

STRATHMORE MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

AUDITORS' REPORT

To the Shareholders of
Strathmore Minerals Corp.

We have audited the consolidated balance sheets of Strathmore Minerals Corp. as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit, comprehensive loss, accumulated comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 22, 2008



STRATHMORE MINERALS CORP.
CONSOLIDATED BALANCE SHEETS
YEAR ENDED DECEMBER 31

	2007	2006
ASSETS		
Current		
Cash and equivalents	\$ 2,900,096	\$ 5,299,908
Short term investments (Note 3)	12,788,046	27,412,579
Receivables	1,468,621	407,910
Prepaid expenses	<u>59,687</u>	<u>30,593</u>
	17,216,450	33,150,990
Investments (Note 4)	6,047,770	-
Property and equipment (Note 5)	2,033,175	690,904
Mineral property interests (Note 6)	<u>16,923,140</u>	<u>19,648,460</u>
	<u>\$ 42,220,535</u>	<u>\$ 53,490,354</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 1,973,456</u>	<u>\$ 724,055</u>
Non-controlling interest (Note 6)	<u>2,265,823</u>	<u>-</u>
Shareholders' equity		
Capital stock (Note 8)	53,471,619	69,061,053
Contributed surplus (Note 8)	4,400,836	1,591,993
Deficit	(13,132,989)	(17,886,747)
Accumulated comprehensive loss	<u>(6,758,210)</u>	<u>-</u>
	<u>37,981,256</u>	<u>52,766,299</u>
	<u>\$ 42,220,535</u>	<u>\$ 53,490,354</u>

Nature of operations (Note 1)
Subsequent events (Note 15)

On behalf of the Board:

“Ray Larson”

Director

“David Miller”

Director

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

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2007	2006
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising and promotion	\$ 374,123	\$ 88,141
Amortization	250,441	64,749
Business development	274,055	111,876
Consulting fees	1,840,589	819,123
Insurance	155,668	36,690
Investment fees	84,176	92,127
Investors relations	23,623	24,858
Office and miscellaneous	363,348	235,000
Professional fees	792,666	370,419
Regulatory fees	52,094	37,958
Repairs and maintenance	45,155	-
Rent	137,343	60,706
Shareholder communications	159,604	47,287
Stock-based compensation (Note 8)	3,681,128	731,026
Telephone	77,119	41,414
Trade shows and conferences	387,754	379,389
Transfer agent	17,611	17,791
Travel	128,062	44,005
Vehicle expense	34,377	15,726
Wages and benefits	<u>829,200</u>	<u>448,492</u>
Loss before other items	(9,708,136)	(3,666,777)
OTHER ITEMS		
Investment income	1,173,735	1,393,309
Foreign currency loss	(148,285)	(16,646)
Gain on property option agreements (Note 6)	9,109,983	-
Realized loss on short-term investments	(3,278)	-
Unrealized loss on short term investments (Note 3)	<u>(68,062)</u>	<u>(20,574)</u>
Income (loss) before income taxes	355,957	(2,310,688)
Future income tax recovery (Note 11)	<u>4,397,801</u>	<u>-</u>
Net income (loss) for the year	4,753,758	(2,310,688)
Deficit, beginning of year	<u>(17,886,747)</u>	<u>(15,576,059)</u>
Deficit, end of year	\$ (13,132,989)	\$ (17,886,747)
Basic and diluted income (loss) per common share		
Basic	\$ 0.07	\$ (0.03)
Diluted	\$ 0.06	\$ (0.03)
Weighted average number of common shares outstanding		
Basic	72,159,437	66,314,107
Effect of dilution of stock options and warrants	<u>2,711,341</u>	<u>-</u>
Diluted	<u>74,870,778</u>	<u>66,314,107</u>

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

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31

	2007	2006
Net income (loss) for the year	\$ 4,753,758	\$ (2,310,688)
Other comprehensive loss:		
Loss on available-for-sale securities, net of future income tax recovery (Note 4)	<u>(6,758,210)</u>	<u>-</u>
Comprehensive loss for the year	<u>\$ (2,004,452)</u>	<u>\$ (2,310,688)</u>

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31

	2007	2006
Accumulated other comprehensive loss, beginning of year	\$ -	\$ -
Other comprehensive loss:		
Loss on available-for-sale securities, net of future income tax recovery (Note 4)	<u>(6,758,210)</u>	<u>-</u>
Accumulated other comprehensive loss, end of year	<u>\$ (6,758,210)</u>	<u>\$ -</u>

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

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 4,753,758	\$ (2,310,688)
Items not affecting cash		
Amortization	250,441	64,749
Unrealized loss on short term investments	68,062	20,574
Stock-based compensation	3,681,128	731,026
Future income tax recovery	(4,397,801)	-
Property investigation costs	-	126,289
Gain on property option agreements	(9,109,983)	-
Changes in non-cash working capital items:		
Increase in receivables	(713,081)	(167,666)
Increase in prepaid expenses	(29,094)	(3,942)
Increase in accounts payable and accrued liabilities	<u>255,751</u>	<u>41,799</u>
Cash used in operating activities	<u>(5,240,819)</u>	<u>(1,497,859)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investments	14,506,471	(18,432,089)
Property and equipment purchased	(1,592,712)	(547,424)
Mineral property interests	(16,012,748)	(7,920,372)
Recoveries on mineral property interests	2,987,857	-
Cash transferred on plan of arrangement	(500,000)	-
Reorganization costs on plan of arrangement	<u>(328,914)</u>	<u>-</u>
Cash used in investing activities	<u>(940,046)</u>	<u>(26,899,885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance costs	-	(684,014)
Capital stock issued	<u>3,781,053</u>	<u>22,237,845</u>
Cash provided by financing activities	<u>3,781,053</u>	<u>21,553,831</u>
Decrease in cash and equivalents during the year	(2,399,812)	(6,843,913)
Cash and equivalents, beginning of year	<u>5,299,908</u>	<u>12,143,821</u>
Cash and equivalents, end of year	<u>\$ 2,900,096</u>	<u>\$ 5,299,908</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

1. NATURE OF OPERATIONS

Strathmore Minerals Corp. (the “Company”) is organized under the laws of the Province of British Columbia and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral property interests and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral property interests and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the following subsidiaries incorporated in the US:

	December 31, 2007 Ownership	December 31, 2006 Ownership
Strathmore Resources (US) Ltd.	100%	100%
Roca Honda Resources, LLC	60%	-
Nose Rock, LLC	100%	-
Juniper Ridge, LLC	100%	-
AUC, LLC	100%	-

Significant inter-company balances and transactions are eliminated on consolidation.

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant accounts that require estimates relate to the possible impairment of property and equipment and mineral property interests, the useful life of property and equipment, valuation allowances for future income taxes, valuation of investments, valuation of stock-based compensation and warrants in private placements and valuation of asset retirement obligations.

Cash and equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Short term investments

Short term investments, are classified as held-for-trading and measured at fair market value. Gains and losses are recognized on the income statement. Prior to fiscal 2007, short term investments were recorded at the lower of cost or market value on an aggregate basis.

Property and equipment

Property and equipment is recorded at cost and amortization is calculated using the declining-balance method, unless otherwise noted, at the following annual rates:

Office equipment	20%
Geological equipment	20%
Leasehold improvements	5 year straight-line
Computer equipment	30%
Computer software	50%
Building	4%
Vehicle	30%

Mineral property interests and deferred exploration costs

The Company records mineral property interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of mineral property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these mineral property interests are capitalized on the basis of specific claim blocks until the mineral property interests to which they relate are placed into production, the mineral property interests are disposed of through sale or where management has determined there to be an impairment. If a mineral property interest is abandoned, the mineral property interest and deferred exploration costs will be written off to operations in the period of abandonment.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject mineral property interest. Management's determination for impairment is based on: i) whether the Company's exploration programs on the mineral property interests have significantly changed, such that previously identified resource targets are no longer being pursued; ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future or iii) whether remaining lease terms are insufficient to conduct necessary studies or exploration work. As at December 31, 2007 and 2006, management believes that no impairment relating to the mineral property interests and deferred exploration costs was required.

The recorded costs of mineral property interests and deferred exploration costs are based on cash paid and the value of share considerations issued for mineral property interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into the Canadian dollar equivalent using the temporal method. The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates approximating those in effect at the time of the transaction. Exchange gains and losses arising on translation are included in the statement of operations.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders.

When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of income taxes in the statement of operations.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any asset retirement obligations.

Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs over the vesting period for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Income taxes

Income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Earnings per share

Earnings per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share are calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding stock options, and warrants with the average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Change in accounting policy

On January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 "Financial Instruments – Recognition and Measurement", 3861 "Financial Instruments – Disclosure and Presentation", 3865 "Hedges", 1530 "Comprehensive Income", and 3251 "Equity", for fiscal years beginning on or after January 1, 2007. These standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial instruments - recognition and measurement

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classifications for its financial instruments:

- a) Cash and equivalents and short term investments have been classified as held-for-trading.
- b) Investments have been classified as available-for-sale.
- c) Receivables have been classified as loans and receivables and measured at amortized cost.
- d) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Change in accounting policy (cont'd...)

Comprehensive income

Section 1530 establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Recent accounting pronouncements

The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

Section 1400 – Assessing going concern

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Section 1535 – Capital disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3862 – Financial instruments – disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

Section 3862 – Financial instruments – disclosures (cont'd...)

The Section requires specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

Section 3863 – Financial instruments - presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. SHORT TERM INVESTMENTS

Short term investments are recorded at fair value and are comprised of the following:

	2007	2006
Bonds and bond funds	\$ 12,788,046	\$ 27,412,579

During fiscal 2007, the Company recorded an unrealized loss of \$68,062 (2006 - \$20,574) to reflect the fair value of the investments as at December 31, 2007.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

4. INVESTMENTS

Investments are recorded at fair value and are comprised of the following:

	2007	2006
Yellowcake Mining Inc.	\$ 2,217,890	\$ -
American Uranium Corporation	<u>3,829,880</u>	<u>-</u>
	<u>\$ 6,047,770</u>	<u>-</u>

These securities have not been registered with the United States Securities and Exchange Commission and may not be offered for sale as at December 31, 2007. During fiscal 2007, the Company recorded an unrealized loss of \$6,758,210 (2006 - \$Nil), net of future income taxes, to reflect the fair value of the investments as at December 31, 2007.

5. PROPERTY AND EQUIPMENT

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 291,673	\$ 71,125	\$ 220,548	\$ 108,821	\$ 38,371	\$ 70,450
Building	483,902	11,053	472,849	-	-	-
Geological equipment	248,169	54,264	193,905	132,430	19,090	113,340
Leasehold improvements	245,534	47,808	197,726	65,114	17,413	47,701
Land	370,703	-	370,703	370,703	-	370,703
Computer equipment	258,183	88,798	169,385	105,239	55,092	50,147
Computer software	114,963	45,496	69,467	48,343	9,780	38,563
Vehicles	<u>410,235</u>	<u>71,643</u>	<u>338,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,423,362</u>	<u>\$ 390,187</u>	<u>\$ 2,033,175</u>	<u>\$ 830,650</u>	<u>\$ 139,746</u>	<u>\$ 690,904</u>

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

6. MINERAL PROPERTY INTERESTS

December 31, 2007	Roca Honda Property	Nose Rock/ Crown Point Property	Church Rock Property	Dalton Pass Property	Marquez Property	Jeep Property	Juniper Ridge Property	Rock Hill /Red Horse Property	Pine Tree/ Reno Creek Property	Sky/ Cedar Rim Property	Canada/ Peru Properties	Other Properties	Total Property Costs
Acquisition costs:													
Balance, beginning of year	\$ 498,970	\$ 908,991	\$ 289,155	\$ 20,927	\$ -	\$ -	\$ 488,158	\$ -	\$ 937,835	\$ 99,279	\$ 3,154,921	\$ 1,304,210	\$ 7,702,446
Additions	-	3,931	108,170	1,044	810,147	24,319	92,267	834,496	8,653	10,889	425,000	19,534	2,338,450
Cost Recoveries	-	(260,900)	-	(21,971)	-	-	(580,425)	-	(946,488)	(110,168)	-	-	(1,919,952)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	-	(3,579,921)	-	(3,579,921)
Balance, end of year	<u>498,970</u>	<u>652,022</u>	<u>397,325</u>	<u>-</u>	<u>810,147</u>	<u>24,319</u>	<u>-</u>	<u>834,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,323,744</u>	<u>4,541,023</u>
Exploration costs:													
Balance, beginning of year	<u>320,175</u>	<u>60,788</u>	<u>1,767,050</u>	<u>-</u>	<u>-</u>	<u>52,017</u>	<u>52,858</u>	<u>-</u>	<u>167,014</u>	<u>173,972</u>	<u>8,941,150</u>	<u>410,990</u>	<u>11,946,014</u>
Incurred during the year													
Administration	63,682	6,671	8,121	6	45	15,570	10,489	233	346	23,159	143,914	15,045	287,281
Drilling	5,116,130	-	-	-	-	123,419	61,882	-	-	607,415	483,255	98,388	6,490,489
Equipment/Vehicles	-	-	-	-	-	1,839	806	-	-	-	519,706	54	522,405
Engineering	771,600	-	237,824	-	-	364	5,880	116	-	188,168	479	74,771	1,279,202
Environmental	115,718	-	-	-	-	23	35,290	-	-	31,131	-	26,322	208,484
Facilities/Construction	736	-	5,200	-	-	-	-	-	-	4,178	29,851	7,200	47,165
Geology & Geophysics	100,280	986	2,186	47	3,187	4,619	39,515	33,103	8,510	26,369	2,686,412	30,383	2,935,597
Health & Safety	6,738	-	578	-	-	-	8,326	-	53	12,332	-	10,660	38,687
Property	14,862	61,362	20,223	9,413	1,532	46,071	51,267	31,322	108,545	6,606	598,632	400,540	1,350,375
Permitting/Regulatory	357,594	138	9,877	-	-	14,153	217,703	-	6,267	71,934	104,916	609,800	1,392,382
Personnel Time	49,228	11,995	166,194	7,187	12,846	35,707	96,214	220	8,039	205,550	915,152	74,084	1,582,416
Travel	<u>22,411</u>	<u>7,407</u>	<u>8,768</u>	<u>1,251</u>	<u>2,628</u>	<u>7,878</u>	<u>18,205</u>	<u>-</u>	<u>2,420</u>	<u>52,453</u>	<u>113,614</u>	<u>30,344</u>	<u>267,379</u>
	6,618,979	88,559	458,971	17,904	20,238	249,643	545,577	64,994	134,180	1,229,295	5,595,931	1,377,591	16,401,862
Cost recoveries	(1,062,280)	-	-	(17,904)	-	(166,741)	(598,435)	-	(301,194)	(388,359)	-	-	(2,534,913)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	-	(14,537,081)	-	(14,537,081)
Prepaid exploration expenditures	-	-	-	-	-	-	-	-	-	-	-	<u>1,106,235</u>	<u>1,106,235</u>
Balance, end of year	<u>5,876,874</u>	<u>149,347</u>	<u>2,226,021</u>	<u>-</u>	<u>20,238</u>	<u>134,919</u>	<u>-</u>	<u>64,994</u>	<u>-</u>	<u>1,014,908</u>	<u>-</u>	<u>2,894,816</u>	<u>12,382,117</u>
Total costs	\$6,375,844	\$ 801,369	\$2,623,346	\$ -	\$ 830,385	\$ 159,238	\$ -	\$ 899,490	\$ -	\$1,014,908	\$ -	\$4,218,560	\$ 16,923,140

STRATHMORE MINERALS CORP.
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6. MINERAL PROPERTY INTERESTS (cont'd...)

December 31, 2006	Roca Honda Property	Nose Rock/ Crown Point Property	Church Rock Property	Dalton Pass Property	Marquez Property	Jeep Property	Juniper Ridge Property	Rock Hill /Red Horse Property	Pine Tree/ Reno Creek Property	Sky/ Cedar Rim Property	Canada/ Peru Properties	Other Properties	Total Property Costs
Acquisition costs:													
Balance, beginning of year	\$ 498,970	\$ 484,491	\$ 289,155	\$ -	\$ -	\$ -	\$ 205,158	\$ -	\$ 672,475	\$ 99,279	\$ 2,383,386	\$ 946,864	\$ 5,579,778
Additions	-	424,500	-	20,927	-	-	283,000	-	265,360	-	771,535	357,346	2,122,668
Balance, end of year	498,970	908,991	289,155	20,927	-	-	488,158	-	937,835	99,279	3,154,921	1,304,210	7,702,446
Exploration costs:													
Balance, beginning of year	28,206	35,692	376,744	-	-	-	20,676	-	23,625	5,408	2,955,712	124,927	3,570,990
Incurred during the year:													
Administration	9,021	87	113,202	-	-	385	727	-	3,732	2,125	99,806	984	230,069
Geology & Geophysics	106	-	673	-	-	94	-	-	-	14	3,242,567	14,284	3,257,738
Lab analysis & sampling	-	-	-	-	-	-	-	-	-	-	19,990	-	19,990
Property fees	23,673	24,270	30,846	-	-	615	31,455	-	136,634	4,673	211,705	261,838	725,709
Personnel time	254,203	-	1,112,321	-	-	47,505	-	-	-	156,514	1,875,141	-	3,445,684
Travel	4,966	739	133,264	-	-	3,418	-	-	3,023	5,238	536,229	8,957	695,834
	291,969	25,096	1,390,306	-	-	52,017	32,182	-	143,389	168,564	5,985,438	286,063	8,375,024
Balance, end of year	320,175	60,788	1,767,050	-	-	52,017	52,858	-	167,014	173,972	8,941,150	410,990	11,946,014
Total costs	\$ 819,145	\$ 969,779	\$ 2,056,205	\$ 20,927	\$ -	\$ 52,017	\$ 541,016	\$ -	\$ 1,104,849	\$ 273,251	\$ 12,096,071	\$ 1,715,200	\$ 19,648,460

6. MINERAL PROPERTY INTERESTS (cont'd...)

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.

New Mexico properties, USA

Roca Honda Property

On July 26, 2007, the Company completed an agreement with Sumitomo Corp. ("Sumitomo") of Japan to develop the Roca Honda uranium project located in New Mexico. The Company has transferred its entire interest in the Roca Honda Property to Roca Honda Resources, LLC, a subsidiary in which the Company owns 60% and Sumitomo 40%. The Company and Sumitomo are committed to fund a US\$27,215,000 feasibility study, in proportion to their respective ownership interests by the end of fiscal 2011. Following completion of the feasibility study, should a positive decision be made to proceed, Sumitomo will contribute a pre-determined cash contribution for development of the Roca Honda mine. During fiscal 2007, the Company received US\$1,000,000 from Sumitomo for completing the agreement.

The Company had acquired its original 100% interest in the Roca Honda claims during prior years by paying \$227,970 and issuing 200,000 common shares valued at \$271,000.

The Company has consolidated Roca Honda Resources, LLC into its operations and recorded a non-controlling interest of \$2,265,823 to reflect Sumitomo's 40% interest.

Nose Rock/Crown Point Property

The Company acquired a 100% interest in Nose Rock/Crown Point claims located in New Mexico, USA by paying \$206,991 and issuing 300,000 common shares valued at \$702,000.

On September 14, 2007 the Company granted Uranium International Corp. (formerly Nu-Mex Uranium Resources Inc.) ("UIC") an option to acquire up to a 65% interest in the Company's Nose Rock property by paying the Company US\$250,000 and issuing 5,000,000 common shares. A nominal value has been attributed to these shares. To earn its 65% interest, UIC is required to incur a total of US\$44,500,000 in exploration expenditures in stages over seven years. The Company retains the right to earn back a 16% interest in the project in consideration for US\$25,000,000.

Dalton Pass Property

On October 5, 2007, the Company granted UIC an option to acquire up to a 65% interest in the Dalton Pass property. To earn its 65% interest, UIC has paid US\$250,000 and is required to incur a total of US\$16,750,000 in exploration expenditures in stages over six years and pay the Company an additional US\$1,000,000 in cash or, at the option of UIC, common shares of UIC, in stages over four years. The Company retains the right to earn back a 16% interest in the project interesting consideration for US\$8,000,000

The \$257,700 (US\$250,000) payment exceeded the property's cost base and the Company has recorded a \$217,825 gain in its statement of operations.

6. MINERAL PROPERTY INTERESTS (cont'd...)

New Mexico properties, USA (cont'd...)

Marquez Property

On September 5, 2007, the Company entered into a mineral lease agreement on the Marquez property located in New Mexico, for a period of ten years, with the option to extend the lease for an additional five years. The Company has paid \$805,700 (US\$750,000) and is required to make annual payments of US\$250,000 during the initial ten year term. To extend the lease for an additional five years, the Company is required to pay US\$750,000 and make annual payments of US\$300,000 thereafter. To extend the lease beyond fifteen years, the Company is required to pay an additional US\$750,000.

The property is subject to an 8% net proceeds production royalty. Should commercial production not commence by September, 2015, the Company will be required to pay additional annual minimum advance royalty payments of US\$250,000 which may be recovered from future production royalties.

Church Rock Property

The Company had acquired its original 100% interest in the Church Rock property during prior years by paying \$153,655 and issuing 100,000 common shares valued at \$135,500.

On May 31, 2007, the Company entered into an option agreement to acquire certain water rights in the McKinley county area of New Mexico. The purchase price was US\$4,000 per acre-foot per year of consumptive use and is payable as follows: an initial US\$100,000 deposit and 50% of US\$4,000 multiplied by the amount of water right authorized by the State Engineer. The remainder is to be paid at closing. The final amount to be paid will be determined in accordance with the agreement which includes a 5% escalator fee per year after the second year in which the petition to the State Engineer is being reviewed.

Wyoming properties, USA

Jeep Property

The Company acquired, by staking, a 100% interest in the Jeep property.

On July 31, 2007, the Company granted Yellowcake Mining Inc. ("Yellowcake") an option to acquire a 60% interest in the Company's Jeep property. To earn its 60% interest, Yellowcake is required to incur a total of US\$10,000,000 in exploration expenditures in stages to September 2013. The Company retains the right to earn back an 11% interest in the project in consideration for up to US\$10,000,000.

Juniper Ridge Property

The Company acquired a 100% interest in the Juniper Ridge property by issuing 100,000 common shares valued at \$147,000.

6. MINERAL PROPERTY INTERESTS (cont'd...)

Wyoming properties, USA (cont'd...)

Juniper Ridge Property (cont'd...)

On March 14, 2007 the Company granted an option to acquire up to an 80% interest in its Juniper Ridge property to Yellowcake. The Company transferred its entire interest in the Juniper Ridge property to Juniper Ridge LLC. In return for the option, Yellowcake paid the Company US\$100,000 and issued 9,000,000 shares valued at \$9,779,900 in the capital of Yellowcake to Juniper Ridge LLC. To earn its interest, Yellowcake is committed to additional payments of US\$400,000 over four years and will fund US\$8,000,000 over five years toward the property's exploration. Yellowcake will earn a 40% interest upon incurring US\$4,000,000 in expenditures and will be required to pay a royalty payment to the Company of 3% of the optioned portion of all future production. Pursuant to the agreement, Yellowcake had the option to enter into an equal partnership with the Company over any mining leases acquired from certain databases.

Pine Tree/Reno Creek Property

The Company acquired a 100% interest in the Pine Tree/Reno Creek claims located in Wyoming, USA by issuing 300,000 common shares valued at \$610,000.

On August 20, 2007 the Company granted American Uranium Corporation ("American Uranium") an option to acquire a 60% in the Pine Tree/Reno Creek property. The Company has transferred its entire interest in Pine Tree/Reno Creek to AUC, LLC. American Uranium has contributed 5,000,000 common shares valued at \$5,828,600 to AUC, LLC. To earn its 60% interest, American Uranium will contribute US\$33,000,000 for exploration by spending US\$1,500,000 in both the first year and second year, US\$2,000,000 in the third year, and US\$28,000,000 in the fourth year. American Uranium will have earned a 22.5% interest upon incurring US\$12,375,000 in expenditures and a 37.5% interest upon incurring the remaining US\$20,625,000. The US\$28,000,000 will be reduced proportionately depending on the results of a property evaluation.

Sky/Cedar Rim Property

The Company acquired a 100% interest in the Sky/Cedar Rim claims located in Wyoming, USA by issuing 50,000 common shares valued at \$86,250.

On July 31, 2007, the Company granted Yellowcake an option to acquire a 60% interest in the Company's Sky/Cedar Rim property. To earn its 60% interest, Yellowcake is required to incur a total of US\$7,500,000 in exploration expenditures in stages to September 2011. The Company retains the right to earn back a 11% interest in the project in consideration for up to US\$7,500,000.

Rock Hill/Red Horse Property

On October 31, 2007 the Company acquired 100% of Rock Hill mineral claims by paying US\$770,960 and reimbursing the vendor for staking fees of \$46,500. The Company also acquired data related to this property by issuing 25,000 common shares valued at \$62,500. The property is subject to a 5% net proceeds royalty.

6. MINERAL PROPERTY INTERESTS (cont'd...)

Wyoming properties, USA (cont'd...)

Gas Hills Mill Site Property

On December 10, 2007 the Company entered into an option agreement to acquire the Gas Hills Mill Site property locate in Wyoming and the related NRC license. The Company paid US\$10,000 for a one year option to acquire the property. The Company is required to pay an additional amount to complete the acquisition.

Other Properties

Other New Mexico Properties

The Company acquired a 100% interest in certain claims located in New Mexico, USA, by paying \$91,651. Certain claims are subject to a 1% royalty.

Other Wyoming Properties

The Company acquired a 100% interest in a certain claims located in Wyoming, USA by paying \$87,560, incurring additional costs of \$261,887 and issuing 550,000 common shares valued at \$986,250.

Chord property, South Dakota

The Company acquired a 100% interest in a uranium property located in South Dakota, USA, 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. 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. During fiscal 2007, the Company paid \$11,000 (US\$10,000) (2006 - \$14,381 (US\$10,000)). The property is subject to a 2% gross royalty.

7. PLAN OF ARRANGEMENT

On June 19, 2007 the shareholders of the Company approved a plan of arrangement ("the arrangement") to reorganize the Canadian and Peruvian mineral property interests. The effective date of the transaction was July 17, 2007.

Under the terms of the arrangement, all of the Company's Canadian and Peruvian mineral property interests with a cost base of \$18,117,002, its investment in Great Bear Resources valued at \$50,000, and \$500,000 cash were transferred to Fission Energy Corp. ("Fission"). The Company also incurred \$328,914 of reorganization costs to complete the arrangement (Note 8). Under the terms of the arrangement, the Company's shareholders received one new common share in exchange for their old Strathmore common share and one-third of one common share in the capital of Fission for each common share held on the share distribution record date of July 13, 2007.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. 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, 2005	55,755,514	\$ 41,299,968	\$ 4,857,621
Private placements	3,265,950	8,699,795	-
Exercise of options	2,370,000	2,815,678	(884,878)
Exercise of warrants	8,340,084	14,809,977	(3,199,127)
Acquisition of mineral property interests	900,000	2,207,000	-
Stock-based compensation	-	-	731,026
Share issuance costs	-	(771,365)	87,351
As at December 31, 2006	70,631,548	69,061,053	1,591,993
Exercise of options	597,000	1,428,353	(417,553)
Exercise of warrants	1,179,363	3,224,985	(454,732)
Acquisition of mineral property interests	125,000	490,500	-
Tax benefits renounced to flow through share subscribers	-	(1,737,356)	-
Plan of arrangement (Note 7)	-	(18,995,916)	-
Cancellation of escrowed shares	(75,000)	-	-
Stock-based compensation	-	-	3,681,128
As at December 31, 2007	72,457,911	\$ 53,471,619	\$ 4,400,836

In May, 2006, the Company issued 1,697,300 flow-through shares at \$3.00 per share and 1,568,650 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 and expires May 9, 2008. In connection with the placement, the Company paid commissions of \$521,988 in cash and issued 195,957 agents' warrants. The fair value of the agents' warrants, being \$87,351, was determined using the Black-Scholes option pricing model with a volatility of 53%, risk-free interest rate of 4.26%, expected life of 1 year, and a dividend rate of 0%.

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 five years with vesting provisions determined by the Board of Directors.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

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

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

	<u>Warrants</u>		<u>Stock Options</u>	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2005	9,082,990	\$ 1.39	3,888,000	\$ 1.16
Granted	980,282	3.11	2,840,000	1.89
Exercised	(8,340,084)	1.39	(2,370,000)	0.81
Expired/cancelled	<u>(2,500)</u>	0.76	<u>(163,000)</u>	1.91
Outstanding, December 31, 2006	1,720,688	2.53	4,195,000	1.82
Granted	-		2,650,000	2.74
Exercised	<u>(1,179,363)</u>	2.35	<u>(597,000)</u>	1.69
Outstanding, December 31, 2007	541,325	\$ 2.39	6,248,000	\$ 2.15
Number currently exercisable	541,325	\$ 2.39	3,598,000	\$ 1.72

In conjunction with the plan of arrangement (Note 7), all the stock options outstanding as at June 19, 2007 vested immediately and the exercise price of all the stock options outstanding as at July 17, 2007 was amended to take into account the change in the fair market value of common shares as a result of transferring the spin-out assets from the Company to Fission.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

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

The re-pricing of the stock options, along with the stock options and share purchase warrants outstanding as at December 31, 2007 is as follows:

	Number of Shares	Exercise Price Before Plan of Arrangement	Exercise Price as at December 31, 2007. After Plan of Arrangement	Expiry Date
Options	300,000	\$ 2.20	\$ 2.05	April 29, 2008
	125,000	2.50	2.34	April 13, 2009
	724,000	1.50	1.40	October 6, 2010
	100,000	3.00	2.80	December 15, 2010
	1,692,000	1.70	1.59	August 31, 2011
	657,000	2.10	1.96	October 27, 2011
	2,500,000	-	2.75	August 31, 2012
	<u>150,000</u>	-	2.50	November 21, 2012
Total	<u>6,248,000</u>			
Warrants	541,325	\$ 3.25	\$ 2.39	May 9, 2008

All outstanding warrants of the Company at the completion date of the plan of arrangement are exercisable into one common share of the Company and one-third of one common share of Fission for each warrant exercised. The exercise price is split between the Company and Fission and has been determined using the same ratio that the fair market value of the Canadian and Peruvian net assets made up of the total net assets of the Company on July 17, 2007. The Company also extended the expiry date from November 9, 2007 to May 9, 2008 on warrants to acquire 541,325 common shares.

Stock-based compensation

During fiscal 2007, the Company granted 2,650,000 (2006 – 2,840,000) 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 fiscal 2007 was \$3,681,128 (2006 - \$731,026) as a result of options granted and vested and re-priced. This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of options granted was \$2.74 (2006 - \$1.09) per option.

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

	2007	2006
Risk-free interest rate	4.53%	4.02%
Expected life	4 years	3.6 years
Annualized volatility	63%	79%
Dividend rate	0.00%	0.00%

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2007	2006
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Cash and equivalents:		
Cash balances	\$ 2,812,096	\$ 5,189,185
Term deposits	<u>88,000</u>	<u>110,723</u>
	<u>\$ 2,900,096</u>	<u>\$ 5,299,908</u>

Significant non-cash transactions during the year ended December 31, 2007 included:

- a) Issuing 125,000 (2006 – 900,000) common shares valued at \$490,500 (2006 – \$2,207,000) pursuant to the acquisition of mineral property interests and issuing Nil (2006 – 195,957) agents’ warrants valued at \$Nil (2006 – \$87,351) as finders’ fees on private placements.
- b) Accruing deferred exploration costs in accounts payable and accrued liabilities of \$1,610,077 (2006 – \$616,427) at December 31, 2007.
- c) Issuing Nil (2006 – 10,000) common shares for proceeds of \$Nil (2006 – \$3,600) received in the prior year.
- d) Recognizing mineral property recoveries of \$347,630 through receivables.
- e) Receiving investments valued at \$15,608,500 pursuant to mineral property option agreements.
- f) Transferring mineral property interests with a cost base of \$18,117,002 and an investment valued at \$50,000 to Fission.

10. RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties as follows:

- a) Paid or accrued \$723,449 (2006 - \$290,615) for consulting fees to directors and companies controlled by directors.
- b) Paid or accrued \$468,601 (2006 - \$290,415) for consulting fees to officers of the Company.
- c) Paid or accrued \$160,000 (2006 - \$116,000) for director’s fees, included in wages to directors.

Included in accounts payable is \$68,539 (2006 \$15,449) for fees and expense reimbursements to directors, officers and companies controlled by directors.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. RELATED PARTY TRANSACTIONS (cont'd...)

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.

An officer of the Company is also a former director of Yellowcake. The officer of the Company was a director of Yellowcake during the period the options on the Jeep and Sky properties were granted (Note 6).

11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported income taxes is as follows:

	2007	2006
Income (loss) before income taxes	\$ 355,957	\$ (2,310,688)
Expected income taxes (payable) recovery	\$ (121,452)	\$ 834,621
Foreign tax rate differences	(58,144)	-
Other items deductible (not deductible) for income tax purposes	4,417,078	(343,052)
Stock-based compensation not deductible for income tax purposes	(1,256,001)	(264,047)
Recognized (unrecognized) benefits of non-capital losses	<u>(7,379,282)</u>	<u>(227,522)</u>
Future income tax recovery	\$ (4,397,801)	\$ -

The significant components of the Company's future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Equipment	\$ 58,264	\$ 61,021
Mineral property interests and related exploration expenditures	88,766	1,102,853
Investments	(2,116,720)	-
Other assets	344,077	360,987
Non-capital losses available for future periods	<u>3,964,147</u>	<u>859,747</u>
	2,338,534	2,384,608
Valuation allowance	<u>(2,338,534)</u>	<u>(2,384,608)</u>
Net future income tax asset	\$ -	\$ -

The Company has available approximately \$12,339,159 of non-capital losses which, if unutilized, will expire through 2027. Subject to certain restrictions, the Company also has capital losses of \$367,470 and resource exploration expenditures of approximately \$15,344,838 available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements, and have been offset by a valuation allowance.

11. INCOME TAXES (cont'd...)

During fiscal 2007, the Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's resource properties resulting in a future income tax recovery of \$1,737,356 and a charge against capital stock.

12. 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 fiscal years 2007 and 2006 to relate to this segment.

The Company had mineral property interests located in the USA, Canada and Peru and conducts administrative activities from Canada. The total amount of capital assets attributable to Canada is \$Nil (2006 - \$11,979,000), Peru is \$Nil (2006 - \$459,597) and the USA is \$18,956,315 (2006 - \$7,900,767).

13. CONTINGENCY

In January 2008 the Company received an invoice in the amount of \$182,616 from a Canadian drilling company. The invoice represents amounts for services to have been alleged performed during 2007. The Company unequivocally rejects this claim. The party has commenced legal proceedings and the Company will rigorously defend itself and will seek reimbursement for all costs associated with the defense from the claim or litigation. No amount has been accrued in these financial statements in respect of the claim as the outcome is not determinable. Any costs ultimately assessed against the Company in respect of this claim will be recoded in the period in which the actual determination of the liability, if any, is made.

14. FINANCIAL INSTRUMENTS AND COMPREHENSIVE INCOME

The Company's financial instruments consist of cash and equivalents, short term investments, receivables, investments, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is 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 currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2007, the Company:

- a) Granted incentive stock options to directors and officers to purchase up to 400,000 common shares at \$2.25 per share for a period of 5 years.
- b) Terminated its agreements with Yellowcake for the Sky, Jeep, and other data base projects. In addition, the Company and Yellowcake have agreed to amend certain terms regarding Yellowcake's commitment to fund \$8,000,000 of exploration on the Juniper Ridge property as follows:
 - i) contribute at least \$764,518 not later than May 1, 2008

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

15. SUBSEQUENT EVENTS (cont'd...)

- ii) a minimum of \$300,00 not later than September 1, 2008
- iii) a minimum of \$500,000 not later than December 31, 2009
- iv) balance of the \$8,000,000 as agreed by both parties based on the availability of financing, but in any case not later than December 31, 2012.

MANAGEMENT'S DISCUSSION & ANALYSIS
STRATHMORE MINERALS CORP.
FOR THE YEAR ENDED DECEMBER 31, 2007

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 for the following reasons:

- Increased worldwide energy demand
- Increased demand for uranium.
- Uranium Demand/Supply Imbalance, resulting in significantly higher uranium prices
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants
- The Company's uranium projects are located in the United States where the domestic annual demand for uranium exceeds 50 million pounds, while production totals approximately 4-5 million pounds per year. The United States currently imports most of its domestic uranium requirements to meet the shortfall in supply.

This increased demand and higher prices has stimulated 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 year ended December 31, 2007 (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 April 25, 2008.

Plan of Arrangement with Fission Energy Corp.

During the first quarter, Strathmore announced that it intended to enhance shareholder value by spinning off its Canadian and Peruvian exploration properties, in addition to \$500,000 cash into a separate publicly traded company. At the Company's Annual General and Special Shareholder's meeting held in Vancouver on June 19, 2007, shareholders unanimously approved the spin-off and Fission Energy Corp. ("Fission") was created to hold the spin-out assets. The Plan of Arrangement (the "Plan") with Fission received British Columbia Supreme Court approval on June 22nd, and TSX Exchange and other regulatory approvals were received shortly thereafter.

Plan of Arrangement with Fission Energy Corp. (cont'd...)

Under the Plan, Strathmore shareholders received one new share of Strathmore Minerals Corp. and .333 shares of Fission Energy Corp. for each previously held share of Strathmore. During the quarter the Company announced the fair market value of distributed shares of Fission on July 17, 2007, the effective date of the Plan, to be 26.51% of the value of the previously held share of Strathmore. Shareholders are reminded that this determination of Fair Market Value is not binding on the Canada Revenue Agency or the US Internal Revenue Service. The above information is not intended to be, nor should it be considered to be legal or tax advice to any particular Shareholder, Option holder, or Warrant holder. Shareholders should consult with their tax advisors and review the Management Information Circular dated May 8, 2007.

Fission began trading as a new public company on July 25 on the TSX Venture Exchange under the symbol FIS.V, Strathmore Minerals Corp. continues to trade on the TSX Venture Exchange under the symbol STM.V. Upon completion of the Plan, all of Strathmore's uranium exploration and development properties are now located in the United States.

Performance Summary and Update

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 primary properties are located in the two largest historical uranium producing districts in the United States: Grants, New Mexico and the Gas Hills, Wyoming.

During 2006, the uranium spot price began the year at US \$37.50 /lb. and reached a new all-time high of US \$72 /lb. by the end of the year. Development problems at Cameco's Cigar Lake uranium deposit during the second half of 2006 removed approximately 18-20 million pounds of expected production from the market place, causing the uranium price to surge to the upside. During the second half of 2007, the spot price of uranium continued its uptrend to approximately US \$138 /lb, before declining to approximately US \$68 /lb at the time of writing. The long-term contract price remained at US \$95 /lb throughout the quarter to year end Dec 31, 2007.

In 2007, the Company continued to execute its strategy of advancing its core Wyoming and New Mexico properties towards production. During the forthcoming 2008 calendar year, exploration and development will continue on the uranium projects discussed herein.

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

Wyoming Properties

Gas Hills Properties

During the final quarter, Strathmore announced that it had increased its land holdings in the Gas Hills to in excess of 33,000 acres (12,950 ha). The Company is now the largest land holder of uranium properties in the Gas Hills, which includes a 100% interest in six near-surface open pit deposits with historical resources. As a result, the Gas Hills now makes up the Company's core uranium land holdings in Wyoming. Permitting has been underway since late 2006, and first production, subject to obtaining the necessary permits and regulatory approvals, is planned for 2010. The deposits include George-Ver, Loco-Lee, Bull-Rush, Frazier LeMac, Andria, East Day Loma, and New Rock Hill (See below: Uranium Resources Summary by Property for additional detail) Subsequent to the December 31st quarter end, the Company announced that it had staked additional lands in the Gas Hills known as the Amazon and Sunset deposits. Historical resources total 2.1 million lbs U₃O₈. These newly acquired properties complement Strathmore's existing Gas Hills deposits. In addition, 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 Uranium District, Wyoming.

The NRC license covers a historic mill site. It 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.

Strathmore shall have one year to evaluate the acquisition of the NRC License and uranium properties and any obligations associated with the option agreement. The Company expects to continue its main focus on evaluating and permitting its Gas Hills properties during 2008.

Sky Property

The Sky Property consists of 50 unpatented mining claims totaling 1,033 acres (418 hectares) located in the Gas Hills Uranium District. Sky is Strathmore's first project in Wyoming to begin data collection activities for permitting purposes. In August 2007, Strathmore and Yellowcake Mining (YCKM – OTCBB) completed a formal Joint Venture Agreement on the property to finance the development of the property. The intent is to develop the Sky project as a satellite ISR operation.

During the quarter ending December 31st, 2007, the Company began the installation of groundwater monitor wells. However, rig difficulties were encountered and the drilling was terminated. Plans are being made to resume drilling during the spring/summer of 2008.

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

Wyoming Properties (cont'd...)

Pine Tree Property

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”) (AUUM -OTCBB) over several nearby properties (Pine Tree, Four Mile Creek, West Reno, State and Private leases). Subsequent to the December 31st quarter end, Strathmore and American Uranium announced an amendment to this agreement. American Uranium agreed to increase its exploration and development expenditures from US \$5 million to US \$ 12.375 million to earn an initial 22.5% interest in the project. With this amendment, Strathmore has agreed to rescind its 11% buyback provision under the terms specified by the original agreement. All other terms as per the original agreement remain unchanged, including total expenditures of US \$33 million required to be spent by American Uranium to earn a 60% interest. In addition, the Company completed and SEDAR filed NI 43-101 technical reports for the West Reno Creek and the Southwest Reno Creek properties. The West Reno Creek property comprises about 15% of the total size of the project, while the Southwest Reno Creek totals approximately 17% of the entire Pine Tree Reno Creek project.

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 summer, bringing the total number there to 201 claims in addition to one State of Wyoming Mineral Lease. The project now totals 4,793 acres (1,940 Hectares).

During the quarter the Company reviewed new data, which allowed for an updated historical resource estimate at its Juniper Ridge Project. The historical Measured & Indicated resource totals 5,971,000 tons grading 0.063% U₃O₈ for 7,539,000 pounds. This Measured & Indicated resource is not NI 43-101 compliant.

Permitting activities on the property are ongoing. The Joint Venture recently received permits to begin the installation of six wells to monitor groundwater. Upon completion, pump tests will be performed to determine the hydrologic characteristics and samples will be obtained to determine baseline water quality. Drilling and installation activities are scheduled for spring 2008. In addition, plans for extensive exploration drilling to increase the extent of the known mineralization are under preparation.

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

New Mexico Properties

Roca Honda Project

The Roca Honda property represents the Company's most significant uranium resource with a 43-101 compliant, measured & indicated resource of 17,512,000 lbs U₃O₈, and an inferred resource in excess of 15.8 million lbsU₃O₈.

In July, the Company completed the Joint Venture agreement with Sumitomo Corp. of Japan to develop the Roca Honda Project. Under the terms of the completed definitive agreement, subsidiaries of Strathmore and Sumitomo have formed a 60/40 limited liability company (LLC) to affect the joint venture. Under the agreement:

- Sumitomo has paid Strathmore an additional US \$900,000 as part of its initial US \$1,000,000 total cash payment to Strathmore for entering the joint venture agreement. US \$100,000 was previously paid pursuant to the previously executed Exclusivity Agreement;
- The initial purpose of the joint venture will be to undertake and complete a bankable feasibility study to develop and mine Roca Honda, and Sumitomo will contribute 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. If Sumitomo elects to participate in the development, it will make a pre-determined additional lump sum contribution to Strathmore. Following a positive investment decision by both parties, Strathmore and Sumitomo will together pursue the development and mining of uranium at the Roca Honda project;
- 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.

During the period, the Company continued permitting activities at Roca Honda which began in 2006. The installation of four monitor wells was completed. Each well will be drilled to depths of approximately 2,000 feet (610 m) and will enable the Company to obtain vital geologic and hydrologic information, in addition to further defining the ore body and providing samples for initial mill process studies. On completion, pump tests will be performed on each of the four wells to determine baseline water quality. Planning for the installation of meteorological and radiological monitoring stations was begun, which will allow of the collection of background data for mine design and operations planning and to support mill process design currently underway. The planning process for the construction of a mill in New Mexico to support the Roca Honda resource is also continuing. Initial site studies for the mill and tailings, as well as mill process design investigations, supported by the current drilling program are underway.

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

New Mexico Properties (cont'd...)

Roca Honda Project (cont'd...)

During installation of the second monitor well, a new uranium zone was discovered. This zone is located in Section 16, a previously unexplored area of the property. The well returned several intercepts as follows:

S2-Jmw-CH-07 Uranium Intercepts (eU₃O₈)

Interval (ft)	Thickness (ft)	Grade %	GT	Sand Unit	lbs U ₃ O ₈ / ton
1731 – 1734	3.0	0.16	0.48	A	3.2
1748 – 1757	9.0	0.56	5.08	A	11.2
1792 – 1793.5	1.5	0.20	0.30	B1	4.0

Dalton Pass

The Dalton Pass property comprises approximately 1320 acres (534 Hectares) of federal lode mining claims. In July, the Company signed a Letter-of-Intent (LOI) with Uranium International Corp. (formerly Nu-Mex Uranium Resources Inc.) (“UIC”) to explore and develop the Dalton Pass Property. During the 4th quarter, the Company and UIC completed the agreement to jointly develop the property. Under the final terms of this agreement, the Company has granted UIC the right to earn-in a 65% interest in the project by:

- Paying to Strathmore \$250,000; and
- Incurring a total of \$16,750,000 in work commitment expenditures on the Dalton Pass property and make additional payments totaling \$1,000,000 in cash or stock under the following schedule:
 - A \$1,000,000 work commitment expenditure plus \$250,000 payment in cash or stock on or before the first year;
 - An additional \$2,000,000 work commitment expenditure plus \$250,000 payment in cash or stock on or before the second year;
 - An additional \$2,750,000 work commitment expenditure plus \$250,000 payment in cash or stock on or before the third year;
 - An additional \$3,000,000 work commitment expenditure plus \$250,000 payment in cash or stock on or before the fourth year;
 - An additional \$4,000,000 work commitment expenditure in the fifth year, and
 - An additional \$4,000,000 work commitment expenditure in the sixth year.

UIC will earn a 25% interest in the property once it has completed its commitments of \$1,000,000 in cash/stock and work of US\$8,750,000 on or before the anniversary of the fourth year. UIC will earn an additional 40% interest in the Property once UIC has completed its additional commitments of US\$8,000,000 in work on or before the anniversary of the sixth year. Following the sixth anniversary of the closing date, or other mutually agreed upon time, the operator will retain a third party engineering firm to prepare a Bankable Feasibility Study.

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

New Mexico Properties (cont'd...)

Dalton Pass (cont'd...)

Should the third party evaluation result in a positive recommendation, Strathmore and UIC will then proceed with their pro-rata payments under the proposed joint venture agreement to further develop the project. Strathmore will have up to 90 days after the date the Bankable Feasibility report is delivered to elect whether or not to earn back a 16% undivided interest in the Property by paying US\$8,000,000 to UIC, providing UIC has met all its obligations to earn 65%.

Nose Rock

The Nose Rock Project is located northeast of Crownpoint within the Grants Mineral Belt in the State of New Mexico. The Company acquired the property through mineral leases or by claim staking and the Nose Rock Project as a whole consists of approximately 5,000 acres (2,023 Ha) of land. Strathmore completed an agreement with UIC sole and exclusive right to earn-in up to a 65% interest in the Nose Rock Project on the following terms (all dollar amounts are in US\$):

- UIC will pay to Strathmore \$250,000 on closing and issue to the limited liability company to be formed to consummate this joint venture between the parties 5,000,000 common shares in the Capital Stock of UIC; and
- UIC will incur a total of \$44,500,000 in work commitment expenditures on the Nose Rock Project in accordance with the following schedule:
 - \$1,000,000 in work commitment expenditures in each of the first and second years, and
 - Additional \$1,500,000 in work commitment expenditures in the third year,
 - an additional \$10,000,000 in work commitment expenditures in each of the fourth, fifth, and sixth years, and
 - an additional \$11,000,000 in work commitment expenditures in the seventh year.

The Company retains the right to earn back a 16% interest in the project in consideration for US\$25,000,000.

Uranium Resources Summary by Property

The following table updates the Company's uranium resources as at December 31, 2007. New property additions include the Andria, East Day Loma, and New Rock Hill projects in Wyoming's Gas Hills, and the Marquez Property in New Mexico. Additions and changes are anticipated over the following year as drilling databases are acquired and analyzed. The table includes NI 43-101 compliant (Measured and Indicated, and Inferred), and historical resources as defined by the results of exploration completed by previous mining companies. It revisits previously released information and adds the new historical and/or NI 43-101 resources where appropriate.

Uranium Resources Summary by Property (cont'd...)

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U ₃ O ₈	lbs/U ₃ O ₈
Gas Hills (George-Ver, Bullrush, Loco- Lee), WY	Federal American Partners (1984)	Historical: Measured & Indicated	6,131,504	0.069	8,440,490*
Gas Hills Frazier LeMac, WY	Pathfinder (1996)	Historical: Measured & Indicated	696,327	0.11	1,522,000*
Gas Hills: Andria, WY	Federal American Partners (1984)	Historical: Measured & Indicated	739,565	0.06	949,100*
Gas Hills: East Day Loma, WY	Energy Fuels (1978)	Historical: Measured & Indicated	456,096	0.21	1,940,945*
Gas Hills: New Rock Hill WY	Adobe/Union Carbide (1977)	Historical: Measured & Indicated	900,000	0.05	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*
Gas Hills, (Jeep), WY	Federal American Partners (1984) C. Snow, 43-101, (2007)	NI 43-101: Measured & Indicated NI 43-101: Inferred	316,636 152,762	0.08 0.05	483,395 168,003
Reno Creek, (West Reno), WY	Rocky Mountain Energy (1986) C. Snow, 43-101 (2008)	NI 43-101: Measured & Indicated NI 43-101: Inferred	5,677,929 2,633,800	0.065 0.065	7,433,499 3,406,771
Pine Tree, WY	Pathfinder (1980)	Historical: Measured& Indicated Historical: Inferred	1,947,000 625,000	0.07 0.06	2,646,000* 750,000*
Sec. 36 SW Reno Creek, & Claim Group, WY	TVA/Rocky Mountain Energy (1986)	NI 43-101: Measured & Indicated NI 43-101: Inferred	2,590,943	0.068	3,526,495
SWD Claims Area, WY	Utah International/ Pathfinder (1980)	Historical: Measured & Indicated Historical: Inferred	497,000 271,000	0.09 0.08	944,000* 400,000*
FMC Claim Area, WY	Rocky Mountain Energy (1986)	Historical: Measured & Indicated	1,992,000	0.09	3,670,000*
Ketchum Buttes, WY	Pathfinder (1980)	Historical: Measured & Indicated	1,135,000	0.064	1,454,900*
Juniper Ridge (Red Creek),WY	Urangesellschaft (1978)	Historical: Measured & Indicated	5,971,000	0.063	7,539,000*
Copper Mountain, WY	Anaconda (1997)	Historical: Indicated & Inferred	45,570,00	0.027	24,607,800*
Sky Project, WY	Exxon & Pathfinder (1980) C. Snow, 43-101, (2007)	NI 43-101: Indicated NI 43-101: Inferred	668,688 55,086	0.07 0.05	948,098 54,496
-Continued-					

Uranium Resources Summary by Property (cont'd...)

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U ₃ O ₈	lbs/U ₃ O ₈
<i>Continued...</i>					
Church Rock, New Mexico	Kerr McGee (1980) D. Fitch, 43-101 (2005)	NI 43-101 Measured & Indicated NI 43-101 Inferred	6,221,467 1,950,560	0.10 0.09	11,848,007 3,525,342
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	0.23 0.17	17,512,000 15,832,000
Roca Honda North, New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated	87,000	0.18	312,000*
Marquez, New Mexico	Kerr McGee (1980)	Historical: Measured, Indicated & and Inferred	2,754,000	0.17	9,362,000*
West Largo , New Mexico	Kerr McGee (1980)	Historical: Measured & Indicated Historical: Inferred	20,000 362,000	0.12 0.21	46,000* 1,534,000*
Nose Rock, New Mexico	Phillips Uranium (1979)	Historical: Measured & Indicated	6,694,217	0.135	18,230,955*
Dalton Pass , New Mexico	Pat hfinder (1980)	Historical: Measured & Indicated	3,470,000	0.07	4,735,000*
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	0.11	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 as current mineral resource, and is not treating the historic resources as current. Hence, they should not be relied upon. The technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43- 101 and reviewed by David Miller, President and Chief Operating Officer for Strathmore Minerals Corp., a qualified person under National Instrument 43-101*

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

Deferred Exploration Costs

5. MINERAL PROPERTY INTERESTS (cont'd...)

December 31, 2007	Roca Honda Property	Nose Rock/ Crown Point Property	Church Rock Property	Dalton Pass Property	Marquez Property	Jeep Property	Juniper Ridge Property	Rock Hill /Red Horse Property	Pine Tree/ Reno Creek Property	Sky/ Cedar Rim Property	Canada/ Peru Properties	Other Properties	Total Property Costs
Acquisition costs:													
Balance, beginning of year	\$ 498,970	\$ 908,991	\$ 289,155	\$ 20,927	\$ -	\$ -	\$ 488,158	\$ -	\$ 937,835	\$ 99,279	\$3,154,921	\$1,304,210	\$7,702,446
Additions	-	3,931	108,170	1,044	810,147	24,319	92,267	834,496	8,653	10,889	425,000	19,534	2,338,450
Cost Recoveries	-	(260,900)	-	(21,971)	-	-	(580,425)	-	(946,488)	(110,168)	-	-	(1,919,952)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	-	(3,579,921)	-	(3,579,921)
Balance, end of year	498,970	652,022	397,325	-	810,147	24,319	-	834,496	-	-	-	1,323,744	4,541,023
Exploration costs:													
Balance, beginning of year	<u>320,175</u>	<u>60,788</u>	<u>1,767,050</u>	<u>-</u>	<u>-</u>	<u>52,017</u>	<u>52,858</u>	<u>-</u>	<u>167,014</u>	<u>173,972</u>	<u>8,941,150</u>	<u>410,990</u>	<u>11,946,014</u>
Incurred during the year													
Administration	63,682	6,671	8,121	6	45	15,570	10,489	233	346	23,159	143,914	15,045	287,281
Drilling	5,116,130	-	-	-	-	123,419	61,882	-	-	607,415	483,255	98,388	6,490,489
Equipment/Vehicles	-	-	-	-	-	1,839	806	-	-	-	519,706	54	522,405
Engineering	771,600	-	237,824	-	-	364	5,880	116	-	188,168	479	74,771	1,279,202
Environmental	115,718	-	-	-	-	23	35,290	-	-	31,131	-	26,322	208,484
Facilities/Construction	736	-	5,200	-	-	-	-	-	-	4,178	29,851	7,200	47,165
Geology & Geophysics	100,280	986	2,186	47	3,187	4,619	39,515	33,103	8,510	26,369	2,686,412	30,383	2,935,597
Health & Safety	6,738	-	578	-	-	-	8,326	-	53	12,332	-	10,660	38,687
Property	14,862	61,362	20,223	9,413	1,532	46,071	51,267	31,322	108,545	6,606	598,632	400,540	1,350,375
Permitting/Regulatory	357,594	138	9,877	-	-	14,153	217,703	-	6,267	71,934	104,916	609,800	1,392,382
Personnel Time	49,228	11,995	166,194	7,187	12,846	35,707	96,214	220	8,039	205,550	915,152	74,084	1,582,416
Travel	<u>22,411</u>	<u>7,407</u>	<u>8,768</u>	<u>1,251</u>	<u>2,628</u>	<u>7,878</u>	<u>18,205</u>	<u>-</u>	<u>2,420</u>	<u>52,453</u>	<u>113,614</u>	<u>30,344</u>	<u>267,379</u>
	6,618,979	88,559	458,971	17,904	20,238	249,643	545,577	64,994	134,180	1,229,295	5,595,931	1,377,591	16,401,862
Cost recoveries	(1,062,280)	-	-	(17,904)	-	(166,741)	(598,435)	-	(301,194)	(388,359)	-	-	(2,534,913)
Transfer through plan of arrangement	-	-	-	-	-	-	-	-	-	-	(14,537,081)	-	(14,537,081)
Prepaid exploration expenditures	-	-	-	-	-	-	-	-	-	-	-	1,106,235	1,106,235
Balance, end of year	<u>5,876,874</u>	<u>149,347</u>	<u>2,226,021</u>	<u>-</u>	<u>20,238</u>	<u>134,919</u>	<u>-</u>	<u>64,994</u>	<u>-</u>	<u>1,014,908</u>	<u>-</u>	<u>2,894,816</u>	<u>12,382,117</u>
Total costs	<u>\$6,375,844</u>	<u>\$ 801,369</u>	<u>\$2,623,346</u>	<u>\$ -</u>	<u>\$ 830,385</u>	<u>\$ 159,238</u>	<u>\$ -</u>	<u>\$ 899,490</u>	<u>\$ -</u>	<u>\$1,014,908</u>	<u>\$ -</u>	<u>\$4,218,560</u>	<u>\$16,923,140</u>

Deferred Exploration Costs

5. MINERAL PROPERTY INTERESTS (cont'd...)

December 31, 2006	Roca Honda Property	Nose Rock/ Crownpoint Property	Church Rock Property	Dalton Pass Property	Marquez Property	Jeep Property	Juniper Ridge Property	Rock Hill Property	Pine Tree/ Reno Creek Property	Sky/ Cedar Rim Property	Canada/ Peru Properties	Other Properties	Total Property Costs
Acquisition costs:													
Balance, beginning of period	\$ 498,970	\$ 484,491	\$ 289,155	\$ -	\$ -	\$ -	\$ 205,158	\$ -	\$ 672,475	\$ 99,279	\$ 2,383,386	\$ 946,864	\$5,579,778
Additions	-	424,500	-	20,927	-	-	283,000	-	265,360	-	771,535	357,346	2,122,668
Balance, end of period	498,970	908,991	289,155	20,927	-	-	488,158	-	937,835	99,279	3,154,921	1,304,210	7,702,446
Exploration costs:													
Balance, beginning of period	28,206	35,692	376,744	-	-	-	20,676	-	23,625	5,408	2,955,712	124,927	3,570,990
Incurred during the period:													
Administration	9,021	87	113,202	-	-	385	727	-	3,732	2,125	99,806	984	230,069
Geology & Geophysics	106	-	673	-	-	94	-	-	-	14	3,242,567	14,284	3,257,738
Lab analysis & sampling	-	-	-	-	-	-	-	-	-	-	19,990	-	19,990
Property fees	23,673	24,270	30,846	-	-	615	31,455	-	136,634	4,673	211,705	261,838	725,709
Personnel time	254,203	-	1,112,321	-	-	47,505	-	-	-	156,514	1,875,141	-	3,445,684
Travel	4,966	739	133,264	-	-	3,418	-	-	3,023	5,238	536,229	8,957	695,834
	291,969	25,096	1,390,306	-	-	52,017	32,182	-	143,389	168,564	5,985,438	286,063	8,375,024
Balance, end of period	320,175	60,788	1,767,050	-	-	52,017	52,858	-	167,014	173,972	8,941,150	410,990	11,946,014
Total costs	\$ 819,145	\$ 969,779	\$ 2,056,205	\$ 20,927	\$ -	\$ 52,017	\$ 541,016	\$ -	\$1,104,849	\$ 273,251	\$12,096,071	\$1,715,200	\$19,648,460

Results of Operations

General and administrative expenses increased from \$3,666,777 for the year ended December 31, 2006 to \$9,708,136 for the year ended December 31, 2007, as the activity of the Company increased significantly as it expanded to take advantage of rising uranium prices. The Company also acquired additional properties and completed several joint-venture agreements, both of which led to higher costs related to these agreements. Further, pursuant to the plan of arrangement, all options vested and a higher stock-based compensation was recognized in the current year as a result.

The net income for the year ended December 31, 2007 totaled \$4,753,758, compared to a loss of \$2,310,688 recorded in the year ended December 31, 2006. The main reasons for the large positive variance in net income are the gain of \$9,109,983 in the current year on property option agreement from the Dalton Pass property and the future income tax recovery of \$4,397,801. Other items for the year ended December 31, 2007 that reduced the effect of the gain on net income include a foreign currency loss of \$148,285 due to unfavorable changes in exchange rates, a realized loss on investments of \$3,278 and an unrealized loss on investments of \$68,062 due to a decline in value of the Company's short-term investments. Interest income declined from \$1,173,735 compared to \$1,393,309 recorded in the prior year. The decrease in interest income is due to lower cash balances than in the prior year. The income before income taxes was \$355,957, although future income tax recovery of \$4,397,801 led to net income for the year of \$4,753,758, or \$0.07 per share basic earnings per share, \$0.06 fully diluted compared to a loss of \$2,310,688, or \$0.03 per share, in the prior year.

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 audited financial statements dated December 31, 2007 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 in Santa Fe, New Mexico.

Selected Annual Information

	2007	2006	2005
Income (loss) for the year	\$ 4,753,758	\$(2,310,688)	\$(1,622,502)
Total assets	42,220,535	53,490,354	30,770,777
Total liabilities	4,239,279	724,055	185,647
Shareholders' equity	37,981,256	52,766,299	30,585,130
Basic earnings (loss) per share	0.07	(0.03)	(0.03)
Diluted earnings (loss) per share	0.06	(0.03)	(0.03)

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2005	Net Income (loss)	(218,878)	(557,802)	(385,489)	(460,333)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
2006	Net Income (loss)	(500,780)	(745,149)	(137,342)	(927,417)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
2007	Net Income (loss)	(1,042,772)	(1,325,342)	(2,010,938)	9,132,810
	Basic earnings (loss) per share	(0.01)	(0.02)	(0.03)	0.13
	Diluted earnings (loss) per share	(0.01)	(0.02)	(0.03)	0.12

Liquidity

As of December 31, 2007, the Company had working capital of \$15,242,994, including Cash and Equivalents of \$2,900,096 and Short-term Investments of \$12,788,046. An internal review found that Strathmore has no exposure to sub-prime mortgage paper. The Company's cash balances are managed by two professional portfolio managers and are invested in a diversified fixed income portfolio of government backed and corporate securities. The Company does not have any operating revenues 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 several years. The Company expects to rely upon equity financing as its primary source of funding.

Financing, Principal Purposes and Milestones

During the year ended December 31, 2007, the Company conducted no placements of its common shares. 597,000 common shares were issued pursuant to the exercise of options for proceeds of \$1,010,800; 1,179,363 common shares were issued pursuant to the exercise of warrants for proceeds of \$2,770,253; and 125,000 common shares were issued for acquisition of mineral property interests.

The Company also completed its Form 20-F Registration in the United States, and is now a fully reporting issuer with the United States Securities and Exchange Commission. This voluntary registration requires the Company to submit timely filings under Form 6-K and an annual filing under Form 20-F, and places the Company under the regulatory jurisdiction of the SEC. Management believes that such increased availability of corporate data will assist investors in the United States to better evaluate the Company. Strathmore is also presently reviewing alternatives for an exchange listing in the United States.

Change in accounting policy

On January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections 3855 “Financial Instruments – Recognition and Measurement”, 3861 “Financial Instruments – Disclosure and Presentation”, 3865 “Hedges”, 1530 “Comprehensive Income”, and 3251 “Equity”, for fiscal years beginning on or after January 1, 2007. These standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial instruments - Recognition and measurement

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classifications for its financial instruments:

- a) Cash and equivalents and short term investments have been classified as held-for-trading.
- b) Investments have been classified as available-for-sale.
- c) Receivables have been classified as loans and receivables and measured at amortized cost.
- d) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

Comprehensive Income

Section 1530 establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Financing charges

Financing charges that reflect the cost to obtain new debt financing are expensed as incurred. Financing charges that reflect the cost to obtain new equity financing are deducted from shareholders equity.

Recent accounting pronouncements

The CICA has issued six new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

Section 1400 – Assessing Going Concern

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- i. qualitative information about its objectives, policies and processes for managing capital,
- ii. summary quantitative data about what it manages as capital.
- iii. whether during the period it complied with any externally imposed capital requirements to which it is subject.
- iv. when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3862 – Financial Instruments – Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- i. designating financial assets and liabilities as held for trading;
- ii. designating financial assets as available-for-sale; and
- iii. determining when impairment is recorded against the related financial asset or when an allowance account is used.

Recent accounting pronouncements (cont'd)

Section 3863 – Financial Instruments - Presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Capital Resources

For the year ended December 31, 2007, the Company had not entered into any property option agreement that require the Company to meet certain yearly exploration expenditure requirements. With the exception of the Company’s Roca Honda property, exploration partners are required fund exploration in advance of expenditure. Over five years, the Company will fund 60% of a \$US 27.2 million feasibility study for Roca Honda.

Outstanding Share Data

As at April 25, 2007, the Company has 72,457,911 common shares issued and outstanding. The Company also has 6,648,000 incentive stock options ranging in exercise price from \$1.40 to \$2.80 per share and 541,325 share purchase warrants for an exercise price of \$2.39 per share.

Fourth Quarter

During the fourth quarter, there were no significant events or transactions. The Company did not have any extraordinary items, year-end adjustments or dispositions.

Transactions with Related Parties

During the year ended December 31, 2007, the Company paid or accrued management consulting fees in the amount of \$210,948 and a bonus in the amount of \$127,104 to a company controlled by Devinder Randhawa, the Chairman and Chief Executive Officer of the Company. Management consulting fees of \$145,459 and a bonus in the amount of \$63,402 were paid or accrued to a company controlled by an officer, Steven Khan, for services provided to the Company. David Miller, the President and Chief Operating Officer, received \$211,708 and a bonus in the amount of \$127,380 for his services. Bob Hemmerling, the Secretary of the Company, received \$109,500 for his services. Patrick Groening, the Chief Financial Officer, received \$118,395 and a bonus of \$34,709 for his services. Ray Larson, a Director of the Company, received \$11,601 for his services. Dieter Krewedl, a Director of the Company, received \$34,709 for his services. In addition, Directors' fees in the amount of \$32,500, \$30,000, \$33,750, \$29,500 and \$34,250 were paid to Devinder Randhawa, David Miller, Dieter Krewedl, Ray Larson, and Mike Halvorson, 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.

An officer of the Company is also a former director of Yellowcake. The officer of the Company was a director of Yellowcake during the time the options on the Jeep and Sky properties were granted.

Contingency

In January 2008 the Company received an invoice in the amount of \$182,616 from a Canadian drilling company. The invoice represents amounts for services to have been alleged performed during 2007. The Company unequivocally rejects this claim. The party has commenced legal proceedings and the Company will rigorously defend itself and will seek reimbursement for all costs associated with the defense from the claim or litigation. No amount has been accrued in these financial statements in respect of the claim as the outcome is not determinable. Any costs ultimately assessed against the Company in respect of this claim will be recoded in the period in which the actual determination of the liability, if any, is made.

Financial Instruments and Comprehensive Income

The Company's financial instruments consist of cash and equivalents, short term investments, receivables, investments, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is 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 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 December 31, 2007, the Company:

- a) Granted incentive stock options to directors and officers to purchase up to 400,000 common shares at \$2.25 per share for a period of 5 years.

- b) Terminated its agreements with Yellowcake for the Sky, Jeep, and other data base projects. In addition, the Company and Yellowcake have agreed to amend certain terms regarding Yellowcake's commitment to fund \$8,000,000 of exploration on the Juniper Ridge property as follows:
 - i) contribute at least \$764,518 not later than May 1, 2008
 - ii) a minimum of \$300,00 not later that September 1, 2008
 - iii) a minimum of \$500,000 not later that December 31, 2009
 - iv) balance of the \$8,000,000 as agreed by both parties based on the availability of financing, but in any case not later that December 31, 2012.