



MANAGEMENT'S DISCUSSION & ANALYSIS

STRATHMORE MINERALS CORP.

FOR THE SIX MONTH PERIOD ENDING JUNE 30, 2011

Strathmore Minerals Corp.

Management's Discussion and Analysis
For The Six Month Period Ending June 30, 2011



Strathmore Minerals Corp. (the "Company" or "Strathmore") 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:

- Despite the devastating events due to the Japanese earthquake and tsunami in March 2011, and the Fukushima nuclear issues, management continues to believe that over the next decade, long-term world-wide uranium demand and the corresponding nuclear power plant build-out will require new uranium supply to meet this expanding demand. Approximately 85 new reactors are expected to be on-line by 2020, which more than offsets the expected and possible reactor closures in Europe. As such, Strathmore continues to advance its long-term plans for the permitting and development of its core uranium projects in New Mexico and Wyoming.
- 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. Current estimated global demand is approximately 180 million pounds per year with current production estimated at 140 million pounds per year. The remainder is derived from depleting secondary sources. While a rapidly rising uranium price during the period 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 continues to forecast supply deficits for every year from 2012 onwards. (RBC Capital Markets: Uranium Market Outlook: Second Quarter 2011)
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants. Fifty-three 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 CO₂ 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 2010 totaled approximately 55 million pounds, while annual domestic production is only 4.2 million pounds. (Source: US Department of Energy). 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. In the United States there is one nuclear power plant under

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construction, 9 planned, and 23 proposed, as at June, 2011.(Source: World Nuclear Association website. Nuclear Power in the USA. www.world-nuclear.org)

Recent Events

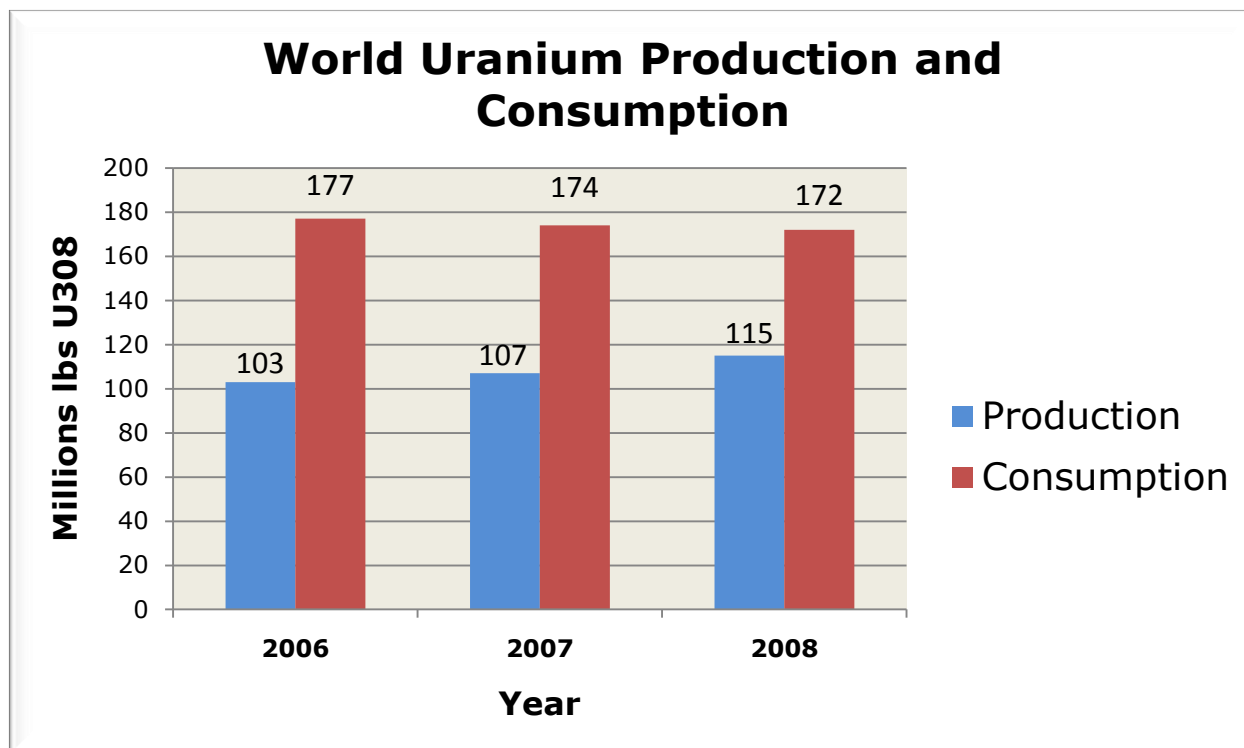
On March 11, 2011, a powerful 9.0 magnitude earthquake, followed by a tsunami struck northern Japan, causing extensive damage to the Fukushima nuclear power plant. The earthquake was seven times more powerful than the nuclear reactors built there were designed to withstand. Fear of radioactive contamination of the surrounding environment and a possible nuclear reactor meltdown, ensued. The decline in the uranium spot price and the negative market sentiment towards shares of uranium companies that immediately followed suggests that the accident may delay or discourage the current nuclear build-out, which in turn would negatively impact the demand for uranium. This event is ongoing. Several potential scenarios could evolve, and until there is clearer visibility in the sector, the near-term outlook for uranium demand is uncertain. Japan's annual uranium consumption is approximately 21.3 million lbs per year. Assuming 11 reactors are inoperable, and the others are able to generate electricity, Japan's annual uranium needs will decline by 4-5 million lbs per year (Dundee Capital Markets Uranium Sector Update-March 14, 2011). Germany and Switzerland have both made strong political statements moving away from nuclear power. Germany stated its intention to close all seventeen nuclear reactors in that country, while Switzerland suspended the approval process for three new nuclear reactors, later making the ban permanent. Switzerland's five existing reactors, which supply 40% of the country's power will not be replaced at the end of their life span, with the last plant to go off-line in 2034. (World Nuclear News. "Swiss Cabinet Goes for Nuclear Phase-Out". May 25, 2011). The countries with long-term plans for the construction of the largest number of new nuclear power plants: China, South Korea, Russia, and India, are maintaining their current nuclear reactor development plans, with a focus on increased safety. Analysts believe that uranium demand and supply will generally be in balance for the remainder of 2011, with deficits emerging in 2012 and continuing to 2020. Estimated reductions in both industry demand and supply have been factored into the latest forecasts. Reduced supply is expected to occur as a result of mine permitting delays going forward, and reduced production growth from Kazakhstan. Over the long-term, it is forecast that current and planned uranium production will not satisfy the needs of existing reactors, in addition to those currently under construction and planned, suggesting that higher uranium prices will be required to resolve the forecast supply deficits. (Raymond James Canada: Uranium Industry Comment-April 4, 2011 and RBC Capital Markets: Uranium Market Outlook-Second Quarter 2011). Post Fukushima, the UX Consulting Group forecasts long-term uranium demand to double by 2030. (UX Consulting Group, Uranium Production Cost Study. May 2011, Introduction, p. 4)

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Overview



Select List of Countries with Nuclear Plants Planned, Proposed, or Under Construction

<u>Country</u>	<u>Under Construction</u>	<u>Planned</u>	<u>Proposed</u>	<u>Total</u>
China	23	34	120	177
India	4	20	40	64
Russia	10	14	30	54
USA	1	9	23	33
South Africa	0	3	24	27
Ukraine	0	2	20	22
South Korea	6	6	0	12
Canada	2	4	3	9
Total	46	92	260	398

Source: World Nuclear Association Website-www.world-nuclear.org (Updated June, 2011)

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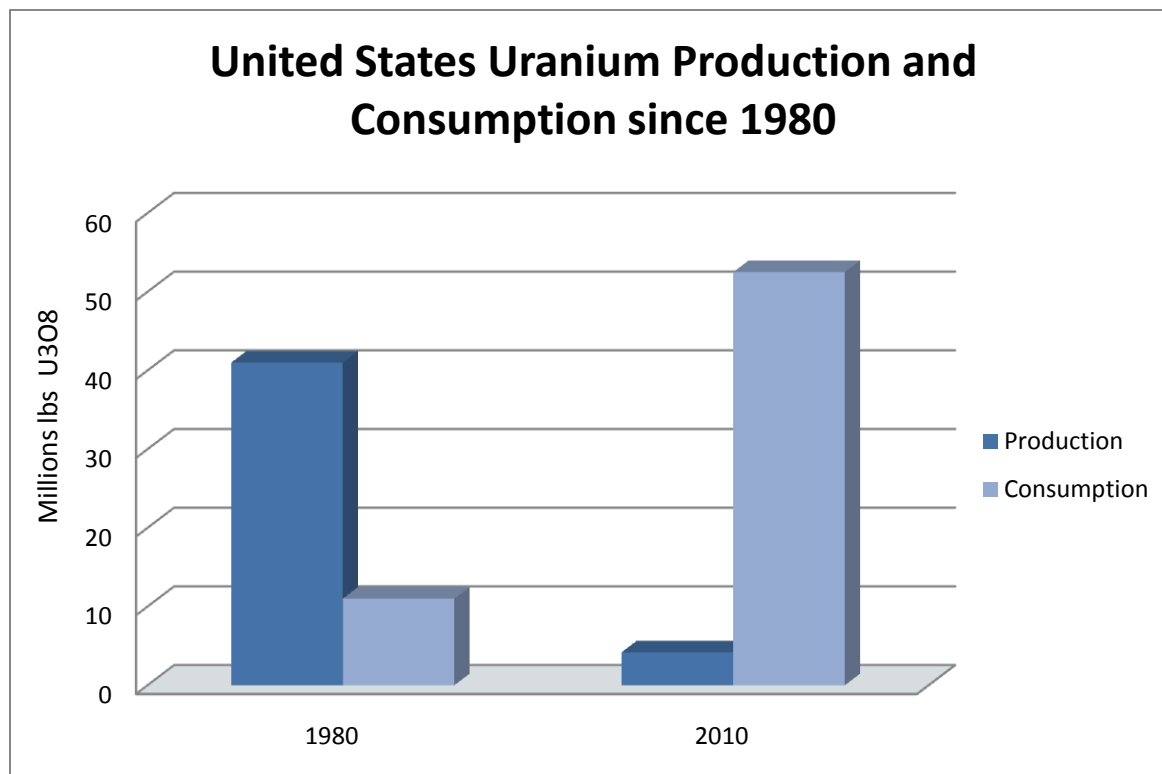


Since 2003, the increased uranium demand and higher prices, which contrasts with the previous two decades, has stimulated new exploration and development of both new and previously explored uranium properties worldwide. This trend resulted in a strong supply response, most notably from Africa and Kazakhstan. 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 nuclear build-out. Despite the Fukushima accident, RBC Capital Markets continues to forecast supply deficits for every year from 2012 onwards. (RBC Capital Markets: Uranium Market Outlook, Second Quarter-2011). Supply, to meet the current mine production shortfall, is derived from secondary sources.

Approximately one out of every four operating nuclear power plants in the world today is located in the United States. Uranium production 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. Despite an annual demand of approximately 50-55 million lbs to satisfy current reactor needs, the United States only produced 4,228,192 lbs of uranium in 2010 (US Department of Energy website www.eia.gov/uranium/production). 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 production decline, the United States is still the largest uranium consumer in the world, and possesses about 7% of the world's known recoverable supply (Toni Johnson, "Global Uranium Supply and Demand". Council on Foreign Relations - updated January 2010). While approximately 20% of the electricity generated in the United States is derived from nuclear power, much 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, thus removing an estimated 24 million lbs of U₃O₈ per year from the market, 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 uranium projects in the United States for future production: Roca Honda in New Mexico and Gas Hills in Wyoming. A non-core project, the Pine Tree/Reno Creek properties in Wyoming was sold to Bayswater Uranium Corporation in April, 2010.

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The Company has approximately 78,800 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 2009 to 78,800 acres at year end 2010 is a result of the April 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, on October 29th, 2010. The Company's two core uranium projects: Gas Hills in Wyoming and Roca Honda in New Mexico comprise 35,000 acres and 1,840 acres, respectively. Combined, they account for 40% of the Company's potential uranium producing lands. Both the Gas Hills and Roca Honda have 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 – Pages 23-24)

Strathmore's goal is to become a leading uranium producer in the United States. 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 unaudited condensed interim consolidated financial statements for the interim period ended June 30, 2011 (the "Financial Statements") and the annual audited consolidated financial statements and related notes of the Company for the year ended December 31, 2010. The information in this Management

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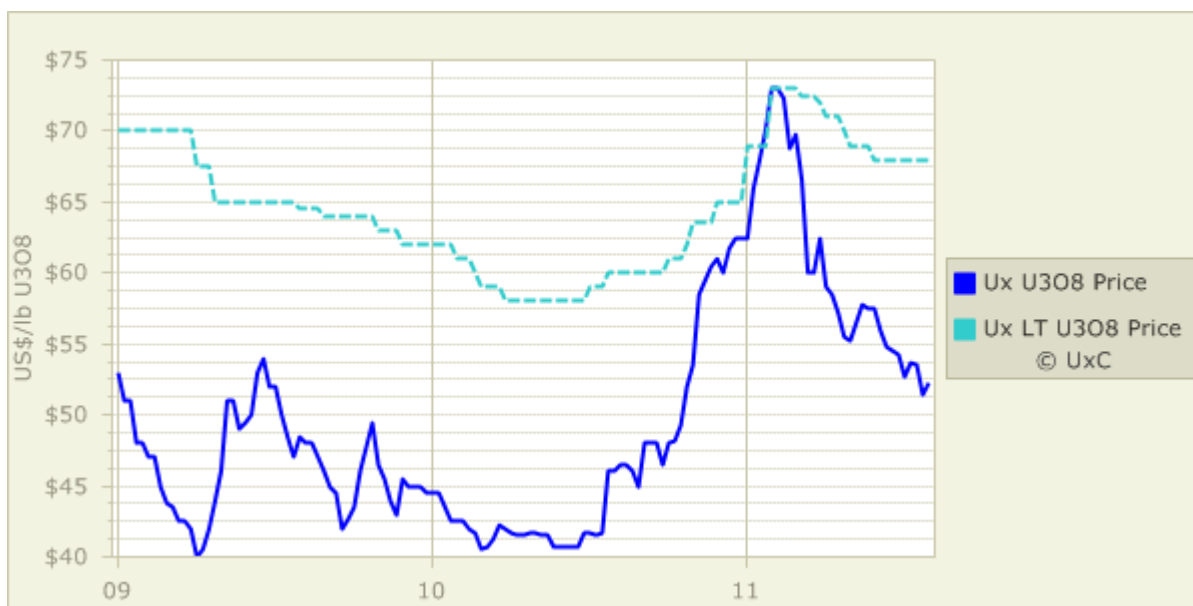


Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of August 5, 2011.

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

Performance Summary and Update

Two Year Uranium Spot and Long-Term Price



Source: The Ux Consulting Company, LLC www.uxc.com

In March 2010, the uranium spot price fell to a multi-year low of \$40.50/lb. During the second half of 2010, spot market buying originating from China, coupled with two multi-year uranium supply contracts between China, AREVA, and Cameco pushed the spot price to a close of US \$62.50 by December 31, 2010. The long-term uranium price, which remained in a relatively narrow range during most of 2010, closed the year out at US \$65/lb.

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. Both the spot price and long-term price traded at US \$73/lb price at the end of January, 2011. After the Fukushima nuclear accident in March, volatility increased

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significantly during that month, with the spot price trading in an approximate range between US \$47 and US \$67/lb. In April, the total volume of uranium transacted in the spot market was only 2 million lbs, which is the lowest monthly volume since December, 2009 (Raymond James Canada: Uranium Industry Comment May 4, 2011). Volatility has lessened due to the weaker volumes and the current spot price has settled at US \$52.25 per lb (UxC Consulting: Posted Price August 1, 2011). The long-term price has been much more stable and the July month-end price closed at US \$68/lb.

In addition to the volatility in the spot uranium price, the negative sentiment toward uranium equities following the Fukushima accident, has significantly affected the Company's share price, which has weakened considerably. Given that Strathmore is a development company, the selling pressure has resulted in a share price that has fallen to a greater extent than near term producers or producing companies with cash flow, reversing the positive investor sentiment toward the uranium sector, prior to the Fukushima accident. It is uncertain how long this event will impact the uranium sector. Analyst forecasts for the price of uranium have not changed significantly post accident, and the consensus expectations are for generally higher uranium prices in the years ahead.

First and Second Quarter 2011 Highlights

- Graduated to a full TSX listing on the Toronto Stock Exchange
- Completed a positive scoping study at its Church Rock, New Mexico, ISR project (see Church Rock - page 12)
- Resumed confirmation drilling and permitting activities for the completion of a NI 43-101 technical report, and for the advancement of the mine permit application. Subsequent, to the second quarter, an initial NI 43-101 technical report for the Gas Hills was completed on July 21st.

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

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.

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Corporate Goals for 2011

The 2011 goals listed below are a continuation of the advancement of the core Roca Honda and Gas Hills uranium development projects towards production, while other goals address increasing shareholder value.

- Complete a feasibility study for the proposed Roca Honda mine by the 3rd quarter of 2011. *(Completed phases 1 & 2 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 3rd quarter of 2010)*
- Initiate and complete the 4th stage of the feasibility study for the Peña Ranch mill processing and tailing facilities by the 3rd quarter of 2011.
- Continue permitting activities at Gas Hills for permit application submittal in 2011.
- Evaluate and commence permitting of heap leach or vat leach production facility at Gas Hills, Wyoming.
- Complete an initial NI 43-101 technical report for the Gas Hills Properties by the 3rd quarter of 2011. *(completed)*
- Continue with the ongoing plan to monetize or joint venture non-core properties.
- Pursue synergistic opportunities in the United States and/ or international opportunities that could potentially advance the Company's production profile.
- Evaluate potential partners to assist in funding, developing, and expanding the Company's core Gas Hills, Wyoming project. **(see Subsequent Event – Gas Hills)**

Key Multiyear Goals

- Assist the independent preparation of an Environment Impact Statement (EIS) for Roca Honda that is scheduled for completion by the 2nd quarter of 2013. (see Roca Honda for details of revised completion date)
- Obtain mine permit approval in 2013 and make a feasibility based production decision at Roca Honda (New Mexico).
- Obtain mine permit at Gas Hills (Wyoming).
- Secure uranium mill throughput agreements for Roca Honda production in New Mexico and/or obtain a mill permit for the Pena Ranch Mill.
- Secure a mill throughput agreement at the Sweetwater Mill and/or obtain uranium recovery facility approvals 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.
- Invest in certain mineral assets that are likely to generate cash flow that can be utilized to advance the Company's uranium development projects.
- Enhance shareholder value by utilizing excess working capital for passive investments and marketable securities where opportunities arise.

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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., 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. 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 two years. The planned production schedule (mining and milling) in New Mexico is now targeted for 2015-2016 from the 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

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" and began technical permit review. The Company's permitting team is actively engaged in the technical review process. In the first quarter of 2010, Strathmore commissioned Scott Wilson Roscoe Postle Associates Inc. (now known as the Scott Wilson Group plc), 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 involves the review and evaluation of existing data to identify information gaps required for a thorough analysis of all aspects and issues for the planning of the project. (Phase I was completed in the 3rd quarter of 2010.) Phase II involves the generation of a revised NI 43-101. Phase III evaluates the economics of the project and the necessary uranium prices to commence production. Mill assumptions will be used in Phases II and III and Phase IV will include a detailed mill feasibility analysis. In May 2011, the Company received a preliminary draft Feasibility Study for the Roca Honda mine project. It is currently under internal review with the final report expected by the 3rd quarter of 2011.

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As part of the mine permit approval process, an Environmental Impact Statement (EIS) is being independently prepared by Mangi Environmental Group, under the direction of the US Forest Service. The public participation process began with two local public information meetings held in the Grants area in December, 2010. These meetings were arranged 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 April, 2011, the Company was advised by the US Forest Service that completion of the EIS will likely take longer than originally anticipated. As a result, approvals by the regulatory agencies regarding the mine permit application, originally expected by Q2 2012, may be delayed until the Q2 2013. Senior management is continuing ongoing discussions with the US Forest Service and its EIS contractor, Mangi Environmental Group, to reduce the time to completion and deliver the EIS ahead of their revised schedule.

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. U₃O₈ contained within 3,782,000 tons at an average grade of 0.23% U₃O₈. An additional 15,832,000 lbs. at an average grade of 0.17% U₃O₈ 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:

- 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 the first 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.

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Starting in July 2007, the five year budget for Roca Honda was US \$27.2 million. As of June 30, 2011, approximately US\$18.7 million has been spent to advance the project. 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 mineralization outside the known uranium deposit. This area represents an additional exploration target that could increase the total known uranium resource.

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. The enactment of the Mt Taylor TCP was subsequently contested at the District Court level by a coalition of private land owners and mining companies, including Strathmore. In early 2011, the District Court Judge ruled in favour of the private landowners and mining companies, reversing the Mt. Taylor TCP designation at the state level, and sending the matter back to the New Mexico Cultural Properties Review Committee. The possibility of an appeal of this decision to a higher court remains. Because this case involves action taken by a State of New Mexico administrative agency, in order to appeal, a party or interest group must first obtain permission of the Court of Appeals on the grounds that the appeal is a matter of public interest. Certain interest groups have petitioned the New Mexico Court of Appeals to allow for an appeal of the District Court's decision. Those groups opposed to the TCP designation have responded to the request for appeal, with opposing reasons why an appeal should not proceed.

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Church Rock

Property Description

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.

Scoping Study

At the end of 2010, Strathmore completed an internal review to evaluate alternatives for the Church Rock deposit and determine how best to enhance shareholder value. The Company contracted Behre Dolbear and Company (USA), Inc., who completed a scoping study, also known as a preliminary economic assessment in April, 2011. Behre Dolbear's scoping study evaluated the extraction of uranium by both In-Situ Recovery (ISR) and conventional underground techniques, concluding that the exploitation of Strathmore's Church Rock uranium resource is most economic using ISR methods. While the study presented several uranium price points and discount rate scenarios, using a pre-tax discount rate of 8% and uranium sales prices from US \$65/lb to US \$80/lb, the Net Present Value (NPV) varied from US \$51 million to US \$90 million. This study has provided Strathmore with an independent review of mining alternatives for determining the best option for advancing this project.

History and Progress at Church Rock

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% U₃O₈ for a total of 11,848,007 pounds. An additional 1,950,560 tons averaging 0.090% U₃O₈ 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 13th

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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. This petition was dismissed on November 15, 2010, legally clearing the way for URI to proceed with an NRC license renewal and new plans for the development of this project. URI is planning to begin production at its Church Rock ISR project in mid-2013. (Uranium Resources Q1 Update, May 11, 2011)

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.

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 and 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. 21-24).

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Wyoming Properties

Gas Hills Properties (see Subsequent Event)

Permitting, Drilling, and Resource Calculation

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 continues to focus on evaluating and permitting its Gas Hills Properties, with the goal 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 and determining a viable uranium recovery option and obtaining the necessary government approvals.

Recently (April-June 2011) Strathmore resumed development drilling in the Gas Hills, in particular, on the Bullrush, Day Loma, George-Ver, Loco-Lee, and Rock Hill properties utilizing a reverse-circulation (RC) drill rig (*believed to be the first of its kind to drill in the Gas Hills*). A total of 41 holes were completed. Strathmore collected bulk samples from surface to total depth (varies from 100-450 feet). Overburden/interburden samples will be characterized as part of the mine permitting requirements and retrieved ore zone mineralization will be tested for mill amenability and column leaching to determine the ideal leachant (acid versus alkaline) and mill scenario (heap leach versus conventional milling). The drill data obtained will supplement the necessary data for the advancement of the mine permit application targeted for submittal in 2011.

The 41 hole drill program concluded in June of 2011, and the data obtained was also amalgamated into the initial NI 43-101 technical report prepared by independent geologist, Charles Snow for the Gas Hills Properties. The full report, including direct assay analysis of the 2011 drill program, is available at www.strathmoreminerals.com and was Sedar filed on July 21, 2011. (See Table 1: Strathmore Minerals: NI 43-101 Measured & Indicated Resources and Table 2: Strathmore Minerals: Uranium Resources Summary of all Properties, page 21-24). The completion of the Gas Hills NI 43-101 technical reports and compliant resource calculations represents the achievement of an important corporate goal for 2011.

History and Progress at Gas Hills

The State of Wyoming 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 U₃O₈ until operations ceased in the 1990s due to declining uranium prices. The majority of this production was derived from open-pit mining.

Strathmore began staking properties in the Gas Hills in 2005. By 2007, Strathmore announced that it had increased its land holdings in the Gas Hills to in excess of 33,000

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acres (12,950 hectares). The Company is now the largest land holder of uranium properties in the Gas Hills, which now exceeds 35,000 acres (13,000 ha), and includes a 100% interest in several properties with near-surface mineralization as determined by NI 43-101 compliant resources, historical resources, and a significant target mineral potential. As a result, the Gas Hills now makes up nearly all of the Company's core uranium land holdings in Wyoming. The Main Gas Hills deposits include George-Ver, Loco-Lee, Bull-Rush, Frazier LaMac, Andrea, Day Loma, Amazon, Sunset, and New Rock Hill. In early 2008, the Company announced it had staked additional lands in the Main Gas Hills area known as the Amazon and Sunset deposits, where historical resources total 2.1 million lbs U₃O₈. These additional properties complement Strathmore's existing Gas Hills deposits. (See below: Uranium Resources Summary by Property for additional detail.)

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 third quarter of 2010, the Company acquired the data libraries for the George-Ver and Loco Lee properties from Cameco Corporation. During the fourth quarter of 2010, Strathmore completed field activities including: confirmation, expansion and pit delineation drilling, monitor well installation, and collection of core samples for metallurgical testing at George Ver, Day Loma and Loco-Lee. Geotechnical drilling and the installation of monitor wells were completed within the Tablestakes area, which is under evaluation for a uranium recovery facility. Data obtained from this drill program in addition to the information learned from the two uranium data libraries acquired earlier this year, helped expedite the completion of NI-43-101 compliant resource calculation.

Uranium Processing Facility

One option for 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 NRC license and additional private mineral rights containing known uranium mineralization in the Gas Hills 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 location, named the Tablestakes area, as a possible alternative mill or heap leach uranium recovery site. Construction of a heap leach facility is now Strathmore's preferred extraction method given excellent uranium recovery potential and improved economics when compared to a conventional mill.

Recently (May 2011), Strathmore commissioned Lyntek Inc. of Lakewood Colorado, to investigate Strathmore's proposed Gas Hills Uranium Mill plan. Lyntek is a global leader that specializes in the engineering of mineral processing facilities, including uranium in-situ recovery, heap leaching, and conventional milling. Two main areas will be investigated; *geotechnical studies* to determine the suitability of the selected Heap Leach Pad location and the economic impacts to the Project to develop the selected site, and *metallurgical studies*

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to determine the suitability and amiability of the ores to heap leaching and the associated economics. Extensive studies are planned for 2011.

Based on the preliminary investigation carried out in May 2011, Lyntek stated in a letter to Strathmore (dated May 31, 2011, from Kenneth Smith, Lyntek Project Manager and Engineer): Lyntek has reviewed the current available assay data, core samples, and drill cuttings. Based on the reviewed data, samples, and historical operating practices from the area, the current decision to proceed with only a heap leach operation is justified. The ore grades and current proposed processing method completely support a heap leach facility, without the need for milling.

Main Gas Hills Area: Potential Mineral Target

In addition to the NI 43-101 compliant and historic resource estimates in the main area of the Gas Hills, potential mineral targets were estimated for potential mineralized trends at four Strathmore properties: the Antelope trend at George-Ver, Bullrush West-29, Day Loma SE Extension, and the Jeep South Extension. For these four areas, projected ranges for trend lengths (2,100 to 7,920 feet) and widths (150 to 400 feet) were based on drill hole location maps, aerial photographs taken during the height of past mine development, and onsite inspections of the former drill sites. A range of grade percents (0.064 to 0.239% eU₃O₈) was based on compliant or historic grade averages for nearby deposits and a range of thickness (5.6 to 30 feet) was based on historic resource reports, and gamma log interpretations. The District historic average of 16 cubic feet per ton ore was used, as was the assumption the mineralization is in equilibrium.

The following table provides an estimated range of potential mineral targets for the Main Gas Hills Area.

Gas Hills Uranium Properties: Potential Mineral Targets in Main Gas Hills Area

Potential Mineral Target	Low Average (pounds)	Mean (pounds)	High Average (pounds)
Antelope Trend, George-Ver	1,877,000	3,136,000	4,372,000
Bullrush, West-29	1,260,000	2,107,000	2,953,000
Day Loma, SE Trend	1,969,000	2,804,000	3,764,000
Jeep, South Extension	843,000	1,242,000	1,641,000
Potential Mineral Target	5,949,000	9,289,000	12,730,000

While there is no absolute certainty that the uranium roll fronts of similar size or grade extend onto these four areas, the quality of historical exploration and development work completed, the documented uranium production histories of several mining companies that operated in the District, in addition to the extensive exploration, development and mining experience in the Gas Hills Uranium District by the Company's technical team suggest otherwise.

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Potential Mineral Targets, Beaver Rim/South Gas Hills Properties

Strathmore is reviewing exploration plans for the highly prospective, unexplored portion of the Gas Hills, known as "Beaver Rim". The Beaver Rim area comprises ~ 16,000 acres, and is located immediately south of the main Gas Hills area. It is an eroded escarpment approximately 400 feet higher in elevation than the main Gas Hills area. Because of this additional elevation, drilling depths were greater than the shallow deposits to the north resulting in limited historical exploration. It is estimated that ~1,000-2,000 drill holes were drilled in the area. No uranium mine production occurred here. While there is no absolute certainty that the uranium roll fronts of similar size or grade are present, it is believed roll-front trends extend onto a portion of Strathmore's Beaver Rim from Cameco's adjacent ground to the north-east where they are actively permitting to mine by ISR methods.

Based on aerial photographs, historic resource reports, available gamma logs and drill hole maps, the recent NI 43-101 technical report prepared by Charles Snow reported an estimated range of uranium grades (0.180 to 0.340% eU₃O₈) and a trend width (75 feet) and thickness (15 feet) for the projected roll-front deposits in the Beaver Rim area. Twenty-two miles of potential trend was based on the pattern and spacing of the former drilling and the amount of land claims held by Strathmore at Beaver Rim. The district historic average of 16 cubic feet per ton ore was used, as was the assumption the mineralization is in equilibrium.

In addition to the NI 43-101 compliant and historic resource estimates in the main area of the Gas Hills area, the following table provides an estimated range of potential mineral targets for the Beaver Rim:

Beaver Rim Properties	Low Average (pounds)	Mean (pounds)	High Average (pounds)
Potential Target	29,400,000	40,838,000	55,539,000

Sky Property

The Sky Property consists of 50 unpatented mining claims totaling 1,033 acres (418 hectares) located west of the Gas Hills 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.

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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. The Jeep technical report was subsequently incorporated into the initial NI 43-101 technical report and compliant resource calculations for the entire Gas Hills Properties, which was completed and SEDAR filed on July 21, 2011.

Pine Tree/Reno Creek Properties (divested in 2010)

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 the Pine Tree/Reno Creek properties 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 up to a maximum of the entire 5% royalty for US\$10,000,000.

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 \$5,648,020 for a net gain of \$14,197,818. As of December 31, 2010, the Company has previously unrecognized tax assets and has recorded an income tax recovery of \$5,648,020 to offset taxes payable. No income taxes were payable as result of this sale.

In conjunction with the sale, Strathmore received 4,422,807 common shares of Bayswater. (see Investments below)

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).

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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% U₃O₈ for 7,539,000 pounds. This Measured and Indicated resource is not NI 43-101 compliant.

On October 29, 2010, Strathmore entered into a Purchase and Sale Agreement with Crosshair Exploration & Mining Corp ("Crosshair") for the sale of the Juniper Ridge Property. The purchase will be staged and include payments in cash and common shares of Crosshair. Summary terms of the agreement are as follows:

- Crosshair has paid Strathmore US \$200,000 in conjunction with Toronto Stock Exchange and TSX Venture Exchange approval of the Agreement.
- 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 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.

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- 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.

Schedule of estimated payments to be received from Crosshair Exploration & Mining Corp. in cash and common shares based on an estimated 5,000,000 pounds of uranium:

Year	Cash US\$	Common shares US\$	Total US\$
2010	200,000	-	200,000
2011	250,000	250,000	500,000
2012	1,250,000	1,250,000	2,500,000
2013	1,250,000	1,250,000	2,500,000
2016	To be determined by Strathmore Minerals Corp.		1,500,000
Total			7,200,000

On June 7 2011, Crosshair announced the initiation of a 24,400m drill program and metallurgical studies with the goal of confirming and expanding the Juniper Ridge historical uranium resource into a National Instrument 43-101 compliant resource.

Oshoto Leases (divested in 2009)

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 up to 3 years.

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 and financing, 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.

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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.

In 2010, the US Forest Service asked for public input for a Draft Environment Assessment, which proposes a "Mineral Withdrawal" to protect regional cultural resources on 3,957 acres of National Forest Lands, which includes Strathmore's Chord claims. Known as the Craven Canyon Project, this proposed action would "withdraw" the Chord claims from mineral exploration and permitting for mine development. The proposed action has impaired the Chord project and the Company has written off its mineral property costs for accounting purposes. Strathmore continues to maintain its claims in good standing and will review its alternatives for the Chord project, when a decision regarding the Craven Canyon Mineral Withdrawal has been finalized.

Strathmore wrote-off mineral property costs totaling \$1,266,525 in the fourth quarter of 2009.

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 August 5, 2011.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U ₃ O ₈	lbs/U ₃ O ₈	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

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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 (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
Gas Hills, WY: Day Loma, George-Ver, Loco-Lee, Rock Hill, Jeep	Various Companies C. Snow, 43-101 (2011)	NI 43-101 Measured & Indicated	5,531,809	0.097	10,731,308	Open Pit or 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
		TOTAL	22,320,914		55,833,968	

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 or the Company's website, www.strathmoreminerals.com

Table 2: Uranium Resources Summary of all Properties

The following table updates all of the Company's uranium resources as of August 5, 2011, excluding the Chord Property in South Dakota. 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.

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Uranium Resources Summary of all Properties

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U ₃ O ₈	lbs/U ₃ O ₈
<i>Core Projects: New Mexico & 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, WY: Day Loma, George-Ver, Loco- Lee, Rock Hill. Jeen	C. Snow, 43-101 (2011)	NI 43-101 Measured & Indicated NI 43-101 Inferred	5,531,809 957,616	0.097 0.064	10,731,308 1,234,164
Gas Hills, WY: Loco-Lee	Federal American Partners (1984)	Historical Measured & Indicated	1,994,262	0.073	2,904,895*
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, WY: Bullrush	Federal American Partners	Historical: Measured & Indicated	1,735,030	0.066	2,306,052*
Gas Hills, WY: Amazon: Gas Hills, WY: Sunset	Federal American Partners (1984)	Historical: Measured and Indicated	284,572 1,394,924	0.064 0.065	365,019* 1,812,376*
Gas Hills, WY: Badlands	Federal American Partners (1984)	Historical Measured & Indicated	162,467	0.066	215,674*
Development Project Pipeline: NM, WY, SD					
Ketchum Buttes, WY	Pathfinder (1980)	Historical: Measured & Indicated	1,135,000	0.064	1,454,900*
Juniper Ridge (Red Creek), WY	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 NI 43-101: Inferred	668,688 55,086	0.071 0.049	948,098 54,496

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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	0.100 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 (1977) H. Alief (2010)	NI 43-101: Measured, Indicated NI 43-101: Inferred	3,610,209 2,159,520	0.126 0.114	9,130,343 4,906,695
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*

**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. 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.*

2011 Uranium Property Budget

Plans for 2011 include a uranium property budget of \$12.1 million of which Strathmore's share will be \$8.9 million. In New Mexico, advancement of Roca Honda's permitting and development is budgeted to cost \$8.1 million. The Wyoming property budget is \$4.0 million, with the majority going to advance Gas Hills permitting and development.

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Results of Operations

General

Strathmore reported a net loss of \$1,141,808, or \$0.01 per share, for the three months ended June 30, 2011 compared with a net income of \$16,560,054, or \$0.20 per share, for the same period in 2010. For the six months ended June 30, 2011 the Company reported a net loss of \$3,027,330 or \$0.03 per share compared with a net income of \$15,269,055 (\$0.18 per share) for the same period in 2010. Net income in 2010 is the result of a gain on the Pine Tree/Reno Creek property divestiture.

General and administrative expenses totaled \$1,213,398 and \$2,825,362 for the three and six month periods ended June 30, 2011 compared with \$1,214,160 and \$2,608,972 for the three and six month periods ended June 30, 2010. Reduced consulting fee expenses were offset by higher share based payment expenses which kept general and administrative expenses similar to the prior comparative three and six month period.

Other Income and Expenses

Other expenses totaled \$142,593 and \$937,371 for the three and six month periods ended June 30, 2011 compared with other expenses of \$508,300 and \$404,487 for the three and six month periods ended June 30, 2010. In both the first half of 2011 and 2010, unrealized losses or declines in the market value in short term investments significantly increased other expenses. Losses in the first quarter of 2011 were mitigated by realizing \$445,474 gain on the sale of Bayswater common shares.

Selected Annual Information – Prepared Under IFRS

	December 31, 2010	January 1, 2010
Net income (loss) for the year	\$15,592,668	\$(n/a)
Comprehensive income (loss) for the year	14,617,182	(n/a)
Total assets	54,586,187	28,252,451
Total liabilities	2,323,732	1,246,397
Shareholders' equity	52,262,455	27,006,054
<hr/>		
Basic earnings (loss) per share	0.18	(n/a)
Diluted earnings (loss) per share	0.17	(n/a)

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Selected Annual Information – Prepared Under Canadian GAAP

	2010	2009	2008
Net income (loss) for the year	\$15,304,120	\$(6,288,499)	\$(18,882,790)
Comprehensive income (loss) for the year	15,372,043	(6,351,989)	(18,882,790)
Total assets	56,594,626	28,838,032	33,090,405
Total liabilities	2,323,732	1,246,397	5,649,079
Shareholders' equity	54,270,894	27,591,635	27,441,326
Basic earnings (loss) per share	0.18	(0.09)	(0.26)
Diluted earnings (loss) per share	0.17	(0.09)	(0.26)

Summary of Quarterly Results – Prepared Under IFRS

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2011	Net income (loss)	(1,885,522)	(1,141,808)		
	Basic and diluted earnings (loss) per share	(0.02)	(0.01)		
2010	Net income (loss)	(1,290,999)	16,560,054	344,850	(21,237)
	Earnings (loss) per share:				
	Basic	(0.02)	0.20	0.01	(0.01)
	Diluted	(0.02)	0.19	0.01	(0.01)

Summary of Quarterly Results – Prepared Under Canadian GAAP

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2010	Net income (loss)	(1,446,035)	17,361,955	(104,943)	(506,857)
	Earnings (loss) per share:				
	Basic	(0.02)	0.21	(0.01)	(0.01)
	Diluted	(0.02)	0.20	(0.01)	(0.01)
2009	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)

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.

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Private Placement

On January 20th, 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 \$20,064,784 at June 30, 2011 compared with \$25,348,206 at December 31, 2010.

Management has decided to maintain approximately one quarter 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 three quarters of its working capital in Canadian dollars and Canadian dollar denominated short-term investments.

Cash Flows

For the six months ended June 30, 2011, cash from continuing operations decreased by \$2,076,349 compared with a cash decrease of \$4,174,631 for the same period in 2010. Cash provided by continuing operating activities was \$38,782 compared to cash used in operating activities of \$10,232,717 for the same period in 2010. The change in operating activities reflects a \$9,612,803 increase in short-term investments during the first half of 2010 primarily from the purchase of guaranteed investment certificates. Cash flows used in investing activities increased to \$2,617,657 compared with \$1,845,990 in same period in 2010 as the Company devoted more resources to the development of its mineral properties. Cash flows provided by financing activities totaled \$502,526 compared with \$7,904,076 for the same period in 2010. During the first quarter of 2010, the Company closed an \$8.4 million private placement financing.

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 5). Historically, the Company has received revenues only from investment income on cash reserves held and divestiture of non-core properties.

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Investments

During the first quarter of 2011, Strathmore sold 1,248,000 common shares of Bayswater Uranium Corp, through the facilities of the TSX Venture Exchange, for a gain of \$445,474. Currently the Company owns 2,759,807 common shares representing approximately 12% of the outstanding shares of Bayswater. These shares are held for investment purposes. The Company views the Bayswater shares received as part of the Pine Tree Reno Creek property sale to be non-strategic assets to its overall plans. Depending on market conditions, the Bayswater shares will likely be sold to increase liquidity and fund ongoing operations.

On April 7, 2011, the Company invested \$2 million seed capital into Mogul Ventures Corp., a private Canadian based corporation engaged in coal exploration and development in Mongolia. These shares are held for investment purposes.

Change in Accounting Policy - Property and Equipment

In the absence of explicit transition requirements for new accounting pronouncements, the Company accounts for any changes in accounting principles retrospectively. As of January 1, 2011, the Company changed its amortization policy by adopting the straight-line method under IAS 16, *Property, Plant and Equipment*. Under the straight-line method, amortization is calculated at rates to write off the cost of property and equipment less their estimated residual value over their expected useful lives. The Company believes that the adoption of the straight-line method is more indicative of the use of the assets over their useful lives.

The impact of the change in accounting policy has been retrospectively applied in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of this change in accounting policy resulted in an increase of \$112,174 on deficit, a decrease of \$112,174 on assets, and a decrease of \$48,261 in net income and comprehensive income as at and for the year ended December 31, 2010. The impact of this change in accounting policy resulted in an increase of \$63,913 on deficit and a decrease of \$63,913 on assets as at January 1, 2010.

This change in accounting policy is not part of Company's conversion to IFRS.

Recent Accounting Pronouncements

Accounting policies effective January 1, 2011:

(i) IAS 32, Financial Instruments: Presentation

The revision of IAS 32 amends the criteria for classification as financial liabilities or equity by allowing some financial instruments that include a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only on liquidation to be classified as equity instruments when they

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have certain features. The classification criteria were also revised to take account of foreign currency denominated rights, options or warrants. Rights, options or warrants to acquire a fixed number of the Company's equity instruments for a fixed amount of any currency will be allowed to be classified as equity instruments so long as the Group offers the rights, options or warrants prorata to all of the Company's existing owners of the same class of the Company's non-derivative equity instruments. The Company adopted these changes for its annual period beginning on January 1, 2011. These changes did not affect the Company.

(ii) IFRS 7, Financial Instruments: Disclosures

The amendments to disclosure requirements in IFRS 7 enhance fair value measurements and liquidity risk disclosures. The Company adopted these changes for its annual period beginning on January 1, 2011.

(iii) IAS 1, Presentation of Financial Statements

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements. The Company adopted these changes for its annual period beginning on January 1, 2011.

Accounting policies effective January 1, 2012:

(i) IFRS 7, Financial Instruments: Disclosures

Amendments to IFRS 7 were implemented in 2010 to improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoptions permitted. The Company is currently analyzing the possible impact of this Standard on its consolidated accounts.

(ii) IAS 12, Income Taxes

An amendment was made to IAS 12 that provides a practical solution to determine the recovery of investment properties as it relates to the accounting for deferred income taxes. The amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Accounting policies effective January 1, 2013:

(i) IFRS 9, Financial Instruments

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New IFRS 9 revises the classification and measurement requirements of IAS 39 relating to financial assets. An entity will have to classify financial assets as subsequently measured at either *amortized cost* or *fair value*, on the basis of its business model for managing financial assets and the contractual cash flow characteristics of the financial asset. A financial asset will be measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an 'accounting mismatch'. This Standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its consolidated accounts.

(ii) IFRS 10, Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* will replace portions of IAS 27, *Consolidated and Separate Financial Statements*, and interpretation SIC 12, *Consolidation - Special Purpose Entities*. This Standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its consolidated accounts.

(iii) IFRS 12, Disclosure of Interests in Other Entities

The IASB has issued IFRS 12, *Disclosure of Involvement with Other Entities*, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. This Standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its consolidated financial statements.

(iv) IFRS 13, Fair Value Measurement

New IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. This Standard will become effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company will adopt this new standard as of

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its effective date. The Company is currently analyzing the possible impact of this Standard on its consolidated accounts.

Conversion to International Financial Report Standards ("IFRS")

Strathmore converted its basis of accounting from Canadian GAAP to IFRS which became effective for the first quarter of 2011. The conversion date for IFRS reporting is January 1, 2011. As part of the conversion the Company restated comparative amounts for the year ended December 31, 2010.

(a) *IFRS optional exemptions*

Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets, liabilities, and equity taken to deficit unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position as at January 1, 2010:

(i) Business combinations

IFRS 1 provides the options to apply IFRS 3, Business Combinations, retrospectively or prospectively from the date of transition. The retrospective basis would require restatement of all business combinations that occurred prior to the date of transition. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously under Canadian GAAP as a result of applying these exemptions. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after the Transition Date.

(ii) Cumulative translation differences

IFRS 1 allows a first-time adopter to be exempt from the requirements of IAS 21, *The Effects of Changes in Foreign Exchange Rates*, for cumulative translation difference that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative translation differences and adjusted deficit by the same amount at the Transition Date to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences

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that arose before the Transition Date to IFRS will not affect the gain or loss on disposal.

(iii) Share-based payments transactions

IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested or had been modified by the date of transition. The Company has elected not to apply IFRS 2 to awards that were modified or vested prior to the Transition Date.

(iv) Financial instruments

IFRS 1 allows a first-time adopter to designate, at the date of transition to IFRS, any financial asset or financial liability, previously designated as available-for-sale financial instruments, as at fair value through profit or loss provided the asset or liability meets the criteria in IAS 39. The Company has chosen to apply this election by designating its short-term investments as at fair value through profit or loss. The investments were previously designated as available-for-sale financial instruments and carried at fair value, with the unrealized gain or loss recorded in shareholders' equity as a component of accumulated other comprehensive income.

(b) *IFRS mandatory guidelines*

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening interim consolidated statement of financial position at January 1, 2010:

(i) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of the Transition Date are consistent with its Canadian GAAP estimates for the same date.

(ii) Accounting for non-controlling interests

IAS 27, *Consolidated and Separate Financial Statements*, requires certain amounts to be allocated between owners and non-controlling

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interests. IFRS 1 provides relief from requiring companies to gather information and calculate allocations between owners and non-controlling interests under IFRS for transactions in periods prior to the date of transition. As the Company elected to apply IFRS 3 prospectively, the Company will account for non-controlling interests under IAS 27 prospectively.

(c) *IFRS accounting policy changes*

The significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company are discussed in the following narratives and the resulting changes to the 2010 reported comprehensive income (loss) and financial position are shown in the following reconciliations of the Canadian GAAP consolidated statements of income (loss) and comprehensive income (loss) and consolidated statements of financial position as at January 1, 2010, the three months ended March 31, 2010, the six months ended June 30, 2010, and the year ended December 31, 2010 to IFRS.

(i) Exploration and evaluation expenses

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

(ii) Impairment of non-financial assets

Unlike Canadian GAAP that requires an assessment of impairment on an annual basis, IFRS requires an assessment at each reporting date as to whether there are indicators of impairment for exploration and evaluation expenditures. However, the IFRS impairment test requires the carrying value of the asset to be compared to the higher of the fair value less costs to sell and the value in use which is the discounted future 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 impairment testing.

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

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The Company completed an impairment review of its exploration and evaluation assets and property and equipment as at January 1, 2010, March 31, 2010, June 30, 2010 and December 31, 2010 and concluded that the assets were not impaired in accordance with IFRS. The Company also concluded that previously recorded impairment charges should not be reversed as at January 1, 2010, March 31, 2010, June 30, 2010 and December 31, 2010 in accordance with IFRS.

(iii) 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. The Company has determined that as at the Transition Date, the Canadian dollar is the functional currency of the parent Company and the US dollar is the function currency of the Company's US subsidiaries. Under Canadian GAAP, the US subsidiaries were defined as integrated foreign operations and therefore no foreign exchange translation in equity was noted. In electing to take the IFRS 1 exemption, the Company has included the foreign exchange, resulting from the translation of the US subsidiaries at the Transition Date under IFRS, within deficit. For the period ended June 30, 2010 and for the year ended December 31, 2010, the foreign exchange, resulting from the translation of the Company's US subsidiaries under IFRS, is included in the foreign currency translation reserve in equity.

(iv) Share-based payments

IFRS requires each tranche in an award with graded vesting be considered as a separate grant with a different vesting date and fair value whereas the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award under Canadian GAAP.

IFRS requires an estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Under Canadian GAAP, forfeitures of awards are recognized as they occur.

For the purpose of accounting for share-based payments transactions under IFRS, an individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by employees. This definition of an employee

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is broader than that previously applied by the Company under Canadian GAAP and resulted in certain contractors and consultants being classified as employees under IFRS.

As a result of these differences, the Company adjusted its share-based payments.

(v) Income taxes

All deferred tax assets and liabilities are classified as non-current under IFRS whereas under Canadian GAAP, deferred tax assets and liabilities are split between current and non-current components on the basis of either (1) the underlying asset or liability or (2) the expected reversal of items not related to an asset or liability. The Company reclassified its deferred tax liabilities from current to non-current liabilities at June 30, 2010 and December 31, 2010.

(vi) Presentation and disclosure

The increased disclosure required under IFRS will cause the Company to change financial reporting processes so that appropriate data is collected and to ensure we meet the presentation and disclosure requirements under IFRS in our IFRS financial statements.

(d) *Consolidated Statements of Cash Flows*

The Company's cash flows from continuing operations prepared in accordance with Canadian GAAP and as previously reported have decreased in comparison to those prepared and reported in these unaudited interim consolidated financial statements in accordance with IFRS as follows:

Six months ended June 30, 2010:

- (i) Net cash used in operating activities from continuing operations decreased from \$10,922,036 to \$10,232,717.
- (ii) Net cash used in investing activities from continuing operations increased from \$1,185,304 to \$1,845,990.
- (iii) Net cash provided by investing activities from discontinued operations decreased from \$17,321,060 to \$17,240,097.

Year ended December 31, 2010:

- (i) Net cash used in operating activities from continuing operations decreased from \$2,689,569 to \$2,446,982.

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- (ii) Net cash used in investing activities from continuing operations increased from \$3,739,693 to \$3,740,623.

Comparison between IFRS and Canadian GAAP of Selected Financial Information and Key Financial Data

Six Months Ended June 30, 2010:

	<u>IFRS</u>	<u>Canadian GAAP</u>
Net income	\$15,269,055	\$15,915,920
Basic earnings per share	\$0.18	\$0.18
Assets	\$55,318,509	\$55,577,675
Liabilities	\$3,127,954	\$3,127,954
Shareholders' Equity	\$52,190,555	\$52,449,721

Refer to Note 12 of the financial statements for the detailed reconciliation of the balances.

Capital Resources

The Company has not entered into any property option agreement that requires 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 to the end of 2011, the Company will fund 60% of up to the budgeted US\$27.2 million feasibility study for Roca Honda.

Outstanding Share Data and Share Buyback Program

As of August 5, 2011, the Company has 89,544,769 common shares issued and outstanding. The Company also has 7,865,000 incentive stock options ranging in exercise price from \$0.41 to \$2.25. Currently outstanding share purchase warrants total 7,493,364 and each warrant is exercisable at \$0.75.

During the third quarter of 2010, 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.

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As of August 5, 2011, the Company has not repurchased any common shares under the share buyback program.

Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are discussed below:

	June 30, 2011	June 30, 2010
	\$	\$
Share-based payments for options granted to key management personnel	399,696	731,402
Wages and consulting fees paid to key management personnel	679,898	1,013,013
	1,079,594	1,744,415

Included in accounts payable at June 30, 2011 is \$5,274 (December 31, 2010 - \$12,911) 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.

Share-based payments represent the fair value calculations of options in accordance with IFRS 2, *Share-Based Payments*, granted to key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors (whether executive or otherwise) of the Company.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the six months ended June 30, 2011 and June 30, 2010.

Contingency

The Company has a claim for services allegedly performed on its mineral properties totalling \$182,616. The party has commenced legal proceedings against the Company. The Company unequivocally rejects this claim and is actively defending itself. No amount has been accrued in the financial statements with respect to this claim as the outcome is not determinable.

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

Financial instruments and risk management

The Company's financial assets and liabilities consist of cash and cash equivalents, income taxes receivable, amounts receivable, short-term investments and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable, income taxes receivable 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 short-term investments represents quoted prices in active markets for identical securities.

As at June 30, 2011, the determination of the fair value measurements, which the Company's financial assets and liabilities are categorized on the condensed interim consolidated statements of financial position, is as follows: cash and cash equivalents and short-term investments are measured at fair value. As at June 30, 2011, there were no available-for-sale financial assets measured and recognized at fair value and there were no loans and receivables or held-to-maturity investments measured and recognized at amortized cost on the condensed interim consolidated statements of financial position.

The Company's financial assets and liabilities are exposed to a number of financial and market risks, including credit, liquidity, 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.

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 ratings, monitoring activities related to receivables and counterparty concentrations measured by amounts and percentages. The primary sources of credit risk for the Company arise from financial assets including cash and cash equivalents held with major financial institutions and 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. As at June 30, 2011, the Company has no financial assets that are past due or impaired due to credit risk defaults. Therefore, the Company is not exposed to significant credit risk.

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

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	June 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Cash and cash equivalents	19,011,039	21,087,388	1,218,006
Amounts receivable	99,227	196,438	78,096
	19,110,266	21,283,826	1,296,102

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 are 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.

As at June 30, 2011, the Company had positive working capital of \$20,064,784. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk.

The following table summarizes the Company's financial liabilities:

	June 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Accounts payable and accrued liabilities	2,391,762	1,011,804	984,747
	2,391,762	1,011,804	984,747

Market risk

Market risk is the risk that the fair value for assets classified as fair value through profit or loss ("FVTPL") and available-for-sale or as future cash flows for assets and liabilities considered to be held-to-maturity, as other financial liabilities, and as 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 market fluctuations. The Company holds certain marketable securities that will fluctuate in value as a result of trading on global financial markets. Based on the Company's portfolio at June 30, 2011, a 10% increase or decrease in the market price of the securities held, ignoring any foreign currency risk which is described

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below, would have resulted in an increase or decrease to net income of approximately \$319,113 (December 31, 2010 - \$337,160, January 1, 2010 - \$296,165). 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.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There has not been any change in the Company's internal control over financial reporting that occurred during the Company's second fiscal quarter of 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Subsequent Event – Gas Hills Properties

On August 5, 2011, Strathmore entered into a binding Heads of Agreement ("HOA") with Korea Electric Power Corp. (KEPCO) for a phased US \$45 million development of the Gas Hills uranium properties. The HOA is divided into two phases over four years. Phase I requires KEPCO to subscribe for US \$8 million private placement financing in Strathmore at \$0.66 per share, subject to market conditions, and provide a US \$2 million project development allowance. No interest is earned by KEPCO during Phase I but the combined proceeds of US \$10 million must be used to develop the Gas Hills Properties. Subject to achieving successful results from the completion of Phase I, KEPCO at its sole discretion, may enter into a Phase II program, allowing them to earn-in up to a 40% interest in the Gas Hills Properties, for an additional \$35 million in expenditures over the subsequent three years.

Both Strathmore and KEPCO will have 45 days from the agreement date to complete the share subscription and definitive agreements. The HOA is subject to several conditions which include final due diligence, regulatory approval, approval of the board of directors, and the resolution of definitive documents. There is no certainty that definitive agreements will be entered into or the transaction completed.