes grading 0.89% U₃O₈ containing 3.42 million pounds U₃O₈**. It should be noted that no indicated resources have yet been estimated for the **MT-22** zone due to the current drill hole spacing, which is about 50 metres by 50 metres. This zone will be drilled at a tighter spacing during the underground exploration program. No mineral reserves have yet been established for the Matoush project.

Drilling 2010

In 2010, 17 holes were completed for a total of 10,268 metres.

In the first quarter of the year, holes were drilled in the southern extension of the known mineralized zones (lenses) (**AM-15, MT-22, MT-34**) to test the potential of the anomalous areas identified at the end of the 2009 program, specifically two areas located 1.5 kilometres and 2.5 kilometres, respectively, south of the **MT-34** lens.

The four holes drilled returned a best intersection of 0.56% U₃O₈ over 0.5 metres in the area 2.5 kilometres south of the **MT-34** lens (**MT-10-004**).

In the second quarter, the Company focused its efforts on the ECLAT PROPERTY to continue outlining the Matoush fault. Consequently, no drilling was done on the MATOUSH PROPERTY, apart from the last 24 metres of a hole drilled at the beginning of April.

Five holes were drilled on the MATOUSH PROPERTY in the third quarter. The first three holes were drilled to test for structures similar to the Matoush fault about one kilometre farther east, and confirmed the presence of faults, but failed to intersect any significant dikes or mineralization. They nevertheless provided important information on the structural setting of the property as a whole.

The two other holes were drilled to test the potential of anomalies identified by drilling in the first quarter of 2010 in the two areas of interest 1.5 and 2.5 kilometres south of the **MT-34** lens. Both holes intersected the Matoush fault and strong fuschite alteration. In terms of mineralization, Hole **MT-10-009**, located 1.5 kilometres south of the **MT-34** lens, intersected **0.21% U₃O₈ over 0.7 metres**.

In the last quarter, the Company focused its exploration activities on the area considered highest priority, 1.5 kilometres south of the MT-34 lens. Seven holes were drilled over a distance of 300 metres along the Matoush fault, to vertical depths of between 390 and 500 metres, to test the potential at this level.

The results were compelling, particularly the first hole (**MT-10-011**), which confirmed the presence of a new lens (**MT-36**) with one intersection of **0.49% U₃O₈ over 0.9 metres** and another of **12.8% U₃O₈ over 0.3 metres** in the footwall, nine metres from the Matoush fault. Hole **MT-10-013**, drilled 100 metres south of **MT-10-011** at the same depth (400 metres), intersected **0.13% U₃O₈ over 8.6 metres, including 0.40% U₃O₈ over 2.0 metres**. Three other holes intersected this new sub-horizontal lens concentrated in the upper part of the **ACF-4**: holes **MT-09-035 (0.17% U₃O₈ over 2.0 metres)**, **MT-10-009 (0.21% U₃O₈ over 0.7 metres)** and **MT-09-036 (0.48% U₃O₈ over 4.2 metres including 1.29 % U₃O₈ over 1.2 metres)**. These values are similar to those intersected within and around lenses **AM-15**, **MT-22** and **MT-34**.

Analytical assays for the **MT-36** lens can be found under the *MATOUSH PROJECT – Longitudinal* tab on the Company's website ([.stratecoinc.com](http://stratecoinc.com)).

5.4.03.6 Technical Reports

a) Mineral Resource and Mineral Reserve Estimates

Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Resources. This section uses the terms “**measured**” and “**indicated resources**”. We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

Cautionary Note to U.S. Investors concerning estimates of Inferred Resources. This section uses the term “**inferred resources**.” We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. “**Inferred resources**” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally minable.**

b) Mineral Resource Classification, Category and Definition

The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guideline for resource classification includes the following definitions which are pertinent to the classification of the Matoush Property resource:

A **Mineral Resource** is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

An **Inferred Mineral Resource** is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An **Indicated Mineral Resource** is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

c) Technical Reports

On September 26, 2007, Scott Wilson Roscoe Postle & Associates (Scott Wilson RPA) completed a NI 43-101 technical report entitled: Technical Report on the Matoush Uranium Project Central Québec, Canada, NI 43-101. This report estimated the resources on the MATOUSH PROJEC in the AM-15 zones. The Company deposited this report on SEDAR on September 18, 2008 at [.sedar.co](http://www.sedar.com). This technical report has been prepared by Mr. R. Barry Cook, ing. And Mr. David A. Ross, geol. Of Scott Wilson RPA, two qualified persons pursuant to NI-43-101.

AM-15 Core Zone	Tonnes (000)	Cut U ₃ O ₈ (%)	Cut U ₃ O ₈ (000 lbs)
INDICATED			
Main Lens	164	0.87	3,162
South Lens	37	0.40	323
Upper Lens	0		0
North Lens	0		0
TOTAL INDICATED	201	0.79	3,484
INFERRED			
Main Lens	36	0.54	421
South Lens	6	0.19	25
Upper Lens	11	0.08	20
North Lens	12	0.55	152
TOTAL INFERRED	65	0.43	619

Notes:

1. CIM Definitions were followed for mineral resources.
2. Cut-off grade: 0.05% U₃O₈.
3. Grade-shell wireframes at 0.05% U₃O₈ were used to constrain the grade interpolation.
4. U₃O₈ values were interpolated by ordinary kriging.
5. Wireframes were constructed with a minimum horizontal thickness of two metres.
6. High U₃O₈ grades were cut to 7%.
7. Downhole radiometric logging was used for assays in one drill hole.
8. Blocks are 10 m by 10 m by 3 m.
9. Several blocks less than 0.05% U₃O₈ were included for continuity or to expand the lenses to the two metre

minimum horizontal thickness.

10. Gemcom Software International Inc. Resource Evaluation Edition Version GEMS 6.11 was used.

The *Technical Report on the Mineral Resources Update for the Matoush Uranium Project Central Quebec, Canada, NI 43-101* resource estimate completed by Scott Wilson RPA on September 16, 2008, assessed the resources for the MATOUSH PROJECT of the **AM-15, MT-22** and **MT-34** zones. On September 18, 2008, the Company deposited on SEDAR, ([.sedar.com](http://www.sedar.com)), this technical report prepared by R. Barry Cook, P.Eng., and David A. Ross, P.Geo., of Scott Wilson RPA, who are qualified persons pursuant to *NI 43-101*.

Scott Wilson RPA updated the *NI 43-101* resource estimate for the MATOUSH PROJECT using drill hole data available as of July 25, 2008, at a cut-off grade of 0.05% U₃O₈, **Indicated mineral resources** were estimated to total **250 thousand tonnes grading 0.68% U₃O₈** containing **3.73 million pounds U₃O₈**. **Inferred mineral resources** were estimated to total **1.3 million tonnes grading 0.44% U₃O₈** containing **13.07 million pounds U₃O₈**. The mineral resources are contained within three zones: **AM-15, MT-22** and **MT-34**.

This new resource estimate showed, as of August 2008, with the data as of July 25, 2008, an increase of 300% from the last *NI 43-101* technical report dated September 27, 2007.

Scott Wilson RPA concluded that there is also potential for unconformity-type uranium deposits on the MATOUSH PROPERTY.

A mineral reserve estimate has not yet been done for the MATOUSH PROJECT. See longitudinal section at [.stratecoinc.com](http://www.stratecoinc.com).

Table 1 - Mineral Resource Estimate for Matoush, July 25, 2008

	Tonnes (x 1,000)	Grade (% U₃O₈)	Pounds U₃O₈ (x 1,000)
Indicated			
AM-15	162	0.52	1,840
MT-34	88	0.97	1,890
Total Indicated	250	0.68	3,730
Inferred			
AM-15	16	0.14	50
MT-22	801	0.38	6,680
MT-34	527	0.55	6,350
Total Inferred	1,344	0.44	13,070

Notes:

1. CIM Definitions were followed for Mineral Resources.
2. The cut-off grade of 0.05% U₃O₈ was estimated using a price of US\$55/lb and assumed operating costs.
3. Wireframes at 0.05% U₃O₈ and a minimum true thickness of 1.5 metres were used to constrain the grade interpolation.
4. High U₃O₈ grades were cut to 9% prior to compositing to two metre lengths
5. Several blocks less than 0.05% U₃O₈ were included for continuity or to expand the lenses to the minimum thickness.
6. Totals may not sum correctly due to rounding.

The Matoush drill holes included 257 diamond core holes totalling more than 98,000 metres. A set of cross sections and plan views were interpreted to construct three-dimensional wireframe models at a cut-off grade of 0.05% U₃O₈, and a minimum true thickness of 1.5 metres. High U₃O₈ values were cut to 9% U₃O₈ prior to compositing to two metres. Variogram parameters were interpreted from two metres composited U₃O₈ values. Block model U₃O₈ grades within the wireframe models were estimated by ordinary kriging. More than 98% of the U₃O₈ values in the drill hole database used in the grade estimate were derived from chemical analysis. The remaining values, from 27 of the most recent drill holes, were derived from gamma-probe data.

Classification into the Indicated and Inferred categories was guided by the drill hole density, interpreted variogram ranges and the apparent continuity of the mineralized zones.

The **Inferred** category had a general drilling grid of approximately 50 metres by 50 metres up to 70 metres.

On September 18, 2009, Scott Wilson RPA has updated the NI 43-101-compliant resource estimate for the MATOUSH PROJECT based on drill results available as of September 1st, 2009 and using similar methods as applied in the previous estimate (Scott Wilson RPA, Sept. 2008). At a cut-off grade of 0.10% U₃O₈, the indicated mineral resources are now estimated at **436,000 tonnes grading 0.78% U₃O₈ containing 7.46 million pounds U₃O₈**, and the **inferred mineral resources** are estimated at **1.16 million tonnes grading 0.50% U₃O₈ containing 12.78 million pounds U₃O₈**. These resources lie in the **AM-15, MT-34 and MT-22** zones, and extend over a strike-length of 1.4 km. The Matoush structure has been traced 11 km to the south and 2.5 km to the north.

The increase in the **indicated resources** from **3.73 million pounds** grading **0.67% U₃O₈** (Scott Wilson RPA, Sept. 2008) to **7.46 million pounds at 0.78% U₃O₈** is significant. The **indicated resources** for the **MT-34** zone, which lies in the upper part of the **ACF-4** stratigraphic unit, is now estimated at **174,000 tonnes grading 0.89% U₃O₈** containing **3.42 million pounds U₃O₈**. It should be noted that no **indicated resources** have yet been estimated for the **MT-22** zone due to the current drill hole spacing, which is about 50 metres by 50 metres. This zone will be drilled at a tighter spacing during the underground exploration program.

Mineral reserves have not yet been estimated for the MATOUSH PROJECT.

Table 1 - Mineral Resource Estimate for Matoush - September 1, 2009

	Tonnes (x 1,000)	Grade (% U₃O₈)	Pounds U₃O₈ (x 1,000)
Indicated			
AM-15	262	0.70	4,039
MT-34	174	0.89	3,420
Total Indicated	436	0.78	7,458
Inferred			
AM-15	33	0.34	249
MT-22	822	0.53	9,526
MT-34	302	0.45	3,003
Total Inferred	1,157	0.50	12,777

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources.
2. The cut-off grade of 0.1% U₃O₈ was estimated using a U₃O₈ price of US\$75/lb and assumed operating costs.
3. High U₃O₈ grades were cut to 9%.
4. The Mineral Resource estimate uses drill hole data available as of September 1, 2009.
5. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
6. Totals may not sum correctly due to rounding.

The new mineral estimate confirms that Matoush is a robust deposit, relatively insensitive to cut-off grades between 0.05% and 0.2% U₃O₈.

Table 2 - Mineral Resource Estimate for Matoush – Different Cut-off Grades

	Cut-off Grade (% U ₃ O ₈)	Tonnes (x 1,000)	Grade (% U ₃ O ₈)	Pounds U₃O₈ (x 1,000)
Indicated				
AM-15	0.3	190	0.89	3,709
	0.2	230	0.77	3,925
	0.1	262	0.70	4,039
	0.05	264	0.69	4,043
MT-34	0.3	139	1.05	3,238
	0.2	168	0.92	3,393
	0.1	174	0.89	3,420
	0.05	174	0.89	3,420
Total Indicated	0.3	329	0.96	6,947
	0.2	398	0.83	7,318
	0.1	436	0.78	7,458
	0.05	438	0.77	7,463
Inferred				
AM-15	0.3	20	0.48	209
	0.2	22	0.46	221
	0.1	33	0.34	249
	0.05	65	0.24	339
MT-22	0.3	509	0.72	8,082
	0.2	686	0.60	9,067
	0.1	822	0.53	9,526
	0.05	964	0.47	9,918
MT-34	0.3	136	0.80	2,395
	0.2	167	0.70	2,570
	0.1	302	0.45	3,003
	0.05	429	0.34	3,211
Total Inferred	0.3	665	0.73	10,686
	0.2	875	0.61	11,858
	0.1	1,157	0.50	12,777
	0.05	1,458	0.42	13,468

5.4.03.7. Scoping Study Dated December 17, 2008

Concurrently with the Technical Report dated September 16, 2008, discussed in the preceding Section, the Company had also mandated Scott Wilson RPA with the participation of Melis Engineering Ltd. for capital and processing costs, Golder Associates for radiation, environment and reclamation costs and SD Energy Associates Ltd. (SD Energy) for marketing and price determination to prepare a Scoping Study.

The Scoping Study report entitled: *Technical Report on the preliminary assessment of the Matoush Project, Central Québec, Canada*, NI 43-101 Report dated December 17, 2008, provided preliminary economics assessment of the MATOUSH PROJECT.

The following technical data has been read and revised by Jean-Pierre Lachance, Geo., Executive Vice President of the Company and Normand L. Lecuyer, P.Eng, Principal Mining Engineer and David A. Ross, P.Geo., Senior geologist at Scott Wilson RPA who are the qualified persons as defined under NI 43-101.

The Scoping Study was based on the NI 43-101-compliant, indicated and inferred resource estimate, established by Scott Wilson RPA in its *Technical Report on the Mineral Resource Update for the Matoush Uranium Project*, dated September 16, 2008, based on drilling results as of July 25, 2008 that does not include results of the subsequent drilling program, which were covered by an updated 43-101 technical report (see the preceding table entitled Mineral Resource Estimate for Matoush, July 25, 2008 showing the results of the inferred and indicated resource estimate in the preceding Section, TECHNICAL REPORT).

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The Scoping Study is preliminary in nature. It includes indicated and inferred mineral resources that are considered too speculative geologically to have the economic consideration applied to them that would enable them to be characterized as mineral reserves and there are no certainties that the Scoping Study will be realized.

The following is a summary of the Scoping Study results. The complete report was made available on the Company's website ([.stratcoinc.com](http://stratcoinc.com)) and on SEDAR ([.sedar.com](http://sedar.com)) as of December 23, 2008.

I ORE PRODUCTION AND RECOVERED METAL

The mining plan was developed on mineral resources configuration. Recovered metal is based on metallurgical tests done at SGS Lakefield Research Ltd. (Lakefield) in Lakefield, Ontario, Canada; an average of 97.6% recovery is used.

Year	Mill Feed (x 1,000) Tonnes	Grade % U ₃ O ₈	Recovered Metal 97.6% (x 1,000 pounds) U ₃ O ₈
1	175.0	0.633	2,382
2	236.3	0.454	2,306
3	262.5	0.362	2,046
4	262.5	0.553	3,124
5	262.5	0.439	2,479
6	262.5	0.372	2,100
7	188.4	0.267	1,082
TOTAL	1,649.7	0.437	15,519

II REVENUE

- The price scenario was established by SD Energy with a long term price from US\$60.00 to US\$90.00 per pound U₃O₈ over the life of the project with an evaluation price of US\$75.00 per pound U₃O₈.
- The exchange rate US\$/CAN\$ is 0.85.
- Transport to smelter in North America is \$0.10 per pound.
- Royalty 2%.

	(x 1,000) CAN\$
Gross Revenue	1,369,515
Transport to smelter	1,552
Royalty	27,359
NSR Gross Revenue after the Royalty	1,340,604

III OPERATING COSTS

Mining	\$82.80/T milled	Maintenance	\$24.84/T milled
Process	\$107.77/T milled	Site services	\$28.96/T milled
Power (generators)	\$35.75/T milled	G&A	\$22.41/T milled
Average Operating Cost: \$302.53/T milled			
CAN\$32.15/pound		US\$27.33/pound	

IV OPERATING PROFIT

Year	(x 1,000) CAN\$	Year	(x 1,000) CAN\$
1	133,894	5	142,051
2	128,177	6	109,992
3	105,145	7	23,809
4	198,453		
Total Operating Profit: CAN\$841,522,000			

V CAPITAL COSTS

	(x 1,000) CAN\$	(x 1,000) CAN\$
Direct Capital Costs		193,443
Mine	28,159	
Process	149,886	
Infrastructure	15,398	
Indirect Capital Costs		49,928
Contingency		53,305
Capital Spare		575
Before Start Up		297,251
Sustaining Capital (6 years)		15,564
Closure		30,000
Mine Life Capital Costs		342,815

VI FINANCIAL

Internal Rate of Return before Tax: 37.1%

NET PRESENT VALUE (NPV) before Tax	
Discount Rate %	(x 1,000) CAN\$
5	341,610
8	271,200
10	231,850
15	154,110

The Company's management concluded upon reading this Scoping Study that even with significant inflation in operating costs in the mining industry, the MATOUSH PROJECT indicates strong economics. Even with the dramatic correction in the commodity prices in 2008, it was possible to see the Company's economics improve despite the input prices decrease. The Company continues to evaluate different engineering alternatives to enhance

the project economics. Results of this Scoping Study justify, according to the Company's management, the underground exploration program as part of the feasibility study.

5.4.03.8 UPDATE OF PRELIMINARY ASSESSMENT, FEBRUARY 2010

As of February 2010, based on the Scott Wilson RPA memorandum entitled *Update Mineral Resources Estimate for Matoush* in September 2009 discussed above, a revision of the Preliminary Assessment was conducted by Scott Wilson RPA with the participation of Melis Engineering Ltd. for capital and processing costs. The updated report will be available on the Company's website (stratecoinc.com) and on SEDAR (sedar.com) on or about April 9, 2010.

The Preliminary Assessment is based, in part, on **inferred resources**, and is preliminary in nature. **Inferred resources** are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as **mineral reserves**. There is no certainty that the reserves development, production and economic forecasts on which this preliminary assessment is based will be realized.

I PRODUCTION AND RECOVERED METAL

The mining plan was based on **mineral resources** with factors applied for dilution and extraction. Recovered metal is based on metallurgical tests done at SGS Lakefield Research Ltd. in Lakefield, ON; an average of 97.6% recovery is used. Potential grade implied mining dilution at 15% at zero value. Mill design was modified to increase annual mill capacity from 2.0 M to 2.7 M pounds U₃O₈.

Year	Mill Feed (x 1,000) Tonnes	Grade % U ₃ O ₈	Recovered Metal 97.6% (x 1,000 pounds) U ₃ O ₈
1	169.8	0.639	2,391.3
2	240.6	0.400	2,124.2
3	262.7	0.461	2,668.9
4	262.2	0.522	3,018.9
5	249.5	0.561	3,085.0
6	224.1	0.496	2,451.2
7	239.6	0.468	2,472.3
TOTAL	1,648.6	0.501	17,774.8

II REVENUE

- The price scenario was established by SD Energy in September 2008, in the initial scoping study, with a long term price from US\$60.00 to US\$90.00 per pound U₃O₈ over the life of the project with an evaluation price of US\$75.00 per pound U₃O₈.
- The exchange rate US\$/CAN\$ is 0.85.
- Transport to smelter in North America is \$0.10 per pound.
- Royalty 2%.

	(x 1,000) CAN\$
Gross Revenue	1,568,363
Transport to smelter	1,777
Royalty	31,332
NSR Gross Revenue after the Royalty	1,535,253

III OPERATING COSTS (CAN\$)

Mining	\$91.64/T milled	Maintenance	\$24.86/T milled
Process	\$92.74/T milled	Site services	\$32.68/T milled
Power (generators)	\$35.77/T milled	G&A	\$22.43/T milled
Average Operating Cost: \$300.12/T milled			
CAN\$27.84/pound		US\$23.66/pound	

IV OPERATING PROFIT

Year	CAN\$	Year	CAN\$
1	131,819,000	5	189,170,000
2	107,096,000	6	136,345,000
3	153,437,000	7	139,824,000
4	182,793,000		
Total Operating Profit: CAN\$1,040,484,000			

V CAPITAL COSTS

	(x 1,000) CAN\$	(x 1,000) CAN\$
Direct Capital Costs		191,009
Mine	32,466	
Process	143,146	
Infrastructure	15,398	
Indirect Capital Costs		48,568
Contingency		52,273
Capital Spare		980
Before Start Up		<u>292,830</u>
Sustaining Capital (6 years)		19,126
Closure		<u>30,000</u>
Mine Life Capital Costs		<u>341,955</u>

VI FINANCIAL	
Internal Rate of Return before Tax: 41.5%	
NET PRESENT VALUE (NPV) before Tax	
Discount Rate %	(x 1,000) CAN\$
5	475,550
8	377,640
10	323,530
15	218,070

VII SENSITIVITY TO PRICE			
PRICE	US\$/lb		NPV (x 1,000) CAN\$
	75.00	\$	323,530
0.67	50.00	\$	31,700
0.80	60.00	\$	148,260
1.00	75.00	\$	323,530
1.07	80.00	\$	381,890
1.14	85.50	\$	446,220

According to management of the Company, regardless of the significant inflation in operating costs in the industry, the MATOUSH PROJECT indicates stronger economics, compared to the initial scoping study. Despite a possible price decrease, it is still possible to see the economics improve. The Company continues to evaluate different engineering alternatives to enhance the project's economics, such as the use of windmills to produce electricity. The Company plans to expand mineral resources on the MATOUSH PROPERTY with an aggressive drilling program of 120,000 meters over the next 24 months.

5.4.04 ECLAT PROPERTY

A) Location and Access

The ECLAT PROPERTY is located in the Otish Mountains of northern Québec, immediately south of the MATOUSH PROPERTY. The property is accessible by helicopter as well as by the winter road that links the Eastmain mine to Témiscamie. Please see **Figure 2** for the general location of ECLAT PROPERTY mining claims.

b) Mining Claims

The property consists of 90 mining claims covering 4,786.90 hectares. Strateco holds a 100% interest in this property. Please see the General location map of the MATOUSH PROJECT **Figure 2** at page 9 for the location of the mining claims of ECLAT PROPERTY.

A letter of intent dated July 12, 2005, granted the Company an option to acquire a 100% interest on all minerals, except diamonds, of the ECLAT PROPERTY over a period of 4 years.

The agreement provides for the Company to earn its 100% interest by making payments totalling \$150,000 over four years, including (i) \$7,000 on signature of the agreement and (ii) \$7,000 on the first anniversary, \$20,000 on the second and third and \$96,000 on the fourth anniversary, (iii) by carrying out \$500,000 in exploration over four years and (iv) by issuing 600,000 common shares of the Company over three years.

The Company paid the last payment in the amount of \$96,000 on June 15, 2009 or on or before the fourth anniversary of the Agreement. The property is subject upon production to a 2% NSR in favour of Vija on all minerals other than diamonds and a 2% portion in favour of Vija of all gross proceeds from the eventual sale or disposition of carbon emission rights tied to the production of uranium on the property.

c) Uranium Potential

The property is strategically located in a relatively unexplored area with known uranium potential. It is bordered to the north by the MATOUSH PROPERTY, wholly-owned by the Company, and to the south by ground staked by Cameco Corporation (“Cameco”).

The property lies in the southern extension of the Matoush structure, which was traced by Uranerz over 3,900 metres using ground VLF surveys conducted in the early 1980s. The holes drilled by Uranerz and the Company clearly showed uranium potential.

The Matoush structure also appears to continue for at least two kilometres on the ECLAT PROPERTY.

d) Exploration

Hole **EC-06-01**, drilled 5.8 kilometres south of Uranerz Hole **AM-15**, primarily to maintain certain mining claims in the area, confirmed the southern extension of the Matoush fault.

The results were compelling. The structure was intersected at 111 metres down the hole, at a vertical depth of 76 metres. While un-mineralized, the typical tourmaline alteration of the structure was intersected over a 10-metre section, with the fault appearing to be strongly chloritized. This hole therefore confirms the presence of the Matoush structure over a distance of more than seven kilometres.

The radiometry and magnetometry survey carried out by Aeroquest Limited in the fall of 2006 on the MATOUSH PROPERTY also covered the entire ECLAT PROPERTY.

On the southern portion of the MATOUSH PROJECT, on ECLAT PROPERTY, 10 holes were completed (**EC-07-01 to 07-10**) for a total of 2,260 metres. These exploration holes drilled with the assistance of the helicopter allowed the Matoush fault to be accurately located on the ECLAT PROPERTY, with radiometry on the core showing a low cps.

More drilling was done in this area during winter 2008 at the border with the Cameco Corporation property, 11.5 km south of the **AM-15** zone. The first hole (**EC-08-01**) had to be abandoned at 759 metres because of large influxes of water and sand. However no influxes of water or sand had been encountered in **AM-15** and **MT-22** zones. It should be noted that the stratigraphy seen in the sediments was the same as that seen in the **AM-15** area 8.5 km to the north. A clay breccia appearing to correspond to the Matoush fault was intersected at a depth of 575 metres down-hole, followed by disseminated mineralization grading **0.15% eU₃O₈ over 2.1 metres at 587 metres**.

The next hole, **EC-08-02**, was drilled on the same line at a depth of 321 metres, with the pierce point 425 metres above the pierce point of **EC-08-01**, and would appear to indicate that locally, the Matoush fault has an inverse dip, being to the west. However, it should be noted that no anomalies were found in this hole. Finally, Hole **EC-08-03** was drilled a few hundred metres north of the border with Cameco’s property, and targeted the basement rock. The basement was reached without any anomalous traces found in the sediments. The basement rock intersected was mafic in nature, and very likely represents the folded extension of the “Camie River” greenstone belt.

Aside from Hole **EC-09-04**, which had to be abandoned due to excessive deviation, four holes were drilled on the Eclat property in the first quarter. Hole **EC-09-05** proved very revealing, both because it intersected two mineralized zones with particularly strong tourmaline and fuschite alteration, and because of the analytical results for the two zones, which lie 20 metres apart. The zones returned values of 0.16% U₃O₈ over 2.4 metres and 0.11% U₃O₈ over 1.5 metres. Hole **EC-09-06** intersected a zone of 0.15% U₃O₈ over 1.5 metres.

The results for holes **MT-09-06** and **EC-09-05**, drilled 200 metres apart with pierce points at the same elevation, clearly indicate the mineral potential of the Matoush fault, which has been traced by drilling over a distance of more than 15 km. This confirms that the deposition mechanisms for the uranium mineralization are not limited to the area of the **AM-15** zone.

The similarities between the two mineralized zones in terms of degree of alteration, local presence of pitchblende mineralization in shear zones and proximity to mafic intrusives in the Matoush fault, and the marked similarities of the texture and nature of these mafic intrusives to those found around the mineralized zones, are impressive.

The almost carbon-copy nature of these hydrothermal systems and the reducing agents supports the presence of mineral potential along the entire length of the Matoush fault, and confirms the potential for discovery of new mineralized zones at the MATOUSH PROJECT.

Three holes were drilled on the Eclat Nord property in the third quarter, but with mitigated results. Holes **ECN-09-01, 02, 03**, drilled on a 150-metre grid about 1.5 km north of the **AM-15** zone, intersected the Matoush fault but no mineralization despite the presence of strong alteration.

In the fourth quarter, two holes, **EC-09-07** and **EC-09-08**, were drilled on the Eclat Sud property. Measuring 600 metres and 570 metres long respectively for a total of 1,170 metres, the two holes intercepted the Matoush fault, as well as interesting uranium values. Hole **EC-09-07**, drilled on section 64+50 S, intersected 7.5 metres grading a weighted average of 0.05% U_3O_8 . Hole **EC-09-08**, drilled on section 66 + 50 S, intersected two zones, the first 2.5 metres thick grading an average of 0.09% U_3O_8 , and the second 15.5 metres thick grading an average of 0.04% U_3O_8 . The pierce points for the two holes were located about 460 metres below surface.

For the first two quarters of 2010, the exploration strategy for the ECLAT PROPERTY was to systematic drill along the Matoush fault at a 200-metre spacing to identify favourable areas.

Twenty holes were drilled in the first quarter over a distance of approximately 3.6 kilometres south from Section 67+00S, which lies 3.5 kilometres south of the MT-34 lens. The fault was intersected in every hole, with variable fuschite alteration ranging from medium to strong. The area of most interest lies along an 800-metre interval between sections 67+00S and 75+00S. Hole **EC-10-002** is of particular note, with an intersection of **0.67% U_3O_8 over 1.2 metres**. Hole **EC-10-016** also merits mention, with an intersection of **0.21% U_3O_8 over 0.7 metres (Section 96+50S)**.

Another area of interest, between sections 75+00S and 87+00S, is characterized by intense fuschite/tourmaline alteration, as well as the presence of other dikes running parallel to the Matoush fault. The alteration halo has a true thickness of up to 250 metres, which indicates potential for the discovery of mineralization.

Drilling in the second quarter was aimed at continuing to define the Matoush fault on a 200-metre grid and to follow-up on the anomalies located between lines 110+00S and 118+00S. A total of 21 holes were drilled.

These holes were particularly aimed at following up on holes that, in 2009, had intersected uranium mineralization worthy of note about six kilometres south of the **MT-34** lens. This area is particularly interesting because of the presence of anomalies along nearly one kilometre of the Matoush fault, and the fact that it is located above a basement rock transition zone, which indicates strong potential. Two holes confirmed the potential of this area, with intersections of 0.03% U_3O_8 and 0.05% U_3O_8 respectively, both over 0.5 metres.

In the third quarter, the Company continued to test the uranium potential along the Matoush fault. Four holes were drilled. Two holes drilled on a spacing of about 100 metres were aimed at following up on anomalies in the same area as in the second quarter. Hole EC-10-044 returned the best results, with an intersection of 0.04 % U_3O_8 over 7.0 metres, including a 2.5-metre section grading 0.08% U_3O_8 . With its pierce point at a vertical depth of 690 metres, this hole proved to be the deepest drilled to date in this area of interest, about 150 metres from the basement rock.

The Company did not conduct exploration on the Eclat property in the fourth quarter, but worked on the Matoush and Pacific Bay-Matoush properties instead.

In 2010, 46 holes were completed for a total of 27,588 metres.

5.4.05: MATOUSH EXTENSION PROPERTY

a) Location and Access

The MATOUSH EXTENSION PROPERTY is located north, west and east of the MATOUSH PROPERTY in the Otish Mountains, in Northern Québec. The property is accessible by helicopter as well as by the winter road that links the Eastmain mine to Témiscamie. Please see **Figure 2** for the regional location of the property.

b) Mining Claims

Wholly-owned by the Company, the MATOUSH EXTENSION PROPERTY consists of 198 claims covering 10,503.85 hectares. These mining claims were acquired by the Company in the fall of 2005 and the winter and summer of 2006 to protect the area in the vicinity of the MATOUSH and ECLAT properties. Please see the map of the MATOUSH PROJECT in **Figure 1** for the location of the MATOUSH EXTENSION PROPERTY mining claims.

The northern border of the property is very close to the northern edge of the Otish Basin. The property is broken up by a row of mining claims belonging to Pacific Bay Minerals Ltd.

With the addition of the MATOUSH EXTENSION PROPERTY, the MATOUSH PROJECT as a whole covers 23 kilometres along its north-south axis, intersected by a 900-metre section belonging to Pacific Bay Minerals Ltd.

c) Exploration and Prospecting

During the year 2008, no significant exploration work was conducted on the MATOUSH EXTENSION PROPERTY except for the radiometry and magnetometry survey, which covered most of the property. On the northern portion of the MATOUSH PROJECT, on MATOUSH EXTENSION PROPERTY, exploration work in 2007 consisted in prospecting and limited drilling. Prospecting was successful with the identification of an outcropping radioactive zone with 600 to 10,000 cps. Four drill holes were completed in the area for a total of 1,290 metres. Mixed results were obtained, the Matoush fault being laterally displaced.

Three holes were drilled on the same section on the MATOUSH EXTENSION PROPERTY in 2008 for a total of 1,473 metres. The section lies a few hundred metres north of the east-west string of Pacific Bay claims, on what should be the extension of the Matoush fault. However, none of the holes intersected the fault.

The first hole, **MT-08-002**, was extended to the basement without hitting the Matoush fault. Discordance was seen at a depth of 685 metres down hole. The basement rock consists of alternating granitic material and large laminae of mafic units. Many marginal uranium anomalies were intersected in the basement, the most important being **0.02% U₃O₈ over 4.0 metres**. The subsequent holes, **MT-08-006** and **MN-08-01**, were drilled on the same section and failed to detect the extension of the Matoush fault. No radiometry anomalies were detected.

Exploration work in 2009 on the MATOUSH EXTENSION PROPERTY was limited to prospecting in the summer.

5.4.06: PACIFIC BAY – MATOUSH PROPERTY

a) Location and Access

The PACIFIC-BAY MATOUSH PROPERTY is located in the Otish Mountains in northern Quebec, about 40 km south-west of the MATOUSH PROPERTY. The Property comprises an area of 145 square kilometres (56 square miles) in the Otish Mountains where the Company has been drilling the Matoush high-grade uranium ore body. See **Figure 2** for location of this property on the map of the MATOUSH PROJECT.

b) Mining Claims

On January 14, 2008, the Company and Consolidated Pacific Bay Minerals Ltd. (now called Pacific Bay Minerals Ltd.) (“Pacific Bay”) executed a definitive agreement with an effective date of October 29, 2007 whereby the Company can earn a 60% interest in 277 Pacific Bay mineral claims representing 14,576.33 hectares located in the Matoush District of Québec's Otish Mountains.

The agreement calls for the Company: (i) to pay to Pacific Bay a total of \$500,000; (ii) to issue 200,000 common shares of the Company over 4 years and (iii) to incur \$3 million in exploration expenditures over 4 years, including a minimum of 10,000 metres of drilling. As part of the transaction, the Company has acquired one (1) million units of Pacific Bay at a price of \$0.30 per unit. Each unit consists of one common share of Pacific Bay and one warrant to purchase one common share of Pacific Bay at \$0.60 per share for a period of 24 months. The shares and warrants were subject to a 12-month resale restriction period that expired on January 14, 2009.

On October 22, 2009, the Company notified Pacific Bay Minerals Ltd. (“Pacific Bay”) that it had incurred cumulative exploration expenses of \$1.5 million before the date of the second anniversary of the option and joint venture agreement dated October 29, 2007, and completed more than the required cumulative minimum of 5,000 metres of drilling on the Pacific-Bay Matoush property.

Pursuant to the terms of the agreement, the Company also issued 40,000 common shares at \$0.86 per share to Pacific Bay on that date, as well as a cash payment of \$100,000.

To acquire an undivided 60% interest in the Pacific Bay-Matoush property, the Company must still issue a total of 120,000 common shares, make cash payments totalling \$300,000, incur an additional \$1.5 million in exploration expenses and complete an additional 5,000 metres of drilling before the fourth anniversary of the date of the agreement.

c) Exploration

Since October 29, 2007, the Company assumed direction of exploration activities on the PACIFIC BAY - MATOUSH PROPERTY. The Company is working closely with Pacific Bay field personnel to maximize the value of the exploration programs.

Four holes were drilled with the help of a Versadrill helicopter-borne drill (Major Drilling) between October 31 and November 25, 2007 for a total of 1,061 metres. These holes are all located in the southern block of the Rabbit Ears claims about 10 km north-east of the MATOUSH PROPERTY camp. These holes were drilled in an area of the property with favourable geophysical anomalies such as magnetic lineaments and airborne radiometric anomalies, as well as VLF/EM conductors. Uranium-bearing boulders have also been discovered in the area during prospecting in the summer of 2007.

Drilling on the Rabbit Ears south block intersected the two same types of sedimentary facies seen in the Matoush sector. These correspond to the active channel facies (ACF) an arkosic to subarkosic conglomeritic coarse sandstone, and the channel-bar facies (CBF), a finely laminated subarkosic fine-to-medium sandstone, of the Indicator Formation. The vertical hole, **PB-07-01**, confirmed a sub-horizontal bedding in this area of the basin. The best hole was **PB-07-05** which intersected a 10 cm altered sandstone averaging **0.03% eU₃O₈**.

Early August 2008, the Company started diamond drilling of uranium targets on the PACIFIC BAY - MATOUSH PROPERTY. The 1,500-metre program followed intensive ground prospecting and geological work, focused on the South Rabbit Ears claims, where outcrops, in situ radiometric anomalies, and radioactive boulder trains strongly suggest the potential of Matoush-type uranium mineralization.

Seven holes totalling 1,510 metres were drilled on the PACIFIC BAY-MATOUSH PROPERTY. The holes were drilled between August 8 and September 7, 2008 using a helicopter-transportable drill (Versa drill). The holes were drilled in the “Rabbit Ears South” sector, about 5 km east of the **AM-15** zone. The targets were established for the

purpose of identifying a Matoush-type uranium mineralized zone, based on the results of prospecting done in 2007 and 2008, geophysical surveys and the geomorphology study done by Poly-Géo Inc. in 2008.

Two sectors were tested (see Company's website at stratecoinc.com for details). Five holes were drilled on Sector 1 to trace a potentially-mineralized north-south fault similar to Matoush. The holes covered an east-west lateral distance of 630 m to a vertical depth of about 300 m. Sector 2, where two holes were drilled for a total of 596 metres, lies about 700 metres directly south of Sector 1. The goal was to test for the presence of a geophysical lineament interpreted as having a similar slip to that of the Matoush fault.

No significant mineralization was intersected during this drilling program. However, **ACF** and **CBF** layers with the same alternation as those at MATOUSH PROPERTY were encountered. From a structural perspective, no major faults comparable to the Matoush fault were intersected by drilling. Nevertheless, several highly-fractured to sub-brecciated zones were seen in five holes, and potential remains for the discovery of a uranium-bearing structure. The fractured zones seen in the holes do not appear to be large enough to explain the geophysical lineaments in the sectors drilled.

In the first quarter of 2009, five holes were drilled to test for a major structure like the Matoush fault in the "Rabbit Ears South" area on the PACIFIC BAY-MATOUSH PROPERTY. Hole PB-09-02 proved to be of particular interest, intersecting a major clay-rich breccia structure several metres thick. Despite the absence of mineralization and of the mafic dikes characteristic of the Matoush fault, the presence of this strongly brecciated structure indicates potential for the discovery of a structure similar to the Matoush fault. This area lies 10 km east of the Matoush fault.

Following the completion of drilling on the MISTASSINI PROPERTY in late June 2009, the Company took advantage of the availability of the helicopter-borne drill to drill a 200-metre hole on a section of the PACIFIC BAY-MATOUSH PROPERTY, which consists of four mining claims in the possible extension of the Matoush fault, 3 km south of the Eclat property. The presence of the Matoush fault was confirmed by drilling in April 2008 less than 200 metres from the southern border of the Eclat property with a property belonging to Cameco Corporation ("Cameco").

In the third quarter of 2009, seven holes were drilled on the PACIFIC BAY-MATOUSH PROPERTY, but the results were inconclusive. Four holes were drilled to trace the Matoush fault, which becomes diffuse north of the Eclat Nord property. No remarkable structures were identified. Three holes were drilled to test a linear geophysical anomaly on the "Rabbit Ears" area, about 3 km east of the **AM-15** zone, but failed to locate any structures of note. Work ended on the property in September.

In 2010, on the PACIFIC BAY-MATOUSH PROPERTY, where the Company has an option to acquire a 60% interest, prospecting work was done in the second quarter on the north-south belt to the west of the Eclat South area. This led to the discovery of a 3.0 metre anomalous sub-outcropping boulder measuring up to 1,800 counts per second approximately four kilometres west of the Matoush fault.

This new, previously unexplored area was suddenly of particular interest because the geophysical survey data processing discussed earlier revealed the presence of a north-south lineament about four kilometres long containing two clearly identified targets for fourth quarter drilling.

The three holes drilled early in the fourth quarter to test this structure were highly successful. A Matoush-type fault called the Alfred fault, with identical alterations to those of the Matoush fault, was intersected over 365 metres. The geophysical anomaly indicates that the Alfred fault extends to the north and south. This is one of the most important discoveries on the MATOUSH PROJECT outside the Matoush fault corridor. These holes, which returned weak uranium grades, show that other Matoush-type structures (faults) exist throughout the MATOUSH PROJECT. This area is a high priority for the first quarter of 2011 for the discovery of significant mineralization.

In 2010, 3 holes were completed for a total of 2,010 metres.

A drill was mobilised in mid-February on the PACIFIC BAY-MATOUSH PROPERTY, in the vicinity of the Alfred fault, four kilometres west of the Matoush fault.

The first holes of the 2011 program will test the southern and northern extensions of the Alfred fault. Approximately 5,000 metres of drilling are planned on the PACIFIC BAY-MATOUSH PROPERTY as a whole during the year. Besides the Alfred fault area discovered in October 2010, the Rabbit Ears area, nine kilometres northeast of the Matoush deposit, is also of interest.

5.4.7 Permits and Licence

In May 2007, the Company retained Golder Associates to begin various environmental baseline studies that were completed in the summer of 2008. Since November 2007, Melis Engineering is conducting at the Lakefield laboratory in Ontario, Canada, metallurgical testing on the **AM-15** zone ore. Initial results indicated that 98% recovery can be achieved and that the ore does not generate acid or contain arsenic. Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA") has been retained for underground design work. A call for tenders has been completed and a mining contractor has been retained for the work once the authorizations have been obtained. About 100 people are currently assigned to the project on a permanent basis. The Company invested about \$25 million in the MATOUSH PROJECT in the year 2006-2007, the budget for 2008 was of \$22 million and of \$15M for the year 2009.

In April 2008, the Company received permission to begin the process of obtaining the authorizations required to proceed with underground exploration at its MATOUSH uranium PROJECT. The Company notified the Canadian Nuclear Safety Commission ("CNSC") and Quebec Ministry of Sustainable Development, Environment Parks ("MSDEP") *Ministère du Développement durable, de l'Environnement et des Parcs* by written "letter of intent" of its intention to begin the process of obtaining the permits required for planned underground exploration work. In the context of a feasibility study, this work will essentially consist of site preparation, excavation of an access ramp to the -300-metre level, and the excavation of exploration drifts for definition drilling.

Excavation will take place in waste rock and ore. The exploration work will also allow assessment of the quantity and processing of mine water, ventilation, mining methods and ore stockpiling.

The following tables demonstrate as of December 31, 2009, the authorizations, licenses and permits either already obtained, pending or to be obtained before the Company can start the underground exploration works:

By obtaining such authorizations, the Company will become the first company in the Province of Quebec, Canada to advance a uranium exploration project to the underground exploration stage, and the first so-called junior company to do so in the present uranium price cycle, or in nearly 25 years.

With regard to the environmental impact study, the Company received guidelines from the Evaluating Committee (COMEV), the Canadian Environmental Assessment Agency and from the CNSC in March 2009 pursuant to the filing of the Project Description in July 2008.

Following filing on November 5, 2008, of the Licence Application to the Canadian Nuclear Safety Commission (CNSC) for the underground exploration program and following the comments received from the CNSC in February 2009, the Company continued its detailed engineering plans and field work related to the environmental impact study.

In addition to the mandates awarded to Scott Wilson Roscoe Postle Associates Inc. for the underground pumping and ventilation studies and to Melis Engineering Ltd. for finalization of the mine runoff treatment plan, contracts were granted to Golder for various studies and health and safety programs.

Golder carried out fieldwork in a number of disciplines in the winter of 2009. Most of these activities were related to work plans approved in 2008. Field activities for animal counts were completed in January and February.

The winter surface water and sediment sampling program, hydrology and geochemistry work were completed in March 2009.

The ramp stability rock mechanics study was started in the first quarter of 2009. The study is aimed at meeting Québec regulatory requirements for excavations within 100 metres of a body of water, and responding to CNSC requirements.

In February 2009, GENIVAR carried out supervision work for the construction of the new fuel storage area, as well as design work for a cement base for a new communications antenna.

In March 2009, GENIVAR was awarded a contract for the detailed engineering of the facilities required for exploration ramp construction. This contract essentially consists of the detailed engineering for the treatment plant for water from the exploration ramp, portal, power grid, power supply, ventilation system, fuel and propane distribution system, camp expansion and approval applications, all new surface facilities, civil works and a landing strip.

As in the first quarter of 2009, the Company continued work on the various studies in preparation for the underground exploration program, which will begin once the Company has obtained all the required permits.

Two other consultants, SENES Consultants Limited (SENES) and the Montreal office of GENIVAR, joined the list of the Company's many consultants conducting the various detailed studies required to obtain the various provincial and federal permits in Canada.

Following up on the comments received from the Canadian Nuclear Safety Commission (CNSC) on February 16, 2009, in relation to the underground exploration licence application, the Company began field works with the assistance of Golder Associates Ltd. ("Golder") for a geo-mechanical study on the crown pillar. The Company will use the same study to comply with Quebec provincial government requirements regarding an underground excavation under the influence of a water body, meaning when an excavation is less than 100 m from a water body. Field works consisted of the drilling of three holes and various tests performed in the holes and on the drill core in an area totalling 526 metres.

GENIVAR of Val-d'Or and Amos continued to work on the detailed engineering of the surface facilities required for underground exploration.

Environmental work by Golder continues, with the drafting of the "terms of reference (baseline)" for most of the study components, including hydrogeology, surface and sediment water quality, fish and fish habitats and wildlife. The writing of the geochemistry report, updating of the hydrogeology report and drafting of the restoration plan were also among the activities that took place during the quarter.

Phase 2 of the drafting of detailed procedures and manuals for the radioprotection program is progressing as planned.

With the drafting of the base studies nearing completion, Golder was able to begin studying the potential impact of the exploration project on the physical and biological components on which they are working.

The Company awarded a new contract to Golder for the preparation of an environmental emergency measures plan from April to June 2009.

SENES, an Ontario firm with extensive experience in the uranium industry received the mandates to conduct Risk studies (ecological risk, risk on human health and industrial risk) and the air and climate and radiometry studies.

The field works carried out by Golder between April and June 2009 consisted of a spring sampling program of surface and sediment water and geochemistry (work plan approved in 2008).

SENES provided training to Company personnel and set up air sampling stations on site. They also carried out a surface radiometry survey for the baseline radioactivity study.

Various health and safety programs were prepared, including radioprotection, emergency measures, occupational safety and industrial hygiene, which are only a few of the many programs required as demonstrated in the following table. The Company completed all these programs by the end of September 2009.

LICENCE

In April 2008, the Company received authorization to begin the process of obtaining the approvals required for an underground exploration program at its Matoush uranium project.

The Company advised the Canadian Nuclear Safety Commission (CNSC) and the Quebec Ministry of Sustainable Development, Environment Parks (MSDEP) by letter of intent of its intention to begin the process of obtaining the permits required to begin underground exploration work. As described supra in this section A5. PERMITS AND LICENCE,, in the context of a feasibility study, this work would essentially consist of site preparation, excavation of an access ramp to the -300 metre level, and the excavation of exploration drifts to carry out definition drilling. Excavation would take place in waste rock and ore. The exploration work would also allow assessment of the quantity and processing of mine drainage, ventilation, mining methods and ore storage.

Once it receives the required authorizations, the Company will become the first company in Quebec and the first so-called junior company in Canada in this uranium cycle, or nearly 25 years, to advance a uranium exploration project to the underground exploration stage.

On July 15, 2008, as part of the underground exploration via ramp program, the Company presented its Preliminary Project Description to the CNSC, the Canadian Environmental Assessment Agency and the MSDEP for comments. The Preliminary Project Description for the underground exploration program included: the project components, metallurgy, mine drainage, the health and safety program, and 15 separate appendices on environmental assessment, the water treatment plant, metallurgical testing, the project timetable, etc.

Comments were received on August 21, 2008, from those in charge of the file at the Canadian Environmental Assessment Agency, and the Company provided the required information in mid-September 2008.

The Company was then told that instructions and comments would be issued by the Evaluating Committee (COMEV), which is responsible for large projects in the James Bay area of Quebec.

On November 5, 2008, the Company filed an application for an underground exploration permit for its MATOUSH uranium PROPERTY with the CNSC. This application is part of the project authorization process, which began on July 15, 2008 with the filing of the Preliminary Project Description to the CNSC, the Canadian Environmental Assessment Agency and the MSDEP. This document describing the underground exploration program can be found on the Company's website (www.stratecoinc.com) and on SEDAR (www.sedar.com).

The upgrading of the Eastmain winter road to an all-season road became essential. Consequently, permit applications were filed in the fall of 2008 for construction of a permanent one-lane gravel road for year-round supply of equipment and fuel to the MATOUSH PROJECT. This link will also substantially reduce the costs associated with the underground exploration program.

In February 2009, the Company received comments from the Canadian Nuclear Safety Commission (CNSC) regarding the licence application filed on November 4th, 2008, for the underground exploration work.

The Operations and Engineering department was very productive in 2009. Multiple reports required for the underground exploration program were completed and submitted to the regulatory authorities.

An important step was made toward obtaining the licence and various permits in the first quarter of 2009. Comments were received from the CNSC on February 16, 2009, in relation to the licence application filed on November 5, 2008. The Company also received the COMEV directive on March 19, 2009, for the environmental impact study.

Following receipt of the COMEV directive and CNSC comments, many activities were carried out by various consultants for the permits required for the underground exploration program. In addition to the mandates awarded to Scott Wilson RPA for the underground pumping and ventilation studies, and to Melis Engineering Ltd. for finalization of the mine runoff treatment plan, contracts were granted to Golder Associates ("Golder") for various studies and health and safety programs.

Golder carried out field work in a number of disciplines in the winter of 2009. Most of these activities were related to work plans approved in 2008. Field activities for animal counts were completed in January and February 2009. The winter surface water and sediment sampling program, hydrology and geochemistry work were completed in March 2009.

In February, the borrow pits (gravel, sand and till) on the Matoush property were drilled by the Amos office of GENIVAR and Poly-Geo Inc. to outline the sources of borrow material for the construction of surface facilities required for the exploration ramp. The Amos office of GENIVAR also carried out supervision work for the construction of the new fuel storage area, as well as design work for a cement base for a new communications antenna.

The ramp stability rock mechanics study was also started in the first quarter of 2009. The study is aimed at meeting Quebec regulatory requirements for excavations within 100 metres of a body of water, at the request of the CNSC.

In March 2009, GENIVAR was awarded a contract for the detailed engineering of the facilities required for exploration ramp construction. This contract essentially consists of the detailed engineering for the treatment plant for exploration ramp runoff, portal, power grid, power supply, ventilation system, fuel and propane distribution system, camp expansion and approval applications for all new surface facilities, civil works and a landing strip.

In the second quarter, two other consultants, SENES Consultants Limited (“SENES”), an Ontario firm with extensive uranium industry experience, and the Montreal office of GENIVAR, joined the list of the many consultants conducting the various detailed studies required to obtain the various provincial and federal permits.

Following up on the comments received from the CNSC on February 16, 2009, in relation to the underground exploration licence application, the Company began field work with the assistance of Golder for a rock mechanics study on the crown pillar. This study will also be used to meet provincial government requirements regarding an underground excavation under the influence of a water body, meaning when an excavation is less than 100 m from a water body. Field work consisted of the drilling of three holes and various tests performed in the holes and on the drill core. A total of 526 metres were drilled.

In the second quarter, the Val-d’Or and Amos offices of GENIVAR continued to work on the detailed engineering of the surface facilities required for the underground exploration program.

With the completion of the baseline studies, Golder was able to begin studying the potential impact of the exploration project on the physical and biological components on which they were working. Phase 2 of the drafting of detailed procedures and manuals for the radioprotection program was also completed. A new contract was also awarded to Golder for the preparation of an environmental emergency measures plan. Field work carried out by Golder between April and June 2009 consisted of a spring sampling program of surface and sediment water and geochemistry (work plan approved in 2008).

In the second quarter, risk studies (ecological risk, risk on human health and industrial risk) were also awarded to SENES, along with mandates for the air and climate and radiometry studies. SENES provided training to Company personnel and set up air sampling stations on site. They also carried out a surface radiometry survey for the baseline radioactivity study.

Throughout the second quarter, the Company received a number of provincial permits for the Matoush project, including the land use lease for the camp and the petroleum equipment operating permit (renewal) in April, and in June, the exemption of the landing strip from the impact study and the environmental and social impact review.

In the third quarter, the environmental work done by Golder continued, with the preparation of baseline assessments for most of the study components, including hydrogeology based on the field rock mechanics results, surface water and sediment quality, hydrology and wildlife. Activities for the quarter also included the preparation and submission of the geochemistry and rehabilitation reports and the environmental emergency response plan. The field work carried out by Golder from July to September 2009 was part of the summer program of surface water and sediments sampling and geotechnical drilling of the crown pillar.

Meanwhile, SENES completed analysis and drafting of the risk study (ecological, human health and industrial risk) in the third quarter, and filed the preliminary report on the ecological and human health risks in September for review. The drafting of the baseline assessment for air quality, the climate and radiometry continued during the quarter, and the final report on air quality and climate was completed in early October.

The crown pillar geotechnical study was completed and the final report was received. Furthermore, most of the studies were completed, including the radiation safety study, a high priority element for the permit application.

In addition, the Val-d'Or and Amos offices of GENIVAR completed the detailed engineering work and started construction engineering.

In the third quarter, the Company received some of the permits required for the Matoush project development, such as the land usage rights for the landing strip and related access road, as well as the access roads to some of the borrow pits. Timber cutting rights were also granted.

The last quarter of 2009 was very busy due to two major applications. The environmental impact study was completed and sent to the regulatory authorities in October 2009, and the application for a licence for underground exploration work was filed with the CNSC on November 6. The latter application contains a dozen programs and a significant number of sub-programs, all related to occupational health and safety and the environment.

The Company also filed an updated preliminary rehabilitation plan as requested by the *Ministère des Ressources naturelles et de la Faune* ("MRNF").

The Company filed two exemption requests in November with the *Ministère du Développement durable de l'Environnement et des Parcs* ("MDDEP"), one for the use of the winter road to the Matoush camp, and the other for the exploitation of a sand pit smaller than 3 hectares (ha).

The Company filed a request for an authorization to mine without a lease for eight borrow pits smaller than 3 ha on the property. The material is required to pursue surface exploration work, repair the site access and build the landing strip.

Finally, a request for an authorization certificate to mine six borrow pits larger than 3 ha was filed with the regional MDDEP office in Rouyn-Noranda. This material is required for future underground exploration work.

Golder also finalised its limited impact study document. No field work took place between October and December 2009. The final Golder and SENES documents to be included in the overall underground exploration project impact study were submitted.

Finally, numerous translation contracts were granted in the last quarter of 2009 to comply with Quebec government requirements.

Following the October 2009 filing of its environmental impact statement for the Matoush project with the CNSC, the Company received questions and comments from various authorities aimed at expounding on or completing certain aspects of the environmental impact statement related to the permit for the underground exploration phase. The Company sent some of the questions to the various consultants involved, including Golder Associates ("Golder"), SENES Consultants Limited ("SENES"), Groupe Stavibel Inc. ("Stavibel"), Scott Wilson RPA and GENIVAR Income Fund ("GENIVAR"). The other questions were dealt with in-house.

A first series of questions and comments was sent to the Company by the CNSC in January. All the questions were answered by the Company and its consultants and then returned to the CNSC for comments in June.

On April 30, the Company also received a request from COFEX for additional information on the Matoush project environmental impact statement. Responses to the questions from COFEX and certain federal ministries were filed with the Canadian Environmental Assessment Agency ("CEAA") on August 9, as planned. The filed documents also included responses to questions posed by the public at information meetings and by representatives of the Mistissini Department of the Environment, as well as to additional requests from the CEAA following Supreme Court of

Canada judgements declaring federal jurisdictional control over the environmental study evaluation process, even on projects located in the province of Quebec.

On June 18, the Company also received COMEX's official questions and comments on the environmental impact statement. An earlier meeting had taken place on June 9 to discuss these questions with analysts from the Ministry of Sustainable Development, Environment and Parks ("MSDEP"). The questions and comments from the provincial committee (COMEX) were by and large the same as the federal (COFEX) questions. On September 24, one week before the deadline, the Company filed responses to the COMEX questions and comments on the environmental impact statement with the MSDEP.

Responses to all the additional questions on the Matoush project environmental impact statement were therefore provided to the various authorities involved.

In the first quarter of 2010, the operations and engineering department pursued its efforts to prepare the underground exploration program set to begin once the Company has obtained the required permits.

The consultants retained by the Company made progress on a number of fronts. Golder undertook the preparation of a technical memo on field work done at the end of the summer of 2009. The memo includes data on surface water quality, benthos (aquatic organisms that live at the bottom of water bodies) and a number of corrections to the environmental impact study. The technical memo (*Addenda A to the limited environmental impact assessment for the Matoush underground exploration project*) was filed with the MSDEP on March 2, 2010. Golder also reviewed the translation of the preliminary impact study that they helped prepare.

GENIVAR completed a certificate of authorization application for the expansion of the camp and waste and drinking water treatment system. The application was filed in January at the regional office of the MSDEP in Rouyn-Noranda. Additional information later requested by the MSDEP was provided, and the file is now complete.

In January and February, SENES finalized the translation of the study sections on air quality and risk to the ecology and human health.

In February, the Company filed the French version of the environmental impact statement for the Matoush uranium project underground exploration program with the MSDEP (provincial) and the CEAA (federal).

For the four-season road, the Company sent a letter in March to deputy ministers of the MSDEP and the Ministry of Natural Resources and Wildlife to inform them of certain changes made following a meeting with representatives of the Quebec Transport Ministry ("MTQ") and various other participants. In fact, the Company decided to withdraw its authorization request for the construction of a four-season road along the winter road route within the future provincial park from kilometre zero to kilometre 73.5. It was agreed that within the future national park, the MTQ's route would prevail over the route of the old winter road. However, the Company maintained its request for a certificate of authorization for the construction of the four-season road on the section of road lying between kilometre 73.5 and kilometre 130, which is outside the future park.

To date, the Company has not had any news on its certificate of authorization application for the section of four-season road between kilometres 73.5 and 130. In March 2011, as part of the 2011 provincial budget, the Quebec government announced an allocation of \$278.6 million dollars for the extension of highway 167 into the Otish Mountains.

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

Pursuant to a directive issued by the Provincial Evaluation Committee ("COMEV") in May 2010, the Company's team provided more detail for some of the studies on the exploitation of the borrow pit on areas covering more than three hectares and located near a water body. Poly-Geo Inc. was retained to perform field work and prepare the report. The field work was carried out between June 8 and 16.

Two impact study reports on the results for deposit DG-9 and deposits DT-1, DT-8, DT-18, DT-19, DT-20, DG-5 and DG-8 were filed with the MSDEP in July and September, respectively. Comments regarding these studies were finally received from COMEX on January 17, 2011.

On August 8, the MSDEP approved the Company's a request for exemption from the impact assessment and study process for use of a remote landfill, filed with the MSDEP on April 19, 2010. It should be noted that, among other things, remote landfill use is allowed as long as camp capacity does not exceed 50 people, or the equivalent of, year-round. On August 11, the MSDEP also approved the Company's request for exemption from the impact assessment and study process for temporary storage of contaminated soil, filed with the MSDEP on April 28, 2010.

GENIVAR was selected from among five potential consultants to conduct a groundwater monitoring program, as well as a background soil sampling program on the property. These two programs were included in the document prepared in response to the COMEX questions which was filed with the MSDEP on September 24, 2010. The groundwater monitoring field program is scheduled to be set up in February 2011, and the soil sampling program in May 2011.

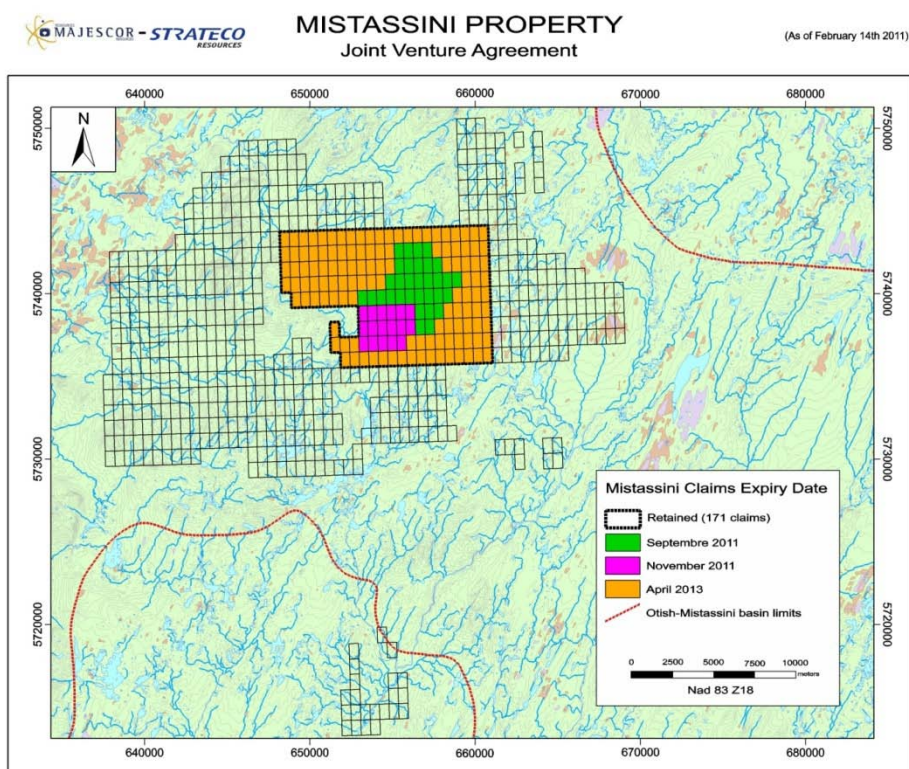
In the last quarter of the year 2010, many technical exchanges took place with the CNSC and the MSDEP. The CNSC sent the Company numerous requests, both formal and informal, for additional information on the programs and procedures.

Finally, the application for the amendment of certificates of authorization for the operation of three borrow pits has been approved, and these deposits can therefore now be mined to greater depths.

5.4.08 MISTASSINI PROPERTY

a) Location and Access

The Mistassini property consists of 171 claims shown on the NTS32P map for a total area of 9,114.47 hectares (91.15 km²). It is located in the Otish Mountains approximately 40 km south-west of the Matoush property wholly-owned by the Company. Please see Regional Location Map **Figure 2** for the location of the property and **Figure 3** below for the location of the claims:



b) Mining Claims

Pursuant to the letter of intent dated November 20, 2007 and following receipt of analyses for three holes drilled by Majescor Resources Inc. (“Majescor”) in December 2007 on the Lac Mantouchiche uranium prospect, the Company decided on February 14, 2008, to exercise its option right to acquire an option to earn an undivided 60% interest in Majescor’s uranium rights and uranium only on the MISTASSINI PROPERTY.

The Option Agreement provides for the Company to acquire a 60% interest in the uranium rights on the property by carrying out a total of \$1.3 million in exploration expenditures over three years. The Company reimbursed Majescor for the cost of the drilling program completed in December 2007 and spent additional sums in exploration expenses on the property for a total firm commitment of \$500,000 in Year 1 of the option. The remaining \$800,000 in exploration expenses will be spent equally between Years 2 and 3.

During the option period, the Company will be the sole operator for all uranium exploration and will have full access to the property. Northern Superior Resources Inc., which holds 100% of the diamond rights and 50.5% of all other mineral rights to the exception of diamonds and uranium rights, renounced to conduct exploration and exploitation works for diamonds on the property during the duration of the Agreement. Furthermore, Northern Superior Resources Inc. is entitled to a 2.0% Yellow Cake Royalty on the uranium rights of the property.

The MISTASSINI PROPERTY consisted originally at the time of the letter of intent of 721 mining claims covering 391 km². On November 3, 2008, the Company gave a 90 days notice to Majescor that it was no more interested to pursue exploration on 550 claims. As of November 24, 2008, Majescor and the Company executed a definitive agreement with an effective date of February 14, 2008. The Company maintained its option to acquire a 60% interest in the remaining 171 claims covering an area of 9,114.71 hectares.

On or about February 14, 2009, the Company had met its obligations of the First Anniversary of the Option Agreement in spending more than \$500,000 on exploration expenses on the Mistassini Property.

c) Exploration

The discovery hole drilled in 2002 by Majescor (MIST 02-08) on the MISTASSINI PROPERTY had intersected 0.20% U_3O_8 over 4.50 metres.

In December 2007, three holes were drilled by Majescor to verify the extension down dip of Lac Mantouchiche uranium prospect. The best intersection was obtained in Hole MIST-07-03, with 18.5-metre grading 0.215% U_3O_8 near-surface.

The Company began late February 2008, a comprehensive exploration program, which included drilling aimed at confirming the strike and dip extensions of the Lac Mantouchiche uranium prospect, as well as detailed ground mapping and prospecting.

The potential of the property as a whole was assessed primarily on the basis of geophysical data. In this regard, magnetic susceptibility data combined with systematic core radiometric data have shown a clear inverse correlation between uranium grade and magnetism. These observations strongly suggest that low magnetic zones could be used to target regional exploration on the property. The use of other geophysical surveys, such as detailed gravity and VLF-EM over the uranium discovery will also be evaluated.

As a precursor to the drilling program planned for 2009, the Company started in December 2008 and completed on January 23, 2009, a 1,869 line-kilometre helicopter-borne geophysical survey over the Mistassini property.

This technical data has been approved by Jean-Pierre Lachance, P.Geo., Executive Vice President of Strateco Resources Inc., a qualified person as defined by NI 43-101.

As of June 2009, the Company and Majescor Resources Inc. ("Majescor") began a drilling program at Majescor's MISTASSINI PROPERTY. The MISTASSINI PROPERTY is host to the **Lac Mantouchiche** uranium showing where Majescor drilled an **18.5-metre** intersection grading **0.215% U_3O_8** near-surface in Hole **MIST-07-03**. The property is located in the Otish Mountains, 50 km southwest of the Company's MATOUSH PROPERTY.

The principal objective of the 600 m drilling program, started in early June 2009, was to begin testing the strike and dip extensions of the Lac Mantouchiche uranium prospect. This drilling program was based on a target zone identified from a 1,200 line-kilometre helicopter-borne geophysical survey completed over the MISTASSINI PROPERTY for the Company in January 2009. Fugro Airborne Surveys Corp. carried out the survey.

The high resolution magnetic and electromagnetic survey was interpreted by Jeremy S. Brett of MPH Consulting Ltd, and identified an ESE-WNW trending km-scale structural lineament, coincident with the Lac Mantouchiche uranium showing. Drilling completed to date at the MISTASSINI PROPERTY, together with recently outlined geophysical targets, confirm the uranium mineralisation potential of the basement rocks near surface. The MISTASSINI PROPERTY lies along the Otish sedimentary basin's proposed SW extension axis to the Papaskwasati basin, in the vicinity of a major basement fold axis. The Mantouchiche sedimentary outlier is entirely confined within the limits of the property, near the main uranium prospect.

As of July 2009 the Company and Majescor obtained the preliminary results of a drill program recently completed on the Mistassini uranium property held by Majescor and located in the Otish Mountains of Quebec, 50 km southwest of the Company's MATOUSH PROPERTY.

A new uranium-bearing zone was intersected in the immediate vicinity of the Lac Mantouchiche uranium showing ("Mantouchiche showing"). Drill hole **MIST-09-03**, drilled at -45° , intersected 11.0 metres grading 0.13% eU_3O_8 , including 0.9 metre at a grade of 1.03% eU_3O_8 . This new uraniumiferous zone is located in the hanging wall of the Mantouchiche showing, at a vertical depth of 32 metres. The Mantouchiche showing discovery hole, **MIST-07-03**, drilled an angle of -70° along the same section as hole **MIST-09-03**, had intersected 18.5 metres grading 0.215% U_3O_8 , at a vertical depth of 47 metres.

A second drill hole, **MIST-09-04**, drilled along the same section at -70° , confirmed the vertical extension of the new uranium-bearing zone, with an intercept of **13.9 metres** grading **0.08% eU_3O_8** at a vertical depth of **40 metres**, including a sub-intercept of **5.1 metres** grading **0.186% eU_3O_8** . The latter hole did not reach the extension of the Mantouchiche showing, inferred to be at about 170 metres vertical depth. The extension of the Mantouchiche

showing was however intersected in drill hole MIST-09-03 at a vertical depth of **64 metres**, with an intercept of **3.0 metres** grading **0.08% eU₃O₈** including **0.14% eU₃O₈** over **1.2 metres**.

The true width of the mineralized sections has not yet been determined. The equivalent uranium grades are obtained using a spectral probe. Analytical results are pending.

The drilling campaign on the MISTASSINI PROPERTY took place on a period of 18 days in June 2009. Seven holes were completed for a total of 786 metres.

The drill holes tested three areas in the immediate vicinity of the Mantouchiche showing, over a total strike length of 125 metres. Two drill holes were completed per section to test the strike extensions namely 50 metres to the west and 75 metres to the east of the Mantouchiche showing. Drill holes **MIST-09-01**, **02**, **05** and **06**, drilled to this end, intersected anomalous eU₃O₈ values. Drill holes **MIST-09-03** and **04** were drilled along the same section as the discovery hole **MIST-07-03**. The strike extension of the new zone could not be confirmed by the last hole in the campaign, namely **MIST-09-07**, drilled along the same section as **MIST-09-05** and **06**.

Given the positive results of the drill campaign and following a structural and geological interpretation, further exploration work has been carried-out in early 2011. At first, a ground geophysical survey will be conducted to test for the possible presence of high-grade uranium lenses preferentially aligned along a north-south axis.

On February 14, 2010, the Company fulfilled its commitments for the second year of the option, as provided for in the option and joint venture agreement, dated February 14, 2008, between the Company and Majescor Resources Inc. (the "Agreement") and incurred the required exploration expenses of \$400,000 during this year of the option, for a total of over \$900,000 of exploration expenses.

Furthermore, on February 14, 2011, the Company fulfilled its obligations for the third year of the option pursuant to the Agreement, by incurring more than \$400,000 in exploration expenses on the property for a total of more than \$1,300,000 in exploration expenses on the property over a three-year period. Consequently, the Company has acquired its 60% interest in the uranium rights on the Mistassini property. The joint venture on the property should begin in the coming months.

5.4.9 APPLE PROPERTY

a) Location and Access

The property is located at 80 km southeast of Radisson, in the James Bay area in the Province of Quebec in Canada. The property is accessible by a 40 km winter road from Km 510 on the paved James Bay road. In summer, the property can be accessed by boat from the Trans-Taïga road. Float planes and helicopters are readily available in the city of Radisson. Please see **Figure 2** for the general location of the property.

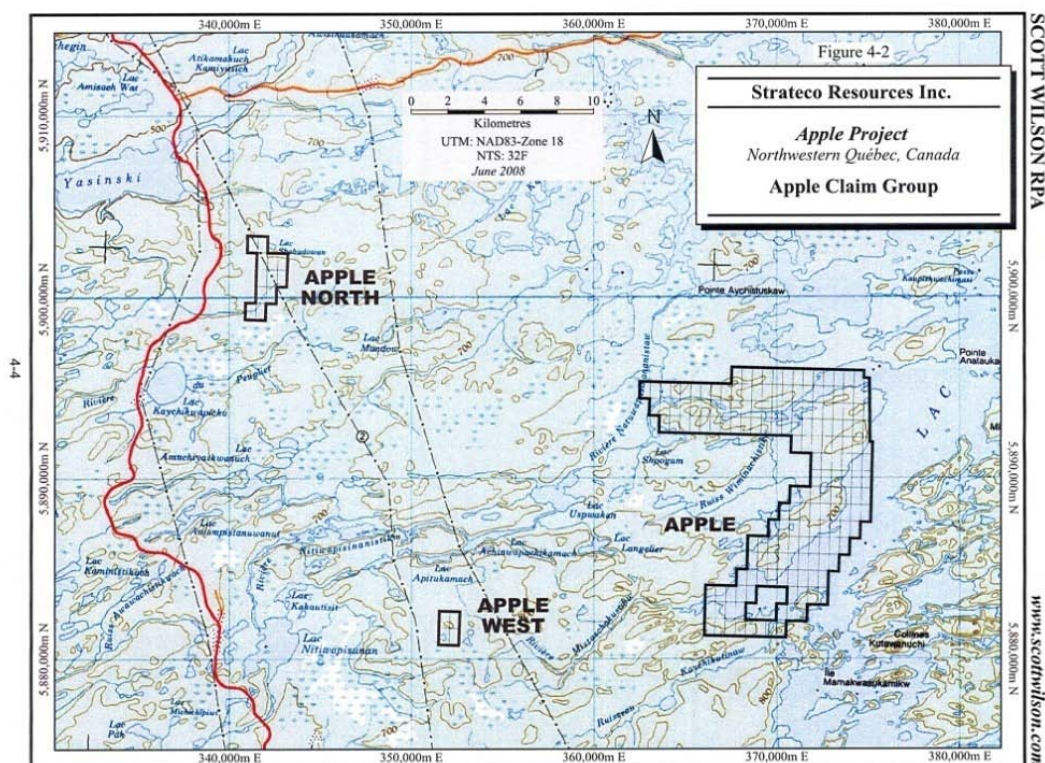
Mining Claims

The APPLE PROPERTY consists of 194 mining claims covering 9,928.13 hectares recorded in the name of the Company.

On August 28, 2007, the Company has acquired 100% the Apple uranium property, wholly owned by Virginia Mines Inc (“Virginia”) in consideration of 3,250,000 common shares of the Company.

The agreement also provided for a 2% NSR royalty payable upon production to Virginia, half of which can be bought back by the Company for \$1.0 million. The transaction closed on September 6, 2007.

Figure 4 below represents the location of the claims for APPLE PROPERTY:



c) Uranium Potential

The project covers a portion of the Apple Formation, which came to light in the early 1970s with the discovery of several extensive uranium-pyrite matrix, quartz pebble conglomerate zones.

The Apple uranium deposit was in fact discovered in 1971 during an airborne survey. The International Nickel Company of Canada Limited (“INCO”) and James Bay Development Corporation subsequently conducted an extensive joint exploration program from 1972 to 1975, with INCO as the operator. A total of 65 holes were drilled for a total of 14,000 metres, and the uranium conglomerates were traced over a distance of eight kilometres along an east-west axis.

d) Exploration

From 1972 to 1975 Canadian Nickel Company (Canico) drilled 66 holes for a total of 14,445 metres on Apple in order to evaluate the uranium potential. In the end of 1974, Canico completed a historical grade and tonnage estimate in all categories (these categories predated NI43-101) of 9,365,000 tons grading 0.054% U_3O_8 . Their resource estimate was prepared only for a strike length of approximately 1,000 m and to a depth of approximately 300 m; the mineralized horizon remaining opened at depth.

Cautionary Note: A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The Company does not consider resources or reserves of an historical estimate to be mineral resources or mineral reserves, as these categories are defined in articles 1.2 and 1.3 of the National Instrument 43-101, as amended. The investor or reader should not rely upon this historical estimate.

In 2006, Virginia completed a helicopter-borne, combined magnetic and radiometric orientation survey over most of the actual property. The strongest radiometric anomalies were found to have a direct correspondence to the area drilled by Canico from 1972 to 1975.

On August 23, 2007, two Company's representatives visited the property as part of a due diligence process, accompanied by two representatives of Virginia and guided by Mr. Jean-François Ouellette of Geonordic Technical Services Inc. and Mr. Michel Gauthier, Ph.D., a Professor at UQAM and Liège University in Belgium. Mr. Gauthier is very familiar with the geological context of the APPLE PROPERTY and has extensive experience in the uranium of the James Bay region, having been involved there since the 1970s.

During the field visit, two outcrops 2.9 km apart belonging to the same Apple Formation were seen. The strength and size of the system were also witnessed.

The second outcrop, which corresponded to the radiometry anomaly that led to the Apple discovery, is exposed over about 75 metres along strike. Readings from a few thousand to 10,000 counts per second were taken during the visit. The Company has for objective to substantially increase the existing estimated resource of about 9.0 million pounds of U_3O_8 in considering that the prospecting unit (Apple Formation) was traced for nearly 14.0 km while the resources calculated by Canico were limited to 1.0 km.

In the fall of 2007, the Company conducted a helicopter-borne radiometry survey covering the entire property. This survey led to the identification of new radiometry anomalies and confirmed those identified by earlier surveys.

In early January 2008, the Company began construction of a 14-person camp. Drilling began as soon as construction was completed in mid-February. Various targets were to be tested.

On the APPLE PROPERTY, an initial drilling program totalling 4,000 metres started. The 2008 budget for this property was of \$2.3 million. Five twin holes covered a strike length of 1.1 km where the resource had been estimated by Inco, most of the program tested new radiometry anomalies identified by the helicopter-borne survey conducted by the Company in the fall of 2007.

From February to April 2008, 13 holes totalling 3,357 metres were drilled on the property, including four holes to twin Canico's intersection and five holes to infill along the Apple trend. The holes completed by the Company were successful confirming the lateral and vertical continuity of the uranium mineralization within the Apple Formation.

As of March 2008, five holes totalling 1,668 metres had been completed. The first four holes (AP-08-01 to 04: 1,413 metres) were drilled near old holes drilled by INCO in the 1970s (twin holes) to confirm the geology and verify the mineralized zones intersected by the old holes, drilled over a linear distance of one kilometre. The casings of the twinned holes were located on the property.

In the four twinned holes totalling 1,413 metres (**AP-08-01 to 04**), the main geological units intersected are the same and in virtually the same position as those shown on INCO's drill sections (GM57894). There is also good correlation between the conglomerate beds identified by INCO and those seen in the 2008 holes. The conglomerate beds are where they were expected to be with similar grades. The grades and thicknesses obtained by INCO and those for the 2008 twin holes were correlated once the assay results had been received.

The results of these first four holes provided the basis under Canadian *National Instrument 43-101 (NI 43-101)* for the technical report dated June 2, 2008 entitled: *Technical Report on the Apple Project, James Bay Area, Northwestern Québec, Canada prepared for Strateco Resources Inc. NI 43-101 Report* prepared by R. Barry Cook, M.Sc., P.Eng. and Paul Chamois, M.Sc., P.Geo. of Scott Wilson Roscoe Postle Associates Inc. (*Scott Wilson RPA*).

Scott Wilson RPA was of the opinion that the Company's Apple Project merited considerably more uranium exploration and a substantial work program was recommended. Scott Wilson RPA recommended work on the Phase I program, beginning as soon as practical in early summer 2008 and continuing through winter 2009. The Phase I program included: i) line cutting and ground geophysical surveys (magnetics, radiometrics, Induced Polarization (IP)) and geological mapping along the main Apple trend, ii) prospecting and sampling along the main Apple trend and investigating airborne radiometric anomalies elsewhere, and iii) diamond drilling primarily along the main Apple trend with a proposed budget of \$4,176,000.

According to Scott Wilson RPA, a Phase II program was envisioned to begin in early summer 2009 and to consist of first pass definition drilling in the most attractive areas. Advancing to Phase II with a proposed budget of \$6,011,000 would be however contingent upon positive results from Phase I.

Five holes totalling 1,263 metres (**AP-08-05, 10, 11, 12 and 13**) were drilled to verify the lateral extensions of the mineralized zones surrounded by Canico for the resource estimate done between the 4,400 West and 1,100 West sections. To the exception of hole **AP-08-13** drilled on the 4,000 West section, the other holes the Company drilled east of the 1,100 West section over a lateral distance of 790 metres, with an average spacing of 150 metres between holes, with the exception of hole most to the east, **AP-08-10**, distant of 370 metres with hole **AP-08-11**. (The 4,400 West and 1,100 West Sections can be seen on the Company's website at stratecoinc.com).

Among those four holes, only Hole **AP-08-10** did not intersect uranium mineralization. Hole **AP-08-05** centered on an important radiometric anomaly, turned out to be conclusive with the intersection of three mineralized zones measuring from **3.7 metres to 7.1 metres** in length with an average grade of **0.03% U₃O₈**.

Holes **AP-08-11** and **AP-08-12** have each intersected two mineralized zones of an average length of 3.5 metres with grades oscillating between **0.02** and **0.06% U₃O₈**. The best intersection was **0.06% U₃O₈ over 4.0 metres** in hole **AP-08-12**.

Hole **AP-08-13** drilled on the 4,400 West section intersected the mineralization on thickness of **2.5 and 3.6 metres** with an **average grade of 0.04% U₃O₈**.

The four other holes for a total of 710 metres (**AP-08-06 to 09**), drilled to investigate certain radiometric anomalies identified by the 2007 airborne survey in the southern portion of the property, did not intersect any significant mineralization.

Exploration work on the Apple property consisted primarily of prospecting, channel sampling and geological reconnaissance carried out on the basis of the results of an airborne radiometry survey conducted in the fall of 2007. The field work took place from June 5 to August 9, 2008.

The geological reconnaissance revealed five main outcrops, each with different anomalous bands generally corresponding to the uranium-bearing quartz pebble/pyrite matrix conglomerate. Subsequent, tighter prospecting of each of the outcropping areas allowed the uranium zones to be precisely traced to determine their morphology, which is primarily controlled by ductile/fragile deformation. Systematic GR-135 spectrometer readings were taken to characterize the various anomalous bands and determine their uranium content.

The Apple uranium-bearing conglomerates were also traced over a distance of nearly 8 km along the northern contact with the Yasinski volcano-sedimentary formation. Many readings were obtained for each outcrop, ranging from a few thousand to up to 10,000 counts per second ("cps"). Four of the five outcrops returned values of 5,000 to 13,000 cps. Some anomalous bands also returned values of up to 20,000 cps. The uranium content of the main Apple band therefore ranges from 0.082% to 0.330% eU₃O₈ in the richest zones. The average uranium/thorium ratio is about 0.75. Chemical assays have not been received yet.

In addition to having better outlined the Apple formation, the exploration work in this program revealed fold zones in the conglomerate horizons that do not seem to have been identified by earlier work. The presence of these folds could entail the repetition of the uranium bands to the south of and parallel to the main band.

Given the extent of the pyrite-matrix uranium-bearing conglomerates as well as their degree of deformation, a 42 line/km induced polarization survey was performed in mid-August following the geological prospecting program to locate the anomalous conglomerates at depth and identify new drill targets south of the 8-km-long Apple formation.

Preliminary data was received at the end of September 2008 for holes not included in the NI 43-101 report.

In reason of the international financial crisis, the Company has decided not to drill on APPLE PROPERTY during winter 2009 and to concentrate its moneys and efforts on the MATOUSH PROJECT.

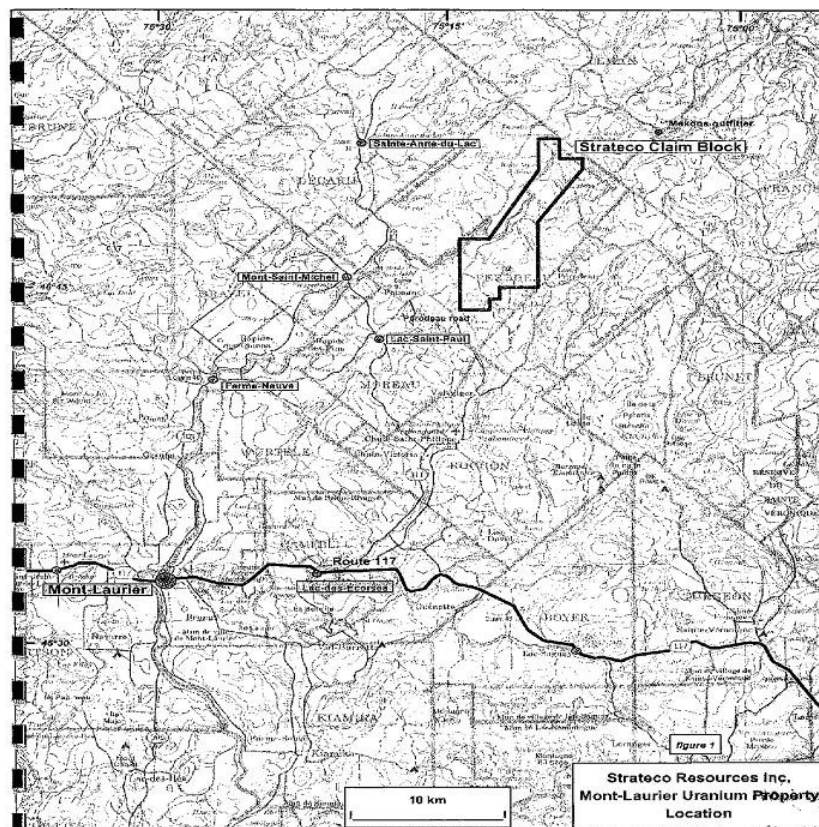
The Company incurred minimal exploration work on the Apple property in the years 2009 and 2010.

5.4.9 MONT-LAURIER URANIUM PROPERTY

a) Location and Access

The MONT-LAURIER URANIUM PROPERTY is located in Pérodeau Township, 40 kilometres northeast of Mont-Laurier, Québec in Canada. The property is easily accessible by paved road from Mont-Laurier.

Please see **Figure 2** for the regional map indicating the location of the MONT-LAURIER URANIUM PROPERTY and the following **Figure 5** for the location of the Company's claims on this property.



b) Mining Claims

The property consists of 80 claims that cover an area of 4,710.35 hectares. The Company owns a 100% interest in the property, acquired at the end of March 2005.

c) Uranium Potential

The ground acquired lies within the Cabonga-Mont-Laurier radioactive district of the Grenville geological province. Intensive exploration work was conducted in the area from 1969 to 1981, after Canadian Johns-Manville discovered uranium mineralization in 1967.

The Company's property covers ground previously held by Mont-Laurier Uranium Mines in the 1970s. The claims block straddles the crest of a northeast-trending anticline and covers the high-potential southern extension of the Tom Dick uranium zones.

The uranium occurs mainly as disseminated uraninite in metamorphosed white pegmatites, as well as in biotite gneiss and impure biotite feldspath quartzites. The paragneiss covers Archean granite gneiss exposed mainly in the eroded windows along the crest of the major northeast-trending anticlinal folds.

Two white pegmatite uranium zones have been identified in the centre-south portion of the ground held by the Company, previously known as the Lac Hanson claims. The largest zone, which is six metres thick and dips 20° to the northwest, has been traced over a distance of 365 metres to the northeast by trenching. The central portion of the Company's property, on the same axis between the Lac Hanson and the Tom Dick zones, remains virtually unexplored due to the fluvio-glacial overburden.

d) Exploration Work

The Company initiated exploration work on the MONT-LAURIER URANIUM PROPERTY in the summer and fall of 2006.

First, in mid-June 2006, a helicopter-borne geophysical survey was done over the entire property. The radiometry, Mag and VLF survey was flown along lines spaced at 100 metres, totalling 885 line-kilometres. Various anomalous zones were identified.

The radiometry anomalies, particularly the uranium anomalies, are primarily concentrated along a 200- to 1,000-metre wide, northeast striking band that crosses the entire property. This band of anomalies covers a distance of over 14 kilometres. The two most strongly-anomalous areas are in the north and south of the property.

Following this survey, prospecting was carried out on the most promising areas. This work primarily consisted of scintillometry prospecting over approximately 26 line-kilometres, blasting and collection of 73 samples in the Tom Dick area. Some 11.2 kilometres of line-cutting was done in the Lac Hanson area.

This exploration work resulted in the identification of zones of high radioactivity (many times the background level) in the Tom Dick South, Hanson West and Hanson Centre areas. Occasional readings of over 10,000 cps were seen.

Local outcrop spectrometry measurements (GR-135 spectrometer) confirmed the presence of uranium in association with the target helicopter-borne anomalies. For instance, on an outcrop containing white pegmatite on Tom Dick South, the unit recognized as the host of uranium mineralization showed readings of 1,800 to 2,500 cps. Readings of 2,000 to 10,250 cps were recorded at sites on Hanson West, and 4,800 cps on Hanson Centre.

In 2007, the exploration program on the property consisted essentially of drilling.

From January to March 2007, a 2,614 metres - 32-holes drilling program was completed on Area A, B and C. This is the first program carried by the Company since the staking of the property in 2005 and since the work done by Mont-Laurier Uranium Mines in 1971 and SOQUEM in 1973.

In Area A (Lake Hanson West) the 2007 drilling was aimed at testing this zone on a 100-metre spacing drill grid over 1,000 metres of strike. A series of 28 mostly vertical holes (2,274 metres) were drilled to an average depth of about 81 metres. The key white pegmatite units alternating with granitic gneiss were intersected as expected but the dissemination of uranium-bearing minerals seems greater than expected. Decimetric to metric assayed intervals returned values below 0.05 % U₃O₈.

In Area B between Hanson West and Tom Dick South, only one hole was drilled and abandoned at 54 metres. Water and logistic problems were encountered.

For the Area C (Tom Dick South) three drill holes totalling 285 metres were completed. Only minor intersections of decimetric width with grades below 0.02% U₃O₈ were obtained.

Even with the mixed results of the 2007 drilling program, the property still shows various exploration targets but the Company incurred minimal exploration work on this property in 2008, 2009 and 2010 and claims have been renewed. The Company decided to write off this property in the financial statements as of December 31, 2008.

5.4.10 QUÉNONISCA PROPERTY – ZN, PB, CU, AG

The QUÉNONISCA PROPERTY consists of 33 claims for a total area of 1,799 hectares. It lies 180 kilometres northwest of Chibougamau, Québec, Canada.

On February 26, 1996, Altavista Mines Inc. (“Altavista”) obtained an exclusive, irrevocable option from SOQUEM to acquire a 50% undivided interest in the Quénonisca property as consideration for exploration work to be carried out under SOQUEM’s direction for a total of \$75,000, plus an undertaking by Altavista to subsequently finance a minimum of \$127,500 in exploration work by February 28, 1997. In 1997, stripping and drilling were carried out on the property. In 1998, three sulphide occurrences in stockworks were discovered on the Montagnes-Nord grid by SOQUEM.

Drill Hole	Localisation (m)		Length (m)	Results
	From:	To:		
1187-97-01	116.6	118.1	1.5	0.12% Zn
	136.1	137.6	1.5	0.16% Zn
1187-97-02	110.5	111.1	0.6	0.15% Zn, 0.16 g/t Ag
	113.5	114.4	0.9	0.28% Zn, 2.4 g/t Ag
	120.4	124.9	4.5	0.20% Zn, 1.2 g/t Ag
1187-97-03	37.5	38.7	1.2	0.25% Zn, 1.9 g/t Ag
	65.1	72.3	7.2	0.18% Zn, 2.6 g/t Ag
	including			
	68.1	69.6	1.5	0.26% Zn, 3.5 g/t Ag, 0.12% Cu
1187-97-04	96.3	98.8	2.5	0.34% Zn, 6.0 g/t Ag, 0.17% Pb
	102.4	103.5	1.1	0.32% Zn, 5.9 g/t Ag, 0.57% Pb
	112.0	113.5	1.5	0.21% Zn, 3.0 g/t Ag, 0.13% Pb
	120.8	123.8	3.0	0.19% Zn, 2.3 g/t Ag, 0.12% Pb
1187-97-05	79.4	83.2	3.8	1.08% Zn, 7.5 g/t Ag, 0.44% Pb
including	81.0	81.9	0.9	2.00% Zn, 7.0 g/t Ag, 0.53% Pb
1187-97-06	No significant value			
1187-97-07	60.9	61.5	0.6	6.58 g/t Au
1187-97-08	22.1	22.8	0.7	0.48 g/t Au

In 1999, SOQUEM carried out a linear 19.6 line-kilometre magnetometer and Max-Min survey on the Montagnes-Nord grid. Various conductors were detected by this survey.

In the fall of 2000, SOQUEM conducted a 1,050-metre, eight-hole drilling program in order to test the best conductors detected in 1999. Numerous sections of mineralized cherts were intersected. Several lenses of pyrrhotite-rich massive sulphides were identified. The Company contributed 50% of the total \$201,173 program cost for 2000.

No significant work was carried out on the QUÉNONISCA PROPERTY since 2001. In 2008, the mining claims have been renewed but no exploration work was made on this property.

5.4.12 Quality Assurance and Control Procedures

Ensuring proper quality measurements in all aspects of the exploration phase is a priority for Strateco Resources Inc. (the “Company”). The Company continuously reviews data quality and routinely reviews and enhances its methods of monitoring quality. The Company is committed to proper data gathering and management. External reviews of quality assurance and quality control methods by outside experts such as Scott Wilson Roscoe Postle Associates Inc. (“Scott Wilson RPA”) have enabled the Company to continuously enhance its procedures. Quality Assurance and Quality Control (“QA/QC”) are notably critical in two aspects of the mineral resource assessment phase: geochemical sampling (assays) and radiometric readings (probing). This **Note 1** to the annual report is intended to comprehensively review methods applied to both aspects.

Geochemical Sampling

The sampling program at Matoush Project, including all aspects of Quality Assurance and Quality Control, is supervised by the Company’s Chief Geologist, Jonathan Lafontaine, P.Geo., who is a Qualified Person as defined under NI 43-101.

Sample Preparation

Drill core is accurately measured, descriptively logged, and samples picked based on lithology, alteration, and radiometric data carefully measured with a hand-held spectrometer (GR-135 from SAIC). The Company samples all fault zone intersections. Individual sample lengths vary between 0.5 m to 1.0 m but are subject to variations if the geologist deems this absolutely necessary to ensure proper and comprehensive sampling. Barren samples typically 1.0 m in length are taken to close off the intersections. Core length intersections do not represent true width and are corrected when mineral resources are assessed. It is not the Company’s policy to estimate true widths until three-dimensional continuity of the intercepts is definitively established.

Sampling and Shipment

Three-part sample tags are used to track the samples. The first tag is stapled in the core box with a numerically corresponding aluminum “dymo” tag. The second tag is inserted into a clear plastic bag identified with the identical number inscribed on the bag. The third is archived in the field office located on the Matoush Property. Core is split using a hand or hydraulic splitter according to sample intervals marked on the core with one half preserved in the box and the other inserted into the sealed plastic bag. The sample bags are then placed in large plastic or metal pails of 5 gallons and sealed for shipping. Pails of samples are shipped by helicopter or float plane to the Temiscamie float plane base, trucked to Chibougamau where they are sent by courier to the Saskatchewan Research Council (SRC) in Saskatoon, SK.

Saskatchewan Research Council (SRC) Analytical Procedure

The Geo-analytical Laboratories at SRC are a high quality analytical service facility with a stringent Quality Assurance (QA) program dedicated to actively seeking to evaluate and continually improve the internal quality management system. The laboratory is accredited by the Standards Council of Canada as an ISO/IEC 17025 laboratory for Mineral Analysis Testing and is licensed by the Canadian Nuclear Safety Commission (CNSC) for possession, transfer, import, export, use and storage of designated nuclear substances by CNSC Licence Number 01784-1-09.3.

On arrival at SRC, samples are sorted into lots according to radioactivity level and samples are prepared in order from least to most radioactive. SRC inserts, at the minimum, a blank sample, a duplicate from the batch and a Quality Control (QC) standard of its own with each sample batch.

Sample processing includes the following steps:

1. Samples are dried and jaw crushed to 60% passing -2 mm.
2. A 100 g to 200 g subsample is split using a riffler.
3. A ring and puck grinding mill pulverizes the subsample to 90% passing 106 microns. The mills are cleaned between samples using steel wool and compressed air.
4. Uranium content is measured by inductively coupled plasma ICP 4-3 (near total tri-acid digestion using fluoric, nitric and perchloric acids followed by a dilute nitric acid bath), ICP 4-3R (partial aqua-regia digestion); fluorimetry on partial digestion is also used if total digestion of U_3O_8 is less than 100 PPM.
5. Samples done by ICP 4-3 also have the full package of trace elements run. Samples with greater than 1,000 ppm U_3O_8 are also subjected to an aqua regia digestion before determination of U_3O_8 wt% also by ICP and samples are also fire assayed for precious metals (Au, Pt, Pd).

QA/QC Methods

SRC QA Protocols

Upon receipt, batches of data are checked in order to determine that the batches of data comply with SRC own analytical protocols; the repeats and standards inserted by the SRC into the batches of samples are also verified.

Quarter-Split Drill Core Duplicates

Drill core duplicates assess: the variability introduced by selecting one half of the drill core versus the other, the sample numbering mistakes, and the nugget effect. Samples to be duplicated are randomly selected by the sampling technician with rough guidelines given by the geologist. A quarter-split duplicate is separately inserted every 14 samples by the Company's sample technician. Once the sample to be duplicated is selected, the sample bag is re-opened; split core is pulled out and quartered into separate bags. Duplicates are inserted randomly into the sample number sequence. A thorough program is underway to clearly determine natural heterogeneity but pairs are considered acceptably identical if they are within 10%. The Company is currently standardizing sample batches to ensure that approximately 5% of all samples in a batch correspond to quarter split duplicates.

Blanks

The regular submission of blank material is used to assess contamination during sample preparation and to identify sample numbering mistakes. Blanks are selected by the sampling technician under the guidance of the geologist. Blanks correspond to clean, non-radioactive, 1 m-long, fine-grained silicified sandstone samples. A blank is separately inserted every 14 samples by the Company's sample technician. SRC's system of sorting samples in ascending order of radioactivity helps eliminate significant contamination from preceding samples but also nullifies the use of blanks as contaminant assessment mechanisms. Nonetheless, submission of blanks inserted into the sampling sequence is used to assess sample numbering mistakes. The Company is currently reviewing the threshold for allowable trace uranium to be detected but blanks are considered acceptable if they contain less than 50 PPM. The Company is currently standardizing sample batches to ensure that approximately 3% of all samples in a batch are blanks.

Certified Reference Materials (CRM)

Results from the regular submission of certified reference materials (CRM) are used to identify problems with specific sample batches and long-term biases associated with the regular assay lab (SRC). It is important that the uranium grade of the CRM be representative of the grade range of the resource assays. CRM are sampled with a small baggie and placed in a standard sample bag which is identified and inserted into the sample number sequence. The Company considers that failure occurs when assays from two consecutive CRM are greater than +/- two standard deviations or if the assays from a single CRM are greater than +/- three standard deviations from the expected value. The Company is currently standardizing sample batches to ensure approximately 2% of all samples in a batch are CRM and at least one CRM is inserted into the sample batch.

Future QA/QC methods

The Company is committed to continuously improving QA/QC procedures. As such, the Company is currently reviewing potential analytical procedures to implement assessment of laboratory bias by sending out pulps to a second independent laboratory and re-analysis of coarse pulp duplicates. Although intermittent studies of this type have been completed to satisfaction, a routine has yet to be established.

Radiometric Assays (probing)

All completed drill holes are probed from collar to the end of hole by a geo-technician of the Company after allowing adequate time for washing to remove smear and ensuring proper radon diffusion to ambient background levels. The Company currently uses a Mount Sopris 2GHF triple gamma downhole probing tool which uses a combination of two Geiger-Müller detectors and a sodium iodide detector incorporated into one tool allowing accurate measurements of a variety of uranium mineralization types (from background levels to high grades). Data is collected every 5 cm going up hole.

These data are compared with geochemical grades once sample results are returned from the SRC. Natural variations on the order of 5% - 10% differences in grade x thickness (GT) do occur, though variations are typically less than 5%. Cable stretch and slip are of particular concern and can be as high as approximately 1% (meaning one centimetre of slip and stretch going up hole per metre of coiled cable). Although this value is negligible for drill holes of less than 100 m, it can be significant for the Matoush Project where drill holes usually exceed 300 m and can go as deep as 800 m or more. Stretch and slip of the cable during uphole readings are assumed to be due to cable twisting-untwisting or slip of the pulley that measures cable length. Usually, downhole gamma readings appear higher up in the log than radioactive peaks as measured on drill core. To compensate for this effect, depths are multiplied by 1.01.

Grade X Thickness (GT) Estimates

All calculations for the grade x thickness (GT) estimates are based on instrument readings inside a water-filled drill rod string. Raw counts per second (CPS) data are compensated for the dampening effects of steel rods and water. For the 2GHF triple gamma tool, once a simple correction is applied to compensate for the spatial distribution of the detectors in the instrument, the values are smoothed by a moving average covering 70 cm centred on the depth of the instrument measurement to remove spurious short narrow peaks which are not considered representative. The results are triaged based on the ideal range of detection

for both types of detectors. The sodium iodide detector readings are retained if they are below 6,000 CPS (i.e., low grades), and the sum of the Geiger-Müller detectors above this cut-off.

An in-house Excel macro uses a high order polynomial (3rd order for sodium iodide detectors, 2nd order for Geiger-Müller detectors) to assign grade to CPS value on a sample per sample basis. This polynomial is determined through controlled experiments using an on-site calibration drill hole from which known assay results are taken. Thus, a known grade over a known thickness is assigned a CPS value for both detectors for a variety of grades typically encountered on the property. The calibrated polynomial curve is acceptable up to the maximum grade encountered on the calibration curve. When this maximum CPS is exceeded in a drill hole, the calibrated polynomial is no longer applicable over this value and a procedure is in place to re-compute a more accurate polynomial once accepted assay data have been recovered. Finally, the macro will attempt to estimate U_3O_8 content (eU_3O_8) over a minimal length

that the Company has determined to be geo-physically reliable as per suggested by Mount Sopris information (70 cm). GT estimates are then un-convoluted to length and grade.

QA/QC Methods

Once data are imported into the database, the down-hole probing data are visually compared with logged radiometric readings on drill core. Discrepancies in results are immediately investigated and corrected. Although the data sources and reporting methods are significantly different, it is visually checked to ascertain the concordance of peak spacing and general width of mineralized zones. Radiometric data on drill core is gathered by removing each piece of drill core from the ambient background, noting the most pertinent reproducible result, and carefully returning it to its correct place in the core box.

Prior to and after each probed drill hole, the geophysical instrument is tested with a calibration sleeve composed of several Am241 point sources distributed evenly within a steel sleeve slid onto the NaI detector. The Company considers the calibration test acceptable if 95% of measurements fall within 2 standard deviations of the average value.

Furthermore, a water-filled and cased calibration drill hole is probed once per 3-weeks to ensure minimal but measured instrument drift (if any).

Finally, a highly-regarded outside independent specialist in the field of nuclear log analysis, Dr. Robert D. Wilson, reviewed and audited the probing procedures and methods used by the Company. Dr. Wilson concluded that the procedural methods are valid, and protocols are adequate for the remote environment in which the instruments are used.

All reported samples are split with hydraulic splitter by dedicated personnel. Samples are individually bagged and tagged and shipped as per transportation protocols. Blanks, duplicates, and standards are randomly inserted in the sample shipment within the sample number sequence.

Analytical results are received and imported into our data base. Laboratory replicates and laboratory standards are checked. Internal duplicates, blanks and standards are checked. Analytical drift from expect results triggers re-analysis.

Results are also compared with estimated GT values from in-situ downhole probing, and with CPS values logged during initial core logging procedures.

Reference to eU_3O_8 means the following:

The "e" in eU_3O_8 represents the estimated or equivalent value of U_3O_8 as determined by downhole geophysical probing. The "e" indicates that the value is not obtained by drill core assays, but rather by converting gamma radiation measured *in situ* in the drill hole into U_3O_8 values by assuming that all gamma radiation can be directly attributed to the quantity of uranium present in the rock. The Company can clearly show that all our mineralized intersections typically have a negligible quantity of radioactivity related to thorium or potassium that would skew this analysis. Furthermore, after isotopic analysis, the Company can safely say that, like most other deposits older than 0.35 million years, the uranium is in equilibrium (i.e. daughter elements are produced and disintegrated at a steady state, correlated to the quantity of uranium).

This method of distinguishing analytical assay values from geophysical measurements is common in the industry. Although the Company may indicate that reported U_3O_8 values are estimated from gamma probe readings, it is best to use eU_3O_8 for clarity, if applicable, as per the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines cited here: Equivalent Assay: *"Determination of uranium content by radiometric methods. The validity of Equivalent Assays must be demonstrated with chemical assay determination. Where employed, equivalent uranium determination should be reported and appropriately illustrated in the database (e.g. eU_3O_8)"*. Excerpt: <http://www.cim.org/committees/estimation2003.pdf> at page 50 of 55.

Explanation for U_3O_8 and eU_3O_8 comparison:

Assays are considered by the Company to be the “reliable” value. However, down-hole readings are used *in lieu* of assay data if these data are not available due to missing core or lengthy turn around time by analytical procedures. Comparing the down-hole gamma log data against the assay results is best made on a GT basis for several reasons. First and most obviously, sampled media is different.

Assays represent a measured quantity of uranium, whereas uranium values obtained from the in situ probing represent the radioactive signature of a football-shaped volume incorporating fluids, rod casing and wall rock. Furthermore, the natural heterogeneity of the mineralization may also lead to variation in the estimated grades. It is also important to note that the probe is not centered in the drill rod string but is gravity-held in the trough (bottom) of the rod string as it is descended and raised and thus does not evenly read the mineralization in the wall rock. Variation of sample length is yet another reason for comparing GT values. Finally, because the end product of the down-hole probing estimate is the GT value (which is later un-convoluted to length and grade), it is simply more advisable to compare the “source” of the data, the GT, rather than the actual grade and lengths.

ITEM 6: DIVIDENDS OR DISTRIBUTIONS

6.1 Dividends or Distributions

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

The Company does not anticipate as of March 15, 2011, the payment of dividends in the foreseeable future. At present, the Company’s policy is to retain earnings, if any, to finance exploration on its properties. The payment of dividends in the future will depend upon, among other factors, of the Company’s earnings, capital requirements and operating financial conditions.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

7.1 General Description of Capital Structure

The Company is authorized to issue an unlimited number of common shares without par value.

The Company has a stock option plan for its officers, directors, key employees, consultants and suppliers’ employees. The board of directors sets the conditions for acquiring the common stock options according to quantity and exercise price, for a maximum term of five years. 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 value 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. At December 31, 2010, the number of common shares reserved for common stock option grants was 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 capital stock.

As at December 31, 2009, the Company had shares 139,848,206 (121,806,432 at December 31, 2009) and 5,030,500 stock options issued and outstanding, of which 4,770,829 were exercisable at prices from \$1.00 to \$3.37 each, with expiry dates ranging from February 4, 2012 to September 14, 2014. In fiscal year 2010, the Company granted 1,302,200 (1,077,500 in 2009) stock options to officers, directors, consultants and employees of the Company’s suppliers. These options have an exercise price of \$1.00 per share for a five-year period.

As at December 31, 2010, the Company had 14,809,025 warrants outstanding. See the details concerning exercise prices and expiry dates in Section **8.2, Prior Placements**.

As it appears at the following table, as at March 15, 2011, the Company had 140,023,206 common shares issued and outstanding, 14,809,025 warrants outstanding. The Company has also reserved on the TSX for eventual conversion of 14,905 Notes a total of 15,689,474 common shares.

OUTSTANDING OR RESERVED SHARE DATA

	On March 21, 2011
	Number
Common shares outstanding	140,023,206
Reserved shares for eventual exercise of outstanding Stock options	4,855,500
Reserved shares for eventual exercise of outstanding Warrants	14,809,025
Reserved shares for eventual conversion of outstanding Notes	15,689,474
Outstanding or reserved common shares- diluted	175,377,205

ITEM8: MARKET FOR SECURITIES

8.1 Historical Price and volume trading

The Company's securities were traded in Canada as Strateco Resources Inc. ("RSC") on the Bourse de Montréal Inc. from November 7, 2000 to September 30, 2001, on Canadian Venture Exchange (CDNX) from October 1, 2001 to May 15, 2002 and on TSX Venture Exchange, from May 15, 2002 to June 5, 2007. The Company graduated to the Toronto Stock Exchange on June 6, 2007.

The following table indicates monthly prior sales of the Company's common shares for the last fiscal year up to March 15, 2011 on the Toronto Stock Exchange.

2010	High \$	Low \$	Volume
January	1.030	0.800	8 056 444
February	0.850	0.720	8 712 440
March	0.800	0.660	10 233 993
April	0.750	0.680	2 268 264
May	0.730	0.550	9 327 365
June	0.660	0.550	1 963 515
July	0.660	0.465	5 843 294
August	0.600	0.495	2 660 884
September	0.590	0.390	5 087 877
October	0.740	0.530	20 002 056
November	0.930	0.570	31 868 619
December	1.010	0.820	8 320 661
2011	High \$	Low \$	Volume
January 1 to January 31, 2011	1.220	0.840	9 075 613
February 1 to February 28, 2011	1.340	0.900	9 323 835
March 1, to March 15, 2011	1.090	0.500	9 378 733

On March 15, 2011, the closing bid price of the Common Shares on the TSX was \$0.59 per share. The Company is not listed for trading on any securities exchange in the United States, and there has been no active market in the United States for the Common Shares except for over the counter quotations by Pink Sheets. Such over the counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions and have not been taken into consideration in the preceding table.

Price Fluctuations, Share Price Volatility

Securities markets in Canada have experienced a high level of price and volume volatility in recent years, with many resource companies experiencing wide price fluctuations not necessarily related to operating performance or underlying asset values of such companies. The Company's shares traded between \$0.39 and \$1.03 during the year 2010 and between \$0.50 and \$1.34 between January 1, 2011 to March 15, 2011.. No assurance can be made that the Company's share price and volume will not continue to fluctuate materially.

8.2 Prior Placements

a). Private Placement dated January 27, 2010 ⁽²⁾

	Securities Sold					Price	Consideration
Date	Units	Common shares included in the Units	Warrants included in the Units	Expiry Date of Warrants	Exercise price of Warrants	Price per Unit	Total:
2010/01/27	100,000	100,000	50,000	2013/01/27	\$1.00 – 0 to 24 months \$1.05 – 24 to 36 months	\$0.95 per Unit	\$95,000

Date	Convertible Notes	Subscription price	Maturity Date	Conversion of Notes	Warrants accompanying the Notes	Expiry date of warrants	Exercise price
2010/01/27	14,905	\$14,905,000	2015/02/27	1,053 common shares per Note Total: 15,689,474 common shares	7,844,737	2013/01/27	\$1.00 – 0 to 24 months \$1.05 – 24 to 36 months

	Securities Sold					Price	Consideration
Date	Transaction Fee Units	Common shares included in the Units	Warrants included in the Units	Expiry Date of Warrants	Exercise price of Warrants	Price per Unit	5% of gross proceeds in Transaction Fee Units
2010/01/27	789,474	789,474	394,737	2013/01/27	\$1.00 – 0 to 24 months \$1.05 – 24 to 36 months	\$0.95	\$750,000

b) Subscribers

As reported in Section on Financing and in the table above, the Company concluded in Canada a non-brokered private placement for a financing of \$15,000,000 (“Private Placement”). Sentient Executive GP III Limited subscribed on behalf of two funds (“Sentient”) is an independent society managing funds having investments totalling more than US\$1.3G in natural resources sector.

c) Counterpart

The Company issued in this Private Placement a total of 100,000 Units at the price of \$0.95 per Unit for a total subscription price of \$95,000. Each Unit is comprised of one common share and half of one share purchase warrant for a total of 50,000 warrants related to the Units. Each warrant (Warrant) gives the right to

its holder to acquire a common share of the Company for a period of three years at the exercise price of \$1.00 per share for the first 24 months and at the price of \$1.05 per share for the next twelve months.

In this Private Placement, the Company also issued a total of 14,905 unsecured convertible Notes. Each Note is subscribed at a \$1,000 principal amount for a total subscription price at Closing in the amount of \$14,905,000. Each tranche of \$1,000 in Notes is accompanied by 527 Warrants for a total of 7,844,737 Warrants related to Notes. Each Warrant related to Notes gives the right to its holder to acquire a common share of the Company for a period of three years at the exercise price of \$1.00 per share for the first 24 months and at the exercise price of \$1.05 per share for the next twelve months.

The Notes do not bear interest and will mature five years plus one month after Closing, on February 27, 2015. At the option of Sentient, any time during this period, the Notes may be repaid by the Company by conversion of the Notes into common shares, at a conversion price of \$0.95 per share and at the rate of 1,053 common shares per \$1,000 principal amount of Notes for a total of 15,689,474 common shares.

The Company has agreed to pay, to Sentient, transaction fees equal to 5% of the gross proceeds of the Private Placement. These transaction fees in the total amount of \$750,000 will be paid in the corresponding number of Units for a total of 789,474 Transaction Fee Units representing a total 789,474 common shares and 394,737 Warrants. Transaction Fee Units are issued upon the same terms and conditions as the other Units in the Private Placement.

The Company used the net proceeds of the transaction to finance exploration work, mainly for the acquisition of materials and infrastructure for its Matoush uranium project located in the Otish Mountains in the Province of Québec, Canada.

The Company negotiated this transaction at arm's length with Sentient. However, following the Closing, Sentient would be deemed to be a new insider of the Company in assuming that it could hold directly and indirectly upon conversion of the Notes and upon exercise of Warrants, an interest of 24,868,422 common shares, or 16.48% of the total issued and outstanding common shares of the Company.

(d) Exemption from Registration

For the private placement closed on January 27, 2010, no form of general solicitation or general advertising, as such term is defined under the U.S. Securities Act (including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or any seminar or meeting whose attendees had been invited by general solicitation or general advertising), was used by the Company or, to the best of its knowledge, any other person acting on behalf of the Company on, in respect of or in connection with the offer and sale of the common shares, in the United States or elsewhere or to citizens or residents of the United States or elsewhere.

The transactions were exempt from the registration requirements of the U.S. Securities Act and all other applicable securities laws, including Canadian securities laws pursuant to section 2.10 (2) of Canadian National Instrument 45-106 entitled: *Regulation 45-106 respecting prospectus and registration exemptions* ("NI 45-106") for both subscribers.

e) Other private placements during the fiscal year

Date of Placement	Number of issued securities	Subscription or exercise price	Counterpart or Gross proceeds of Placements
September 15, 2010	300,000 warrants	\$1.00 per share for 18 months	Secured loan of \$2.5M at the annual rate of 8% that has been reimbursed on October 8, 2010
October 27, 2010	50,000 common shares	Price established on the average trading price of common shares 10 days prior to issuance	Option Agreement to acquire an undivided interest of 60% in Pacific Bay-Matoush Property
November 26, 2010	500,000 warrants	\$1.05 per common share for 24 months	Secured loan of \$4M at an annual rate of 9%.

The Company issued the following securities in a brokered private placement on a bought-deal basis that closed on December 23, 2010:

Date of Placement December 23, 2010	Number of Units	Common shares	Warrants	Gross proceeds \$
Common shares	6,024,100	6,024,100	3,012,050	5,000,003
Additional options	3,615,000	3,615,000	1,807,500	3,000,450
Flow-through shares	N/A	5,263,200	N/A	5,000,040
Total	9,639,100	14,902,300	4,819,550	13,000,493

The Company issued the following securities to Sentient in a non-brokered private placement that closed on December 23, 2010.

December 23, 2010	Number of Units	Common shares	Warrants	Gross proceeds \$
Total:	1,800,000	1,800,000	900,000	1,494,000

ITEM 9: ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTIONS

9.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

The Company has no escrowed securities or securities subject to contractual restriction or transfer other than the one required by regulation on moveable securities of a restriction on trading in Canada for a four-month hold period following closing date of placement described in details above in Section 8.2.

ITEM 10: DIRECTORS AND OFFICERS

10.1 Name, Occupation and Security Holding

Name and position in the Company	Principal occupation during the last five years	Common shares (“common shares”) and common share stock options (“stock options”) directly or indirectly held (“ I”) by directors and executive officers
GUY HEBERT (3) (5) Québec, Canada President and Chief Executive Officer and Director since 2000	<ul style="list-style-type: none"> - President Strateco Resources Inc ., (2000 to date); - President BBH Géo-Management Inc ., (1992 to date); - President of Cadiscor Resources Inc ., (2006 to 2006) 	523,000 common shares; 5,470,614 common shares (I); 550,000 stock options;
JEAN-PIERRE LACHANCE Québec, Canada Executive & Exploration Vice President and Director since 2000	<ul style="list-style-type: none"> - Vice President Executive & Exploration Strateco Resources Inc ., (2000 to date); - Vice President BBH Géo-Management Inc ., (2004 to date); - Vice President Cadiscor Resources Inc ., (2006 to 2006). 	278,600 common shares; 450,000 stock options;
ROBERT DESJARDINS Québec, Canada Director since 2001 and member of the Audit Committee	<ul style="list-style-type: none"> - President of Robert G. Desjardins & Associés Inc ., (1989 to date). 	100,000 common shares; 300,000 stock options
JEAN-GUY MASSE Montréal, Québec, Canada Director since 2000 and member of the Audit Committee	<ul style="list-style-type: none"> - President of Management of des Northern Metal Precious Funds Inc ., (2003 to date); - President of Masvil Capital Inc. (1992 to date) 	93,000 common shares; 300,000 stock options
HENRI LANCTÔT Québec, Canada Director since 2007	<ul style="list-style-type: none"> - Associate of Gowling Lafleur Henderson LLP (2000 to 2010); - Lawyer in retirement (2010 to date). 	50,375 common shares; 300,000 stock options
MARCEL BERGERON Mont-Royal, Québec, Canada Director since 2007 and member of the Audit Committee	<ul style="list-style-type: none"> - Associé de Petrie Raymond LLP Chartered Accountants. (1990 to 2006); - General Director of Devimco Inc . (2006 to 2009). 	27,000 common shares; 300,000 stock options.
ROBERT MARCHAND Québec, Canada Director since 2010	<ul style="list-style-type: none"> - Vice President, Mining Engineering, G Mining Services Inc. (2010 to date); - Investment Manager, The Sentient Group (2009 to 2010). - Vice President, Operations, MinQuest Capital Inc . (2007 to 2009). - General Manager, Business Development, Cambior Inc . / IAMGOLD (2005 – 2007). - Manager, Mining Engineering, Cambior Inc . (1990 to 2005) 	nil
PAUL-HENRI COUTURE Québec, Canada Director since January 2011	<ul style="list-style-type: none"> - Investment Manager for Caisse of dépôt et de placement (1989 to 2009); - President, The Sentient Group Management Funds (2009 to date). 	nil
PAUL EINARSON Québec, Canada Vice President of Finances since April 2010 and Chief of finances since May 2010	<ul style="list-style-type: none"> - Vice President Finances Strateco Resources Inc .(2010 to date); - Independent Consultant (2009 to 2010); - Chief of Finances Diagem Inc. (2006 to 2009). 	0 common share 300,000 stock options
PIERRE H. TERREAU Québec, Canada Vice President, Operations and Engineering since April 2008	<ul style="list-style-type: none"> - General Director of Mines Wesdome (2004 to 2007); - Mining Director and Chief of Project and Mines Opinaca (Goldcorp) (2007 à 2008); Vice President Operations and Engineering Strateco Resources Inc. (2008 to date). 	8,000 common shares; 450,000 stock options.

- a) The number of common shares held in direct or indirect property or on which the holder exercise a control are indicated in the preceding table as of March 15, 2011 and is based on information disclosed to the Company by the directors and executive officers individually. Unless indicated, the common shares are held directly.
- b) Mr. Hébert holds directly a total of 523,000 common shares and 550 stock options and indirectly and under his control, a total of 5,470,614 common shares though a company mentioned at Item 13 of which he is a president and sole director.
- c) The directors and executive officers hold together, directly and indirectly a total of 6,550,589 common shares, representing 4.67% of 140,023,206 outstanding common shares as of March 15, 2011.
- d) Marcel Bergeron, Jean-Guy Masse and Robert Desjardins are members of the Audit committee; Henri Lanctôt, Marcel Bergeron and Robert Marchand are members of the Compensation committee and governance and director appointment committee.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

- a) Messrs. Guy Hébert and Jean-Pierre Lachance were directors and officers of Lyon Lake Mines Ltd. (Lyon Lake). The *Autorité des Marchés Financiers* and the British Columbia Securities Commission issued two cease trading orders on the shares of Lyon Lake, the first from July to November 2000 and the second from May 2001 to February 2003. Lyon Lake ceased its activities on May 8, 2001. All the directors resigned, and Guy Hébert was named as Lyon Lake's agent. The shares of Lyon Lake were delisted from the TSX Venture Exchange on February 26, 2003.
- b) Mr. Paul Einarson was Chief of Finance of Diagem Inc. at the moment it was the subject to cease trading orders from the British Columbia, Ontario, Alberta, Manitoba and Quebec Securities Commission respectively, on November 6, 2008, November 18, 2008, February 19, 2009, February 6, 2009 and November 18, 2008.
- c) No Company's director or executive officer is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including your company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- d) No Company's director or executive officer has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder

10.3: Conflicts of Interests

Some of the Company's directors and executive officers may also hold office with other public companies or own material assets in other public companies and thus may find themselves in a conflict of interest when the time comes to negotiate or decide on the method or scope of agreements when such companies are involved in the same venture. Directors who are in conflict of interest withdraw from the meeting room where the board of director or committee meetings are held and do not participate in any capacity in the discussions leading up to the decision.

ITEM 11: PROMOTERS

11.1 Promoters

Mr. Guy Hébert, President and director of the Company can be considered as the promoter of the Company in consideration of his participation and managing of the business of the Company since its incorporation.

Mr. Hébert does not receive any salary or compensation for his services as Director and Chief Executive Officer directly from the Company but receives a salary from BBH and is entitled to receive Company stock options as an incentive.

ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

12.1: Legal Proceedings

There was no legal proceeding engaged against the Company during the financial year ended December 31, 2010.

12.2: Regulatory Actions

- a) There has been no penalty or sanction imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2010.
- b) There has been no other penalty or sanction imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and
- c) There has been no settlement agreement into which the Company entered before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2010.

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

13.1 Interest of Management and Others in Material Transactions

During the year, the Company conducted the following transactions with another company, BBH Géo-Management Inc. ("BBH") for which the Company's director and President, Guy Hébert, also serves as sole director and President. On August 1, 2008, the Company and BBH, a related company, signed an agreement under which BBH will provide the Company with the following services: office space, office and computer equipment, secretarial, management, accounting and legal, geological consulting, investor and regulatory relations and financing services. The agreement is valid for a three-year period ending on July 31, 2011, and provides for a fixed monthly charge of \$5,200 for office rent, office equipment and computers that will be reviewed each year on July 31. See under Related-Party Transactions in the Management Discussion & Analysis and Financial Statements for 2008, 2009 and 2010 filed on SEDAR at [.sedar.com](http://www.sedar.com) for more details concerning the transactions realized between BBH and the Company in the last three years.

The Company pursued a three-year service agreement with BBH. The agreement is dated August 1, 2008, and provides for BBH to manage the Company's exploration activities. BBH is a related party, as Guy Hébert, the president of BBH, is also the president and a director of the Company.

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

- Use of BBH's offices and equipment for a monthly charge of \$5,200;

- Management fees of 5% on all costs related to exploration and development programs and purchases related to the Matoush property;
- Management fees of 10% on all costs related to exploration and development programs on the other properties: Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties, and of 5% on all purchases related to exploration projects or option agreements on the Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties;
- Management, administration, accounting and legal services;
- Consulting services, including geology;
- Relations with shareholders and other services;
- Identification of sources of financing.

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

The Company concluded the following transactions with BBH:

	December 31, 2010	December 31, 2009	December 31, 2008
	\$	\$	\$
<i>Expenses capitalized in the statement of deferred expenditures</i>			
Consultants and subcontractors ⁽¹⁾	3,695,000	2,937,000	2,572,000
Management fees	848,378	632,000	1,381,000
General and administrative expenses in the statement of earnings and deficit			
Professional fees ⁽¹⁾	917,000	679,000	461,000
Investor relations		169,000	142,000
Rent	62,000	62,000	48,000
Share issue costs charged against capital stock	38,000	2,000	11,000
Management fees charged against property and equipment	328,841	12,000	128,000

⁽¹⁾ The increase in these expenses is primarily attributable to an increase in the number of consultants needed as the development of the Company advances.

In addition, a company controlled by the former chief financial officer and treasurer in function from June 9, 2009 until May 12, 2010 charged accounting fees of \$81,204 for the year ended December 31, 2010.

These transactions occurred in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ITEM 14: TRANSFER AGENT AND REGISTRAR

14.1 Transfer Agent and Registrar

Computershare of Canada, Securities Transfer Department of which the Montreal Office is located at 1500 University, Suite 700, Montreal, Québec H3A 3S8 is the transfer agent for the Company's securities and the persons

assigned to the account of the Company are: Mr. Jeff MacKean, M.I.F Director of Customer services for the common shares and Mrs. Fabienne Pinatel, director for the warrants transfer.

ITEM 15: MATERIAL CONTRACTS

15.1 Material Contracts

a) The Services Agreement between BBH Géo-Management inc. and Strateco Resources Inc. dated August, 1, 2008 which is still in force until July 31, 2011 has been filed with the Annual Information Form under Form 10-K for the exercise ended December 31, 2008;

b) The Intellectual property Office of Canada's notice of approval of the trademark for the Matoush logo dated November 30, 2010 is being filed as **Annex A**.

ITEM 16: INTERESTS OF EXPERTS

No expert who has written or certified a report, an evaluation, a statement or a notice described, included or mentioned in this Company's Annual Information Form pursuant to *Regulation 51-102* during the last fiscal year ended December 31, 2010 or related to this exercise nor any person whose profession or business gives authority to the report, valuation, statement or opinion made by the person hold Company's securities or has been granted Company's securities.

ITEM 17: ADDITIONAL INFORMATION

17.1 Additional Information

The Company discloses regularly additional information by filing of press releases and other reports on the websites of the Company at stratecoinc.com and SEDAR at sedar.com.

Furthermore, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Management Information Circular dated April 22, 2010 for the most recent Annual and Special Meeting of shareholders held on May 27, 2010 that involved the election of directors

Additional financial information is provided in your company's financial statements and MD&A for its most recently completed financial year.

17.2: Audit Committee Information

Constitution, Composition and Quorum

The Board of Directors of the Company has appointed an audit committee comprised of a minimum number of three directors, all of whom should be financially literate in accordance with the applicable laws, by-laws and policies with respect to securities including Multilateral Instrument 52-110. The majority of the members of the audit committee must be independent directors. Each member of the audit committee must, amongst other things, be able to read and understand financial statements. The majority of the members must be Canadian residents. A majority of the members of the committee constitute quorum. The audit committee has the authority to appoint a chairman and a vice chairman.

Powers and Authority

In the performance of its mandate, the committee has the right to examine the books, registers and accounts of the Company and its subsidiaries and to discuss such matters as well as any question concerning the financial situation of the Company or its subsidiaries with the officers and with the auditors of the Company and its subsidiaries.

The external auditor reports directly to the audit committee, and the committee has the power to communicate directly with the external auditor. The external auditor is present at all of the meetings of the committee where reports or financial statements that it has prepared or where public communications based upon these reports or financial statements are examined or approved by the committee. The external auditor can also be invited to other meetings. The chairman of the committee must convene a meeting of the audit committee if requested to do so by the external auditor. The audit committee meets privately with the external auditor, without management being present, at least once per year during the presentation of the annual financial statements and at any time upon request.

The committee has the right to require any employee of the Company to discuss any question concerning the Company's financial reporting and may and shall investigate any complaint or concern raised with regard to accounting, internal accounting controls or the audit.

If the audit committee deems it appropriate, it can retain legal counsel or other independent counsels to assist it in fulfilling its duties and responsibilities, and it has the power and authority to approve and ensure the payment of their fees and disbursements.

Delegation

The audit committee cannot delegate to management any of the responsibilities that are part of its mandate. However, the committee may delegate to one or more of its independent members the authority to pre-approve non-audit services, provided that the pre-approval is presented to the audit committee at its first scheduled meeting following such a pre-approval and all of the conditions of Multilateral Instrument 52-110 - Audit Committee and of the pre-approved audit committee approval policies are met.

Reports

The audit committee must report to the directors on or about its work, activities and decisions at the meeting of the Board of Directors following the meeting of the audit committee, providing information on all topics discussed, decisions taken, means used to study and examine the reports, statements and documents submitted, as well as the level of satisfaction of the members of the committee therewith, unresolved issues, disagreements and decisions taken.

Compensation

The Board of Directors determines the compensation to be received by the members of the audit committee for their services.

Audit Committee Mandate and Duties

1. The audit committee must recommend to the Board of Directors:
 - i) the external auditor to be appointed for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - ii) the compensation of the external auditor.
2. The audit committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The audit committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor.
4. The audit committee must review the Company's financial statements, management discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information.

5. The audit committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in subsection 4, and must periodically assess the adequacy of those procedures.
6. The audit committee must establish procedures for:
 - i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
7. The audit committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

3. Relevant Training and Experience

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee.

Jean-Guy Masse has been President of Northern Precious Metals Funds Inc. since 2003 and President of Masvil Capital Inc. since 1992. He was President of the Board of Metco Resources from 1999 to 2003, President of Orléans Resources Inc. from 1992 to 1998, and Executive Vice-President of Dundee Capital Inc. and President and Chief Executive Officer of CMP Fund Management Ltd. from 1984 to 1992. Mr. Masse is also a director of mining companies listed on the TSX Venture Exchange. Mr. Masse holds a B.S.C.A. from the École Polytechnique in Montreal and an M. Sc. from Stanford University, California, U.S.A. He has also been a member of the Montreal CFA Society since September 1975.

Robert Desjardins holds a bachelor's degree in Commerce from the École des Hautes Études Commerciales (HEC Montréal) and is a member of the *Corporation des administrateurs agréés du Québec*. He has been President of Robert G. Desjardins & Associates Inc., a firm specializing in corporate finance and the development of financial products, since 1989.

Marcel Bergeron earned a bachelor's degree in accounting science from *Université du Québec à Montréal* (UQÀM) in 1981, and has been a member of the *Ordre des Comptables en Management Accrédités du Québec* since June 1981 and of the *Ordre des Comptables Agréés du Québec* since December 1983. He was a partner at PETRIE RAYMOND, LLP, Chartered Accountants, the Company's auditors, from July 1990 to June 2006, when he became up until 2009 the general manager of Devimco Inc., a real estate management company. He is the Finance Vice-President of Northern Precious Metals Management Fund Inc. He is also a Director of Matamec Explorations Inc. and Jourdan Resources Inc. Mr. Bergeron is the CFO of the corporation Nevado Risk Capital Inc.

4. Use of Exemptions

Since the beginning of the last fiscal year ended December 31, 2010, the Company did not claim any exemption or provisions pursuant to articles 2.4, 3.2, 3.4, 3.5, 3.6 or 3.8 as well as paragraph 2 of article 3.3. or any exemption granted by l'Autorité des marchés financiers pursuant to Part 8 of Regulation 52-110.

5. Audit Committee's Pre-Approval Policies and Procedures

The Company engages the accountant, to render audit services, once the Company's audit committee has approved the engagement.

With respect to the provision of services other than audit, review or attest services, the pre-approval by the Audit committee is waived if the aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the Company to its accountant during the fiscal year in which the services are

provided. Such services are promptly brought to the attention of the Company's Audit committee and approved prior to the completion of the audit by the Audit committee or by one or more members of the Audit committee who are members of the Board of directors to whom authority to grant such approval has been delegated by the Audit committee.

6. Auditors' Fees and Services

a) Audit Fees

The Company changed of auditors at the date of the Annual and Special Meeting of Shareholders or on May 27, 2010 and the Board of Directors received the mandate to fix the Auditors' fees.

In the last two fiscal years, two firms of accountants rendered to the Company professional services for the total estimated amount of \$161,672 for auditing of annual financial statements including those required for Form 10-K for the fiscal years ended December 31, 2009 and without the financial statements required by Form 10-K for the fiscal year ended December 31, 2010. Furthermore, the Company valued the professional services of these firms for the review of quarterly interim financial statements reports for the fiscal years ended December 31, 2009 and 2010 at a total amount of \$64,900. The Company valued at a total of \$42,000 the other services that are normally provided by the accountants in connection with statutory and regulatory filings for these periods ("reports").

Services provided by the principal accountant PETRIE RAYMOND, LLP, Chartered Accountants, for the year, ending December 31, 2009 concerning the quarterly filings of March, June and September 2009 amounted to fees of \$25,400 and the fees to be paid for the annual reports including Form 10-K amounted to \$63,172. For the year ending December 31, 2010, the Company paid fees in the amount of \$39,500 for the quarterly filings of March, June and September 2010 and estimates fees in the amount of \$98,500 for the annual reports for the year ended December 31, 2010 including auditing services of Form 10-K as fees payable to PricewaterhouseCoopers, LLP., Chartered Accountants (« PWC »), the new auditors of the Company.

March 31, 2009, June 30, 2009, September 30, 2009 including review of Form 10-Q.,	PETRIE RAYMOND LLP	\$25,400
Annual reports for year ending December 31, 2009 including auditing of Form 10-K; and	PETRIE RAYMOND LLP	\$63,172
March 31, 2010, June 30, 2010 and September 30, 2010, including review of Form 10-Q;	PWC	\$39,500
Annual Reports 2010	PWC	*\$98,500

* Estimated fees

b) Audit-Related Fees

None

c) Tax Fees

There are the aggregate fees billed for tax compliance, tax advice and tax planning in each of the two last fiscal years for professional services rendered by the Auditors:

Year ending at December 31, 2009: \$6,000
 Year ending at December 31, 2010: *\$36,000
 *Estimated fees

On November 8, 2009, the Board of directors upon pre-approval of the Audit committee awarded the audit engagement to PricewaterhouseCoopers, Chartered Accountants to review the Company's tax filings for the year ended December 31, 2009.

On March 15, 2011, the Company filed a Form 15F with the U.S. Securities Commission (SEC) to terminate its common shares registration pursuant to Article 12 (g) of the U.S. Securities and Exchange Act of 1934. The requirement to file quarterly reports under Form 10-Q, the annual report 10-K and the preparation of U.S. GAAP reconciliation and of internal controls to comply with the Article 404 of Sarbanes Oxley Act has been immediately suspended upon filing and the registration should become effective 90 days following filing date of Form 15F. In the event that the U.S. SEC would object or refuse to terminate the registration in a delay of 90 days from the date of filing then the Company would be obliged to file Form 10-K with the U.S. GAAP and the audit of internal controls SOX 404 by the Auditors in a delay of 60 days from the decision of the U.S. SEC. The amounts related to the payment of Auditors' fees related to this eventual obligation for the fiscal year ended December 31, 2010 has not been added in the estimated amount.

4) All Other Fees

The Company incurred fees payable to PricewaterhouseCoopers, Chartered Accountants, in the estimated amount of \$60,500 in the year ended December 31, 2010 for its participation in the due diligence process in three financings and to review SEC letter of comments..

5) Audit committee's pre approval policies and procedures: The Company engages the accountant, to render audit services, once the Company's audit committee has approved the engagement.

With respect to the provision of services other than audit, review or attest services, the pre-approval by the Audit committee is waived if the aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the Company to its auditor during the fiscal year in which the services are provided. Such services are promptly brought to the attention of the Company's Audit committee and approved prior to the completion of the audit by the Audit committee or by one or more members of the Audit committee who are members of the Board of directors to whom authority to grant such approval has been delegated by the Audit committee.

ANNEX “A”

ITEM 15: MATERIAL AGREEMENT

Notice of approval of a trademark dated November 30, 2010: Matoush logo

Document is attached to this Annual Information Form

**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, 2010**.

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, results of operations 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, 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 issuer’s ICFR is **Risk Management and Governance: Guidance on Control, published by The Canadian Institute of Chartered Accountants**.

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, 2010** and ended on **December 31, 2010** 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 31, 2011**

(Signed) Guy Hébert
President and Chief Executive Officer

**FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE**

I, Paul Einarson, 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, 2010*.

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, results of operations 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, 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 issuer’s ICFR is ***Risk Management and Governance: Guidance on Control, published by The Canadian Institute of Chartered Accountants.***

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, 2010** and ended on **December 31, 2010** 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 31, 2011**

(Signed) Paul Einarson
Chief Financial Officer
