

Consolidated financial statements of

Strathmore Minerals Corp.

December 31, 2008



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AUDITORS' REPORT

To the Shareholders of
Strathmore Minerals Corp.

We have audited the consolidated balance sheet of Strathmore Minerals Corporation (the "Company") as at December 31, 2008 and the consolidated statements of operations and deficit, comprehensive loss, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on these statements in their report dated April 22, 2008.

Vancouver, Canada,
April 17, 2009.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Chartered Accountants

Strathmore Minerals Corp.

December 31, 2008

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Strathmore Minerals Corp.

Consolidated balance sheets

	December 31, 2008	December 31, 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 2 (c))	8,295,370	2,900,096
Short-term investments (Note 4)	-	12,788,046
Amounts receivable	46,050	1,468,621
Prepaid expenses	380,539	59,687
	8,721,959	17,216,450
Investments (Note 5)	158,150	6,047,770
Property and equipment (Note 6)	1,937,173	2,033,175
Mineral property interests (Note 7)	22,273,123	16,923,140
	33,090,405	42,220,535
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,342,675	1,973,456
Non-controlling interest (Note 7 (a) (i))	4,306,404	2,265,823
Shareholders' equity		
Capital stock	53,473,594	53,471,619
Contributed surplus	5,983,511	4,400,836
Deficit	(32,015,779)	(13,132,989)
Accumulated other comprehensive loss	-	(6,758,210)
	(32,015,779)	(19,891,199)
	27,441,326	37,981,256
	33,090,405	42,220,535

Nature and continuance of operations (Note 1)

Contingencies (Note 13)

Subsequent events (Note 16)

Approved by the Directors:

"Ralph Goehring"

Director

"David Miller"

Director

Strathmore Minerals Corp.

Consolidated statements of operations and deficit

Year ended December 31

	2008	2007
	\$	\$
General and administrative expenses		
Advertising and promotion	62,067	374,123
Amortization (Note 6)	401,235	250,441
Business development	134,436	274,055
Consulting fees	1,451,190	1,840,589
Insurance	59,434	155,668
Investment fees	10,271	84,176
Investor relations	34,574	23,623
Office and miscellaneous	335,536	361,728
Professional fees	561,723	792,666
Property investigation	27,164	46,775
Regulatory fees	32,452	52,094
Rent	154,283	137,343
Shareholder communications	53,378	159,604
Stock-based compensation (Note 8(b))	1,583,250	3,681,128
Telephone	61,517	77,119
Trade shows and conferences	93,842	387,754
Transfer agent	17,672	17,611
Travel	178,459	162,439
Wages and benefits	673,210	829,200
	5,925,693	9,708,136
Loss before other items	(5,925,693)	(9,708,136)
Other items		
Exploration management fee income	121,496	-
Foreign currency loss	(118,569)	(148,285)
Gain on property option agreements	242,828	9,109,983
Investment income	376,283	1,173,735
Realized gain (loss) on short-term investments	174,930	(3,278)
Unrealized loss on short-term investments	-	(68,062)
Write down of drill casing	(1,106,235)	-
Impairment of available-for-sale securities (Note 5)	(12,647,830)	-
	(12,957,097)	10,064,093
Income (loss) before income taxes	(18,882,790)	355,957
Future income tax recovery	-	4,397,801
Net income (loss) for the year	(18,882,790)	4,753,758
Basic and diluted earnings (loss) per common share		
Basic	(0.26)	0.07
Diluted	(0.26)	0.06
Weighted average number of common shares outstanding		
Basic	72,458,733	72,159,437
Effect of dilution of stock options and warrants	-	2,711,341
Diluted	72,458,733	74,870,778

Strathmore Minerals Corp.

Consolidated statements of comprehensive loss

Year ended December 31

	2008	2007
	\$	\$
Net income (loss) for the year	(18,882,790)	4,753,758
Other comprehensive loss		
Loss on available-for-sale securities, net of future income tax recovery	(5,889,620)	(6,758,210)
Reclassification adjustment for other than temporary decline in value (Note 5)	5,889,620	-
Comprehensive loss	(18,882,790)	(2,004,452)

Strathmore Minerals Corp.

Consolidated statements of shareholders' equity

Year ended December 31,

	Common shares		Contributed surplus	Accumulated other comprehensive loss	(Deficit) retained earnings	Total shareholders' equity
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance, December 31, 2006	70,631,548	69,061,053	1,591,993	-	(17,886,747)	52,766,299
Exercise of options	597,000	1,428,353	(417,553)	-	-	1,010,800
Exercise of warrants	1,179,363	3,224,985	(454,732)	-	-	2,770,253
Acquisition of mineral property interests	125,000	490,500	-	-	-	490,500
Tax benefits renounced to flow through share subscribers	-	(1,737,356)	-	-	-	(1,737,356)
Stock-based compensation	-	-	3,681,128	-	-	3,681,128
Plan of arrangement (Note 3)	-	(18,995,916)	-	-	-	(18,995,916)
Cancellation of escrowed shares	(75,000)	-	-	-	-	-
Loss on available-for-sale securities, net of future income tax recovery	-	-	-	(6,758,210)	-	(6,758,210)
Net income					4,753,758	4,753,758
Balance, December 31, 2007	72,457,911	53,471,619	4,400,836	(6,758,210)	(13,132,989)	37,981,256
Exercise of options	1,000	1,975	(575)	-	-	1,400
Loss on available-for-sale securities, net of future income tax recovery	-	-	-	(5,889,620)	-	(5,889,620)
Reclassification adjustment for other than temporary decline in value (Note 5)	-	-	-	12,647,830	-	12,647,830
Stock-based compensation (Note 8)	-	-	1,583,250	-	-	1,583,250
Net loss and comprehensive loss	-	-	-	-	(18,882,790)	(18,882,790)
Balance, December 31, 2008	72,458,911	53,473,594	5,983,511	-	(32,015,779)	27,441,326

Strathmore Minerals Corp.

Consolidated statements of cash flows

Year ended December 31

	2008	2007
	\$	\$
Operating activities		
Net income (loss) for the year	(18,882,790)	4,753,758
Items not affecting cash		
Amortization	401,235	250,441
Unrealized loss on short-term investments	-	68,062
Stock-based compensation	1,583,250	3,681,128
Future income tax recovery	-	(4,397,801)
Gain on property option agreements	-	(9,109,983)
Impairment of available-for-sale securities	12,647,830	-
Write down of drill casing	1,106,235	-
Changes in non-cash working capital items		
(Increase) decrease in receivables	1,070,869	(713,081)
Decrease in short-term investments	12,788,046	14,506,471
Increase in prepaid expenses	(320,852)	(29,094)
Decrease in accounts payable and accrued liabilities	1,120,170	255,751
	11,513,993	9,265,652
Investing activities		
Property and equipment purchased	(305,233)	(1,592,712)
Mineral property interests	(6,970,530)	(16,012,748)
Recoveries on mineral property interests	1,155,644	2,987,857
Cash transferred on plan of arrangement	-	(500,000)
Reorganization costs on plan of arrangement	-	(328,914)
	(6,120,119)	(15,446,517)
Financing activity		
Capital stock issued	1,400	3,781,053
	1,400	3,781,053
Increase (decrease) in cash and cash equivalents	5,395,274	(2,399,812)
Cash and cash equivalents, beginning of year	2,900,096	5,299,908
Cash and cash equivalents, end of year	8,295,370	2,900,096

Supplemental disclosure with respect to cash flows (Note 9)

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

1. Nature and continuance of operations

Strathmore Minerals Corp. (the "Company") is organized under the laws of the Province of British Columbia and is engaged in the acquisition, exploration, and development of uranium mineral properties.

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral property interests, including related deferred exploration costs, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no significant source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral property interests. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt, or joint venture financing and attain profitable operations. These statements do not include any adjustments to assets and liabilities should the Company be unable to continue as a going concern.

The following table highlights the Company's history of losses and limited working capital:

	2008	2007
Deficit	(32,015,779)	(13,132,989)
Working Capital	7,379,284	15,242,994

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reflect the following policies:

(a) Principles of consolidation

These consolidated financial statements include the accounts of the following subsidiaries incorporated in the US.

	2008	2007
Strathmore Resources (US) Ltd.	100%	100%
Roca Honda Resources, LLC.	60%	60%
AUC, LLC	100%	100%
Juiper Ridge, LLC	100%	100%

Significant inter-company balances and transactions are eliminated on consolidation

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

2. Significant accounting policies (continued)

(b) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant accounts that require estimates relate to the possible impairment of property and equipment and mineral property interests, the useful life of property and equipment, valuation allowances for future income taxes, valuation of investments, valuation of stock-based compensation and warrants in private placements and valuation of asset retirement obligations.

(c) *Cash and cash equivalents*

Cash and cash equivalents include cash and those short-term money market instruments that are readily convertible to cash. Cash and cash equivalents are recorded at fair value.

Included in cash and equivalents is \$164,586 of restricted cash which relates to security deposits with various government agencies.

(d) *Short-term investments*

Short-term investments were designated by the Company on initial recognition as held-for-trading and are measured at fair market value. Gains and losses are recognized in the statement of operations.

(e) *Investments*

Investments were designated by the Company on initial recognition as available-for-sale financial instruments and are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income (loss).

(f) *Property and equipment*

Property and equipment is recorded at cost and amortization is calculated using the declining-balance method, unless otherwise noted, at the following annual rates:

Geological equipment	20%
Vehicles	30%
Office equipment	20%
Computer equipment	30%
Computer software	50%
Leasehold improvements	5 year straight-line
Building	4%

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

2. Significant accounting policies (continued)

(g) *Mineral property interests and deferred exploration costs*

The Company records deferred exploration costs, which consist of costs attributable to the exploration of mineral property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these mineral property interests are capitalized on the basis of specific claim blocks until the mineral property interests to which they relate are placed into production, or the mineral property interests are disposed of through sale or where management has determined there to be an impairment. If a mineral property interest is abandoned, the mineral property interest and deferred exploration costs will be written off to operations in the period of abandonment. The Company records mineral properties cost recoveries as reduction of the property's cost base. Exploration management fee income from mineral property option agreements are recorded in the statement of operations.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject mineral property interest. The Company's determination for impairment is based on: (i) whether the exploration programs on the mineral property interests have significantly changed, such that previously identified resource targets are no longer being pursued; (ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or (iii) whether remaining lease terms are insufficient to conduct necessary studies or exploration work. As at December 31, 2008, the Company believes that no impairment relating to the mineral property interests and deferred exploration costs was required.

(h) *Foreign currency translation*

The Company's subsidiaries are integrated foreign operations and are translated into the Canadian dollar equivalent using the temporal method. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates approximating those in effect at the time of the transaction. Exchange gains and losses arising on translation are included in the statement of operations.

(i) *Flow-through common shares*

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders.

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.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

2. Significant accounting policies (continued)

(j) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any material asset retirement obligations.

(k) Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs over the vesting period for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

(l) Income taxes

Income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(m) Earnings/(loss) per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Earnings per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share are calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding stock options, and warrants with the average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

2. Significant accounting policies (continued)

(m) *Financial instruments and comprehensive income*

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value at the date of acquisition. Subsequent measurement and accounting for changes in fair value will depend on the initial classification, as follows:

- (i) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income;
- (ii) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income (loss); and
- (iii) loans and receivables, held-to-maturity investments and other financial liabilities, are measured at amortized cost.

The Company designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs directly attributable to the acquisition or issuance of financial instruments are recognized in net income (loss) in the period incurred.

(n) *Change in accounting policies*

Effective January 1, 2008, the Company adopted the following new standards issued by the CICA. These accounting policies were adopted on a prospective basis without restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

- (i) CICA Section 1400, *General Standards of Financial Statement Presentation*

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

2. Significant accounting policies (continued)

(n) *Change in accounting policies (continued)*

(ii) CICA Section 1535, *Capital Disclosures*

This Section establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires the Company to disclose, based on the information provided internally to the entity's key management personnel, (1) qualitative information regarding the Company's objectives, policies and processes for managing capital; (2) quantitative data about what the Company manages as capital; (3) whether the Company has complied with any externally imposed capital requirements; and (4) if it has not complied, the consequences of such non-compliance (Note 14).

(iii) CICA Section 3862, *Financial Instruments – Disclosures* and CICA Section 3863, *Financial Instruments – Presentation*

These sections replace CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. These new sections incorporate many of the disclosure requirements of Section 3861, but place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Company manages those risks (Note 15).

(o) *Recent accounting pronouncements*

(i) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that fiscal 2011 is the changeover date for non-calendar year end publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) CICA Sections 1582, 1601, 1602 Business Combinations, Consolidations, and Non-Controlling Interests

In January 2009, the AcSB issued the following Handbook sections: 1582 – Business Combinations, 1601 – Consolidations, and 1602 – Non-Controlling Interests. These new Sections will be applicable to financial statements relating to the Company's interim and fiscal year end beginning on or after January 1, 2011. Early adoption is permitted. The Company has not yet determined the impact of the adoption of these new sections on its consolidated financial statements.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

2. Significant accounting policies (continued)

(o) *Recent accounting pronouncements (continued)*

(iii) EIC 174 Mining Exploration Costs

On March 27, 2009 the Emerging Issues Committee ("EIC") of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended December 31, 2008. There was no impact on the financial statements as a result of applying this abstract.

(p) *Comparative figures*

Certain comparative figures have been reclassified to conform with the current years' presentation.

3. Plan of arrangement

On June 19, 2007 the shareholders of the Company approved a plan of arrangement (the "Arrangement") to reorganize its Canadian and Peruvian mineral property interests. The effective date of the transaction was July 17, 2007.

Under the terms of the Arrangement, all of Company's Canadian and Peruvian mineral property interests with a cost base of \$18,117,002, \$500,000 in cash and 200,000 common shares of Great Bear Uranium Corp. ("Great Bear") valued at \$50,000, were transferred to Fission Energy Corp. ("Fission"). As the transaction was between companies under common control, the assets were transferred by the Company at their book value on the date of transfer. The Company also incurred \$328,914 of reorganization costs to complete the arrangement.

Under the terms of the Arrangement, the Company's shareholders as at the share distribution record date of July 13, 2007 received one new common share in the capital of Strathmore (a "Strathmore New Share") and one-third of one common share in the capital of Fission Energy (a "Fission Energy Share") for each Strathmore common share ("Strathmore Share") for a total of 24,168,911 shares issued.

In addition, all the Company's warrant holders at the record date of the Arrangement were entitled to receive one-third of a common share of the Company for each warrant exercised. In accordance with the terms of the Arrangement, the exercise price of the warrants was allocated between the Company and the Fission on the ratio of the fair market value of the spin-out assets to the fair market value of all assets of Strathmore prior to the Arrangement. All warrants expired unexercised (Note 8 (a)).

4. Short-term investments

Short-term investments are recorded at fair value and are comprised of the following:

	2008	2007
	\$	\$
Bonds and bond funds	-	12,788,046

The Company recorded a realized gain (loss) for the year ended December 31, 2008 of \$174,930 (December 31, 2007 – (\$3,278)) and an unrealized loss of \$Nil (December 31, 2007 – (\$68,062)) to reflect the fair value of its short-term investments.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

5. Investments

Investments are recorded at fair value and are comprised of the following:

	2008	2007
	\$	\$
Yellowcake Mining Inc. ("Yellowcake")	142,180	2,217,890
American Uranium Corporation ("American Uranium")	15,970	3,829,880
	158,150	6,047,770

These available-for-sale-securities have not been registered with the United States Securities and Exchange Commission and may not be offered for sale as at December 31, 2008. As at December 31, 2008, the Company has recorded an other than temporary impairment of \$7,428,580 and \$5,219,250 on its investments in Yellowcake and American Uranium (the "issuers"), respectively. The Company did not purchase these securities but received them as part of mineral property option agreements (Note 7(b)(ii) & (iii)) The Company has determined that an other than temporary impairment arose during the current year due to: (a) the issuers being unable to timely file an effective registration statement to allow the Company to sell the securities without restrictions; (b) the issuers paying contractual penalties to the issuers' shareholders for failing to register securities within the allotted time period of six months, and (c) the quoted market price of the issuers' securities declining since receipt of the securities in 2007.

6. Property and equipment

	December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Geological equipment	248,169	93,044	155,125
Vehicles	491,377	195,288	296,089
Office equipment	360,904	125,510	235,394
Computer equipment	277,499	143,819	133,680
Computer software	137,425	90,019	47,406
Leasehold improvements	356,513	113,737	242,776
Building	486,005	30,005	456,000
Land	370,703	-	370,703
	2,728,595	791,422	1,937,173

	December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Geological equipment	248,169	54,264	193,905
Vehicles	410,235	71,643	338,592
Office equipment	291,673	71,125	220,548
Computer equipment	258,183	88,798	169,385
Computer software	114,963	45,496	69,467
Leasehold improvements	245,534	47,808	197,726
Building	483,902	11,053	472,849
Land	370,703	-	370,703
	2,423,362	390,187	2,033,175

Strathmore Minerals Corp.

Notes to the consolidated financial statements
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7. Mineral property interests

	Roca Honda Property	Nose Rock/ Crown Point Property	Marquez Property	Church Rock Property	Gas Hills Properties	Juniper Ridge Property	Pine Tree/ Reno Creek Property	Sky/Cedar Rim Property	South Dakota Property	Other Properties	Total property costs
December 31, 2008	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs											
Balance, beginning of period	498,970	652,022	810,147	397,325	871,789	-	-	-	149,159	1,161,611	4,541,023
Additions	-	-	253,013	-	-	-	-	-	1,018,559	13,658	1,285,230
Balance, end of period	498,970	652,022	1,063,160	397,325	871,789	-	-	-	1,167,718	1,175,269	5,826,253
Exploration costs											
Balance, beginning of period	5,876,874	149,347	20,238	2,226,021	1,662,412	-	-	1,014,908	87,477	238,605	11,275,882
Incurred during the period											
Access	-	-	-	-	-	-	-	-	-	-	-
Administration	375,834	4,317	1,822	802	6,649	15,002	48,076	1,447	91	9,056	463,096
Drilling	257,041	-	-	-	156,301	437	1,022	38,795	-	-	453,596
Engineering	1,265,543	-	178	-	31,436	-	244,908	-	48	13,978	1,556,091
Environmental	127,852	-	-	-	76	46	-	186	-	-	128,160
Facilities/construction	1,662	-	-	-	-	-	-	-	-	-	1,662
Geology and geophysics	173,579	3,342	3,837	575	60,260	1,264	144,667	91	-	2,972	390,587
Health and safety	25,350	-	-	-	17,115	16,222	-	38	-	-	58,725
Property maintenance fees	24,807	47,160	556	23,386	252,704	24,695	161,819	7,587	4,966	128,471	676,151
Permitting/regulatory	1,671,503	1,818	32	2,383	238,936	15,400	389,734	175	-	2,773	2,322,754
Personnel Time	142,928	17,078	1,913	1,912	1,507	-	1,507	-	-	11,464	178,309
Quality assurance	10,050	-	-	-	565	-	-	678	-	-	11,293
Travel	69,930	132	-	15	5,793	5,573	12,178	789	-	1,514	95,924
	4,146,079	73,847	8,338	29,073	771,342	78,639	1,003,911	49,786	5,105	170,228	6,336,348
Cost recoveries	-	-	-	-	-	(78,639)	(1,003,911)	(82,810)	-	-	(1,165,360)
Balance, end of period	10,022,953	223,194	28,576	2,255,094	2,433,754	-	-	981,884	92,582	408,833	16,446,870
Total costs	10,521,923	875,216	1,091,736	2,652,419	3,305,543	-	-	981,884	1,260,300	1,584,102	22,273,123

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

7. Mineral property interests (continued)

	Roca Honda Property	Nose Rock/ Crown Point Property	Marquez Property	Church Rock Property	Gas Hills Properties	Juniper Ridge Property	Pine Tree/ Reno Creek Property	Sky/Cedar Rim Property	South Dakota Property	Canada/ Peru Properties	Other Properties	Total property costs
December 31, 2007	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition costs												
Balance, beginning of year	498,970	908,991	-	289,155	5,317	488,158	937,835	99,279	137,282	3,154,921	1,182,538	7,702,446
Additions	-	3,931	810,147	108,170	866,472	92,267	8,653	10,889	11,877	425,000	1,044	2,338,450
Cost recoveries	-	(260,900)	-	-	-	(580,425)	(946,488)	(110,168)	-	-	(21,971)	(1,919,952)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	(3,579,921)	-	(3,579,921)
Balance, end of year	498,970	652,022	810,147	397,325	871,789	-	-	-	149,159	-	1,161,611	4,541,023
Exploration costs												
Balance, beginning of year	320,175	60,788	-	1,767,050	215,206	52,858	167,014	173,972	82,701	8,941,150	165,100	11,946,014
Incurred during the year												
Administration	63,682	6,671	45	8,121	15,803	10,489	346	23,159	-	143,914	15,051	287,281
Drilling	5,116,130	-	-	-	221,357	61,882	-	607,415	53	483,255	397	6,490,489
Equipment/vehicles	-	-	-	-	1,894	806	-	-	-	519,706	-	522,406
Engineering	771,600	-	-	237,824	70,958	5,880	-	188,168	-	479	4,293	1,279,202
Environmental	115,718	-	-	-	26,329	35,290	-	31,131	-	-	17	208,485
Facilities/construction	736	-	-	5,200	7,200	-	-	4,178	-	29,851	-	47,165
Geology and geophysics	100,280	986	3,187	2,186	67,965	39,515	8,510	26,369	-	2,686,412	189	2,935,599
Health and safety	6,738	-	-	578	10,660	8,326	53	12,332	-	-	-	38,687
Property maintenance fees	14,862	61,362	1,532	20,223	423,492	51,267	108,545	6,606	2,873	598,632	60,980	1,350,374
Permitting/regulatory	357,594	138	-	9,877	621,997	217,703	6,267	71,934	-	104,916	1,955	1,392,381
Personnel time	49,228	11,995	12,846	166,194	108,149	96,214	8,039	205,550	1,850	915,152	7,197	1,582,414
Travel	22,411	7,407	2,628	8,768	38,143	18,205	2,420	52,453	-	113,614	1,330	267,379
	6,618,979	88,559	20,238	458,971	1,613,947	545,577	134,180	1,229,295	4,776	5,595,931	91,409	16,401,862
Cost recoveries	(1,062,280)	-	-	-	(166,741)	(598,435)	(301,194)	(388,359)	-	-	(17,904)	(2,534,913)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	(14,537,081)	-	(14,537,081)
Prepaid exploration expenditures	-	-	-	-	-	-	-	-	-	-	1,106,235	1,106,235
Balance, end of year	5,876,874	149,347	20,238	2,226,021	1,662,412	-	-	1,014,908	87,477	-	1,344,840	12,382,117
Total costs	6,375,844	801,369	830,385	2,623,346	2,534,201	-	-	1,014,908	236,636	-	2,506,451	16,923,140

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

7. Mineral property interests (continued)

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 using accepted industry standards.

(a) *New Mexico properties, USA*

(i) Roca Honda Property

On July 26, 2007, the Company completed an agreement with Sumitomo Corp. ("Sumitomo") of Japan to develop the Roca Honda uranium project located in New Mexico. The Company has transferred its entire interest in the Roca Honda Property to Roca Honda Resources, LLC, a subsidiary in which the Company owns 60% and Sumitomo owns 40%. The Company and Sumitomo are committed to fund a US\$27,215,000 feasibility study, in proportion to their respective ownership interests by the end of fiscal 2011. Following completion of the feasibility study, should a positive decision be made to proceed, Sumitomo will contribute a pre-determined cash contribution for development of the Roca Honda mine. During fiscal 2007, the Company received US\$1,000,000 from Sumitomo towards completing the agreement.

The Company had acquired its original 100% interest in the Roca Honda claims during prior years by paying \$227,970 and issuing 200,000 common shares of the Company valued at \$271,000.

The Company has consolidated Roca Honda Resources, LLC into its operations and recorded a non-controlling interest of \$4,306,404 (2007 - \$2,265,823) to reflect Sumitomo's 40% interest.

(ii) Nose Rock/Crown Point Property

The Company had acquired its original 100% interest in Nose Rock/Crown Point property during prior years by paying \$206,991 and issuing 300,000 common shares valued at \$702,000.

On September 14, 2007, the Company granted Uranium International Corp. (formerly Nu-Mex Uranium Resources Inc.) ("UIC") an option to acquire up to a 65% interest in the Company's Nose Rock property by paying the Company US\$250,000 and issuing 5,000,000 common shares. The option is subject to the formation of a limited liability company with terms acceptable to both parties. The Company will record the UIC common shares on formation of the limited liability company and receipt of the shares. To earn its 65% interest, UIC is required to incur a total of US\$44,500,000 in exploration expenditures in stages over seven years. The Company retains the right to earn back a 16% interest in the project in consideration for US\$25,000,000.

On November 17, 2008 the Company and UIC mutually agreed to terminate the option agreement.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

7. Mineral property interests (continued)

(a) *New Mexico properties, USA (continued)*

(iii) Dalton Pass Property

On October 5, 2007, the Company granted UIC an option to acquire up to a 65% interest in the Dalton Pass property. To earn its 65% interest, UIC has paid US\$250,000 and is required to incur a total of US\$16,750,000 in exploration expenditures in stages over six years and pay the Company an additional US\$1,000,000 in cash or, at the option of UIC, common shares of UIC, in stages over four years. The Company retains the right to earn back a 16% interest in the project in consideration for US\$8,000,000.

On November 17, 2008 the Company and UIC mutually agreed to terminate the option agreement.

(iv) Marquez Property

On September 5, 2007, the Company entered into a mineral lease agreement on the Marquez property located in New Mexico, for a period of ten years, with the option to extend the lease for an additional five years. The Company has paid US\$750,000 (\$805,700) and is required to make annual payments of US\$250,000 during the initial ten year term. To extend the lease for an additional five years, the Company is required to pay US\$750,000 and make annual payments of US\$300,000 thereafter. To extend the lease beyond fifteen years, the Company is required to pay an additional US\$750,000.

The property is subject to an 8% net proceeds production royalty. Should commercial production not commence by September, 2015, the Company will be required to pay additional annual minimum advance royalty payments of US\$250,000 which may be recovered from future production royalties.

(v) Church Rock Property

The Company had acquired its original 100% interest in the Church Rock property during prior years by paying \$153,655 and issuing 100,000 common shares valued at \$135,500.

On May 31, 2007, the Company entered into an option agreement to acquire certain water rights in the McKinley county area of New Mexico. The purchase price was US\$4,000 per acre-foot per year of consumptive use and is payable as follows: an initial US\$100,000 deposit and 50% of US\$4,000 multiplied by the amount of water right authorized by the State Engineer. The remainder is to be paid at closing. The final amount to be paid will be determined in accordance with the agreement which includes a 5% escalator fee per year after the second year in which the petition to the State Engineer is being reviewed.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

7. Mineral property interests (continued)

(b) Wyoming properties, USA

(i) Gas Hills Properties

(1) Jeep Property

The Company had acquired, by staking, its original 100% interest in the Jeep property during prior years.

On July 31, 2007, the Company granted Yellowcake an option to acquire a 60% interest in the Company's Jeep property. To earn its 60% interest, Yellowcake was required to incur a total of US\$10,000,000 in exploration expenditures in stages to September 2013. On April 21, 2008 the Company and Yellowcake mutually agreed to terminate the option agreement.

(2) Rock Hill/Red Horse Property

On October 31, 2007 the Company acquired 100% of Rock Hill mineral claims by paying US\$770,960 and reimbursing the vendor for staking fees of \$46,500. The Company also acquired data related to this property by issuing 25,000 common shares valued at \$62,500. The property is subject to a 5% net proceeds royalty.

(3) Other Gas Hills Properties

The Company had acquired, by staking, its original 100% interest in certain claims located in the Gas Hills Region of Wyoming, USA during prior years.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

7. Mineral property interests (continued)

(b) Wyoming properties, USA (continued)

(ii) Juniper Ridge Property

The Company had acquired its original 100% interest in the Juniper Ridge property during prior years by issuing 200,000 common shares valued at \$430,000 and incurring additional costs of \$58,158.

On March 14, 2007 the Company granted an option to acquire up to an 80% interest in its Juniper Ridge property to Yellowcake. The Company transferred its entire interest in the Juniper Ridge property to Juniper Ridge LLC. In return for the option, Yellowcake paid the Company US\$100,000 and issued 9,000,000 shares valued at \$9,779,900 in the capital of Yellowcake and a future income tax liability of \$3,422,965 to Juniper Ridge LLC. The Company has recorded \$5,970,054 gain on the option agreement. To earn its interest, Yellowcake is committed to additional payments of US\$400,000 over four years and will fund US\$8,000,000 over five years toward the property's exploration. Yellowcake will earn a 40% interest upon incurring US\$4,000,000 in expenditures and will be required to pay a royalty payment to the Company of 3% of the optioned portion of all future production. Pursuant to the agreement, Yellowcake had the option to enter into an equal partnership with the Company over any mining leases acquired from certain databases

On April 21, 2008 the Company terminated its database project agreement with Yellowcake. In addition, the Company and Yellowcake have agreed to amend certain terms regarding Yellowcake's commitment to fund US\$8,000,000 of exploration on the Juniper Ridge property.

On January 8, 2009 The Company and Yellowcake mutually agreed to terminate the option agreement effective December 29, 2008.

(iii) Pine Tree/Reno Creek Property

The Company had acquired its original 100% interest in Pine Tree/Reno Creek property during prior years by issuing 350,000 common shares valued at \$696,250 and incurring additional costs of \$94,875.

On August 20, 2007 the Company granted American Uranium Corporation ("American Uranium") an option to acquire a 60% in the Pine Tree/Reno Creek property. The Company has transferred its entire interest in Pine Tree/Reno Creek to AUC, LLC. American Uranium has contributed 5,000,000 common shares valued at \$5,828,600 and a future income tax liability of \$2,040,000 to AUC, LLC. The Company has recorded \$2,922,104 gain on the option agreement. To earn its 60% interest, American Uranium will contribute US\$33,000,000 for exploration by spending US\$1,500,000 in both the first year and second year, US\$2,000,000 in the third year, and US\$28,000,000 in the fourth through sixth year. American Uranium will have earned a 22.5% interest upon incurring US\$12,375,000 in expenditures and an additional 37.5% interest upon incurring the remaining US\$20,625,000. The US\$28,000,000 will be reduced proportionately depending on the results of a property evaluation.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

7. Mineral property interests (continued)

(b) Wyoming properties, USA (continued)

(iv) Sky/Cedar Rim Property

The Company had acquired its original 100% interest in the Sky/Cedar Rim property during prior years by issuing 50,000 common shares valued at \$86,250 and incurring additional costs of \$13,029.

On July 31, 2007, the Company granted Yellowcake an option to acquire a 60% interest in the Company's Sky/Cedar Rim property. To earn its 60% interest, Yellowcake was required to incur a total of US\$7,500,000 in exploration expenditures in stages to September 2011.

On April 21, 2008 the Company and Yellowcake mutually agreed to terminate the option agreement.

(vi) Gas Hills Mill Site Property

On December 10, 2007 the Company entered into an option agreement to acquire the Gas Hills Mill Site property located in Wyoming and the related Nuclear Regulatory Commission ("NRC") license. The Company paid US\$10,000 for a one year option to acquire the property. On December 10, 2008, the Company negotiated a one year extension to the agreement and paid an additional US\$10,000. The Company is required to pay an additional amount to complete the acquisition.

(c) South Dakota Property, USA

(i) South Dakota Chord Property

The Company acquired a 100% interest in a uranium property located in South Dakota, USA, by paying \$59,640. 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. The Company made annual payments of either 50,000 common shares or US\$10,000 per year to July 1, 2008. The property is subject to a 2% gross royalty.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

7. Mineral property interests (continued)

(c) *South Dakota Property, USA (continued)*

(i) South Dakota Chord Property (continued)

On July 7, 2008, the original lease terms expired and the Company acquired a 100% interest in Chord project, free of royalties, for cash consideration of US\$998,000.

After the Company acquired the Chord project, it entered into a Letter of Intent with Great Bear Uranium Corp. ("Great Bear"). This enables Great Bear the option to acquire a 100% interest in the Chord property. In order to earn a 100% interest, Great Bear will be required to make total cash payments of \$4,100,000 to the Company in accordance with the following schedule:

\$100,000 within three days following the date ("Effective Date") of execution and delivery of a formal agreement

\$300,000 not more than 90 days after the Effective Date

\$400,000 before the first anniversary of the Effective Date;

\$600,000 before each of the second and third anniversaries of the Effective Date;

\$900,000 before the fourth anniversary of the Effective Date; and

\$1,000,000 before the fifth anniversary of the Effective Date.

Great Bear's acquisition of the Chord project is subject to the execution of a definitive agreement, technical and legal due diligence by Great Bear.

See subsequent events (Note 16 (b)).

(d) *Other properties*

(i) Other New Mexico properties

The Company had acquired its original 100% interest in certain claims located in New Mexico, USA, during prior years by paying \$91,651. Certain claims are subject to a 1% royalty.

(ii) Other Wyoming properties

The Company had acquired its original 100% interest in the certain claims located in Wyoming, USA, during prior years by paying \$87,560, incurring additional costs of \$90,509 and issuing 550,000 common shares valued at \$986,250.

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

8. Capital stock and contributed surplus

The Company has authorized an unlimited number of common shares, without par value.

(a) Stock options and warrants

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount. The Company's practice has been to set the exercise price at or above market price. The options can be granted for a maximum term of five years with vesting provisions determined by the Board of Directors.

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

	Stock options		Warrants	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding, December 31, 2006	4,195,000	1.82	1,720,688	2.53
Granted	2,650,000	2.74	-	-
Exercised	(597,000)	1.69	(1,179,363)	2.35
Outstanding, December 31, 2007	6,248,000	2.15	541,325	2.39
Granted	5,907,000	0.54	-	-
Exercised	(1,000)	1.40	-	-
Cancelled/forfeited	(5,947,000)	2.15	-	-
Expired	(300,000)	2.05	(541,325)	2.39
Outstanding, December 31, 2008	5,907,000	0.54	-	-

The following table summarizes information about outstanding stock options at December 31, 2008:

Options

Number outstanding	Exercise price	Number exercisable	Expiry date
	\$		
400,000	2.25	80,000	January 2, 2013
150,000	0.60	-	September 26, 2013
5,357,000	0.41	1,785,665	November 10, 2013
5,907,000		1,865,665	

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

8. Capital stock and contributed surplus (continued)

(b) Stock-based compensation

During the year ended December 31, 2008, the Company granted 5,907,000 (2007 – 2,650,000) options to employees, consultants and directors. Included in options granted are 4,777,000 (2007 - Nil) re-priced options exercisable at \$0.41. Concurrently, the Company cancelled 4,777,000 (2007 – Nil) options with a weighted average exercise price of \$2.15 (2007- \$Nil). The stock options are recorded at fair value in the statement of operations using the Black-Scholes option pricing model. Total stock-based compensation recognized in the statement of operations during 2008 was \$1,583,250 (2007 – \$3,681,128) as a result of options granted and vested and re-priced. This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of options granted was \$0.54 (2007 - \$2.74) per option.

During the year ended December 31, 2008, the following assumptions were used for the valuation of stock options:

	2008	2007
Risk free interest rate	3.30%	4.53%
Expected life	4.4 years	4 years
Annualized volatility	84%	63%
Dividend rate	0.00%	0.00%

9. Supplemental disclosure with respect to cash flows

	2008	2007
	\$	\$
Cash and cash equivalents		
Cash	533,902	2,812,096
Term deposits	7,761,468	88,000
	8,295,370	2,900,096

There were \$Nil cash payments for interest and income taxes during the years ended December 31, 2008 and 2007.

Significant non-cash transactions during the year ended December 31, 2008 include:

- incurring mineral property expenditures of \$238,392 through accounts payable and accrued liabilities;
- recognizing mineral property recoveries of \$351,702 through amounts receivable; and
- recognizing \$574 of contributed surplus on exercised options into common shares.

Significant non-cash transactions during the year ended December 31, 2007 include:

- incurring mineral property expenditures of \$1,610,077 through accounts payable and accrued liabilities;
- issuing 125,000 common shares valued at \$490,500 pursuant to the acquisition of minerals property interests;
- recognizing mineral property recoveries of \$347,630 through amounts receivable.
- Receiving investments valued at \$15,608,500 pursuant to mineral property option agreements; and
- Transferring mineral property interests with a cost base of \$18,117,002 and an investment valued at \$50,000 to Fission

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

10. Related party transactions

	2008	2007
	\$	\$
Consulting fees to directors and companies controlled by directors	503,694	596,716
Consulting fees to officers of the Company	369,639	362,028
Directors fees	146,500	123,000
	1,019,833	1,081,744

Included in accounts payable at December 31, 2008 is \$22,318 (December 31, 2007 - \$68,539) for consulting and directors fees to directors, officers and companies controlled by directors and officers.

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

11. Income taxes

A reconciliation of current income taxes at statutory rates (31%) with the reported income taxes is as follows:

	2008	2007
	\$	\$
Loss before income taxes	(18,882,790)	355,957
Expected income tax recovery	(5,853,665)	(121,452)
Tax rate differences	(1,374,532)	(58,144)
Tax rate changes	356,616	-
Permanent differences	838,970	3,161,077
Change in valuation allowance	5,327,056	(7,379,282)
Other	705,555	-
Future income tax recovery	-	(4,397,801)

Strathmore Minerals Corp.

Notes to the consolidated financial statements
December 31, 2008

11. Income taxes (continued)

The significant components of the Company's future income tax assets are as follows:

	2008	2007
	\$	\$
Future income tax assets (liabilities)		
Equipment	109,314	58,264
Mineral properties	3,535,418	88,766
Investments	(63,163)	(2,116,710)
Other assets	276,834	344,077
Losses	3,807,073	3,964,147
Future income tax assets	7,665,476	2,338,544
Valuation allowance	(7,665,476)	(2,338,544)
Net future income tax asset (liability)	-	-

The Company has available approximately \$10,429,397 of non-capital losses which, if unutilized, will expire in 2028. Subject to certain restrictions, the Company also has capital losses of \$192,540 and resource exploration expenditures of approximately \$7,621,292 available to reduce taxable income of future years.

During fiscal 2007, the Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's resource properties resulting in a future income tax liability of \$1,737,356 and a charge against capital stock.

12. 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 years ended December 31, 2008 and 2007 to relate to this segment.

Assets by geographic area are as follows:

	December 31, 2008		December 31, 2007	
	Canada	United States	Canada	United States
	\$	\$	\$	\$
Property and equipment	568,728	1,368,445	1,071,983	961,192
Mineral property interests	-	22,273,123	-	16,923,140
	568,728	23,641,568	1,071,983	17,884,332

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

13. Contingencies

The Company has received two claims for services allegedly performed on its mineral properties. In aggregate these claims amount to \$290,616. The parties have commenced legal proceedings against the Company. The Company unequivocally rejects these claims and is actively defending itself. No amount has been accrued in these financial statements in respect of the claims as the outcome is not determinable.

14. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of shareholder equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash, cash equivalents, and short-term investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions.

The Company anticipates continuing to access equity markets to fund continued exploration of its mineral properties and the future growth of the business.

15. Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, investments, accounts payable and accrued liabilities. For cash and current receivables and accounts payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The fair value of other financial assets represents the market value of quoted investments.

Cash and short-term investments are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded on the statement of operations.

Investments are designated as available-for-sale and carried at fair value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net loss when they are sold or when an other than temporary impairment is recognized.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, foreign exchange, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

15. Financial instruments and risk management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluate credit risk on an ongoing basis, including evaluation of counterparty credit rating, monitoring activities related to trade and other receivables and counterparty concentrations measured by amount and percentage.

The primary sources of credit risk for the Company arise from the following financial assets: (1) cash and cash equivalents held with major Canadian financial institutions; (2) short-term investments; and (3) amounts receivable. The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At December 31, the Company has no financial assets that are past due or impaired due to credit risk defaults.

The Company's maximum exposure to credit risk at the reporting date is as follows:

	2008	2007
	\$	\$
Cash and cash equivalents	8,295,370	2,900,096
Short-term investments	-	12,788,046
Amounts receivable	46,050	1,468,621
	8,341,420	17,156,763

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents and short-term investment balances to meet its anticipated operational needs.

The Company's financial liabilities, consisting of accounts payable and accrued liabilities, arose as a result of exploration of its mineral property interests and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and do not generally bear interest.

Strathmore Minerals Corp.

Notes to the consolidated financial statements

December 31, 2008

15. Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

The following table summarizes the remaining contractual maturities of the Company's financial liabilities:

	2008	2007
	\$	\$
Accounts payable and accrued liabilities	1,342,675	1,973,456
	1,342,675	1,973,456

Typical repayment terms for the Company do not exceed 90 days.

(c) Market risk

Market risk is the risk that the fair value for assets classified as held-for-trading and available-for-sale or future cash flows for assets or liabilities considered to be held-to-maturity, other financial liabilities, and loans or receivables of a financial instrument will fluctuate because of changes in market conditions. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk, as it does not hold debt balances and is not charged interest on its accounts payable balances.

(d) Foreign exchange risk

The Company operates on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the functional currency of the Company is Canadian dollars, the Company also conducts business in United States dollars. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Exchange rate fluctuations may affect the costs that the Company incurs in its operations, as the Company's costs are incurred primarily in US dollars. The depreciation of the US dollar against the Canadian dollar can increase the costs of operations and capital expenditures in US dollar terms. The Company maintains its cash balances primarily in Canadian dollars and exchanges currency to meet its obligations on an as needed basis, thereby reducing the exchange risk on cash balances.

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15. Financial instruments and risk management (continued)

(d) Foreign exchange risk (continued)

The Company is exposed to currency risk through the following Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars:

Amounts in CAD\$	2008 US Dollar	2007 US Dollar
Cash and cash equivalents	722,753	179,158
Short-term investments	-	186,052
Investments	158,150	6,047,770
Amounts receivable	2,457	458,307
Accounts payable and accrued liabilities	(1,264,185)	(1,607,646)
	(380,825)	5,263,641

Based on the above net exposures at December 31, 2008, a 10% depreciation or appreciation in the US dollar against the Canadian dollar would result in a \$45,186 (2007 - \$521,676) increase or decrease in the Company's net loss.

16. Subsequent events

Subsequent to December 31, 2008, the Company:

- (a) entered into two exclusive options to acquire additional private mineral rights, known as the Moore-McCullough Properties. The options grant the Company the exclusive right to lease 1,949 acres of private mineral leases, together with the accompanying surface access. The Company made initial payments of US\$122,000 as part of the agreements.
- (b) extended the Company's letter of intent with Great Bear on the Chord Property, South Dakota to September 30, 2009.