



***MANAGEMENT'S DISCUSSION & ANALYSIS***

**STRATHMORE MINERALS CORP.**

**FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 2010**

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

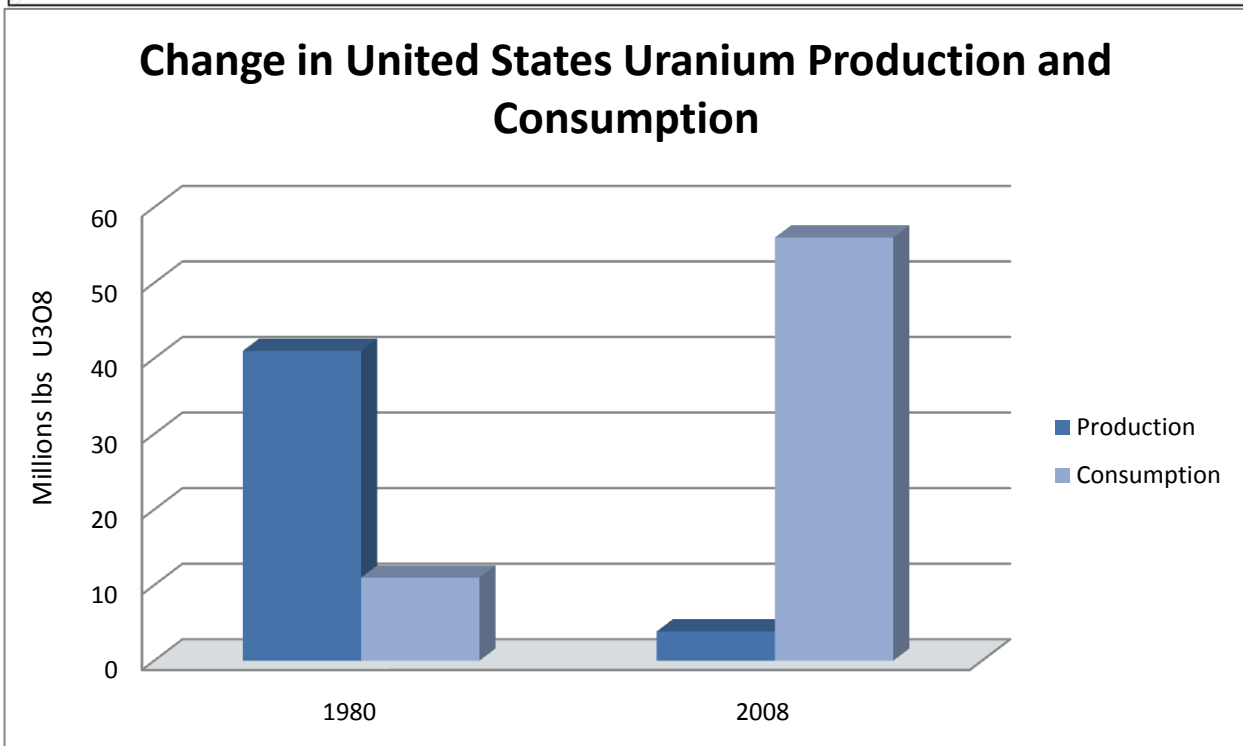
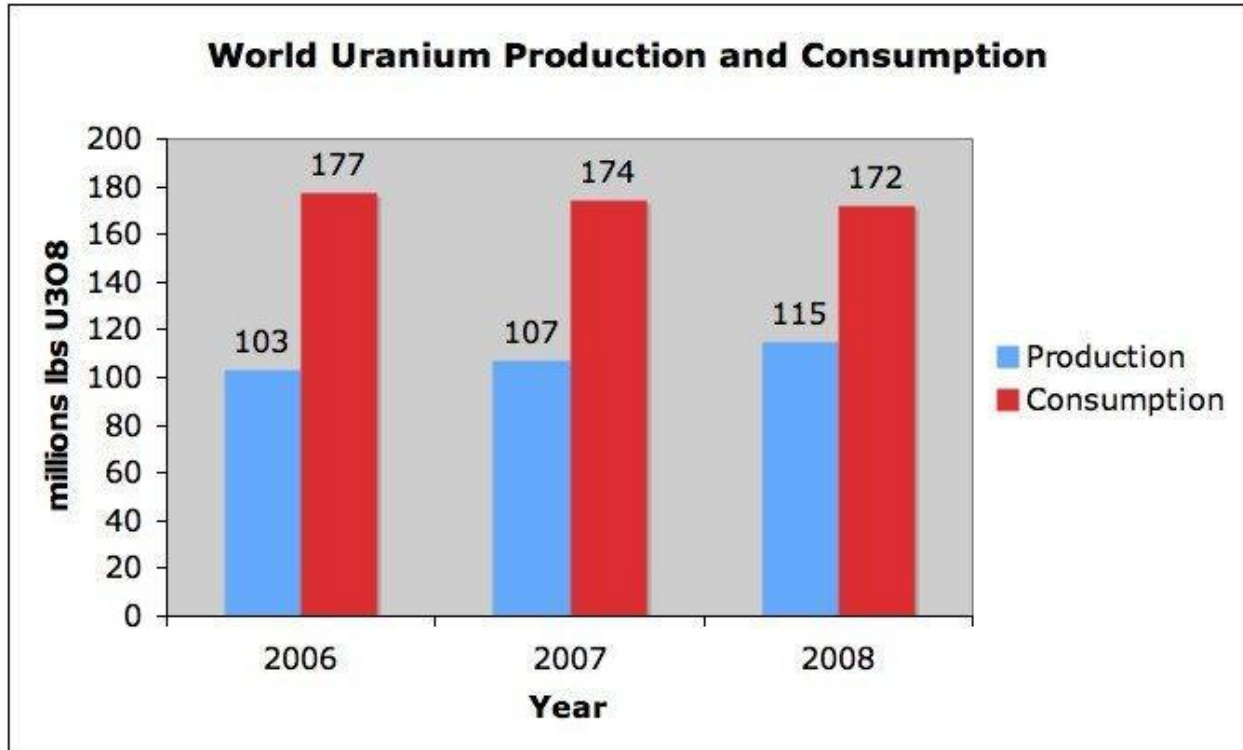


**Strathmore Minerals Corp.** (the "Company") is a junior resource issuer primarily engaged in the acquisition, exploration, and development of uranium resource properties in the United States. Management believes that the development of uranium properties presents an opportunity to increase shareholder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

- Worldwide nuclear energy demand is projected to increase significantly. According to the World Nuclear Association, electricity demand is increasing much more rapidly than overall energy use and is likely to almost double from 2004 to 2030.
- Long-term global uranium demand/supply imbalance, resulting in a potential for significantly higher uranium prices. While a rapidly rising uranium price between 2004-2007 stimulated the development of new supply, according to RBC Capital Markets it may not be enough to meet future demand. RBC Capital Markets forecasts supply deficits for every year from 2012 onwards. (RBC Capital Markets: Uranium Market Outlook: Fourth Quarter-2010)
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants. Fifty nuclear power plants are currently under construction in thirteen countries, most notably, China, South Korea, and Russia. The most significant increase in demand is expected to come from China as a result of its planned nuclear build-out over the next two decades. China's annual uranium demand is forecast to grow from 5.5 million lbs in 2009 to 67 million lbs by 2020. (RBC Capital Markets: Uranium market Outlook: First Quarter-2010)
- Proposals for the reduction in carbon emissions have resulted in the development of "green" energy initiatives that identify nuclear power as a clean energy alternative. The 104 existing nuclear power plants in the United States "avoid the release of 700 million tons of CO<sub>2</sub> emissions annually" (Patrick Moore. "Going Nuclear: A Green Makes the Case", WashingtonPost.com. April 16, 2006, p. B01.)
- The Company's uranium projects are located in the United States where the annual domestic demand for uranium in 2008 totaled approximately 55 million pounds, while annual domestic production declined in 2008 by approximately 15% to 3.9 million pounds. (Source: US Energy Information Administration). The United States also utilizes secondary sources primarily from the dismantling of nuclear weapons ("megatons for megawatts"), in addition to importing uranium for most of its domestic requirements to meet the shortfall in production. As of June 21, 2010, the US Nuclear Regulatory Commission (NRC) had received license applications to build twenty-six nuclear plants at seventeen sites in the United States.(Source: World Nuclear Association website: [www.world-nuclear.org](http://www.world-nuclear.org))

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## Select List of Countries With Nuclear Plants Planned, Proposed, or Under Construction 2010.

<u>Country</u>	<u>Under Construction</u>	<u>Planned</u>	<u>Proposed</u>	<u>Total</u>
China	24	33	120	177
India	4	20	40	64
Russia	10	14	30	54
USA	1	9	22	32
South Africa	0	3	24	27
Ukraine	0	2	20	22
South Korea	6	6	0	12
Canada	2	4	3	9
Other	11	61	78	150
<b>Total</b>	<b>58</b>	<b>152</b>	<b>337</b>	<b>547</b>

Source: World Nuclear Association Website- [www.world-nuclear.org](http://www.world-nuclear.org)

Since 2003, the increased uranium demand and higher prices, which contrasts with the previous two decades, has stimulated new exploration and development of both new and previously explored uranium properties worldwide. This trend resulted in a strong supply response, most notably from Africa and Kazakhstan. The new production is primarily from lower grade deposits, which is not sustainable over the long-term, without higher uranium prices. Higher prices will be necessary to encourage new production to meet the World Nuclear Association forecast of a 33% increase in uranium demand during the period 2010-2020. Production in the United States has not increased, and has actually declined significantly to the point where the US has fallen from the position of being the largest uranium producing country in the world to becoming a minor producer. Prolonged weak uranium prices resulted in corporate abandonment of the sector by many major mining and energy companies during the period 1980-2003. Despite this decline, the United States is still the largest uranium consumer in the world. While approximately 20% of the electricity generated in the United States is derived from nuclear power, most of the uranium supply is obtained from secondary sources, most notably the decommissioning of old Soviet nuclear weapons. Known as the "Megatons for Megawatts" treaty with Russia, uranium imports from Russia began in 1993. Robert Ebel of the Center for Strategic and International Studies in Washington, noted that "The United States is dependent on Russia for a significant portion of its nuclear energy. I don't think a lot of Americans know that." (Toni Johnson, "Global Uranium Supply and Demand". Council of Foreign Relations Background Paper. Updated January 14, 2010) With the treaty not expected to be renewed after it expires in 2013, the United States will need to source long-life uranium assets domestically, or from alternative politically stable jurisdictions. Strathmore, which acquired most of its uranium properties since 2003, believes it is uniquely positioned in the United States to capture substantial value due to its significant high quality resource holdings and its highly experienced management team and staff. The Company is currently permitting two core

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



uranium projects in the United States for future production: Gas Hills in Wyoming and Roca Honda in New Mexico. A third project, the Pine Tree-Reno Creek properties in Wyoming was recently sold to Bayswater Uranium Corporation. This transaction closed on April 7<sup>th</sup>, 2010.

The Company has approximately 86,700 acres of potential uranium producing lands, with approximately 80% in Wyoming and 20% in New Mexico. The decline in total potential uranium producing lands from 103,700 acres at year end to 78,800 acres is a result of the April 7, 2010 sale of the Pine Tree-Reno Creek properties in Wyoming, in addition to the sale of the Juniper Ridge property, also located in Wyoming, subsequent to the quarter ending September 30<sup>th</sup>. The Company's two core uranium projects: Gas Hills in Wyoming and Roca Honda in New Mexico comprise 34,000 acres and 1,840 acres respectively. Combined, they account for 40% of the Company's potential uranium producing lands. The Gas Hills properties contain historical drilled resources, while Roca Honda has NI 43-101 Measured & Indicated, and Inferred Resources. (See Table - Uranium Resources Summary of All Properties for a summary of tonnage, grade, and total resources – Page 19-20)

The Company's goal is to become a producing uranium company. Timing of future production is subject to a number of risks and uncertainties, including, but not limited to, the outlook for uranium prices, permitting, access to capital, capital costs, production costs and plans, accessibility of milling facilities, 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 nine month period ending September 30, 2010 and the audited financial statements for the year ending December 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 November 9<sup>th</sup>, 2010.

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.

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## Performance Summary and Update

### Uranium (U3O8) Price - 4 Year History



Source: The Ux Consulting Company, LLC [www.uxc.com](http://www.uxc.com)

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.

The uranium price in 2010 has been weak hovering in the low-\$40's, and has just recently moved above US \$50/lb. During the twelve months ending December 31, 2009, the spot and long term price traded in a range between US\$40-54/lb and US\$62-70/lb, respectively. The long-term contract price, which is not published as frequently as the weekly spot price, but accounts for almost 80% of the global uranium bought and sold, reached an all-time high of approximately US \$95 in mid-2007 before declining to a multi-year low of US \$58/lb in March 2010. The current long-term price is US \$62/lb. During the same period, the uranium spot price reached an all-time high of US \$138/lb, before declining to a low of US \$40.50 on March 1, 2010. The current spot price is US \$58.50/lb.

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's Cigar Lake uranium deposit in Canada, during the second half of 2006 removed

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



approximately 18-20 million pounds of expected production from the global market place, causing the uranium price to surge to the upside. Cigar Lake, which is one of the largest and richest uranium mines in the world, is not expected to produce uranium until mid 2013 (Source: Cigar Lake NI 43-101 Technical Report, March 30, 2010).

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

## **Changes and Accomplishments for the Nine Months Ended September 30, 2010 and Subsequent**

- Subsequent to the third quarter, Strathmore provided a progress update of its mine permitting efforts at its flagship Roca Honda project. The mine permit review process remains on schedule and under budget. In addition, Strathmore has resumed data gathering for the preparation of a future U.S. Nuclear Regulatory Commission (NRC) permit application for construction and operation of a conventional uranium mill for the Roca Honda project in New Mexico.
- Subsequent to third quarter, completed an agreement to sell Strathmore's Juniper Ridge property to Crosshair Exploration & Mining Corp. for an estimated minimum value of US\$7.2 million in cash and shares over 4 years. (see details under Juniper Ridge)
- In September, completed phase 1 of a 4 phase feasibility study for Roca Honda.
- In the third quarter, acquired detailed data libraries for the Gas Hills George-Ver & Loco Lee properties from Cameco to save drilling costs and advance mine permitting.
- In the second quarter, completed a NI-43-101 technical report for the Marquez Property in New Mexico. Strathmore closed the sale of the Pine Tree-Reno Creek properties to Bayswater Uranium Corporation in April 2010. Total gross proceeds received from this transaction include \$17.5 million cash and Bayswater common shares valued at \$2.3 million. Strathmore retained a 5% gross production royalty. As a result of this transaction, Strathmore owns 4.4 million common shares of Bayswater, representing in the aggregate, approximately 19.9% of the issued and outstanding shares of Bayswater. In the second quarter of 2010, acquired a detailed database for the Gas Hills Day Loma property to assist the preparation of an updated NI 43-101 technical report.
- In 2009, seven state uranium exploration leases comprising 5,640 acres near Oshoto in northeastern Wyoming were sold to Peninsula Minerals Ltd of Australia ("Peninsula") for 5 million common shares of Peninsula and a royalty. These Peninsula common shares were sold for gross proceeds of \$222,192 in the first quarter of 2010.
- In January, the Company completed an \$8.4 million private placement financing. PALA Investments, a private Swiss equity group acquired an 8.3% stake, making it the Company's second largest shareholder. During the third quarter, ending September 30<sup>th</sup>, and subsequent to the quarter's end, PALA reduced its shareholdings in the Company to 7.1%

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## Corporate Goals for 2010

The 2010 goals below are focused on advancing the core Roca Honda and Gas Hills uranium development projects towards production, while other goals address strengthening the Company's financial position.

- Complete a feasibility study for the proposed Roca Honda mine. *(Completed phase 1 of 4 phases)*
- Commence the required environmental baseline field programs at its Peña Ranch property in support of preparing a uranium mill operating license application for the Roca Honda project. *(Initiated in the 3<sup>rd</sup> quarter)*
- Initiate preparation of a feasibility study of the Peña Ranch mill processing and tailing facilities.
- Continue permitting activities at Gas Hills for permit application submittal in 2011.
- Complete NI 43-101 technical reports for the George-Ver and Day Loma properties in the Gas Hills and Marquez property in New Mexico. *(Marquez completed)*
- Close the Pine Tree-Reno Creek properties sale. *(Completed on April 7<sup>th</sup>, 2010)*
- Continue with the ongoing plan to monetize or joint venture non-core properties. *(Completed sale of Juniper Ridge and Oshoto properties)*
- Pursue synergistic opportunities in the United States and/ or international opportunities that could potentially advance the Company's production profile.

## 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 (Wyoming).
- Secure uranium mill throughput agreements for Roca Honda production in New Mexico and/or secure a mill permit for the Pena Ranch Mill.
- Secure a mill throughput agreement at the Sweetwater Mill and/or secure a mill permit at the Tablestakes area in the Gas Hills.
- Secure long-term contracts for projected uranium production.
- Monetize or joint venture non-core projects.
- Secure additional capital for construction of mines and mills

In 2009, the Company continued to execute its strategy of advancing its core New Mexico and Wyoming properties towards production. However, a continued decline in the spot price for uranium to the low US \$40/lb range, and a challenging small cap equity market characterized the market environment through December 31, 2009. Despite these challenges, Strathmore was able to arrange an \$8.4 million private placement financing, which was necessary in order to continue development activities on a timely basis. This financing closed on January 20<sup>th</sup>, 2010. Early in 2009, the Company implemented a set of cost cutting measures to preserve working capital, and later entered into an agreement with Bayswater Uranium Corporation to sell its Pine Tree-Reno Creek properties to raise additional necessary capital. The proceeds from this sale were received on April 7, 2010. All other programs were

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



reviewed and discretionary expenditures were cut or significantly reduced. Secondary projects were deferred and the Company's efforts to joint venture or sell non-core projects are ongoing. Disciplined cost control and focus on our two key projects, coupled with the Company's ability to raise additional capital and close the Pine-Tree Reno Creek sale, enabled the Company to advance its two core projects, and subsequently strengthen its financial position during a difficult business period.

Although the market and credit crisis that began in 2008 entered a recovery phase in 2009, the uranium price continued to weaken through to the first quarter of 2010, with the spot price declining to a low of US \$40.50/lb. The overall business environment remains challenging, but may be showing signs of improvement. However, despite the spot uranium price increasing above US \$50/lb for the first time since mid-2009, the Company intends to manage its strengthened cash resources prudently and stay focused on securing a mining permit and completing a feasibility study for the Roca Honda project in New Mexico, in addition to renewing its mill permitting initiative in New Mexico and completing the mine permit application for the Gas Hills project in Wyoming.

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** (see page 19-20).

## **New Mexico Properties**

### Roca Honda Project

The Roca Honda property, which comprises 63 unpatented mining claims totaling approximately 1,200 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. It is situated on public lands managed by the US Forest Service and the State of New Mexico.

### *Mill*

Strathmore recently resumed data gathering for the preparation of a future U.S. Nuclear Regulatory Commission (NRC) permit application for construction and operation of a conventional uranium mill. The mill permit initiative was delayed due to budget constraints and the economic crisis that began in late 2008. Failed plans by other producers in the area to construct a mill in conjunction with Strathmore have also caused delays. While the Company has renewed its mill permitting efforts, these delays have caused the mill permit initiative to lag behind the mine permit schedule by approximately one year. The mine permit application remains on schedule, and a decision from the regulators regarding the mine permit is expected by the second quarter of 2012. However, the planned production schedule (mining and milling) in New Mexico is now targeted for 2015-2016 from the

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



previous 2013-2014 timetable as outlined in the Company's Five Year Roca Honda Permitting Plan, subject to obtaining all the necessary permit and license approvals.

## *Permits and Feasibility*

As part of the mine permit approval process an Environmental Impact Statement (EIS) is being prepared. Strathmore anticipates that the federal (United States Forest Service), the EIS, and state agency permit review will continue through early 2012, in accordance with the schedule provided by Mangi & Associates, the consultant contracted to prepare the EIS. The public participation process will begin in late 2010, with the scheduling of a number of public information meetings to be held in the Grants area to fully inform the local citizens of Strathmore's plans and to allow for their input. Strathmore will continue to provide the state and federal agencies with additional detailed design information regarding the project as it is developed and respond to agency comments.

In October 2009, Strathmore submitted its Roca Honda Mine permit application to the New Mexico Energy, Minerals and Natural Resources Department (Mines and Minerals Division) and the US Forest Service (Cibola National Forest) for the proposed development of Roca Honda as an underground mine. Roca Honda is one of the largest proposed uranium mines in the United States in over 30 years. The Roca Honda mine permit application submission represents a major milestone in Strathmore's corporate history. In November 2009, state and federal regulatory agencies deemed this submission "administratively complete". The Company's permitting team is now preparing for the technical review process in the months ahead. In the first quarter of 2010, Strathmore commissioned Scott Wilson Roscoe Postle Associates Inc., a leading international mining and engineering consulting firm to prepare a feasibility study to evaluate the overall project economics of the proposed Roca Honda underground uranium mine in New Mexico. Phase I of this study will review and evaluate existing data to identify information gaps required for a thorough analysis of all aspects and issues for the planning of the project. (Phase I completed in the 3rd quarter of 2010.) Phases II and III will evaluate the economics of the project and the necessary uranium prices to commence production. Mill assumptions will be used in Phases II and III, Phase IV will include detailed mill feasibility.

## *History and Progress at Roca Honda*

The Roca Honda property represents the Company's most significant uranium resource. In 2006, Strathmore completed a NI 43-101 technical report which estimated a Measured & Indicated mineral resource of 17,512,000 lbs.  $U_3O_8$  contained within 3,782,000 tons at an average grade of 0.23%  $U_3O_8$ . An additional 15,832,000 lbs. at an average grade of 0.17%  $U_3O_8$  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 agreement, subsidiaries of Strathmore and Sumitomo have formed a 60/40 limited liability company (LLC) to affect the joint venture. Under the agreement:

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



- Sumitomo paid US \$1 million for entering into the joint venture agreement.
- The initial purpose of the joint venture is to obtain a mining permit and complete a feasibility study to develop and mine Roca Honda. Sumitomo is contributing 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. Should Sumitomo elect to participate in the mine development, it will fund more than US \$50 million in mine development costs. The balance of development costs incurred by the Joint Venture will be shared on a Strathmore 60% - Sumitomo 40% basis.
- 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.

Starting in July 2007, the five year budget for Roca Honda is US \$27.2 million. As of September 30, 2010, approximately US \$14.9 million has been spent to advance the project.

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.

Strathmore initially began permitting activities at Roca Honda in 2006. The installation of three monitor wells was subsequently completed and data collected since 2007. Each well was drilled to depths of approximately 2,000 feet (610m) in order to obtain vital geologic and hydrologic information, in addition to further defining the ore body and providing samples for initial mill process studies. Pump tests were performed on the wells to determine baseline water quality and aquifer characteristics. Installation of meteorological and radiological monitoring stations followed, allowed for the collection of background data for mine design and operations planning. The data collected from these activities comprise a necessary part of the mine permit application, which was submitted in October, 2009. The planning process for the construction of a mill in New Mexico to support the Roca Honda resource began in 2007. Initial site studies for the mill and tailings, as well as mill process design studies were completed. The Company's engineering consultants have completed a 30% engineered mill design document.

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

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



mineralization outside the known uranium deposit. This area represents an additional exploration target that could increase the total known uranium resource.

## Church Rock

Strathmore's 640 acre Church Rock Property was acquired from Rio Algom Corporation, successor to the Kerr McGee Nuclear Corporation, in 2004. By the mid-1980s, Kerr McGee had completed over 300,000 feet of drilling and had initiated plans to develop the project as a conventional underground mine. The project was later abandoned due to a prolonged weak uranium price.

In December 2005, Strathmore completed a NI 43-101 Measured and Indicated resource estimate of 6,221,467 tons at an average grade of 0.10%  $U_3O_8$  for a total of 11,848,007 pounds. An additional 1,950,560 tons averaging 0.090%  $U_3O_8$  for a total of 3,525,342 lbs has been classified as an Inferred mineral resource. This property is not encumbered by production royalties. Strathmore initiated permitting in 2005, and began studies to determine if uranium extraction was amenable to In-Situ Recovery ("ISR") methods. Work was subsequently abandoned when litigation challenging Uranium International Resources' ("URI") plans to advance their neighboring project, also known as Church Rock, ensued. The Navajo Nation filed a lawsuit claiming that Section 8 of URI's project lands were a part of "Indian Country" as per the legal definition. It was also argued that the jurisdiction regarding the Underground Water Injection Control Permit necessary for ISR recovery was the responsibility of the Federal Environmental Protection Agency ("EPA") and not the state of New Mexico Environment Department.

In June 2010, US Tenth Circuit Court of Appeals ruled in favor of URI. The court ruling determined that Section 8 of URI's Church Rock Property is not "Indian Country", and that the ISR Underground Injection Control Permit granted by the New Mexico Environment Department is valid. No appeal to the Supreme Court was filed as of the September 13<sup>th</sup> deadline. Separately, however, the New Mexico Environmental Law Center on behalf of Eastern Navajo Diné Against Uranium Mining (ENDAUM) and Southwest Research and Information Center has petitioned the United States Supreme Court for review of the March 2010, 10th Circuit Court of Appeals' ruling that upheld URI's NRC license to conduct in-situ recovery (ISR) uranium mining at their Church Rock project.

Strathmore will re-examine its alternatives for this project by conducting an internal review to determine how best to enhance shareholder value.

## 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.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property.

## Nose Rock

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.

During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property.

## Marquez

The Marquez Property, which comprises 14,501 acres, is located in the eastern part of the Grants Mineral Belt in Northwestern New Mexico. It was extensively explored with 384 drill holes completed during the 1970s, and was being developed as a full-scale underground uranium mine by Kerr McGee and the Tennessee Valley Authority, but later abandoned in the 1980s due to prolonged weak uranium prices. Strathmore acquired rights to the Marquez Deposit in 2007.

During the second quarter of 2010, Strathmore completed a National Instrument 43-101 technical report for the Marquez Property. The Marquez NI 43-101 report provides a Measured and Indicated resource estimate of 3,610,209 tons at an average grade of 0.126%  $U_3O_8$  for a total of 9,130,343 pounds. An additional 2,159,520 tons at an average grade of 0.114%  $U_3O_8$  for a total of 4,906,695 pounds is classified as an Inferred mineral resource. (See Table 1: Strathmore Minerals: NI 43-101 Measured & Indicated Resources and Table 2: Strathmore Minerals: Uranium Resources Summary of all Properties, pp. 18-20).

## **Wyoming Properties**

### Gas Hills Properties

The Company's Gas Hills Properties comprise a core uranium project. Management believes that sufficient uranium resources exist on its Gas Hills Properties to warrant future development as a series of sequentially developed near-surface open pit uranium deposits. The Company expects to continue to focus on evaluating and permitting its Gas Hills Properties during 2010, with the intent of submitting a mine permit application in 2011. First production in the Gas Hills is subject to receiving approval of the mine permit from government regulatory authorities, in addition to thoroughly evaluating milling options.

During the second quarter of 2010, Strathmore was successful in purchasing the exploration and development data library for the Day Loma Property in a private transaction. In the

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



third quarter of 2010, the Company acquired the data libraries for the George-Ver and Loco Lee properties from Cameco Corporation. The Company plans to complete NI 43-101 technical reports and compliant resource calculations for these properties before the end of the year, thereby achieving an important corporate goal for 2010. During the third quarter ending September 30<sup>th</sup>, Strathmore commenced development drilling at its Gas Hills Uranium Properties. Data obtained from this drill program will supplement information learned from the two uranium data libraries acquired earlier this year, enabling the completion of NI-43-101 compliant resource calculations and the advancement of the mine permit application targeted for submittal by the second quarter of 2011.

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<sub>3</sub>O<sub>8</sub> until operations ceased in the 1990s due to declining uranium prices. The majority of this production was derived from open-pit mining.

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 several properties with near-surface mineralization 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, Andrea, Day Loma, Amazon, Sunset, and New Rock Hill. In early 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<sub>3</sub>O<sub>8</sub>. These additional properties complement Strathmore's existing Gas Hills deposits. (See below: Uranium Resources Summary by Property for additional detail.)

Permitting was initiated 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 entered into 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. The mill site 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 2009, this option agreement was renewed for another year.

Strathmore is reviewing exploration plans for the highly prospective, unexplored portion of the Gas Hills, known as "Beaver Rim", located south of the designed open pit deposits.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



Historical drill logs show indications of up to 5 uranium roll fronts lying beneath the Company's claims, which total approximately 16,000 acres.

## 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.

## 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. Future development plans have been deferred.

## Pine Tree-Reno Creek Properties

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, and State and Private leases). Total expenditures of US \$33 million are required to be spent by American Uranium to earn a 60% interest. On April 7, 2010, the Company and American Uranium mutually agreed to terminate the joint venture agreement. Minimum funding requirements were not met and American Uranium retains no interest in the property.

On April 7, 2010, the Company closed an agreement to sell Pine Tree-Reno Creek to Bayswater Uranium Corp ("Bayswater"). The agreement includes \$17,501,750 in cash and 4,422,807 common shares of Bayswater valued at \$2,344,088 for total proceeds of \$19,845,838. In addition, the Company retains a 5% gross production royalty which can be repurchased in whole or in part by Bayswater at any time for US \$2 million (US \$1 million cash and US \$1 million in common shares of Bayswater) per 1% royalty reduction.

The Company has no cost basis in the property as all expenditures were funded by American Uranium. Accordingly, the Company has recognized a \$19,845,838 gain on disposition less taxes of \$5,667,842 for a net gain of \$14,177,996. As of September 30, 2010, the Company has previously unrecognized tax assets and has recorded an income tax recovery of \$4,350,897 to offset taxes payable.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



As a result of this transaction, Strathmore now owns 4,422,807 common shares of Bayswater, representing in the aggregate, approximately 19.9% of the issued and outstanding shares of Bayswater (TSX-V:BYU).

## 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. Four mineral claims were subsequently dropped. The project now comprises 197 claims totaling 4,710 acres (1,906 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.

Subsequent to the quarter ending September 30<sup>th</sup>, Strathmore entered into a Purchase and Sale Agreement with Crosshair Exploration & Mining Corp for the sale of the Juniper Ridge Property. The purchase will be staged and include payments in cash and common shares of Crosshair. The terms of the transaction as specified in the Agreement are summarized as follows:

- Crosshair has paid Strathmore a US \$25,000 non-refundable deposit. Crosshair shall pay Strathmore an additional US \$175,000, due within two days of receipt of the Toronto Stock Exchange and TSX Venture Exchange approval of the Agreement, which is expected on or before November 15, 2010.
- On the first anniversary of the Agreement, Crosshair shall pay Strathmore US \$500,000: 50% to be paid in cash and 50% in common shares of Crosshair.
- On the Second Anniversary of the Agreement, Crosshair shall pay Strathmore US \$0.50 per pound of measured, indicated and inferred uranium resources, as determined by a National Instrument 43-101 technical report ("Technical Report"), to be prepared by Crosshair. If Crosshair has not prepared a Technical Report by the second anniversary, the uranium resources on the Juniper Ridge Property will be set at five million pounds. Should Crosshair prepare a Technical Report subsequent to the Second Anniversary of the Agreement, Crosshair shall make a payment of US \$0.50 per pound, for each additional pound in excess of five million pounds; 50% of these payments to be paid in cash and 50% in common shares of Crosshair.
- On the Third Anniversary of the Agreement, Crosshair shall pay Strathmore US \$0.50 per pound of measured, indicated and inferred uranium resources, as determined by a Technical Report, to be prepared by Crosshair. If Crosshair has not prepared a Technical Report by the third anniversary, the uranium resources on the Juniper Ridge Property will be set at five million pounds. Should Crosshair prepare a Technical Report subsequent to the Third Anniversary of the Agreement, Crosshair shall make a payment of US \$0.50 per pound, for

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



- additional each pound in excess of five million pounds; 50% of these payments to be paid in cash and 50% in common shares of Crosshair.
- Upon receipt of all permits required for production, Crosshair shall pay Strathmore US \$0.30 per pound of proven and probable uranium reserves as determined by a pre-feasibility or feasibility study. If Crosshair has not prepared a prefeasibility or feasibility study, the uranium reserves on the Juniper Ridge Property will be set at five million pounds. If permits have not been received by the sixth anniversary of the Agreement, Crosshair shall be required to make this payment as of that date. Payment will be made in cash and/or common shares of Crosshair, as elected by Strathmore.
  - Strathmore shall retain a 2% Gross Revenue Royalty on the property. Crosshair shall have the option to repurchase this royalty at any time during the first three years after commercial production commences for US \$1.5 million for each 1% of the Gross Revenue Royalty.
  - Should Crosshair fail to make any of the scheduled payments, Strathmore shall be entitled to keep all payments made by Crosshair, and title to 100% of the property.

The Purchase and Sale Agreement completed and executed by Strathmore and Crosshair is subject to regulatory approval, including approval of the Toronto Stock Exchange and TSX Venture Exchange.

## Oshoto Leases

Strathmore held a 100% interest in seven state uranium minerals leases located in Crook County, near Oshoto in northeastern Wyoming. The leases were evaluated as exploration properties with no known historical resources, and therefore, were not included in the Company's "Uranium Resources Summary by Property" resource table.

On August 24, 2009, Strathmore agreed to sell these mineral leases to Peninsula Minerals Ltd (Australia) for 5 million common shares of Peninsula, which were subsequently sold in the first quarter of 2010 for gross proceeds totaling \$222,192. As part of the lease purchase agreement, Strathmore retained up to a 4% gross royalty. Peninsula has the option to purchase the Strathmore royalty for US\$4 million, in part or in whole, for a period of 3 years, Peninsula has two years remaining to exercise the option.

The state leases sold to Peninsula comprise about 43% of the total acreage referred to as their "Lance" project. In August, Peninsula announced a Joint Ore Reserves Committee JORC (Australia) compliant uranium resource, the preparation of a Definitive Feasibility Study, and a target production date beginning in 2012. Given Peninsula's recent announcements, Strathmore is optimistic that the royalties owned on the leases, which comprise a portion of the Lance project, may generate future value to the company.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



## **South Dakota Property**

### Chord, South Dakota Project

The Company acquired a 100% interest in this 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 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") that provided Great Bear the option to acquire a 100% interest in this property. To earn a 100% interest, Great Bear was required to make total cash payments of \$4,100,000 to the Company under specific terms.

After considerable effort by Strathmore to monetize this asset, Great Bear ultimately allowed their option to acquire the property expire unexercised.

The Federal Government through the United States Forest Service (USFS) has recently considered designating USFS lands surrounding the Chord properties as a possible wilderness area. Should a wilderness area be formally adopted under the Federal Wilderness Act, the Company's ability to develop this project may be negatively impacted.

The Company evaluated this project in light of its other opportunities and decided to terminate its development plans for this property in late 2009. Accordingly, the Company wrote-off mineral property costs totaling \$1,266,525 in the fourth quarter of 2009.

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
 Nine Months Ended September 30, 2010



**Table 1: 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 of November 9<sup>th</sup>, 2010.

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>New Mexico and Wyoming</i>						
Roca Honda, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2006)	NI 43-101 Measured & Indicated	3,782,000	0.230	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	0.100	11,848,007	ISR or Conventional Underground
Marquez, New Mexico	Kerr McGee (1977) H. Alief 43-101 (2010)	NI 43-101 Measured & Indicated	3,610,209	0.126	9,130,343	ISR or Conventional Underground
Nose Rock, New Mexico Section 1	Phillips Uranium (1979) Alief (2009)	NI 43-101 Measured & Indicated	884,091	0.147	2,593,486	ISR or 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	ISR or Conventional Underground
Jeep, WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated	316,636	0.076	483,395	ISR
Sky, Wyoming	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101:	668,688	0.071	948,098	ISR
		<b>TOTAL</b>	<b>17,105,741</b>		<b>45,586,055</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.

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)

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
 Nine Months Ended September 30, 2010



## Uranium Resources Summary of all Properties

The following table updates all of the Company's uranium resources as of November 9<sup>th</sup>, 2010. Additions and changes are anticipated over the following year as drilling databases are acquired and analyzed, and new properties are acquired or disposed of. The table identifies core projects and those properties that comprise the development project pipeline. Both NI 43-101 compliant (Measured and Indicated, and Inferred), and historical resources as defined by the results of exploration completed by previous mining companies are included. This table revisits previously released information and adds the new historical and/or NI 43-101 resources where appropriate.

**Table 2: Strathmore Minerals: Uranium Resources Summary of all Properties**

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>Core Projects: New Mexico &amp; Wyoming</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	0.230 0.170	17,512,000 15,832,000
Gas Hills (George-Ver, Bullrush, Loco- Lee), WY	Federal American Partners (1984)	Historical: Measured & Indicated	6,131,504	0.069	8,440,490*
Gas Hills Frazier LeMac, WY	Pathfinder (1996)	Historical: Measured & Indicated	696,327	0.109	1,522,000*
Gas Hills: Andria, WY	Federal American Partners (1984)	Historical: Measured & Indicated	739,565	0.064	949,100*
Gas Hills: Day Loma, WY	Energy Fuels (1978)	Historical: Measured & Indicated	456,096	0.213	1,940,945*
Gas Hills: New Rock Hill WY	Adobe/Union Carbide (1977)	Historical: Measured & Indicated	900,000	0.050	900,000*
Gas Hills: Amazon: Gas Hills: Sunset	Federal American Partners (1984)	Historical: Measured and Indicated	284,572 1,394,924	0.064 0.065	365,019* 1,812,376*
<i>Development Project Pipeline: NM, WY, SD</i>					
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
Ketchum Buttes, WY	Pathfinder (1980)	Historical: Measured & Indicated	1,135,000	0.064	1,454,900*

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



Uranium Resources Summary of all Properties (continued)					
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>
Juniper Ridge (Red Creek), WY	Urangesellschaft (1978)	Historical: Measured & Indicated	5,971,000	0.063	7,539,000*
	AGIP Mining (1986)	Historical Measured & Indicated	5,200,000	0.067	6,970,000*
Copper Mountain, WY	Anaconda (1997)	Historical: Indicated & Inferred	Under Review	Under Review	Under Review
Sky Project, WY	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated	668,688	0.071	948,098
		NI 43-101: Inferred	55,086	0.049	54,496
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated	6,221,467	0.100	11,848,007
		NI 43-101 Inferred	1,950,560	0.090	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 (1977) H. Alief (2010)	NI 43-101: Measured & Indicated	3,610,209	0.126	9,130,343
		NI 43-101: Inferred	2,159,520	0.114	4,906,695
West Largo, New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated	20,000	0.115	46,000*
		Historical: Inferred	362,000	0.212	1,534,000*
Nose Rock (sec. 1), New Mexico	Phillips Uranium (1979) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated	884,061	0.147	2,593,486
		NI 43-101 Inferred	167,012	0.135	452,129
Nose Rock (sec. 36), New Mexico	Phillips Uranium (1979)	Historical: Measured & Indicated	4,293,712	0.163	14,017,298*
		Historical: Inferred	89,870	0.159	285,787*
Dalton Pass (sec. 32), New Mexico	Pathfinder (1980) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated	1,622,650	0.095	3,070,726
		NI 43-101 Inferred	908,127	.084	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*

*\*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*

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



*as current mineral resource, and the Company is not treating the historic resources as current. Hence, they should not be relied upon. It should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. 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.*

## **Board of Directors**

Michael Halvorson, an independent director since July, 2004, did not stand for re-election at the Company's Annual General Meeting held in Vancouver on July 21, 2010. Subsequent to the meeting, Mr. Halvorson was appointed to the Company's Executive Advisory Board. The Company is continuing to interview candidates to replace Mr. Halvorson's vacant independent Board position.

## **2010 Mineral Property Budget**

The approved mineral property budget for 2010 is \$2.5 (2009 - \$1.2) million and \$3.5 (2008 - \$1.5) million for Wyoming and New Mexico, respectively. Included in the \$6.0 (2009 - \$4.7) million mineral property budget, is \$1.4 (2009 - \$1.1) million of funding from joint venture partners.

## **Results of Operations**

### General

The Company reported a net loss of \$104,943 (\$0.01 per share) for the three months ended September 30, 2010 compared with a net loss of \$909,348 (\$0.01 per share) for the same period in 2009. For the nine months ended September 30, 2010 the Company reported a net income of \$15,810,977 (\$0.18 per share) compared with a net loss of \$2,909,283 (\$0.04 per share) for the same period in 2009.

### General and Administrative

General and administrative expenses totaled \$908,744 for three months and \$3,639,264 for nine months ended September 30, 2010 compared with \$1,069,248 for three months and \$3,210,528 for nine months ended September 30, 2009. First quarter 2010 general and administrative expenses were higher as the Company restored compensation reductions implemented in 2009 in response to the global economic financial crisis.

### Other Income and Expenses

Other income totaled \$537,600 for three months and \$901,526 for the nine months ended September 30, 2010 compared with \$159,900 for three months and \$301,245 for nine months

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



ended September 30, 2009. Third quarter foreign exchange losses of \$327,400 were offset by unrealized gains of \$796,105 from an increase in the market value of the Company's holdings in Bayswater common shares. Foreign exchange gains for the nine month period ending September 30, 2010 totaled \$474,992 compared to \$34,299 for the same period in 2009.

## Discontinued Operations and Income Taxes

During the second quarter of 2010, the Company sold its Pine Tree Reno Creek property and recognized a gain of \$19,845,838 (\$14,197,818 net of tax). Proceeds from the sale included cash and Bayswater common shares.

For the nine months ended September 30, 2010 the Company has recorded income taxes payable of \$5,648,020 less income taxes recoverable of \$4,350,897 from previously unrecognized US tax assets.

## **Selected Annual Information**

	2009	2008	2007
Net income (loss) for the year	\$(6,288,499)	\$(18,882,790)	\$4,753,758
Comprehensive income (loss) for the year	(6,351,989)	(18,882,790)	4,753,758
Total assets	28,838,032	33,090,405	42,220,535
Total liabilities	6,304,593	5,649,079	4,239,279
Shareholders' equity	22,533,439	27,441,326	37,981,256
Basic earnings (loss) per share	(0.09)	(0.26)	0.07
Diluted earnings (loss) per share	(0.09)	(0.26)	0.06

## **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>2010</b>	Net income (loss)	(1,446,035)	17,361,955	(104,943)	
	Earnings (loss) per share:				
	Basic	(0.02)	0.21	(0.01)	
	Diluted	(0.02)	0.20	(0.01)	
<b>2009</b>	Net income (loss)	(1,033,747)	(966,188)	(909,348)	(3,379,216)
	Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.05)
<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)

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



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.

## Private Placement

On January 20<sup>th</sup>, 2010, the Company completed a non-brokered private placement. The Company issued 15,243,727 common share units at a price of \$0.55 per unit for gross proceeds of \$8,384,050. Each common share unit consists of one common share and one half of one common share purchase warrant that entitles the holder to purchase one common share of the Company for each whole warrant at a price of \$0.75 for a period of 2 years. The Company paid agents' commissions of \$466,380 and issued 847,964 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.75 for a period of 2 years. The broker warrants were valued at \$389,509 using the Black-Scholes option pricing model with a volatility of 124%, risk free interest rate of 1.20%, expected life of 2 years, and a dividend rate of 0%. All warrants vested immediately on the date of grant.

## Liquidity

### Working Capital

Working capital was \$24,388,932 as at September 30, 2010 compared with \$2,955,580 at December 31, 2009. Increased working capital was supplied by an \$8.4 million private placement financing in January 2010 and \$19.8 million in proceeds from the sale of Pine Tree Reno Creek property in April 2010. The Company views the Bayswater shares received as part of the sale to be non-strategic to its overall plans. Depending on market conditions, the Bayswater shares may be sold to increase liquidity and fund ongoing operations.

Management has decided to maintain approximately one third of its working capital in US dollars and US short term investments to fund its US operational needs. To protect against potential weakness in the US dollar, the Company maintains approximately two thirds of its working capital in Canadian dollars and Canadian short term investments.

### Cash Flows

For the nine months ended September 30, 2010, cash and cash equivalents from continuing operations decreased by \$7,439,199. Cash used in continuing operating activities was \$13,800,544 compared with cash used in operations of \$1,357,061 for the same period in 2009. Cash flows used in operations decreased largely as a result of a \$9,878,171 increase in short term investing and removal of the non-cash portion of income taxes recovered from operating activities totaling \$4,350,897. Cash flows used in investing activities increased to \$3,156,328 in the first nine months of 2010 compared with \$1,925,656 in the same period of

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



2009. Spending on mineral properties increased by \$695,087 compared to the prior year. Cash flows provided by investing activities totaled \$7,945,076, with the majority coming from the proceeds of a January 2010 private placement financing.

Cash flows generated from discontinued operations totaled \$15,748,463 as a result of the April 7, 2010 sale of the Pine Tree Reno Creek property.

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 4). Historically, the Company has received revenues only from investment income on cash reserves held.

## **Change in Accounting Policy**

### Business combinations (adopted January 1, 2010)

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-Controlling Interests ("Section 1602") which replace CICA Handbook Sections 1581 – Business Combinations ("Section 1581") and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Sections 1601 and 1602 establish standards for the preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. Section 1582 is required for the Company's business combinations with acquisition dates on or after January 1, 2011. Sections 1601 and 1602 are required for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Earlier adoption of these sections is permitted which requires that all three sections be adopted at the same time. The Company early adopted these sections effective January 1, 2010.

Under Section 1582, business combinations are accounted for under the "acquisition method", compared to the "purchase method" previously required by Section 1581. The significant changes that result from applying the acquisition method of Section 1582 include: (i) the definition of a business is broadened to include development stage entities, and therefore more acquisitions are accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates are recorded as income tax expense or recovery, whereas under Section 1581, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs, other than costs to issue debt or equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees,

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



valuation fees, and other professional or consulting fees are expensed as incurred, whereas under Section 1581, these costs were capitalized as part of the cost of the business combination; (v) the assets acquired and liabilities assumed are recorded at 100% of fair value even if less than 100% is obtained, whereas under Section 1581, only the controlling interest's portion was recorded at fair value; and (vi) non-controlling interests are recorded at their proportionate share of fair value of identifiable net assets acquired, whereas under Section 1581, non-controlling interests were recorded at their share of carrying value of net assets acquired.

Under Section 1602, non-controlling interest are measured at 100% of the fair value of identifiable net assets acquired. For presentation and disclosure purposes, non-controlling interests are classified as a separate component of equity. In addition, Section 1602 changes the manner in which increases and decreases in ownership percentages are accounted for. Changes in ownership percentages are recorded as equity transactions and no gain or loss is recognized as long as the parent retains control of the subsidiary. When a parent company deconsolidates a subsidiary but retains a non-controlling interest, the non-controlling interest is re-measured at fair value on the date control is lost and a gain or loss is recognized at that time. Under Section 1602, accumulated losses attributable to non-controlling interests are no longer limited to the original carrying amount, and therefore non-controlling interests could have a negative carrying amount. The provisions of Section 1602 have been applied prospectively with the exception of the presentation and disclosure provisions, which have been applied for all prior periods presented in the financial statements. The presentation and disclosure provisions resulted in the classification of non-controlling interests as a separate component of equity on the balance sheet amounting to \$6,144,776 as at September 30, 2010 (December 31, 2009 - \$5,058,196).

## **Recent Accounting Pronouncements**

### Conversion to International Financial Report Standards ("IFRS")

Strathmore is in the process of converting its basis of accounting from Canadian GAAP to IFRS to be effective for the first quarter of 2011. The conversion date for IFRS reporting is January 1, 2011. As part of the conversion the Company will be required to restate comparative amounts for the year ended December 31, 2010.

The Company has devoted significant resources to achieving conversion by the upcoming deadline. A project team that is staffed with both internal and external resources will be responsible of the IFRS conversion.

The implementation project plan consists of three phases:

1. Initial diagnostic phase
2. Impact analysis and design phase
3. Implementation phase

The initial diagnostic phase was completed third quarter of 2009. The impact analysis and

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



design phase and the implementation phase were initiated in 2009 and efforts are continuing for 2010.

## First-time Adoption of IFRS

*First-time Adoption of International Financial Report Standards* ("IFRS 1") provides guidance for initial adoption of IFRS. IFRS 1 generally requires retroactive restatement upon adoption. In certain cases, IFRS 1 provides optional and mandatory exceptions to retroactive restatement. The following optional exemptions are expected to apply to the Company's opening IFRS statement of financial position as at January 1, 2010 (Transition date):

- To apply IFRS 2 *Share-based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the transition date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior the Transition Date.

Prior to reporting IFRS interim financial statements for the quarter ended March 31, 2011, the Company may apply other optional exemptions contained in IFRS 1.

## Impact of Adopting IFRS

Applying IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions. The following provides a preliminary evaluation of potential changes to the Company's accounting policies under IFRS.

### 1. Exploration and Evaluation Expenses

IFRS currently does not prescribe specific accounting treatment to capitalize or expense exploration and evaluation expenses. Therefore the Company expects to continue its current policy of capitalizing exploration and evaluation expenses.

### 2. Impairment of (Non-financial) Assets

IFRS, like Canadian GAAP, requires an assessment at each report date as to whether there are indicators of impairment for exploration and evaluation costs. However, the IFRS impairment test requires the carrying value of the asset to be compared to the higher of the fair value and the discounted cash flows projected to be generated by the asset. This use of discounted cash flows is different to Canadian GAAP, which uses an undiscounted model for indication of impairment.

Unlike Canadian GAAP, IFRS allows for the reversal of impairment charges. IFRS permits the reversal of previous recorded impairment charges to the extent that circumstance changed such that the impairments have been reduced. The reversal may not exceed the aggregate of previously recorded impairments.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## 3. Foreign Currency

IFRS requires that the functional currency of the Company and its subsidiaries be determined separately. Although similar to Canadian GAAP, IFRS has a specific hierarchy which puts greater emphasis on the currency of revenues and costs rather than financing in the determination of functional currency.

## 4. Share based payments

IFRS uses a slightly different calculation methodology compared to Canadian GAAP by requiring a separate fair value calculation for each tranche of stock options being vested. This will likely result in accelerated amortization charges.

## 5. Property and Equipment

IFRS requires a different approach to the recognition and measurement of property and equipment that is different than Canadian GAAP. Depreciable assets are required to be reviewed and broken down into their component parts for depreciation purposes. Where significant components of the asset have component parts with different useful lives, a separate depreciation calculation is performed. The Company does not expect this policy to result in a significant change to its depreciation expenses.

## 6. Income Taxes

Canadian GAAP does not recognize deferred tax assets or liabilities arising from the effect of exchange rate movements on the tax base of non-monetary assets or liabilities located in foreign jurisdictions; these are all recognized under IFRS. The Company does not expect this policy to significantly impact its accounting for future (deferred) income taxes.

## Capital Resources

The Company has 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. Starting on July 26, 2007 and extending for five years, the Company will fund 60% of a US \$27.2 million feasibility study for Roca Honda.

## Outstanding Share Data and Share Buyback Program

As of November 9<sup>th</sup>, 2010, the Company has 87,998,305 common shares issued and outstanding. The Company also has 7,135,000 incentive stock options ranging in exercise price from \$0.41 to \$2.25. Currently outstanding share purchase warrants total 8,469,828 and each warrant is exercisable at \$0.75.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010

---



During the third quarter, the Board of Directors authorized the purchase of up to 4,390,000 of its common shares over the next twelve months by means of a share buy-back program through the facilities of the TSX Venture Exchange ("Exchange"). The Board is of the opinion that the Company's shares are undervalued in the market place. Strathmore received Exchange approval to undertake a normal course issuer bid with the Exchange for the purchase of up to 5% (4,390,000 common shares) of the Company's issued share capital over a twelve month period. All purchases under the buy-back program will be in accordance with the rules of the Exchange. Common shares purchased under the program will be cancelled. Strathmore has engaged Canaccord Genuity Corp. to undertake the share buy-back program on the Exchange.

The Company did not repurchase any common shares during the third quarter ending September 30<sup>th</sup>, 2010.

## **Transactions with Related Parties**

During the nine months ended September 30, 2010, the Company entered into the following transactions involving related parties. Paid or accrued management consulting fees, including bonuses, in the amount of \$351,906 to David Miller, the Chief Executive Officer for services provided to the Company. Paid or accrued management consulting fees, including bonuses, in the amount of \$331,535 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 \$112,495 to Patrick Groening, the Chief Financial Officer for services provided to the Company. In addition, Directors fees in the amount of \$32,627, \$2,233, \$22,885, and \$32,627 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.

On September 1, 2010, the Company received a general release from one of the two claims in the amount of \$108,000. Under the terms of the settlement no amounts were payable by the Company.

The remaining claim for \$182,616 is still outstanding. No amount has been accrued in the financial statements in respect to this claim as the outcome is not determinable.

---

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, short-term investments, investments, accounts payable and accrued liabilities. For cash and current receivables short-term investments, 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 investments represents significant observable inputs other than quoted prices.

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 accumulated other comprehensive income 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 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 September 30, 2010, 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:

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



	<b>September 30, 2010</b>	December 31, 2009
	\$	\$
Cash and cash equivalents	<b>9,474,940</b>	1,165,676
Short-term investments	<b>15,109,451</b>	2,866,990
Income taxes receivable	<b>275,474</b>	-
Amounts receivable	<b>112,272</b>	78,096
	<b>24,972,137</b>	4,110,762

(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:

	<b>September 30, 2010</b>	December 31, 2009
	\$	\$
Accounts payable and accrued liabilities	<b>821,420</b>	984,747
	<b>821,420</b>	984,747

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.

# Strathmore Minerals Corp.

Management's Discussion and Analysis  
Nine Months Ended September 30, 2010



## (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.

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\$	September 30, 2010		December 31, 2009	
	AUD\$	US\$	AUD\$	US\$
Cash and cash equivalents	-	9,162,217	-	970,916
Short-term investments	-	-	201,990	-
Amounts receivable	-	1,634	-	11,082
Investments	-	172,840	-	94,660
Income taxes receivable	-	275,474	-	-
Accounts payable and accrued liabilities	-	(798,605)	-	(947,983)
Deposit on sale proceeds	-	-	-	(261,650)
	-	8,813,560	201,990	(132,975)

Based on the above net exposures at September 30, 2010, a 10% depreciation or appreciation in the US dollar against the Canadian dollar would result in a \$881,356 (December 31, 2009 - \$13,298) increase or decrease in the Company's net loss. Similarly, a 10% depreciation or appreciation in the AUD dollar against the Canadian dollar would result in a \$Nil (December 31, 2009 - \$20,199) increase or decrease in the Company's net loss.

## Subsequent Event

Subsequent to the third quarter ending September 30<sup>th</sup>, 2010, Strathmore entered into a Purchase and Sale Agreement with Crosshair Exploration & Mining for the sale of the Juniper Ridge Property located in south-central Wyoming. Please refer to the Juniper Ridge section for further details of the terms of the Agreement.