INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2011

Strateco Resources Inc.
1225 Gay-Lussac Street, Boucherville, Quebec J4B 7K1
Tel.: (450) 641-0775 •1-866-774-7722 Fax: (450) 641-1601
Website: www.stratecoinc.com Email: info@stratecoinc.com
Toronto Stock Exchange: RSC Frankfurt Stock Exchange “FSE”: RF9

TABLE OF CONTENTS

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the audited financial statements of Strateco Resources Inc. ("the Company") pursuant to Canadian generally accepted accounting principles ("GAAP") for the year ended December 31, 2010, as well as the unaudited condensed interim financial statements for the periods ended June 30, 2011 and March 31, 2011. All amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The sections of this management discussion and analysis ("MD&A") on the Company's strategy and action plan and exploration activities contain "forward-looking statements" depending on context, particularly statements that reflect the Company's opinions, estimates and expectations with regard to future events or results. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Factors that could cause future results, activities and events to differ materially from those expressed or implied by such forward-looking statements include, in general, uranium price volatility, risks inherent in the mining industry, uncertainty in the estimation of mineral resources and additional financial requirements, as well as the Company's ability to meet such requirements. These risks and uncertainties are described in the annual information form filed on SEDAR.

INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the *Canada Business Corporations Act* by articles of incorporation dated April 13, 2000.

The Company is primarily engaged in the exploration of mining properties with a view to commercial production. It does not currently have any mines in production. The Company has a portfolio of four mining properties in which it hold a 100% interest, two joint ventures and an option on three mining properties in Quebec that together comprise 941 claims for a total area of 49,606 hectares (496 square kilometres). Its activities are focused on exploration and the evaluation of the Matoush project. With the exception of some projects in the Athabasca basin in Saskatchewan, the Matoush project in the Otish Mountains of northern Québec can be considered one of the highest-grade uranium projects in the world.

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

Uranium Market

The uranium market has risen considerably since the beginning of the 2000s because of the associated advantages and demand in many industries. Growing energy needs, particularly in emerging countries like China and India, environmental concerns and the availability of the resource for large-scale production are among the factors behind the turnaround in the uranium market. The uranium spot price has risen from about $10/pound in 2002 to around $70/pound in 2011, even spiking to $137/pound in 2007.

The incident in Fukushima, Japan, on March 11, 2011, shook the uranium market, however. The uranium spot price dropped substantially, as did the shares of all uranium companies.

Yet, many analysts remain optimistic about the future of the uranium market. Despite Germany's announcement that it was ending its nuclear program, which could also occur in Switzerland and Italy, demand for uranium resources remains strong. Global energy demand is growing steadily, and the number of nuclear reactors continues to climb.

Worldwide, there are presently in excess of 440 nuclear reactors in some 30 countries and more than 60 nuclear reactors are under construction in some 15 countries, mainly in Asia. A stronger presence for nuclear power is also anticipated in South Korea and Russia, as well as in new countries looking to diversify their energy sources, like the United Arab Emirates and Saudi Arabia.

HIGHLIGHTS

In the second quarter of 2011, the Company pursued its efforts to begin the underground exploration program at its Matoush uranium project in the near future. The progress of the work, drill results and most recent development in the advanced exploration permitting process all bode well for the future of the Matoush project.

On the exploration front, the Company continued to drill at a steady pace throughout the second quarter, and productivity was therefore considerably higher than in the first quarter, with 13,325 metres drilled in 23 holes.

The results were encouraging, particularly with the discovery of high-grade mineralization north of the MT-22 lens. Hole MT-11-014, drilled on the Matoush fault, intercepted a zone of 0.44% eU_3O_8 over 5.2 metres, including 1.2% eU_3O_8 over 1.3 metres at the contact with the Coonishish dike.

The Company is also proud that Matoush is one of 11 projects in the *Plan Nord* launched by the Quebec government on May 9. Through its advanced uranium exploration project, the Company will participate in one of the largest economic, social and environmental development projects in the history of Quebec. In the short term, the Company will benefit directly from the $280 million investment announced by the Quebec government to extend Route 167 toward the Otish Mountains.

On June 23, the Company closed a non-brokered flow-through financing with seven qualified investors for CAN $3,500,100. The Company will use the proceeds of the flow-through financing to incur qualifying exploration expenditures, primarily on the Matoush property.

On July 18, 2011, the Board of Directors appointed Yvon Robert, C.A. as Vice President, Finance. Mr. Robert will also act as Chief Financial Officer and Treasurer. Mr. Robert is a member of the *Ordre des comptables agréés du Québec*. He replaces Paul Einarson, who has moved on to new challenges.

In the permitting process for the Matoush project underground exploration program, in early July, the Company was advised by the federal administrator of the James Bay and Northern Quebec Agreement (the “federal administrator”) of a new development. Following the issuance of the review report of the Federal Review Panel South (“FRP-S”), the federal administrator asked the Company to provide additional information on the Matoush project in relation to the monitoring program, the eco-toxicological risk study and the information, discussion and communication process with the Cree Nation of Mistissini. The Company quickly transmitted the required information, on July 22, 2011.

On July 26, 2011,the federal administrator publicly released its recommendations on the environmental impact statement for the underground exploration phase of the Matoush project and on July 29, 2011, the Canadian Nuclear Safety Commission (“CNSC”) rendered its decisions on the environmental impact statement (“EIS”) for the Matoush project which are discussed below under ENGINEERING, PERMITS AND LICENCE: Studies/Permits/Authorisations. Among other things, the CNSC concluded that, taking into account the mitigation measures identified in the Comprehensive Study Report (“CSR”), the project is not likely to cause significant adverse environmental effects. The permitting process is therefore going well.

Meanwhile, studies, analyses and data collection continues at the Matoush project site to comply with the very strict regulations governing uranium projects. In particular, water monitoring wells were installed and soil sampling work took place on the property.

Finally, dialogue between the Cree Nation of Mistissini and the Company resumed in a climate of consensus-building and communication aimed at creating a partnership. Efforts were made to re-establish frank, transparent and open-minded dialogue with the Crees. The Company's goal is to continue developing the Matoush project advanced exploration program in partnership with the Crees. It therefore entered into constructive dialogue, notably through meetings held with the Chief of the Cree Nation of Mistissini and various Cree organizations

FINANCING

PRIVATE PLACEMENTS

On June 23, 2011, the Company completed a non-brokered private placement of an aggregate number of 4,904,904 flow-through common shares for gross proceeds of $3,500,100. Under the flow-through share subscription agreements, the Company agreed to renounce $3,500,100 in qualifying expenditures to qualified investors effective December 31, 2011.

The Company incurred finders' fees of $210,000 and issue costs of $35,015 in connection with this offering, for a total of $245,915.

PROJECTS AND NEW ACQUISITIONS

PACIFIC BAY-MATOUSH PROPERTY

On January 14, 2008, the Company and Consolidated Pacific Bay Minerals, Ltd. (now Pacific Bay Minerals Ltd.) ("Pacific Bay") signed a final agreement with an effective date of October 29, 2007, allowing the Company to earn an undivided 60% interest in the Pacific Bay-Matoush property, located in the Matoush District of Quebec's Otish Mountains (the "Agreement"). The Agreement calls for the Company to pay Pacific Bay a total of $500,000, issue 200,000 common shares and incur $3 million in exploration expenditures over four years, including a minimum of 10,000 metres of drilling at a rate of at least 2,500 metres per year. In addition, at the signature date of the Agreement, the Company acquired 1,000,000 units of Pacific Bay at a price of $0.30 per unit, whereby each unit consisted of one common share and one warrant to purchase a common share at $0.60 for a period of 24 months. The warrants expired without being exercised.

As of June 30, 2011, the Company still had to issue 70,000 common shares and make a cash payment of $175,000. At June 30, 2011, the Company has already incurred a total of $3 million in exploration expenses on the property, as called for in the Agreement.

MISTASSINI PROPERTY

On February 14, 2011, the Company acquired a 60% interest in the uranium rights of the Mistassini property when it completed $1,300,000 in exploration work on the property within a three-year period, in accordance with the option agreement between the Company and Majescor Resources Inc. ("Majescor") dated February 14, 2008.

During the second quarter, the parties signed the formal joint venture agreement for the Mistassini property on May 16, 2011, with an effective date of February 14, 2011 (the "JV agreement"). The JV agreement provides for the Company to remain the project operator for uranium for as long as it holds a 50% interest in the uranium rights on the Mistassini property.

A 2% yellowcake royalty is payable to Northern Superior Resources Inc. by the parties to the JV agreement in the event of uranium production on the property.

EXPLORATION ACTIVITIES

The technical data based on recent information has been reviewed by Jean-Pierre Lachance, the Company's Executive and Exploration Vice President and a qualified person as defined in *National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101").*

NOTE 1 of the "**Strategy and Action Plan"** section in the **2010 Annual Management Discussion and Analysis for the year ended December 31, 2010** is included herein by way of reference to help the reader better understand the exploration work done on the Matoush project. This note provides a technical description of the exploration program analytical procedures, sampling methods, quality assurance and control including information on the use of the letter **"e"** in **e U_3O_8**, which represents the **estimated** or **equivalent U_3O_8** value determined using a calibrated spectral or gamma probe, the methodology for the use of the gamma probe and, finally, a comparison of eU_3O_8 and U_3O_8 results. This technical description can also be found in the *Quality Assurance and Quality Control-QA/QC* section of the Company's website, at www.stratecoinc.com.

In the second quarter of 2011, 13,325 metres were drilled in 23 holes, for 50% higher productivity than in the previous quarter. The highlight of the quarter was the discovery of high-grade mineralization associated with the Coonishish dike. Many other areas under investigation also returned very encouraging results.

Two drills were in use during the entire quarter except for the last two weeks of June, when one drill was assigned to environmental drilling. Drilling took place on the Matoush property (10,745 metres, 19 holes) and the Pacific Bay-Matoush property (2,580 metres, 4 holes). This drilling was part of a 30,000-metre program for 2011. In all, 221,673 metres (486 holes) have been drilled since exploration began in 2006.

The Company did not carry out exploration on the Apple, Eclat or Matoush Extension properties, in which it holds a 100% interest, or on the Quenonisca property, where it owns a 50% interest in joint venture with SOQUEM.

MATOUSH PROJECT

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

Matoush Property

In the second quarter, 19 holes were drilled on the Matoush property for a total of 10,745 metres, including two holes abandoned due to poor ground conditions.

The priority for the quarter was to continue drilling in the mineralized area between the MT-34 and MT-22 lenses, where Hole MT-11-004 had returned a grade of 0.41% U_3O_8 over 5.6 metres (including 0.80% U_3O_8 over 2.5 metres). Four new holes were drilled to outline this mineralization. Preliminary results included a mineralized zone of 0.03% eU_3O_8 over 9.4 metres intersected in Hole MT-11-009. The mineralized area outlined in the first two quarters between the MT-34 and MT-22 lenses will be included in the resource estimate update planned for the end of 2011 to increase the uranium resource on the property.

Five holes were drilled on the ACF3 layer to test some unexplored zones to the north and south of the AM-15 Extension lens. The best results were obtained in holes MT-11-019 and 020, which returned grades of 0.03% eU_3O_8 over 8.4 metres (including 0.11% eU_3O_8 over 2.0 metres) and 0.12% eU_3O_8 over 2.7 metres, respectively. The positive results of these two drill holes confirm the growing potential of the AM-15 Extension lens, which is now nearly 300 metres long.

Three holes were also drilled between the MT-34 lens and the MT-06 zone, which confirmed the extension of the mineralization north of Hole MT-09-006 (0.27% U_3O_8 over 9.5 metres, including 0.97% U_3O_8 over 1.2 metres). Results included an interesting mineralized zone intercepted by Hole MT-11-025, located approximately 145 metres from MT-09-006, confirmed by a log reading of 0.06% eU_3O_8 over 3.1 metres.

Five holes were drilled in the area of the Coonishish dike, discovered in 2008 at the northern end of the MT-22 lens. The first hole, drilled on the Matoush fault, intercepted a mineralized zone grading 0.44% eU_3O_8 over 5.2 metres (including 1.2% eU_3O_8 over 1.3 metres) at the contact with the Coonishish dike. The new interpretation suggests that the Coonishish dike is sub-perpendicular to the Matoush fault rather than sub-parallel.

The four other holes drilled in a more favourable direction (perpendicular to the dike) did not intersect significant grades, but confirmed: 1) the considerable true width of the Coonishish dike, as well as its mineralizing potential; 2) the size of the fault system spatially associated with the mineralized lenses of the Matoush fault; 3) many similarities with the Matoush fault in terms of mineralization, alteration and structure; and 4) the intersection of the Coonishish dike and the Matoush dike. There is therefore potential associated with the intersection of these two structures near the known mineralized lenses.

Pacific Bay-Matoush Property

Four holes were drilled on the Pacific Bay-Matoush property in the second quarter for a total of 2,580 metres.

These holes were drilled on the Alfred fault, and outlined its extension to the south, thus proving its continuity over almost two kilometres. The similarities with the Matoush fault remain interesting, as do the conditions for mineralization of the Alfred fault, despite the absence of significant uranium anomalies. The geochemical signatures of these holes are presently under study to identify the areas of the Alfred fault with attractive uranium potential.

Mistassini Property

On June 27, the Company started a radon survey on the Mistassini property in partnership with Majescor Resources Inc. ("Majescor"). The survey was completed on July 10.

The goal of the survey was to determine the attitude and orientation of the structure to shed light on the controls of the mineralization in the Lac Mantouchiche discovery area. RadonEx was hired to perform this ground survey.

Interpretation of the analysis results is presently underway. At first glance, the survey appears to have highlighted anomalies that could prove to be promising exploration targets.

ENGINEERING, PERMITS AND LICENCE

STUDIES / PERMITS / AUTHORIZATIONS

In relation to the permitting process for the underground exploration program at the Matoush project, the federal administrator of the James Bay and Northern Quebec Agreement (the "federal administrator") contacted the Company in early July requesting additional information on the environmental impact statement. The federal administrator requires this information in order to make its recommendations to the federal Ministry of the Environment.

On the recommendation of the Federal Review Panel South ("FRP-S"), which issued its review report on the environmental and social impacts of the underground exploration project in June, the federal administrator asked the Company to provide additional information on the three following issues: (1) submission of an amended monitoring program to improve the initial environmental inventories; (2) a new eco-toxicological risk analysis that takes into account a new option for the effluent discharge site; and (3) an assessment of the information, discussion and communication process with the Cree Nation of Mistissini.

The Company sent the information requested by the federal administrator on July 22. The process was quick as the monitoring program and eco-toxicological risk analysis were already in preparation and almost complete. Furthermore, in terms of discussion with the Cree Nation of Mistissini, the Company had already initiated a process of dialogue and consensus-building before receiving the federal administrator’s letter. The provincial review committee (“COMEX”) is expected to file its report soon.

It should be recalled that the Company completed all the steps of the Matoush underground exploration program permitting process (studies, analyses, information supplements, public hearings) in 2010. The Company received the federal administrator’s recommendations on July 26, 2011, and the CSNC’s decisions on July 29, 2011, concerning the environmental impact statement. The Ministry of the Environment is now in a position to validate the approval of the environmental impact statement and the CNSC will then hold its public hearings on the technical aspects of the project, after which it will decide whether to issue the licence for the underground exploration program.

On July 26, 2011, the Federal Review Panel South (“FRP-S”) recommended that the federal administrator of the James Bay and Northern Quebec Agreement (the “federal administrator”) “authorize the project described in the environmental impact statement and follow-up documents, conditional on the proponent’s following the recommendations and meeting the conditions set out in its report”.

In its conditions, FRP-S assigns particular importance to the acceptance of the project at the local and regional levels, underscoring that, among other things, “the proponent needs to build a relationship based on trust with the members of the Mistissini community”.

In general, the recommendations and conditions refer to the three issues on which the federal administrator asked the Company for additional information in early July, at the recommendation of FRP-S: (1) submission of an amended monitoring program to improve the initial environmental inventories; (2) a new eco-toxicological risk analysis that takes into account a new option for the effluent discharge site; and (3) an assessment of the information, discussion and communication process with the Cree Nation of Mistissini.

The Company already submitted the additional information requested on the first two issues to the federal administrator in July, and is confident that the information provided will meet the conditions set by FRP-S.

In terms of relations with the Cree Nation of Mistissini in particular, the Company informed the federal administrator of the resumption of talks with Cree authorities and the various initiatives being taken to ensure that the underground exploration phase is carried out in close collaboration with the Crees, in a spirit of partnership.

Also, it should be noted that the FRP-S recommendations are primarily based on the Matoush project environmental impact statement. After filing the statement in November 2009, the Company continued with its environmental studies in 2010, which enabled it to respond rapidly to the federal administrator’s request for additional information.

The federal administrator must now send its final recommendations to the federal Minister of the Environment. The provincial Review Committee (“COMEX”) must also submit its recommendation report to the Provincial Administrator of the James Bay and Northern Quebec Agreement (JBNQA).

The FRP-S recommendation report, along with the Company’s studies in connection with the Matoush project underground exploration phase, can be found on the Canadian Environmental Assessment Agency’s website, at www.ceaa-acee.gc.ca.

The Company has studied the text of the conditions surrounding the granting of the licence required to start the underground exploration program. The Company has every confidence that it will be able to meet these conditions to the full satisfaction of all the regulatory authorities and stakeholders, including first and foremost the Cree community of Mistissini.

On July 29, 2011, the Canadian Nuclear Safety Commission ("CNSC") rendered its decisions on the environmental impact statement ("EIS") for the Matoush project. These decisions are based on the Environmental Assessment Comprehensive Study Report ("CSR") regarding the underground exploration phase of the Matoush project. The CSR includes the environmental assessment report of the Federal Review Panel ("FRP-S") and an addendum from CNSC staff.

Among other things, the CNSC has concluded that "the project, taking into account the mitigation measures identified in the Comprehensive Study Report, is not likely to cause significant adverse environmental effects" and decided to refer the CSR to the federal Minister of the Environment.

Once the federal Minister of the Environment receives the CSR on the underground exploration phase of the Matoush project, the report will also be made available to the public, who will have a period of 30 days to make comments. If, taking into account comments received from the public, the minister accepts the report's conclusions, the CNSC will hold a public hearing and render its decision regarding issuance of a licence for the advanced exploration phase of the Matoush project. The public will once again have an opportunity to speak at this hearing.

CNSC staff has acknowledged that the EIS prepared by the Company for the underground exploration phase of its Matoush project "meets the requirements of the Provincial Administrator of the James Bay and Northern Quebec Agreement and the Canadian Environmental Assessment Agency, and that Aboriginal consultation activities had been integrated into the Environmental Assessment review process".

The CNSC decisions also take into account additional information provided by the Company on July 22 in response to a request from FRP-S. In particular, this information highlighted the resumption of talks with Cree authorities, and various initiatives aimed at ensuring that the underground exploration phase is carried out in close collaboration with the Crees, in a spirit of partnership.

CNSC public notices can be found on its website at http://nuclearsafety.gc.ca. The FRP-S recommendation report, along with the Company's studies in connection with the Matoush project underground exploration phase, can be found on the Canadian Environmental Assessment Agency's website, at www.ceaa-acee.gc.ca.

In the interim, the Company's team continued to work during the second quarter on preparing the various studies and analyses required to start underground exploration.

First, responses to questions and comments on the two impact studies on non-standard operation of the selected borrow pits were filed with the *Ministère du Développement durable, de l'Environnement et des Parcs* ("MDDEP") in late May. The Company has not received any further requests since filing the document.

Next, extensive discussions took place among the CNSC, the MDDEP and the Company during the quarter, primarily regarding the collection of additional base data, the improved environmental monitoring program and an updated risk study incorporating more realistic assumption and an alternative location for the final effluent discharge point.

The Company began updating the eco-toxicological risk study after receiving comments from the CNSC, which informed the Company last January that the study in question was based on conservative assumption, and the resulting conclusions would therefore require strict environmental monitoring. It therefore strongly suggested that the study be redone using more realistic scenarios. The amended study was file with the CNSC for review in April 2011.

The MDDEP in turn strongly recommended that the final effluent be discharged into a stream rather than Lake 5 (Lake Matoush) to promote natural treatment of the water. The Company and its advisor SENES Consultants Limited ("SENES") conducted an in-depth study and filed it with the CNSC, which deemed the new option acceptable.

The database program was also updated on the basis of the new program designed by the Company and GENIVAR INC. ("GENIVAR") to address gaps in the data collected to date, taking into account the new final effluent discharge site. This supplementary base data collection program is closely related to the environmental monitoring program, which was therefore also updated and filed with the CNSC for review in April.

SITE WORK

A variety of work was done at the Matoush project site during the second quarter. The groundwater monitoring programs and soil background level assessment program required by the MDDEP were set up in June. Installation of water observation wells and soil sampling work also took place on the property. A first round of groundwater sampling was done in June, and a second is planned for the fall. Finally, GENIVAR collected surface water samples in June, with a total of eight water bodies sampled.

No construction work was done on the landing strip in the second quarter, although the runway surface was maintained, as transportation of manpower and supplies is ongoing on the site.

COMMUNITY AND INVESTOR COMMUNICATIONS

LOCAL COMMUNITY RELATIONS

To achieve its information and communication objectives, the Company participated in various types of meeting throughout the second quarter of fiscal 2011. These meetings were particularly aimed at informing the communities and the general public on Matoush project developments, as well as uranium exploration and mining-related issues. The Company's initiatives are part of an open, transparent process that contributes to respect for the principles of sustainable development and social acceptability.

Since the public hearings held in Mistissini and Chibougamau in November 2010, the Company has adjusted the way it communicates with the Cree Nation of Mistissini in response to the concerns raised at the public hearings, particularly in relation to the Cree community's participation in the information and monitoring process.

It must be recalled that the Company signed a proposal on December 3, 2010, from the Cree Mineral Exploration Board ("CMEB") for the CMEB to set up a communication program to disseminate transparent, reliable and comprehensible information on the Matoush project, and enable the Mistissini Cree community to take an enlightened stand. The formal agreement was signed on January 13, 2011. The Company intends to use this partnership to continue building and strengthening its relations with the Mistissini Cree, to respond appropriately to their concerns and eventually secure their support for the project.

The CMEB has mandated a representative of the Cree Nation of Mistissini, with the support of the Mistissini Chief, to implement the communication program and thus inform the Chief, his Band Council and the Cree Nation of Mistissini, as called for in the agreement between the Company and the CMEB. The Company is financing the program implementation and provides support for the technical aspects of the project, but is not directly involved in the mandate itself.

Since the mandate began on March 1, an important visit was organized to uranium facilities in Saskatchewan in early April for a delegation of members of the Cree Nation of Mistissini, including tallymen and representatives of the trap lines around the Matoush project. This was the first initiative under the agreement between the Company and the CMEB to inform the Cree Nation of Mistissini on uranium-related issues.

On April 12, the Company held its annual meeting with the tallymen and representatives of families with trap lines in the vicinity of the Matoush project. In all, 24 people attended the meeting, including 10 tallymen, generating interesting discussions on various aspects of the Matoush project, as well as uranium exploration and mining. The Company has organized this meeting each year since 2008 in an effort to create and maintain links with the people it sees as being most directly affected by the Matoush project activities. Openness and transparency have always been a priority at these meetings, which the participants appear to appreciate. The discussions help spread the information required for a better understanding of the Matoush project and the uranium industry in general. They also allow Company representatives to witness and address the concerns of those present.

Also in the interest of building relations with the Cree Nation of Mistissini, the Company met with the Mistissini Chief on two occasions, June 1 and 15, to re-establish dialogue with the Band Council. While the Chief indicated that he was not closed to the Matoush project, he did convey the need to better inform the community. These meetings were an opportunity to discuss the possibility of initiating talks on the communication process, as well as an eventual agreement on the impacts and benefits of the Matoush project advanced exploration program.

Finally, the Company and the Chief discussed of the importance of creating a “Mistissini-Strateco” committee to provide proper consultation and collaboration with local organizations in terms of the various issues related to the Matoush project, such as the environment, hiring, training and goods and services. The Chief indicated his intention to appoint a mining project liaison officer to the Band Council to facilitate this type of initiative.

The Company intends to continue collaborating with the CMEB and Mistissini authorities to inform the community properly, in line with their expectations.

The Company also announced that it had asked Dr. Monique Dubé, Canada Research Chair in Aquatic Ecosystem Health Diagnosis at the University of Saskatchewan, to prepare a program of study and monitoring of the regional water system. Dr. Dubé has acted as an expert for the Grand Council of the Crees as well as the Mistissini Environmental Department before. Her program will be discussed and reviewed by the Company and the Mistissini authorities. This collaboration was well received by the Mistissini Environmental Department, which participated in the June 15 meeting.

The Company also participated in various public events aimed at providing information on its activities to the communities and the general public. In particular, the Company participated in: the *Symposium Mines Bay-James*, from May 30 to June 1 in Chibougamau and Mistissini; the *Salon Emploi-Formation Nord-du-Québec*, held on May 6 in Chibougamau; and the educational public show on Mining, Minerals, Metals and Materials, held from May 23 to 25 in Montreal as part of the Canadian Institute of Mining, Metallurgy and Petroleum conference.

Finally, the Company regularly updates its website so that the public can find current information on the Matoush project and various aspects of uranium exploration and mining. In the second quarter, for instance, the entire “Our properties” section was rewritten to make the geological information easier to read. The press releases and news for investors and the communities also allow the public to track the latest developments in the Company’s activities.

Investor Relations

The Company pursued its intensive investor relation program in the second quarter. In May, the president and chief executive officer travelled to Calgary, Edmonton and Quebec City for individual meetings and presentations. He was also interviewed live on April 28 by Michel Carignan of Décisions-Plus, a stock trading products and services centre for investors.

The Company also retained the services of Jason Roy as an investor relations advisor. Mr. Roy has over six years of experience in investor relations and has worked with over 300 public companies in a range of industries. His professional manner and proactive approach is sure to strengthen the Company’s position and raise its profile in the financial industry.

Finally, the Company held its annual general meeting of shareholders on Wednesday, June 8, at the *Fairmont The Queen Elizabeth* Hotel in Montreal, Quebec. Among other things, this resulted in the re-election of seven of eight directors, with Robert Marchand unable to stand for re-election due to professional commitments. The shareholders also renewed the mandate of the external auditor, PricewaterhouseCoopers, LLP, Chartered Accountants.

STRATEGY AND ACTION PLAN

The Matoush project remains the most advanced uranium project in Quebec, and could become the first in Quebec to progress to the underground exploration stage. The Company has completed most of the steps involved in the long process of obtaining the licence needed to begin underground exploration on its Matoush project.

Next quarter, the Company plans to devote the required efforts and resources to the establishment of a partnership with the Cree Nation of Mistissini. Among other things, the Company wishes to engage in an open, transparent communication process to begin discussing an eventual agreement on the impacts and benefits of the Matoush advanced exploration program with Cree authorities.

The Company is awaiting the approval of the federal Minister of the Environment and the provincial administrator for the Matoush project environmental impact statement in the near future. The public hearings led by the CNSC on the technical aspects of the project could then be held. The Company has already started preparing for these hearings.

In terms of exploration, the program currently underway will continue in the third quarter to increase the uranium resource at the Matoush project. Drilling will take place in particular in the northern extension of the MT-22 lens, which shows promising potential.

Finally, the Company will pursue its initiatives to provide good shareholder return. The presence of a dedicated investor relations advisor is sure to have a positive impact for the Company. The president and chief executive officer will also continue to hold meetings with investors to promote the Company’s activities.

EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the six-month period ended June 30, 2011	**Matoush**	**Matoush Extension**	**Eclat**	**Apple**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	$	$	$	$	$	$
Balance, beginning of period	43,803,382	494,879	4,361,338	794,240	1,237,034	572,272	51,263,145
Additions							
Consultants and subcontractors	849,256	9,552	9,751	1,198	55,344	41,135	966,236
Infrastructure, access roads, fuel depot and others	2,408,602	-	-	-	-	-	2,408,602
Drilling	2,121,075	1,930	2,721	-	835,062	467,650	3,428,438
Transport and fuel	1,245,457	-	-	-	-	-	1,245,457
First aid	208,314	-	-	-	-	-	208,314
Laboratory and analysis	62,621	-	-	-	-	-	62,621
Travel and lodging	226,386	-	-	-	34,750	11,100	272,236
Canadian Nuclear Safety Commission costs	282,175	-	-	-	-	-	282,175
Management fees	355,989	139	153	218	58,928	33,117	448,544
Supplies and equipment rental	313,855	-	-	-	-	-	313,855
Rolling equipment maintenance	7,312	-	-	-	-	-	7,312
General expenses	536,245	1,501	630	2,179	1,939	1,596	544,090
Environment	308,676	-	-	-	-	-	308,676
Stock-based compensation	135,431	-	-	-	-	-	135,431
Amortization of property and equipment	1,476,829	-	-	48,498	-	-	1,525,327
	10,538,223	13,122	13,255	52,093	986,023	554,598	12,157,314
Credit for mining duties and other exploration credits	(2,992,740)	(5,084)	(5,136)	(1,393)	(382,084)	(214,907)	(3,601,344)
Net increase	7,545,483	8,038	8,119	50,700	603,939	339,691	8,555,970
Balance, end of period	51,348,865	502,917	4,369,457	844,940	1,840,973	911,963	59,819,115

EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the six-month period ended June 30, 2010	**Matoush**	**Matoush Extension**	**Eclat**	**Apple**	**Pacific Bay-Matoush**	**Mistassini**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of period	35,728,760	471,425	1,113,569	1,558,564	923,867	555,156	40,351,341
Additions							
Consultants and subcontractors	1,976,706	11,934	314,383	14,451	25,576	(10,483)	2,332,567
Infrastructure, access roads, fuel depot and others	1,226,698	-	-	-	-	-	1,226,698
Drilling	344,657	-	2,439,291	-	-	-	2,783,948
Transport and fuel	2,303,842	-	-	-	-	-	2,303,842
Geophysics	58,329	-	-	-	55,476	-	113,805
First aids	314	-	-	-	-	-	314
Laboratory and analysis	46,949	-	171,482	-	-	19,352	237,783
Travel and lodging	620,915	-	-	-	-	-	620,915
Nuclear permit	186,950	-	-	-	-	-	186,950
Management fees	337,316	-	261,834	433	5,548	360	605,490
Supplies and equipment rental	111,469	-	-	-	-	-	111,469
Rolling equipment maintenance	93,903	-	-	-	-	-	93,903
General expenses	142,272	-	-	900	-	-	143,172
Environment	130,367	-	-	-	-	-	130,367
Stock-based compensation	169,343	-	-	-	-	-	169,343
Amortization of property and equipment	380,295	-	-	26,538	-	-	406,834
	8,130,325	11,934	3,186,990	42,322	86,600	9,229	11,467,400
Credit for mining duties and other exploration credits	(3,136,486)	(4,624)	(1,234,962)	(6,116)	(33,558)	(9,683)	(4,425,427)
Net increase	4,993,839	7,310	1,952,028	36,206	53,042	(454)	7,041,973
Balance, end of period	40,722,599	478,735	3,065,597	1,594,770	976,909	554,702	47,393,314

SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Finance income	12,692	7,462	47,623	17,840
Expenses				
General, administrative and other expenses	(705,252)	(507,235)	(1,496,116)	(1,046,902)
Stock-based compensation	(206,121)	(333,862)	(227,788)	(360,847)
Accretion expense on convertible notes, asset retirement obligations and loans payable	(435,400)	(286,823)	(846,743)	(476,867)
Depreciation of property and equipment	(11,649)	(10,500)	(23,298)	(16,627)
Interest and bank charges	(86,396)	(11,348)	(172,418)	(19,664)
Income tax (expense) recovery	(1,292,260)	457,070	(1,769,739)	2,133,993
Net (loss) income	(2,724,386)	(685,236)	(4,488,479)	230,926
Net (loss) income per share, basic and diluted	(0.02)	(0.01)	(0.03)	0.00

	As at June 30, 2011	As at December 31, 2010
	$	$
Total assets	94,100,700	93,013,791
Long term liabilities		
Obligations under capital leases	38,100	45,003
Deferred income tax liability	8,006,379	5,911,466
Other liability	1,145,746	421,057
Asset retirement obligations	1,950,445	1,925,397
Convertible notes	6,281,566	5,588,713
	17,422,236	13,891,636

Results of operation

The net losses for the three and six-month periods ended June 30, 2011, increased for the following reasons:

The interest income is higher in 2011 than in 2010 due to a financing closed prior to the periods rather than during the periods.

The increase in general, administrative and other expenses resulted from an increased level of activity, requiring more management services, as well as additional legal and audit services. The 2011 stock-based compensation expenses is based mainly on the fact that the Company granted 1,129,500 stock options on June 28, 2011, while in 2010, it granted 1,302,000 stock options at a higher weighted-average fair value than in 2011. The accretion expense increased because the accretion expense on convertible notes was calculated over the full period and the accretion expense on asset retirement obligations had not yet been established in the first six months of 2010 as well as due to the loan payable to SIDEX borrowed in November 2010. These expenses had no impact on the Company's cash flow for the period. The increase in interest expenses arose from a loan payable due in 2011 while there were none in the first six months of 2010.

The income tax expense in 2011 versus a recovery in 2010 was largely a result of an increase from 12% to 16% in rates used to calculate future mining duties, which had a significant effect on the deferred income tax expense.

CASH ASSETS AND SOURCES OF FINANCING

The Company's working capital stood at $10,931,116 at June 30, 2011 ($17,545,829 at December 31, 2010), including cash and cash equivalents of $4,657,171, of which $3,502,234 was reserved for exploration ($15,057,929 at December 31, 2010). This working capital includes $13,620,882 in tax credits receivable at June 30, 2011 ($10,085,195 at December 31, 2010). Management estimates that these funds will not be sufficient to meet the Company's obligations and budgeted expenditures through June 30, 2012. Any funding shortfall may be met in the future in a number of ways, including, but not limited to, the issuance of new debt or equity instruments, further expenditure reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, or that these sources of funding or initiatives will be available to the Company or will be available on terms acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Company's operating activities utilized $2,010,179 in the six-month period ended June 30, 2011 ($980,799 for the same period in 2010). The increase in cash utilized is consistent with the increase in the operating expenses discussed in the "Results of operation" section of this Management Discussion and Analysis.

The Company's investing activities consist primarily of exploration and evaluation work, the addition of mining properties and the acquisition of property and equipment.

The Company is entitled to a refundable tax credit for resources for up to 38.75% of qualifying expenditures, and a credit on mining duties refundable for losses of 15% of 50% of qualifying expenditures incurred (16% in 2012) using non-tax-renounced flow-through funds.

In terms of the credit on mining duties refundable for losses, the Company has disclosed the uncertainty and its stand on the recovery and measurement of amounts for the credit on mining duties refundable for losses in Note 3 to the unaudited condensed interim financial statements as at June 30, 2011, CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS: Uncertain Tax Positions.

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

QUARTERLY FINANCIAL INFORMATION

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

	June 30, 2011 (i)	March 31, 2011 (i)	Dec. 31, 2010 (i) (iii)	Sept. 30, 2010 (i)	June 30, 2010 (i)	March 31, 2010 (i)	Dec. 31, 2009 (ii)	Sept. 30, 2009 (ii)
	$	$	$	$	$	$	$	$
Total income	12,692	34,931	20,157	5,206	7,462	10,378	2,441	8,203
Net (loss) income	(2,724,386)	(1,764,093)	(5,214,806)	(608,479)	(685,237)	916,162	(526,573)	(261,978)
Net (loss) income per share, basic and diluted	(0.017)	(0.013)	(0.042)	(0.006)	(0.006)	0.007	(0.004)	(0.002)

(i) Prepared according to IFRS
(ii) Prepared according to Canadian GAAP
(iii) The net loss results from an impairment charge of $4,100,000 for the Apple property and related deferred exploration expenditures and property and equipment.

OFF-BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

The Company has renewed a service agreement, on a monthly basis and effective August 1, 2011, with BBH Géo-Management Inc. ("BBH"), a related company that has an officer and director, Guy Hébert, who is also an officer and director of the Company. The agreement provides for BBH to render management services to the Company, including exploration and evaluation work.

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 evaluation programs and purchases related to the Matoush property;
- Management fees of 10% on all costs related to exploration and evaluation 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 and option or joint venture agreements on the Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties;
- Management, administration, accounting and legal services;
- Consulting services, including geology;
- Shareholder relations and other services;
- Identification of sources of financing.

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

The Company concluded the following transactions with BBH:

	Six-month periods ended June 30,	
	2011	**2010**
	$	**$**
Capitalized exploration and evaluation expenditures in deferred exploration expenditures		
Consultants and subcontractors	1,811,000	2,811,000
Management fees	429,000	864,000
In the statement of loss		
Consulting and professional fees	610,000	655,000
Office expenses	33,000	49,000
Management fees charged against property and equipment	26,000	152,000
Issue costs for the issuance of the convertible notes	-	25,000

At June 30, 2011, accounts payable and accrued liabilities included an amount of $268,000 ($555,000 at June 30, 2010) owed to related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies estimates, judgments and assumptions in the unaudited condensed interim financial statements at June 30, 2011 and March 31, 2011.

OUTSTANDING SHARE DATA

	On August 10, 2011
	Number
Common shares	144,928,110
Stock options	5,908,000
Warrants	14,809,024
	165,645,134

RISK FACTORS

Risk factors are discussed in detail in the Company's MD&A contained in the annual report for the year ended December 31, 2010.

Going Concern Risk

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation being accurate. There have been no changes in the Company's internal control over financial reporting during the six-month period ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This management discussion and analysis is dated August 10, 2011, and complies with Canadian Securities Administrators' *National Instrument 51-102* on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Company's results and financial position. It presents Management's perspective on the Company's current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Company regularly discloses additional information through press releases and other reports filed on the Company (www.stratecoinc.com) and SEDAR (www.sedar.com) websites.

(signed) Guy Hébert

Guy Hébert
President and Chief Executive Officer

(signed) Yvon Robert

Yvon Robert,
Chief Financial Officer