

STRATHMORE MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

SEPTEMBER 30, 2005

STRATHMORE MINERALS CORP.
CONSOLIDATED BALANCE SHEET
(Unaudited)

	September 30, 2005	December 31, 2004
ASSETS		
Current		
Cash and equivalents	\$ 21,871,504	\$ 9,083,026
Receivables	359,136	34,566
Prepaid expenses	<u>34,731</u>	<u>13,316</u>
	22,265,371	9,130,908
Equipment	210,327	70,058
Mineral property interests (Note 3)	4,957,301	2,688,728
Deferred exploration and development costs (Note 4)	<u>1,999,433</u>	<u>167,649</u>
	<u>\$ 29,432,432</u>	<u>\$ 12,057,343</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 130,354	\$ 63,785
Due to related parties (Note 6)	<u>12,033</u>	<u>10,948</u>
	<u>142,387</u>	<u>74,733</u>
Shareholders' equity		
Capital stock (Note 5)	39,287,161	23,457,405
Subscriptions received in advance	-	58,500
Contributed surplus (Note 5)	5,118,610	2,420,262
Deficit	<u>(15,115,726)</u>	<u>(13,953,557)</u>
	<u>29,290,045</u>	<u>11,982,610</u>
	<u>\$ 29,432,432</u>	<u>\$ 12,057,343</u>

Basis of presentation (Note 1)

Subsequent events (Note 10)

On behalf of the Board:

“Devinder Randhawa”

Director

“Steven Khan”

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 September 30, 2005	Three Month Period Ended September 30, 2004	Nine Month Period Ended September 30, 2005	Nine Month Period Ended September 30, 2004
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	\$ 13,734	\$ 4,320	\$ 28,592	\$ 5,991
Business development	6,181	-	65,332	-
Consulting fees	148,774	75,740	470,098	243,313
Investor relations	27,788	-	108,276	-
Office and miscellaneous	119,329	30,012	195,640	78,913
Professional fees	22,959	31,699	71,463	58,943
Promotion and advertising	35,674	34,781	49,380	80,923
Regulatory fees	-	26,259	14,499	49,456
Rent	9,657	2,213	31,120	10,274
Shareholder communications	-	5,532	7,961	21,045
Stock-based compensation (Note 5)	-	378,410	419,198	528,323
Telephone	7,568	5,708	29,589	20,009
Trade shows and conferences	73,083	32,433	181,960	70,433
Transfer agent	5,130	2,831	14,103	11,696
Travel	7,347	-	29,405	-
Wages and benefits	59,115	-	127,814	-
Loss before other item	(536,339)	(629,938)	(1,844,430)	(1,179,319)
OTHER ITEM				
Investment income	150,850	16,176	326,136	31,733
Loss before income taxes	(385,489)	(613,762)	(1,518,294)	(1,147,586)
Future income tax recovery (Note 9)	-	-	356,125	-
Loss for the period	(385,489)	(613,762)	(1,162,169)	(1,147,586)
Deficit, beginning of period	(14,730,237)	(12,493,171)	(13,953,557)	(11,959,347)
Deficit, end of period	\$ (15,115,726)	\$ (13,106,933)	\$ (15,115,726)	\$ (13,106,933)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.05)
Weighted average number of common shares outstanding	51,239,209	26,822,970	47,643,722	23,444,492

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 September 30, 2005	Three Month Period Ended September 30, 2004	Nine Month Period Ended September 30, 2005	Nine Month Period Ended September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (385,489)	\$ (613,762)	\$ (1,162,169)	\$ (1,147,586)
Items not affecting cash				
Amortization	13,734	4,320	28,592	5,991
Stock-based compensation	-	378,410	419,198	528,323
Future income taxes	-	-	(356,125)	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(253,710)	24,921	(324,570)	11,796
(Increase) decrease in prepaid expenses	(34,731)	-	(21,415)	12,568
(Decrease) increase in accounts payable and accrued liabilities	<u>(53,161)</u>	<u>(50,421)</u>	<u>66,569</u>	<u>42,303</u>
Cash used in operating activities	<u>(713,357)</u>	<u>(256,532)</u>	<u>(1,349,920)</u>	<u>(546,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Deferred exploration and development costs	(845,963)	-	(1,831,784)	-
Equipment purchased	(62,804)	(50,824)	(168,861)	(64,456)
Mineral property interests	<u>(103,239)</u>	<u>(455,346)</u>	<u>(258,322)</u>	<u>(1,289,902)</u>
Cash used in investing activities	<u>(1,012,006)</u>	<u>(506,170)</u>	<u>(2,258,967)</u>	<u>(1,354,358)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in due to related parties	(18,865)	(151)	1,085	18,854
Share issuance costs	(18,869)	-	(1,141,481)	-
Capital stock issued	<u>478,701</u>	<u>2,670,535</u>	<u>17,537,761</u>	<u>7,381,880</u>
Cash provided by financing activities	<u>440,967</u>	<u>2,670,384</u>	<u>16,397,365</u>	<u>7,400,734</u>
Change in cash and equivalents during the period	(1,284,396)	1,907,682	12,788,478	5,499,771
Cash and equivalents, beginning of period	<u>23,155,900</u>	<u>4,582,368</u>	<u>9,083,026</u>	<u>990,279</u>
Cash and equivalents, end of period	<u>\$ 21,871,504</u>	<u>\$ 6,490,050</u>	<u>\$ 21,871,504</u>	<u>\$ 6,490,050</u>

Supplemental disclosure with respect to cash flows (Note 7)

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

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SEPTEMBER 30, 2005

1. BASIS OF PRESENTATION

The consolidated financial statements contained herein include the accounts of Strathmore Minerals Corp. and its wholly owned subsidiaries, Peruran S.A., and Strathmore Resources (US) Ltd. (the "Company"). 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

	September 30, 2005	December 31, 2004
Athabasca property, Canada	\$ 459,703	\$ 256,702
Chord property, USA	137,282	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	1,146,405	618,265
Staked properties, Canada	832,224	798,153
Staked properties, Peru	69,580	69,580
Wyoming properties, USA	1,172,547	327,516
Pre-acquisition property costs	<u>229,252</u>	<u>156,052</u>
	<u>\$ 4,957,301</u>	<u>\$ 2,688,728</u>

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.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SEPTEMBER 30, 2005

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 2005, the Company paid \$12,558 (US\$10,000), 2004 - \$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 U₃O₈ (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 \$238,265, incurring additional costs of \$224,140 and issuing 450,000 common shares valued at \$684,000. To earn its interest, the Company is required to issue an additional 150,000 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
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SEPTEMBER 30, 2005

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 \$87,560, incurring additional costs of \$186,237 and issuing 550,000 common shares valued at \$898,750. To earn its interest, the Company is required to issue an additional 600,000 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 AND DEVELOPMENT COSTS

	September 30, 2005				December 31, 2004		
	USA	Peru	Canada	Total	USA	Canada	Total
Balance, beginning of period	\$ 63,716	\$ -	\$ 103,933	\$ 167,649	\$ 60,008	\$ -	\$ 60,008
Exploration costs:							
Camp costs	-	-	355,558	355,558	-	-	-
Geophysical	-	-	515,253	515,253	-	-	-
General expenditures	172,168	97,911	550,755	820,834	3,708	103,933	107,641
Permitting	140,139	-	-	140,139	-	-	-
Balance, end of period	\$ 376,023	\$ 97,911	\$ 1,525,499	\$ 1,999,433	\$ 63,716	\$ 103,933	\$ 167,649

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited number of 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	317,000	177,091	(57,392)
Exercise of warrants	4,552,669	3,061,948	(643,885)
Acquisition of mineral property interests	1,150,000	2,010,250	-
Stock-based compensation	-	-	419,198
Share issuance costs	-	(1,640,963)	499,482
Tax benefits renounced to flow through share subscribers	-	(356,125)	-
As at September 30, 2005	52,290,926	\$ 39,287,161	\$ 5,118,610

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
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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	600,000	2.02
Exercised	(4,552,669)	0.53	(317,000)	0.38
Expired/cancelled	-	-	-	-
Outstanding, September 30, 2005	11,556,149	\$ 1.17	3,558,000	\$ 0.93
Number currently exercisable	11,556,149	\$ 1.17	3,558,000	\$ 0.93

As at September 30, 2005, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	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
	300,000	2.20	April 29, 2007
	50,000	2.25	February 8, 2007
Total	3,558,000		
Warrants	984,302	0.25	November 24, 2005
	1,016,000	0.35	December 17, 2005 ⁽¹⁾
	743,000	0.36	January 20, 2006 ⁽¹⁾
	457,000	0.76	February 23, 2006
	2,328,667	0.76	April 16, 2006
	6,027,180	1.75/2.00	February 21, 2007 ⁽²⁾
Total	11,556,149		

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

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

⁽¹⁾ 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.

⁽²⁾ 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 nine month period ended September 30, 2005, the Company granted 600,000 (2004 – 1,875,000) 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 \$419,198 (2004 - \$528,323). 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:

	September 30, 2005	September 30, 2004
Risk-free interest rate	2.92 – 3.18%	2.85 – 3.19%
Expected life	2 years	1 year
Annualized volatility	62 – 69%	88 – 117%
Dividend rate	0.00%	0.00%

6. RELATED PARTY TRANSACTIONS

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

Nine month period ended September 30	2005	2004
Consulting fees	\$ 272,292	\$ 75,667

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
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7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three Month Period Ended September 30, 2005	Three Month Period Ended September 30, 2004	Nine Month Period Ended September 30, 2005	Nine Month Period Ended September 30, 2004
Cash paid during the period for interest	\$ -	\$ -	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -	\$ -	\$ -

During the period ended September 30, 2005, the Company issued 1,150,000 common shares valued at \$2,010,250 pursuant to the acquisition of mineral property interests and issued 1,027,180 warrants valued at \$802,026 as finders' fees on private placements. There were no significant non-cash transactions during the period ended September 30, 2004.

8. 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 September 30, 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 \$26,340,713, Peru is \$167,491 and the USA is \$2,924,228.

9. 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 September 30, 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.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2005, the Company:

- a) Issued 114,286 units at \$1.75 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one half of one share purchase warrant exercisable at \$2.00 per share until October 26, 2007.
- b) Granted stock options to acquire 1,000,000 common shares at \$1.50 per share expiring October 6, 2010.
- c) Issued 668,889 common shares for proceeds of \$214,222 pursuant to the exercise of options and warrants.

Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

STRATHMORE MINERALS CORP.

Strathmore Minerals Corp. (the "Company") is a junior resource issuer primarily engaged in the acquisition and exploration of uranium resource properties. Management believes that the development of uranium properties presents an opportunity for the following reasons:

- Increased worldwide energy demand
- Increased demand for uranium
- Uranium Demand/Supply Imbalance, resulting in higher uranium prices
- Potential for increased demand from developing countries as they construct new nuclear power plants

This increased demand and higher prices should stimulate new exploration and development of 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 September 30, 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 November 22, 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 two calendar quarters of 2003, the spot price of uranium remained at the low price of approximately \$10US/lb. However, by the third and fourth calendar quarters of 2003, the price increased to the \$12-14 US/lb range. At this time, Management decided to aggressively pursue the acquisition of new uranium properties in both the United States and Canada. The Company successfully acquired or negotiated the right to acquire additional uranium properties in the states of New Mexico and Wyoming in the United States, and the provinces of Quebec, Alberta and Saskatchewan in Canada.

During 2004, the price of uranium increased from approximately \$14US/lb to \$21.00US/lb. Strathmore continued to acquire uranium properties, adding to its portfolio in both Canada and the United States. In addition, the Company raised over \$10 million CDN through several equity private placements during the year.

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

In 2005, the price of uranium continued its uptrend to the \$33-\$34US/lb range, which is the current price at the time of writing. The Company continued to acquire properties in the United States and Canada. In January, a \$15,000,000 CDN equity private placement was completed primarily with institutional investors. In March, Management made a decision to advance its core area uranium properties in New Mexico towards production. The Company established a full-time mine development office in Santa Fe, New Mexico, and hired 2 experts with over 65 years experience to facilitate the mine development process. The mine permitting initiative in New Mexico is presently underway. In addition, the Company has commenced work programs in Saskatchewan and Quebec 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. At the time of writing, NI 43-101 technical reports have been completed for the following properties: Duddridge Lake, Dieter Lake, and Roca Honda.

Location	Reference	Historic Classification	Tonnage			Contained (lbs U ₃ O ₈)
				(lbs/tonne)*		
Duddridge Lake, Sask.	Stewart (1975)	Geologic Tonnage Estimate ¹	357,310	2.11	Tons	753,924
	Thor Explorations (1977)	Mineable Tons ¹	320,690	1.84	tonnes	590,070
	Thor Explorations (1979)	Reserves ²	6,000,000	2.00	tonnes	12,000,000
Dieter Lake, Quebec	Uranerz Expl. & Mining (1980)	Possible Resource ³	10-15,000,000	5.51	Tons	55-82,000,000
	Uranerz Expl. & Mining (1980)	Possible Resource ³	50,000,000	2.20	Tons	110,000,000

~ continued~

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

Location	Reference	Historic Classification	Tonnage			Contained (lbs U ₃ O ₈)
				(lbs/tonne)*		
Macusani, Peru	Arroyo (1987)	Inferred Resource ²	3,350,000	2.20	tonnes	7,370,000
Roco Honda, New Mexico	Smouse, D. (1993)	Demonstrated Resource ⁴	1,826,000	6.20	Tons	11,321,200
	Smouse, D. (1993)	Inferred Resource ⁴	234,000	6.40	Tons	1,497,600
	Smouse, D. (1993)	Undefined Potential ⁴	125,000	4.00	Tons	500,000
Churchrock, New Mexico	Smouse, D. (1995)	Demonstrated Resource ⁴	2,500,909	2.20	Tons	5,502,000
		Potential Resource ⁴	227,273	2.20	Tons	500,000
Copper Mountain, Wyoming	Anaconda Uranium Corp. (1997)	Inferred and Indicated Resource ⁴	45,570,000 42,240,000	0.54 0.34	tons tons	24,607,800 14,361,600

¹ Historic resource estimate considered to be relevant and reliable.

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

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

⁴ 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

During the nine month period ended September 30, 2005, the Company incurred \$2,268,573 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 and acquisitions.

US properties:	\$ 1,458,930
Peru properties:	\$ -
Canadian properties:	\$ 809,643

Results of Operations (cont'd...)

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

For the nine month period ended September 30, 2005, the Company spent \$1,831,784 on exploration as follows:

	September 30, 2005				December 31, 2004		
	USA	Peru	Canada	Total	USA	Canada	Total
Balance, beginning of period	\$ 63,716	\$ -	\$ 103,933	\$ 167,649	\$ 60,008	\$ -	\$ 60,008
Exploration costs:							
Camp costs	-	-	355,558	355,558	-	-	-
Geophysical	-	-	515,253	515,253	-	-	-
General expenditures	172,168	97,911	550,755	820,834	3,708	103,933	107,641
Permitting	<u>140,139</u>	<u>-</u>	<u>-</u>	<u>140,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of period	\$ 376,023	\$ 97,911	\$ 1,525,499	\$ 1,999,433	\$ 63,716	\$ 103,933	\$ 167,649

Third quarter general and administrative expenses increased from \$251,528 (not including non-cash expenses of \$378,410 recorded from granted stock options) in 2004 to \$536,339 in 2005, 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 September 30, 2005 for a complete listing)

Summary of Quarterly Results

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th 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)	(557,802)	(385,489)	
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	

The increase in quarterly losses beginning in the 4th 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 investment income on cash reserves held. The Company expects investment income 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.

Outstanding Share Data

As at November 22, 2005, the Company has 53,074,101 common shares issued and outstanding. The Company also has incentive stock options and share purchase warrants outstanding to acquire common shares as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	225,000	\$ 0.25	November 25, 2005
	125,000	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
	300,000	2.20	April 29, 2007
	50,000	2.25	February 8, 2007
		<u>1,000,000</u>	1.50
Total	4,458,000		
Warrants	845,413	0.25	November 24, 2005
	786,000	0.35	December 17, 2005 ⁽¹⁾
	543,000	0.36	January 20, 2006 ⁽¹⁾
	457,000	0.76	February 23, 2006
	2,328,667	0.76	April 16, 2006
	<u>6,027,180</u>	1.75/2.00	February 21, 2007 ⁽²⁾
Total	10,987,260		

⁽¹⁾ 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.

⁽²⁾ 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 nine month period ended September 30, 2005, the Company paid management consulting fees in the amount of \$85,665 to a company controlled by Devinder Randhawa, the President of the Company. Management consulting fees of \$72,377 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 \$55,250 for his services. Patrick Groening, the Chief Financial Officer, received \$59,000 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.

Subsequent Event

Subsequent to September 30, 2005, the Company:

- a) Issued 114,286 units at \$1.75 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one half of one share purchase warrant exercisable at \$2.00 per share until October 26, 2007.
- b) Granted stock options to acquire 1,000,000 common shares at \$1.50 per share expiring October 6, 2010.
- c) Issued 668,889 common shares for proceeds of \$214,222 pursuant to the exercise of options and warrants.