

Consolidated financial statements of

**Strathmore Minerals Corp.**

March 31, 2009

(Unaudited – prepared by management)

# **Strathmore Minerals Corp.**

## **Unaudited Interim Consolidated Financial Statements**

### **Notice**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended March 31, 2009.

# Strathmore Minerals Corp.

March 31, 2009

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# Strathmore Minerals Corp.

Consolidated balance sheets  
(Unaudited - prepared by management)

	March 31, 2009	December 31, 2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	7,047,252	8,295,370
Amounts receivable	62,654	46,050
Prepaid expenses	410,945	380,539
	<b>7,520,851</b>	8,721,959
Investments (Note 3)	404,940	158,150
Property and equipment	1,799,203	1,937,173
Mineral property interests (Note 4)	23,138,536	22,273,123
	<b>32,863,530</b>	33,090,405
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,393,166	1,342,675
Non-controlling interest (Note 4 (a) (i))	4,509,847	4,306,404
<b>Shareholders' equity</b>		
Capital stock	53,473,594	53,473,594
Contributed surplus	6,289,659	5,983,511
Deficit	(33,049,526)	(32,015,779)
Accumulated other comprehensive income	246,790	-
	<b>(32,802,736)</b>	(32,015,779)
	<b>26,960,517</b>	27,441,326
	<b>32,863,530</b>	33,090,405

Nature and continuance of operations (Note 1)  
Contingencies (Note 9)

# Strathmore Minerals Corp.

Consolidated statements of operations

Three month period ended March 31

(Unaudited - prepared by management)

	2009	2008
	\$	\$
<b>General and administrative expenses</b>		
Amortization	131,707	90,917
Consulting fees	236,078	328,263
Corporate development and investor relations	53,926	234,680
Office and administration	153,870	172,716
Professional fees	79,936	212,384
Stock-based compensation (Note 5(b))	306,148	401,072
Transfer agent and regulatory fees	11,317	26,157
Wages and benefits	125,681	161,305
	<b>1,098,663</b>	<b>1,627,494</b>
<b>Loss before other items</b>	<b>(1,098,663)</b>	<b>(1,627,494)</b>
<b>Other items</b>		
Exploration management fee income	23,601	37,445
Foreign currency gain	3,103	14,667
Gain on property option agreements	-	127,016
Investment income	38,212	148,686
Realized gain on short-term investments	-	1,107
Unrealized gain on short-term investments	-	198,323
	<b>64,916</b>	<b>527,244</b>
<b>Net loss for the period</b>	<b>(1,033,747)</b>	<b>(1,100,250)</b>
<b>Basic and diluted earnings (loss) per common share</b>	<b>(0.01)</b>	<b>(0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>72,458,911</b>	<b>72,458,186</b>

# Strathmore Minerals Corp.

Consolidated statements of comprehensive loss

Three month period ended March 31

(Unaudited - prepared by management)

	2009	2008
	\$	\$
<b>Net loss for the period</b>	<b>(1,033,747)</b>	<b>(1,100,250)</b>
Other comprehensive gain (loss)		
on available-for-sale securities (Note 3)	<b>246,790</b>	<b>(1,699,440)</b>
<b>Comprehensive loss</b>	<b>(786,957)</b>	<b>(2,799,690)</b>

# Strathmore Minerals Corp.

Consolidated statements of shareholders' equity

Three month period ended March 31

(Unaudited - prepared by management)

	Common shares		Contributed surplus	Accumulated other comprehensive income (loss)	(Deficit)	Total shareholders' equity
	Shares	Amount				
		\$	\$	\$	\$	\$
<b>Balance, December 31, 2007</b>	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	-	-	-	(5,889,620)	-	(5,889,620)
Reclassification adjustment for other than temporary decline in value (Note 3)	-	-	-	12,647,830	-	12,647,830
Stock-based compensation (Note 5(b))	-	-	1,583,250	-	-	1,583,250
Net loss	-	-	-	-	(18,882,790)	(18,882,790)
<b>Balance, December 31, 2008</b>	72,458,911	53,473,594	5,983,511	-	(32,015,779)	27,441,326
<b>Gain on available-for-sale securities</b>	-	-	-	<b>246,790</b>	-	<b>246,790</b>
<b>Stock-based compensation (Note 5(b))</b>	-	-	<b>306,148</b>	-	-	<b>306,148</b>
<b>Net loss</b>	-	-	-	-	<b>(1,033,747)</b>	<b>(1,033,747)</b>
<b>Balance, March 31, 2009</b>	<b>72,458,911</b>	<b>53,473,594</b>	<b>6,289,659</b>	<b>246,790</b>	<b>(33,049,526)</b>	<b>26,960,517</b>

# Strathmore Minerals Corp.

Consolidated statements of cash flows  
 Three month period ended March 31  
 (Unaudited - prepared by management)

	2009	2008
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(1,033,747)	(1,100,250)
Items not affecting cash:		
Amortization	131,707	90,917
Unrealized loss on short-term investments	-	(198,323)
Stock-based compensation	306,148	401,072
Gain on disposal of equipment	(830)	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(16,604)	1,027,203
Decrease in short-term investments	-	1,813,883
Increase in prepaid expenses	(30,406)	(57,697)
Increase in accounts payable and accrued liabilities	103,740	332,121
	<b>(539,992)</b>	<b>2,308,926</b>
<b>Investing activities</b>		
Property and equipment purchased	-	(197,874)
Proceeds on disposition of equipment	7,093	-
Mineral property interests	(952,575)	(2,334,740)
Recoveries on mineral property interests	237,356	351,818
	<b>(708,126)</b>	<b>(2,180,796)</b>
<b>Financing activity</b>		
Capital stock issued	-	1,400
	-	1,400
Increase (decrease) in cash and cash equivalents	(1,248,118)	129,530
Cash and cash equivalents, beginning of period	8,295,370	2,900,096
<b>Cash and cash equivalents, end of period</b>	<b>7,047,252</b>	<b>3,029,626</b>

Supplemental disclosure with respect to cash flows (Note 6)

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 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:

	<b>March 31, 2009</b>	December 31 2008
Deficit	<b>(33,006,278)</b>	(32,015,779)
Working Capital	<b>6,127,685</b>	7,379,284

## 2. Basis of presentation

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements. Certain of the comparative figures have been reclassified to conform to the presentation for the three months ended March 31, 2009. 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.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 2. Basis of presentation (continued)

### (a) *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.

#### (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.

### (b) *Comparative figures*

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

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

### 3. Investments

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

	<b>March 31, 2009</b>	December 31, 2008
	<b>\$</b>	<b>\$</b>
Yellowcake Mining Inc. ("Yellowcake")	<b>243,850</b>	142,180
American Uranium Corporation ("American Uranium")	<b>161,090</b>	15,970
	<b>404,940</b>	158,150

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 March 31, 2009. 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 4(b)(ii) & (iii)). The Company has determined that an other than temporary impairment arose during 2008 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.

During the first quarter ended March 31, 2009, the quoted market price of the Company's investments increased. As a result, the Company recorded a \$246,790 gain in the statement of comprehensive loss.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements  
March 31, 2009

## 4. Mineral property interests

Three months ended March 31, 2009	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>											
Balance, beginning of period	498,970	652,022	1,063,160	397,325	871,789	-	-	-	1,167,718	1,175,269	5,826,253
Additions	-	-	304,294	-	-	-	149,587	-	-	376	454,257
Cost recoveries	-	-	-	-	-	-	(149,587)	-	-	-	(149,587)
<b>Balance, end of period</b>	<b>498,970</b>	<b>652,022</b>	<b>1,367,454</b>	<b>397,325</b>	<b>871,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,167,718</b>	<b>1,175,645</b>	<b>6,130,923</b>
<b>Exploration costs</b>											
Balance, beginning of period	10,022,953	223,194	28,576	2,255,094	2,433,754	-	-	981,884	92,582	408,833	16,446,870
Incurred during the period											
Administration	41,641	-	4,707	1,902	170	74	16,809	-	92	102	65,497
Drilling	-	-	-	-	1,858	-	136	-	-	-	1,994
Engineering	96,450	-	73	129	1,620	-	1,536	-	-	2,737	102,545
Geology and geophysics	66,345	3,406	1,481	319	11,555	-	9,979	-	-	1,600	94,685
Health and safety	-	-	-	-	70	-	-	-	-	-	70
Property maintenance fees	197	-	1,621	-	1,584	1,121	34,318	92	12	6,023	44,968
Permitting/regulatory	262,478	-	-	-	8,802	307	24,799	27	-	-	296,413
Personnel time	34,563	-	651	-	-	-	-	-	-	-	35,214
Quality assurance	5,402	-	-	-	-	-	-	-	-	-	5,402
Travel	1,532	-	-	-	-	-	192	-	-	-	1,724
	508,608	3,406	8,533	2,350	25,659	1,502	87,769	119	104	10,462	648,512
Cost recoveries	-	-	-	-	-	-	(87,769)	-	-	-	(87,769)
<b>Balance, end of period</b>	<b>10,531,561</b>	<b>226,600</b>	<b>37,109</b>	<b>2,257,444</b>	<b>2,459,413</b>	<b>1,502</b>	<b>-</b>	<b>982,003</b>	<b>92,686</b>	<b>419,295</b>	<b>17,007,613</b>
<b>Total costs</b>	<b>11,030,531</b>	<b>878,622</b>	<b>1,404,563</b>	<b>2,654,769</b>	<b>3,331,202</b>	<b>1,502</b>	<b>-</b>	<b>982,003</b>	<b>1,260,404</b>	<b>1,594,940</b>	<b>23,138,536</b>

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 4. 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. Certain claims are subject to a 1% royalty.

The Company has consolidated Roca Honda Resources, LLC into its operations and recorded a non-controlling interest of \$4,509,847 (2008 - \$4,306,404) 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

March 31, 2009

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## 4. 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

March 31, 2009

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## 4. 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.

#### (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 recorded a \$5,970,054 gain on the option agreement. To earn its interest, Yellowcake was 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 would have earned 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. On January 8, 2009 The Company and Yellowcake mutually agreed to terminate the option agreement effective December 29, 2008.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 4. Mineral property interests (continued)

### (b) Wyoming properties, USA

#### (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 recorded a \$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.

In February 2009 the Company entered into two exclusive option agreements to acquire additional private mineral rights, known as the Moore-McCullough properties. These properties are located on the border of the Pine Tree/Reno Creek property. 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 paid of US \$122,000 for a one year option to acquire the mineral rights and can choose to extend the option for an additional year for US \$122,000. If the Company chooses to exercise the options, additional payments will be necessary.

#### (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.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 4. Mineral property interests (continued)

### (b) Wyoming properties, USA (continued)

#### (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.

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.

The Company extended the Letter of Intent to June 30, 2009.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 4. Mineral property interests (continued)

### (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.

#### (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.

## 5. 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, 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	-	-
Cancelled/forfeited	(125,000)	0.41	-	-
Outstanding, March 31, 2009	5,782,000	0.54	-	-

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 5. Capital stock and contributed surplus (continued)

### (a) Stock options and warrants (continued)

The following table summarizes information about outstanding stock options at March 31, 2009:

#### Options

Number outstanding	Exercise price	Number exercisable	Expiry date
	\$		
400,000	2.25	160,000	January 2, 2013
150,000	0.60	30,000	September 26, 2013
5,232,000	0.41	1,744,000	November 10, 2013
5,782,000		1,934,000	

### (b) Stock-based compensation

During the three months ended March 31, 2009, the Company granted no (2008 – 400,000) options to employees, consultants and directors. 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 the three months ended March 31, 2009 was \$306,148 (2008 – \$401,072) as a result of options granted and vested. This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of options granted was Nil (2008 - \$2.25) per option.

During the period ended March 31, the following assumptions were used for the valuation of stock options:

March 31	2009	2008
Risk free interest rate	3.30%	3.74%
Expected life	4.4 years	5 years
Annualized volatility	84%	82.67%
Dividend rate	0.00%	0.00%

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 6. Supplemental disclosure with respect to cash flows

	March 31, 2009	December 31, 2008
	\$	\$
Cash and cash equivalents		
Cash	1,140,019	533,902
Term deposits	5,907,233	7,761,468
	<u>7,047,252</u>	<u>8,295,370</u>

There were \$Nil cash payments for interest and income taxes during the periods ended March 31, 2009 and 2008.

Significant non-cash transactions during the period ended March 31, 2009 include:

(a) incurring mineral property expenditures of \$185,143 through accounts payable and accrued liabilities;

Significant non-cash transactions during the period ended March 31, 2008 include:

(a) incurring mineral property expenditures of \$762,800 through accounts payable and accrued liabilities;

## 7. Related party transactions

<u>For the 3 months ended March 31,</u>	<u>2009</u>	<u>2008</u>
	\$	\$
Consulting fees to officers and companies controlled by officers	152,443	189,879
Directors fees	22,400	35,500
	<u>174,843</u>	<u>225,379</u>

Included in accounts payable at March 31, 2009 is \$38,388 (December 31, 2008 - \$22,318) 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.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 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 period ended March 31, 2009 and December 31, 2008 to relate to this segment.

Assets by geographic area are as follows:

	March 31, 2009		December 31, 2008	
	Canada	United States	Canada	United States
	\$	\$	\$	\$
Property and equipment	478,631	1,320,572	568,728	1,368,445
Mineral property interests	-	23,138,536	-	22,273,123
	478,631	24,459,108	568,728	23,641,568

## 9. 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.

## 10. 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.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 11. Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, 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.

### (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 evaluates 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; and (2) 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 March 31, 2009, 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:

	<b>March 31, 2009</b>	December 31, 2008
	\$	\$
Cash and cash equivalents	<b>7,047,252</b>	8,295,370
Amounts receivable	<b>62,654</b>	46,050
	<b>7,109,906</b>	8,341,420

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

## 11. Financial instruments and risk management (continued)

### (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.

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

	March 31, 2009	December 31, 2008
	\$	\$
Accounts payable and accrued liabilities	1,393,166	1,342,675
	1,393,166	1,342,675

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 appreciation of the US dollar against the Canadian dollar can increase the costs of operations and capital expenditures. 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.

# Strathmore Minerals Corp.

Notes to the consolidated financial statements

March 31, 2009

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## 11. 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:

	<b>March 31, 2009</b>	December 31, 2008
Amounts in CAD\$	<b>US Dollar</b>	US Dollar
Cash and cash equivalents	<b>1,233,619</b>	722,753
Short-term investments	-	-
Amounts receivable	<b>586</b>	2,457
Investments	<b>404,940</b>	158,150
Accounts payable and accrued liabilities	<b>(1,291,358)</b>	(1,341,886)
	<b>347,787</b>	(458,526)

Based on the above net exposures at March 31, 2009, a 10% depreciation or appreciation in the US dollar against the Canadian dollar would result in a \$34,779 (December 31, 2007 - \$45,853) increase or decrease in the Company's net loss.



*MANAGEMENT'S DISCUSSION & ANALYSIS*

**STRATHMORE MINERALS CORP.**

**FOR THE THREE MONTH PERIOD ENDING MARCH 31, 2009**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**STRATHMORE MINERALS CORP.**  
**FOR THE THREE MONTH PERIOD ENDING MARCH 31, 2009**

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

- Worldwide nuclear energy demand is projected to increase significantly.
- Long-term uranium demand/supply imbalance, resulting in a potential for significantly higher uranium prices.
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants.
- Proposals for the reduction in carbon emissions have resulted in the development of "green" energy alternatives that include nuclear energy initiatives.
- The Company's uranium projects are located in the United States where the domestic annual demand for uranium exceeds 50 million pounds, while domestic production totals approximately 4 to 5 million pounds per year. The United States currently imports most of its domestic uranium requirements to meet the shortfall in supply.
- The Company has approximately 109,340 acres of potential uranium producing lands, with 83.6% in Wyoming, 16% in New Mexico, and 0.4% in South Dakota.

This increased demand and higher prices has stimulated new exploration and development of both new and previously explored uranium properties. The Company believes it is uniquely positioned in the United States to capture substantial value due to its significant resource holdings and its highly experienced management team and staff. Strathmore is currently permitting three uranium projects in the United States for future production: Gas Hills and Pine-Tree Reno Creek in Wyoming, and Roca Honda in New Mexico. The Company's goal is to become a producing uranium company in the next two to four years. Timing of future production is subject to a number of risks and uncertainties, including, but not limited to, uranium prices, permitting, production costs and plans, environmental, legal, political, financial, and economic issues that could materially affect uranium mining.

This discussion should be read in conjunction with the un-audited consolidated financial statements and related notes of the Company for the three month period ended March 31, 2009 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of May 22, 2009.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.strathmoreminerals.com](http://www.strathmoreminerals.com), or by requesting further information from the Company's head office located in Kelowna, BC, Canada.

## **Performance Summary and Update**

Strathmore's goal is to become a leading uranium producer in the United States. The Company finances its exploration and development through equity financing, by way of joint venture, option agreements or other means. The Company's properties are located primarily in the two largest historical uranium producing districts in the United States: Grants, New Mexico and the Gas Hills, Wyoming. The Roca Honda property in New Mexico and the Gas Hills properties in Wyoming are the Company's most advanced uranium development projects. During 2006, the uranium spot price began the year at US \$37.50 /lb. and reached a new all-time high of US \$72 /lb. by the end of the year. Development problems at Cameco Corp's Cigar Lake uranium deposit in Canada, during the second half of 2006 removed approximately 18-20 million pounds of expected production from the global market place, causing the uranium price to surge to the upside. During the second half of 2007, the spot price of uranium continued its uptrend to approximately US \$138/lb, before declining to the mid US \$40/lb range during the final quarter of 2008. At year end the spot price was approximately US \$54/lb. As of May 15, 2009 the spot price is US \$51/lb. The long-term contract price, which is not published as frequently as the weekly spot price, but accounts for almost 80% of all the uranium bought and sold, reached an all-time high of approximately US \$95 in mid-2007 before declining to its current price of US \$65/lb.

**Corporate Goal:** To become a leading uranium producer in the United States.

### **Changes and Accomplishments in the Quarter Ending March 31, 2009**

- In response to the financial and credit crisis, implemented a series of expenditure reductions and plan modifications that focus on core permitting projects.
- Roca Honda, New Mexico, mine permit application remains on schedule and under the 5-year budget projection.
- Roca Honda Water Discharge Permit application and Water Sampling & Analysis Plan were submitted and deemed administratively complete by New Mexico state regulatory agencies. The review process is now underway.
- Key option agreements to lease 1,949 acres of mineral, and accompanying surface and land use rights, known as the Moore-McCullough properties were signed. These properties are strategic to the Pine Tree-Reno Creek ISR uranium project in Wyoming.
- National Instrument 43-101 technical reports for portions of the Nose Rock and Dalton Pass properties located in the Grants Mineral District, New Mexico, were completed and SEDAR filed.
- The Letter of Intent granting Great Bear Uranium Corp. the option to acquire the Company's 100% owned Chord property in South Dakota was extended to June 30, 2009.

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

### **Corporate Goals for 2009**

- Complete an in-house feasibility study for the proposed Roca Honda mine
- Submit mine permit application for Roca Honda in the fall of 2009
- Continue permitting activities at Gas Hills and Pine Tree/Reno Creek
- Secure financing through JV's, sale of assets, recapitalization and/or merger

### **Key Multiyear Goals**

- Obtain mine permit approval to begin production at Roca Honda (New Mexico)
- Obtain mine permit approval to begin production at Gas Hills and Pine Tree/Reno Creek (Wyoming)
- Secure uranium mill throughput agreements for projected production volumes in both Wyoming and New Mexico.
- Secure long-term contracts for projected uranium production

In 2008, the Company continued to execute its strategy of advancing its core Wyoming and New Mexico properties towards production. However, the second half of 2008 ending December 31<sup>st</sup> was impacted by unprecedented stock market volatility, a decline in the spot price for uranium to the mid US \$40/lb range, and tight credit markets. Management has little visibility going forward with respect to the capital markets, which the Company may rely upon, in addition to possible partners, to fund its full program to achieve production on its uranium projects. As a result, the Company has implemented a set of cost cutting measures to preserve working capital. All programs have been reviewed and discretionary expenditures are being cut or significantly reduced. Secondary projects have been deferred and the Company is looking for ways to joint venture or sell non-core projects. Subsequent to year end, Senior Management and Directors took a 20% cut to their compensation. Reductions to staff and staff salaries were also implemented in early 2009.

In 2009, continued priority will be to focus on the primary Gas Hills and Pine Tree-Reno Creek properties in Wyoming, and the Roca Honda project in New Mexico.

A table highlighting uranium projects with NI 43-101 and historical resource summaries is found in the section titled **Uranium Resources Summary of all Properties**.

## Wyoming Properties

### Gas Hills Properties

The State of Wyoming historically has continuously produced uranium since the 1950's. Historically, the Gas Hills Uranium District is the second largest uranium producing region in the United States, having produced over 100 million pounds of  $U_3O_8$  until operations ceased in the 1990's due to declining uranium prices. Management believes that sufficient uranium resources exist on its Gas Hills properties to warrant future development.

During 2007, Strathmore announced that it had increased its land holdings in the Gas Hills to in excess of 33,000 acres (12,950 hectares). The Company is now the largest land holder of uranium properties in the Gas Hills, which includes a 100% interest in six near-surface open pit deposits with historical resources. As a result, the Gas Hills now makes up much of the Company's core uranium land holdings in Wyoming. The deposits include George-Ver, Loco-Lee, Bull-Rush, Frazier LeMac, Andria, East Day Loma, Amazon, Sunset, and New Rock Hill. On April 17, 2008, the Company announced it had staked additional lands in the Gas Hills known as the Amazon and Sunset deposits, where historical resources total 2.1 million lbs  $U_3O_8$ . These newly acquired properties complement Strathmore's existing Gas Hills deposits. (See below: Uranium Resources Summary by Property for additional detail.)

Permitting has been underway since late 2006, beginning with the George-Ver Property. Future production is based on the assumption that a custom milling agreement can be obtained at the nearby Sweetwater Mill, which is owned by a global mining company. This mill is not presently in operation. In December 2007, the Company acquired an option agreement to purchase an existing Nuclear Regulatory Commission (NRC) license and additional private mineral rights containing known uranium mineralization in the Gas Hills Uranium District. The NRC license covers a historic mill site. It will be evaluated to determine if it can be used for a new mill or ore heap and/or vat leach facility in the Gas Hills. The private mineral rights are adjacent to existing Strathmore land holdings in the Gas Hills District and would be incorporated into new and expanded mining and milling scenario. In the first quarter of 2008, the Company began evaluating this potential mill location, as a possible alternative milling site, should a custom milling agreement with the Sweetwater Mill be unobtainable. Strathmore shall have one year to evaluate the acquisition of the NRC License and uranium properties and any obligations associated with the option agreement. In December 2008, this option agreement was renewed for another year.

The Company expects to continue its main focus on evaluating and permitting its Gas Hills properties during 2009, with the intent of submitting a mine permit application by 2009-2010. First production in the Gas Hills is subject to receiving approval of the mine permit from government regulatory authorities, in addition to thoroughly evaluating the milling options previously outlined.

## **Wyoming Properties (cont'd...)**

### Sky Property

The Sky Property consists of 50 unpatented mining claims totaling 1,033 acres (418 hectares) located west of the Gas Hills Uranium District. Sky is Strathmore's first project in Wyoming to begin data collection activities for permitting purposes. In August 2007, Strathmore and Yellowcake Mining Inc. completed a formal Joint Venture Agreement on the property to finance the development of the property.

During the fourth quarter of 2007, the Company began the installation of groundwater monitor wells. However, rig difficulties were encountered and the drilling was terminated. Future development plans have been deferred.

On April 21, 2008, both Strathmore and Yellowcake mutually terminated the agreement to jointly develop the Sky property. Plans to develop Sky as an ISR recoverable resource have been deferred.

### Jeep Property

The Jeep Property comprises 152 claims totaling 3,140 acres (1,270 hectares). In June 2007, the Company completed a NI 43-101 technical report and in July 2007 a first phase 4000m exploration drill program. In August 2007, a formal Joint Venture agreement with a revised expenditure schedule was signed with Yellowcake Mining Inc. On April 21, 2008, Strathmore terminated its agreement with Yellowcake Mining Inc. on the Jeep Property.

### Pine Tree-Reno Creek Property

The project consists of approximately 16,000 acres (6,475 hectares) located in the central Powder River Basin in Campbell County, Wyoming. In September 2007, the Company completed a formal Joint Venture Agreement with American Uranium Corporation ("AUC") over several nearby properties (Pine Tree, Four Mile Creek, West Reno, State and Private leases). In January, 2008, Strathmore and American Uranium announced an amendment to this agreement. American Uranium agreed to increase its exploration and development expenditures from US \$5 million to US \$12.375 million to earn an initial 22.5% interest in the project. With this amendment, Strathmore has agreed to rescind its 11% buyback provision under the terms specified by the original agreement. All other terms as per the original agreement remain unchanged, including total expenditures of US \$33 million required to be spent by American Uranium to earn a 60% interest.

## **Wyoming Properties (cont'd...)**

### Pine Tree-Reno Creek Property (cont'd...)

In February, 2008, the Company completed and SEDAR filed a NI 43-101 technical report for the Reno Creek Property. This report was followed by a SEDAR filed NI 43-101 report for the Southwest Reno Creek Property in April, 2008. The Reno Creek property comprises about 15% of the total size of the project, while the Southwest Reno Creek totals approximately 17% of the entire Pine Tree Reno Creek project.

Subsequent to year end, Strathmore entered into two exclusive option agreements to acquire the Moore–McCullough Properties, which could add 1,949 acres of private mineral, surface access, and land use rights. This potential acquisition could add historical resources and long-term exploration potential, which complement a revised upward resource base as a result of the NI 43-101 resource estimates for Reno Creek and Southwest Reno Creek completed in 2008. The Strathmore/American Uranium Joint Venture anticipates developing this project as an in-situ operation.

### Juniper Ridge Project

The Juniper Ridge Property is located in the Poison Basin Uranium District of south-central Wyoming. The Company added 73 lode mining claims to the project during the spring of 2007, bringing the total number of claims to 201, in addition to one State of Wyoming Mineral Lease. The project now totals 4,793 acres (1,940 hectares).

During the third quarter of 2007, the Company reviewed new data, which allowed for an updated historical resource estimate at its Juniper Ridge Project. The historical Measured and Indicated resource totals 5,971,000 tons grading 0.063% U<sub>3</sub>O<sub>8</sub> for 7,539,000 pounds. This Measured and Indicated resource is not NI 43-101 compliant.

On April 21, 2008 Strathmore amended its agreement with Yellowcake Mining Inc. on the Juniper Ridge property. However, in December, 2008, Yellowcake advised the Company that it was not able to comply with the terms of the amended agreement, due to continued deterioration in the financial markets. On December 29, 2008, Strathmore announced that the Juniper Ridge Joint Venture Agreement had been terminated.

## **South Dakota Property**

### Chord, South Dakota Project

The Company acquired a 100% interest in a uranium property located in South Dakota, 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

## **South Dakota Property(cont'd...)**

### Chord, South Dakota Project(cont'd...)

of \$6,468. The property lease was subject to a 2% gross production royalty.

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 Uranium Property located in South Dakota. 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.

In February 2009, Strathmore and Great Bear mutually agreed to extend the terms of the Letter of Intent to June 30, 2009.

## **New Mexico Properties**

### Roca Honda Project

The Roca Honda property, which comprises 63 unpatented mining claims totaling approximately 1,280 acres (518 hectares), was acquired in March 2004. An adjoining New Mexico State General Mining lease (640 acres; 259 hectares) was subsequently acquired in November, 2004. The property is located in the Grants Mineral Belt, New Mexico, which historically, was the largest uranium producing region in the United States.

## **New Mexico Properties (cont'd...)**

### Roca Honda Project (cont'd...)

The Roca Honda property represents the Company's most significant uranium resource. Based on available drill hole information, Strathmore completed a NI 43-101 resource calculation which estimated a Measured & Indicated mineral resource of 17,512,000 lbs. U<sub>3</sub>O<sub>8</sub> contained within 3,782,000 tons at an average grade of .23% U<sub>3</sub>O<sub>8</sub>. An additional 15,832,000 lbs. at an average grade of .17% U<sub>3</sub>O<sub>8</sub> are estimated as an Inferred mineral resource.

In July 2007, the Company completed the Joint Venture agreement with Sumitomo Corp. of Japan to develop the Roca Honda Project. Under the terms of the completed definitive agreement, subsidiaries of Strathmore and Sumitomo have formed a 60/40 limited liability company (LLC) to affect the joint venture. Under the agreement:

- Sumitomo has paid Strathmore an additional US \$900,000 as part of its initial US \$1,000,000 total cash payment to Strathmore for entering the joint venture agreement. US \$100,000 was previously paid pursuant to the previously executed Exclusivity Agreement;
- The initial purpose of the joint venture will be to obtain a mining permit and complete a feasibility study to develop and mine Roca Honda, and Sumitomo will contribute 40% of the costs of the feasibility study;
- Upon completion of the feasibility study, the parties will make a final investment decision regarding their participation in the development of the project. If Sumitomo elects to participate in the development, it will make a pre-determined additional lump sum contribution to Strathmore. Following a positive investment decision by both parties, Strathmore and Sumitomo will together pursue the development and mining of uranium at the Roca Honda project;
- Strathmore and Sumitomo will enter into a Sales and Marketing Agreement whereby Sumitomo will market uranium produced from the project; and Sumitomo will have the right to enter into new projects that Strathmore undertakes as a joint venture partner in New Mexico.

The Company continues permitting activities at Roca Honda which began in 2006. The installation of three monitor wells has been completed. Each well was drilled to depths of approximately 2,000 feet (610 m) and will enable the Company to obtain vital geologic and hydrologic information, in addition to further defining the ore body and providing samples for initial mill process studies. On completion, pump tests will be performed on each of the wells to determine baseline water quality and aquifer characteristics. Planning for the installation of meteorological and radiological monitoring stations was begun, which will allow for the collection of background data for mine design and operations planning. The data collected from these activities is a necessary part of the mine permit application, which is expected to be submitted in 2009. The planning process for the construction of a mill in New Mexico to support the Roca Honda resource is also continuing. Initial site studies for the mill and tailings, as well as

## **New Mexico Properties (cont'd...)**

### Roca Honda Project (cont'd...)

mill process design studies, supported by the recent drilling program are underway. The Company's engineering consultants have completed a 30% engineered mill design document. The mill design will be advanced to a 60% design stage for use in the NRC license application. Submission of the application is expected in the first half of 2010.

During installation of the second monitor well, a new uranium mineralization zone was discovered. This zone is located in Section 16, within a previously unexplored area of the property. In total, two of the monitor wells tested identified significant new uranium mineralization outside the known uranium deposit.

In 2008, state and federal authorities established the Mt. Taylor Traditional Cultural Properties (TCP) designated area. The TCP boundary partially includes the Roca Honda property. Designation of the TCP impacted Strathmore's ability to conduct certain permitting activities identified early in the permitting schedule, including completion of one core hole. While the TCP designation has impacted the Company's ability to gather certain useful data prior to submitting the various permit applications, it is not expected to have significant impact on the overall permitting schedule. Continued comprehensive permitting activities are planned in 2009, and subsequent to year end, the Joint Venture approved the budget for ongoing initiatives at Roca Honda. The mine permit application remains on schedule for submittal in the fall of 2009. In addition, work performed in support of the mine permit application to date, has been accomplished under the 5-year budget projections.

Subsequent to the first quarter ending March 31, 2009, Strathmore submitted its Water Discharge Permit application and its Sampling and Analysis Plan for technical review, both of which were deemed administratively complete. These applications represent two of the three primary permit approval requirements.

### Dalton Pass

The Dalton Pass property is located in the western part of the Grants Mineral Belt in New Mexico. It comprises approximately 1320 acres (534 hectares) of federal lode mining claims. In July 2007, the Company signed a Letter-of-Intent (LOI) with Uranium International Corp. (UIC) (formerly Nu-Mex Uranium Resources Inc.) to explore and develop the Dalton Pass Property. During the fourth quarter of 2007, the Company and UIC completed the agreement to jointly develop the property. Under the final terms of this agreement, the Company granted UIC the right to earn-in a 65% interest in the project.

In November 2008, the Company and UIC mutually agreed to terminate the Dalton Pass joint venture option agreement. Strathmore retains its 100% interest in the project. During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property.

## **New Mexico Properties (cont'd...)**

### Nose Rock(cont'd...)

The Nose Rock Project is located northeast of Crownpoint within the Grants Mineral Belt in the State of New Mexico. The Company acquired the property through mineral leases or by claim staking and the Nose Rock Project as a whole consists of approximately 5,000 acres (2,023 hectares) of land. On September 14, 2007, Strathmore completed an agreement with UIC (formerly Nu-Mex Uranium Resources Inc) to earn-in up to a 65% interest in the Nose Rock Project.

On November 17, 2008 the Company and UIC mutually agreed to terminate the Dalton Pass joint venture option agreement. Strathmore retains its 100% interest in the project. During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property.

## Strathmore Minerals: NI 43-101 Measured & Indicated Resources

The following table updates the Company's NI 43-101 compliant measured and indicated uranium resources as at December 31, 2008.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U <sub>3</sub> O <sub>8</sub>	lbs/U <sub>3</sub> O <sub>8</sub>	Mining Method
<i>Wyoming</i>						
Gas Hills, (Jeep), WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated	316,636	.076	483,395	ISR
Reno Creek, (West Reno), WY	Rocky Mountain Energy (1986) C. Snow, 43-101 (2008)	NI 43-101: Measured & Indicated	5,677,920	0.065	7,433,499	ISR
SW Reno Creek, Sec 36 & Claim Group, WY	TVA/Rocky Mountain Energy (1986) C. Snow, 43-101 (2008)	NI 43-101: Measured & Indicated	2,590,943	0.068	3,526,495	ISR
Sky	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101:	668,688	0.071	948,098	ISR
<i>New Mexico</i>						
Roca Honda, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2006)	NI 43-101 Measured & Indicated	3,782,000	0.235	17,512,000	Conventional Underground
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated	6,221,467	0.095	11,848,007	ISR
Nose Rock, New Mexico Section 1	Phillips Uranium (1979) Alief (2009)	NI 43-101 Measured & Indicated	884,091	0.147	2,593,486	Conventional Underground
Dalton Pass, Sec 32, New Mexico	Pathfinder (1980), Alief (2009)	NI 43-101 Measured & Indicated	1,622,650	0.095	3,070,726	Conventional Underground
		<b>TOTAL</b>	<b>21,764,395</b>	<b>0.109</b>	<b>47,415,706</b>	

The information in this table has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed by David Miller, Chief Executive Officer for Strathmore Minerals Corp., a qualified person under policy NI 43-101. It should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability.

## Uranium Resources Summary of all Properties

The following table updates all of the Company's uranium resources as at December 31, 2008. New property additions in 2008 include the Amazon and Sunset properties located in the Gas Hills, Wyoming. Additions and changes are anticipated over the following year as drilling databases are acquired and analyzed. The table includes NI 43-101 compliant (Measured and Indicated, and Inferred), and historical resources as defined by the results of exploration completed by previous mining companies. It revisits previously released information and adds the new historical and/or NI 43-101 resources where appropriate. The Company's primary Gas Hills and Pine Tree-Reno Creek properties in Wyoming and the Roca Honda properties in New Mexico are in bold.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U <sub>3</sub> O <sub>8</sub>	lbs/U <sub>3</sub> O <sub>8</sub>
<i>Wyoming</i>					
<b>Gas Hills (George-Ver, Bullrush, Loco- Lee), WY</b>	<b>Federal American Partners (1984)</b>	<b>Historical: Measured &amp; Indicated</b>	<b>6,131,504</b>	<b>0.069</b>	<b>8,440,490*</b>
<b>Gas Hills Frazier LeMac, WY</b>	<b>Pathfinder (1996)</b>	<b>Historical: Measured &amp; Indicated</b>	<b>696,327</b>	<b>0.109</b>	<b>1,522,000*</b>
<b>Gas Hills: Andria, WY</b>	<b>Federal American Partners (1984)</b>	<b>Historical: Measured &amp; Indicated</b>	<b>739,565</b>	<b>0.064</b>	<b>949,100*</b>
<b>Gas Hills: East Day Loma, WY</b>	<b>Energy Fuels (1978)</b>	<b>Historical: Measured &amp; Indicated</b>	<b>456,096</b>	<b>0.213</b>	<b>1,940,945*</b>
<b>Gas Hills: New Rock Hill WY</b>	<b>Adobe/Union Carbide (1977)</b>	<b>Historical: Measured &amp; Indicated</b>	<b>900,000</b>	<b>0.050</b>	<b>900,000*</b>
<b>Gas Hills: Amazon: Gas Hills: Sunset</b>	<b>Federal American Partners (1984)</b>	<b>Historical: Measured and Indicated</b>	<b>284,572 1,394,924</b>	<b>0.064 0.065</b>	<b>365,019* 1,812,376*</b>
Gas Hills, (Jeep), WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated NI 43-101: Inferred	316,636 152,762	0.076 0.055	483,395 168,003
<b>Reno Creek, (West Reno), WY</b>	<b>Rocky Mountain Energy(1986)</b>	<b>NI 43-101: Measured &amp; Indicated</b>	<b>5,677,929</b>	<b>0.065</b>	<b>7,433,499</b>
	<b>C. Snow, 43-101 (2008)</b>	<b>NI 43-101: Inferred</b>	<b>2,633,800</b>	<b>0.065</b>	<b>3,406,771</b>
<b>Pine Tree, WY</b>	<b>Pathfinder (1980)</b>	<b>Historical: Measured &amp; Indicated Historical: Inferred</b>	<b>1,947,000 625,000</b>	<b>0.068 0.060</b>	<b>2,646,000* 750,000*</b>
<b>Sec. 36 SW Reno Creek, &amp; Claim Group, WY</b>	<b>TVA/Rocky Mountain Energy (1986) C. Snow, 43-101 (2008)</b>	<b>NI 43-101: Measured &amp; Indicated NI 43-101: Inferred</b>	<b>2,590,943 1,163,130</b>	<b>0.068 0.057</b>	<b>3,526,495 1,327,635</b>

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U <sub>3</sub> O <sub>8</sub>	lbs/U <sub>30</sub> s
SWD Claims Area, WY	Utah International/ Pathfinder (1980)	Historical: Measured & Indicated Historical: Inferred	497,000 271,000	0.095 0.074	944,000* 400,000*
FMC Claim Area, WY	Rocky Mountain Energy (1986)	Historical: Measured & Indicated	1,992,000	0.092	3,670,000*
Ketchum Buttes, WY	Pathfinder (1980)	Historical: Measured & Indicated	1,135,000	0.064	1,454,900*
Juniper Ridge (Red Creek), WY	Urangesellschaft (1978)	Historical: Measured & Indicated	5,971,000	0.063	7,539,000*
Copper Mountain, WY	Anaconda (1997)	Historical: Indicated & Inferred	45,570,00	0.027	24,607,800*
Sky Project, WY	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101: Inferred	668,688 55,086	0.071 0.049	948,098 54,496
<i>New Mexico</i>					
Roca Honda, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2006)	NI 43-101 Measured & Indicated NI 43-101 Inferred	3,782,000 4,546,000	0.232 0.174	17,512,000 15,832,000
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated NI 43-101 Inferred	6,221,467 1,950,560	0.095 0.090	11,848,007 3,525,342
Roca Honda North, New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated	87,000	0.179	312,000*
Marquez, New Mexico	Kerr McGee (1980)	Historical: Measured, Indicated & Inferred	2,754,000	0.170	9,362,000*
West Largo , New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated Historical: Inferred	20,000 362,000	0.115 0.212	46,000* 1,534,000*
Nose Rock (sec. 1), New Mexico	Phillips Uranium (1979) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated NI 43-101 Inferred	884,061 167,012	0.147 0.135	2,593,486 452,129
Nose Rock (sec. 36), New Mexico	Phillips Uranium (1979)	Historical: Measured & Indicated Historical: Inferred	4,293,712 89,870	0.163 0.159	14,017,298* 285,787*
Dalton Pass (sec. 32), New Mexico	Pathfinder (1980) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated NI 43-101 Inferred	1,622,650 908,127	0.095 .084	3,070,726* 1,529,823
Sec. 2 13N 9W ( New Mexico state lease)	Homestake (1979)	Historical: Inferred	198,665	0.167	665,268*
Chord, South Dakota	Union Carbide/TVA (1998)	Historical: Measured, Indicated & Inferred	1,727,000	0.110	3,800,000*

## Uranium Resources Summary of all Properties (cont'd...)

*\*The foregoing historical resource estimates presented in the table above were completed prior to the implementation of the NI 43-101 requirements. Given the quality of the historic work completed on the properties in Wyoming and New Mexico discussed herein and the production history of Gas Hills Uranium District and the Grants Mineral District, the Company believes the resource estimates to be both relevant and reliable. However, a qualified person has not completed sufficient work to classify the historic mineral resources as current mineral resource, and the Company is not treating the historic resources as current. Hence, they should not be relied upon. The technical information in the previous table has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by David Miller, Chief Executive Officer for Strathmore Minerals Corp., a qualified person under National Instrument 43-101.*

*All NI-43-101 reports referenced in this table can be reviewed in their entirety on SEDAR, [www.sedar.com](http://www.sedar.com) or the Company's website, [www.strathmoreminerals.com](http://www.strathmoreminerals.com)*

## Results of Operations

For the three months ended March 31, 2009 the Company incurred a net loss of \$1,033,747 or \$(0.01) per common share, compared with a net loss of \$1,100,250 or \$0.02 per common share for the prior comparative period. General and administrative (G&A) expenses for first quarter totaled \$1,098,663, compared to \$1,627,494 for the first quarter of 2008. The Company began cutting back G&A expenses in late 2008 in response to the global economic capital markets crisis. These cutbacks continued into 2009 resulting in reduced G&A expenses compared with first quarter of 2008. Other item gains totaled \$64,916 compared to \$527,244 reported in first quarter of 2008 as a result of less joint venture activity and investment income from other items during the quarter.

## Selected Annual Information

	2008	2007	2006
Net income (loss) for the year	\$(18,882,790)	\$ 4,753,758	\$(2,310,688)
Total assets	33,090,405	42,220,535	53,490,354
Total liabilities	5,649,079	4,239,279	724,055
Shareholders' equity	27,441,326	37,981,256	52,766,299
Basic earnings (loss) per share	(0.26)	0.07	(0.03)
Diluted earnings (loss) per share	(0.26)	0.06	(0.03)

## Summary of Quarterly Results

		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
<b>2009</b>	Net Income (loss)	(1,033,747)			
	Basic and diluted earnings (loss) per share	(0.01)			
<b>2008</b>	Net Income (loss)	(1,100,250)	(9,848,386)	(3,932,226)	(4,001,928)
	Basic and diluted earnings (loss) per share	(0.02)	(0.14)	(0.05)	(0.05)
<b>2007</b>	Net Income (loss)	(1,042,772)	(1,325,342)	(2,010,938)	9,132,810
	Basic earnings (loss) per share	(0.01)	(0.02)	(0.03)	0.13
	Diluted earnings (loss) per share	(0.01)	(0.02)	(0.03)	0.12

The expenses incurred by the Company are typical of junior exploration and development companies that have not yet established cash flows from mining operations. The Company's expenditures change from quarter to quarter as a result of non-recurring activities or events.

### Liquidity

#### Working Capital

Working capital was \$6,127,685 as at March 31, 2009 compared with \$7,379,284 as at December 31, 2008. The decrease of \$1,251,599 was mainly due to cash used in operations and mineral property investing activities.

The Company has sufficient working capital to pay administrative expenses and carry out its planned work programs on mineral properties in 2009. Significant financial commitments to Marquez and Roca Honda will be maintained in 2009. Plans for other properties entail payment of holding costs and limited exploration and development. Funding from partners for the development of Roca Honda and Pine Tree properties are expected to continue for 2009.

#### Cash flows

During the period, cash and cash equivalents decreased by \$1,248,118. Cash flows used in operating activities were \$539,992 compared with cash provided from operations of \$2,308,926 for prior comparative period. The decrease was largely attributable to the timing of cash payments and changes cash management activities. The Company currently does not have any significant revenues and funds operations from cash balances received from equity financing. Cash flows used in investing activities were \$708,126 for period compared with \$2,180,796 for the prior

## **Liquidity (cont'd...)**

comparative period. Spending on mineral properties was reduced during period. In addition, funding from partners of joint ventured properties allowed the Company to conserve its cash resources while still continuing exploration and development.

An internal review found that Strathmore has no exposure to sub-prime mortgage paper. The Company's cash balances were managed by two professional portfolio managers and were invested in a diversified fixed income portfolio of government backed and corporate securities. To reduce portfolio management costs, the Company has liquidated its short term investments and currently maintains its excess cash in a major Canadian Chartered Bank. The Company does not have any operating revenues as a junior resource company engaged in mineral exploration and development. The Company does not anticipate generating any operating revenues until initial uranium production begins on the Company's properties which are anticipated to begin in the next two to four years (subject to the risks and uncertainties found on page 1). 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 until initial uranium production begins on its uranium properties. The current financial credit crisis and market correction are of great concern to management. As a result of the unprecedented market volatility, management has little visibility with respect to capital markets in the foreseeable future. It may take many months to get through this difficult period, and the Company is making the necessary planning adjustments in order to preserve capital, yet continue to move forward with certain commitments on its advanced uranium projects. However, should the crisis be prolonged, it may become very challenging to secure financing necessary to advance the Gas Hills and/or Roca Honda projects to the production stage.

## **Recent Accounting Pronouncements**

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

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities ("PAE's") such as the Company.

The AcSB requires IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010.

The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ending December 31, 2010. This also means that all opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

## **Recent Accounting Pronouncements (cont'd...)**

### International Financial Reporting Standards (“IFRS”) (cont'd...)

In preparation for the changeover from Canadian GAAP to IFRS, we have commenced the planning during 2008. The Company is currently evaluating the high level the impact of conversion with plans for a detailed diagnostic of the conversion process to be completed by a major public accounting firm in the second quarter of 2009. The conversion to IFRS will likely impact the Company’s financial reporting systems. Changes may be required to Company’s information technology and data systems, internal control over financial reporting, disclosure controls and procedures, financial reporting expertise and training requirements, and business activities such as compensation programs and other contractual arrangements.

Progress to date:

- Established a project team to assist with the conversion process.
- Provide training to key members of the IFRS project team.
- Obtain quotes from a major public accounting firms to prepare a detailed IFRS diagnostic with plans for completion in the second quarter of 2009.
- Review the vendor’s plans to assist the conversion of Company’s accounting software from Canadian GAAP to IFRS.
- Contract a service provider to provide IFRS compliant information systems for the stock based compensation programs.
- Update the audit committee of our progress and keep them informed of issues identified.

### 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.

## **Recent Accounting Pronouncements (cont'd...)**

### 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.

## **Capital Resources**

For the period ended March 31, 2009, the Company had not entered into any property option agreement that require the Company to meet certain yearly exploration expenditure requirements. With the exception of the Company’s Roca Honda property, exploration partners are required to fund exploration in advance of expenditure. Over five years, the Company will fund 60% of a US \$27.2 million feasibility study for Roca Honda.

## **Outstanding Share Data**

As at May 22, 2009, the Company has 72,458,911 common shares issued and outstanding. The Company also has 5,782,000 incentive stock options ranging in exercise price from \$0.41 to \$2.25. There are no share purchase warrants outstanding.

## **Transactions with Related Parties**

During the period ended March 31, 2009, the Company entered into the following transaction involving related parties. Paid or accrued management consulting fees in the amount of \$65,400 to David Miller, the Chief Executive Officer for services provided to the Company. Paid or accrued management consulting fees in the amount of \$60,277 to a company controlled by an Officer, Steven Khan, the President for services provided to the Company. Paid or accrued management consulting fees in the amount of \$26,766 Patrick Groening, the Chief Financial Officer for services provided to the Company. In addition, Directors fees in the amount of \$5,800, \$5,800, \$5,200, and \$5,800 were paid to Dieter Krewedl, Ray Larson, Mike Halvorson, and Ralph Goehring, respectively.

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.

## **Contingency**

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.

## **Financial Instruments**

The Company's financial instruments consist of cash and equivalents, short term investments, receivables, investments, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. The Company is subject to financial risk arising from fluctuations in foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.