



MANAGEMENT'S DISCUSSION & ANALYSIS

STRATHMORE MINERALS CORP.

FOR THE YEAR ENDED DECEMBER 31, 2010

Strathmore Minerals Corp.

Management's Discussion and Analysis
For The Year Ended December 31, 2010



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

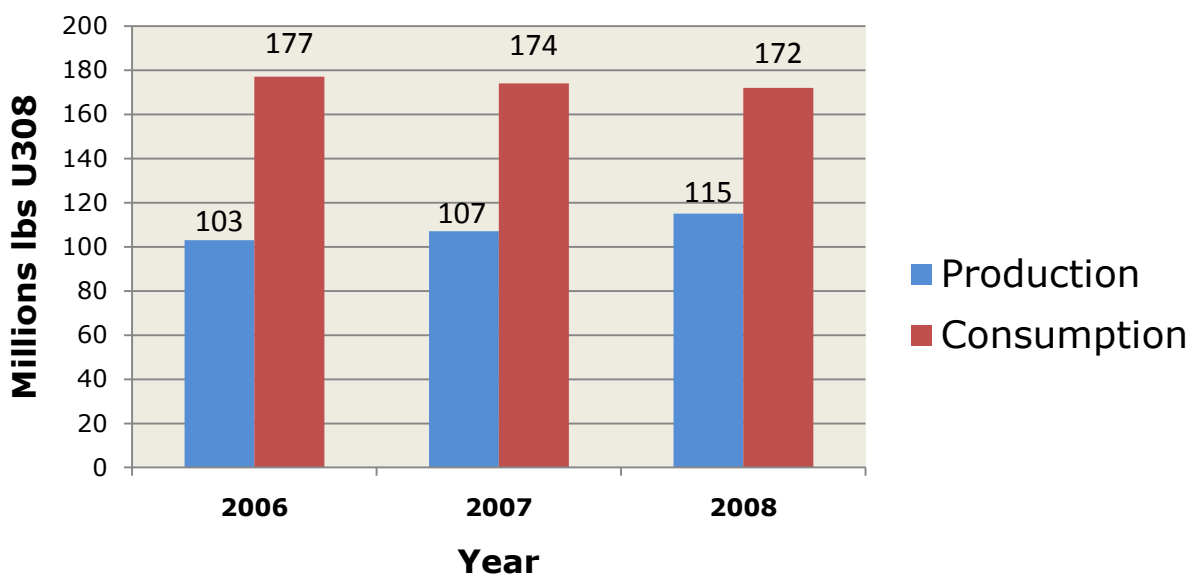
- Worldwide nuclear energy demand is projected to increase significantly. According to the World Nuclear Association, electricity demand is increasing much more rapidly than overall energy use and is likely to almost double from 2004 to 2030.
- Long-term global uranium demand/supply imbalance, resulting in a potential for significantly higher uranium prices. While a rapidly rising uranium price between 2004-2007 stimulated the development of new supply, according to RBC Capital Markets, it may not be enough to meet future demand. RBC Capital Markets forecasts supply deficits for every year from 2012 onwards. (RBC Capital Markets: Uranium Market Outlook: Fourth Quarter-2010)
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants. Fifty-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 2008 totaled approximately 55 million pounds, while annual domestic production declined in 2008 by approximately 15% to 3.9 million pounds. (Source: US Energy Information Administration). The United States also utilizes secondary sources primarily from the dismantling of nuclear weapons ("megatons for megawatts"), in addition to importing uranium for most of its domestic requirements to meet the shortfall in production. In the United States there is one nuclear power plant under construction, 9 planned, and 23 proposed, as at December 28, 2010.(Source: World Nuclear Association website: www.world-nuclear.org)

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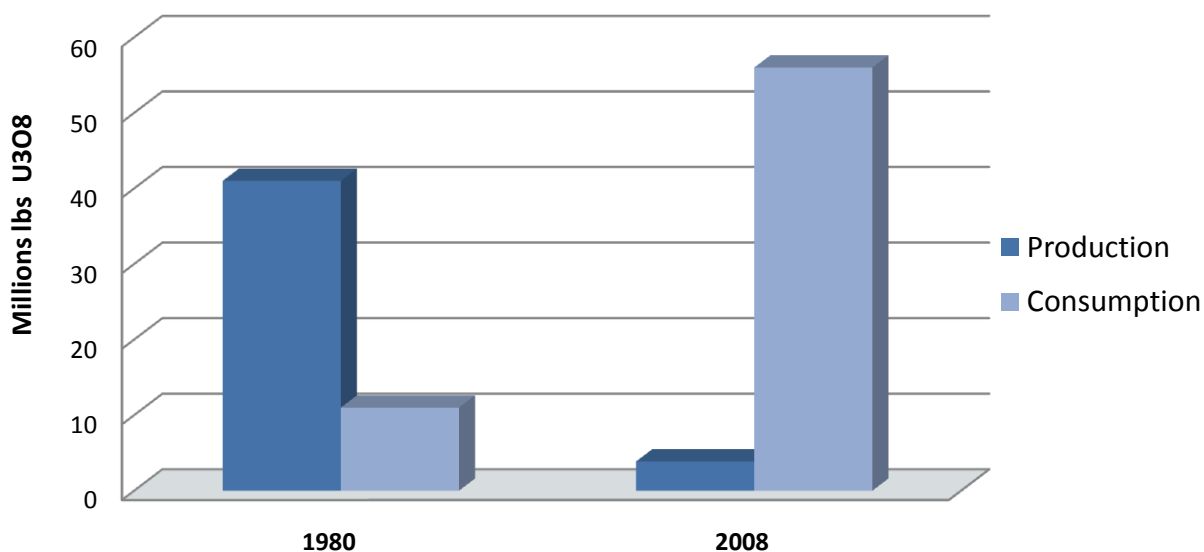
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World Uranium Production and Consumption



Change in United States Uranium Production and Consumption



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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	18	35	90	143
India	6	23	15	44
Russia	9	7	37	53
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
Other	11	47	87	145
Total	53	136	299	488

Source: World Nuclear Association Website-www.world-nuclear.org (Updated Dec. 28, 2010)

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

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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.

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 34,000 acres and 1,840 acres respectively. Combined, they account for 40% of the Company's potential uranium producing lands. The Gas Hills properties contain historical drilled resources, while Roca Honda has NI 43-101 Measured & Indicated, and Inferred Resources. (See Table - Uranium Resources Summary of All Properties for a summary of tonnage, grade, and total resources – Pages 20-21)

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 audited consolidated financial statements and related notes of the Company for the year ended December 31, 2010 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of March 29, 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.

Recent events

On March 11, 2011, the largest earthquake and subsequent tsunami in recorded history devastated the north eastern island of Japan. Japanese officials are diligently focused on containing radiation release from the earthquake-crippled nuclear power plant. A consequence of this event may be delays in, or actual postponement or cancellations of, the construction of new nuclear plants around the world as public perception and/or higher compliance costs negatively impact the desire for nuclear power.

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The immediate impact on the uranium market was significant with the spot price of uranium falling \$6.50 to \$60.00 per pound as reported by UxC on March 14, 2011. The Company is concerned about the events in Japan but sees continued increasing demand for uranium from reactors already online and under construction. Estimated global demand is approximately 180 million pounds per year with current production estimated at 140 million pounds per year with the remainder coming from depleting secondary sources. Cameco's CEO recently stated, "...there isn't going to be much of a change in the supply and demand imbalance we have, and in the need for new projects to come online in the next decade." (Reuters – March 22, 2011) Given current and forecasted uranium demand, the Company remains committed to developing its uranium properties for production.

Performance Summary and Update

Uranium Spot Price and Long-Term Price - 2 Year History



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

Strathmore's goal is to become a leading uranium producer in the United States. The Company finances its exploration and development through equity financing, by way of joint venture, option agreements or other means. The Company's properties are located primarily in the two largest historical uranium producing districts in the United States: Grants, New Mexico and the Gas Hills, Wyoming. The Roca Honda property in New Mexico and the Gas Hills properties in Wyoming are the Company's most advanced uranium development projects.

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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. During the twelve months ending December 31, 2009, the spot and long term price traded in a range between US\$40-54/lb and US\$62-70/lb, respectively. The long-term contract price, which is not published as frequently as the weekly spot price, but accounts for almost 80% of the global uranium bought and sold, reached an all-time high of approximately US \$95 in mid-2007 before declining to a multi-year low of US \$58/lb in March 2010. As of March 29th, 2011 the current long-term price is US \$72/lb. During the same period, the uranium spot price reached an all-time high of US \$138/lb, before declining to a low of US \$40.50 on March 1, 2010. As of March 29th, 2011 the current spot price is US \$62.50/lb.

In 2006, development problems at Cameco's Cigar Lake uranium deposit in Canada, removed approximately 18-20 million pounds of expected production from the global market place, causing the uranium price to surge to the upside. Cigar Lake, which is one of the largest and richest uranium mines in the world, is not expected to produce uranium until mid-2013 (Source: Cigar Lake NI 43-101 Technical Report, March 30, 2010).

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

2010 Highlights

New Mexico

- In September, phase 1 of a 4 phase feasibility study for Roca Honda was completed.
- In October, Strathmore reported that the Roca Honda mine permit review process remains on schedule and under budget. In addition, Strathmore's preparation of a future U.S. Nuclear Regulatory Commission (NRC) permit application has resumed for construction and operation of a conventional uranium mill in New Mexico.
- In June, completed a NI-43-101 technical report for the Marquez Property in New Mexico. (see details under Marquez)

Wyoming

- In August, acquired detailed data libraries for the Gas Hills George-Ver & Loco Lee properties from Cameco to save drilling costs and advance mine permitting.
- In June, Strathmore acquired a detailed database for the Gas Hills Day Loma property to assist in the preparation of an updated NI 43-101 technical report.

Property sales and other

- In April, Strathmore closed the sale of the Pine Tree-Reno Creek properties to Bayswater Uranium Corporation. Total gross proceeds received from this transaction include \$17.5 million cash and Bayswater common shares valued at \$2.3 million at closing. Strathmore retained a 5% gross production royalty. As a result of this transaction, Strathmore owned 4.4 million common shares of Bayswater, representing in the aggregate, approximately 19.9% of the issued and outstanding

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shares of Bayswater.

- In October, an agreement to sell Strathmore's Juniper Ridge property to Crosshair Exploration & Mining Corp. for an estimated minimum value of US\$7.2 million in cash and shares over 6 years was completed. (see details under Juniper Ridge)
- In December, received an OTCQX listing to provide greater accessibility and liquidity for US investors. Strathmore trades on the OTCQX under the symbol "STHJF".
- In January, the Company completed an \$8.4 million private placement financing.

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 and 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.
- Assist the independent preparation of an Environment Impact Statement (EIS) for Roca Honda that is scheduled for release in late 2011/early 2012.
- Continue permitting activities at Gas Hills for permit application submittal in 2011.
- Evaluate and commence permitting of heap leach or vat leach production facility in Gas Hills, Wyoming.
- Complete NI 43-101 technical reports for the George-Ver and Day Loma properties in the Gas Hills by the 3rd quarter of 2011.
- 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.

Key Multiyear Goals

- Obtain mine permit approval in 2012 and make a feasibility based production decision at Roca Honda (New Mexico).
- Obtain mine permit approval to begin production at Gas Hills (Wyoming).
- Secure uranium mill throughput agreements for Roca Honda production in New Mexico and/or secure a mill permit for the Pena Ranch Mill.
- Secure a mill throughput agreement at the Sweetwater Mill and/or secure a mill permit at the Tablestakes area in the Gas Hills.
- Secure long-term contracts for projected uranium production.
- Monetize or joint venture non-core projects.
- Secure additional capital for construction of mines and mills.

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- Invest in certain mineral assets that are likely to generate cash flow that can be utilized to advance the Company's uranium development projects

In 2010, the Company continued to execute its strategy of advancing its core New Mexico and Wyoming properties towards production. However, a continued decline in the spot price for uranium to a multi-year low of US \$40.50/lb in March, and a challenging small cap equity market characterized the market environment through the first half of 2010. Despite these challenges, Strathmore was able to arrange an \$8.4 million private placement financing, which was necessary to continue development activities on a timely basis. This financing closed on January 20th, 2010. In addition, the Company was successful in closing its agreement with Bayswater Uranium Corporation for the sale of its Pine Tree-Reno Creek properties to raise additional necessary capital. The proceeds from this sale totaling \$17.5 million in cash and 4.4M Bayswater common shares valued at \$2.3 million at closing were received on April 7, 2010. Disciplined cost control and focus on our two key projects, coupled with the Company's ability to raise additional capital and close the Pine Tree-Reno Creek sale, enabled the Company to advance its two core projects, and subsequently strengthen its financial position during a difficult business period.

The second half of 2010 was characterized by a sharp rise in the uranium spot price to a year-end close of US \$62.50/lb, an increase of 54% off the March multi-year low. With strengthening uranium prices, coupled with the successful repositioning of the Company in 2010, Strathmore was able to more aggressively pursue its goals. Subsequent to the quarter ending December 31st, the Company set its capital budget for 2011 at US \$12.1 million, including US \$3.2 million from its partner Sumitomo Corp for their pro-rata share of the Roca Honda project. The total represents the largest capital budget in the Company's history. The Company may revise its budget to reflect market realities and is active in monitoring uranium pricing and regulatory compliance issues.

A table highlighting uranium projects with NI 43-101 and historical resource summaries is found in the section titled **Uranium Resources Summary of all Properties** (see pages 20-21).

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.

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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. Failed plans by other potential producers in the area to construct a mill have also caused delays. While the Company has renewed its mill permitting efforts, these delays have caused the mill permit initiative to lag behind the mine permit schedule by approximately two years. The mine permit application remains on schedule, and a decision from the regulatory Agencies regarding the mine permit is expected by the second quarter of 2012. However, the planned production schedule (mining and milling) in New Mexico is now targeted for 2015-2016 from the 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.

As part of the mine permit approval process an Environmental Impact Statement (EIS) is being independently prepared by Mangi & Associates. The EIS expected release date is expected in late 2011 or early 2012. 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.

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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.

Starting in July 2007, the five year budget for Roca Honda was US \$27.2 million. As of December 31, 2010, approximately US \$16.1 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.

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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. Subsequent to the year ending December 31st 2010, 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.

Church Rock

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

In December 2005, Strathmore completed a NI 43-101 Measured and Indicated resource estimate of 6,221,467 tons at an average grade of 0.10% 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.

During the fourth quarter Strathmore completed an internal review to evaluate alternatives for the Church Rock deposit and determine how best to enhance shareholder value. Subsequent to the quarter ending December 31, the Company contracted Behre Dolbear and Company (USA), Inc. to complete a scoping study, also known as a preliminary economic assessment. Behre Dolbear will prepare a phased study that will evaluate the extraction of uranium by both In-Situ Recovery (ISR) and conventional underground techniques. This study will provide Strathmore with an independent review of mining alternatives for determining the best option for advancing this project.

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

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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. 19-21).

Wyoming Properties

Gas Hills Properties

Permits and Feasibility

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 continued to focus on evaluating and permitting its Gas Hills Properties during 2010, 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 milling options.

During the second quarter of 2010, Strathmore was successful in purchasing the exploration and development data library for the Day Loma Property in a private transaction. In the third quarter of 2010, the Company acquired the data libraries for the George-Ver and Loco Lee properties from Cameco Corporation. The Company plans to complete NI 43-101 technical reports and compliant resource calculations for these properties in the first half of 2011, thereby achieving an important corporate goal for 2010. During the fourth quarter ending December 31st, 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 Sagebrush-Tablestakes site, which is under evaluation for a uranium recovery facility. Data obtained from this drill program will supplement information learned from the two uranium data libraries acquired earlier this year, enabling the completion of NI-43-101 compliant resource calculations and the advancement of the mine permit application targeted for submittal in 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 U_3O_8 until operations ceased in the 1990s due to declining uranium prices. The majority of this production was derived from open-pit mining.

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

Permitting was initiated in late 2006, beginning with the George-Ver Property. Future production is based on the assumption that a custom milling agreement can be obtained at the nearby Sweetwater Mill, which is owned by a global mining company. This mill is not presently in operation. In December 2007, the Company entered into an option agreement to purchase an existing 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 potential mill location, as a possible alternative milling site, should a custom milling agreement with the Sweetwater Mill be unobtainable. Strathmore shall have one year to evaluate the acquisition of the NRC License and uranium properties and any obligations associated with the option agreement. In December 2010, this option agreement was renewed for another year.

Strathmore is reviewing exploration plans for the highly prospective, unexplored portion of the Gas Hills, known as "Beaver Rim", located south of the designed open pit deposits. Historical drill logs show indications of up to 5 uranium roll fronts lying beneath the Company's claims, which total approximately 16,000 acres.

Sky Property

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

Pine Tree-Reno Creek Properties

The project consists of approximately 16,000 acres (6,475 hectares) located in the central Powder River Basin in Campbell County, Wyoming. In September 2007, the Company completed a formal Joint Venture Agreement with American Uranium Corporation ("AUC") over several nearby properties (Pine Tree, Four Mile Creek, West Reno, and State and Private leases). Total expenditures of US \$33 million are required to be spent by American Uranium to earn a 60% interest. On April 7, 2010, the Company and American Uranium mutually agreed to terminate the joint venture agreement. Minimum funding requirements were not met and American Uranium retains no interest in the property.

On April 7, 2010, the Company closed an agreement to sell 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 are payable as result of this sale.

In conjunction with the sale, Strathmore received 4,422,807 common shares of Bayswater, representing in the aggregate, approximately 19.9% of the issued and outstanding shares of Bayswater (TSX-V:BYU).

During the quarter ending December 31st, 2010, Strathmore sold 415,000 common shares of Bayswater, through the facilities of the TSX Venture Exchange, for net proceeds totaling \$338,315. At year end, the Company owned approximately 18% of the outstanding shares of Bayswater and does not have significant influence over Bayswater.

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

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2007, bringing the total number of claims to 201, in addition to one State of Wyoming Mineral Lease. Four mineral claims were subsequently dropped. The project now comprises 197 claims totaling 4,710 acres (1,906 hectares).

During the third quarter of 2007, the Company reviewed new data, which allowed for an updated historical resource estimate at its Juniper Ridge Project. The historical Measured and Indicated resource totals 5,971,000 tons grading 0.063% 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.

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- Strathmore shall retain a 2% Gross Revenue Royalty on the property. Crosshair shall have the option to repurchase this royalty at any time during the first three years after commercial production commences for US \$1.5 million for each 1% of the Gross Revenue Royalty.
- Should Crosshair fail to make any of the scheduled payments, Strathmore shall be entitled to keep all payments made by Crosshair, and title to 100% of the property.

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

Oshoto Leases

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

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

After the Company acquired the Chord project, it entered into a Letter of Intent with Great Bear Uranium Corp. ("Great Bear") that provided Great Bear the option to acquire a 100% interest in this property. To earn a 100% interest, Great Bear was required to make total cash payments of \$4,100,000 to the Company under specific terms.

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

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.

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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 December 31st, 2010.

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
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated	6,221,467	0.100	11,848,007	ISR or Conventional Underground
Marquez, New Mexico	Kerr McGee (1977) H. Alief 43-101 (2010)	NI 43-101 Measured & Indicated	3,610,209	0.126	9,130,343	ISR or Conventional Underground
Nose Rock, New Mexico Section 1	Phillips Uranium (1979) Alief (2009)	NI 43-101 Measured & Indicated	884,091	0.147	2,593,486	ISR or Conventional Underground
Dalton Pass, Sec 32, New Mexico	Pathfinder (1980), / Alief (2009)	NI 43-101 Measured & Indicated	1,622,650	0.095	3,070,726	ISR or Conventional Underground
Jeep, WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated	316,636	0.076	483,395	ISR
Sky, Wyoming	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101:	668,688	0.071	948,098	ISR
		TOTAL	17,105,741		45,586,055	

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

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Uranium Resources Summary of all Properties

The following table updates all of the Company's uranium resources as of December 31st, 2010. Additions and changes are anticipated over the following year as drilling databases are acquired and analyzed, and new properties are acquired or disposed of. The table identifies core projects and those properties that comprise the development project pipeline. Both NI 43-101 compliant (Measured and Indicated, and Inferred), and historical resources as defined by the results of exploration completed by previous mining companies are included. This table revisits previously released information and adds the new historical and/or NI 43-101 resources where appropriate.

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

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U 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 (George-Ver, Bullrush, Loco- Lee), WY	Federal American Partners (1984)	Historical: Measured & Indicated	6,131,504	0.069	8,440,490*
Gas Hills Frazier LaMac, WY	Pathfinder (1996)	Historical: Measured & Indicated	696,327	0.109	1,522,000*
Gas Hills: Andria, WY	Federal American Partners (1984)	Historical: Measured & Indicated	739,565	0.064	949,100*
Gas Hills: Day Loma, WY	Energy Fuels (1978)	Historical: Measured & Indicated	456,096	0.213	1,940,945*
Gas Hills: New Rock Hill WY	Adobe/Union Carbide (1977)	Historical: Measured & Indicated	900,000	0.050	900,000*
Gas Hills: Amazon: Gas Hills: Sunset	Federal American Partners (1984)	Historical: Measured and Indicated	284,572 1,394,924	0.064 0.065	365,019* 1,812,376*
<i>Development Project Pipeline: NM, WY, SD</i>					
Jeep, WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated NI 43-101: Inferred	316,636 152,762	0.076 0.055	483,395 168,003
Ketchum Buttes, WY	Pathfinder (1980)	Historical: Measured & Indicated	1,135,000	0.064	1,454,900*

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Uranium Resources Summary of all Properties (continued)					
Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U ₃ O ₈	lbs/U ₃ O ₈
Juniper Ridge (Red Creek), WY	Urangesellschaft (1978)	Historical: Measured & Indicated	5,971,000	0.063	7,539,000*
	AGIP Mining (1986)	Historical Measured & Indicated	5,200,000	0.067	6,970,000*
Copper Mountain, WY	Anaconda (1997)	Historical: Indicated & Inferred	Under Review	Under Review	Under Review
Sky Project, WY	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101: Inferred	668,688 55,086	0.071 0.049	948,098 54,496
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated	6,221,467	0.100	11,848,007
		NI 43-101 Inferred	1,950,560	0.090	3,525,342
Roca Honda North, New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated	87,000	0.179	312,000*
Marquez, New Mexico	Kerr McGee (1977) H. Alief (2010)	NI 43-101: Measured & Indicated	3,610,209	0.126	9,130,343
		NI 43-101: Inferred	2,159,520	0.114	4,906,695
West Largo, New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated	20,000	0.115	46,000*
		Historical: Inferred	362,000	0.212	1,534,000*
Nose Rock (sec. 1), New Mexico	Phillips Uranium (1979) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated	884,061	0.147	2,593,486
		NI 43-101 Inferred	167,012	0.135	452,129
Nose Rock (sec. 36), New Mexico	Phillips Uranium (1979)	Historical: Measured & Indicated	4,293,712	0.163	14,017,298*
		Historical: Inferred	89,870	0.159	285,787*
Dalton Pass (sec. 32), New Mexico	Pathfinder (1980) M. Alief, 43-101 (2009)	NI 43-101 Measured & Indicated	1,622,650	0.095	3,070,726
		NI 43-101 Inferred	908,127	.084	1,529,823
Sec. 2 13N 9W (New Mexico state lease)	Homestake (1979)	Historical: Inferred	198,665	0.167	665,268*
Chord, South Dakota	Union Carbide/TVA (1998)	Historical: Measured, Indicated & Inferred	1,727,000	0.110	3,800,000*

**The foregoing historical resource estimates presented in the table above were completed prior to the implementation of the NI 43- 101 requirements. Given the quality of the historic work completed on the properties in Wyoming and New Mexico discussed herein and the production history of Gas Hills Uranium District and the Grants Mineral District, the Company believes the resource estimates to be both relevant and reliable. However, a qualified person has not completed sufficient work to classify the historic mineral resources*

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as current mineral resource, and the Company is not treating the historic resources as current. Hence, they should not be relied upon. It should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. The technical information in the previous table has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by David Miller, Chief Executive Officer for Strathmore Minerals Corp., a Qualified Person under National Instrument 43-101.

Board of Directors

Michael Halvorson, an independent director since July, 2004, did not stand for re-election at the Company's Annual General Meeting held in Vancouver on July 21, 2010. Subsequent to the meeting, Mr. Halvorson was appointed to the Company's Executive Advisory Board. On November 29, 2010, Strathmore announced that Mr. Timothy M. Janke was appointed as Mr. Halvorson's replacement on the Board of Directors. Mr. Janke is a mining engineer with over 35 years in the uranium, coal, and gold mining industry, including previous work experience on the Gas Hills Wyoming properties, now owned by the Company.

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.

Results of Operations

General

Net income for the year ended December 31, 2010 increased to \$15,304,120, or \$0.18 per share, compared to a net loss of \$6,288,499, or \$0.09 per share in 2009.

General and administrative expenses totaled \$4,955,056 for 2010 compared with \$4,458,238 incurred in 2009. The 11% increase in corporate administration is mainly due to the Company's growth, increased staffing, and higher wages and consulting fees. Expenses were partially offset by 38% decrease in stock based compensation.

Other Income and Expenses

Other items income totaled \$1,682,418 for 2010 compared with other items expenses of \$1,830,261 for 2009. The Company's realized and unrealized gains from its sales and holdings of Bayswater common shares generated \$1,180,597 in other income. Impairment charges for 2010 were negligible compared to 2009 when the Company wrote down certain mineral properties by \$2,108,533. The remaining difference from 2009 relates to the gain on sale of the Juniper Ridge property, interest income, and foreign exchange gains on cash balances.

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Discontinued Operations and Income Taxes

During the second quarter of 2010, the Company's divestiture of its non-core Pine Tree Reno Creek property provided a gain of \$19,845,838 before tax (\$14,197,818 net of tax). Proceeds from this sale included a combination of cash and Bayswater common shares. For 2010, Strathmore has previously unrecognized tax assets which are being used to record an income tax recovery of \$5,648,020 against income taxes otherwise payable. The Company expects a refund of all 2010 tax installments.

Selected Annual Information

	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

		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.

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

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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 \$25,112,856 as at December 31, 2010 compared with \$2,955,580 at December 31, 2009. Increased working capital was supplied by an \$8.4 million private placement financing and \$19,845,838 in proceeds from the sale of Pine Tree Reno Creek property in April 2010. The Company views the Bayswater shares received as part of the sale to be non-strategic assets to its overall plans. Depending on market conditions, the Bayswater shares will likely be sold to increase liquidity and fund ongoing operations.

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

Cash Flows

For 2010, cash and cash equivalents from continuing and discontinued operations increased by \$19,627,725. Cash used in continuing operating activities was \$2,689,569 compared to cash used in operations of \$4,669,582 for 2009. Cash flows used in operations decreased largely as a result of a \$3,225,507 increase in short term investing and removal of \$1,269,081 in non-cash future income taxes from operating cash flows. Cash flows used in investing activities increased to \$3,739,693 in 2010 compared with \$2,446,863 in 2009. Spending on mineral properties increased by \$3,878,593 compared to 2,452,009 for the prior year. Cash flows provided by financing activities totaled \$8,631,549, with the majority coming from the proceeds of a January 2010 private placement financing.

Cash flows generated from discontinued operations totaled \$17,240,097 as a result of the April 7, 2010 sale of the Pine Tree Reno Creek property.

The Company does not anticipate generating any operating revenues until initial uranium production begins on the Company's properties which are anticipated to begin in the next two to four years (subject to the risks and uncertainties found on page 4). Historically, the Company has received revenues only from investment income on cash reserves held and divestiture of non-core properties.

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Fourth Quarter

For the three months ended December 31, 2010, the Company reported a net loss of \$506,587 (\$0.01 per share) compared with a net loss of \$3,379,216 (\$0.05 per share) for the same period in 2009. During the 4th quarter, the Company revised its estimate of previously unrecognized tax assets resulting in additional taxes recoverable of \$1,234,571 and recorded a future income tax expense of \$1,269,081.

Change in Accounting Policy

Business combinations (adopted January 1, 2010)

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

Under Section 1582, business combinations are accounted for under the “acquisition method”, compared to the “purchase method” previously required by Section 1581. The significant changes that result from applying the acquisition method of Section 1582 include: (i) the definition of a business is broadened to include development stage entities, and therefore more acquisitions are accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates are recorded as income tax expense or recovery, whereas under Section 1581, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs, other than costs to issue debt or equity securities, of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are expensed as incurred, whereas under Section 1581, these costs were capitalized as part of the cost of the business combination; (v) the assets acquired and liabilities assumed are recorded at 100% of fair value even if less than 100% is obtained, whereas under Section 1581, only the

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controlling interest's portion was recorded at fair value; and (vi) non-controlling interests are recorded at their proportionate share of fair value of identifiable net assets acquired, whereas under Section 1581, non-controlling interests were recorded at their share of carrying value of net assets acquired.

Under Section 1602, non-controlling interest are measured at 100% of the fair value of identifiable net assets acquired. For presentation and disclosure purposes, non-controlling interests are classified as a separate component of equity. In addition, Section 1602 changes the manner in which increases and decreases in ownership percentages are accounted for. Changes in ownership percentages are recorded as equity transactions and no gain or loss is recognized as long as the parent retains control of the subsidiary. When a parent company deconsolidates a subsidiary but retains a non-controlling interest, the non-controlling interest is re-measured at fair value on the date control is lost and a gain or loss is recognized at that time. Under Section 1602, accumulated losses attributable to non-controlling interests are no longer limited to the original carrying amount, and therefore non-controlling interests could have a negative carrying amount. The provisions of Section 1602 have been applied prospectively with the exception of the presentation and disclosure provisions, which have been applied for all prior periods presented in the financial statements. The presentation and disclosure provisions of 1602 resulted in the classification of non-controlling interests as a separate component of equity on the consolidated balance sheets amounting to \$6,610,180 as at December 31, 2010 (December 31, 2009 - \$5,058,196).

The adoption of CICA 1582 and 1601 did not result in a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

Conversion to International Financial Report Standards ("IFRS")

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

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

The implementation project plan consists of three phases:

1. Initial diagnostic phase: A preliminary diagnostic review has been completed by the Company, which included the determination, at a high level, of the financial reporting areas most likely to be impacted by IFRS and the timelines and challenges presented by the transition to IFRS.

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2. Impact analysis and design phase: In this phase, each area identified during the diagnostic phase was addressed to determine more specific changes required to existing accounting policies and identify new accounting policies under IFRS. This phase also included the completion of white papers that focus on appropriate IFRS accounting for the Company's key accounting differences between IFRS and Canadian GAAP, obtaining the necessary IFRS training for members of management involved with financial reporting, reviewing the impact of IFRS on our internal controls and procedures and making the necessary updates to our documentation, reviewing our accounting system to ensure it can facilitate reporting under IFRS, and disclosing our IFRS conversion to ensure we provide ongoing communication to the public.
3. Implementation phase: This phase will include the completion of our IFRS conversion by updating our business processes, completion of the Canadian GAAP to IFRS adjustments commencing with the January 1, 2010 opening balances, and completion of the IFRS financial statements for the quarter ended March 31, 2011 for review and approval by the Audit Committee.

The initial diagnostic phase was completed during the third quarter of 2009. The impact analysis and design phase were initiated in 2009 and work continued in 2010. Implementation phase was largely completed in late 2010 with monitoring and evaluation continuing into 2011.

Elected IFRS 1 Exemptions from Full Retrospective Application

The Company's transition to IFRS follows IFRS 1, which offers the possibility to utilize certain exemptions from retrospective application of IFRS. The Company has evaluated the options available in IFRS 1 and will most likely elect to adopt transitional implementation policies in the areas of business combinations, cumulative translation differences and share-based payments. A summary of these transitional accounting policies is provided below.

(a) Business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company will not elect 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 will take advantage of this election and apply IFRS 3 to business combinations that occurred on or after the Transition Date.

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(b) *Cumulative translation differences*

IFRS 1 allows a first-time adopter to not comply with 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 will choose to apply this election and eliminate the cumulative translation differences and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

(c) *Share-based payment 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 by the Transition Date. The Company will elect not to apply IFRS 2 to awards that vested prior to January 1, 2010.

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

(d) *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.

(e) *Accounting for non-controlling interests*

IAS 27, *Consolidated and Separate Financial Statements*, requires certain amounts to be allocated between owners and non-controlling 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 Transition Date. As the Company will elect to apply IFRS 3 prospectively, the Company will account for non-controlling interests under IAS 27 prospectively.

Impact of Adopting IFRS and Key IFRS Accounting Policies

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

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accounting policies under IFRS:

1. Exploration and Evaluation Expenses

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

2. Impairment of (Non-financial) Assets

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

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

3. Foreign Currency

IFRS requires that the functional currency of the Company and its subsidiaries be determined separately. Although similar to Canadian GAAP, IFRS has a specific hierarchy which puts greater emphasis on the currency of revenues and costs rather than financing in the determination of functional currency. The guidance in IFRS regarding foreign currency may impact the functional currency determination of the Company's U.S. subsidiaries and result in an adjustment to the balances of the U.S. subsidiaries.

4. Share based payments

IFRS uses a slightly different calculation methodology compared to Canadian GAAP by requiring a separate fair value calculation for each tranche of stock options being vested. This will likely result in accelerated amortization charges and changes to the Company's calculation of stock based compensation previously recorded.

5. Property and Equipment

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

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6. Income Taxes

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

7. 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.

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 March 29, 2011, the Company has 89,544,769 common shares issued and outstanding. The Company also has 8,260,000 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.

The Company did not repurchase any common shares during 2010.

Transactions with Related Parties

During 2010, the Company entered into the following transactions involving related parties.

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Paid or accrued management consulting fees, including bonuses, in the amount of \$418,904 to David Miller, the Chief Executive Officer for services provided to the Company. Paid or accrued management consulting fees, including bonuses, in the amount of \$388,530 to a company controlled by an Officer, Steven Khan, the President for services provided to the Company. Paid or accrued management consulting fees in the amount of \$146,825 to Patrick Groening, the Chief Financial Officer for services provided to the Company. In addition, Directors fees in the amount of \$41,877, \$2,333, \$22,884, \$41,877 and \$4,065 were paid to Dieter Krewedl, Ray Larson, Mike Halvorson, Ralph Goehring, and Tim Janke, respectively.

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

Contingency

The Company has 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.

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 instruments consist of cash and cash equivalents, restricted cash and cash equivalents, income taxes receivable, amounts receivable, short-term investments, investments and accounts payable and accrued liabilities. For cash and cash equivalents, restricted 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. The fair value of investments represents significant observable inputs other than quoted prices in active markets.

At December 31, 2010, the levels (see note 2(m) in financial statements) in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the consolidated balance sheets at fair value are categorized as follows: (1) cash and cash equivalents, restricted cash and cash equivalents and short-term investments are categorized in level 1; and (2) investments are categorized in level 2. At December 31, 2010, there were no financial assets or liabilities measured and recognized on the consolidated balance sheets at fair value that would be categorized in level 3 in the fair value hierarchy.

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

(a) *Credit Risk*

Credit risk is the risk that 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 and restricted 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. At December 31, 2010, 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:

	December 31, 2010	December 31, 2009
	\$	\$
Cash and cash equivalents	20,744,709	1,116,984
Restricted cash and cash equivalents	342,679	101,022
Amounts receivable	196,438	78,096
	21,283,826	1,296,102

(b) *Liquidity Risk*

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

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

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As at December 31, 2010, the Company had positive working capital of \$25,112,856. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk.

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

	Decemer 31, 2010	December 31, 2009
	\$	\$
Accounts payable and accrued liabilities	1,011,804	984,747
	1,011,804	984,747

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

(c) *Market risk*

Market risk is the risk that the fair value for assets classified as held for trading and available-for-sale or future cash flows for assets or liabilities considered to be held-to-maturity, other financial liabilities, and loans or receivables of a financial instrument will fluctuate because of changes in market conditions. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to 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 December 31, 2010, a 10% increase or decrease in the market price of the securities held, ignoring any foreign currency risk which is described below, would have resulted in an increase (or decrease) to net income of approximately \$337,160 (December 31, 2009 - \$29,665). The Company is not exposed to interest rate risk, as it does not hold debt balances and is not charged interest on its accounts payable balances.

(d) *Foreign exchange risk*

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

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

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

Amounts in CAD\$	December 31, 2010		December 31, 2009	
	AUD\$	US\$	AUD\$	US\$
Cash and cash equivalent	-	7,360,490	-	869,894
Short-term investments	-	-	201,990	-
Restricted cash and cash equivalents	-	201,804	-	101,022
Amounts receivable	-	535	-	11,082
Investments	-	205,430	-	94,660
Income taxes receivable	-	1,510,045	-	-
Accounts payable and accrued liabilities	-	(953,879)	-	(947,983)
Deposit on sale proceeds	-	-	-	(261,650)
	-	8,324,425	201,990	(132,975)

Based on the above net exposures at December 31, 2010, a 10% depreciation or appreciation in the US dollar against the Canadian dollar would result in a \$832,443 (December 31, 2009 - \$13,298) increase or decrease in the Company's net income (loss). Similarly, a 10% depreciation or appreciation in the AUD dollar against the Canadian dollar would result in a \$Nil (December 31, 2009 - \$20,199) increase or decrease in the Company's net income (loss).

Subsequent Events

Subsequent to December 31, 2010, the Company:

- Committed up to \$2,000,000 for a minority interest of a private company which is pursuing coal interests in Mongolia. Closing of the transaction is expected by May 1, 2011.
- Received notification from PALA that it sold its common share position of 7.2 million shares acquired in January's 2010 private placement.
- Graduated to a full TSX listing on the Toronto Stock Exchange.