

**STRATHMORE MINERALS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**MARCH 31, 2005**

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	March 31, 2005	December 31, 2004
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 23,548,899	\$ 9,083,026
Receivables	61,867	34,566
Prepaid expenses	<u>31,446</u>	<u>13,316</u>
	23,642,212	9,130,908
<b>Equipment</b>	85,262	70,058
<b>Mineral property interests</b> (Note 3)	3,853,622	2,688,728
<b>Deferred exploration costs</b> (Note 4)	<u>764,467</u>	<u>167,649</u>
	<u>\$ 28,345,563</u>	<u>\$ 12,057,343</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 247,624	\$ 63,785
Due to related parties (Note 6)	<u>13,471</u>	<u>10,948</u>
	<u>261,095</u>	<u>74,733</u>
<b>Shareholders' equity</b>		
Capital stock (Note 5)	37,081,208	23,457,405
Subscriptions received in advance	-	58,500
Contributed surplus (Note 5)	5,175,695	2,420,262
Deficit	<u>(14,172,435)</u>	<u>(13,953,557)</u>
	<u>28,084,468</u>	<u>11,982,610</u>
	<u>\$ 28,345,563</u>	<u>\$ 12,057,343</u>

**Basis of presentation** (Note 1)

**Subsequent event** (Note 9)

**On behalf of the Board:**

\_\_\_\_\_  
Director \_\_\_\_\_ Director

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

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
(Unaudited)  
**THREE MONTH PERIOD ENDED MARCH 31**

	2005	2004
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Amortization	\$ 4,445	\$ 530
Business development	34,829	-
Consulting fees	167,639	74,049
Office and miscellaneous	115,338	22,599
Professional fees	28,459	25,405
Regulatory fees	13,344	9,697
Rent	4,090	3,236
Shareholder communications	6,799	3,661
Stock-based compensation (Note 5)	195,201	149,914
Telephone	9,014	5,185
Trade shows and conferences	56,811	6,356
Transfer agent	6,417	4,073
Travel and promotion	<u>8,107</u>	<u>23,072</u>
<b>Loss before other item</b>	(650,493)	(327,777)
<b>Other item</b>		
Investment income	<u>75,490</u>	<u>-</u>
<b>Loss before income taxes</b>	(575,003)	(327,777)
Future income tax recovery (Note 8)	<u>356,125</u>	<u>-</u>
<b>Loss for the period</b>	(218,878)	(327,777)
<b>Deficit, beginning of period</b>	<u>(13,953,557)</u>	<u>(11,959,347)</u>
<b>Deficit, end of period</b>	<u>\$ (14,172,435)</u>	<u>\$ (12,287,124)</u>
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>	41,656,498	18,770,910

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

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)  
**THREE MONTH PERIOD ENDED MARCH 31**

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (218,878)	\$ (327,777)
Items not affecting cash		
Amortization	4,445	530
Stock based compensation	195,201	149,914
Future income taxes	(356,125)	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(27,301)	54,051
(Increase) decrease in prepaid expenses	(18,130)	3,856
Increase (decrease) in accounts payable and accrued liabilities	<u>183,839</u>	<u>61,665</u>
Cash used in operating activities	<u>(236,949)</u>	<u>(57,761)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral property interests	(35,644)	(469,368)
Deferred exploration costs	(596,818)	-
Equipment purchased	<u>(19,649)</u>	<u>(5,003)</u>
Cash used in investing activities	<u>(652,111)</u>	<u>(474,371)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscriptions received in advance	-	63,801
Increase in due to related parties	2,523	22,553
Share issuance costs	(1,122,612)	-
Capital stock issued	<u>16,475,022</u>	<u>2,310,993</u>
Cash provided by financing activities	<u>15,354,933</u>	<u>2,397,347</u>
<b>Change in cash and equivalents during the period</b>	<b>14,465,873</b>	<b>1,865,215</b>
<b>Cash and equivalents, beginning of period</b>	<u><b>9,083,026</b></u>	<u><b>990,279</b></u>
<b>Cash and equivalents, end of period</b>	<u><b>\$ 23,548,899</b></u>	<u><b>\$ 2,855,494</b></u>

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

**STRATHMORE MINERALS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)  
MARCH 31, 2005

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**1. BASIS OF PRESENTATION**

The consolidated financial statements contained herein include the accounts of Strathmore Minerals Corp. (the "Company") and its wholly owned subsidiaries, Peruran S.A., and Strathmore Resources (US) Inc. Significant inter-company balances and transactions are eliminated on consolidation.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**2. NATURE OF OPERATIONS**

The Company's principal business activity is the acquisition and exploration of mineral property interests.

**3. MINERAL PROPERTY INTERESTS**

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	March 31, 2005	December 31, 2004
Athabasca property, Canada	\$ 459,703	\$ 256,702
Chord property, USA	124,724	124,724
Comstock property, Canada	297,271	130,699
Dieter Lake property, Canada	421,792	15,792
Duddridge Lake property, Canada	191,245	191,245
New Mexico properties, USA	618,265	618,265
Staked properties, Canada	798,153	798,153
Staked properties, Peru	69,580	69,580
Wyoming properties, USA	740,924	327,516
Pre-acquisition property costs	<u>131,965</u>	<u>156,052</u>
	<u>\$ 3,853,622</u>	<u>\$ 2,688,728</u>

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Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

**3. MINERAL PROPERTY INTERESTS (cont'd...)**

**Athabasca property, Canada**

The Company acquired an option to purchase a 100% interest in a uranium property located in Alberta, Canada, by paying \$98,192, incurring additional costs of \$29,510 and issuing 200,000 common shares valued at \$332,000. The property is subject to a 0.75% net smelter returns royalty on certain mineral production and a 4% gross over riding royalty on all diamond production from the property.

**Chord property, USA**

The Company acquired an option to purchase a 100% interest in a uranium property located in South Dakota, USA, by paying \$48,640. During fiscal 2003, the Company amended the terms of the lease agreement for consideration of 100,000 shares of the Company valued at \$56,000 and incurred additional fees of \$6,468. To earn its interest, the Company is required to make annual payments of either 50,000 common shares or US\$10,000 per year to July 1, 2009. In fiscal 2004, the Company paid \$13,616 (US\$10,000). The property is subject to a 2% gross royalty.

**Comstock property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in British Columbia, Canada by issuing 200,000 common shares valued at \$294,000 and incurring additional fees of \$3,271. To earn its interest, the Company is required to issue an additional 100,000 common shares in stages during fiscal 2005.

**Dieter Lake property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in Quebec, Canada by issuing 200,000 common shares valued at \$406,000 and incurring additional costs of \$15,792. To earn its interest, the Company is required to issue an additional 100,000 common shares during fiscal 2005. An additional 200,000 shares will be issued in the event a resource of more than 60 million pounds containing U<sub>3</sub>O<sub>8</sub> (Uranium) is confirmed at the property.

**Duddridge Lake property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in Saskatchewan, Canada by issuing 100,000 common shares valued at \$153,000 and incurring additional fees of \$38,245. To earn its interest, the Company is required to issue an additional 100,000 common shares during fiscal 2005.

**New Mexico properties, USA**

The Company acquired an option to purchase a 100% interest in certain claims located in New Mexico, USA, by paying \$200,625, incurring additional costs of \$224,140 and issuing 150,000 common shares valued at \$193,500. To earn its interest, the Company is required to issue an additional 450,000 common shares in stages over two years. Certain claims are subject to a 1% royalty.

**Staked properties, Canada**

The Company acquired, by staking, a 100% interest in the following uranium properties located in north-central Saskatchewan: Davy Lake, Hall Lake, Patterson Lake, Virgin River, and Waterbury Lake.

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

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**3. MINERAL PROPERTY INTERESTS (cont'd...)**

**Staked properties, Peru**

The Company acquired, by staking, a 100% interest in certain uranium properties located in Peru.

**Wyoming properties, USA**

The Company acquired options to purchase a 100% interest in a certain claims located in Wyoming, USA by paying \$50,216, incurring additional costs of \$182,458 and issuing 275,000 common shares valued at \$508,250. To earn its interest, the Company is required to issue an additional 775,000 common shares in stages over two years.

**Pre-acquisition property costs**

The pre-acquisition property costs represent expenditures related to mineral property interests prior to implementation of the acquisition. These costs will be added to the mineral property interest costs to which they relate on completion of the acquisition or written-off to operations should the acquisition not proceed.

**4. DEFERRED EXPLORATION COSTS**

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	March 31, 2005			December 31, 2004		
	USA	Canada	Total	USA	Canada	Total
Balance, beginning of period	\$ 63,716	\$ 103,933	\$ 167,649	\$ 60,008	\$ -	\$ 60,008
General expenditures	21,158	575,660	596,818	3,708	103,933	107,641
Balance, end of period	\$ 84,874	\$ 679,593	\$ 764,467	\$ 63,716	\$ 103,933	\$ 167,649

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**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common shares, without par value			
Issued			
As at December 31, 2003	14,157,777	\$ 12,624,793	\$ 577,281
Private placements	15,075,088	7,906,381	1,343,679
Exercise of options	250,000	79,698	(36,698)
Exercise of warrants	6,208,392	2,656,557	(476,230)
Agents' warrants	-	-	97,904
Acquisition of mineral property interests	550,000	757,500	-
Stock-based compensation	-	-	962,297
Share issuance costs	-	(567,524)	(47,971)
As at December 31, 2004	36,241,257	23,457,405	2,420,262
Private placements	10,030,000	12,577,555	2,480,945
Exercise of options	105,000	56,939	(19,439)
Exercise of warrants	2,208,469	1,838,278	(400,756)
Acquisition of mineral property interests	575,000	1,129,250	-
Stock-based compensation	-	-	195,201
Share issuance costs	-	(1,622,094)	499,482
Tax benefits renounced to flow through share subscribers	-	(356,125)	-
As at March 31, 2005	49,159,726	\$ 37,081,208	\$ 5,175,695

Included in issued capital stock are 75,000 common shares subject to an escrow agreement that may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

**Private placement**

In February, 2005, the Company issued 10,000,000 units at \$1.50 per unit for gross proceeds of \$15,000,000. Each unit consists of one common share and one half of one share purchase warrant. One whole warrant is exercisable at \$1.75 until February 21, 2006 and thereafter at \$2.00 expiring February 21, 2007. An estimated fair value of \$2,480,945 was allocated to the warrants and is included in contributed surplus. In connection with the placement the Company issued agent options to purchase 1,027,180 common shares at a price of \$1.75 per share in the first year and \$2.00 per share in the second year and paid commissions of \$1,027,180.

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants**

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2004	10,081,638	\$ 0.54	3,275,000	\$ 0.68
Granted	6,027,180	1.75	250,000	1.75
Exercised	(2,208,469)	0.65	(105,000)	0.36
Expired/cancelled	-	-	-	-
Outstanding, March 31, 2005	13,900,349	\$ 1.04	3,420,000	\$ 0.77
Number currently exercisable	13,900,349	\$ 1.04	3,420,000	\$ 0.77

As at March 31, 2005, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	100,000	\$ 0.15	September 12, 2005
	225,000	0.25	November 25, 2005
	225,000	0.27	November 27, 2005
	470,000	0.50	January 9, 2006
	1,350,000	0.60	June 22, 2006
	700,000	1.25	November 3, 2006
	100,000	1.44	November 3, 2006
	250,000	1.75	January 14, 2007
	<b>Warrants</b>	1,089,502	0.25
1,676,000		0.35	December 17, 2005 <sup>(1)</sup>
1,935,000		0.36	January 20, 2006 <sup>(1)</sup>
534,000		0.76	February 23, 2006
2,638,667		0.76	April 16, 2006
6,027,180		1.75/2.00	February 21, 2007 <sup>(2)</sup>

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants (cont'd...)**

<sup>(1)</sup> The warrants are subject to accelerated expiry in the event that the 10 day average closing price of the Company's common stock is greater than or equal to \$0.75. If the \$0.75 average is achieved, the Company may notify holders of the warrants that the remaining term of the warrants will be shortened to 30 days although the exercise price will remain the same.

<sup>(2)</sup> The warrants are exercisable at \$1.75 until February 21, 2006 and thereafter at \$2.00 expiring February 21, 2007

**Stock-based compensation**

During the period ended March 31, 2005, the Company granted 250,000 (2004 – 500,000) options to employees, consultants and directors. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations. Total stock-based compensation recognized in the statement of operations during the period was \$195,201 (2004 - \$149,914). This amount was also recorded as contributed surplus on the balance sheet.

The following assumptions were used for the valuation of stock options and warrants:

	March 31, 2005	March 31, 2004
Risk-free interest rate	2.92%	2.85%
Expected life	2 years	1 year
Annualized volatility	62%	117%
Dividend rate	0.00%	0.00%

**6. RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties:

Quarter ended March 31	2005	2004
Consulting fees	\$ 50,469	\$ 24,444

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

Amounts due to related parties are non-interest bearing, unsecured and have no specific repayment terms.

**STRATHMORE MINERALS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005

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**7. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the exploration of mineral property interests and considers its loss from operations for periods ended March 31, 2005 and 2004 to relate to this segment.

The Company has mineral property interests located in the USA, Canada and Peru and conducts administrative activities from Canada. The total amount of assets attributable to Canada is \$26,627,165, Peru is \$ 81,362 and the USA is \$1,637,036.

**8. INCOME TAXES**

During the year ended December 31, 2004, the Company issued 513,000 common shares on a flow-through basis for gross proceeds of \$1,000,350. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral property interests to the flow-through participants. During the period ended March 31, 2005, the Company renounced exploration expenditures of \$1,000,350 which resulted in a future income tax recovery of \$356,125 and a charge against capital stock.

**9. SUBSEQUENT EVENT**

Subsequent to March 31, 2005, the Company:

- Issued 1,201,000 common shares for proceeds of \$514,040 pursuant to the exercise of stock options and warrants.

**Form 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**STRATHMORE MINERALS CORP.**

**Strathmore Minerals Corp.** (the "Company") is a junior resource issuer engaged in the acquisition and exploration of uranium and other types of mineral resource properties. Management believes that the development of uranium properties presents an opportunity due to recent uranium supply shortfalls and the potential increase in demand for uranium from developing countries. As those countries begin to establish new nuclear power plants, increased demand for uranium is expected during the next few years. Increased demand and higher prices should stimulate new exploration and development at both new and previously explored uranium properties.

This discussion should be read in conjunction with the financial statements and related notes of the Company for the quarter ended March 31, 2005 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of May 18, 2005.

**Performance Summary and Update**

The Company's primary objective is to locate, evaluate and acquire uranium properties and to finance their exploration and development through equity financing, by way of joint venture, option agreements or other means. The Company's current properties are located in Canada, the United States and Peru.

During the first 2 quarters of 2003, the price of uranium remained low. However, by the third quarter of 2003, the price of uranium had increased to a point where management decided to aggressively pursue the acquisition of new uranium properties in both the United States and Canada. In addition to the Peru property and the Chord Project, the Company has acquired, or negotiated the right to acquire additional properties in New Mexico, Wyoming, Quebec, Alberta and Saskatchewan.

With uranium prices moving higher in 2004, the company continued to aggressively add to its property portfolio. Uranium prices moved from approximately \$14.00 per pound to the \$21.00 range by year- end. Many additional properties were acquired, including those in the eastern part of the Athabasca basin in Saskatchewan, the Dieter Lake project in Quebec, and numerous properties in New Mexico and Wyoming. Over \$10 million was raised through private placements during the year.

## Performance Summary and Update (cont'd...)

During the first quarter of 2005, uranium prices continued their uptrend and the company continued to acquire additional properties in Saskatchewan, Alberta, New Mexico and Wyoming. Investment markets were very favorable towards funding uranium companies and Strathmore took advantage of the opportunity by completing a larger private placement financing and raised a total of \$15,000,000. These funds are primarily for general working capital, the acquisition of additional uranium properties and the exploration and development of the Company's uranium properties. The Company is planning to commence a number of work programs this summer to advance both the exploration and development of targeted properties.

### Properties of the Company

The Company has acquired or announced the acquisition or staking of a number of prospective uranium properties and disclosed historical resource estimates which were completed prior to the implementation of NI 43-101. The following table summarizes these acquisitions and associated historical resource estimates and reports tonnage, grade and pounds. It should be noted that the data reported is based on third party historical reports and such estimates should not be relied upon or considered a defined resource according to NI 43-101.

Location	Reference	Historic Classification	Tonnage			Contained (lbs U <sub>3</sub> O <sub>8</sub> )
				(lbs/tonne)*		
Duddridge Lake, Sask.	Stewart (1975)	Geologic Tonnage Estimate <sup>1</sup>	357,310	2.11	Tons	753,924
	Thor Explorations (1977)	Mineable Tons <sup>1</sup>	320,690	1.84	tonnes	590,070
	Thor Explorations (1979)	Reserves <sup>2</sup>	6,000,000	2.00	tonnes	12,000,000
Dieter Lake, Quebec	Uranerz Expl. & Mining (1980)	Possible Resource <sup>3</sup>	10-15,000,000	5.51	Tons	55-82,000,000
	Uranerz Expl. & Mining (1980)	Possible Resource <sup>3</sup>	50,000,000	2.20	Tons	110,000,000
Macusani, Peru	Arroyo (1987)	Inferred Resource <sup>2</sup>	3,350,000	2.20	tonnes	7,370,000
Roco Honda, New Mexico	Smouse, D. (1993)	Demonstrated Resource <sup>4</sup>	1,826,000	6.20	Tons	11,321,200
	Smouse, D. (1993)	Inferred Resource <sup>4</sup>	234,000	6.40	Tons	1,497,600
	Smouse, D. (1993)	Undefined Potential <sup>4</sup>	125,000	4.00	Tons	500,000
Churchrock, New Mexico	Smouse, D. (1995)	Demonstrated Resource <sup>4</sup>	2,500,909	2.20	Tons	5,502,000
		Potential Resource <sup>4</sup>	227,273	2.20	Tons	500,000
Copper Mountain, Wyoming	Anaconda Uranium Corp. (1997)	Inferred and Indicated Resource <sup>4</sup>	45,570,000 42,240,000	0.54 0.34	tons tons	24,607,800 14,361,600

## Properties of the Company (cont'd...)

<sup>1</sup> Historic resource estimate considered to be relevant and reliable.

<sup>2</sup> Historic resource estimate considered to be relevant but unreliable based on amount of data reviewed to date by the Company.

<sup>3</sup> Historic resource estimate considered to be relevant, but insufficient information is available to confirm the reliability of the resource estimate.

<sup>4</sup> Historic resource estimate considered to be relevant, and is presumed reliable based on the volumes of work completed. The company has not done sufficient work to verify the resource estimate.

*The foregoing was prepared on behalf of the company by Jody Dahrouge, P.Geol. of Dahrouge Geological Consulting Ltd., Edmonton, Alberta. Mr. Dahrouge, is the Qualified Person (QP) responsible for the review of the historical resource estimates. Also, the company wishes to reiterate that the foregoing resource estimates were quoted from third party publications, and not all the original reports are currently available for consultation, hence the historical resource estimates should not be relied upon.*

## Results of Operations

Until two years ago, (2003) the price of uranium remained low. However, by September, 2003 the price of uranium rebounded to over \$12 US per pound. At that time management decided to aggressively pursue the acquisition of new uranium properties in the United States and Canada. In addition to the Peru property and the Chord Project, the Company has acquired, or negotiated the right to acquire additional uranium properties in New Mexico, Wyoming, Quebec, Alberta and Saskatchewan. At the time of writing, the spot uranium price is \$29 US per pound.

During the period ended March 31, 2005, the Company incurred \$1,164,894 in property acquisition costs. These costs are summarized in the following table. The Company expects these costs to increase as it continues its program of staking, acquisitions and development exploration.

US properties:	\$ 355,251
Peru properties:	\$ -
Canadian properties:	\$ 809,643

During 2005, the Company expects to spend approximately \$2,245,131 on exploration and development. These expenditures are summarized in the following table.

US properties:	\$ 500,500
Peru properties:	\$ 30,000
Canadian properties:	\$1,714,631

## Results of Operations (cont'd...)

For the three month period ended March 31, 2005, the Company spent \$596,818 on exploration as follows:

	March 31, 2005			December 31, 2004		
	USA	Canada	Total	USA	Canada	Total
Balance, beginning of period	\$ 63,716	\$ 103,933	\$ 167,649	\$ 60,008	\$ -	\$ 60,008
General expenditures	21,158	575,660	596,818	3,708	103,933	107,641
Balance, end of period	\$ 84,874	\$ 679,593	\$ 764,467	\$ 63,716	\$ 103,933	\$ 167,649

First quarter general and administration expenses increased from \$177,863 in 2004 to \$455,292 in 2005, (not including non-cash expenses from stock based compensation of \$195,201 (2004 - \$149,914)) as the activity of the Company increased significantly as it expanded to take advantage of rising uranium prices. The Company expects general and administrative expenses to continue to increase as the Company becomes more active in all geographic regions. (See the financial statements dated March 31, 2005 for a complete listing)

## Summary of Quarterly Results

		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
2003	Net Income (loss)	(31,576)	(91,061)	(85,490)	(224,728)
	Net Income (loss) per share	(0.01)	(0.02)	(0.01)	(0.01)
2004	Net Income (loss)	(327,777)	(206,047)	(613,762)	(846,624)
	Net Income (loss) per share	(0.02)	(0.01)	(0.02)	(0.03)
2005	Net Income (loss)	(218,878)			
	Net Income (loss) per share	(0.01)			

The increase in quarterly losses beginning in the 4<sup>th</sup> quarter of 2003 is the result of the increase in activity of the Company in response to the increase in the price of uranium.

## **Liquidity**

The Company does not have any operating revenues, and as a junior resource company engaged in mineral exploration, the Company does not anticipate generating any operating revenues in the next few years. Historically, the Company has received revenues only from interest earned on cash reserves held. The Company expects interest earned on cash balances to be the only source of its income for the next few years. The Company expects to rely upon equity financing as its primary source of funding.

## **Financing, Principal Purposes and Milestones**

In February, 2005, the Company issued 10,000,000 units at \$1.50 per unit for gross proceeds of \$15,000,000. Each unit consists of one common share and one half of one share purchase warrant. One whole warrant is exercisable at \$1.75 until February 21, 2006 and thereafter at \$2.00 expiring February 21, 2007. An estimated fair value of \$2,480,945 was allocated to the warrants and is included in contributed surplus. In connection with the placement the Company issued agent options to purchase 1,027,180 common shares at a price of \$1.75 per share in the first year and \$2.00 per share in the second year and paid commissions of \$1,027,180.

The Company will use the proceeds for general working capital, the acquisition of additional uranium properties and the exploration of the Company's uranium properties.

## **Capital Resources**

The Company has not entered into any property option agreement, that require the Company to meet certain yearly exploration expenditure requirements.

## **Off-Balance Arrangements**

The Company has not entered into any off-balance sheet financing arrangements.

## **Outstanding Share Data**

As at May 18, 2005, the Company has 50,360,726 common shares issued and outstanding. The Company also has incentive stock options and share purchase warrants outstanding to acquire common shares as follows:

### Outstanding Share Data (cont'd...)

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	100,000	\$ 0.15	September 12, 2005
	225,000	0.25	November 25, 2005
	225,000	0.27	November 27, 2005
	470,000	0.50	January 9, 2006
	1,238,000	0.60	June 22, 2006
	700,000	1.25	November 3, 2006
	100,000	1.44	November 3, 2006
	250,000	1.75	January 14, 2007
<b>Warrants</b>	1,089,502	0.25	November 24, 2005
	1,676,000	0.35	December 17, 2005 <sup>(1)</sup>
	983,000	0.36	January 20, 2006 <sup>(1)</sup>
	457,000	0.76	February 23, 2006
	2,578,667	0.76	April 16, 2006
	6,027,180	1.75/2.00	February 21, 2007 <sup>(2)</sup>

<sup>(1)</sup> The warrants are subject to accelerated expiry in the event that the 10 day average closing price of the Company's common stock is greater than or equal to \$0.75. If the \$0.75 average is achieved, holders of the warrants may be notified and the remaining term of the warrants will be shortened to 30 days although the exercise price will remain the same.

<sup>(2)</sup> The warrants are exercisable at \$1.75 until February 21, 2006 and thereafter at \$2.00 expiring February 21, 2007

### Transactions with Related Parties

During the first quarter the Company paid management consulting fees in the amount of \$20,159 to a company controlled by Devinder Randhawa, the President of the Company. Management consulting fees of \$17,060 were paid to a company controlled by a director, Steven Khan, for services provided to the Company. Bob Hemmerling, the Secretary of the Company, received \$13,250 for his services. An Officer of the Company participated in the financings of the Company by acquiring, through private placements, 8,000 common shares for proceeds of \$12,000.

### **Changes in Accounting Policies**

Effective January 1, 2004, the Company adopted CICA Handbook Section 3110 “Asset Retirement Obligations”. This standard requires recognition of a liability at its fair value for the obligation associated with the retirement of a tangible long-lived asset. A corresponding asset retirement cost would be added to the carrying amount of the related asset and amortized to expense over the useful life of the asset. The Company has determined that there are no asset retirement obligations at December 31, 2004.

Effective March 19, 2004, the Company adopted EIC 146 “Flow-Through Shares” that dictates the accounting treatment on renunciation of the tax deductibility of the qualifying expenditures that give rise to taxable temporary differences. The change in accounting policy was applied prospectively. When the Company renounces flow-through expenditures, a portion of the Company’s future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of income taxes in the statement of operations.

### **Subsequent Event**

Subsequent to March 31, 2005, the Company:

- Issued 1,201,000 common shares for cash proceeds of \$514,040 pursuant to the exercise of stock options and warrants.