

**Form 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**STRATHMORE MINERALS CORP.**

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

- Increased worldwide energy demand
- Increased demand for uranium
- Uranium Demand/Supply Imbalance, resulting in higher uranium prices
- Potential for increased demand from developing countries as they construct new nuclear power plants
- The Company's advanced uranium projects are located in the United States where the domestic annual demand for uranium exceeds 50 million pounds, while production is less than 3 million pounds per year.

This increased demand and higher prices should stimulate new exploration and development of both new and previously explored uranium properties.

This discussion should be read in conjunction with the financial statements and related notes of the Company for the period ended March 31, 2006 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of May 19, 2006.

**Performance Summary and Update**

The Company's primary objective is to locate, evaluate and acquire uranium properties and to finance their exploration and development through equity financing, by way of joint venture, option agreements or other means. The Company's current properties are located in Canada, the United States and Peru.

During the first two calendar quarters of 2003, the spot price of uranium remained at the low price of approximately \$10US/lb. However, by the third and fourth calendar quarters of 2003, the price increased to the \$12-14 US/lb range. At this time, Management decided to aggressively pursue the acquisition of new uranium properties in both the United States and Canada. The Company successfully acquired or negotiated the right to acquire additional uranium properties in the states of New Mexico and Wyoming in the United States, and the provinces of Quebec, Alberta and Saskatchewan in Canada.

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

During 2004, the price of uranium increased from approximately \$14US/lb to \$21.00US/lb. Strathmore continued to acquire uranium properties, adding to its portfolio in both Canada and the United States. In addition, the Company raised over \$10 million CDN through several equity private placements during the year.

In 2005, the Company continued to acquire properties in the United States and Canada. In January, a \$15,000,000 CDN equity private placement was completed primarily with institutional investors. In March, Management made a decision to advance its core area uranium properties in New Mexico towards production. The Company established a full-time mine development office in Santa Fe, New Mexico, and hired 2 professionals, with over 65 years experience, to facilitate the mine development process. The mine permitting initiative at the Company's Church Rock, New Mexico property is presently underway. In addition, the Company has commenced work programs in Saskatchewan and Quebec to advance both the exploration and development of targeted properties. Both the Waterbury Lake, Saskatchewan and the Dieter Lake, Quebec properties have been advanced to the drill stage. Airborne and ground geophysics have been initiated or are planned on the remaining Canadian properties. In Wyoming and New Mexico the Company continued its acquisition strategy and assembled additional land holdings strategic to its existing property portfolio.

In 2006, the price of uranium continued its uptrend to the \$43 US/lb range, which is the current price at the time of writing

### **Properties of the Company**

The Company has acquired or announced the acquisition or staking of a number of prospective uranium properties and disclosed historical resource estimates which were completed prior to the implementation of NI 43-101. The following table summarizes these acquisitions and associated historical resource estimates and reports tonnage, grade and pounds. At the time of writing, NI 43-101 technical reports have been completed for the following properties: Duddridge Lake, Dieter Lake, Roca Honda and Churchrock. NI 43-101 compliant resource calculations have been prepared for the Church Rock, Roca Honda, and Duddridge Lake properties.

**Properties of the Company (cont'd...)**

Location	Reference	43-101 Compliant	Tonnage			Contained (lbs U <sub>3</sub> O <sub>8</sub> )
			(lbs/tonne)*			
Church Rock, New Mexico	David C. Fitch (2005)	Measured & Indicated	6,221,467	1.90	tons	11,848,007
	David C. Fitch (2005)	Inferred Resource <sup>4</sup>	1,950,560	1.81	tons	3,525,342
Roca Honda, New Mexico	David C. Fitch (2006)	Measured & Indicated	3,782,000	4.63	tons	17,512,000
	David C. Fitch (2006)	Inferred Resource <sup>4</sup>	4,546,000	3.48	tons	15,832,000
Duddridge Lake, Sask.	Stuart C. Fraser (2004)	Geologic Tonnage Estimate	357,310	2.11	tonne	753,924

Location	Reference	Historic Classification	Tonnage			Contained (lbs U <sub>3</sub> O <sub>8</sub> )
			(lbs/tonne)*			
Dieter Lake, Quebec	Petura and Plouffe (1981)	Estimated Resource Applying Radiometric Ore Sorting <sup>1</sup>	-	2.2	tonne	19,000,000
	Petura and Plouffe (1981)	Total Geologic Ore Reserve <sup>1</sup>	20,000,000	1.0	tonne	21,600,000
	Sully (1985)	Possible Reserves <sup>3</sup>	10 - 15,000,00	5.51	tons	55-82,000,000
	Sully (1985)	Possible Reserves <sup>3</sup>	50,000,000	2.2	tons	110,000,000
	Dahlkamp (2004)	Discovered In-Situ Resources <sup>1</sup>	-	-	-	22,000,000
Nose Rock, New Mexico	Phillips Uranium (1970's)	Demonstrated Resource <sup>4</sup>	6,694,217	2.7	tons	18,230,955
Dalton Pass, New Mexico	Pathfinder (1985)	Demonstrated Resource <sup>4</sup>	3,470,000	1.4	tons	4,735,000
	Pathfinder (1985)	Inferred Resource <sup>4</sup>	459,000	1.7	tons	765,000
Copper Mountain, Wyoming	Anaconda Uranium Corp. (1997)	Inferred and Indicated Resource <sup>4</sup>	45,570,000	0.54	tons	24,607,800
			42,240,000	0.34	tons	14,361,600
Pine Tree Claims, Powder River Basin, Wyoming	Pathfinder (1985)	Demonstrated Resource <sup>4</sup>	1,947,000	1.4	tons	2,646,000
	Pathfinder (1985)	Inferred Resource <sup>4</sup>	625,000	1.2	tons	750,000

\* Grade based on 2000 lbs/ton or 2204.62262 lbs/tonne, where appropriate

1 Historic resource estimate considered to be relevant and reliable

2 Historic resource estimate considered to be relevant but unreliable based on amount of data reviewed to date by the Company

3 Historic resource estimate considered to be relevant, but insufficient information is available to confirm the reliability of the resource estimate

4 Historic resource estimate considered to be relevant, and is presumed reliable based on the volumes of work completed. The company has not done sufficient work to verify the resource estimate

***It should be noted that the above data reported is based on third party historical reports and such estimates should not be relied upon or considered a defined resource according to NI 43-101***

## Results of Operations

For the period ended March 31, 2006, the Company spent \$811,554 on exploration and development as follows:

	Canada	USA	Peru	Total
As at December 31, 2004	103,933	63,716	-	167,649
Airborne geophysics surveys	1,497,325	-	-	1,497,325
Camp costs	41,534	-	4,573	46,107
Claim fees	38,178	168,188	22,165	228,531
Geologists fees and supplies	418,162	370,852	129,554	918,568
General expenses	16,326	8,074	1,861	26,261
Helicopter rental and equipment fuel	586,482	-	-	586,482
Lab analysis and sampling	38,802	-	-	38,802
NI 43-101 reports	21,334	3,841	-	25,175
Report/map preparation	33,869	606	1,615	36,090
2005 exploration and development	<u>2,692,012</u>	<u>551,561</u>	<u>159,768</u>	<u>3,403,341</u>
As at December 31, 2005	2,795,945	615,277	159,768	3,570,990
Airborne geophysics surveys	143,942	-	-	143,942
Claim fees	157,664	8,556	2,008	168,228
Geologists fees & supplies	156,555	192,397	27,262	376,214
General expenses	847	30,927	2,617	34,391
Travel	9,777	35,283	4,748	49,808
Helicopter rental & equipment fuel	9,011	-	-	9,011
Lab analysis & sampling	990	-	-	990
NI 43-101 reports	4,258	-	-	4,258
Report/Map preparation	23,951	-	761	24,712
Quarter ended March 31, 2006 exploration and development	<u>506,995</u>	<u>267,163</u>	<u>37,396</u>	<u>811,554</u>
Cumulative exploration and development as at March 31, 2006	<u>\$ 3,302,940</u>	<u>\$ 882,440</u>	<u>\$ 197,164</u>	<u>\$ 4,382,544</u>

First quarter general and administrative expenses increased from \$650,493 in 2005 to \$728,846 in 2006, as the activity of the Company increased significantly as it expanded to take advantage of rising uranium prices. The Company expects general and administrative expenses to continue to increase as the Company becomes more active in all geographic regions and hires additional employees. (See the financial statements dated March 31, 2006 for a complete listing) The Company now maintains 3 full-time offices. Headquartered in Kelowna, British Columbia, the Company also has an exploration and development office Riverton, Wyoming and a mine development office Santa Fe, New Mexico.

### Summary of Quarterly Results

		<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
<b>2004</b>	Net Income (loss)	(327,777)	(206,047)	(613,762)	(846,624)
	Net Income (loss) per share	(0.02)	(0.01)	(0.02)	(0.03)
<b>2005</b>	Net Income (loss)	(218,878)	(557,802)	(385,489)	(460,333)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
<b>2006</b>	Net Income (loss)	(500,780)			
	Net Income (loss) per share	(0.01)			

As the Company expanded in 2004 and 2005 to take advantage of rising uranium prices, quarterly expenses have increased. Losses in the first quarter of 2005 were reduced by a future income tax recovery of 376,524. Equity financings in late 2004 and early 2005 increased cash balances providing additional investment income to reduce 2005 quarterly losses.

### Liquidity

The Company does not have any operating revenues, and as a junior resource company engaged in mineral exploration and development. The Company does not anticipate generating any operating revenues in the next few years. Historically, the Company has received revenues only from investment income on cash reserves held. The Company expects investment income on cash balances to be the only source of its income for the next few years. The Company expects to rely upon equity financing as its primary source of funding.

### Financing, Principal Purposes and Milestones

In February, 2005, the Company issued 10,000,000 units at \$1.50 per unit for gross proceeds of \$15,000,000. Each unit consisted of one common share and one half of one share purchase warrant. One whole warrant was exercisable at \$1.75 until February 21, 2006 and thereafter at \$2.00 expiring February 21, 2007. An estimated fair value of \$2,480,945 was allocated to the warrants and is included in contributed surplus. In connection with the placement the Company issued agent options to purchase 1,027,180 common shares at a price of \$1.75 per share in the first year and \$2.00 per share in the second year and paid commissions of \$1,027,180, of which \$169,892 was allocated to the commissions on the warrants and is included in contributed surplus. The fair value of the agents options, being \$802,026, was determined using the Black-Scholes option pricing model with a volatility of 62%, risk-free interest rate of 2.92%, expected life of 2 years, and a dividend rate of 0%.

## **Financing, Principal Purposes and Milestones (Cont'd...)**

In October, 2005, the Company issued 114,286 units at \$1.75 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one half of one share purchase warrant exercisable at \$2.00 per share until October 26, 2007.

The Company will use the proceeds for general working capital, the acquisition of additional uranium properties and for exploration and development of the Company's uranium properties.

### **Capital Resources**

The Company has not entered into any property option agreement that require the Company to meet certain yearly exploration expenditure requirements.

### **Outstanding Share Data**

As at May 19, 2006, the Company has 68,422,630 common shares issued and outstanding. The Company also has 3,498,000 incentive stock options ranging in exercise price from \$0.60 to \$2.50 per share, 195,957 agents' options exercisable at \$2.55 per share, and 1,927,151 share purchase warrants exercisable at \$2.00/\$3.30 per share.

### **Transactions with Related Parties**

During the period ended March 31, 2006, the Company paid or accrued management consulting fees in the amount of \$34,563 to a company controlled by Devinder Randhawa, the Chief Executive Officer of the Company. Management consulting fees of \$31,776 were paid or accrued to a company controlled by a director, Steven Khan, for services provided to the Company. David Miller, the President and Chief Operating Officer, received \$36,267 for his services. Bob Hemmerling, the Secretary of the Company, received \$21,000 for his services. Patrick Groening, the Chief Financial Officer, received \$21,000 for his services.

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.

Amounts due to related parties are due to directors and companies controlled by directors and are unsecured, non-interest bearing and have no specific repayment terms.

## **Financial Instruments**

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

## **Subsequent Events**

Subsequent to March 31, 2006 the Company:

- a) Issued 2,953,902 common shares for proceeds of \$3,020,217 pursuant to the exercise of stock options and warrants.
- b) Issued 200,000 common shares pursuant to the acquisition of mineral property interests.
- c) Granted 125,000 stock options at \$2.50 per share, exercisable for a period of 3 years.
- d) Issued 1,697,300 flow-through shares at \$3.00 per share and 1,565,650 units at \$2.30 per unit for total proceeds of \$8,699,795. Each unit consists of one common share and one half of one share purchase warrant. One whole warrant is exercisable at \$3.25 for an 18 month period. In connection with the placement, the Company paid commissions of 6% in cash and issued 195,957 Agents' options. Each option entitles the Agent to purchase one common share at \$2.55 per share for a one year period.