CANADA STRATEGIC METALS

(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended April 30, 2013

(First quarter)

This management discussion and analysis (”MD&A”) of Canada Strategic Metals (“Canada Strategic” or the “Company”) complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of Canada Strategic, of how the Company performed during the three-month period ended April 30, 2013, and of the Company financial condition and future prospects. This discussion and analysis complements the unaudited condensed interim financial statements for the three-month period ended April 30, 2013 but does not form part of them.

These unaudited condensed interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim financial statements do not include all the information and notes required for the purpose of audited annual financial statements. The accountings methods used are the same that those used for the purpose of audited annual financial statements for the year ended January 31, 2013, prepared in accordance with the IFRS as they are published by the International Accounting Standards Board ("IASB"),. Therefore, this discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements as at April 30, 2013 and notes thereto, as well as the audited consolidated financial statements and notes thereto and the MD&A for the year ended January 31, 2013.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of Canada Strategic are listed on the TSX Venture Exchange under the symbol CJC, on the OTC Bulletin Board under the symbol CJCFF and on the Frankfurt Exchange under the symbol YXEN.

DATE

The MD&A was prepared on the basis of information available as at June 19, 2013.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

Canada Strategic is incorporated under the *Company Act of British-Columbia*. The Company was involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

OVERALL PERFORMANCE

RESULTS OF OPERATIONS

GOELAND RARE EARTH – RARE EARTH PROJECT

Property Description

The Goeland rare earth property is located 215 km north of Val-d'Or in the Abitibi region of Quebec. The Goeland rare earth property consists of 2 large blocks and 2 single claims of 47 minerals claims totaling 2 610.79 hectares (26.11 km^2) adjacent to the Montviel Carbonatite Complex. Historic exploration at Montviel has revealed strong potential for rare earth element ("REE"), niobium and phosphate mineralization.

The Montviel Carbonatite Complex encompasses six main geological units: Pmtv 1 through 6. To date, almost all of the anomalous REE, niobium and phosphate values have been encountered within Pmtv 5, which is composed of ferrocarbonatite, apatite-bearing ferrocarbonatite, silicocarbonatite, and pyrrhotite-bearing calciocarbonatite.

The Goeland Property is easily accessible via a network of logging roads. The principal exploration target for the property is carbonatite hosted REE mineralization.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

LAC DES ILES WEST – GRAPHITE PROJECT

Property Description

The Lac des Iles West property consists of 1 large contiguous block of 104 mineral claims totaling 5,601.30 hectares (56.01 km^2 that borders the western limit of the Timcal Lac Des Îles graphite mine close to the town of Mont-Laurier, 150 km northwest of Montréal in southern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

CHAMPAGNE – GRAPHITE PROJECT

Property Description

The Champagne property group consists 1 large contiguous block of 88 mineral claims totaling 4,872.76 hectares (48.73 km^2) located approximately 120 km north of Baie-Comeau, Quebec.

Work done during the period

During the period ended April 30, 2013, the Company incurred expenses of $8,640 $ on exploration and development expenditures relating to a 43-101 on the project.

LA LOUTRE – GRAPHITE PROJECT

Property Description

The La Loutre Property consists of 1 large contiguous block of 42 mineral claims totaling 2,508.97 hectares (25.09 km^2) located approximately 53 km east of Timcal's Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

Work done during the period

During the period ended April 30, 2013, the Company incurred expenses of $6,714 on exploration and development expenditures relating to the metallurgical testing.

On June 6, 2013 the company announce the results from preliminary metallurgical flotation testing based on a composite of several graphite samples from the La Loutre Property. The Company has submitted three (1) composites, representing three (3) different geological units present on the property to Global Mineral Research Ltd (GMR Ltd) for this evaluation. This composite samples has been prepared with the grab samples obtained during the summer exploration program on the property (see news release dated July 24, 2012) which confirmed the presence of a large graphite bearing structure covering an area of approximately 7 kilometers by 1 kilometer with results of up to 22.04% Graphite in multiple parallel zones of 30-50 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide, which includes results of up to 18% Graphite.

The primary objective of the test program was to determine the recoverability of the graphite mineral by flotation and gravity concentration. The grind sensitivity tests, conducted in the range of 576 to 237 microns, indicate the recoveries are not significantly affected by the varying primary grinds. However, a finer feed is observed to yield better graphite recoveries. The best rougher flotation results achieved 80.4% graphite recovery in 10.9% mass yield with a grade of 34.5% graphite.

Cleaning of the rougher concentrate was best achieved by incorporation gravity with the flotation process. The cleaner flotation with gravity test results indicate that both rougher and cleaner concentrates contain liberated graphite flakes which can be upgrade by gravity. The final gravity concentrate shows 65.3% recovery with a grade of 80% in 3.8% mass yield. Further size reduction of various products from this procedure will potentially improve on the final grade and recovery of the graphite. Due to limitations of available feed material, optimization testing has yet to be conducted. Additional test are recommended to improve on overall graphite grade and recovery to the final product.

In March, the company has initiated the permitting process to complete a 1,500 meter drill program on the La Loutre property this spring. The objective of this 15–20 hole drill program will be to verify the areas of high-grade graphite results towards establishing a flake graphite resource at the La Loutre property by December 2013 and use a better representative samples to conduct optimization flotation testing. The Company still waiting the permit to start drilling at La Loutre project.

GRAND PRIX NORTH – GRAPHITE PROJECT

Property Description

The Grand Prix North Property consists of 1 large contiguous block of 15 mineral claims totaling 829.99 hectares (8.29 km^2) located approximately 130 km northwest of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

PARADISE 1 – GRAPHITE PROJECT

Property Description

The Paradise 1 property consists of 1 large contiguous block of 17 mineral claims totaling 923.81 hectares (9.24 km^2) located approximately 190 km north of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

MARBLE SOUTH – GRAPHITE PROJECT

Property Description

The Marble South property consists of 1 large contiguous block of 25 mineral claims totaling 1,392.02 hectares (13.92 km^2) located approximately 100 km northwest of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

MARDI GRAS – GRAPHITE PROJECT

Property Description

The Mardi Gras property consists of 2 large blocks of 21 mineral claims totaling 1,122.83 hectares (11.23 km^2) located approximately 160 km northwest of Sept-Iles in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

GRAND PRIX – GRAPHITE PROJECT

Property Description

The Grand Prix property consists of 1 large contiguous block of 273 mineral claims totaling 14,976.29 hectares (149.76 km^2) located approximately 110 km northwest of Baie-Comeau in central eastern Québec.

Work done during the period

During the period ended April 30, 2013, the Company incurred expenses of $9,818 on exploration and development expenditures relating to a 43-101 on the project.

PARADISE 2 – GRAPHITE PROJECT

Property Description

The Paradise 2 property consists of 1 large contiguous block of 112 mineral claims totaling 6,102.53 hectares (61.03 km^2) located approximately 170 km north of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

WHITE – GRAPHITE PROJECT

Property Description

The White property consists of 1 large contiguous block of 10 mineral claims totaling 557.32 hectares (5.57 km^2) located approximately 50 km north of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

BUTTERFLY – GRAPHITE PROJECT

Property Description

The Butterfly property consists of 3 blocks of 261 minerals claims totaling 14,084.03 hectares (140.84 km^2) located approximately 102 km northwest of Sept-Îles in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

MARBLE NORTH – GRAPHITE PROJECT

Property Description

The Marble North property consists of 1 large contiguous block of 13 mineral claims totaling 722.84 hectares (7.23 km^2) located approximately 100 km northwest of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

LION – GRAPHITE PROJECT

Property Description

The Lion property consists of 1 large contiguous block of 120 mineral claims totaling 6,553.13 hectares (65.53 km^2) located approximately 110 km north of Matagami in western Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

TÉTÉPISCA – GRAPHITE PROJECT

Property Description

The Tétépisca property consists of 1 large contiguous block of 78 mineral claims totaling 4,206.09 hectares (42.09 km^2) located approximately 230 km northwest of Baie-Comeau in central eastern Québec.

Work done during the period

No exploration work was carried out on the property during the period covered by this MD&A.

Person In Charge of Technical Disclosure

Jean-Sebastien Lavallee (OGQ #773), geologist, shareholder, President and Chief Executive Officer of the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the properties.

RESULTS OF OPERATIONS

Canada Strategic anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The following discussion and analysis are based on Canada Strategic's results of operations for the three-month period ended April 30, 2013. The selected financial information below was taken from the unaudited condensed interim financial statements for each period shown.

FINANCIAL HIGHLIGHTS

	April 30 (3 months)	
	2013	**2012**
Revenues	$ -	$ 2,537
General administrative expenses	**$ 24,658**	$ 48,898
Registration, listing fees and shareholders' information	**$ 63,676**	$ 65,639
Professionnal and consultant fees	**$ 111,791**	$ 76,755
Depreciation of property, plant and equipment	**$ 2,243**	$ -
Part XII.6 taxes	**$ 1,158**	$ -
Unrealized gain on marketable securities	$ -	$ 1,532
Write-off of property plan and equipment	**$ 70,208**	$ -
Write-off of exploration end evaluation assets	**$ (26,354)**	$ -
Loss before income taxes	**$ 247,380**	$ 190,287
Deferred income and mining taxes	**$ (4,417)**	$ -
Total comprehensive loss for the period	**$ 242,963**	$ 190,287
Cash & cash equivalents	**$ 445,017**	$ 453,304

Revenues

For the three-month period ended April 30, 2013, no revenue was generated ($2,537 – 2012, interest revenues). Given its status as a mining exploration company, Canada Strategic does not generate any steady income, and must issue equity to conduit.

General Administrative Expenses

General administrative expenses for the three-month period ended April 30, 2013, consisted mainly of general office expenditures, travel expenses, promotional activities and the Company's claim renewal expenses. The decrease was mainly due to travel and insurance expenses.

Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the three-month period ended April 30, 2013, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease was attributable to transfer agent, listing and filing fees, and higher investor relations expenses arising from expenses that should have been charged during an earlier period.

Professional and Consultant Fees

Professional and consulting fees for the three-month ended April 30, 2013, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. These fees were $35,036 higher than the prior period due to a $53,656 increase in business development expenses, offset by an $18,620 decrease in accounting, audit and legal fees and consulting fees.

The selected financial information below was taken from Canada Strategic's unaudited condensed financial statements for each of the following quarters:

$000s of $ except for share data	**Apr. 30 2013**	Jan. 31 2013	Oct. 31 2012	July 31 2012	Apr. 30 2012	Jan. 31 2012	Oct. 31 2011	July 31 2011
Revenues	-	-	-	-	-	-	-	-
Net profit (loss)	**(243)**	(568)	(153)	(241)	(190)	(893)	(253)	(234)
Basic and diluted net loss per share	$ **(0.01)**	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.05)	$ (0.02)	$ (0.02)

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at April 30, 2013, totalled $445,017 compared to $453,304 as at April 30, 2012. It is management's intention to secure further capital funding in the form of equity to support current and future exploration and evaluation assets development.

The selected financial information below was taken from Canada Strategic's unaudited condensed financial statements for each of the following quarters:

Date	Financing		Commercial Goals	
December 2012	Flow-through	$470,000	Exploration expenditures	Still has $455,865 to spend at the latest December 31, 2013

For the next year, the Company has budgeted $400,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. Advanced exploration of some of the mineral properties would require substantially more financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to Canada Strategic. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures. Management is currently considering opportunities for further financing.

CASH FLOWS

	April 30 (3 months)	
	2013	**2012**
Operating activities	**$ (73,494)**	$ (140,106)
Financing activities	**$ (200)**	$ 667,625
Investing activities	**$ 65,407**	$ (399,625)
	$ (8,287)	$ 127,894
Cash & cash equivalents	**$ 445,017**	$ 453,304

During the three-month period ended April 30, 2013, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

The Company did not conduct any financing activities during the three-month period ended April 30, 2013.

During the three-month period ended April 30, 2013, investing activities consisted of the receipt of a tax credit and the sale of property and equipment. In addition, expenditures on exploration and evaluation assets were much lower than last year.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

Commitments with Key Executives

A) In July 2012 and amended in August 2012, the Company entered into an option agreement on the Grand Prix, Grand Prix North, Butterfly, Paradise 1, Paradise 2, Marble North, Marble South, Tetepisca, Mardi Gras, White and Lion (collectively named “North Shore”) properties in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the properties in consideration of a total of $75,000 in cash payments, as follows:

- $30,000 at the signature date;
- $45,000 within six months following final approval (received in March 2013) by the TSX Venture Exchange.

The Company has also agreed to issue 6,000,000 common shares as follows:

- 1,500,000 shares at the TSX Venture Exchange conditional approval (condition fulfilled);
- 1,500,000 shares at the TSX Venture Exchange final approval (condition fulfilled);
- 1,500,000 shares fifteen month following the TSX Venture Exchange final approval;
- 1,500,000 shares twenty-four month following the TSX Venture Exchange final approval.

In addition, the Company has undertaken to incur $250,000 ($18,758 has already been incurred as at April 30, 2013) over an eighteen month period. Expenditures under the North Shore and Champagne Agreement will be counted for the purpose of satisfying this requirement.

In relation with the agreement, the Company will also have to pay $150,000 in cash and to issue 3,000,000 common shares on production of a resource estimate with 200,000 tonnes or more of graphite (at cut-off of 5%). This obligation will terminate if a similar bonus payment is made under the Champagne Option Agreement.

Under the terms of the agreement, the properties remain subject to a 2% NSR royalty payable to the vendors. The Company has the option to purchase 1.0% of this NSR royalty for $1,000,000.

B) In April 2012 and amended two time (July and August 2012), the Company entered into an option agreement on the Champagne property in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the property in consideration of a total of $390,000 in cash payments, as follows:

- $60,000 at the signature date (condition fulfilled);
- $60,000 within six months following final approval (received in March 2013) by the TSX Venture Exchange;
- $135,000 fifteen months after final approval by the TSX Venture Exchange;
- $135,000 twenty-four months after final approval by the TSX Venture Exchange.

The Company has also agreed to issue 6,000,000 common shares as follows:

- 1,500,000 shares at the TSX Venture Exchange conditional approval (condition fulfilled);
- 1,500,000 shares at the TSX Venture Exchange final approval (condition fulfilled);
- 1,500,000 shares fifteen month following the TSX Venture Exchange final approval;
- 1,500,000 shares twenty-four month following the TSX Venture Exchange final approval.

In addition, the Company has undertaken to incur $250,000 ($18,758 has already been incurred as at April 30, 2013) over an eighteen month period. Expenditures under the Champagne and North Shore Agreement will be counted for the purpose of satisfying this requirement.

In relation with the agreement, the Company will also have to pay $150,000 in cash and to issue 3,000,000 common shares on production of a resource estimate with 200,000 tonnes or more of graphite (at cut-off of 5%). This obligation will terminate if a similar bonus payment is made under the North Shore Option Agreement.

Under the terms of the agreement, the property remains subject to a 2% NSR royalty payable to the vendors. The Company has the option to purchase 1.0% of this NSR royalty for $1,000,000.

C) In February 2012, the Company entered into an option agreement on the La Loutre property in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the property in consideration of a total of $75,000 in cash payments, as follows:

- $15,000 at the signature of the Agreement (condition fulfilled);
- $15,000 at the TSX Venture Exchange final approval (received in March 2012) (condition fulfilled);
- $15,000 six months after final approval by the TSX Venture Exchange;
- $15,000 twelve months after final approval by the TSX Venture Exchange;
- $15,000 eighteen months after final approval by the TSX Venture Exchange.

The Company has also agreed to issue 2,000,000 common shares as follows:

- 1,000,000 shares at the signature of the Agreement (condition fulfilled);
- 500,000 shares twelve months following the TSX Venture Exchange final approval (condition fulfilled);
- 500,000 shares eighteen months following the TSX Venture Exchange final approval.

In addition, the Company has undertaken to incur $100,000 ($125,130 has already been incurred as at April 30, 2013) over a twelve month period.

Under the terms of the agreement, the property remains subject to a 1.5% NSR royalty payable to the vendors. The Company has the option to purchase 0.5% of this NSR royalty for $500,000.

Other Commitments

D) In September 2012, the Company retained the services of Paradox Public Relations ("Paradox") to handle public relations. Paradox focuses on developing and expanding the Company's communications with the financial community through a full investor relations program. The services provided include marketing to the financial community, an inbound email service, the use of an exclusive Paradox database, organization of meetings and presentations and service calls on behalf of the Company. The agreement covers a 24-month period at a monthly fee of $7,000.

E) In February 2012, the Company entered into an option agreement on the Lac des Isles West property in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the property in consideration of a total of $12,500 in cash payments, as follows:

- $12,500 at the signature of the Agreement (condition fulfilled).

The Company has also agreed to issue 500,000 common shares as follows:

- 300,000 shares at the TSX Venture Exchange final approval (condition fulfilled);
- 200,000 shares six months following the TSX Venture Exchange final approval (condition fulfilled).

In addition to the above cash payments and common share issuances, the Company must issue a bonus in the form of common shares with a fair value of $1,000,000 or pay $1,000,000 upon commencement of production.

F) In January 2011, the Company entered into an option agreement on the Goeland property in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the property in consideration of a total of $25,000 in cash payments, as follows:

- $25,000 at the signature of the Agreement (condition fulfilled).

The Company has also agreed to issue 2,500,000 common shares as follows:

- 1,000,000 shares at the TSX Venture Exchange final approval (condition fulfilled);
- 500,000 shares twelve months following the TSX Venture Exchange final approval (condition fulfilled);
- 500,000 shares twenty-four months following the TSX Venture Exchange final approval (condition fulfilled);
- 500,000 shares thirty-six months following the TSX Venture Exchange final approval.

Under the terms of the agreement, the property remains subject to a 2% NSR royalty payable to the vendors.

ROYALTIES ON THE MINING PROPERTIES

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
Goeland	Zimtu Capital Corporation	50%	2% NSR
	Glenn Briesbacii	50%	
La Loutre	Jean-Sébastien Lavallée	33,33%	1.5% NSR of which 0.5% may be purchased for an amount of $500,000
	Jean-Raymond Lavallée	33,33%	
	Michel Robert	33,33%	
Champagne, Grand Prix North, Paradise 1, Marble South, Mardi Gras, Grand Prix, Paradise 2, White, Butterfly, Marble North, Lion and Tétépisca	Jean-Sébastien Lavallée	33,33%	2% NSR of which 1% may be purchased for an amount of $1,000,000
	Jean-Raymond Lavallée	33,33%	
	Michel Robert	33,33%	

RELATED-PARTY TRANSACTIONS

Transactions with key Executives

A) During the period, the Company has incurred professional and consultants fees amounting to $10,500 ($10,500 in 2012) with a company controlled by its chief financial officer. In relation with these transactions, no amount was payable as at April 30, 2013.

B) During the period, the Company incurred $5,622 in exploration and evaluation assets (Nil in 2012), professional fees for $93,645 (Nil in 2012) with Consul-Teck Exploration Minière Inc., a company controlled by the President and Chief Executive Officer of the Company. $151,078 was payable to Consul-Teck Exploration Minière Inc. as at April 30, 2013.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

C) In July 2012, the Company signed an option agreement to acquire a 100% interest in the North Shore Package properties from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company issued to Mr. Lavallée 1,000,000 common shares.

The President of the Company also owns 33.33% royalty of the 2% NSR royalty on the said property. Half of the royalty can be redeemed by the Company for the sum of $1,000,000.

D) In April 2012, the Company signed an option agreement to acquire a 100% interest in the Champagne property from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company paid to Mr. Lavallée $20,000 in cash and issued 1,000,000 common shares.

The President of the Company also owns 33.33% royalty of the 2% NSR royalty on the said property. Half of the royalty can be redeemed by the Company for the sum of $1,000,000.

E) In February 2012, the Company signed an option agreement to acquire a 100% interest in the La Loutre property from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company paid to Mr. Lavallée $10,000 in cash and issued 500,000 common shares.

The President of the Company also owns 33.33% royalty of the 1.5% NSR royalty on the said property. The Company has the option to purchase 0.5% of this NSR royalty for $500,000.

These transactions are measured at amount of consideration established and agreed by the related parties.

Transactions with Board of Directors

F) During the period, the Company sold office furniture for an amount of $25,000 with a company controlled by a director of the Company. In relation with this transaction, an amount of $25,000 was receivable as at April 30, 2013.

G) During the comparative 2012 period, the Company has incurred professional and consultants fees amounting to $40,500 with companies controlled by Directors of the Company. In relation with these transactions, an amount of $11,200 was payable as at April 30, 2013.

H) During the comparative 2012 period, the Company charged $18,398 for lease of office with a company controlled by a director of the Company. In relation with these transactions, an amount of $11,347 was receivable as at April 30, 2013.

The transactions are in the normal course of operations and are measured at amount of consideration established and agreed by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim financial statements do not include all the information and notes required for the purpose of audited annual financial statements. The accountings methods used are the same that those used for the purpose of audited annual financial statements for the year ended January 31, 2013, prepared in accordance with the IFRS as they are published by the International Accounting Standards Board ("IASB"),. Therefore, this discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements as at April 30, 2013 and notes thereto, as well as the audited financial statements and notes thereto and the MD&A for the year ended January 31, 2013.

Exploration and evaluation assets

All direct costs related to the acquisition and exploration of exploration and evaluation assets are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. If economically recoverable or reserves are developed, capitalized costs of the related property are reclassified as exploration and evaluation assets being depleted and amortized using the units-of-production method following commencement of production. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

The Company recognizes mining exploration tax recoveries in the year in which the related qualifying resource expenditures are incurred, unless collection is not reasonably assured, and reduces the carrying values of exploration and evaluation assets by the respective recovery amount.

Property and equipment

Property and equipment are recorded at cost. Amortization is calculated on the straight-line basis over the useful lives of the assets as follows:

Furniture and equipment	5 years
Leasehold improvements	5 years
Software license	2 years

Additions during the year are amortized at one-half the annual rates.

(i) Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

(ii) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of operations for the year.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(iii) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or depletion, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(iv) Decommissioning

Future obligations to retire an asset, including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate. The decommissioning and restoration provision ("DRP") is adjusted at each reporting year for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the credit-adjusted risk-free discount rate.

The liability is accreted to full value over time through periodic charges to income. This unwinding of the discount is charged to finance costs in the statements of operations.

(iv) Decommissioning (continued)

The amount of the DRP initially recognized is capitalized as part of the related asset's carrying value and amortized to income. The method of amortization follows that of the underlying asset. The costs

related to a DRP are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. For a closed site or where the asset, which generated a DRP, no longer exists, there is no longer future benefit related to the costs and, as such, the amounts are expensed. For operating sites, a revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the capitalized retirement cost. For closed sites, adjustments to the DRP that are required as a result of changes in estimates are charged to income in the year in which the adjustment is identified.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the Black-Scholes Options Pricing Model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the year the forfeiture occurs.

Unit offerings

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the private placement and the balance, if any, is allocated to the attached warrants.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS"), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or los

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Held-to-maturity financial assets

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM.

Available-for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories and are subsequently measured at fair value, determined by published market prices in an active market. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at every reporting year and any impairment charges are also recognized in income or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in net income (loss). The Company does not have any assets classified as AFS.

Loans and receivables financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment.

They are carried at amortized cost less any impairment. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would not be material. Amounts receivable are included in this category of financial assets.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities, and financial liabilities at FVTPL.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of operations over the year to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in operations. Transaction costs are recognized in operations as incurred. The Company does not have any liabilities classified as FVTPL.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the statement of financial position date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Revenue and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the date of the transaction.

Critical accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates relate to determining the recoverability of exploration and evaluation assets and property and equipment, the determination of accrued liabilities, accrued site remediation, rates of amortization, the recoverability of amounts receivable, the variables used in the determination of the fair value of stock options granted and warrants issued, and the determination of the recoverability of deferred tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Segmented information

The Company’s operations consist of a single operating segment and all operations are located in Canada.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for Canadian income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the flow-through shares are issued, the difference (“flow-through share premium”) between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of comprehensive loss as other income when the eligible exploration expenditures are incurred.

CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and Chief Financial Officer have signed the official basic certificates for venture issuers as required by *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, confirming the review, absence of untrue or misleading information and fair presentation of the interim documents filed.

The President and Chief Executive Officer and Chief Financial Officer have confirmed that they have reviewed the interim financial statements and the interim MD&A (collectively referred to as the "interim filings") of the Company for the three-month period ended April 30, 2013.

The President and Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings

The President and Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings for these periods.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information data is derived from the unaudited condensed interim financial statements at the periods indicated.

EXPLORATION AND EVALUATION ASSETS

	April 30 (3 months)	
	2013	**2012**
Balance, beginning of period	**$ 2,647,761**	$ 1,911,044
Add:		
Acquisition of exploration and evaluation assets	**292,500**	489,000
Drilling	**2,232**	-
Metallurgical test	**2,232**	-
Geology and geophysics	-	73,241
Analysis	**4,262**	112,702
General exploration expenses	**15,957**	81,183
	317,183	756,126
Balance, before deduction	**2,964,944**	2,667,170
Tax credit and mining duties	**339,398**	-
Writedown	**(26,354)**	-
	313,044	-
Balance, end of period	**$ 2,651,900**	$ 2,667,170

MATERIAL COMPONENTS

	April 30 (3 months)		
	2013	**2012**	**2011**
Statements of Comprehensive Income			
Professional and consultant fees	$ **111,791**	$ 76,755	$ 83,809
Write-off of mining properties and deferred exploration expenses	**(26,354)**	-	-
Stock-based compensation	$ -	$ -	$ 221,454

	April 30		
	2013	**2012**	**2011**
Statements of Financial Position			
Cash reserved for exploration and evaluation	$ **455,865**	$ 470,000	$ -
Exploration and evaluation assets	$ **2,651,900**	$ 2,667,170	$ 208,973

The following selected financial information is derived from the Company's unaudited financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at June 19, 2013)

Common shares outstanding: 39,387,368

Options outstanding: 3,050,000

Average exercise price of: $ 0.26

Expiry date	Number of shares	Exercise price
		$
June 2013	1,300,000	0.10
November 2013	25,000	0.22
November 2013	25,000	0.50
November 2013	25,000	0.10
January 2016	450,000	0.22
January 2016	100,000	0.30
February 2016	100,000	0.72
April 2016	125,000	0.66
August 2016	700,000	0.50
July 2017	200,000	0.10
	3,050,000	

Warrants outstanding : 11,640,292

Average exercise price of: 0.201 $

Expiry date	Number of shares	Exercise price
		$
December 2013	1,468,750	0.30
December 2013	146,875	0.25
January 2014	666,667	0.30
April 2014	7,308,000	0.20
November 2014	2,050,000	0.10
	11,640,292	

RISKS AND UNCERTAINTIES

Canada Strategic is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known bodies of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Titles to property. While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and licenses. The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition. The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest. Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of

interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Industry conditions. Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

Key employees. Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency. No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).