

**STRATHMORE MINERALS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**MARCH 31, 2006**

## **Unaudited Interim Financial Statements**

### **Notice**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended March 31, 2006.

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	March 31, 2006	December 31, 2005
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 14,953,133	\$ 12,143,821
Short term investments	13,325,983	9,001,064
Receivables	95,577	240,244
Prepaid expenses	<u>19,071</u>	<u>26,651</u>
	28,393,764	21,411,780
<b>Equipment</b>	202,841	208,229
<b>Mineral property interests</b> (Note 3)	7,162,887	5,579,778
<b>Deferred exploration costs</b> (Note 4)	<u>4,382,544</u>	<u>3,570,990</u>
	<u>\$ 40,142,036</u>	<u>\$ 30,770,777</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 212,821	\$ 171,356
Due to related parties (Note 7)	<u>43,561</u>	<u>14,291</u>
	<u>256,382</u>	<u>185,647</u>

**Shareholders' equity**

Capital stock (Note 5)	53,364,677	41,299,968
Subscriptions received in advance	-	3,600
Contributed surplus (Note 5)	2,597,816	4,857,621
Deficit	<u>(16,076,839)</u>	<u>(15,576,059)</u>
	<u>39,885,654</u>	<u>30,585,130</u>
	<u>\$ 40,142,036</u>	<u>\$ 30,770,777</u>

**Basis of presentation** (Note 1)

**Subsequent events** (Note 9)

**On behalf of the Board:**

“Dev Randhawa”

Director

“Steven Khan”

Director

The accompanying notes are an integral part of these consolidated financial statements.

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited)  
**THREE MONTH PERIOD ENDED MARCH 31**

	2006	2005
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Amortization	\$ 12,645	\$ 4,445
Business development	15,646	34,829
Consulting fees	195,517	167,639
Office and miscellaneous	19,454	115,338
Professional fees	91,762	28,459
Promotion and advertising	13,550	-
Regulatory fees	31,144	13,344
Rent	12,749	4,090
Shareholder communications	4,057	6,799
Stock-based compensation (Note 5)	116,106	195,201
Telephone	10,543	9,014
Trade shows and conferences	97,035	56,811
Transfer agent	6,097	6,417
Travel	14,084	8,107
Wages and benefits	88,457	-
	<u>(728,846)</u>	<u>(650,493)</u>
<b>OTHER ITEMS</b>		
Investment income	266,554	75,490
Allowance for decline in investment	(38,488)	-
Future income tax recovery	-	356,125
	<u>228,066</u>	<u>431,615</u>
<b>Loss for the period</b>	(500,780)	(218,878)
<b>Deficit, beginning of period</b>	<u>(15,576,059)</u>	<u>(13,953,557)</u>
<b>Deficit, end of period</b>	<u>\$ (16,076,839)</u>	<u>\$ (14,172,435)</u>
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	58,891,391	41,656,498

The accompanying notes are an integral part of these consolidated financial statements.

**STRATHMORE MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
**THREE MONTH PERIOD ENDED MARCH 31**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (500,780)	\$ (218,878)
Items not affecting cash:		
Allowance for decline in investment	38,488	-
Amortization	12,645	4,445
Stock-based compensation	116,106	195,201
Future income taxes	-	(356,125)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	144,667	(27,301)
Increase in short term investments	(4,363,407)	-
(Increase) decrease in prepaid expenses	7,580	(18,130)
Increase (decrease) in accounts payable and accrued liabilities	41,464	183,839
Increase in due to related parties	<u>29,270</u>	<u>          </u>
Net cash used in operating activities	<u>(4,473,967)</u>	<u>(236,949)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equipment purchased	(7,256)	(19,649)
Mineral property costs	(7,609)	(35,644)
Deferred exploration costs	<u>(811,554)</u>	<u>(596,818)</u>
Net cash used in investing activities	<u>(826,419)</u>	<u>(652,111)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to related parties	-	2,523
Share issuance costs	(5,299)	(1,122,612)
Capital stock issued	<u>8,114,997</u>	<u>16,475,022</u>
Net cash provided by financing activities	<u>8,109,698</u>	<u>15,354,933</u>
<b>Increase in cash and equivalents during the period</b>	<b>2,809,312</b>	<b>14,465,873</b>
<b>Cash and equivalents, beginning of period</b>	<u><b>12,143,821</b></u>	<u><b>9,083,026</b></u>
<b>Cash and equivalents, end of period</b>	<u><b>\$ 14,953,133</b></u>	<u><b>\$ 23,548,899</b></u>

Supplemental disclosure with respect to cash flows (Note 6)

The accompanying notes are an integral part of these consolidated financial statements.

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
MARCH 31, 2006

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**1. BASIS OF PRESENTATION**

The consolidated financial statements contained herein include the accounts of Strathmore Minerals Corp. (the "Company") and its wholly owned subsidiaries, Peruran S.A., and Strathmore Resources (US) Inc. Significant inter-company balances and transactions are eliminated on consolidation.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**2. NATURE OF OPERATIONS**

The Company's principal business activity is the acquisition and exploration of mineral property interests.

**3. MINERAL PROPERTY INTERESTS**

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	March 31, 2006	December 31, 2005
Athabasca property, Canada	\$ 459,702	\$ 459,702
Chord property, USA	137,282	137,282
Comstock property, Canada	494,271	297,271
Dieter Lake property, Canada	618,792	421,792
Duddridge Lake property, Canada	382,245	191,245
Fort Mcleod property, Canada	34,070	-
New Mexico properties, USA	1,697,116	1,272,616
Staked properties, Canada	801,420	798,153
Staked properties, Peru	69,580	69,580
Wyoming properties, USA	2,181,698	1,615,698
Pre-acquisition property costs	<u>286,711</u>	<u>316,439</u>
	<u>\$ 7,162,887</u>	<u>\$ 5,579,778</u>

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Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

**STRATHMORE MINERALS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)  
MARCH 31, 2006

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**3. MINERAL PROPERTY INTERESTS (cont'd...)**

**Athabasca property, Canada**

The Company acquired an option to purchase a 100% interest in a uranium property located in Alberta, Canada, by paying \$98,192, incurring additional costs of \$29,510 and issuing 200,000 common shares valued at \$332,000. The property is subject to a 0.75% net smelter returns royalty on certain mineral production and a 4% gross over riding royalty on all diamond production from the property.

**Chord property, USA**

The Company acquired an option to purchase a 100% interest in a uranium property located in South Dakota, USA, by paying \$48,640. 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. To earn its interest, the Company is required to make annual payments of either 50,000 common shares or US\$10,000 per year to July 1, 2009. In fiscal 2005, the Company paid \$12,558 (US\$10,000), 2004 - \$13,616 (US\$10,000). The property is subject to a 2% gross royalty.

**Comstock property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in British Columbia, Canada by issuing 300,000 common shares valued at \$491,000 and incurring additional fees of \$3,271.

**Dieter Lake property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in Quebec, Canada by issuing 300,000 common shares valued at \$603,000 and incurring additional costs of \$15,792. An additional 200,000 shares will be issued in the event a resource of more than 60 million pounds containing U<sub>3</sub>O<sub>8</sub> (Uranium) is confirmed at the property.

**Duddridge Lake property, Canada**

The Company acquired an option to purchase a 100% interest in certain claims located in Saskatchewan, Canada by issuing 200,000 common shares valued at \$344,000 and incurring additional fees of \$38,245.

**Fort Mcleod property, Canada**

The company acquired an option to purchase a 100% interest in certain claims located in Alberta, Canada, by paying \$34,070 for staking costs. To earn its interest, the company is required to issue an additional 200,000 common shares.

**New Mexico properties, USA**

The Company acquired an option to purchase a 100% interest in certain claims located in New Mexico, USA, by paying \$272,825, incurring additional costs of \$315,791 and issuing 600,000 common shares valued at \$1,108,500. Certain claims are subject to a 1% royalty.

**Staked properties, Canada**

The Company acquired, by staking, a 100% interest in the following uranium properties located in north-central Saskatchewan: Davy Lake, Hall Lake, Patterson Lake, Virgin River, and Waterbury Lake.

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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MARCH 31, 2006

**3. MINERAL PROPERTY INTERESTS (cont'd...)**

**Staked properties, Peru**

The Company acquired, by staking, a 100% interest in certain uranium properties located in Peru.

**Wyoming properties, USA**

The Company acquired an option to purchase a 100% interest in a certain claims located in Wyoming, USA by paying \$87,560, incurring additional costs of \$261,888 and issuing 1,000,000 common shares valued at \$1,832,250. To earn its interest, the Company is required to issue an additional 250,000 common shares in stages over two years.

**Pre-acquisition property costs**

The pre-acquisition property costs represent expenditures related to mineral property interests prior to implementation of the acquisition. These costs will be added to the mineral property interest costs to which they relate on completion of the acquisition or written-off to operations should the acquisition not proceed.

**4. DEFERRED EXPLORATION COSTS**

	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	<u>33,869</u>	<u>606</u>	<u>1,615</u>	<u>36,090</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	<u>23,951</u>	<u>-</u>	<u>761</u>	<u>24,712</u>
As at March 31, 2006	\$ 3,302,940	\$ 882,440	\$ 197,164	\$ 4,382,544

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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MARCH 31, 2006

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited number of common shares, without par value			
Issued			
As at December 31, 2004	36,241,257	\$ 23,457,405	\$ 2,420,262
Private placements	10,144,286	12,752,584	2,505,917
Exercise of options	887,000	466,080	(169,381)
Exercise of warrants	7,082,971	4,280,507	(875,269)
Acquisition of mineral property interests	1,400,000	2,377,750	-
Stock-based compensation	-	-	476,610
Share issuance costs	-	(1,657,834)	499,482
Tax benefits renounced to flow through share subscribers	-	(376,524)	-
As at December 31, 2005	55,755,514	41,299,968	4,857,621
Exercise of options	588,000	488,240	(170,440)
Exercise of warrants	5,009,264	10,006,268	(2,205,471)
Acquisition of mineral property interests	650,000	1,575,500	-
Stock-based compensation	-	-	116,106
Share issuance costs	-	(5,299)	-
As at March 31, 2006	62,002,778	\$ 53,364,677	\$ 2,597,816

Included in issued capital stock are 75,000 common shares subject to an escrow agreement that may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

In January, 2005, the Company issued 30,000 flow-through common shares at a price of \$1.95 per share for proceeds of \$58,500 which were received in fiscal 2004.

In February, 2005, the Company issued 10,000,000 units at \$1.50 per unit for gross proceeds of \$15,000,000. Each unit consists of one common share and one half of one share purchase warrant. One whole warrant is 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%.

In October, 2005, the Company issued 114,286 units at \$1.75 per unit for gross proceeds of \$200,001. 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. An estimated fair value of \$24,972 was allocated to the warrants and is included in contributed surplus.

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
MARCH 31, 2006

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants**

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less an applicable discount. The options can be granted for a maximum term of 5 years.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2004	10,081,638	\$ 0.54	3,275,000	\$ 0.68
Granted	6,084,323	1.75	1,600,000	1.69
Exercised	(7,082,971)	0.48	(887,000)	0.33
Expired/cancelled	-	-	(100,000)	1.44
Outstanding, December 31, 2005	9,082,990	\$ 1.37	3,888,000	\$ 1.16
Granted	-	-	100,000	1.95
Exercised	(5,009,264)	1.56	(588,000)	0.54
Expired/cancelled	(2,500)	0.76	-	-
Outstanding, March 31, 2006	4,071,226	\$ 1.30	3,400,000	\$ 1.29
Number currently exercisable	4,071,226	\$ 1.30	2,400,000	\$ 1.20

**STRATHMORE MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
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**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**Stock options and warrants (cont'd)**

As at March 31, 2006, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	1,000,000	0.60	June 22, 2006
	700,000	1.25	November 3, 2006
	250,000	1.75	January 14, 2007
	50,000	2.25	February 8, 2007
	300,000	2.20	April 29, 2007
	100,000	1.95	February 15, 2009
	<u>1,000,000</u>	1.50	October 6, 2010
Total	3,400,000		
<b>Warrants</b>	2,299,666	0.76	April 16, 2006
	1,714,417	2.00	February 21, 2007
	<u>57,143</u>	2.00	October 26, 2007
Total	4,071,226		

**Stock-based compensation**

During the period ended March 31, 2006, the Company granted 100,000 (2005 – 250,000) options to employees, consultants and directors. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations. Total stock-based compensation recognized in the statement of operations during the first quarter of 2006 was \$116,106 (2005 - \$195,201). This amount was also recorded as contributed surplus on the balance sheet.

The following assumptions were used for the valuation of stock options and warrants:

Quarter ended March 31	2006	2005
Risk-free interest rate	4.02%	2.92%
Expected life	3 years	2 years
Annualized volatility	40%	62%
Dividend rate	0.00%	0.00%

**STRATHMORE MINERALS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)  
MARCH 31, 2005

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**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

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Quarter ended March 31	2006	2005
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

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During the period ended March 31, 2006 the Company issued 650,000 (2005 – 575,000) common shares valued at \$1,575,500 (2005 -\$1,129,250) pursuant to the acquisition of mineral property interests.

**7. RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties:

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Quarter ended March 31	2006	2005
Consulting fees	\$ 144,606	\$ 50,469

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

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

**8. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the exploration of mineral property interests and considers its loss from operations for periods ended March 31, 2006 and 2005 to relate to this segment.

The Company has mineral property interests located in the USA, Canada and Peru and conducts administrative activities from Canada. The total amount of assets attributable to Canada is \$34,307,344 (2005 - \$26,627,165), Peru is \$299,250 (2005 - \$81,362) and the USA is \$5,535,442 (2005 - \$1,637,036).

**STRATHMORE MINERALS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)  
MARCH 31, 2006

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**9. 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.