

STRATHMORE MINERALS CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

June 30, 2004

STRATHMORE MINERALS CORP.
CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 30, 2004	December 31, 2003
ASSETS		
Current		
Cash and equivalents	\$ 4,582,368	\$ 990,279
Receivables	88,161	75,036
Prepaid expenses	<u>-</u>	<u>12,568</u>
	4,670,529	1,077,883
Equipment	17,830	5,869
Mineral property interests (Note 3)	981,539	146,983
Deferred exploration costs (Note 4)	<u>60,008</u>	<u>60,008</u>
	<u>\$ 5,729,906</u>	<u>\$ 1,290,743</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 140,740	\$ 48,016
Due to related parties (Note 6)	<u>19,005</u>	<u>-</u>
	<u>159,745</u>	<u>48,016</u>
Shareholders' equity		
Capital stock (Note 5)	16,124,134	12,624,793
Subscriptions received in advance	21,600	-
Contributed surplus (Note 5)	1,917,598	577,281
Deficit	<u>(12,493,171)</u>	<u>(11,959,347)</u>
	<u>5,570,161</u>	<u>1,242,727</u>
	<u>\$ 5,729,906</u>	<u>\$ 1,290,743</u>

Basis of presentation (Note 1)

Subsequent events (Note 8)

On behalf of the Board:

Director

Director

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

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited)

	Three Month Period Ended June 30, 2004	Three Month Period Ended June 30, 2003	Six Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2003
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	\$ 1,141	\$ 455	\$ 1,671	\$ 910
Consulting fees	93,524	18,491	167,573	37,933
Office and miscellaneous	26,289	8,002	48,890	12,090
Professional fees	1,840	6,870	27,244	8,020
Regulatory fees	13,500	984	23,197	2,292
Rent	4,825	1,420	8,061	2,840
Shareholder communications	11,851	579	15,513	1,215
Stock-based compensation	-	-	149,914	-
Telephone	9,116	209	14,301	486
Transfer agent	4,793	2,410	8,865	4,621
Trade shows and conferences	31,645	-	38,000	-
Travel and promotion	23,071	1,901	46,143	2,490
Loss before other items	(221,595)	(41,321)	(549,372)	(72,897)
OTHER ITEMS				
Interest income	15,548	-	15,548	-
Costs recovered	-	9,777	-	9,777
Loss for the period	(206,047)	(31,544)	(533,824)	(63,120)
Deficit, beginning of period	<u>(12,287,124)</u>	<u>(11,558,068)</u>	<u>(11,959,347)</u>	<u>(11,526,492)</u>
Deficit, end of period	<u>\$ (12,493,171)</u>	<u>\$ (11,589,612)</u>	<u>\$ (12,493,171)</u>	<u>\$ (11,589,612)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	24,430,237	7,972,922	21,600,726	8,009,531

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

STRATHMORE MINERALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Month Period Ended June 30, 2004	Three Month Period Ended June 30, 2003	Six Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (206,047)	\$ (31,544)	\$ (533,824)	\$ (63,120)
Item not affecting cash				
Amortization	1,141	455	1,671	910
Stock based compensation	-	-	149,914	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(67,176)	(2,662)	(13,125)	496
(Increase) decrease in prepaid expenses	8,712	4,104	12,568	(5,959)
Increase in accounts payable and accrued liabilities	<u>31,059</u>	<u>3,326</u>	<u>92,724</u>	<u>1,552</u>
Cash used in operating activities	<u>(232,311)</u>	<u>(26,321)</u>	<u>(290,072)</u>	<u>(66,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property interests	(365,188)	(8,375)	(834,556)	(8,375)
Equipment purchased	<u>(8,629)</u>	<u>-</u>	<u>(13,632)</u>	<u>-</u>
Cash used in investing activities	<u>(373,817)</u>	<u>(8,375)</u>	<u>(848,188)</u>	<u>(8,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Subscriptions received in advance	(42,201)	-	21,600	-
Increase (decrease) in due to related parties	(3,548)	32,678	19,005	68,020
Capital stock issued	<u>2,378,751</u>	<u>-</u>	<u>4,689,744</u>	<u>-</u>
Cash provided by financing activities	<u>2,333,002</u>	<u>32,678</u>	<u>4,730,349</u>	<u>68,020</u>
Change in cash and equivalents during the period	1,726,874	(2,018)	3,592,089	(6,476)
Cash and equivalents, beginning of period	<u>2,855,494</u>	<u>7,326</u>	<u>990,279</u>	<u>11,784</u>
Cash and equivalents, end of period	<u>\$ 4,582,368</u>	<u>\$ 5,308</u>	<u>\$ 4,582,368</u>	<u>\$ 5,308</u>

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

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

1. BASIS OF PRESENTATION

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

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

2. NATURE OF OPERATIONS

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

3. MINERAL PROPERTY INTERESTS

	June 30, 2004	December 31, 2003
Athabasca property, Canada	\$ 42,402	\$ 9,090
Chord property, USA	124,724	111,108
Comstock property, Canada	1,612	1,612
Dieter Lake property, Canada	19,674	-
Duddridge Lake property, Canada	54,857	-
New Mexico properties, USA	347,857	-
Patterson Lake property, Canada	58,857	-
Staked properties, Peru	68,698	23,561
Waterbury Lake property, Canada	133,963	-
Wyoming property, USA	60,700	-
Pre-acquisition property costs	<u>68,195</u>	<u>1,612</u>
	<u>\$ 981,539</u>	<u>\$ 146,983</u>

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

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

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

Athabasca property, Canada

The Company acquired an option, subject to regulatory approval, to purchase a 100% interest in a uranium property located in Alberta, Canada, by paying \$7,500 and incurring additional costs of \$34,902. To earn its interest, the Company is required to issue 200,000 common shares in stages to June 8, 2005. The property is subject to a 0.75% net smelter returns royalty on certain mineral production and a 4% gross over riding royalty on all diamond production from the property.

Chord property, USA

The Company acquired an option to purchase a 100% interest in a uranium property located in South Dakota, USA, by paying \$48,640. During fiscal 2003, the Company amended the terms of the lease agreement for consideration of 100,000 shares of the Company valued at \$56,000 and incurred additional fees of \$6,468. To earn its interest, the Company is required to make annual payments of either 50,000 common shares or US\$10,000 per year to July 1, 2009. In 2004, the company elected for payment of \$13,616 (US\$10,000). The property is subject to a 2% gross royalty.

Comstock property, Canada

The Company acquired an option to purchase a 100% interest in a certain claims located in British Columbia, Canada. To earn its interest, the Company is required to issue 300,000 common shares in stages to November 25, 2005.

Dieter Lake property, Canada

The Company acquired an option, subject to regulatory approval, to purchase a 100% interest in a certain claims located in Quebec, Canada. To earn its interest, the Company is required to issue 200,000 common shares. An additional 300,000 shares will be issued in the event a resource of more than 60 million pounds contained U₃O₈ is confirmed at the property.

Duddridge Lake property, Canada

The Company acquired an option, subject to regulatory approval, to purchase a 100% interest in a certain claims located in Saskatchewan, Canada. To earn its interest, the Company is required to issue 200,000 common shares in stages over two years. The company has incurred additional costs \$54,857 related to this property.

New Mexico properties, USA

The Company acquired an option to purchase a 100% interest in a certain claims located in New Mexico, USA, by paying \$200,625 and incurring additional costs of \$147,232. To earn its interest, the Company is required to issue 300,000 common shares in stages over two years.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

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

Patterson Lake, Canada

The Company acquired, by staking, a 100% interest in certain uranium properties located near Patterson Lake in north-central Saskatchewan.

Staked properties, Peru

The Company re-acquired, by staking, a 100% interest in certain uranium properties located in Peru. During fiscal 2002, the claims were allowed to lapse and related acquisition costs of \$45,895 were written-off to operations.

Wyoming property, USA

The Company acquired an option, subject to regulatory approval, to purchase a 100% interest in a certain claims located in Wyoming, USA. To earn its interest, the Company is required to pay US\$39,000 and issue 250,000 common shares in stages over two years and has incurred additional costs of \$60,700.

Waterbury Lake property, Canada

The Company acquired, by staking, approximately 100,000 acres within the eastern part of the Athabasca Basin, near Waterbury Lake in north-central Saskatchewan, Canada.

Pre-acquisition property costs

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

4. DEFERRED EXPLORATION COSTS

	June 30, 2004	December 31, 2003
U.S.A.	\$ 60,008	\$ 60,008

The Company has not incurred any deferred exploration costs during the period ended June 30, 2004

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contribute d Surplus
Authorized			
100,000,000 common shares, without par value			
Issued			
As at December 31, 2002	8,046,548	\$ 11,612,230	\$ -
Shares issued on mineral property acquisition returned to Treasury	(100,000)	-	-
Private placements	5,222,229	734,278	415,722
Exercise of options	454,000	123,125	(55,025)
Exercise of warrants	435,000	108,750	-
Acquisition of mineral property	100,000	56,000	-
Stock-based compensation	-	-	221,994
Share issuance costs	-	(9,590)	(5,410)
As at December 31, 2003	14,157,777	12,624,793	577,281
Private placements	9,704,945	2,906,031	1,343,679
Exercise of options	250,000	79,250	(36,250)
Exercise of warrants	1,981,725	622,381	(69,055)
Stock-based compensation	-	-	149,914
Share issuance costs	-	(108,321)	(47,971)
As at June 30, 2004	26,094,447	\$ 16,124,134	\$ 1,917,598

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

In January, 2004, the Company issued 4,767,444 units at \$0.27 per unit consisting of one common share and one share purchase warrant for total proceeds of \$1,287,210. Each warrant entitles the holder to acquire one additional common share at \$0.36 per share expiring January 20, 2006. An estimated fair value of \$417,712 was allocated to the warrants and is included in contributed surplus. The Company incurred finder's fees of \$23,490 on the private placement.

In February, 2004, the Company issued 1,501,333 units at \$0.60 per unit consisting of one common share and one share purchase warrant for total proceeds of \$900,800. Each warrant entitles the holder to acquire one additional common share at \$0.76 per share expiring February 23, 2006. An estimated fair value of \$299,582 was allocated to the warrants and is included in contributed surplus.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

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

In April, 2004, the Company issued 3,436,167 units at \$0.60 per unit consisting of one common share and one share purchase warrant for total proceeds of \$2,061,700. Each warrant entitles the holder to acquire one additional common share at \$0.76 per share expiring April 16, 2006. An estimated fair value of \$626,385 was allocated to the warrants and is included in contributed surplus. The Company incurred finder's fees of \$132,803 on the private placement.

Stock options

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding, December 31, 2003	850,000	\$	0.21
Granted	500,000		0.50
Exercised	<u>(250,000)</u>		0.17
Outstanding, June 30, 2004	1,100,000	\$	0.35
Number of options currently exercisable	1,100,000	\$	0.35

As at June 30, 2004, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	\$ 0.15	September 12, 2005
	225,000	0.25	November 25, 2005
	225,000	0.27	November 28, 2005
	500,000	0.50	January 9, 2006
Warrants	1,875,004	0.25	November 24, 2005
	2,910,000	0.35	December 17, 2005 ⁽¹⁾
	4,307,944	0.36	January 20, 2006 ⁽¹⁾
	1,501,333	0.76	February 23, 2006
	3,436,167	0.76	April 16, 2006

⁽¹⁾ The warrants are subject to accelerated expiry in the event that the 10 day average closing price of the Company's common stock is greater than or equal to \$0.75. If the \$0.75 average is achieved, holders of the warrants will be notified and the remaining term of the warrants will be shortened to 30 days although the exercise price will remain the same.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

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

Stock based compensation

During the current year, the Company granted 500,000 options to employees, consultants and directors. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations. Total stock-based compensation recognized in the statement of operations during the period was \$149,914. This amount was also recorded as contributed surplus on the balance sheet.

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

Risk-free interest rate	2.85%
Expected life of options	1 year
Annualized volatility	117%
Dividend rate	0.00%

6. RELATED PARTY TRANSACTIONS

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

Six month period ended June 30	2004	2003
Consulting fees	\$ 50,230	\$ 17,942
Shareholder communications	-	500

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

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

7. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the exploration of mineral property interests and considers its loss from operations for periods ended June 30, 2004 and 2003 to relate to this segment.

The Company has mineral property interests located in the USA, Canada and Peru and conducts administrative activities from Canada. The total amount of assets attributable to Canada is \$5,127,927, Peru is \$68,698 and the USA is \$533,281.

STRATHMORE MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
SIX MONTH PERIOD ENDED JUNE 30, 2004

8. SUBSEQUENT EVENTS

Subsequent to June 30, 2004, the Company:

- a) Granted stock options to acquire 1,375,000 common shares at \$0.60 per share expiring July 20, 2006.
- b) Issued 717,815 common shares for cash proceeds of \$252,330 pursuant to the exercise of warrants.

Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

STRATHMORE MINERALS CORP.
Interim MD&A
Business of the Company – Date of Report

Strathmore Minerals Corp. (the “Company”) is a junior resource issuer engaged in the acquisition and exploration of uranium and other types of mineral resource properties. Management believes that the development of uranium properties presents an opportunity due to recent supply shortfalls of uranium, the potential increase in demand for uranium in developing countries as those countries begin to establish new nuclear power plants, the possible increase in the price for uranium during the next few years, and the availability of known properties which have in the past produced uranium.

This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the quarter ended June 30, 2004 (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 August 18, 2004.

Performance Summary and Update

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

During the first 2 quarters of 2003, the price of uranium remained low and management elected to keep expenditures at a minimum and conserve cash. The Company had pared back on non-essential properties, decreasing the number of claims held in certain of its claim groups and thereby reducing the cost of holding its uranium properties with the resulting write-off of a number of its uranium properties in the fourth quarter of 2002. However, by the third quarter of 2003, the price of uranium had increased to a point where management decided to aggressively pursue the acquisition of new uranium properties in both the United States and Canada. In addition to the Peru property and the Chord Project, the Company has acquired, or negotiated the right to acquire additional properties in New Mexico, Quebec, Alberta and Saskatchewan.

In order to finance these activities, the Company undertook two private placement financings during the fourth quarter of 2003, raising a total of \$1,150,000 and undertook two private placement financings during the first quarter of 2004, raising an additional \$2,188,010. The most recent private place in the second quarter of 2004 raised \$2,061,700. These funds are to be used for general working capital, the acquisition of additional uranium properties and the exploration of the Company's uranium properties.

Properties of the Company

The Company, during the preceding 6 months, has announced the acquisition or staking of a number of prospective uranium properties and disclosed historical resource estimates which were completed prior to the implementation of NI 43-101. The following table summarizes these acquisitions and associated historical resource estimates and reports tonnage, grade and pounds. It should be noted that the data reported is based on third party historical reports and such estimates should not be relied upon or considered a defined resource according to NI 43-101.

Location	Reference	Historic Classification	Tonnage			Contained (lbs U ₃ O ₈)
				(lbs/tonne)*		
Duddridge Lake, Sask.	Stewart (1975)	Geologic Tonnage Estimate ¹	357,310	2.11	tons	753,924
	Thor Explorations (1977)	Mineable Tons ¹	320,690	1.84	tonnes	590,070
	Thor Explorations (1979)	Reserves ²	6,000,000	2.00	tonnes	12,000,000
Dieter Lake, Quebec	Uranerz Expl. & Mining (1980)	Possible Resource ³	10-15,000,000	5.51	tons	55-82,000,000
	Uranerz Expl. & Mining (1980)	Possible Resource ³	50,000,000	2.20	tons	110,000,000
Macusani, Peru	Arroyo (1987)	Inferred Resource ²	3,350,000	2.20	tonnes	7,370,000
Roco Honda, New Mexico	Smouse, D. (1993)	Demonstrated Resource ⁴	1,826,000	6.20	tons	11,321,200
	Smouse, D. (1993)	Inferred Resource ⁴	234,000	6.40	tons	1,497,600
	Smouse, D. (1993)	Undefined Potential ⁴	125,000	4.00	tons	500,000
Churchrock, New Mexico	Smouse, D. (1995)	Demonstrated Resource ⁴	2,500,909	2.20	tons	5,502,000
		Potential Resource ⁴	227,273	2.20	tons	500,000
Copper Mountain, Wyoming	Anaconda Uranium Corp. (1997)	Inferred and Indicated Resource ⁴	45,570,000 42,240,000	0.54 0.34	tons tons	24,607,800 14,361,600

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

¹ Historic resource estimate considered to be relevant and reliable.

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

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

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

The foregoing was prepared on behalf of the company by Jody Dahrouge, P.Geol. of Dahrouge Geological Consulting Ltd., Edmonton, Alberta. Mr. Dahrouge, is the Qualified Person (QP) responsible for the review of the historical resource estimates. Also, the company wishes to reiterate that the foregoing resource estimates were quoted from third party publications, and not all the original reports are currently available for consultation, hence the historical resource estimates should not be relied upon.

Results of Operations

During the previous year (2003) the price of uranium remained low; however, by September 2003 the price of uranium rebounded to over \$12 per pound and management decided to aggressively pursue the acquisition of new uranium properties in the United States and Canada. In addition to the Peru property and the Chord Project, the Company has acquired, or negotiated the right to acquire additional uranium properties in New Mexico, Quebec, Alberta and Saskatchewan. Uranium is presently trading in the \$19 range.

During the first two quarters of 2004, the Company incurred \$834,556 in property acquisition costs. These costs are summarized in the following table. The Company expects these costs to increase as it continues its program of staking, acquisitions and development exploration.

US properties:	\$422,173
Peru properties:	\$ 45,137
Canadian properties:	\$367,246

The Company expects to spend approximately \$350,000 on exploration and development work on its Canadian properties during the next two quarters. The US and Peru properties will incur only holding costs.

Second quarter general and administration expenses increased from \$41,321 in 2003 to \$221,595 in 2004 as the activity of the Company increased due to the increase in the price of uranium. The Company expects general and administrative expenses to continue to increase as the Company becomes more active. (See the financial statements dated June 30, 2004 for a complete listing)

Summary of Quarterly Results

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2002	Net loss	(67,751)	(55,220)	(47,992)	(987,937)
	Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.13)
2003	Net loss	(31,576)	(91,061)	(85,490)	(224,728)
	Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.01)
2004	Net loss	(327,777)	(206,047)		
	Basic and diluted loss per share	(0.02)	(0.01)		

The significant loss recorded for the 4th quarter of 2002 resulted from the write-off of mineral properties.

The increase in quarterly losses beginning in the 4th quarter of 2003 is the result of the increase in activity of the Company in response to the increase in the price of uranium.

Liquidity

The Company does not have any operating revenues, and as a junior resource company engaged in

mineral exploration, the Company does not anticipate generating any operating revenues in the next few years. Historically, the Company has received revenues only from interest earned on cash reserves held. The Company expects this to be the only source of its income for the next few years. The Company expects to rely upon equity financing as its primary source of funding.

Financing, Principal Purposes and Milestones

In January, 2004, the Company issued 4,767,444 units at \$0.27 per unit consisting of one common share and one share purchase warrant for total proceeds of \$1,287,210. Each warrant entitles the holder to acquire one additional common share at \$0.36 per share expiring January 20, 2006. An estimated fair value of \$417,712 was allocated to the warrants and is included in contributed surplus. The Company incurred finder's fees of \$23,490 on the private placement.

In February, 2004, the Company issued 1,501,334 units at \$0.60 per unit consisting of one common share and one share purchase warrant for total proceeds of \$900,800. Each warrant entitles the holder to acquire one additional common share at \$0.76 per share expiring February 23, 2006. An estimated fair value of \$299,582 was allocated to the warrants and is included in contributed surplus.

In April, 2004 the Company issued 3,436,167 units at \$0.60 per unit consisting of one common share and one share purchase warrant for total proceeds of \$2,061,700. Each warrant entitles the holder to acquire one additional common share at \$0.76 per share expiring April 16, 2006. An estimated fair value of \$626,385 was allocated to the warrants and is included in contributed surplus. The Company incurred finder's fees of \$132,803 on the private placement.

In addition, \$449,854 in 2nd quarter (\$89,584 in 1st quarter) has been raised through the exercise of warrants.

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

Capital Resources

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

Off-Balance Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Outstanding Share Data

As at August 18, 2004, the Company has 26,812,262 common shares issued and outstanding. The Company also has incentive stock options and share purchase warrants outstanding to acquire

common shares as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	\$ 0.15	September 12, 2005
	225,000	0.25	November 25, 2005
	225,000	0.27	November 28, 2005
	500,000	0.50	January 9, 2006
Warrants	1,833,337	0.25	November 24, 2005
	2,760,000	0.35	December 17, 2005 ⁽¹⁾
	3,781,796	0.36	January 20, 2006 ⁽¹⁾
	1,501,333	0.76	February 23, 2006
	3,436,167	0.76	April 16, 2006

⁽¹⁾ The warrants are subject to accelerated expiry in the event that the 10 day average closing price of the Company's common stock is greater than or equal to \$0.75. If the \$0.75 average is achieved, holders of the warrants will be notified and the remaining term of the warrants will be shortened to 30 days although the exercise price will remain the same.

Transactions with Related Parties

For the six month period ended June 30, 2004, the Company paid \$32,206 to a company controlled by Devinder Randhawa, for his services as the President of the Company. Management consulting fees of \$18,024 were paid to a company controlled by a director, Steven Khan, for services provided to the Company.

Changes in Accounting Policies

During the year ended December 31, 2003, the Company has elected the early adoption, on a prospective basis, of the CICA released amendments to Section 3870, "Stock Based Compensation and Other Stock-based Payments", which require an expense to be recognized in the financial statements for all forms of employee stock-based compensation, including stock options. During fiscal 2002, the Company disclosed the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair-value based method, as pro-forma information in the share capital note.

Subsequent Events

Subsequent to the period end, the Company granted stock options to acquire 1,375,000 common shares at \$0.60 per share expiring July 20, 2006. Also, the Company issued 717,815 common shares for cash proceeds of \$252,330 pursuant to the exercise of warrants.