



**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS
AS AT JUNE 30, 2011**

STRATECO RESOURCES INC.

Interim Balance Sheets

(Unaudited)

	June 30, 2011	December 31, 2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	4,657,171	15,057,929
Tax credits receivable	10,950,740	8,149,396
Sales tax receivable	1,604,400	791,607
Available-for-sale investment	50,000	135,000
Prepaid expenses and other	185,573	370,761
	17,447,884	24,504,693
NON CURRENT PORTION OF TAX CREDITS		
RECEIVABLE	2,670,142	1,935,799
MINING PROPERTIES (Note 5)	5,149,508	5,132,913
DEFERRED EXPLORATION EXPENDITURES (Note 5)	59,819,115	51,263,145
PROPERTY AND EQUIPMENT (Note 6)	9,014,051	10,177,241
	94,100,700	93,013,791
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	2,492,186	2,907,777
Loans payable (Note 7)	3,885,395	3,775,843
Current portion of obligations under capital leases	139,187	275,244
	6,516,768	6,958,864
OBLIGATIONS UNDER CAPITAL LEASES	38,100	45,003
CONVERTIBLE NOTES (Note 7)	6,281,566	5,588,713
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
	23,939,004	20,850,500
EQUITY		
Share capital (Note 8)	72,272,798	69,827,133
Equity component of convertible notes	4,933,323	4,933,323
Warrants	3,383,533	3,383,533
Contributed surplus	9,748,165	9,419,946
Accumulated other comprehensive loss	(250,000)	(165,000)
Deficit	(19,926,123)	(15,235,644)
	70,161,696	72,163,291
	94,100,700	93,013,791

Going concern (Note 1)

Subsequent event at the closing date (Note 10)

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

STRATECO RESOURCES INC.
Interim Statements of Income (Loss)
(Unaudited)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2011	2010 (Note 4)	2011	2010 (Note 4)
	\$	\$	\$	\$
EXPENSES				
Consulting and professional fees	518,211	307,759	951,547	506,835
Stock-based compensation	206,121	333,862	227,788	360,847
Communication and promotion expenses	133,427	141,154	416,067	412,550
Office expenses	53,614	58,322	128,502	127,517
Depreciation of property and equipment	11,649	10,500	23,298	16,627
Operating loss	(923,022)	(851,597)	(1,747,202)	(1,424,376)
Finance income	(12,692)	(7,462)	(47,623)	(17,840)
Finance costs				
Accretion expense on convertible notes	358,404	283,167	692,853	471,324
Accretion expense on asset retirement obligations	21,528	3,656	44,338	5,543
Accretion expense on loans payable	55,468	-	109,552	-
Interest and bank charges	80,687	686	160,180	1,258
Interest on obligations under capital leases	5,709	10,662	12,238	18,406
Loss before income tax	(1,432,126)	(1,142,306)	(2,718,740)	(1,903,067)
Current income tax expense (recovery)	173,048	(449,781)	65,657	(785,612)
Deferred income tax expense (recovery)	1,119,212	(7,289)	1,704,082	(1,348,381)
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
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)	140,401	122,696	140,200	122,564

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

Interim Statements of Comprehensive Income (Loss)
(Unaudited)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2011	2010 (Note 4)	2011	2010 (Note 4)
	\$	\$	\$	\$
Net (loss) income	(2,724,386)	(685,236)	(4,488,479)	230,926
Other comprehensive (loss) income				
Changes in fair value of available for-sale - investment	(50,000)	-	(85,000)	(5,000)
Comprehensive (loss) income	(2,774,386)	(685,236)	(4,573,479)	225,926

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

STRATECO RESOURCES INC.
Interim Statements of Cash Flows
(Unaudited)

	Six-month periods ended June 30	
	2011	2010 (Note 4)
	\$	\$
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net (loss) income	(4,488,479)	230,926
Non-cash items:		
Stock-based compensation	227,788	360,847
Accretion expenses	846,743	476,867
Depreciation of property and equipment	23,298	16,627
Deferred income tax expense (recovery)	1,704,082	(1,348,381)
	(1,686,568)	(263,114)
Changes in non-cash working capital items		
Tax credit receivable	65,657	366,340
Sales tax recoverable	(812,793)	(411,307)
Prepaid expenses and other	185,188	(138,146)
Accounts payable and accrued charges	238,337	(534,572)
	(323,611)	(717,685)
Cash flow used in operating activities	(2,010,179)	(980,799)
INVESTING ACTIVITIES		
Acquisition of mining properties	(16,595)	(40,061)
Increase in deferred exploration expenditures	(10,915,476)	(10,334,867)
Additions to property and equipment	(639,733)	(2,282,892)
Cash flow used in investing activities	(11,571,804)	(12,657,820)
FINANCING ACTIVITIES		
Common share, warrants and convertible notes issuance	3,500,100	15,000,000
Issue costs	(245,915)	(190,406)
Exercise of stock options	70,000	-
Payments on obligations under capital leases	(142,960)	(119,419)
Cash flow provided by financing activities	3,181,225	14,690,175
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,400,758)	1,051,556
Cash and cash equivalents, beginning of period	15,057,929	2,794,325
CASH AND CASH EQUIVALENTS, END OF PERIOD	4,657,171	3,845,881

Cash transactions:

Interest received	47,623	17,840
Interest paid	160,180	-

Supplemental cash flow information (Note 9)

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

STRATECO RESOURCES INC.
Interim Statements of Changes in Equity
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

	Number of common shares outstanding	Share capital	Equity component of convertible notes	Warrants	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2010	121,806,432	56,882,068	-	-	8,814,337	(255,000)	(9,571,284)	55,870,121
Net income	-	-	-	-	-	-	230,926	230,926
Other comprehensive loss	-	-	-	-	-	(5,000)	-	(5,000)
Comprehensive (loss) income	-	-	-	-	-	(5,000)	230,926	225,926
Private placements	100,000	81,883	-	13,117	-	-	-	95,000
Convertible notes, net of income taxes	-	-	5,304,849	2,055,475	-	-	-	7,360,324
In consideration of issue costs	789,474	646,442	-	103,558	-	-	-	750,000
Issue costs, net of income taxes	-	-	(371,526)	(94,800)	-	-	-	(466,326)
Stock-based compensation	-	-	-	-	530,191	-	-	530,191
Deferred income tax	-	70,313	-	-	-	-	-	70,313
Balance at June 30, 2010	122,695,906	57,680,706	4,933,323	2,077,350	9,344,528	(260,000)	(9,340,358)	64,435,549
Balance at January 1, 2011	139,848,206	69,827,133	4,933,323	3,383,533	9,419,946	(165,000)	(15,235,644)	72,163,291
Net loss	-	-	-	-	-	-	(4,488,479)	(4,488,479)
Other comprehensive loss	-	-	-	-	-	(85,000)	-	(85,000)
Comprehensive loss	-	-	-	-	-	(85,000)	(4,488,479)	(4,573,479)
Private placements (Note 8)	4,904,904	2,354,354	-	-	-	-	-	2,354,354
Issue costs, net of income taxes of \$66,151	-	(179,764)	-	-	-	-	-	(179,764)
Exercise of stock options	175,000	105,000	-	-	(35,000)	-	-	70,000
Deferred income tax	-	166,075	-	-	-	-	(202,000)	(35,925)
Stock-based compensation (Note 8)	-	-	-	-	363,219	-	-	363,219
Balance at June 30, 2011	144,928,110	72,272,798	4,933,323	3,383,533	9,748,165	(250,000)	(19,926,123)	70,161,696

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

STRATECO RESOURCES INC.

Condensed Notes to the Interim Financial Statements

For the Six-month Periods Ended June 30, 2011 and 2010

(Unaudited)

1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Strateco Resources Inc. (“the Company”) is incorporated under the *Canada Business Corporations Act* and is engaged in the acquisition, the exploration and the development of mining properties. The address of its registered office and principal place of business is 1225 Gay-Lussac Street, Boucherville, Québec, J4B 7K1, Canada. The Company’s shares are listed on the Toronto Stock Exchange TSX.

The Company has not yet determined whether the mining properties and the deferred exploration expenditures have economically recoverable ore reserves. Recovery of amounts indicated under mining properties, the deferred exploration expenditures and the property and equipment are subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to complete exploration, development, construction and profitable future production on its assets or the proceeds from the sale of such assets.

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

The Company reported a net loss of \$4,488,479 for the six-month period ended June 30, 2011, and has an accumulated deficit of \$19,926,123 as at June 30, 2011. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and pay general and administration costs. As at June 30, 2011, the Company had working capital of \$10,931,116 including cash and cash equivalents of \$4,657,171, of which \$3,502,234 was restricted pursuant to flow-through financings. 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, expenditures 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 for the Company or that they will be available on terms which are acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these unaudited condensed interim financial statements.

The Company’s financial year ends on December 31. The unaudited condensed interim financial statements for the reporting period ended June 30, 2011 (including comparatives) were approved and authorized for issue by the Board of Directors on August 10, 2011.

STRATECO RESOURCES INC.
Condensed Notes to the Interim Financial Statements
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning after January 1, 2011. Accordingly, the Corporation commenced reporting on this basis in its 2011 interim financial statements. In these financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

These unaudited condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, and IFRS 1, First-time Adoption of International Financial Reporting Standards. The accounting policies followed in these unaudited condensed interim financial statements are the same as those applied in the Company’s unaudited condensed interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company’s reported equity as at June 30, 2010, on net loss and comprehensive loss for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company’s financial statements for the year ended December 31, 2010.

The accounting policies applied in these unaudited condensed interim financial statements are based on IFRS effective for the year ended December 31, 2011, as issued and outstanding as of August 10, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2011 could result in restatement of these unaudited condensed interim financial statements, including transition adjustments recognized on change-over to IFRS.

The unaudited condensed interim financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements for the year ended December 31, 2010, and the Company’s unaudited condensed interim financial statements for the quarter ended March 31, 2011, prepared in accordance with IFRS applicable to interim financial statements.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

Areas of significant judgment and estimates affecting the amounts recognized in the financial statements include those which have evolved significantly since the unaudited condensed interim financial statements for the quarter ended March 31, 2011:

STRATECO RESOURCES INC.

Condensed Notes to the Interim Financial Statements

For the Six-month Periods Ended June 30, 2011 and 2010

(Unaudited)

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

1. The estimated useful lives and residual values of property and equipment and the measurement of depreciation expense
 - o Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. As at June 30, 2011 and for the three and six-month periods then ended, a large portion of the property and equipment were depreciated using the straight line method until 2014, which, at June 30, 2011, was the anticipated timing of the final production decision and which represents a significant accounting estimate by the Company. In July 2011, the anticipated timing of the final production decision was reviewed by the management and is now estimated to be 2015 and represents a material change in the estimate. It is still possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future, such as the anticipated timing of the final production decision by the Company and such changes could impact future depreciation expense.
2. Asset retirement obligations
 - o Asset retirement obligations arise from the development, construction and normal operation of mining properties and equipment as mining activities are subject to laws and regulations governing the protection of the environment. The Company intends to make, in the future, expenditures to comply with such laws and regulations. The estimated present value of reclamation liabilities is recorded in the period in which the liabilities are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability will be increased each period to reflect the interest element and will also be adjusted for changes in the discount rates and in the estimate of the amount, timing and cost of the work to be carried out.
 - o Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Changes in estimates are reflected in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs they will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. As at June 30, 2011 and for the three and six-month periods then ended, the Company had estimated the timing of the outlays which is subject to change, to be 2014, which, at June 30, 2011, was the anticipated timing of the final production decision and which represents a significant accounting estimate by the Company. In July 2011, the anticipated timing of the final production decision was reviewed by the management and is now estimated to be 2015 and represents a material change in the estimate. Actual costs incurred may differ from those estimated amounts. Future changes to environmental laws and regulations could also increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

STRATECO RESOURCES INC.
Condensed Notes to the Interim Financial Statements
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

3. Uncertain tax positions

- The Company received notices of assessments from a taxation authority in July 2011 for years ending December 31, 2006, 2007 and 2008 disallowing certain expenditures in the calculation of credits for mining duties refundable for losses, amounting to approximately \$800,000 for these three years. The Company is in complete disagreement with the notices of assessments and undertook an opposition process to justify its claims. Without prejudice of all of the legal and objection proceedings, the Company estimates the maximum exposure to be a reduction of the credits for mining duties refundable for losses of an aggregate and approximate amount of \$1.4 million as at June 30, 2011, if all expenditures referred to in the notices of assessments are finally disallowed and in taking also into account the eventual impact of assessments on the same basis by taxation authorities on credits for mining duties recorded in the subsequent years ended December 31, 2009 and 2010 and in the six-month period ended June 30, 2011.

Credits for mining duties refundable for losses for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Uncertainties exist with respect to the interpretation of tax regulations, including mining duties for losses, and the amount and timing of their collection. The calculation of the Company's credits for mining duties refundable for losses necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution of an opposition process has been reached with the relevant taxation authority or, as appropriate, through a formal legal process. Difference arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credits for mining duties refundable for losses and income tax expense in future periods. The resolution of issues can, and often does, take many years to resolve. As a result there can be substantial differences between credits for mining duties refundable for losses and the amount finally recovered.

Those credits for mining duties refundable for losses are classified as non-current assets.

The amounts recognized in the financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's earnings and cash flow.

STRATECO RESOURCES INC.
Condensed Notes to the Interim Financial Statements
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

4. TRANSITION TO IFRS

The effect of the Company's transition from Canadian GAAP to IFRS, as described in Note 2, is summarized in this note as follows:

- a) Transition elections;
- b) Reconciliation of balance sheets, equity, net income (loss) and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes;
- c) Adjustments to the statement of cash flows.

(a) *Transition elections*

IFRS 1, *First Time Adoption of IFRS*, offers the possibility of utilizing certain exemptions from full retrospective application of IFRS. The Company evaluated the options available and elected to adopt the following transition exemptions:

- (i) In accordance with IFRS 1, the Company elected to apply IFRS 2, *Share-based Payments*, prospectively. This exemption enables the Company to apply IFRS 2, *Share-based Payments* retrospectively at the transition date only to equity instruments that were attributed after November 7, 2002 and had not vested by the IFRS transition date. At the transition date no material adjustments were identified. Canadian GAAP balances of equity components relating to share-based payment transactions entered into before that date have therefore been carried forward without adjustment.
- (ii) In accordance with IFRS 1, the Company has elected to apply the transitional provisions in IFRIC 4, Determining whether an Arrangement contains a Lease, at the date of transition to all arrangements other than those entered into or modified since January 1, 2005, as such arrangements have already been assessed under requirements similar to those of IFRIC 4 under Canadian GAAP. No impact resulted from the review of arrangements.

STRATECO RESOURCES INC.
Condensed Notes to the Interim Financial Statements
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

4. TRANSITION TO IFRS (CONT'D)

(b) Reconciliation of balance sheets, equity, net income (loss) and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes

	Ref.	June 30, 2010		IFRS
		Canadian GAAP	Adj.	
		\$	\$	\$
Assets				
Currents assets				
Cash and cash equivalents		3,845,881	-	3,845,881
Tax credits receivable		12,580,355	-	12,580,355
Sales tax receivable		746,258	-	746,258
Available for sale - investment		40,000	-	40,000
Prepaid expenses and other		425,494	-	425,494
		17,637,988	-	17,637,988
Non-current assets				
Non-current portion of tax credits receivable		785,612	-	785,612
Mining properties	(ii)	10,867,748	(2,809,321)	8,058,427
Deferred exploration expenditures	(iv)	42,503,078	18,170	47,393,314
	(iii)	-	4,832,066	-
	(ii)	-	40,000	-
Property and equipment	(iv)	4,775,515	156,671	4,932,186
		76,569,941	2,237,586	78,807,527
Liabilities				
Current liabilities				
Accounts payable and accrued charges		2,398,559	-	2,398,559
Current portion of obligations under capital leases		272,246	-	272,246
		2,670,805	-	2,670,805
Non-current liabilities				
Obligations under capital leases		125,678	-	125,678
Convertible notes		4,962,938	-	4,962,938
Deferred income tax liability	(ii)	1,103,000	(2,174,447)	5,997,405
	(iii)	-	4,394,691	-
	(vi)	-	(254)	-
	(vii)	-	2,674,415	-
Asset retirement obligations	(iv)	448,030	167,122	615,152
		9,310,451	5,061,527	14,371,978
Shareholders' equity				
Share capital	(ii)	59,079,501	(25,851)	57,680,706
	(vi)	-	(1,372,944)	-
Equity component of convertible notes	(vii)	7,683,910	(2,750,587)	4,933,323
Warrants		2,077,350	-	2,077,350
Contributed surplus		9,344,528	-	9,344,528
Accumulated other comprehensive loss	(viii)	-	(260,000)	(260,000)
Deficit	(ii)	(10,925,799)	(569,023)	(9,340,358)
	(iii)	-	437,375	-
	(iv)	-	7,719	-
	(vi)	-	1,373,198	-
	(vii)	-	76,172	-
	(viii)	-	260,000	-
		67,259,490	(2,823,941)	64,435,549
		76,569,941	2,237,586	78,807,527

STRATECO RESOURCES INC.
Condensed Notes to the Interim Financial Statements
For the Six-month Periods Ended June 30, 2011 and 2010
(Unaudited)

4. TRANSITION TO IFRS (CONT'D)

(b) Reconciliation of balance sheets, equity, net income (loss) and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes (continued)

	Ref.	Three-month period ended June 30, 2010			Six-month period ended June 30, 2010		
		Canadian GAAP	Adj.	IFRS	Canadian GAAP	Adj.	IFRS
		\$	\$	\$	\$	\$	\$
EXPENSES							
Consulting and professional fees		307,759	-	307,759	506,835	-	506,835
Stock-based compensation		333,862	-	333,862	360,847	-	360,847
Communication and promotion expenses		141,154	-	141,154	412,550	-	412,550
Office expenses		58,322	-	58,322	127,517	-	127,517
Depreciation of property and equipment		10,500	-	10,500	16,627	-	16,627
Operating loss		(851,597)	-	(851,597)	(1,424,376)	-	(1,424,376)
Finance income		(7,462)	-	(7,462)	(17,840)	-	(17,840)
Finance costs							
Accretion expense on convertible notes		283,167	-	283,167	471,324	-	471,324
Accretion expense on asset retirement obligations	(iv)	9,711	(6,055)	3,656	13,262	(7,719)	5,543
Accretion expense on loans payable		-	-	-	-	-	-
Interest and bank charges		686	-	686	1,258	-	1,258
Interest on obligations under capital leases		10,662	-	10,662	18,406	-	18,406
Unrealized gain on changes in fair value of investment	(viii)	-	-	-	5,000	(5,000)	-
Loss before income tax		(1,148,361)	(6,055)	(1,142,306)	(1,915,786)	12,719	(1,903,067)
Current income tax	(iii)	-	(449,781)	(449,781)	-	(785,612)	(785,612)
Deferred income tax recovery	(ii)	11,000	136,676	(7,289)	(393,396)	(795,898)	(1,348,381)
	(iii)	-	(78,793)	-	-	128,931	-
	(vi)	-	-	-	-	(211,846)	-
	(vii)	-	(76,172)	-	-	(76,172)	-
NET (LOSS) INCOME		(1,159,361)	474,125	(685,236)	(1,522,390)	1,753,316	230,926
Other comprehensive loss		-	-	-	-	-	-
Changes in fair value of available-for-sale investment	(viii)	-	-	-	-	(5,000)	(5,000)
COMPREHENSIVE INCOME (LOSS)		(1,159,361)	474,125	(685,236)	(1,522,390)	1,748,316	225,926
NET (LOSS) INCOME PER SHARE, BASIC AND DILUTED		(0.01)		(0.01)	(0.01)		(0.00)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)		122,696		122,696	122,564		122,564

Certain amounts on the unaudited interim statements of income (loss) have been reclassified to conform to the presentation adopted under IFRS, as the statement of income (loss) incorporated expenses by function and by nature which is not permitted under IFRS.

STRATECO RESOURCES INC.
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4. TRANSITION TO IFRS (CONT'D)

- (b) Reconciliation of balance sheets, equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes (continued)

EXPLANATORY NOTES

- (i) Under IFRS, funds restricted for exploration are not considered to be restricted and are categorized as cash and cash equivalents. (Note unused at June 30 2010)
- (ii) Under Canadian GAAP, future income taxes on the acquisition of an asset in a transaction that is not a business combination and that arise from the difference between the carrying amounts of the assets acquired and their tax basis should be recognized.

Under IFRS, deferred taxes resulting from such transaction are not recorded.

- (iii) Under Canadian GAAP, no deferred tax liability (“DTL”) was recorded for Québec Mining Duties (“QMD”) because regardless of the expected manner of recovery, the tax basis of the mineral property interests for QMD purposes is the higher of two amounts, which equal to the carrying amount.

Under IFRS, the tax basis of the assets will be determined based on the expected manner of recovery of the assets. In most situations, and particularly in the situation of the Company, there is evidence that the mining assets would be recovered through use. Accordingly, the tax basis of the mining property for QMD is not its carrying amount but the amount as per the QMD returns. Such DTL is recorded as a deferred tax expense in the statement of income (loss).

With regard to the credit for losses, it will be recorded in the statement of income (loss) as a current tax recovery given that one of the reasons why a DTL is recorded is because a refundable credit for losses was claimed. Under this approach, upon conversion to IFRS, the credit for losses recorded as a reduction of the deferred exploration expenditures under Canadian GAAP has been reinstated to the deferred exploration expenditures and the offset will be adjusted to deficit.

- (iv) Under Canadian GAAP, discount rates for asset retirement obligations are based on the entity’s credit-adjusted risk-free rate.

Under IFRS, the discount rate used should reflect the risks specific to the liability. This results in an increase in the asset retirement obligation, an increase to the underlying assets included in property and equipment, an increase in the depreciation expense, a decrease in the accretion expense and deferred taxes adjustments.

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4. TRANSITION TO IFRS (CONT'D)

(b) Reconciliation of balance sheets, equity loss and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes (continued)

(v) Under Canadian GAAP, the Apple assets were written down by \$5.4 million in the six-month period ended December 31, 2010 and upon transition to IFRS the impairment charge decreased to \$4.1 million as a result of IFRS adjustments affecting E&E assets. (Note unused at June 30 2010)

(vi) Under Canadian GAAP, when flow-through shares are issued, they are initially recognized under share capital at their issue cost. When the expenses are renounced to investors (by filing the prescribed forms), a deferred tax liability is recognized as a share issue cost (as a credit to share capital). Under IFRS, flow-through shares are recognized based on the market price of the existing shares at the issue date. The difference (the “premium”) between the share capital recognized and the amount paid for the shares by investors is recognized under “other liabilities”, and reversed under earnings as a deferred tax credit as the qualifying expenditures are incurred. The tax impact arising from the renunciation is recognized under deferred tax expenses as the qualifying expenditures are incurred.

(vii) Under Canadian GAAP, there is an exception where there is no deferred income tax to record when the settlement of the liability component of compound financial instruments, in accordance with its terms, might occur without tax impact. When the entity is able to settle the instrument without a tax impact, the tax basis of the liability component is considered to be the same as its carrying amount and there is no temporary difference.

Under IFRS, deferred taxes relating to the liability component of compound financial instruments are recorded if the carrying amount of the liability component differs from its tax basis.

In 2010, the Company issued convertible notes for which no deferred income tax liability was recorded under Canadian GAAP. Upon transition to IFRS, the Company calculated the deferred tax liability arising from this liability.

(viii) Under IFRS, the investment is classified as available-for-sale. It was classified as held-for-trading under Canadian GAAP. The changes in fair value of available-for-sale investment is therefore recognized in the statement of comprehensive income (loss) under IFRS, net of deferred taxes and not in the statement of income (loss) as under Canadian GAAP.

(c) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flows with the exception of the mining duties credits receivable which have been reclassified to operating activities from investing activities and funds reserved for exploration which have been reclassified to cash and cash equivalents.

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4. TRANSITION TO IFRS (CONT'D)

Cash flow provided by (used in)

Six-month period ended June 30, 2010	Ref.	Canadian GAAP	Adjustment	IFRS
		\$	\$	\$
Cash flow from operating activities	4b (iii)	(2,132,751)	1,151,952	(980,799)
Cash flow from investing activities	4b (i) and (iii)	(9,032,608)	(3,625,212)	(12,657,820)
Net variation in cash and cash equivalents	4b (i)	3,524,816	(2,473,260)	1,051,556

5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Mining properties	Interest	December 31, 2010	Additions	Impairment	June 30, 2011
		\$	\$	\$	\$
Matoush project					
Matoush	100%	338,657	-	-	338,657
Matoush Extension	100%	20,842	572	-	21,414
Eclat	100%	1,285,901	-	-	1,285,901
Pacific Bay-Matoush	Option of 60%	438,713	51	-	438,764
Other projects					
Mistassini	60%	9,827	8,892	-	18,719
Apple	100%	3,038,973	7,080	-	3,046,053
		5,132,913	16,595	-	5,149,508

On May 16, 2011, the Company and Majescor Resources Inc. ("Majescor") executed the formal joint venture agreement which has an effective date of February 14, 2011, the date when the Company fulfilled its obligations pursuant to an option agreement. The Company holds a 60% interest in the uranium rights on the Mistassini property which is the the joint venture's primary asset.

Mining properties	Interest	January 1, 2010	Additions	Impairment	June 30, 2010
		\$	\$	\$	\$
Matoush project					
Matoush	100%	338,306	110	-	338,416
Matoush Extension	100%	1,236	19,151	-	20,387
Eclat	100%	1,280,807	3,691	-	1,284,498
Pacific Bay-Matoush	Option of 60%	261,279	5,889	-	267,168
Other projects					
Mistassini	Option of 60%	9,041	393	-	9,434
Apple	100%	6,127,697	10,827	-	6,138,524
		8,018,366	40,061	-	8,058,427

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5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONT'D)

Deferred exploration expenditures	June 30, 2011	June 30, 2010	December 31, 2010
	\$	\$	\$
Deferred exploration expenditures	58,813,787	46,313,147	50,386,388
Exploration supplies	1,005,328	1,080,167	876,757
	59,819,115	47,393,314	51,263,145

Deferred exploration expenditures	December 31, 2010	Additions	Tax credits	Impairment	June 30, 2011
	\$	\$	\$	\$	\$
Matoush project					
Matoush	42,926,625	10,409,652	(2,992,740)	-	50,343,537
Matoush Extension	494,879	13,121	(5,084)	-	502,916
Eclat	4,361,338	13,256	(5,136)	-	4,369,458
Pacific Bay-Matoush	1,237,034	986,023	(382,084)	-	1,840,973
Other projects					
Mistassini	572,272	554,598	(214,907)	-	911,963
Apple	794,240	52,093	(1,393)	-	844,940
	50,386,388	12,028,743	(3,601,344)	-	58,813,787

Deferred exploration expenditures	January 1, 2010	Additions	Tax credits	Impairment	June 30, 2010
	\$	\$	\$	\$	\$
Matoush project					
Matoush	35,515,996	7,262,922	(3,136,486)	-	39,642,432
Matoush Extension	471,425	11,934	(4,624)	-	478,735
Eclat	1,113,569	3,186,990	(1,234,959)	-	3,065,600
Pacific Bay-Matoush	923,867	86,600	(33,558)	-	976,909
Other projects					
Mistassini	555,156	9,229	(9,684)	-	554,701
Apple	1,558,564	42,322	(6,116)	-	1,594,770
	40,138,577	10,599,997	(4,425,427)	-	46,313,147

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6. PROPERTY AND EQUIPMENT

	Buildings and infrastructure	Vehicles and rolling stock	Equipment	Total (iii)
	(i) (ii)			
	\$	\$	\$	\$
Six-month period ended June 30, 2011				
Opening net book value	9,566,849	147,719	462,673	10,177,241
Additions	285,675	-	99,760	385,435
Depreciation	(1,403,899)	(28,660)	(116,066)	(1,548,625)
Net book value	8,448,625	119,059	446,367	9,014,051
As at June 30, 2011				
Cost	11,902,396	498,376	1,046,397	13,447,169
Accumulated depreciation	(3,303,771)	(379,317)	(600,030)	(4,283,118)
Accumulated impairment charges	(150,000)	-	-	(150,000)
Net book value	8,448,625	119,059	446,367	9,014,051
Six-month period ended June 30, 2010				
Opening net book value	1,290,766	47,451	466,204	1,804,421
Additions	3,333,225	53,119	164,882	3,551,226
Depreciation	(336,619)	(29,839)	(57,003)	(423,461)
Net book value	4,287,372	70,731	574,083	4,932,186
As at June 30, 2010				
Cost	5,398,719	397,664	914,019	6,710,402
Accumulated depreciation	(1,111,347)	(326,933)	(339,936)	(1,778,216)
Accumulated impairment charges	-	-	-	-
Net book value	4,287,372	70,731	574,083	4,932,186

(i) The amounts of property and equipment that were purchased and delivered or are under construction on the Matoush project site and undepreciated as of June 30, 2011 and 2010 amounted to \$544,859 and are presented in building and infrastructure.

(ii) There was no depreciation expense relating to capital leases expensed in the statement of income (loss). The depreciation expense relating to property and equipment under capital lease of \$22,691 (\$74,260 for the six month period ended June 30, 2010) was capitalized in deferred exploration expenditures for the six-month period ended June 30, 2011.

Included in buildings and infrastructure there are buildings and infrastructure under finance leases with net book values of \$241,903 and \$332,161 as at June 30, 2011 and 2010, respectively.

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

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7. LOANS PAYABLE AND CONVERTIBLE NOTES

	Convertible notes	Loans payable	Total
	\$	\$	\$
Balance as of January 1, 2010	-	-	-
Additions	4,491,614	-	4,491,614
Accretion expense	471,324	-	471,324
As at June 30, 2010	4,962,938	-	4,962,938
Balance as of January 1, 2011	5,588,713	3,775,843	9,364,556
Accretion expense	692,853	109,552	802,405
As at June 30, 2011	6,281,566	3,885,395	10,166,961

8. EQUITY

(i) Private placements

On June 23, 2011 the Company closed an unbrokered private placement for a total of 4,904,904 flow-through 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.

(ii) Stock-based compensation

On June 28, 2011, the Company granted 1,129,500 stock options to its directors, officers and consultants at an exercise price of \$0.50 per share and with an expected life of five years. 1,006,500 stock options vested immediately and 123,000 stock options will vest in three tranches over 18 months. The estimated fair value of each option granted was determined using the Black-Scholes option-pricing model. The weighted-average fair value of the stock options granted was \$0.31 per option. The market price of the Company' share was lower than the exercise price at the grant date.

The following weighted-average assumptions were used in the calculation:

Risk-free interest rate	2.40%
Expected life	5 years
Expected volatility	88.2%
Expected dividend yield	0%

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9. SUPPLEMENTAL CASH FLOW INFORMATION

	Six-month periods ended June 30	
	2011	2010
	\$	\$
Non-cash transactions:		
Deferred exploration expenditures included in accounts payable and accrued liabilities	1,570,551	1,385,175
Additions to property and equipment included in accounts payable and accrued liabilities	2,514	679,473
Tax credits receivable presented as a reduction in deferred expenditures	3,601,344	4,425,427
Property and equipment recorded pursuant to capital lease obligations	-	189,007
Property and equipment recorded pursuant to asset retirement obligations	19,290	399,854
Depreciation of property and equipment included in deferred exploration expenditures	1,525,327	406,834
Units issued for share issue costs, net of the tax impact of \$171,604	-	578,396
Stock-based compensation capitalized in deferred exploration expenditures	135,431	169,344

10. SUBSEQUENT EVENT AT THE CLOSING DATE

On August 10, 2011, the Company renewed a service agreement, on a monthly basis and effective as of August 1, 2011, with BBH Géo-Management Inc. ("BBH"), a related company with an officer and director who is also an officer and director of the Company. The agreement stipulates that BBH will render management services to the Company including exploration and evaluation work. The Company anticipates a fixed monthly charge of \$5,200 for office rent, office equipment and computers to be reviewed each year on July 31, 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 management fees of 5% on all purchases related to exploration projects or option agreements on the Eclat, Pacific Bay-Matoush, Mistassini, Apple and other future properties.