



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2011

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STRATECO RESOURCES INC.
Quarterly Management Discussion and Analysis
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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") and notes thereto for the year ended December 31, 2010, as well as the condensed interim financial statements for the period ended March 31, 2011. All amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The sections of this management discussion and analysis 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 the volatility of uranium prices, 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 wholly-owned mining properties, two joint ventures and one option on mining properties in Quebec that together comprise 1,068 claims for a total area of 56,747 hectares (567 square kilometres). Its activities are focused on exploration and the development 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.

HIGHLIGHTS

The year 2011 started on a positive note, thanks in particular to very encouraging drill results. In the first quarter, 8,625 metres were drilled on the Matoush, Mistassini and Pacific Bay-Matoush properties. The Company paid particular attention to the Matoush property in an effort to increase the resource between the MT-22 and MT-34 lenses. Good grades were obtained, particularly in Hole MT-11-004, which returned 0.41% U₃O₈ over 5.60 metres, including 0.80% U₃O₈ over 2.5 metres.

On the engineering front, the Company opened and maintained the winter road for the fourth consecutive year. Just over a hundred trips were made to bring in the fuel, materials and heavy equipment needed for 2011. These deliveries were made in record time due to ideal cold temperatures with no mild breaks.

The Company also continued to accord considerable importance to community relations to achieve social acceptance of its Matoush project. Measures were taken to better inform the public and make people aware of uranium-related issues, primarily in the Cree community of Mistissini. Given the recent events at the Fukushima power plant in Japan, the Company is all the more determined to inform and reassure local communities on uranium exploration and mining.

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This effort included the annual meeting held by the Company with the tallymen and representatives of families with trap lines in the vicinity of the Matoush project. Many subjects were addressed and explained, including the impact on water. Both the community and the Company benefit from the discussions held during this type of meeting, as they help disseminate information and knowledge required for the public to better understand the Matoush project and the uranium industry. They also allow the Company to take account of and respond to the public's questions and concerns.

With regard to the licence for the Matoush underground exploration program, the Company expected the federal and provincial review panels (COMEX and COFEX) to file their recommendations in the first quarter, as publicly stated by their respective chairmen. The filing of the recommendations is now expected in the second quarter.

In order to facilitate the decision-making process for extension of Route 167 by the *Ministère des Transports du Québec* ("MTQ") as part of the Plan Nord, the Company filed a letter with the regulatory authorities in March to notify them that it was withdrawing its authorization application for the construction of an all-season road along the route of the winter road within the future provincial park. It has been agreed that, inside the park, the MTQ's route will take precedence over the route of the old winter road.

In the interest of its shareholders, the Company decided in mid-March to deregister in the United States to substantially reduce its regulatory compliance costs, as well as the efforts devoted to meeting the requirements of the *U.S. Securities and Exchange Commission*. Consequently, the Company filed Form 15F on March 15 of this year to eliminate its obligation to produce quarterly and annual reports in the United States.

Finally, the Board of Directors appointed a new director, Paul-Henri Couture, on January 13, 2011. Mr. Couture filled one of two positions available this year on the Company's Board of Directors. Mr. Couture is the President of Sentient Asset Management Canada Ltd., a Sentient Group company. His over 30 years of experience in the financial, investment and natural resource industries are a major asset for the Company's Board of Directors.

FINANCING

The Company has not entered into any common share private placements or any other type of financing agreements in 2011.

PROJECTS AND NEW ACQUISITIONS

On March 31, 2011, the Company had a portfolio of four wholly-owned mining properties, two joint ventures and one option in mining properties, all located in Quebec. These properties comprise 1,068 claims for a total surface area of 56,747 hectares (567 square kilometres).

PACIFIC BAY-MATOUSH PROPERTY

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

As of March 31, 2011, the Company must still issue 70,000 common shares, make a cash payment of \$175,000 and incur an additional \$455,111 in exploration expenses on the property before the fourth anniversary of the agreement to earn its interest.

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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 over a three-year period, in accordance the option agreement between the Company and Majescor Resources Inc. (“Majescor”) dated February 14, 2008 (“the Agreement”).

Consequently, on May 16, 2011, the parties signed the formal joint venture agreement for the Mistassini property 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 here 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 eU_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.

Exploration resumed on January 14, 2011, after the holiday period. In the first quarter, 8,625 metres were drilled in 19 holes by two working drills. The holes were drilled on the Matoush property (5,227 metres, eight holes), the Mistassini property (467 metres, five holes) and the Pacific Bay-Matoush property (2,931 metres, six holes). The drilling now underway is part of the 30,000-metre Phase 1 of the 2011 program. In all, 208,348 metres (463 holes) have been drilled since exploration began in 2006.

The Company did not conduct any exploration on the wholly-owned Apple, Eclat or Matoush Extension properties or the Quenonisca property, where it owns a 50% interest in joint venture with SOQUEM.

The Company no longer owns any claims on the Mont-Laurier Uranium property.

MATOUSH PROJECT

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

Matoush Property

Eight holes were drilled on the Matoush property in the first quarter, for a total of 5,227 metres.

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The quarter began with the completion of the last hole drilled in 2010, which had been left unfinished. Drilled in the area of the MT-36 lens, 1.5 kilometre south of the MT-34 lens, this hole did not intersect significant values. The pierce point is in the northern extension of the MT-36 lens, which has now been traced over a distance of 300 metres along strike, and remains open to the south. This area remains promising, and warrants additional investigation. The best results were obtained in the upper ACF-4, near the contact with the CBF-3, which has finer grain-size distribution and appears more favourable to fluid distribution, as in the case of the MR-22 and MT-34 lenses.

Of particular interest are intersections of 0.48% U_3O_8 over 4.20 metres, 0.13% U_3O_8 over 8.60 metres (including 0.40% U_3O_8 over 2.0 metres) and 0.49% U_3O_8 over 0.9 metres (including 12.8% U_3O_8 over 0.30 metres), from three separate holes.

Once the first hole of the year was drilled in the area of the MT-36 lens, the drill was moved to the centre of the resources delineated for the AM-15, MT-22 and MT-34 lenses. The goal here was to assess the potential of the area between the MT-22 and the MT-34 lenses at vertical depths of between -400 and -700 metres. This area of interest, which stretches about 300 metres along strike, has only been tested by a few holes over the years. There could be another lens with a plunge similar to that of the MT-34 lens or continuity of the mineralization between the MT-22 and the MT-34 lenses. As an indication, the only hole drilled in the centre of this area in 2008 intersected the Matoush fault at -500 metres, with a grade of 0.09% U_3O_8 over 3.0 metres.

Seven holes were drilled during the quarter to a vertical depth of between -450 and -550 metres. The results were very encouraging, confirming the presence of high uranium grades in an area that remains, for all intents and purposes, unexplored.

Hole MT-11-004, with a pierce point at the heart of this zone at -520 metres, proved truly impressive, with an intersection of 0.41% U_3O_8 over 5.6 metres, including 0.80% U_3O_8 over 2.5 metres. Four other holes returned sufficiently promising result to indicate the possibility of a new lens. The latest results can be found under "Longitudinal" in the Matoush Project section of the Company's website, at www.stratecoinc.com.

Drilling will continue in this generally-promising area in the second quarter, despite the substantial deviation problems encountered.

Pacific Bay-Matoush Property

Six holes were drilled on the Pacific Bay-Matoush property in the first quarter, for a total of 2,931 metres.

On February 14, the second drill was mobilized on the site in the Alfred area of the property, to follow up on three encouraging holes drilled in October 2010 to test a north-south-striking structure similar to the Matoush fault, located 4.0 kilometres away.

These three earlier holes intersected a Matoush-type fault called the Alfred fault, with identical alterations to those of the Matoush fault, over 365 metres. The geophysical anomaly indicates that the Alfred fault extends to the north and south, and a series of holes were therefore planned to test its continuity.

Five holes were drilled in the first quarter, including three to test the northern extension of the Alfred fault over a 270-metre stretch along strike. Another hole was drilled midway between the two holes drilled 365 metres apart in the fall of 2010, and the last hole tested the vertical extension of the fault at a depth of -500 metres.

In addition to confirming the presence of a major fault and a mafic dyke typical of the Matoush fault, the holes intersected structures secant to the Alfred fault. The configuration of these secondary faults seems to be similar to the siliceous, clayey faults in the main Matoush-fault area. The presence of an analogous structural system enhances the uranium potential of the Alfred fault.

The five holes drilled confirmed the continuity of the Alfred fault toward the north and at depth, with the presence of alteration typical of the Matoush fault. However, no significant mineralization was encountered.

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The next holes will test the mineralized potential to the south of PB-10-001, which intersected strongly-anomalous uranium values of up to 0.1% U₃O₈ over 0.5 metres, as well as significant fuschite alteration. In addition to the discovery of mineralized zones, the goal of exploration is to intersect the largest dike with the greatest reducing, and therefore mineralizing, potential. The drilling done to date has confirmed that some mineralizing characteristics of the lenses on the Matoush fault also occur elsewhere on the property.

Mistassini Property

On the Mistassini property, located 50 kilometres southwest of the Matoush property, a helicopter-borne drill was mobilized in mid-January for a drilling program of about 1,000 metres. Persistent poor weather conditions resulted in serious mobilization delays and significantly limited helicopter travel. Consequently, due to both the poor weather and budget constraints, the program was reduced to 467 metres, and ended on February 9.

In all, five holes were drilled. Two of these were aimed at testing geophysical anomalies located at the western and eastern edges of the property, and the three others were drilled on the presumed northern and southern extensions of the mineralized corridor hosting the Lac Mantouchiche prospect discovered in 2007 by Majescor Resources Inc. and confirmed by the Company in the summer of 2009.

The first two holes were drilled to test the two resistivity anomalies interpreted based on the airborne geophysical survey flown by Fugro Airborne Surveys Corp. in December 2008 and January 2009. No structure was intersected, indicating limited potential. One of the anomalies was explained by a few weak, unmineralized fracture zones, while the second appears to have been caused by moraine material, as no lithological or structural changes were seen.

Two other holes were drilled about 100 metres north of the Mantouchiche showing. While the holes intercepted deformation zones with alteration, they only returned anomalous values with trace uranium.

The hole drilled about 100 metres south of the showing revealed a significant increase in the background values, but no significant mineralization.

In light of the drill results obtained to date on the property, and despite the significant intersections obtained in 2007 and 2009 near the Mantouchiche showing, interpretation suggests that mineralization could occur in the form of vertical lenses whose location has yet to be determined. In order to determine the strike and dip of the structures as an indication of controls to mineralization, one of the priorities of the next exploration program will likely be to conduct a radon survey.

ENGINEERING, PERMITS AND LICENCE

STUDIES / PERMITS / AUTHORIZATIONS

The Company completed all the steps (studies, analyses, information supplements and public hearings) of the licensing process for the Matoush underground exploration program in 2010. It is now up to the chairmen of COMEX and COFEX to issue their respective recommendations regarding approval of the environmental impact statement. The Canadian Nuclear Safety Commission (“CNSC”) will then be in a position to announce whether it recommends that the Company be granted a permit for its underground exploration program. Finally, this decision must be ratified by Canadian Minister of the Environment.

That being said, during the first quarter of 2011, the Company’s team continued to work on the various studies and analyses required to start the underground exploration program.

First, on January 17, the Company received COMEX’s comments on the impact study reports filed with the Minister of Sustainable Development, Environment and Parks (“MDDEP”) in July and September 2010 for the operation of borrow pits larger than three hectares and near a water body. COMEX, for one, asked the Company to provide a map showing an overall view of the proposed borrow pit operation, including access roads and wet zones. It also wanted more details on the rehabilitation work planned. Due to the time delay between the filing of the reports and the receipt of comments, the Company continued operating two till deposits that proved to be of good quality, thus permitting ongoing work on the landing strip and road and camp construction.

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The MDDEP also authorized the Company to operate borrow pit DG-5 to a greater depth due to the very high quality of the material in this gravel pit.

Then, on January 28, the MDDEP agreed to the Company's request, filed on September 20, 2010, for a waiver from the impact assessment and review procedure in relation to the repair and use of the winter road for the 2001 season.

In addition, the *Centre d'expertise hydrique de Québec* performed a hydrological study at the beginning of March. The purpose of the study was to assess the low flow of a stream located near the Matoush camp to identify a possible alternative to Lake 5 as an effluent discharge point. The stream studied could potentially receive the final effluent of the mine drainage treatment plant.

On March 30, due to the state of the file regarding the extension of Route 167 by the MTQ and the progress of surface exploration work at its Matoush project, the Company filed a letter notifying the MDDEP, COFEX and COMEX of its full withdrawal from the plan to upgrade the winter road into an all-season road. It must be recalled that the Company had already withdrawn from the portion of the road inside the future national park (kilometre 0 to kilometre 73.5) in March 2010. The most recent letter therefore indicates the Company's official decision to not proceed with the upgrade of the road section between kilometre 73.5 and kilometre 130. The CCSN was also informed in writing of this significant change.

Finally, on February 14, 2011, Health Canada issued a notice on the Matoush underground exploration program's potential impacts on human health. The Company is generally satisfied with the report's conclusions, which stipulate that "the project activities are not likely to cause harmful effects to human health in terms of the quality of the air around the project, the additional quantity of radon on and around the site, and non-radiological contamination of traditional food." The Company nevertheless took the initiative of writing an information supplement to rectify and clarify certain comments made, and to draw Health Canada's attention to key elements of the Matoush underground exploration program that had not been taken into consideration. More specifically, these points relate to the air sampling stations on the property, use of the land and natural resources on and around the property by native communities, current levels of mercury and uranium in the fish, the environmental monitoring proposed by the Company and, finally, the risk analysis for the underground exploration project. The Company filed this information supplement with COFEX, COMEX and the CNSC on March 10, 2011.

SITE WORK

No construction work was done on the landing strip in the first quarter due to the winter season.

The Company opened and maintained the winter road for a fourth consecutive year. Between opening on January 22 and closing on February 25, just over 100 trips were made to deliver the fuel, materials and heavy equipment required for 2011. These deliveries were in fact made in record time due to the ideal cold weather with no mild breaks. The cold weather set in on January 7 and persisted throughout the winter road repair work. No accidents or fuel spills occurred on the winter road.

The equipment brought to the site will primarily be used to complete the landing strip. The equipment required to excavate the exploration ramp portal will also be useful once the Company secures the licence for the Matoush project underground exploration program.

COMMUNITY AND INVESTOR COMMUNICATIONS

LOCAL COMMUNITY RELATIONS

In the first quarter of the year, the Company pursued its information and awareness initiatives to allow residents and local authorities to track developments at the Matoush exploration project. Following the events at the Fukushima nuclear plant in Japan, the Company is determined to transmit the facts about uranium exploration and mining, in order to address the communities' questions and concerns and reassure the public regarding industry practices.

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It must be recalled that the Company's initiatives include the signature on December 3, 2010 of a proposal from the Cree Mineral Exploration Board to set up a communication program to disseminate transparent, reliable and comprehensible information on the Matoush project, and enable the Mistissini Cree community to take an enlightened stand. The formal agreement was signed on January 13, 2011. The Company hopes that this partnership will help it to continue building and developing its relations with the Mistissini Cree, to respond appropriately to their concerns and eventually secure their support for the project.

The Company also 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, and appear to be appreciated by the participants. 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 take note of and address the concerns of those present.

Many meetings were also held with the various local authorities in the first quarter, including the James Bay Regional Conference of Elected Representatives (CREBJ) and the Uranium Committee (James Bay). All the meetings with local authorities are aimed at disseminating information, answering questions and keeping the various stakeholders abreast of the Matoush project developments.

James Bay residents also continue to show great interest in the Matoush project in general and the related job and business opportunities in particular. The Company's community relations manager based in Chibougamau and Mistissini therefore ensures that the required information is transmitted and that any information that supports good understanding of the Matoush project is disclosed. The local presence of a Company representative clearly helps create and maintain close ties with local residents.

The Company also encourages local initiatives to inform the public and make people aware of the issues surrounding uranium exploration and mining. In January, a Quebec delegation that included regional elected officials participated in the uranium information visit to Saskatchewan organized by the Quebec government. In April, representatives of the Cree Mineral Exploration Board also participated in a uranium information trip to Saskatchewan that included a visit to an operating mine and a meeting with the neighbouring Cree community. This trip was organized by the Cree Mineral Exploration Board. The Company wishes to highlight these types of activities, as they allow the various local communities to become better informed and gain a better understanding of the uranium industry.

The Company also assigns particular importance to keeping its website up to date, so that the public can find current information on the Matoush project and various aspects of uranium exploration and mining. In the first quarter, the section on the Matoush underground exploration program, found under "The Matoush Project", was fully updated to provide a better understanding of the various stages involved. A new CNSC fact sheet on radon and health and safety was also added to the Company's website, under the "Health and Safety" tab.

INVESTOR RELATIONS

In the first quarter, the Company continued to accord particular importance to investor relations. The Company's President and Chief Executive Officer kicked off the year with individual meetings and presentations in Paris, London, Zurich and Geneva. He then travelled to New York and Boston in February and to Ottawa and Toronto in March for more presentations.

Finally, Company representatives attended the 2011 Prospectors and Developers Association of Canada ("PDAC") meeting, from March 6 to 9.

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STRATEGY AND ACTION PLAN

The Company plans to sustain and accelerate its efforts to make the Matoush project the first uranium project in Québec to carry out underground exploration and the first in Canada to be developed by a so-called junior company in this cycle, meaning in nearly 25 years.

The Company has completed most of the stages of obtaining the license needed to start underground exploration at its Matoush project. The public hearings held in November 2010 were the last stage in the public review process for the environmental impact statement for the underground exploration phase. The Company is now awaiting the recommendations of the COMEX and COFEX chairmen regarding approval of the environmental impact statement.

In terms of exploration work, the Company will pursue its efforts in the second quarter to increase the uranium resource at the Matoush project. To achieve this, drilling will continue between the MT-22 and MT-34 lenses, as well as on the northern extension of the MT-22 lens. Drilling will therefore be concentrated in the areas with the greatest potential.

At the same time, the Company will also put considerable effort into community relations in the next quarter. The Company participated in *Symposium Mines Baie-James 2011*, held in Chibougamau and Mistissini on May 31 and June 1 respectively, organized by the Chapais-Chibougamau chapter of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”). It made a presentation in Chibougamau and had a booth in Mistissini. The Company wishes to maintain an active presence in the local communities and establish closer ties with the Mistissini Cree community to respond to their expectations and concerns.

The Company participated in the 2011 CIM Conference and Exhibition held in Montreal from May 23 to 25. In particular, it participated in the educational public show on Mining, Minerals, Metals and Materials, providing information at the uranium pavilion.

In parallel, the Company will pursue its measures to maintain its strong financial position and provide good investor return. The events at the Fukushima power plant in Japan have shaken the entire uranium industry, which is why the Company plans to continue with an intensive investor relations strategy. As of mid-June, the Company’s President and Chief Executive Officer will be travelling to Calgary, Edmonton and Quebec City for individual meetings and presentations.

Finally, the Company held its annual general meeting on Wednesday, June 8, at 10:30 a.m. at the *Fairmont The Queen Elizabeth Hotel*, Hochelaga 4, in Montreal, Québec.

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EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the three-month period ended March 31, 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	423,566	8,013	5,538	-	29,266	32,715	499,098
Infrastructure, access roads, fuel depot and others	1,740,140	-	-	-	-	-	1,740,140
Drilling	820,334	674	1,743	-	424,686	458,376	1,705,813
Transport and fuel	1,172,674	-	-	-	-	-	1,172,674
First aid	102,120	-	-	-	-	-	102,120
Laboratory and analysis	23,103	-	-	-	-	-	23,103
Travel and lodging	30,365	-	-	-	19,475	11,100	60,940
Canadian Nuclear Safety Commission costs	186,950	-	-	-	-	-	186,950
Management fees	228,401	-	90	54	28,513	32,277	289,335
Supplies and equipment rental	228,328	-	-	-	-	-	228,328
Rolling equipment maintenance	8,417	-	-	-	-	-	8,417
General expenses	332,055	-	-	550	-	-	332,605
Environment	179,429	-	-	-	-	-	179,429
Stock-based compensation	3,614	-	-	-	-	-	3,614
Amortization of property and equipment	729,700	-	-	24,249	-	-	753,949
	6,209,196	8,687	7,371	24,853	501,940	534,468	7,286,515
Credit for mining duties and other exploration credits	(1,478,254)	(3,366)	(2,856)	(234)	(194,502)	(207,106)	(1,886,318)
Net increase	4,730,942	5,321	4,515	24,619	307,438	327,362	5,400,197
Balance end of period	48,534,324	500,200	4,365,853	818,859	1,544,472	899,634	56,663,342

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EXPLORATION EXPENSES AND EXPLORATION SUPPLIES

Exploration expenses and exploration supplies for the three-month period ended March 31, 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	953,638	7,254	122,241	10,512	11,751	(10,678)	1,094,718
Infrastructure, access roads, fuel depot and others	1,047,328	-	-	-	-	-	1,047,328
Drilling	332,828	-	1,144,052	-	-	-	1,476,880
Transport and fuel	1,956,902	-	-	-	-	-	1,956,902
Geophysics	51,778	-	-	-	48,737	-	100,515
Laboratory and analysis	24,823	-	21,865	-	-	19,352	66,040
Travel and lodging	251,971	-	-	-	-	-	251,971
Management fees	167,202	-	117,348	194	4,874	359	289,977
Supplies and equipment rental	49,067	-	-	-	-	-	49,067
Rolling equipment maintenance	56,039	-	-	-	-	-	56,039
General expenses	72,283	-	-	450	-	-	72,733
Environment	37,150	-	-	-	-	-	37,150
Amortization of property and equipment	166,492	-	-	13,748	-	-	180,240
	5,167,501	7,254	1,405,506	24,904	65,362	9,033	6,679,560
Credit for mining duties and other exploration credits	(1,183,834)	(2,811)	(544,634)	(4,323)	(25,328)	(9,607)	(1,770,537)
Net increase	3,983,667	4,443	860,872	20,581	40,034	(574)	4,909,023
Balance end of period	39,712,427	475,868	1,974,441	1,579,145	963,901	554,582	45,260,364

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SELECTED FINANCIAL INFORMATION AND OPERATING RESULTS

	Three-month periods ended March 31,	
	2011	2010
	\$	\$
Finance income	34,931	10,378
Expenses		
General, administrative and other expenses	(790,862)	(539,667)
Stock-based compensation	(21,667)	(26,985)
Accretion expense on convertible notes and asset retirement obligations	(411,344)	(190,044)
Amortization of property and equipment	(11,649)	(6,127)
Interest expense	(86,022)	(8,316)
Income taxes (expense) recovery	(477,480)	1,676,923
Net (loss) income	(1,764,093)	916,162
Net (loss) income per share, basic and diluted	(0.013)	0.007

	As at March 31, 2011	As at December 31 2010
	\$	\$
Total assets	92,589,768	93,013,791
Long term liabilities		
Obligations under capital leases	41,588	45,003
Future income tax	6,926,060	5,911,466
Asset retirement obligations	1,928,917	1,925,397
Convertible notes	5,923,162	5,558,713
	14,819,729	13,440,579

Results of operations

For the three-month period ended March 31, 2011, the net loss has increased by the items discussed below:

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

The increase in general, administrative and other expenses results from increased level of activities requiring more management services, as well as additional legal and audit services. The accretion expense increased due to having a full quarter's accretion on the convertible debt as well as accretion expense being recorded for asset retirement obligations that had not yet been established in the first quarter of 2010. These expenses had no impact on the Company's cash position in the period.

The income tax expense in 2011 versus a recovery in 2010 was largely a result of exploration and evaluation assets being acquired through the use of flow through funds in 2011.

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CASH ASSETS AND SOURCES OF FINANCING

The Company's working capital stood at \$11,723,592 at March 31, 2011 (\$17,124,772 at December 31, 2010) including cash and cash equivalents of \$7,720,499 (\$15,057,929 at December 31, 2010). This working capital includes \$12,078,904 of tax credits receivable at March 31, 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 March 31, 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 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 financial statements.

The Company's operating activities utilized \$893,318 in the three-month period ended March 31, 2011 (\$275,774 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 operations" section of this Management's Discussion and Analysis.

The Company's investment activities primarily consist of funds used in exploration work and the addition of mining properties.

The Company is entitled to a refundable tax credit for resources for up to 38.75% of eligible expenses, and a credit on mining duties refundable for losses of 12% of eligible expenses incurred (although not yet enacted, the Quebec government's 2010 budget proposes changing the rate from March 31, 2010 to 14% escalating to 15% and 16% in 2011 and 2012, respectively) and limiting refunds on losses to 50% of eligible expenditures funded with non-tax renounced flow-through funds.

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.

	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2011 (i)	2010 (i)	2010 (i)	2010 (i)	2010 (i)	2009 (ii)	2009 (ii)	2009 (ii)
	\$	\$	\$	\$	\$	\$	\$	\$
Total income	34,931	20,157	5,206	7,462	10,378	2,441	8,203	12,046
Net profit (loss)	(1,764,093)	(5,214,806)	(608,479)	(685,237)	916,162	(526,573)	(261,978)	(236,613)
Net profit (loss), per share, basic and diluted	(0.013)	(0.042)	(0.006)	(0.006)	0.007	(0.004)	(0.002)	(0.002)

(i) prepared according to IFRS.

(ii) prepared according to Canadian GAAP.

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OFF BALANCE-SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

The Company concluded the following transactions with BBH Géo-Management Inc.

	Three-month periods ended March 31	
	2011	2010
	\$	\$
Exploration and evaluation expenditures capitalized in the deferred exploration expenditures		
Consultants and subcontractors	920,000	893,000
Management fees	290,000	320,000
In the statement of loss		
Consulting and Professional fees	320,000	189,000
Office expenses	16,000	16,000
Management fees charged against property and equipment	22,000	82,000
Issue costs for the issuance of the convertible notes	-	24,000

At March 31, 2011, accounts payable and accrued liabilities included an amount of \$780,000 (\$911,000 at March 31, 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 effect 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 condensed interim unaudited financial statements for the three months ended March 31, 2011.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective January 1, 2011 Canadian publicly listed entities are required to prepare their financial statements in accordance with IFRS for interim and annual periods. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three months ended March 31, 2011 is the Company's first reporting period under IFRS.

The IFRS project team has completed the conversion implementation. Post-implementation will continue in future periods. A detailed discussion of accounting policies under IFRS is included in Note 2 and the quantitative impact of adopting IFRS is further discussed in Note 5 of the unaudited condensed interim financial statements for March 31, 2011.

As a result of the accounting policy differences on conversion from Canadian GAAP to IFRS, the Company has recorded changes in cash and cash equivalents, mining properties, deferred exploration expenditures, property and equipment, other liabilities, asset retirement obligations, deferred income tax liability, share capital, equity component of convertible notes and deficit in addition to the corresponding changes in the statements of loss and comprehensive loss for year ended December 31, 2010 and the three-month period ended March 31, 2010 discussed in Note 5 of the unaudited condensed interim financial statements for March 31, 2011.

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FINANCIAL STATEMENT PRESENTATION CHANGES

The transition to IFRS has resulted in financial statement presentation changes in the financial statements, most significantly on the statement of income (loss) and the creation of a statement of comprehensive income (loss). There were no changes to the Company's cash flow statement as a result of the implementation of IFRS with the exception of mining duties credits which have been reclassified to operating activities from investing activities as discussed in Note 5 of the unaudited condensed interim financial statements for March 31, 2011.

The following is a summary of the significant changes to the Company's statement of income (loss):

- Expenses by nature, the Company's statement of income (loss) presents expenses by nature. These changes are reclassifications within the statement of income (loss) so there is no net impact to the Company's reported loss as a result of these changes.
- Deferred income tax expense under IFRS reflects the amortization of the liability that was established for a portion of the flow-through shares.
- Current income tax recovery under IFRS reflects the mining duties credits received.

CONTROLS AND PROCEDURES

The conversion to IFRS does not have a significant impact on the Company's internal controls (including information technology systems), and accounting processes. However, the extent of change in accounting framework has required the Company to update its internal controls, disclosure controls and procedures to ensure they are appropriately designed and operated effectively for reporting under IFRS. These include: training communication to ensure IFRS knowledge is transferred from subject matter experts to the entire organization; documentation to ensure corporate accounting policies are updated for IFRS, and transitional analysis and decisions are adequately supported; and review to ensure segregation of duties in the review and approval of IFRS information from preparer to management, and ultimately by the Audit Committee. As a result of these incremental internal control enhancements, the impact of the conversion from Canadian GAAP to IFRS on the Company's risk management or other business activities is reduced.

BUSINESS ACTIVITIES AND KEY PERFORMANCE MEASURES

The Company is not subject to any financial covenants or key ratios, therefore the transition had no impact in this regard.

The impact of the IFRS transition project on the Company's compensation arrangements has been assessed and there is no significant impact to existing compensation arrangements due to the IFRS conversion project.

INFORMATION TECHNOLOGY AND SYSTEMS

The IFRS transition project did not have a significant impact on the Company's information systems for the convergence periods. Significant changes are also not expected in the post-convergence periods.

ONGOING ACTIVITIES

The completion of the Implementation and commencement of Post-Implementation phases will involve continuous monitoring of the changes implemented to date to ensure completeness and accuracy of IFRS financial reporting. In particular, there may be additional new or revised IFRSs or IFRICs in relation to consolidation, joint ventures, financial instruments, hedge accounting, discontinued operations, leases, employee benefits, revenue recognition and stripping costs in the production phase of a surface mine. The Company also notes that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures. There are processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRS and IFRIC Interpretations will be evaluated as they are drafted and published.

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OUTSTANDING SHARE DATA

	On June 13, 2011
	Number
Common shares	140,023,206
Stock options	4,782,000
Warrants	14,809,024
	159,614,230

RISK FACTORS

Details of risk factors are outlined in the Company's MD&A included 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 revenues. The Company relies upon the 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 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 favorable. Should the Company not be able to obtain such financing, one impact may be that Company's 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. Other than changes related to the Company's IFRS transition plan, there have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 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 June 13, 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 Strateco (www.stratecoinc.com) and SEDAR (www.sedar.com) websites.

(signed) Guy Hébert

(signed) Paul Einarson

Guy Hébert
President and Chief Executive Officer

Paul Einarson
Chief Financial Officer