

Consolidated financial statements of

**Strathmore Minerals Corp.**

June 30, 2008

(Unaudited - prepared by management)

# **Unaudited Interim Financial Statements Notice**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended June 30, 2008.

# Strathmore Minerals Corp.

June 30, 2008

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# Strathmore Minerals Corp.

## Consolidated statements of operations and deficit Three and six month periods ended June 30

(Unaudited - prepared by management)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>General and administrative expenses</b>				
Stock-based compensation (Note 5(b))	453,948	247,021	855,020	494,042
Consulting fees	387,175	334,130	715,438	738,100
Professional fees	192,215	230,950	404,599	358,555
Wages and benefits	186,905	109,697	348,210	311,245
Amortization	91,229	49,950	182,146	80,900
Office and miscellaneous	71,511	121,893	167,951	171,032
Travel	47,056	36,517	116,839	38,996
Rent	45,253	25,620	71,425	64,086
Insurance	33,402	45,062	56,069	102,414
Business development	27,742	91,351	100,600	123,927
Advertising and promotion	23,310	50,073	55,059	251,251
Shareholder communications	20,091	69,485	38,822	76,283
Investment fees	17,058	25,886	24,242	52,019
Trade shows and conferences	15,676	133,561	55,033	242,684
Telephone	14,686	28,458	31,062	41,783
Transfer agent	10,114	7,223	14,171	9,567
Repairs and maintenance	3,770	-	7,647	6,121
Investors relations	3,493	4,609	4,565	6,559
Vehicle expense	2,172	21,122	3,302	27,909
Regulatory fees	1,880	14,268	23,980	44,068
	<b>1,648,686</b>	<b>1,646,876</b>	<b>3,276,180</b>	<b>3,241,541</b>
Loss before other items	<b>(1,648,686)</b>	<b>(1,646,876)</b>	<b>(3,276,180)</b>	<b>(3,241,541)</b>
Other items				
Interest and miscellaneous income	124,235	607,127	272,921	1,163,971
Foreign currency loss	(17,967)	(4,892)	(3,300)	(9,842)
Joint venture administration income	41,340	-	78,785	-
Gain on property option agreements	7,370	-	134,386	-
Realized loss on short-term investments	(9,807)	-	(8,700)	-
Unrealized (loss) gain on short-term investments	(107,921)	(280,701)	90,402	(268,567)
Impairment of available-for-sale securities (Note 3)	(8,236,950)	-	(8,236,950)	-
	<b>(8,199,700)</b>	<b>321,534</b>	<b>(7,672,456)</b>	<b>885,562</b>
Loss before income taxes	<b>(9,848,386)</b>	<b>(1,325,342)</b>	<b>(10,948,636)</b>	<b>(2,355,979)</b>
Future income tax recovery	-	-	-	1,737,356
<b>Net loss for the period</b>	<b>(9,848,386)</b>	<b>(1,325,342)</b>	<b>(10,948,636)</b>	<b>(618,623)</b>
Deficit, beginning of period	<b>(14,233,239)</b>	<b>(17,180,028)</b>	<b>(13,132,989)</b>	<b>(17,886,747)</b>
<b>Deficit, end of period</b>	<b>(24,081,625)</b>	<b>(18,505,370)</b>	<b>(24,081,625)</b>	<b>(18,505,370)</b>
Basic and diluted loss per common share	<b>(0.14)</b>	<b>(0.02)</b>	<b>(0.15)</b>	<b>(0.01)</b>
Weighted average number of common shares outstanding	<b>72,458,911</b>	<b>72,206,020</b>	<b>72,458,548</b>	<b>71,822,049</b>

# Strathmore Minerals Corp.

## Consolidated balance sheets

(Unaudited - prepared by management)

	June 30, 2008	December 31, 2007
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,098,089	2,900,096
Short-term investments	10,982,420	12,788,046
Amounts receivable	250,183	1,468,621
Prepaid expenses	216,651	59,687
	<b>13,547,343</b>	17,216,450
Investments (Note 3)	4,569,030	6,047,770
Property and equipment	2,135,731	2,033,175
Mineral property interests (Note 4)	19,709,810	16,923,140
	<b>39,961,914</b>	42,220,535
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,618,424	1,973,456
	<b>3,696,240</b>	2,265,823
<b>Shareholders' equity</b>		
Capital stock (Note 5)	53,473,593	53,471,619
Contributed surplus (Note 5)	5,255,282	4,400,836
Deficit	(24,081,625)	(13,132,989)
Accumulated comprehensive loss	-	(6,758,210)
	<b>(24,081,625)</b>	(19,891,199)
	<b>34,647,250</b>	37,981,256
	<b>39,961,914</b>	42,220,535

Nature and continuance of operations (Note 1)

Contingencies (Note 9)

**Strathmore Minerals Corp.**  
Consolidated statement of comprehensive loss  
Three and six month period ended June 30  
(Unaudited - prepared by management)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Net loss for the period</b>	<b>(9,848,386)</b>	<b>(1,325,342)</b>	<b>(10,948,636)</b>	<b>(618,623)</b>
Other comprehensive loss				
Loss on available-for-sale securities, net of future income tax recovery	<b>(220,700)</b>	-	<b>(1,478,740)</b>	-
Reclassification adjustment for other than temporary decline in value (Note 3)	<b>8,236,950</b>	-	<b>8,236,950</b>	-
<b>Comprehensive loss</b>	<b>(1,832,136)</b>	<b>(1,325,342)</b>	<b>(4,190,426)</b>	<b>(618,623)</b>

**Consolidated statement of accumulated other comprehensive loss**

(Unaudited - prepared by management)

	June 30, 2008	December 31, 2007
	\$	\$
<b>Accumulated other comprehensive loss, beginning of period</b>	<b>(6,758,210)</b>	-
Other comprehensive loss		
Loss on available-for-sale securities, net of future income tax recovery	<b>(1,478,740)</b>	<b>(6,758,210)</b>
Reclassification adjustment for other than temporary decline in value (Note 3)	<b>8,236,950</b>	-
<b>Accumulated comprehensive loss, end of period</b>	<b>-</b>	<b>(6,758,210)</b>

# Strathmore Minerals Corp.

## Consolidated statements of cash flows

### Three and six month periods ended June 30

(Unaudited - prepared by management)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss for the period	(9,848,386)	(1,325,342)	(10,948,636)	(618,623)
Items not affecting cash				
Amortization	91,229	49,950	182,146	80,900
Unrealized gain on short-term investments	107,921	280,701	(90,402)	268,567
Stock-based compensation	453,948	247,021	855,020	494,042
Future income tax recovery	-	-	-	(1,737,356)
Impairment of available-for-sale securities	8,236,950	-	8,236,950	-
Changes in non-cash working capital items				
Increase in receivables	(160,467)	(91,017)	866,736	(314,785)
(Increase) decrease in prepaid expenses	(99,267)	(1,346)	(156,964)	12,974
(Decrease) increase in accounts payable and accrued liabilities	22,427	364,374	354,548	713,176
	(1,195,645)	(475,659)	(700,602)	(1,101,105)
<b>Investing activities</b>				
Deferred reorganization costs	-	(193,753)	-	(257,073)
Short-term investments	82,145	2,245,503	1,896,028	2,093,968
Property and equipment purchased	(86,828)	(1,020,235)	(284,702)	(1,192,305)
Mineral property interests	(204,315)	(3,844,300)	(2,539,055)	(6,584,056)
Recoveries on mineral property interests	473,106	-	824,924	-
	264,108	(2,812,785)	(102,805)	(5,939,466)
<b>Financing activity</b>				
Capital stock issued	-	501,571	1,400	3,659,652
Decrease in cash and cash equivalents	(931,537)	(2,786,873)	(802,007)	(3,380,919)
Cash and cash equivalents, beginning of period	3,029,626	4,705,862	2,900,096	5,299,908
<b>Cash and cash equivalents, end of period</b>	<b>2,098,089</b>	<b>1,918,989</b>	<b>2,098,089</b>	<b>1,918,989</b>

Supplemental disclosure with respect to cash flows (Note 6)

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 1. Nature and continuance 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, including 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.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no significant source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral property interests. The Company's ability to continue as a going concern is dependent on its ability to raise equity financing and attain profitable operations. These statements do not include any adjustments to assets and liabilities should the Company be unable to continue as a going concern.

### 2. Basis of presentation

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements. Certain of the comparative figures have been reclassified to conform to the presentation for the three and six months ended June 30, 2008. 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.

#### (a) *Change in accounting policy*

Effective January 1, 2008, the Company adopted the following new standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policies were adopted on a prospective basis without restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

#### (i) CICA 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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 2. Basis of presentation (continued)

(a) *Change in accounting policy (continued)*

(ii) CICA Section 1535, *Capital Disclosures*

This Section establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires the Company to disclose, based on the information provided internally to the entity's key management personnel, (1) qualitative information regarding the Company's objectives, policies and processes for managing capital; (2) quantitative data about what the Company manages as capital; (3) whether the Company has complied with any externally imposed capital requirements; and (4) if it has not complied, the consequences of such non-compliance (Note 10).

(iii) CICA Section 3862, *Financial Instruments – Disclosures* and CICA Section 3863, *Financial Instruments – Presentation*

These sections replace CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. These new sections incorporate any of the disclosure requirements of Section 3861, but place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Company manages those risks (Note 11).

(b) *Recent accounting pronouncement*

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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 3. Investments

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

	<b>June 30, 2008</b>	December 31, 2007
	\$	\$
Yellowcake Mining Inc. ("Yellowcake")	<b>1,576,790</b>	2,217,890
American Uranium Corporation ("American Uranium")	<b>2,992,240</b>	3,829,880
	<b>4,569,030</b>	6,047,770

These available-for-sale-securities have not been registered with the United States Securities and Exchange Commission and may not be offered for sale as at June 30, 2008. As at June 30, 2008, the Company has recorded an other than temporary impairment of \$5,993,970 and \$2,242,980 on its investments in Yellowcake and American Uranium (the "issuers"), respectively. The Company has determined that an other than temporary impairment arose during the three month period ended June 30, 2008 due to: (a) the issuers being unable to timely file an effective registration statement to allow the Company to sell the securities without restrictions; (b) the issuers paying contractual penalties to the issuers' shareholders for failing to register securities within the allotted time period of six months, and (c) the quoted market price of the issuers' securities declining since receipt of the securities in 2007.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests

June 30, 2008	Roca Honda Property	Nose Rock/Crown Point Property	Dalton Pass Property	Marquez Property	Church Rock Property	Jeep Property	Juniper Ridge Property	Pine Tree/Reno Creek Property	Sky/Cedar Rim Property	Rock Hill/Red Horse Property	Other properties	Total property costs
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>												
Balance, beginning of period	498,970	652,022	-	810,147	397,325	24,319	-	-	-	834,496	1,323,744	4,541,023
Additions	-	84	34	221,791	-	-	-	354	-	-	17,578	239,841
Cost recoveries	-	-	-	-	-	-	-	(354)	-	-	-	(354)
<b>Balance, end of period</b>	<b>498,970</b>	<b>652,106</b>	<b>34</b>	<b>1,031,938</b>	<b>397,325</b>	<b>24,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>834,496</b>	<b>1,341,322</b>	<b>4,780,510</b>
<b>Exploration costs</b>												
Balance, beginning of period	5,876,874	149,347	-	20,238	2,226,021	134,919	-	-	1,014,908	64,994	1,788,581	11,275,882
Incurred during the period												
Administration	70,973	1,020	138	-	635	150	378	10,000	1,426	-	2,745	87,465
Drilling	246,739	-	-	-	-	516	197	934	17,591	-	150,211	416,188
Equipment/vehicles	1,662	-	-	-	-	-	-	-	-	-	-	1,662
Engineering	755,016	-	23	-	-	-	-	160,060	-	-	25,626	940,725
Environmental	120,799	-	-	-	-	-	46	-	46	-	76	120,967
Facilities/construction	26,287	-	-	-	-	-	-	-	-	-	-	26,287
Geology and geophysics	32,681	2,395	-	661	-	28	289	134,080	-	15,673	15,611	201,418
Health and safety	14,214	-	-	-	-	-	15,213	-	38	-	11,462	40,927
Permitting/regulatory	661,183	-	-	32	565	368	17,800	259,029	(1,049)	809	182,091	1,120,828
Personnel time	80,270	7,508	4,588	1,913	1,913	-	-	1,507	-	-	3,015	100,714
Property	126	-	115	31,351	-	32	590	45,698	748	33	24,564	103,257
Quality assurance	1,629	-	-	-	-	-	-	-	-	-	-	1,629
Travel	23,197	132	-	-	(491)	-	5,573	12,178	791	-	7,308	48,688
	2,034,776	11,055	4,864	33,957	2,622	1,094	40,086	623,486	19,591	16,515	422,709	3,210,755
Cost recoveries	-	-	-	-	-	-	(40,086)	(623,486)	-	-	-	(663,572)
Prepaid exploration expenditures	-	-	-	-	-	-	-	-	-	-	1,106,235	1,106,235
<b>Balance, end of period</b>	<b>7,911,650</b>	<b>160,402</b>	<b>4,864</b>	<b>54,195</b>	<b>2,228,643</b>	<b>136,013</b>	<b>-</b>	<b>-</b>	<b>1,034,499</b>	<b>81,509</b>	<b>3,317,525</b>	<b>14,929,300</b>
<b>Total costs</b>	<b>8,410,620</b>	<b>812,508</b>	<b>4,898</b>	<b>1,086,133</b>	<b>2,625,968</b>	<b>160,332</b>	<b>-</b>	<b>-</b>	<b>1,034,499</b>	<b>916,005</b>	<b>4,658,847</b>	<b>19,709,810</b>

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

	Roca Honda Property	Nose Rock/ Crown Point Property	Dalton Pass Property	Marquez Property	Church Rock Property	Jeep Property	Juniper Ridge Property	Pine Tree/ Reno Creek Property	Sky/Cedar Rim Property	Rock Hill/ Red Horse Property	Canada/ Peru properties	Other properties	Total property costs
December 31, 2007	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
<b>Acquisition costs</b>													
Balance, beginning of year	498,970	908,991	20,927	-	289,155	-	488,158	937,835	99,279	-	3,154,921	1,304,210	7,702,446
Additions	-	3,931	1,044	810,147	108,170	24,319	92,267	8,653	10,889	834,496	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)
<b>Balance, end of year</b>	<b>498,970</b>	<b>652,022</b>	<b>-</b>	<b>810,147</b>	<b>397,325</b>	<b>24,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>834,496</b>	<b>-</b>	<b>1,323,744</b>	<b>4,541,023</b>
<b>Exploration costs</b>													
Balance, beginning 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
Incurring during the year													
Administration	63,682	6,671	6	45	8,121	15,570	10,489	346	23,159	233	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	-	188,168	116	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 and geophysics	100,280	986	47	3,187	2,186	4,619	39,515	8,510	26,369	33,103	2,686,412	30,383	2,935,597
Health and safety	6,738	-	-	-	578	-	8,326	53	12,332	-	-	10,660	38,687
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	7,187	12,846	166,194	35,707	96,214	8,039	205,550	220	915,152	74,084	1,582,416
Property	14,862	61,362	9,413	1,532	20,223	46,071	51,267	108,545	6,606	31,322	598,632	400,540	1,350,375
Travel	22,411	7,407	1,251	2,628	8,768	7,878	18,205	2,420	52,453	-	113,614	30,344	267,379
	6,618,979	88,559	17,904	20,238	458,971	249,643	545,577	134,180	1,229,295	64,994	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
<b>Balance, end of year</b>	<b>5,876,874</b>	<b>149,347</b>	<b>-</b>	<b>20,238</b>	<b>2,226,021</b>	<b>134,919</b>	<b>-</b>	<b>-</b>	<b>1,014,908</b>	<b>64,994</b>	<b>-</b>	<b>2,894,816</b>	<b>12,382,117</b>
<b>Total costs</b>	<b>6,375,844</b>	<b>801,369</b>	<b>-</b>	<b>830,385</b>	<b>2,623,346</b>	<b>159,238</b>	<b>-</b>	<b>-</b>	<b>1,014,908</b>	<b>899,490</b>	<b>-</b>	<b>4,218,560</b>	<b>16,923,140</b>

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

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.

(a) *New Mexico properties, USA*

(i) 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 owns 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 towards 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 of the Company valued at \$271,000.

The Company has consolidated Roca Honda Resources, LLC into its operations and recorded a non-controlling interest of \$3,696,240 to reflect Sumitomo's 40% interest.

(ii) 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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

(a) *New Mexico properties, USA (continued)*

(iii) 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 in consideration for US\$8,000,000.

(iv) 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 US\$750,000 (\$805,700) 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.

(v) 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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

(b) *Wyoming properties, USA*

(i) Jeep Property

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

On July 31, 2007, the Company granted Yellowcake an option to acquire a 60% interest in the Company's Jeep property. To earn its 60% interest, Yellowcake was required to incur a total of US\$10,000,000 in exploration expenditures in stages to September 2013. On April 21, 2008 the Company terminated its agreement with Yellowcake.

(ii) Juniper Ridge Property

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

On March 14, 2007 the Company granted Yellowcake an option to acquire up to an 80% interest in its Juniper Ridge property. Effective December 31, 2007, the Company transferred its entire interest in the Juniper Ridge property, including the option granted to Yellowcake, to Juniper Ridge, LLC (Note 3). In return for the option, Yellowcake paid the Company US\$100,000 and issued 9,000,000 shares valued at \$9,779,900 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.

On April 21, 2008 the Company terminated its database project agreement with Yellowcake. In addition, the Company and Yellowcake have agreed to amend certain terms regarding Yellowcake's commitment to fund US\$8,000,000 of exploration on the Juniper Ridge property as follows:

- (1) contribute at least US\$764,518 not later than May 1, 2008, which has been completed;
- (2) a minimum of US\$300,000 not later than September 1, 2008;
- (3) a minimum of US\$500,000 not later than December 31, 2009; and
- (4) balance of US\$8,000,000 as agreed by both parties based on the availability of financing, but in any case not later than December 31, 2012.

(iii) 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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

(b) *Wyoming properties, USA (continued)*

(iii) Pine Tree/Reno Creek Property (continued)

On August 20, 2007 the Company granted American Uranium Corporation an option to acquire a 60% interest in the Pine Tree/Reno Creek property. Effective January 3, 2008, the Company has transferred its entire interest in Pine Tree/Reno Creek, including the option granted to American Uranium, to AUC, LLC (Note 3). American Uranium has contributed 5,000,000 common shares of American uranium 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.

(iv) 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 was required to incur a total of US\$7,500,000 in exploration expenditures in stages to September 2011. On April 21, 2008 the Company and Yellowcake mutually agreed to terminate the agreement.

(v) 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.

(vi) Gas Hills Mill Site Property

On December 10, 2007 the Company entered into an option agreement to acquire the Gas Hills Mill Site property located in Wyoming and the related Nuclear Regulatory Commission ("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.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 4. Mineral property interests (continued)

(c) *Other properties*

(i) 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.

(ii) 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.

(iii) 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, 2008. The property is subject to a 2% gross royalty.

### 5. Capital stock and contributed surplus

*Authorized*

Unlimited number of common shares, without par value

*Issued*

	Number of shares	Capital stock \$	Contributed surplus \$
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	-	(18,995,916)	-
Cancellation of escrowed shares	(75,000)	-	-
<u>Stock-based compensation</u>	-	-	<u>3,681,128</u>
As at December 31, 2007	72,457,911	53,471,619	4,400,836
Exercise of options	1,000	1,974	(574)
<u>Stock-based compensation</u>	-	-	<u>855,020</u>
<u>As at June 30, 2008</u>	<u>72,458,911</u>	<u>53,473,593</u>	<u>5,255,282</u>

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 5. Capital stock and contributed surplus (continued)

#### (a) 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.

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

	Warrants		Stock options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding, December 31, 2007	541,325	2.39	6,248,000	2.15
Granted	-	-	400,000	2.25
Exercised	-	-	(1,000)	1.40
Expired	(541,325)	2.39	(300,000)	2.05
Outstanding, June 30, 2008	-	-	6,347,000	2.16
Number currently exercisable	-	-	3,827,000	1.83

The following table summarizes information about outstanding stock options at June 30, 2008:

#### Options

Number of shares	Expiry date	Exercise price
		\$
125,000	April 13, 2009	2.34
723,000	October 6, 2010	1.40
100,000	December 15, 2010	2.80
1,692,000	August 31, 2011	1.59
657,000	October 27, 2011	1.96
2,500,000	August 31, 2012	2.75
150,000	November 21, 2012	2.50
400,000	January 2, 2013	2.25
6,347,000		

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 5. Capital stock and contributed surplus (continued)

#### (b) Stock-based compensation

During the three and six months ended June 30, 2008, the Company granted 400,000 (2007 - Nil) options to employees, consultants and directors. The stock options are recorded at fair value in the statement of operations using the Black-Scholes option pricing model. Total stock-based compensation recognized in the statement of operations during the three and six months ended June 30, 2008 was \$453,948 (2007 - \$247,021) and \$855,020 (2007 - \$494,042), respectively, as a result of options granted and vested. This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of options granted was \$2.25 (2007 - \$Nil) per option.

During the six months ended June 30, 2008, the following assumptions were used for the valuation of stock options:

	2008
Risk free interest rate	3.74%
Expected life	5 years
Annualized volatility	82.67%
Dividend rate	0.00%

### 6. Supplemental disclosure with respect to cash flows

	June 30, 2008	December 31, 2007
	\$	\$
Cash and cash equivalents		
Cash	1,755,226	2,812,096
Term deposits	342,863	88,000
	<u>2,098,089</u>	<u>2,900,096</u>

There were \$Nil cash payments for interest and income taxes during the three and six month periods ending June 30, 2008 and 2007.

Significant non-cash transactions during the three and six months ended June 30, 2008 include:

- (a) incurring mineral property expenditures of \$739,413 through accounts payable and accrued liabilities;
- (b) recording advances of \$547,041 on mineral property exploration from exploration joint venture partners through accounts payable and accrued liabilities;
- (c) recognizing mineral property recoveries of \$663,840 through amounts receivable; and
- (d) recognizing \$574 of contributed surplus on exercised options into common shares.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 6. Supplemental disclosure with respect to cash flows (continued)

Significant non-cash transactions during the three and six months ended June 30, 2007 included:

- (a) issuing 100,000 common shares valued at \$425,000 pursuant to the acquisition of minerals property interests.

### 7. Related party transactions

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Consulting fees to directors and companies controlled by directors	107,778	196,366	204,569	196,366
Consulting fees to officers of the Company	88,696	162,127	181,784	162,127
Directors fees to directors and companies controlled by directors	37,000	78,000	72,500	78,000
	<b>233,474</b>	<b>436,493</b>	<b>458,853</b>	<b>436,493</b>

Included in accounts payable at June 30, 2008 is \$57,441 (December 31, 2007 - \$68,539) for consulting and directors fees to directors, and companies controlled by directors.

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.

### 8. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration of mineral property interests and considers its loss from operations for the three and six months ended June 30, 2008 and 2007 to relate to this segment.

Assets by geographic area are as follows:

	June 30, 2008		December 31, 2007	
	Canada	United States	Canada	United States
	\$	\$	\$	\$
Property and equipment	1,058,593	1,077,138	1,071,983	961,192
Mineral property interests	-	18,569,736	-	16,923,140
	<b>1,058,593</b>	<b>19,646,874</b>	<b>1,071,983</b>	<b>17,884,332</b>

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 9. Contingencies

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 allegedly 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.

In June 2008, the Company received a statement of claim from the Government of Saskatchewan. The basis of the claim relates to one of Strathmore's contractors doing certain surface exploration work that apparently resulted in a forest fire. The amount claimed is approximately \$108,000 plus costs. The Company rejects the claim. 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 recorded in the period in which the actual determination of the liability, if any, is made.

### 10. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in Note 5. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash, cash equivalents, and short-term investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions.

The Company anticipates continuing to access equity markets to fund continued exploration of its mineral properties and the future growth of the business.

### 11. Financial instruments and risk management

The Company's financial instruments consist of cash and equivalents, short-term investments, receivables, investments, accounts payable and accrued liabilities. For cash and current receivables and accounts payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The fair value of other financial assets represents the market value of quoted investments.

Cash and short-term investments are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded on the statement of operations. Investments are designated as available-for-sale and carried at fair value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net loss when they are sold or when an other than temporary impairment is recognized.

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 11. Financial instruments and risk management (continued)

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

#### (a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluate credit risk on an ongoing basis, including evaluation of counterparty credit rating, monitoring activities related to trade and other receivables and counterparty concentrations measured by amount and percentage.

The primary sources of credit risk for the Company arise from the following financial assets: (1) cash and cash equivalents; (2) short-term investments; and (3) amounts receivable. The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At June 30, 2008, the Company has no financial assets that are past due or impaired due to credit risk defaults.

The Company's maximum exposure to credit risk at the reporting date is as follows:

	2008	2007
	\$	\$
Cash and cash equivalents	2,098,089	2,900,096
Short-term investments	10,982,420	12,788,046
Amounts receivable	250,183	1,468,621
	<b>13,330,692</b>	<b>17,156,763</b>

#### (b) Liquidity risk

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

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 11. Financial instruments and risk management (continued)

#### (b) Liquidity risk (continued)

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

	June 30, 2008		December 31,
	Remainder of 2008	Total	2007
	\$	\$	\$
Accounts payable and accrued liabilities	1,618,424	1,618,424	1,973,456
	<b>1,618,424</b>	<b>1,618,424</b>	<b>1,973,456</b>

#### (c) Market risk

Market risk is the risk that the fair value for assets classified as held-for-trading and available-for-sale or future cash flows for assets or liabilities considered to be held-to-maturity, other financial liabilities, and loans or receivables of a financial instrument will fluctuate because of changes in market conditions. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk, as it does not hold debt balances and is not charged interest on its accounts payable balances.

#### (d) Foreign exchange risk

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

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

# Strathmore Minerals Corp.

## Notes to the consolidated financial statements

June 30, 2008

(Unaudited - prepared by management)

### 11. Financial instruments and risk management (continued)

#### (d) Foreign exchange risk (continued)

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

	June 30, 2008	December 31, 2007
	USD	USD
	\$	\$
Cash and cash equivalents	1,167,540	181,315
Short-term investments	187,700	186,077
Investments	4,485,600	6,120,600
Amounts receivable	86,714	463,826
Accounts payable and accrued liabilities	<u>(1,320,042)</u>	<u>(1,612,964)</u>
	<u>4,607,512</u>	<u>5,338,854</u>

Based on the above net exposures at June 30, 2008, a 10% depreciation or appreciation in the US dollar against the Canadian dollar would result in a \$463,293 increase or decrease in the Company's net loss.

### 12. Subsequent events

Subsequent to June 30, 2008, the Company:

- (a) Completed the acquisition of certain mining claims, known as the Chord Project, located in South Dakota for cash consideration of US\$998,000.
- (b) Entered into a Letter of Intent with Great Bear Uranium Corp. ("Great Bear"). This enables Great Bear the option to acquire a 100% interest in the Chord Uranium Property located in South Dakota, USA. In order to earn a 100% interest, Great Bear will be required to make total cash payments of \$4,100,000 to the Company in accordance with the following schedule:
  - (i) \$100,000 within three days following the date ("Effective Date") of execution and delivery of a formal agreement;
  - (ii) \$300,000 not more than 90 days after the Effective Date;
  - (iii) \$400,000 before the first anniversary of the Effective Date;
  - (iv) \$600,000 before each of the second and third anniversaries of the Effective Date;
  - (v) \$900,000 before the fourth anniversary of the Effective Date; and
  - (vi) \$1,000,000 before the fifth anniversary of the Effective Date.

The transaction is subject to the execution of a definitive agreement, technical and legal due diligence by Great Bear, and final acceptance by the TSX-Venture Exchange.

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**STRATHMORE MINERALS CORP.**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2008**

**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 unaudited interim consolidated financial statements and related notes of the Company as at June 30, 2008 and for the three and six month periods ended June 30, 2008 (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 28, 2008.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com), on EDGAR at [www.sec.gov](http://www.sec.gov), on the Company's website at [www.strathmoreminerals.com](http://www.strathmoreminerals.com), or by requesting further information from the Company's head office located in Kelowna, BC, Canada.

**Plan of Arrangement with Fission Energy Corp.**

During the first quarter 2007, Strathmore announced its intention 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 22<sup>nd</sup>, 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 \$64 /lb at the time of writing. The long-term contract price is presently in the US \$80 /lb to US \$85/lb throughout the quarter ending June 30, 2008.

In 2007, the Company continued to execute its strategy of advancing its core Wyoming and New Mexico properties towards production. In 2008, exploration and development will continue on the uranium projects discussed herein. A table highlighting uranium projects with NI 43-101 and historical resource summaries is found in the section titled Uranium Resources Summary by Properties.

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

### Wyoming Properties

#### Gas Hills Properties

During 2007, 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. 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) During the six months ending June 30, 2008, the Company announced it had staked additional lands in the Gas Hills known as the Amazon and Sunset deposits. Historical resources total 2.1 million lbs U<sub>3</sub>O<sub>8</sub>. These newly acquired properties complement Strathmore's existing Gas Hills deposits. The Company holds 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. During the quarter the Company began evaluating this site as a possible mill location.

The NRC (Nuclear Regulatory Commission) 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 fourth quarter of 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.

During the six months ending June 30, 2008, Strathmore terminated its agreement with Yellowcake Mining Inc. on the Sky property.

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

### **Wyoming Properties (cont'd...)**

#### Jeep Property

The Jeep Property comprises 152 claims totaling 1,270 hectares (3,140 acres). In July 2007, the Company completed a NI-43-101 technical report in and a first phase 4000m exploration drill program. In August 2007, a formal Joint Venture agreement with a revised expenditure schedule was signed with Yellowcake Mining Inc. During the six months ending June 30, 2008, Strathmore terminated its agreement with Yellowcake Mining Inc. on the Jeep Property.

#### 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). During the six months ending June 30, 2008 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 report for the West Reno Creek Property. During the quarter ending June 30, 2008, a SEDAR filed NI 43-101 report was filed for the Southwest Reno Creek Property. 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% U<sub>3</sub>O<sub>8</sub> for 7,539,000 pounds. This Measured & Indicated resource is not NI 43-101 compliant.

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

### **Wyoming Properties (cont'd...)**

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. In addition, plans for extensive exploration drilling to increase the extent of the known mineralization are under preparation.

During the quarter ended June 30, 2008, Strathmore amended its agreement with Yellowcake Mining Inc. on the Juniper Ridge property. The amended terms are:

Yellowcake shall contribute exploration and development costs totaling a minimum of \$8 million, subject to a \$500,000 annual minimum as outlined in the following schedule

- \$764,518 not later than May 1, 2008, which has been completed.
- A minimum of \$300,000 not later than September 1, 2008.
- A minimum of \$500,000 not later than December 31, 2009.
- The balance of the \$8 million as agreed by both Parties based on the availability of financing, but in any case not later than December 31, 2012.

Strathmore shall continue to act as Manager of the Juniper Ridge project and will prepare programs for approval of the Joint Management Committee and Yellowcake Mining.

### **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 U<sub>3</sub>O<sub>8</sub>, and an inferred resource in excess of 15.8 million lbsU<sub>3</sub>O<sub>8</sub>.

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

### **New Mexico Properties (cont'd...)**

#### Roca Honda Project (cont'd...)

In July 2007, the Company completed the Joint Venture agreement with Sumitomo Corp. of Japan to develop the Roca Honda Project. Under the terms of the 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.

The Company continues permitting activities at Roca Honda which began in 2006. The installation of four monitor wells has been completed. Each well was 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 recent 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 (eU<sub>3</sub>O<sub>8</sub>)

Interval (ft)	Thickness (ft)	Grade %	GT	Sand Unit	lbs U <sub>3</sub> O <sub>8</sub> / 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 2007, 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 4<sup>th</sup> quarter of 2007, 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 (received in 2007); 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 by the end of year one;
  - An additional \$2,000,000 work commitment expenditure plus \$250,000 payment in cash or stock by the end of year two ;
  - An additional \$2,750,000 work commitment expenditure plus \$250,000 payment in cash or stock by the end of year three;
  - An additional \$3,000,000 work commitment expenditure plus \$250,000 payment in cash or stock by the end of year three;
  - 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. On September 14, 2007, Strathmore completed an agreement with UIC 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 (received in 2007) 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 <sub>3</sub> O <sub>8</sub>	lbs/U <sub>3</sub> O <sub>8</sub>
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
<b>-Continued-</b>					

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

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U <sub>3</sub> O <sub>8</sub>	lbs/U <sub>3</sub> O <sub>8</sub>
<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](http://www.sedar.com) or the Company's website, [www.strathmoreminerals.com](http://www.strathmoreminerals.com)*

## Results of Operations

For the second quarter 2008, the Company incurred a net loss of \$9,848,386 or \$0.14 per common share, compared with a net loss of \$1,325,342 or \$0.02 per common share for the second quarter of 2007. The second quarter increase in net loss is attributed to higher stock-based compensation expense and less interest income due to decreased cash balances. Increased expenses in the second quarter were offset by decreases in trade shows and less unrealized losses on short term investments compared with the second quarter of 2007. The Company incurred an other than temporary impairment on its investments of \$8,236,950 which significantly increased its net loss during the second quarter of 2008.

The net loss for the six months ended June 30, 2008 totaled \$10,948,636 or \$0.15 per common share, compared to a net loss of \$618,623 or \$0.01 per common share recorded in the prior comparative period. The current period reported no future income tax recovery and less interest income when compared to same period of 2007. The decrease in interest income for the current period is due to lower cash balances. During the current period, the Company recorded an other than temporary impairment on its investments of \$8,236,950.

### 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

		3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
<b>2006/2007</b>	Net Income (loss)	(137,342)	(927,417)	(1,042,772)	(1,325,342)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)
	Diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)
<b>2007/2008</b>	Net Income (loss)	(2,010,938)	9,132,810	(1,100,250)	(9,848,386)
	Basic earnings (loss) per share	(0.03)	0.13	(0.02)	(0.14)
	Diluted earnings (loss) per share	(0.03)	0.12	(0.02)	(0.14)

## Summary of Quarterly Results (cont'd...)

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. The Company's expenditures change from quarter to quarter as a result of non-recurring activities or events.

### Liquidity

#### Working Capital

Working capital was \$11,928,919 as at June 30, 2008 compared with 15,242,994 at December 31, 2008. The decrease of \$3,314,075 was mainly due to cash used in operations and mineral property investing activities.

#### Cash flows

Cash decreased by \$802,007 to \$2,098,089 in YTD (year to date) 2008. Cash flows used in operating activities were \$700,602 in YTD 2008 compared with \$1,101,105 in YTD 2007. The decrease was largely attributable to the timing of cash payments. Cash flows used in investing activities were \$102,805 for YTD 2008 compared with \$5,939,466 for YTD 2007 as expenditures on mineral properties were reduced. Funding from partners of joint ventured properties allowed the Company to conserve its cash resources while still continuing exploration. Cash flows from financing activities were \$1,400 for YTD 2008 a decrease from \$3,659,652 for YTD 2007 as a result of fewer exercises of stock options and warrants.

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 six months ended June 30, 2008, the Company conducted no placements of its common shares.

During the year ended December 31, 2007, the Company 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**

Effective January 1, 2008, the Company adopted the following new standards issued by the Canadian Institute of Chartered Accountants (“CICA”). These accounting policies were adopted on a prospective basis without restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

(i) CICA 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.

(ii) CICA Section 1535, *Capital Disclosures*

This Section establishes standards for disclosing information about an entity’s capital and how it is managed. This standard requires the Company to disclose, based on the information provided internally to the entity’s key management personnel, (1) qualitative information regarding the Company’s objectives, policies and processes for managing capital; (2) quantitative data about what the Company manages as capital; (3) whether the Company has complied with any externally imposed capital requirements; and (4) if it has not complied, the consequences of such non-compliance (Note 9).

(iii) CICA Section 3862, *Financial Instruments – Disclosures* and CICA Section 3863, *Financial Instruments – Presentation*

These sections replace CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. These new sections incorporate any of the disclosure requirements of Section 3861, but place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Company manages those risks (Note 10).

## **Recent accounting pronouncements**

### **International Financial Reporting Standards (“IFRS”)**

On February 13, 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the mandatory changeover date to International Financial Reporting Standards (“IFRS”) for Canadian profit-oriented publicly accountable entities (“PAE’s”) such as the Company.

The AcSB requires IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE’s with December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ending December 31, 2010. This also means that all opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During the remainder of 2008, the Company will continue to evaluate the impact of IFRS on the Company and develop and put in place a plan for the conversion to IFRS. If the Company decides not to early adopt the standards, the actual conversion work will occur during 2009 and 2010, in anticipation of the preparation of the January 1, 2010 balance sheet which will be required for comparative purposes for all periods ending in 2011.

## **Capital Resources**

For the six months ended June 30, 2008, 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 August 28, 2008, the Company has 72,458,911 common shares issued and outstanding. The Company also has 6,347,000 incentive stock options ranging in exercise price from \$1.40 to \$2.80.

## **Transactions with Related Parties**

During the six months ended June 30, 2008, the Company paid or accrued management consulting fees in the amount of \$60,674 to a company controlled by Devinder Randhawa, the Chairman of the Company. Management consulting fees of \$87,251 were paid or accrued to a company controlled by Steven Khan, the President of the Company. David Miller, the Chief Executive Officer and Chief Operating Officer received \$132,737 for his services. Dieter Krewedl, a director of the Company, received \$11,158 for his services. Bob Hemmerling, the Secretary of the Company, received \$40,000 for his services. Patrick Groening, the Chief Financial Officer, received \$54,533 for his services. In addition, Directors' fees in the amount of \$14,000, \$13,500, \$15,000, \$14,750, and \$15,250 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 recorded in the period in which the actual determination of the liability, if any, is made.

In June 2008, the Company received the statement of claim from the Government of Saskatchewan. The basis of the claim relates to one of Strathmore's contractors doing certain surface exploration work that apparently resulted in a forest fire. The amount claimed is \$107,940.56 plus costs. The Company rejects the claim. 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 recorded in the period in which the actual determination of the liability, if any, is made.

## Financial Instruments

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. See related notes 10 and 11 in the interim financial statements for the period ended June 30, 2008 for additional information.

## Subsequent Events

Subsequent to June 30, 2008 the Company:

- (a) Completed the acquisition of certain mining claims, known as the Chord Project, located in South Dakota for cash consideration of US\$998,000.
- (b) Entered into a Letter of Intent (“LOI”) with Great Bear Uranium Corp. (“Great Bear”). This enables Great Bear the option to acquire a 100% interest in the Chord Uranium Property located in South Dakota, USA. In order to earn a 100% interest, Great Bear will be required to make total cash payments of \$4,100,000 to the Company in accordance with the following schedule:
  - (i) \$100,000 within three days following the date (“Effective Date”) of execution and delivery of a formal agreement;
  - (ii) An additional \$300,000 not more than 90 days after the Effective Date;
  - (iii) An additional \$400,000 before the first anniversary of the Effective Date;
  - (iv) An additional \$600,000 before each of the second and third anniversaries of the Effective Date;
  - (v) An additional \$900,000 before the fourth anniversary of the Effective Date; and
  - (vi) An additional \$1,000,000 before the fifth anniversary of the Effective Date.

The transaction is subject to the execution of a definitive agreement, technical and legal due diligence by Great Bear, and final acceptance by the TSX-Venture Exchange.