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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-048908-152

S U P E R I O R C O U R T
Commercial Division
Designated tribunal under the
Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE PROPOSED PLAN OF COMPROMISE AND ARRANGEMENT OF STRATECO RESOURCES INC.

DEBTOR

- and -

ERNST & YOUNG INC.

MONITOR

THIRD REPORT OF THE MONITOR
September 1, 2015

INTRODUCTION AND PURPOSE

1. We, Ernst &Young Inc. ("EY" or "Monitor"), the monitor appointed by the Superior Court of the Province of Québec for the District of Montréal ("Court") in the matter of Strateco Resources Inc. ("Strateco" or the "Applicant") hereby report to the Court as follows.

2. The purpose of this report ("Report") is to provide this Court with information with respect to the following matters:
   a) The terms of reference and disclaimer for the Report;
   b) Provide an update on the Applicant's:
      - actual cash flows from June 22, 2015 to August 28, 2015; and,
      - the cash flow forecast from August 29, 2015 to October 2, 2015;
   c) The Applicant's progress in securing DIP financing;
   d) The proposed extension period to the stay of proceedings to October 1, 2015; and,
   e) Conclusions and recommendations.

TERMS OF REFERENCE

3. In preparing this Report and making the comments herein, the Monitor has

[1] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by Strateco, discussions with management of Strateco ("Management") and information from other third-party sources (collectively, the "Information"). Except as otherwise described in this Report in respect of Strateco's cash flow statement:

a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information; and,

b) Some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

4. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

5. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

STRATECO'S CASH FLOW STATEMENT

6. Given the ongoing process to secure and conclude a DIP financing agreement and the expiry date of the current stay of proceedings on September 3, 2015, the Applicant has prepared with the assistance of the Monitor:

a) Actual to budget cash flow results for the period of June 22 to August 28, 2015 (the "Actual to Budget Result"), representing the expired period of the stay of proceedings period provided by the Court in the Amended and Restated Initial Order. A copy of the Actual to Budget Result is attached as Exhibit 1 to this Report; and,

b) Updated cash flow projections (the "Cash Flow Statement"), for the period of August 29, 2015 to October 2, 2015 (the "Cash Flow Period"). A copy of the Cash Flow Statement is attached as Exhibit 2 to this Report.

Actual to Budgeted cash flows

7. Since the date of the CCAA filing, the Monitor has monitored the Applicant's Actual to Budget Results of operations, including:

   a) reviewing cash collections; and,

   b) reviewing supplier payments to ensure that they comply with the Amended and Restated Initial Order.

8. Actual to Budgeted Results are provided in detail in Exhibit 1 for the period of June 22, 2015 to August 28, 2015.

9. The Monitor has observed no significant issues with any of the items set out in Exhibit 1. The Monitor will continue its monitoring procedures and will report to the Court with respect thereto periodically, or upon the request of the Court.

10. Opening cash balance was equal to budget and stood at $249,000 as of June 22, 2015.

11. Cash inflows for the period were $77,000 compared to budgeted amounts of $95,000; the variance being unfavourable by $18,000 and is attributable to the lower than projected stock price for the shares sold in the open market ($28,000), which was partially offset by the receipt of GST refunds for $10,000 which had not been projected.

12. Cash outflows for the period were $251,000 compared to budgeted amounts of $339,000, for a favourable variance of $88,000. This favourable variance is principally attributable to:

    a) payroll and consulting payments being greater than budget by $10,000;

    b) overhead and administration payments being greater than budget by $5,000; and,

    c) CCAA professional fee and litigation counsel payments being lower than budget by $103,000.

13. These variances are expected to be exclusively timing differences and are expected to reverse in the future as service providers are paid.

14. Overall, the total cash flow variance for the period was favourable by $70,000, resulting in a closing cash balance at the end of the reported period of $75,000, as opposed to a budgeted closing balance of $5,000.

Revised Projected Cash Flows

15. The Cash Flow Statement for the period of August 29, 2015 to October 2, 2015 is presented on a weekly basis during the Cash Flow Period and represents Management's estimates of the projected cash flow during such period. The Cash Flow Statement has been prepared by Strateco's Management, using probable and hypothetical assumptions set out in notes to the Cash Flow Statement (the "Probable and Hypothetical Assumptions" or the "Assumptions"). It is attached as Exhibit 2 to this Report.

16. The Monitor has reviewed the Cash Flow Statement as to its reasonableness as required by Section 23(1)(b) of the CCAA.

17. Pursuant to this standard, the Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussion related to information supplied to it by certain key members of Management and employees of Strateco. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Statement.

18. Based on the Monitor's review, nothing has come to our attention that causes it to believe, in all material respects, that:

    a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Statement;

    b) As at the date of this Report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of Strateco or do not provide a reasonable basis for the Cash Flow Statement, given the Probable and Hypothetical Assumptions; or,

    c) The Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.

19. The Strateco cash position at the commencement of the Cash Flow Period is estimated at approximately $75,000. The Strateco Cash Flow Statement estimates that during the Cash Flow Period, it will have total receipts of $12,000 and total disbursements of approximately $56,000 resulting in net cash outflow of approximately $44,000, and a closing cash balance of $31,000.

20. The Court will note that the Cash Flow Statement prepared by the Applicant provides for payment of minimal amounts during the proposed extend stay period owing and/or accruing to the directors and officers of the Applicants and to professionals currently involved in these CCAA proceedings, including the Monitor, its legal counsel, the Applicant's CCAA counsel and the Applicant's litigation counsel as these parties have agreed to defer payment of certain amounts beyond the extended stay period proposed in this Report.

21. Further extended cash flows provided by Strateco demonstrate that unless it can successfully obtain interim financing in October 2015, it will have insufficient funding to continue its operations and Legal Proceedings, assuming that the Applicant resumes the payment of amounts referred to in the previous paragraph.

PROGRESS IN SECURING DIP FINANCING

22. In June 2015, the Applicant initiated a process seeking to secure debtor-in-possession ("DIP") financing in an amount sufficient to enable it to fund its operating and litigation related costs as it pursues the Matoush Litigation.

23. Since the issuance of the Initial Order, Strateco, with the assistance of EY, has worked diligently to identify and solicit potential sources of DIP financing.

24. In particular, during the course of this DIP solicitation process:

    a) an information package was communicated to thirty-four (34) potential investors hailing from various backgrounds, including "traditional" DIP lenders, foreign firms who specialize in third-party litigation financing, as well as current creditors and equity holders of Strateco; and,

    b) Strateco has executed a total of twelve (12) non-disclosure agreements with various parties who expressed interest in accessing more information about the company in connection with a potential DIP financing

25. To this day, the DIP solicitation process remains ongoing, and Strateco has received three (3) conditional offers from potential DIP lenders.

26. Strateco has reached an advanced stage in its solicitation process and is confident that it will be in a position to return before this Court to seek the approval of a DIP funding agreement before October 1, 2015.

EXTENDED STAY OF PROCEEDINGS

27. The Amended and Restated Initial Order is scheduled to expire on September 3, 2015. The Monitor notes that the cash flow projections could allow for the stay to be extended until October 1, 2015 and recommends an extension until that date, given that the Applicant is currently in an advanced stage of negotiating interim financing support.

CONCLUSION AND RECOMMENDATIONS

28. Based on discussions with representatives of the Applicant, the Monitor believes that it has acted and is continuing to act in good faith and with due diligence.

29. The Monitor believes that Strateco should be granted the benefit of an extended stay of proceedings under the CCAA, so that it can continue its Legal Proceedings which at this time represents its most important asset available to fund and file a plan of arrangement in the best interest of all stakeholders, to provide it time to secure interim financing, and that such an extended stay of proceedings would not be prejudicial to the creditors of the Applicant.

30. As the DIP financing has yet to be arranged, the Monitor will report back to this Court in due course, once such interim financing has been successfully negotiated.

All of which is respectfully submitted this 1st day of September 2015.

ERNST & YOUNG INC.,
in its capacity as the Court appointed Monitor of
Strateco Resources Inc.

Per:

Michel Marleau, CPA, CA
Senior Vice President

Exhibit 1

STRATECO RESOURCES INC.

Cash Flow Forecast 2015

Unaudited, in thousands of Canadian dollars

	Total	June 22-26	July 29-3	July 6-10	July 13-17	July 20-24	July 27-31	Aug. 3-7	Aug. 10-14	Aug. 17-21	Aug. 24-28
Cash Inflows											
Selling - Shares	95	9	10	9	10	9	10	9	10	9	10
Selling - Others	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	95	9	10	9	10	9	10	9	10	9	10
Cash Outflows											
Administration - Personnel costs	88	6	0	20	0	22	0	6	0	34	0
Administration - Corporate and financial overheads	41	1	21	3	3	1	0	7	1	2	2
Qc. Gouv. Litigation - Professional fees	41	0	0	0	16	0	0	0	25	0	0
CCAA - Professional fees	166	27	36	0	43	7	5	17	0	26	5
Matoush project fees	3	0	0	0	0	2	1	0	0	0	0
Total Cash Outflows	339	34	57	23	62	32	6	30	26	62	7
NET CASH FLOW	-244	-25	-47	-14	-52	-23	4	-21	-16	-53	3
Bank balance - beginning	249	249	224	177	163	111	88	92	71	55	2
Bank balance - ending before proposed financing	5	224	177	163	111	88	92	71	55	2	5

STRATECO RESOURCES INC.

Cash Flow Actual 2015

Unaudited, in thousands of Canadian dollars

	Total	June 22-26	July 29-3	July 6-10	July 13-17	July 20-24	July 27-31	Aug. 3-7	Aug. 10-14	Aug. 17-21	Aug. 24-28
Cash Inflows											
Selling - Shares	67	9	6	8	22	0	10	0	0	12	0
Selling - Others	10	0	0	0	0	0	0	6	4	0	0
Total Cash Inflows	77	9	6	8	22	0	10	6	4	12	0
Cash Outflows											
Administration - Personnel costs	98	6	0	20	5	26	4	6	0	31	0
Administration - Corporate and financial overheads	46	0	0	8	21	0	1	7	0	9	0
Qc. Gouv. Litigation - Professional fees	12	0	0	0	0	12	0	0	0	0	0
CCAA - Professional fees	92	34	0	37	0	0	0	21	0	0	0
Matoush project fees	3	0	0	0	1	2	0	0	0	0	0
Total Cash Outflows	251	40	0	65	27	40	5	34	0	40	0
NET CASH FLOW	-174	-31	6	-57	-5	-40	5	-28	4	-28	0
Bank balance - beginning	249	249	218	224	167	162	122	127	99	103	75
Bank balance - ending before proposed financing	75	218	224	167	162	122	127	99	103	75	75

STRATECO RESOURCES INC.

Cash Flow Variance 2015

Unaudited, in thousands of Canadian dollars

	Total	June 22-26	July 29-3	July 6-10	July 13-17	July 20-24	July 27-31	Aug. 3-7	Aug. 10-14	Aug. 17-21	Aug. 24-28
Cash Inflows											
Selling - Shares	-28	0	-4	-1	12	-9	0	-9	-10	3	-10
Selling - Others	10	0	0	0	0	0	0	6	4	0	0
Total Cash Inflows	-18	0	-4	-1	12	-9	0	-3	-6	3	-10
Cash Outflows											
Administration - Personnel costs	-10	0	0	0	-5	-4	-4	0	0	3	0
Administration - Corporate and financial overheads	-5	1	21	-5	-18	1	-1	0	1	-7	2
Qc. Gouv. Litigation - Professional fees	29	0	0	0	16	-12	0	0	25	0	0
CCAA - Professional fees	74	-7	36	-37	43	7	5	-4	0	26	5
Matoush project fees	0	0	0	0	-1	0	1	0	0	0	0
Total Cash Outflows	88	-6	57	-42	35	-8	1	-4	26	22	7
NET CASH FLOW	70	-6	53	-43	47	-17	1	-7	20	25	-3
Bank balance - beginning	0	0	-6	47	4	51	34	35	28	48	73
Bank balance - ending before proposed financing	70	-6	47	4	51	34	35	28	48	73	70

Exhibit 2

Insolvent Person's Report on Cash-flow Forecast
(Section 10(2) of the *Companies' Creditors Arrangement Act*)

In the matter of the proposed plan of compromise and arrangement of SRATECO RESOURCES INC.

We, Strateco Resources Inc. (the **"Company")**, have developed the assumptions and prepared the attached statement of cash-flow forecast of the Company, as of the 31st day of August, 2015, consisting of a statement of cash-flow forecast for the 5 weeks ending October 2, 2015.

The probable and hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes accompanying the cash-flow forecast, and the probable and hypothetical assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the forecast. All such assumptions have been disclosed in Notes 1. to 3.

Since the forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The forecast has been prepared solely for the purpose described in the notes accompanying the statement of cash-flow forecast, using a set of probable and hypothetical assumptions set out in Notes 1. to 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 31st day of August, 2015.

STRATECO RESOURCES INC.

per: Guy Hébert, President

STRATECO RESOURCES INC.
Cash Flow Forecast 2015
For the period of August 29 to October 2, 2015

Unaudited, in thousands of Canadian dollars

	Total	Aug 29 - Sept 4	Sept. 7-11	Sept. 14-18	Sept. 21-25	Sept 28 - Oct 2
Cash Inflows						
Selling - Shares	12	6	6	0	0	0
Selling - Others	0	0	0	0	0	0
Total Cash Inflows	12	6	6	0	0	0
Cash Outflows						
Administration - Personnel costs	21	8	0	7	0	6
Administration - Corporate and financial overheads	11	7	2	1	0	1
Qc. Gouv. Litigation - Professional fees	0	0	0	0	0	0
CCAA - Professional fees	24	0	24	0	0	0
Matoush project fees	0	0	0	0	0	0
Total Cash Outflows	56	15	26	8	0	7
NET CASH FLOW	-44	-9	-20	-8	0	-7
Bank balance - beginning	75	75	66	46	38	38
Bank balance - ending before proposed financing	31	66	46	38	38	31
Proposed financing						
DIP financing	0	0	0	0	0	0
Bank balance after the financing	31	66	46	38	38	31

PROBABLE AND HYPOTHETICAL ASSUMPTIONS TO THE
PROJECTED STATEMENT OF CASH FLOW
For the 5 weeks ending October 2, 2015

1. Purpose: The attached statement of projected cash flow has been prepared by Management to present the anticipated cash inflows and outflows resulting from current operations during the period of the initial stay of proceedings in virtue of the *Companies' Creditors Arrangement Act*, namely the period from August 29, 2015 to October 2, 2015. Assumptions made in preparing the projected cash flow statement are presented hereunder.

2. Revenues:

   2.1 Projected revenues stem for the periodic liquidation of certain securities held and available for sale. Their realization value is based on management's estimates of a sustainable transaction volumes and market price based on recent market transactions.

3. Disbursements:

   3.1 Wages: The projected wages are projected to be paid every two weeks. Wage payments are made using an external payroll service which collects and remits employee and employer source payroll deductions and contributions on behalf of the employer;

   3.2 Fixed payment contracts: Rent payments are scheduled to be made on their due date;

   3.3 Professional fees and sub-contracted consultant: These are projected to be paid as issued, subject to specific arrangements made with such parties;

   3.4 Other periodic suppliers are assumed to be paid on a COD basis;

   3.5 The cash flow projections do not reflect the payment of certain arrears and severance payments due to employees, nor a provision for amounts which will not become due during the projection period. Furthermore, no provision has been made in the projections for payments to creditors and employees from amounts owing prior to filing for protection under the CCAA.