MANAGEMENT'S DISCUSSION & ANALYSIS

STRATHMORE MINERALS CORP.

FOR THE NINE MONTH PERIOD ENDING SEPTEMBER 30, 2012

Strathmore Minerals Corp. (the "Company" or "Strathmore") is a Canadian based resource company specializing in the strategic acquisition, exploration and development of advanced uranium, gold, and copper properties in the United States. Headquartered in Vancouver, British Columbia with a branch administrative office in Kelowna, the Company also has United States based Development Offices in Riverton, Wyoming and Santa Fe, New Mexico. Strathmore's common shares are listed on the TSX under the symbol "STM" and trade on the OTCQX International electronic trading system in the United States under the symbol "STHJF".

This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the interim period ended September 30, 2012 (the "Financial Statements") and the annual audited consolidated financial statements and related notes of the Company for the year ended December 31, 2011. 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 November 6, 2012.

Additional information related to the Company is available for view on SEDAR at www.sedar.com, and on the Company's website at www.strathmoreminerals.com, or by requesting further information from the Company.

Overview

Management believes that the development of uranium properties presents an opportunity to increase shareholder value for the following reasons:

- Despite the devastating events due to the Japanese earthquake and tsunami in March 2011, and the Fukushima nuclear issues, management continues to believe that over the next decade, long-term world-wide uranium demand and the corresponding nuclear power plant build-out will require new uranium supply to meet this expanding demand. According to the World Nuclear Association, 64 new reactors are under construction worldwide, which more than offsets the expected and possible reactor closures in Europe. As such, Strathmore continues to advance its long-term plans for the permitting and development of its core uranium projects in New Mexico and Wyoming.
- Worldwide nuclear energy demand is projected to increase significantly. According to the World Nuclear Association, electricity demand is increasing much more rapidly than overall energy use and is likely to almost double from 2004 to 2030.
- Long-term global uranium demand/supply imbalance forecast (2014-2020), resulting in a potential for significantly higher uranium prices.
- Potential for long-term increased demand from developing countries as they construct new nuclear power plants. Fifty-four (sixty-four worldwide) nuclear power plants are currently under construction in thirteen countries, most notably, China, South Korea, India and Russia. The most significant increase in demand is expected to come from China as a result of its planned nuclear build-out over the next two decades. China

has virtually no domestic uranium production, yet annual uranium demand is forecast to grow from 5.5 million lbs in 2009 to 48.8 million lbs by 2020.

- Proposals for the reduction in carbon emissions have resulted in the development of "green" energy initiatives that identify nuclear power as a clean energy alternative. The 104 existing nuclear reactors operating within 65 nuclear power plants in the United States "avoid the release of 700 million tons of $C0_2$ emissions annually".
- The Company's uranium projects are located in the United States, which remains the largest consumer of uranium in the world, despite the growth in international markets. Annual domestic demand for uranium in 2011 totaled approximately 55 million pounds, while annual domestic production was only 3.9 million lbs, down from 4.2 million lbs in 2010 [1]. The United States also utilizes secondary sources primarily from the dismantling of nuclear weapons ("megatons for megawatts"), in addition to importing uranium for most of its domestic requirements to meet the shortfall in production. In the United States there is one nuclear power plant under construction, eleven planned, and nineteen proposed, as at July 15th, 2012.[2] In February 2012, the Nuclear Regulatory Commission (NRC) approved the construction of the first two new nuclear reactors in the United States in thirty years.

While continuing to advance the Company's uranium properties toward production, the Company's secondary focus is to enhance shareholder value from its recently acquired advanced stage gold/copper project known as "Copper King". This property is strategically located in mining friendly Wyoming and offers robust economic potential as indicated by a recently completely Preliminary Economic Assessment. Strathmore is currently planning and evaluating the steps required for permitting and ultimately bringing Copper King into production.

Impact of the Fukushima Incident On the Outlook for Nuclear Energy & Uranium

On March 11, 2011, a powerful 9.0 magnitude earthquake, followed by a tsunami struck the eastern coast of Japan, causing extensive damage to the Fukushima Daiichi nuclear power plant. The earthquake was seven times more powerful than the nuclear reactors built there were designed to withstand.

The decline in the uranium spot price and the negative market sentiment towards shares of uranium companies that immediately followed the Fukushima incident has continued through to the fourth quarter of 2012. The impact of the incident has delayed, and in some parts of the world, discouraged the current nuclear build-out, which in turn has negatively impacted the near-term demand of uranium. In Japan, the world's third largest user of nuclear power, all 54 operating nuclear reactors, which consume approximately 21.3 million lbs of uranium per year, were shut down for safety inspections. At the time of writing, only two nuclear plants have restarted, which has forced utility companies to import fossil fuels to maintain a reliable energy supply, potentially leading to higher bills for consumers and a

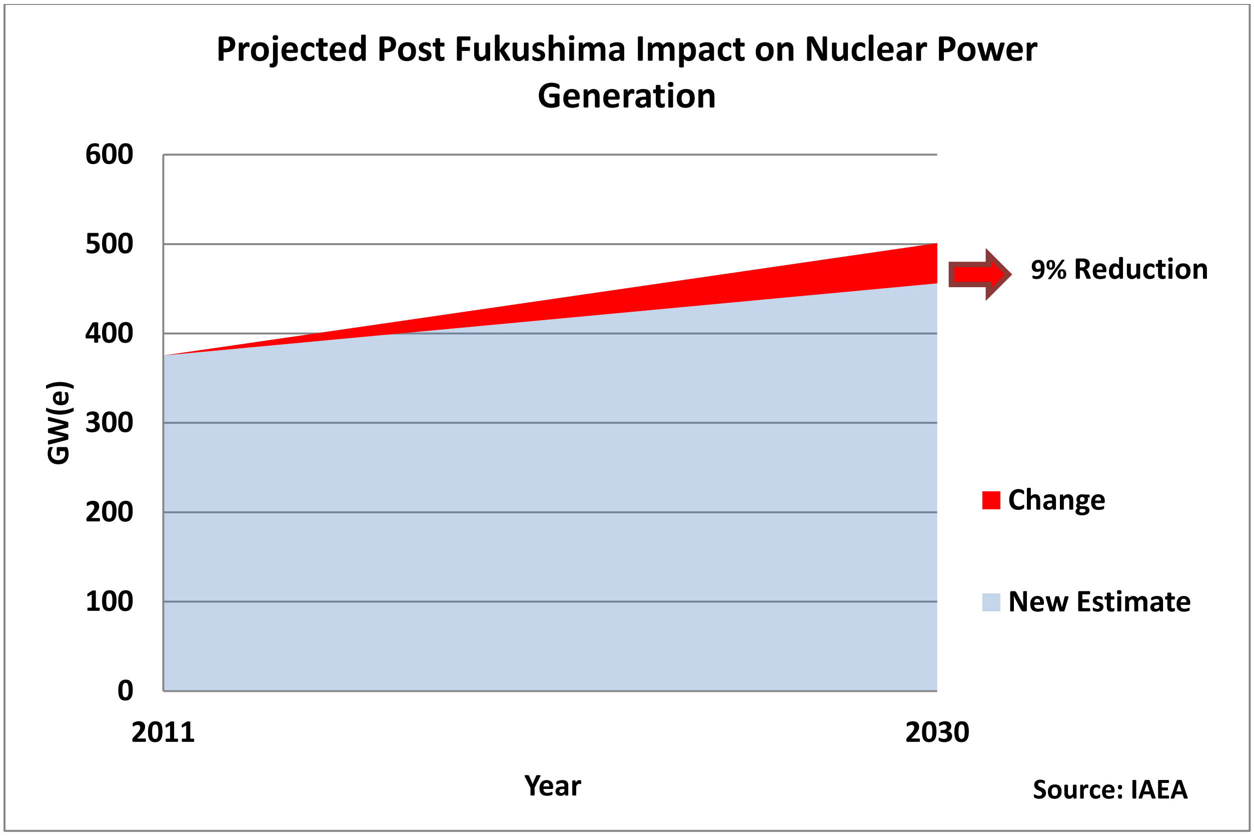
[1] US Department of Energy

[2] Nuclear Association website. Nuclear Power in the USA. www.world-nuclear.org

perpetual trade deficit for the country[3]. In June 2012, the World Nuclear News reported that Japan's ten utilities consumed a record volume of fossil fuels in June. Consumption totaled 14 million barrels of oil, up 131.6% from June 2011. Prior to the Fukushima event approximately 30% of Japan's electrical output was derived from nuclear power, and plans were in place to increase this share to 50% by 2030. However, as a result of the Fukushima event, Japan conducted a review of its national energy policy, later announcing a shift away from nuclear power and a complete phase-out of all nuclear reactors by 2040. Shortly thereafter, Japan's government abandoned its proposed 2040 phase-out of nuclear power. Uncertainty regarding Japan's nuclear future and the long-term impact on the uranium market remains.

Other countries that have made strong political statements moving away from nuclear power include Germany and Switzerland. Germany stated its intention to close all seventeen nuclear reactors in that country, while Switzerland suspended the approval process for three new nuclear reactors, later making the ban permanent. Switzerland's five existing reactors, which supply 40% of the country's power, will not be replaced at the end of their life span, with the last plant to go off-line in 2034.[4] In November 2011, Mexico announced its plans to cancel the planned construction of ten nuclear power plants, and in May 2012, Brazil, which had initiated plans to construct between four and eight nuclear power plants to 2030, has cancelled its program. The countries with long-term plans for the construction of the largest number of new nuclear power plants: China, South Korea, Russia, and India, are maintaining their current nuclear reactor development plans, with a focus on increased safety. China is expected to complete all nuclear inspections and introduce new national nuclear safety regulations by 2014. New nuclear plant approvals will not be granted until these initiatives are completed.

[3] Chico Harlan, "Japan marks earthquake and tsunami anniversary with prayers and mourning". Washington Post.com, updated March 11, 2012.
[4] World Nuclear News- "Swiss Cabinet Goes for Nuclear Phase-Out". May 25, 2011



At its annual conference held in September 2012, the International Atomic Energy Agency (IAEA) updated its post-Fukushima high and low projections for nuclear power growth to 2030. The low projection assumes current trends continue with few changes in policies affecting nuclear power. The high projection assumes that the current financial and economic crises will be overcome relatively soon and past rates of economic growth and electricity demand will resume, notably in the Far East. It further assumes stringent global policies to address climate change.

Continued growth is expected, but at a lower rate than estimated in 2011. Both the high and low projections predict growth in nuclear power capacity by 2030, by 25 per cent in the low projection and by 100 per cent, i.e. a doubling in generation capacity, in the high projection. The world's current world nuclear power capacity generation of 370 giga watts (375 giga watts in 2011) is expected to grow to 456 giga watts (501 giga watt estimate in 2011) by year 2030 (low projection), a reduction of 9% from the previous year's 8% forecast, after adjusting for the impact of the Fukushima incident. The low projection shows a 10-year delay in the pre-Fukushima anticipated growth, suggesting the capacity originally projected for 2020, before the accident, now being projected for 2030. It also takes into account the potential decline of the share of nuclear power in Japan's electricity mix. The largest decline in nuclear power capacity is expected in Western Europe, while those regions with substantial nuclear power programs: Eastern Europe, Russia, the Middle East and Asia continue to show an expanding nuclear capacity, albeit at a lower rate. Despite this reduction, long term nuclear power growth is expected to continue with the construction of 90 nuclear power plants by the year 2030.

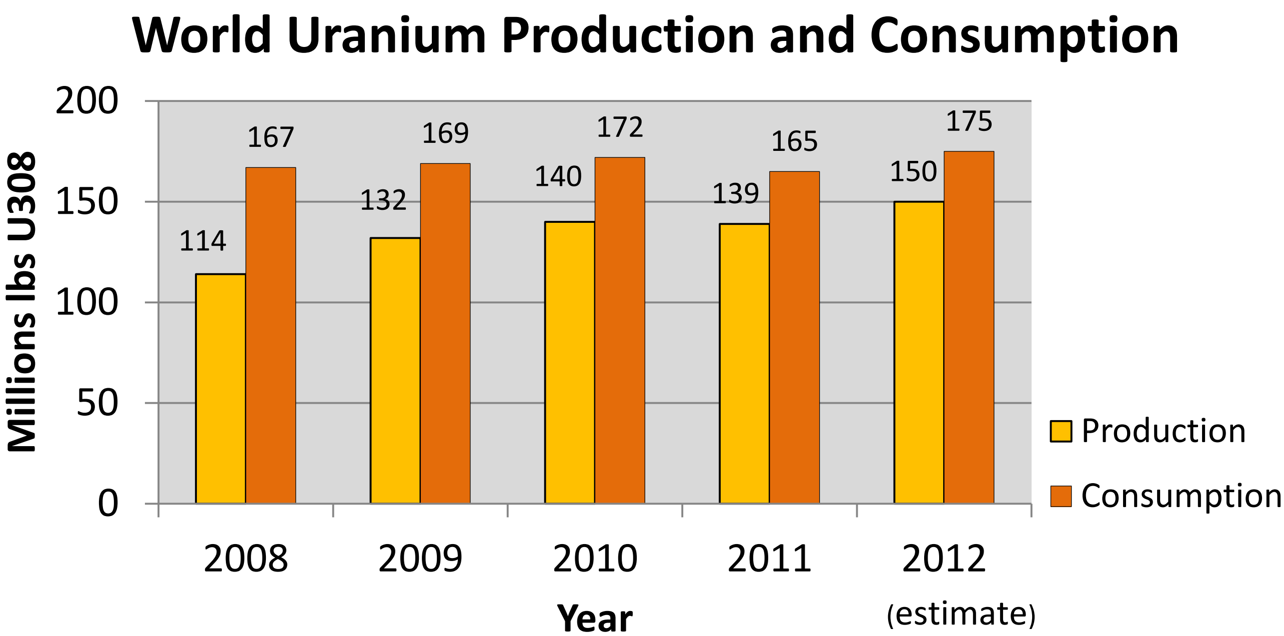
Uranium Market

Global uranium production in 2011 was approximately 139 million pounds, or 7.3% below Cameco's 2011 estimate of 150 million lbs. Primary mine production in 2011 totaled approximately 117 million pounds while 22 million pounds were derived from certain sources associated with mine production. Global mine production accounted for 85% of worldwide uranium consumption, which totaled approximately 165 million pounds in 2011. The remaining 15% was derived from secondary sources, which may include stockpiled uranium held by utilities, recycled uranium from spent fuel, re-enriched uranium tails, government stockpiles, and down-blending weapons grade uranium and plutonium from US and Russian military sources, known as the "Megatons to Megawatts" program.

During 2011, a number of uranium producing companies including Cameco, Uranium One, and Paladin reduced their uranium demand growth forecasts by 5-10% over the next decade. As a result RBC Capital Markets has revised their uranium forecast, pushing out the expected supply deficit to 2014 from 2012, but continuing to 2020. JP Morgan's most recent forecast (September 2012) projects supply may fall short of demand growth by as much as 11.5 million lbs in 2015, increasing to 17.8 million lbs by 2020. Ongoing post-Fukushima adjustments to both industry demand and supply have been factored into the latest forecasts. Reduced supply is expected to occur as a result of mine permitting delays going forward, and reduced production growth from Kazakhstan, currently the largest uranium producing country in the world.

Over the long-term, it is forecasted that current and planned uranium production will not satisfy the needs of existing reactors, in addition to those currently under construction and planned, suggesting that higher uranium prices will be required to resolve the forecasted supply deficits.[5]

[5] Raymond James Canada: Uranium Industry Comment-April 4, 2011 and RBC Capital Markets: Uranium Market Outlook- Second Quarter 2011



Source: World Nuclear Association and Cameco estimate

Countries with Nuclear Plants Planned, Proposed, or Under Construction

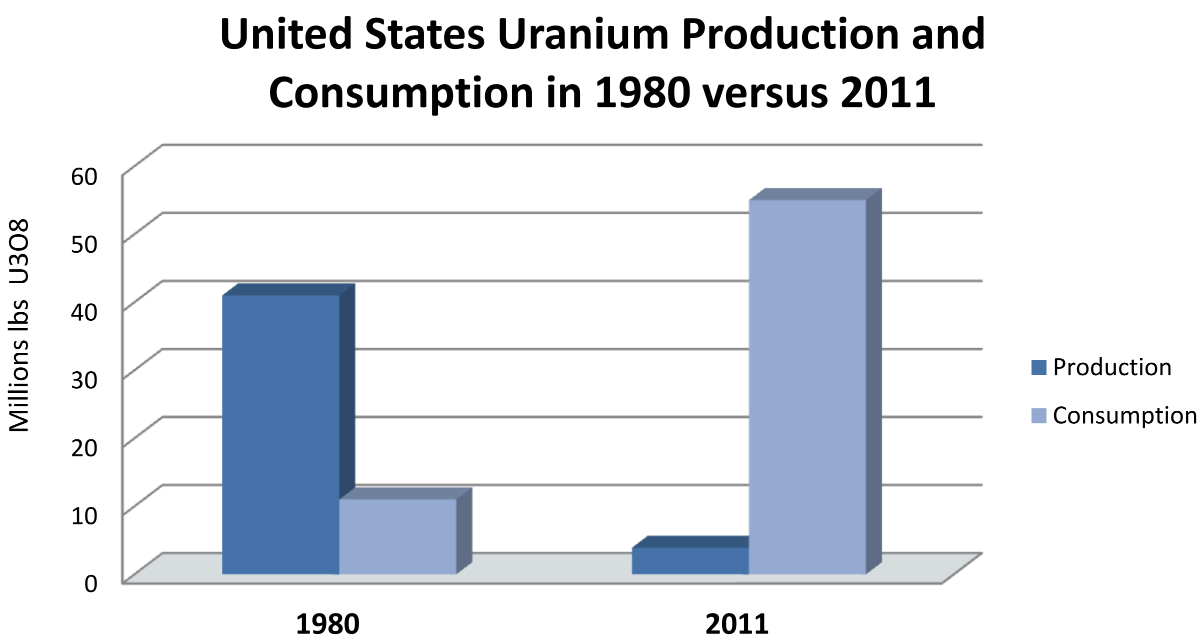
Country	Under Construction	Planned	Proposed	Total[6]
China	26	51	120	197
India	7	18	39	64
Russia	10	17	24	51
USA	1	13	13	27
Japan*	3	10	5	18
Ukraine	0	2	11	13
South Korea	4	5	0	9
Canada	2	2	3	8
Other	11	42	108	160
Total	**64**	**160**	**323**	**547**

* Japan's plans for existing and future nuclear plants is under review.

[6] *Table adapted from World Nuclear Association Website- www.world-nuclear.org "World Nuclear Power Reactors & Uranium Requirements", (Updated October, 2012)*

Since 2003, the increased uranium demand and higher prices, which contrasts with the previous two decades, has stimulated new exploration and development of both new and previously explored uranium properties worldwide. This trend resulted in a strong supply response, most notably from Africa and Kazakhstan. The new production is primarily from lower grade deposits, which is not sustainable over the long-term, without higher uranium prices. Higher prices will be necessary to encourage new production to meet the World Nuclear Association forecast nuclear build-out. Despite the Fukushima incident, RBC Capital Markets forecasts that supply deficits will only be delayed by two years, re-emerging in 2014.[7] Supply, to meet the current mine production shortfall, is derived from secondary sources.[8] Cameco forecasts that 20% of world supply will need to come from new primary mine production over the next 10 years.

Approximately one out of every four operating nuclear reactors in the world today is located in the United States. Uranium production has not increased, and has actually declined significantly to the point where the US has fallen from the position of being the largest uranium producing country in the world to becoming a minor producer. Despite an annual demand of approximately 50-55 million lbs to satisfy current domestic needs, the United States only produced 3,990,812 lbs of uranium in 2011.[9]



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[7] *RBC Capital Markets: Uranium Weekly(Industry Comment), February 7, 2012*
[8] *Secondary supply includes high enriched uranium (HEU) from the dismantling of nuclear weapons, inventories held by utilities, reprocessed uranium and re-enrichment of depleted uranium from spent fuel (tails).*
[9] *US Department of Energy website www.eia/gov/uranium/productionwww.eia/gov/uranium/production*

Prolonged weak uranium prices resulted in corporate abandonment of the sector by many major mining and energy companies during the period 1980-2003. Despite this production decline, the United States is still the largest uranium consumer in the world, and possesses about 7% of the world's known recoverable supply.[10] While approximately 20% of the electricity generated in the United States is derived from nuclear power, an estimated 50% of that electrical power was generated by uranium obtained from depleting secondary sources, most notably the decommissioning of old Soviet nuclear weapons. Known as the "Megatons for Megawatts" treaty with Russia, uranium imports from Russia began in 1993. Robert Ebel of the Center for Strategic and International Studies in Washington, noted that "The United States is dependent on Russia for a significant portion of its nuclear energy. I don't think a lot of Americans know that".[11] With the treaty not expected to be renewed after it expires in 2013, thus removing an estimated 20-24 million lbs of U_30_8 per year from the market, the United States will need to source long-life uranium assets domestically, or from alternative politically stable jurisdictions.

Performance Summary and Update

Strathmore, which acquired most of its uranium properties since 2003, believes it is uniquely positioned in the United States to capture substantial value due to its significant high quality resource holdings and its highly experienced management and technical teams. The Company is currently permitting two core uranium projects in the United States for future production: Roca Honda in New Mexico and Gas Hills in Wyoming. A non-core project, the Pine Tree/Reno Creek properties in Wyoming was sold to Bayswater Uranium Corporation in April, 2010, and a second non-core project known as Juniper Ridge, was sold in a phased sale to Crosshair Energy Corp. in November 2010. Strathmore has a history of monetizing non-core projects at a profit.[12]

Strathmore has approximately 78,800 acres of potential uranium producing lands, with approximately 80% in Wyoming and 20% in New Mexico The Company's two core uranium projects: Gas Hills in Wyoming and Roca Honda in New Mexico comprise 35,000 acres and 1,840 acres, respectively. Combined, they account for 40% of the Company's potential uranium producing lands. Roca Honda has NI 43-101 Measured, Indicated, Measured + Indicated, and Inferred Resources.[13] A NI 43-101 compliant resource calculation has also been completed for the Gas Hills Properties. (See Gas Hills Properties)

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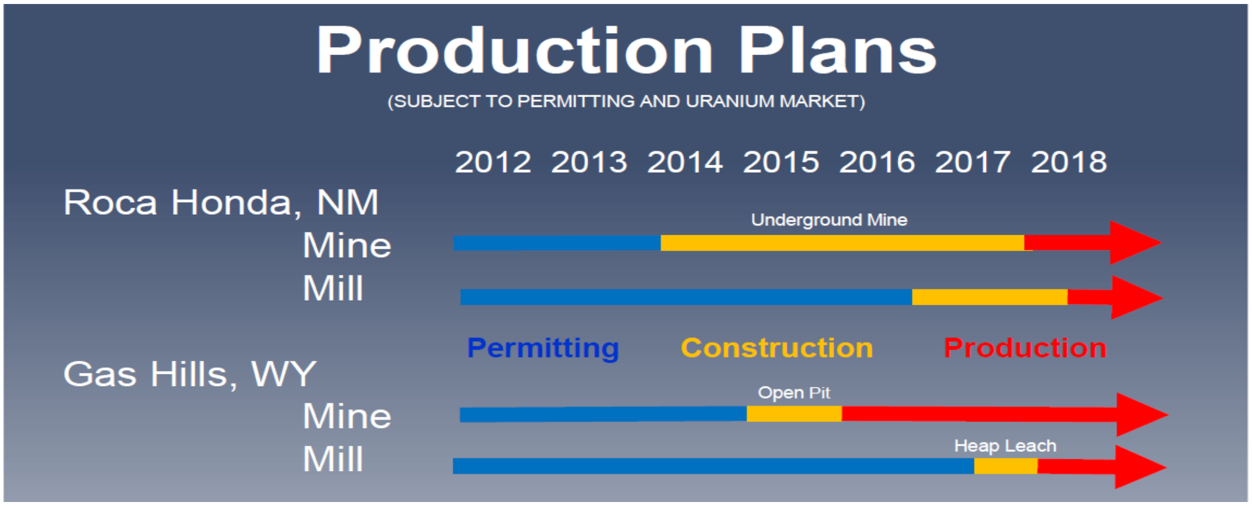
[10] *Toni Johnson, "Global Uranium Supply and Demand". Council of Foreign Relations Background Paper. Updated January 14, 2010.*

[11] *Toni Johnson, "Global Uranium Supply and Demand". Council of Foreign Relations Background Paper. Updated January 14, 2010.*

[12] Three non-core uranium properties have been sold and royalties retained: Pine Tree/Reno Creek, Juniper Ridge, Oshoto leases. See Mineral Properties below.

[13] See Table - Uranium Resources Summary of All Properties for a summary of tonnage, grade, and total resources – Pages 28-29)



Strathmore's goal is to become a leading uranium producer in the United States. Timing of future production is subject to a number of risks and uncertainties, including, but not limited to, the outlook for uranium prices, permitting, access to capital, capital costs, production costs and plans, accessibility of milling facilities, environmental, legal, political, financial, and economic issues that could materially affect uranium mining.

Three Year Uranium Spot and Long-Term Price

Source: The Ux Consulting Company, LLC.

During the first quarter of 2011 the uranium spot price strengthened, to the US $70-72/lb. range, but declined sharply after the Fukushima nuclear event to between US $47/lb – US $55/lb for the remainder of the year. The long-term price fluctuated between US $63-73/lb. Since the beginning of 2012, uranium prices have exhibited a declining trend, most notable the spot price. The current spot price is US $40.75/lb and the October month-end long term price is US $60.00/lb.

The long-term contract price is published monthly, while the spot price is announced weekly. However, the long-term price, which accounts for almost 80% of the global uranium bought and sold, reached an all-time high of approximately US $95 in mid-2007 before declining to a multi-year low of US $58/lb in March 2010. During the same period, the uranium spot price reached an all-time high of US $138/lb, before declining to a multi-year low of US $40.50 on March 1, 2010. Both the spot price and long-term price traded at US $73/lb price at the end of January 2011. After the Fukushima nuclear accident in March 2011, price volatility increased significantly for both the spot and long-term contract prices.

It is uncertain how long the Fukushima incident will impact the uranium sector. Most analyst forecasts for the price of uranium have generally been reduced since the Fukushima incident. Consensus expectations are for generally higher uranium prices in the years ahead, with the cancellation of the Russian HEU contract in 2013 being a near-term catalyst.

Despite the overall share weakness in the price of Strathmore common shares, and the uranium sector in general, on February 1, 2012, Strathmore completed a two phase strategic Definitive Agreement with KEPCO. In Phase I, KEPCO acquired 14,586,182 common shares of Strathmore at $0.55 per share for total gross proceeds of US $8 million, with the funds to be used to advance the Gas Hills uranium development project. In Phase II, KEPCO optioned the Gas Hills project and can earn-in up to a 40% interest by incurring expenditures totaling US $32 million over three years beginning in 2013. In addition, KEPCO entered into certain future uranium off-take agreements based on equity ownership in the Company and in the Gas Hills project. KEPCO is now Strathmore's largest external shareholder with an 11.8% interest in the Company.

On May 11, 2012, Strathmore completed an acquisition of all the issued and outstanding shares of Saratoga Gold Company Ltd. ("Saratoga") in exchange for 18,255,003 common shares of Strathmore. Saratoga's primary asset is an advanced stage gold-copper project in Wyoming known as "Copper King". Strathmore has recently issued a favorable NI 43-101 resource calculation and preliminary economic assessment for "Copper King" (see Mineral Properties below)

Corporate Goal: To become a leading uranium producer in the United States and to enhance shareholder value by developing gold/copper mineral projects.

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 properties are located primarily in the two largest historical uranium producing districts in the United States: Grants, New Mexico and the Gas Hills, Wyoming. The Roca Honda property in New Mexico and the Gas Hills properties in Wyoming are the Company's two core uranium development projects. The recently acquired Copper King, gold/copper project is now considered a core development property for Strathmore.

Corporate Goals for 2012

The 2012 goals listed below are a continuation of the advancement of the core Roca Honda and Gas Hills uranium development projects towards production, while other goals address increasing shareholder value.

- Complete a NI 43-101 technical report and Preliminary Economic Assessment (PEA)for the Copper King Property. Completed in September 2012 with a very favorable PEA indicating a 31.2% internal rate of return and payback of 2.3 years. *(accomplished)*
- Complete a new NI 43-101 technical report and Preliminary Economic Assessment for the Roca Honda project. Completed in October 2012 with the PEA indicating a 19.2% internal rate of return and operating costs of $23.82/lb. *(accomplished)*
- Submit a U.S. Nuclear Regulatory Commission permit application *for the const*ruction and operation of a conventional uranium mill at Pena Ranch, New Mexico. *(Application submittal expected by January 2013)*
- Continue exploration, development, and permitting activities at Gas Hills. Gas Hills mine permit application was submitted in November 2012. *(permit submittal accomplished)*
- Evaluate and commence permitting of a heap leach, vat leach, or alternative uranium production facility at Gas Hills, Wyoming.
- Complete a new initial NI 43-101 technical report for the Gas Hills Properties in Q3, 2012. *(accomplished)*
- Continue with the ongoing plan to monetize or joint venture non-core properties.
- Pursue synergistic opportunities in the United States and/ or international opportunities that could potentially advance the Company's production profile.
- Review other opportunities to enhance shareholder value.

Key Multiyear Goals

- Complete a feasibility study for the proposed Roca Honda mine.
- Assist the independent preparation of an Environment Impact Statement ("EIS") for Roca Honda with the draft EIS scheduled for completion by December, 2012 (see Roca Honda for details).
- Obtain mine permit approval in 2013 and make a feasibility based production decision at Roca Honda, New Mexico.
- Obtain mine permit at Gas Hills, Wyoming.
- Secure uranium mill throughput agreements for Roca Honda production in New Mexico and/or obtain a mill permit for the Pena Ranch Mill.

- Secure a mill throughput agreement at the Sweetwater Mill and/or obtain uranium recovery facility approvals in the Gas Hills.
- Secure long-term contracts for projected uranium production.
- Monetize or joint venture non-core projects.
- Secure additional capital for construction of mines and mills.
- Invest in certain mineral assets that are likely to generate cash flow in advance of the Company's current long-term uranium development projects.
- Enhance shareholder value by utilizing excess working capital for passive investments in mines and minerals where opportunities arise.

Saratoga Gold and "Copper King Property"

In March 2012, Strathmore announced that it has entered into an Acquisition Agreement through a Plan of Arrangement, whereby Strathmore agreed to acquire all of the issued and outstanding shares of Saratoga Gold Company Ltd., a private company incorporated in the Province of British Columbia. Saratoga's primary asset is the "Copper King Property", which comprises two State of Wyoming leases totaling 1,120 contiguous acres, located in the Silver Crown Mining District in Wyoming. In addition, Saratoga holds 52 lode mining claims in the State of Montana near Tintina Resources' Black Butte copper-cobalt-silver project (formerly known as Sheep Creek)

Copper King is a shear-zone controlled Au-Cu mineralized deposit, enveloped within a larger shell of disseminated and stockwork mineralization. Historically, the property has been explored by several operators before being acquired by Saratoga in 2006.

NI 43-101 Technical Report

After acquiring Copper King in May 2012, Strathmore contracted MDA to prepare a NI 43-101 technical report to include an initial Copper King resource estimate to NI 43-101 classification standards, in addition to a Preliminary Economic Assessment (PEA). During the quarter ending September 30th, 2012, the technical report was completed and SEDAR filed. The report entitled "Technical Report on the Copper King Project, Laramie County, Wyoming," dated August 24th 2012, is authored by Paul Tietz, CPG and Neil Prenn, P. Eng, both Qualified Persons as defined by NI 43-101.

Summary of Copper King Resources

Measured and Indicated Resource:									
class	**Au-equiv. Cutoff**		**tons**	**tonnes**	**oz Au/ton**	**g Au/t**	**oz Au**	**% Cu**	**lbs Cu**
Measured	0.015	0.51	15,130,000	13,730,000	0.018	0.62	272,000	0.199	60,120,000
Indicated	0.015	0.51	44,620,000	40,480,000	0.015	0.50	654,000	0.183	162,880,000
Total M+I	0.015	0.51	59,750,000	54,210,000	0.015	0.53	926,000	0.187	223,000,000

Inferred Resource:									
class	**Au-equiv. Cutoff**		**tons**	**tonnes**	**oz Au/ton**	**g Au/t**	**oz Au**	**% Cu**	**lbs Cu**
Inferred	0.015	0.51	15,620,000	14,170,000	0.011	0.38	174,000	0.20	62,530,000

The modeling and estimation of gold and copper resources were prepared under the supervision of Paul G. Tietz, of Mine Development Associates, Reno, Nevada. Mr. Tietz is a Certified Professional Geologist (#11004) with the American Institute of Professional Geologists, and an independent and Qualified Person as defined in NI 43-101. Mr. Tietz visited the Copper King Property on May 29, 2012 and inspected the project site and the core storage facility. Mr. Tietz is of the opinion that the data verification procedures support the geologic interpretations and confirm the quality of the data base. It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

The deposit is open at depth, and to the southeast and west. Strathmore is reviewing plans to determine how best to advance this project.

Preliminary Economic Assessment Summary - Copper King

Base case estimated pre-tax Net Present Value (5% discount), including the 5% Wyoming State Royalty, of US $159.5 million and internal rate of return of 31.2%, using US $1,100/oz gold and US $3.00/lb copper. These prices are considerably below current prices. For sensitivity purposes, if the metal prices were increased 35% to $1,485/oz gold and $4.05/lb copper, the internal rate of return and net present value would be more than double the base case evaluation.

Mine life (LOM) of 18 years by open-pit method, with an average processing rate of 10,000 tons/day using a flotation plant producing a gold-copper concentrate;

Average annual production over the life of the mine is 38,655 ounces of gold and 10.47 million lbs of copper; Estimated initial base case capital cost, including contingencies, of approximately US $104.06 million. Payback is 2.365 years.

The economic evaluation of the Copper King gold and copper resources was prepared under the supervision of Neil Prenn of Mine Development Associates, Reno, Nevada. Mr. Prenn is a Registered Professional Mining Engineer in the state of Nevada (#7844), member of the Mining and Metallurgical Society of America, and an independent and Qualified Person as defined in NI 43-101.Strathmore cautions that the PEA is preliminary in nature and includes inferred resources that are considered to be too speculative geologically for economic consideration that would enable them to be classified as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

New Mexico Properties

Roca Honda Project

The Roca Honda property represents the Company's most significant uranium resource. Roca Honda is one of the largest proposed uranium mines in the United States in over 30 years. The latest technical report, which includes an updated resource estimate and a Preliminary Economic Assessment, was completed on October 24, 2012.

Updated Roca Honda NI 43-101 Current Resource Estimate (2012)

The following table summarizes the most recent Mineral Resources for Roca Honda as prepared by Roscoe Postle Associates Inc. The mineral resource estimate and classification are in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Mineral Reserves (CIM Definitions) incorporated in NI 43-101.

Roca Honda, New Mexico, Mineral Resources

Classification	Tons	Grade U_3O_8	Lbs. U_3O_8
Measured Resources	284,000	0.395	2,247,000
Indicated Resources	1,793,000	0.405	14,536,000
Total M + I	2,077,000	0.404	16,783,000
Inferred Resources	1,448,000	0.411	11,894,000

The modeling and estimation of the uranium resources were prepared under the supervision of Patti Nakai-Lajoie, P.Geo. and Principal Geologist with Roscoe Postle Associates Inc., *Toronto, Ontario, Canada. Ms. Nakai-Lajoie is a Professional Geoscientist in the Province of Ontario (Registration #0290) and an independent and Qualified Person as defined in NI 43-101. Ms. Nakai-Lajoie visited the Roca Honda Property on May 10-12, 2011 and is of the opinion that the data verification procedures support the geologic interpretations and confirm the quality of the data base. It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.*

Preliminary Economic Assessment Summary

Base case estimated pre-tax Net Present Value (8% discount), of US $220 million and pre-tax internal rate of return of 19.2%, using the 2015 forecast uranium price of US $75/lb;

Mine life of 9 years by underground mining methods, with a variable processing rate of 900 stoping tons/day during the time that mining occurs in Sections 9 & 16 only, increasing to 1,040 stoping tons/day when Sections 9,16 & 10 are mined simultaneously, and then dropping to 800 tons per day when mining from Section 10 only.

Average annual production over the life of the mine is 2.7 million lbs of uranium. Estimated initial pre-production cost of approximately US $343 million, including contingency of $US 61 million. Operating costs are US $23.82/lb. Total capital, operating and royalty costs per pound without contingency are US $41.45/lb and US $44.08/lb with contingency. Payback is 5 years after production begins. A Sensitivity Analysis notes the project is most, and equally sensitive to, head grade, the uranium price, and recovery. It is least, and equally sensitive to operating and capital costs.

The economic evaluation of the Roca Honda uranium resources was prepared under the supervision of Stuart E. Collins of Roscoe Postle Associates USA Ltd., Lakewood, Colorado. Mr. Collins is a Registered Professional Mining Engineer in the state of Colorado (#29455), registered member (# 612514) of the Society for Mining and Metallurgy, and Exploration, and an independent and Qualified Person as defined in NI 43-101. Strathmore cautions that the PEA is preliminary in nature and includes inferred resources that are considered to be too speculative geologically for economic consideration that would enable them to be classified as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

Permits and Feasibility

Strathmore initiated permitting activities at Roca Honda in 2006. In October 2009, Strathmore submitted its Roca Honda Mine permit application to the New Mexico Energy, Minerals and Natural Resources Department (Mines and Minerals Division) and the US Forest Service (Cibola National Forest) for the proposed development of Roca Honda as an underground mine. In November 2009, state and federal regulatory agencies deemed this submission "administratively complete" and began technical permit review. The Company's permitting team is actively engaged in the technical review process. In the first quarter of 2010, Strathmore commissioned Scott Wilson Roscoe Postle Associates Inc. (now known as Roscoe Postle Associates Inc.), a leading international mining and engineering consulting firm, to prepare a Feasibility Study to evaluate the overall project economics of the proposed Roca Honda underground uranium mine in New Mexico. After an internal review it was determined that additional financial analysis regarding the mill was required, which prohibited Roscoe Postle from further advancing and eventually completing the Feasibility Study. After further consultation with Roscoe Postle, it was decided to prepare a new NI 43-101 technical report to update the current resource estimate and include a Preliminary Economic Assessment (PEA). This technical report was finalized and published on October 24, 2012.

Advancing the Company's goal of issuing an independently prepared feasibility study is ongoing, and recommendations made by RPA have been included in the new NI 43-101 technical report. Completion of a feasibility study is contingent on additional studies regarding the planned uranium mill. (See section "plans for a New Uranium Mill" below) This additional work is ongoing and parallels the anticipated completion of the draft EIS in December 2012. Plans for additional drilling to upgrade the inferred resource can only be formalized after the adoption of the EIS with drilling contingent on the Company receiving a favourable mine permit decision. In addition to upgrading the inferred resource, core drilling will be required to supply additional samples needed for amenability testing in the milling process. Additional financial input, including cost analysis and refinement will also be required to complete the feasibility study.

As part of the mine permit approval process, an Environmental Impact Statement (EIS) is required. Under the direction of the US Forest Service ("USFS"), an independent EIS is under preparation by Mangi Environmental Group. The public participation process began with two local public information meetings held in the Grants area in December, 2010. These meetings were arranged to fully inform the local citizens of Strathmore's plans and to allow for their input. Strathmore will continue to provide the state and federal agencies with additional detailed design information regarding the project as it is developed and respond to agency comments.

In April, 2011, the Company was advised by the US Forest Service and Mangi Environmental that completion of the EIS was expected to take longer than originally anticipated. A definitive schedule was subsequently agreed upon by all parties that commits to completing the draft EIS by the end of 2012. Recently, the USFS announced that the completion of the final EIS will be delayed due to forthcoming results of cultural input and archaeological soil studies. Completion of the final EIS is expected in mid-2013. A decision regarding the mine permit (Record of Decision - ROD) is expected 3 to 6 months after the final EIS.

Plans for a New Uranium Mill

In November 2006, Strathmore purchased 620 acres of land in the Ambrosia Lake area known as Peña Ranch for a potential conventional mill development. The planning process for the construction of a mill in New Mexico to support the Roca Honda project began in 2007. Initial site studies for the mill and tailings, as well as mill process design studies were completed.

The mill permit initiative was delayed due to budget constraints, other alternative milling considerations, and the economic crisis that began in late 2008. In 2011, Strathmore resumed data gathering for the preparation of a future U.S., NRC permit application for construction and operation of a conventional uranium mill. Despite the resumption of mill permitting efforts, the mill permit initiative is lagging behind the mine permit schedule by approximately two years. The planned production schedule (mining and milling) in New Mexico is now targeted for 2017-2018.

Work programs completed to the quarter ending September 30th, 2012 include:

- Continued preparation of the Environmental Report and Technical Report of the U.S. Nuclear Regulatory Commission (NRC) mill permit application for the proposed Peña Ranch uranium mill.

- Completed preliminary layout of mill and tailings disposal area.

- In March 2012, additional monitor wells were installed to help further delineate background hydrologic and geologic conditions. The installation of all required water monitoring wells is now complete.

- Regional water wells have been inventoried and the quarterly baseline sampling and analysis program has been initiated. The collection of other pertinent data regarding the condition of the wells continued throughout the summer months. Water sampling began in August 2011. The soils survey report was completed, and the air quality monitoring program was fully established. Installation of initial on-site groundwater monitor wells was completed in early October 2011; additional monitor wells may be installed pending results. Additional monitoring wells were installed in March 2012 to help further delineate background hydrologic and geologic conditions.

- The Sampling and Analysis Plan for the various environmental media has been prepared. Preliminary draft Environmental and Technical Analysis Reports are in preparation.

- Field work required to develop baseline data requirements in support of the mill license application is continuing. Vegetation sampling for radiological analysis is underway, and arrangements for obtaining tissue samples from cattle and game species for radiological analysis have been done. A rigorous surface water hydrology analysis is being performed. Water baseline sampling continues. Four wells have now been sampled for 4 consecutive quarters and three wells have been sampled for 3 consecutive quarters.

- The 90% design of the tailings cells, evaporation pond, drainage collection and protection, in addition to other water treatment facilities, is continuing.
- Preliminary mill cost estimates and several "toll milling" scenarios have been prepared and submitted to the RHR Management Committee for review.

The Company's engineering consultants have completed a 30% engineered mill process design document and a 60% completed mill design. A draft mine shaft geotechnical report has been completed and is under review.

Preparation of the Peña Ranch NRC mill license application continues during 2012, with the goal of submitting the application by January 2013.

History

The Roca Honda property, which is comprised of 63 unpatented mining claims totaling approximately 1,200 acres (518 hectares), was acquired in March 2004. An adjoining New Mexico State General Mining lease (640 acres; 259 hectares) was subsequently acquired in November, 2004. The property is located in the Grants Mineral Belt, New Mexico, which historically, was the largest uranium producing region in the United States. It is situated on public lands managed by the US Forest Service and the State of New Mexico.

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 agreement, subsidiaries of Strathmore and Sumitomo have formed a 60/40 limited liability company (LLC) to affect the joint venture.

Starting in July 2007, a five year plan for obtaining the Roca Honda mine permit, mill license and completing the associated feasibility study was budgeted at US $27.2 million. As of the quarter ending September 30, 2012, approximately US $29.8 million has been spent to advance the project. The five year plan and budget expired on December 31, 2011. Ongoing permitting activities will extend beyond December 31, 2011. Expenditures to complete these permitting activities needed to advance the property to the production stage must be approved by the Joint Venture in the 2012 budget. In February 2012, both Sumitomo Corp. and Strathmore approved a $7.4 million budget for 2012.

Traditional Cultural Properties (TCP)

In 2008, state and federal authorities established the Mt. Taylor Traditional Cultural Properties (TCP) designated area. The TCP boundary partially includes the Roca Honda property. Designation of the TCP impacted Strathmore's ability to conduct certain permitting activities identified early in the permitting schedule, including completion of one core hole. While the TCP designation has impacted the Company's ability to gather certain useful data prior to submitting the various permit applications; it is not expected to have significant impact on the overall permitting schedule. The enactment of the Mt. Taylor TCP was subsequently contested at the District Court level by a coalition of private land owners and mining companies, including Strathmore. In early 2011, the District Court Judge ruled in favour of the private landowners and mining companies, reversing the Mt. Taylor TCP designation at the state level, and sending the matter back to the New Mexico Cultural Properties Review Committee. Because this case involves action taken by a State of New Mexico administrative agency, in order to appeal, a party or interest group must first obtain permission of the Court of Appeals on the grounds that the appeal is a matter of public interest. In February 2011, certain interest groups petitioned the New Mexico Court of Appeals, launching an appeal of the District Court's decision. In Q1 2012, all of the appeal arguments have concluded. The New Mexico Court of Appeals decided to send the appeal directly to the New Mexico Supreme Court due to the significant public policy and public interest issues. The New Mexico Supreme Court appeal date was September 24, 2012. A decision by the Supreme Court is expected within 6-12 months.

Church Rock

Property Description

Strathmore's 640 acre Church Rock Property was acquired from Rio Algom Corporation, successor to the Kerr McGee Nuclear Corporation, in 2004. By the mid-1980s, Kerr McGee had completed over 300,000 feet of drilling and had initiated plans to develop the project as a conventional underground mine. The project was later abandoned due to a prolonged weak uranium price.

The Company contracted Behre Dolbear and Company (USA), Inc., to complete a scoping study, now known as a Preliminary Economic Assessment (PEA) under the revised NI 43-101 Policy. In April 2011, Behre Dolbear evaluated the extraction of uranium by both In-Situ Recovery (ISR) and conventional underground mining. On August 16, 2011, this study and the associated press release dated April 5, 2011 were declared not NI 43-101 compliant as the result of a "limited technical disclosure review" by the British Columbia Securities Commission (BCSC).

On June 7th 2012, the Company announced that it has retracted the resource estimate and the results of the Scoping Study published in its report entitled "Scoping Study of the Strathmore Resources (US) Ltd. Church Rock Deposit, McKinley County, New Mexico USA," dated April 4, 2011 and has retracted the resource estimate in its report entitled "Technical Report on the Strathmore Church Rock Uranium Property, McKinley County, New Mexico," dated December 20, 2005 for its Church Rock, New Mexico Property. The Company's decision to retract the mineral resource estimate and Scoping Study was made after discussions with the BCSC in response to the issues raised by the BCSC's review. Because Strathmore considers Church Rock to be a non-core property, the Company is not planning to complete any further work or prepare new or amended independent supporting technical reports. The Company is considering future disposition plans for the Church Rock property along with its other non-core properties.

Church Rock, New Mexico: Historical Estimates (Not NI 43-101 compliant):

Table 1- Kerr-McGee Historical Resource Estimate:
Cutoff of 6 ft of 0.05% (GT of 0.30) (Faulk 1979)

Category	Tons	Grade %U3O8	Pounds U3O8
Total Measured & Indicated	6,050,000	0.09	10,900,000

Table 2- Rio Algom LLC Historical Resource Estimate:
Cutoff of 5 ft of 0.10% (GT of 0.50) (Smouse 1995)

Category	Tons	Grade %U3O8	Pounds U3O8
Measured	2,532,000	0.11	5,426,000
Indicated	34,000	0.11	76,000
Total Measured & Indicated	2,564,000	0.11	5,502,000

The Kerr-McGee and Rio Algom LLC historical estimates stated herein were completed prior to the implementation of the National Instrument 43-101. Given the extensive mineral production in the Church Rock and Crownpoint areas (approximately 16 million pounds) and the experienced companies and the quality of their historical work completed, the Company believes these historical resource estimates to be relevant and reliable. However, a qualified person has not completed sufficient work to verify and classify these historical resource estimates as current mineral resources, and the Company is not treating the historical resource estimates as current mineral resources. Additional work including confirmation drilling, sampling and chemical assay verification, and other technical support work as deemed necessary, is required in order to verify the historical estimates as a current mineral resource.

Church Rock has been categorized as a non-core property and is available for sale or joint venture. No further work is planned for 2012.

Dalton Pass

The Dalton Pass property is located in the western part of the Grants Mineral Belt in New Mexico. It comprises approximately 1320 acres (534 hectares) of federal lode mining claims.

During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property. Dalton Pass is categorized as a non-core property and is available for sale or joint venture. Limited work programs maintaining the claims and assessing the available data were carried out in 2011.

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 and by claim staking and the Nose Rock Project as a whole consists of approximately 5,000 acres (2,023 hectares) of land.

During the first quarter of 2009, the Company completed a NI 43-101 technical report for a portion of the property. Nose Rock is categorized as a non-core property and is available for sale or joint venture. Limited work programs maintaining the claims and assessing the available data were carried out in 2011.

Marquez

The Marquez property, which comprises 14,501 acres, is located in the eastern part of the Grants Mineral Belt in Northwestern New Mexico. It was extensively explored with 384 drill holes completed during the 1970s, and was being developed as a full-scale underground uranium mine by Kerr McGee and the Tennessee Valley Authority, but later abandoned in the 1980s due to prolonged weak uranium prices. Strathmore acquired rights to the Marquez Deposit in 2007.

During the second quarter of 2010, Strathmore completed a National Instrument 43-101 technical report for the Marquez Property. The Marquez NI 43-101 report provides a Measured and Indicated resource estimate of 3,610,209 tons at an average grade of 0.126% U_30_8 for a total of 9,130,343 pounds. An additional 2,159,520 tons at an average grade of 0.114% U_30_8 for a total of 4,906,695 pounds is classified as an Inferred mineral resource.

Marquez is categorized as a non-core property and is available for sale or joint venture.

Wyoming Properties

Gas Hills Properties

The State of Wyoming has continuously produced uranium since the 1950's. Historically, the Gas Hills Uranium District is the second largest uranium producing region in the United States, having produced over 100 million pounds of U_3O_8 until operations ceased in the 1990s due to declining uranium prices. The majority of this production was derived from open-pit mining.

Strathmore began staking properties in the Gas Hills in 2005. By 2007, Strathmore announced that it had increased its land holdings in the Gas Hills to in excess of 33,000 acres (12,950 hectares). The Company is now the largest land holder of uranium properties in the Gas Hills, which now exceeds 35,000 acres (13,000 ha), and includes a 100% interest in several properties with near-surface mineralization.

The Main Gas Hills now makes up nearly all of the Company's core uranium land holdings in Wyoming. The Main Gas Hills deposits include George-Ver, Loco-Lee, Bull-Rush, Frazier Lamac, Andrea, Day Loma, Amazon, Sunset, Badlands and Rock Hill. (See below: Uranium Resources Summary by Property for additional detail.) A second the highly prospective, unexplored portion of the Gas Hills, known as "Beaver Rim", is located south of the Main Gas Hills open pit deposits.

Permitting, Drilling, and Resource Calculation

Strathmore has categorized the Gas Hills Properties as a core uranium project. Management believes that sufficient uranium resources exist on its Gas Hills Properties to warrant future development as a series of sequentially developed near-surface open pit uranium deposits. The Company continues to focus on evaluating and permitting its Gas Hills Properties. First production in the Gas Hills is subject to receiving approval of the mine permit from government regulatory authorities, in addition to thoroughly evaluating and determining a viable uranium recovery option and obtaining the necessary government approvals.

On November 6, 2012, the Company announced the submission of a mine permit application for the proposed development of its Gas Hills open pit uranium project. The mine permit application was submitted to the state of Wyoming Department of Environmental Quality (WDEQ) and the US Bureau of Land Management (BLM). The submission includes documentation addressing, among other things, environmental issues, public health, and safety concerns in significant detail. The Company will continue to work closely with state and federal regulators to ensure that environmental, public health, and safety concerns meet or exceed regulatory requirements.

During the second quarter of 2010, Strathmore was successful in purchasing the exploration and development data library for the Day Loma Property in a private transaction. In the third quarter of 2010, the Company acquired the data libraries for the George-Ver and Loco Lee properties from Cameco Corporation. In 2010 and 2011, Strathmore conducted field activities including: confirmation, expansion and pit delineation drilling, monitor well installation, and collection of core samples for metallurgical testing at George Ver, Day Loma and Loco-Lee as part of its overall program for advancing its mine permit application. In addition, geotechnical drilling and the installation of monitor wells were completed within the Badlands area, which is under evaluation for a uranium recovery facility.

In April, 2011, Strathmore resumed confirmation drilling in the Gas Hills, in particular, on the Bullrush, Day Loma, George-Ver, Loco-Lee, and Rock Hill properties utilizing a reverse-circulation (RC) drill rig. A total of 41 holes were completed. Strathmore collected bulk samples from surface to total depth (varies from 100-450 feet). Overburden/interburden samples were characterized as part of the mine permitting requirements and retrieved mineralization is being used for ongoing testing as part of the evaluation for a uranium recovery facility (i.e. evaluation of heap leach versus conventional milling). The drill data obtained will supplement the necessary data for the advancement of the mine permit application. The Company now expects to submit the mine permit application to the Wyoming Department of Environmental Quality (WDEQ) in 2012.

NI 43-101 Technical Report

The Company completed and SEDAR filed a Gas Hills NI 43-101 technical report on July 21, 2011. On August 16, 2011, this technical report and its associated press releases dated July 21 and August 5, 2011 were declared not NI 43-101 compliant by the British Columbia Securities Commission (BCSC). This report became the subject of a "limited technical disclosure review" by the BSCS. After consultation with the BCSC, the Company decided to withdraw its Gas Hills technical report. In early 2012, Strathmore engaged Chlumsky, Armbrust & Meyer LLC ("CAM"), an international mineral resources and engineering consulting firm based in Lakewood, Colorado, to prepare a new independent NI 43-101 technical report for the Gas Hills Properties. The new technical report with a revised resource estimate was completed and subsequently SEDAR filed on August 29th, 2012.

Transaction with Korea Electric Power Corp. (2012)

On February 1, 2012, Strathmore entered into a strategic "Definitive Agreement" with Korea Electric Power Corporation ("KEPCO"), whereby KEPCO subscribed for common shares of Strathmore, with the proceeds to be used for the development of the Company's Gas Hills Uranium properties in Wyoming. In addition, the Agreement contains an off-take provision, whereby KEPCO has the right to purchase a portion of any future annual uranium production from Strathmore's properties, subject to pre-existing agreements. Future off-take uranium purchases shall be determined by KEPCO's equity ownership in Strathmore.

As per the Agreement, Strathmore issued, by way of a private placement, 14,586,182 common shares of Strathmore to KEPCO, at a price of CAD$0.55 per share, for total gross proceeds of US$8 million. The proceeds were deposited into a jointly controlled escrow bank account and reserved for a "Phase I" exploration and development program of the Gas Hills Beaver Rim area and for ongoing permitting activities on the Company's nearby lower Gas Hills properties. On completion of Phase I, KEPCO will have the right to participate in a "Phase II" development program, allowing KEPCO to earn up to a 40% interest in the Gas Hills Properties, for an additional US $32 million in expenditures, over the subsequent three years.

Phase I

To finance the Phase I development of the Gas Hills Properties, KEPCO has subscribed for an US$8 million private placement in Strathmore. Total gross proceeds will be used to advance the Gas Hills Properties, in accordance with the Phase I Program and Budget. The expected duration of Phase I is approximately 12 months.

During the quarter ending September 30th, 2012 drilling totaling 58,880 feet had been completed in the Main Gas Hills areas. This program has focused primarily on confirming the historical resource estimates at George Ver, Loco Lee, Rock Hill and Day Loma, while exploration drilling has targeted the area to the west of Bullrush to test for potential new uranium mineralization. The Company intends prepare of an updated current resource estimate on completion of the drill program in early 2013, and after receipt of all results, including core assays. (see News Release dated October 3, 2012 for further information)

Exploration drilling commenced in the Beaver Rim area, located immediately south of the Main Gas Hills deposits, in mid-July. The Beaver Rim is a highly prospective, unexplored portion of the Gas Hills, and comprises approximately 16,000 acres. No uranium mine production occurred here. The Beaver Rim is an eroded escarpment approximately 400 feet higher in elevation than the Main Gas Hills area. Because of the higher elevation, drilling depths were greater than the shallow deposits found in the Main Gas Hills to the north. As a result limited historical exploration occurred here. It is estimated that approximately 1,000-2,000 drill holes were drilled in the area. While there is no absolute certainty that the uranium roll fronts of similar size or grade are present, it is believed roll-front trends extend onto a portion of Strathmore's Beaver Rim from Cameco's adjacent property to the north-east where they are permitting to mine by ISR methods. In September and October 2011, as many as four drill rigs were observed operating on Cameco's ground near Strathmore's property boundary.

Phase II

Following completion of the Phase I development program, KEPCO may elect to establish a limited liability company (the "Project Company") with Strathmore for the further development of the Gas Hills Properties. The Project Company shall be governed by an operating agreement, the terms of which are substantially consistent with the Definitive Agreement between KEPCO and the Company. KEPCO will be entitled to the delivery of uranium "in-kind" from future production of the Project Company based on their proportionate interest in the Project Company, as described by the following terms:

- In Phase II, Strathmore shall contribute all of the properties and assets of the Gas Hills project to the Project Company and KEPCO shall contribute, as its initial contribution, US $12,000,000 to fund the first year of Phase II program. At such time as KEPCO has made the full US $12,000,000 initial contribution to the Project Company, it will have acquired a 15% equity interest in the Project Company.
- In the second year of the Phase II program, KEPCO may acquire an additional 12.5% equity interest in the Project Company for a total of 27.5% by funding the second year Phase II program expenditures of an additional US$10,000,000.
- In the third year of the Phase II program, KEPCO may acquire an additional 12.5% equity interest in the Project Company for a total of 40% by funding the third year of the Phase II program expenditures of an additional US$10,000,000.

The Project Company shall appoint a management committee to determine overall policies, objectives, procedures, methods, actions, and approval of budgets. The management committee shall be comprised of three representatives of Strathmore and two representatives of KEPCO. Strathmore will continue to be the manager of the Gas Hills Project and receive a 5% management fee for its services.

The Company also entered into an ongoing share subscription agreement with KEPCO. Under the terms of the agreement, KEPCO has the option to subscribe for additional common shares in Company's future public or private share offerings to maintain its proportionate common share interest. The agreement entitles KEPCO to appoint at least one director when its ownership interest in Strathmore's common shares is greater than or equal to 20%.

Uranium Recovery Facility

One option for future production is based on the assumption that a custom milling agreement can be obtained at the nearby Sweetwater Mill, which is owned by a global mining company. This mill is not presently in operation. In December 2007, the Company entered into an option agreement to purchase an existing NRC license and additional private mineral rights containing known uranium mineralization in the Gas Hills District. The NRC license covers a historic mill site. The mill site 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.

Construction of a heap leach facility is likely Strathmore's preferred extraction method given excellent uranium recovery potential and improved economics when compared to a conventional mill. In May 2011, Strathmore commissioned Lyntek Inc. of Lakewood Colorado, a global leader that specializes in the engineering of mineral processing facilities, including uranium in-situ recovery, heap leaching and conventional milling, to evaluate and provide recommendations for Strathmore's proposed Gas Hills Uranium Recovery Facilities Plan. Lyntek will undertake: (1) *Geotechnical studies* to determine the suitability of the selected Heap Leach Pad location and the economic impacts to the project to develop the selected site; and (2) *Metallurgical studies* to determine the suitability and amiability of the ores to heap leaching and the associated economics. Extensive studies have been ongoing throughout 2011, and are continuing into 2012.

<u>Pine Tree/Reno Creek Properties</u> (divested in 2010)

On April 7, 2010, the Company closed an agreement to sell the Pine Tree/Reno Creek properties to Bayswater Uranium Corp ("Bayswater"). The agreement includes $17,501,750 in cash and 4,422,807 common shares of Bayswater valued at $2,344,088 for total proceeds of $19,845,838. In addition, the Company retains a 5% gross revenue royalty which can be repurchased in whole or in part by Bayswater at any time for US $2 million (US $1 million cash and US $1 million in common shares of Bayswater) per 1% royalty reduction up to a maximum of the entire 5% royalty for US$10,000,000.

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 spring of 2007, bringing the total number of claims to 201, in addition to one State of Wyoming Mineral Lease. Four mineral claims were subsequently dropped. The project now comprises 197 claims totaling 4,710 acres (1,906 hectares).

During the third quarter of 2007, the Company reviewed new data, which allowed for an updated historical resource estimate at its Juniper Ridge Project. The historical resource (AGIP Mining 1986) totals 5,200,000 tons grading 0.067% U_3O_8 for 6,970,000 pounds. This historical resource is not NI 43-101 compliant.

On October 29, 2010, Strathmore entered into a Purchase and Sale Agreement with Crosshair Exploration & Mining Corp ("Crosshair"-now known as Crosshair Energy Corp.) for the sale of the Juniper Ridge Property. The purchase will be staged and include payments in cash and common shares of Crosshair. Summary terms of the agreement are as follows:

- Crosshair has paid Strathmore US $200,000 upon closing of the agreement (received)
- On the first anniversary of the Agreement, Crosshair paid Strathmore US $500,000: 50% in cash and 50% in common shares of Crosshair. (received)
- On the Second Anniversary of the Agreement, Crosshair shall pay Strathmore US $0.50 per pound of measured, indicated and inferred uranium resources, as determined by a National Instrument 43-101 technical report. ("Technical Report") to be prepared by Crosshair. If Crosshair has not prepared a Technical Report by the second anniversary, the uranium resources on the Juniper Ridge Property will be set at five million pounds. Should Crosshair prepare a Technical Report subsequent to the Second Anniversary of the Agreement, Crosshair shall make a payment of US $0.50 per pound, for each additional pound in excess of five million pounds; 50% of these payments to be paid in cash and 50% in common shares of Crosshair.
- On the Third Anniversary of the Agreement, Crosshair shall pay Strathmore US $0.50 per pound Crosshair shall pay Strathmore US $0.50 per pound of measured, indicated and inferred uranium resources, as determined by a Technical Report, to be prepared by Crosshair. If Crosshair has not prepared a Technical Report by the third anniversary, the uranium resources on the Juniper Ridge Property will be set at five million pounds. Should Crosshair prepare a Technical Report subsequent to the Third Anniversary of the Agreement, Crosshair shall make a payment of US $0.50 per pound, for additional each pound in excess of five million pounds; 50% of these payments to be paid in cash and 50% in common shares of Crosshair.
- Upon receipt of all permits required for production, Crosshair shall pay Strathmore US $0.30 per pound of proven and probable uranium reserves as determined by a pre-feasibility or feasibility study. If Crosshair has not prepared a prefeasibility or feasibility study, the uranium reserves on the Juniper Ridge Property will be set at five million pounds. If permits have not been received by the sixth anniversary of the Agreement, Crosshair shall be required to make this payment as of that date.

Payment will be made in cash and/or common shares of Crosshair, as elected by Strathmore.

- Strathmore shall retain a 2% Gross Revenue Royalty on the property. Crosshair shall have the option to repurchase this royalty at any time during the first three years after commercial production commences for US $1.5 million for each 1% of the Gross Revenue Royalty.
- Should Crosshair fail to make any of the scheduled payments, Strathmore shall be entitled to keep all payments made by Crosshair, and title to 100% of the property.

Schedule of estimated payments to be received from Crosshair Exploration & Mining Corp. in cash and common shares based on an estimated 5,000,000 pounds of uranium:

Year	Cash	Common shares	Total
	US$	US$	US$
2010	200,000	-	200,000
2011	250,000	250,000	500,000
2012	1,250,000	1,250,000	2,500,000
2013	1,250,000	1,250,000	2,500,000
2016	To be determined by Strathmore Minerals Corp.		1,500,000
Total			7,200,000

During Q4 2011, the Company received its 2011 anniversary US $500,000 milestone payment comprised of US $250,000 in cash and 522,513 common shares of Crosshair valued at US $250,000.

In early 2012, Crosshair SEDAR filed a NI 43-101 technical report for the Juniper Ridge Property that provided for an Indicated uranium resource estimate totaling 5,208,000 lbs based on 4,140,000 tons grading 0.063% U_3O_8. In 2012, Crosshair is planning to conduct 120,000 feet of drilling to further expand the deposit and prepare a Preliminary Economic Assessment.

Oshoto Leases (divested in 2009)

On August 24, 2009, Strathmore agreed to sell these mineral leases to Peninsula Minerals Ltd. (Australia) for 5 million common shares of Peninsula, which were subsequently sold in the first quarter of 2010 for gross proceeds totaling $222,192. As part of the lease purchase agreement, Strathmore retained a 4% gross revenue royalty.

The state leases sold to Peninsula comprise about 43% of the total acreage referred to as their "Lance" project. In August, Peninsula announced a Joint Ore Reserves Committee JORC (Australia) compliant uranium resource, the preparation of a Definitive Feasibility Study, and a target production date beginning in late 2013. Given Peninsula's recent announcements and financing, Strathmore is optimistic that the royalties owned on the leases, which comprise a portion of the Lance project, may generate future value to the

Company.

Table 1: Strathmore Minerals: NI 43-101 Measured, Indicated, & Measured + Indicated Resources

The following table updates the Company's NI 43-101 compliant Measured, Indicated, and Measured + Indicated uranium resources.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U3O8	lbs/U308	Mining Method
New Mexico and Wyoming						
Roca Honda, New Mexico	Roscoe Postle Associates Inc.(2012)	NI 43-101Measured NI 43-101 Indicated NI 43-101 M + I	284,000 1,793,000 2,077,000	0.395 0.405 0.404	2,247,000 14,536,000 16,783,000	Conventional Underground
Marquez, New Mexico	Kerr McGee (1977) HM. Alief NI, 43-101 (2010)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 M + I	999,000 2,612,000 3,611,000	0.13 0.13 0.13	2,512,000 6,618,000 9,130,000	ISR or Conventional Underground
Nose Rock (Sec. 1), New Mexico	Phillips Uranium (1979) HM. Alief, NI 43-101 (2009)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 M + I	310,000 575,000 885,000	0.15 0.15 0.15	906,000 1,688,000 2,594,000	ISR or Conventional Underground
Dalton Pass (Sec. 32), New Mexico	Pathfinder (1980), HM. Alief, NI 43-101 (2009)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 M + I	447,000 1,176,383 1,622,650	0.09 0.10 0.10	839,000 2,232,000 3,071,000	ISR or Conventional Underground
Main Gas Hills - Day Loma	Chlumsky, Ambrust & Meyer LLC NI 43-101 (2012)	NI 43-101 Inferred	1,600,000	0.15	4,700,000	Conventional Open-pit
Main Gas Hills - Rock Hill	Chlumsky,Ambrust & Meyer LLC NI 43-101 (2012)	NI 43-101 Inferred	600,000	0.07	900,000	Conventional Open Pit
Sky, Wyoming	Pathfinder (1980) C. Snow, 43-101 (2007)	NI 43-101 Indicated	669,000	0.07	948,000	ISR

The technical information in the above table has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by David Miller, Chief Executive Officer for Strathmore Minerals Corp., PG 363 Wyoming and Society for Mining, Metallurgy & Exploration Registered Member 2205106RM, a Qualified Person under National Instrument 43-101. It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

All NI 43-101 technical reports referenced in this table can be reviewed in their entirety on SEDAR, www.sedar.com or the Company's website, www.strathmoreminerals.com

Table 2: Uranium Resources Summary of all Properties

The following table updates all of the Company's uranium resources excluding the Chord Property in South Dakota. Additions and changes are anticipated over the following year as drilling databases are acquired and analyzed, new properties are acquired or divested. The table identifies core projects and those properties that comprise the development project pipeline. Both NI 43-101 compliant (Measured, Indicated, Inferred), and historical resources as defined by the results of exploration completed by previous mining companies are included. This table revisits previously released information and adds the new historical and/or NI 43-101 resources where appropriate.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U3O8	lbs/U308
Core Projects: New Mexico & Wyoming					
Roca Honda, New Mexico	Roscoe Postle Associates Inc.(2012)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 Measured + Indicated NI 43-101 Inferred	284,000 1,793,000 2,077,000 1,448,000	0.395 0.405 0.404 0.411	2,247,000 14,536,000 16,783,000 11,894,000
Main Gas Hills-Day Loma	Chlumsky, Armbrust & Meyer LLC (2012)	NI 43-101 Inferred	1,600,000	0.15	4,700,000
Main Gas Hills - Rock Hill	Chlumsky, Armbrust & Meyer LLC (2012)	NI 43-101 Inferred	600,000	0.07	900,000
Main Gas Hills, Wyoming:	Federal American Partners (1984) & Pathfinder (1996)	Historical* Amazon Andria Badlands Bullrush Frazier Lamac Loco-Lee Sunset George-Ver Jeep	1 285,000 740,000 163,000 1,737,000 697,000 3,369,000 1,395,000 1,031,000 297,000	0 0.06 0.06 0.07 0.07 .0.11 0.07 0.06 0.07 0.08	1 366,000* 950,000* 216,000* 2,307,000* 1,522,000* 4,644,000* 1,813,000* 1,493,000* 463,000*
Development Project Pipeline: NM & WY (Non-Core Properties)					
Church Rock, NM	Kerr McGee (1979) Rio Algom (1995)	Historical* Cutoff 6' of 0.05% Historical* Cutoff 5' of 0.10%	6,050,000 2,564,000	0.09 0.11	10,900,000* 5,502,000*
Marquez, New Mexico	Kerr McGee (1977) HM. Alief, 43-101 (2010)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 Measured + Indicated NI 43-101 Inferred	999,000 2,612,000 3,611,000 2,160,000	0.13 0.13 0.13 0.11	2,512,000 6,618,000 9,130,000 4,907,000
Nose Rock (Sec. 1), NM	Phillips Uranium (1979) HM. Alief, 43-101 (2009)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 Measured + Indicated NI 43-101 Inferred	310,0000 575,000 884,000 167,000	0.15 0.15 0.15 0.14	906,000 1,688,000 2,594,000 452,000
Nose Rock (Sec. 36), NM	Phillips Uranium (1979)	Historical*	4,384,000	0.16	14,303,000*
Dalton Pass (Sec. 32), NM	Pathfinder (1980) HM. Alief, 43-101 (2009)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 Measured + Indicated NI 43-101 Inferred	447,000 1,176,000 1,623,000 908,000	0.09 0.10 0.10 0.08	839,000 2,232,000 3,071,000 1,530,000
Roca Honda North, NM	Kerr McGee (1980)	Historical*	87,000	0.18	312,000*
Sec. 2 13N 9W, NM	Homestake (1979)	Historical*	199,000	0.17	665,000*
West Largo, NM	Kerr McGee (1980)	Historical*	382,000	0.21	1,580,000*
Sky, WY	Pathfinder (1980) C. Snow, 43-101 (2007)	NI 43-101 Indicated NI 43-101 Inferred	669,000 55,000	0.07 0.05	948,000 54,000
Juniper Ridge, WY	AGIP Mining (1986)	Historical*	5,200,000	0.07	6,970,000*
Ketchum Buttes, WY	Pathfinder (1980)	Historical*	1,135,000	0.06	1,455,000*
Copper Mountain, WY	Anaconda (1997)	Historical*	Under Review	Under Review	Under Review
Jeep, Wyoming	Federal American (1983) C. Snow, 43-101 (2007)	NI 43-101 Measured NI 43-101 Indicated NI 43-101 Measured + Indicated NI 43-101 Inferred	229,000 88,000 317,000 150,000	0.08 0.06 0.07 0.05	378,000 106,000 484,000 150,000

**The foregoing historical estimates presented in the table above were completed prior to the implementation of National Instrument 43-101. 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 historic 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 resources, and the Company is not treating the historical estimates as current minerals resources. Hence, they should not be relied upon. It should be noted that* *mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The technical information in the above table has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by David Miller, Chief Executive Officer for Strathmore Minerals Corp., PG 363 Wyoming and Society for Mining, Metallurgy & Exploration Registered Member 2205106RM, a Qualified Person under National Instrument 43-101.*

2012 Uranium Property Capital Budget

Plans for 2012 include a uranium property budget of $15.8 million of which Strathmore's share is $4.8 million. In New Mexico, advancement of Roca Honda's permitting and development budget is $7.4 million of which Strathmore's share is $4.4 million. The Wyoming development and exploration budget is $8.4 million of which Strathmore's share is $0.4 million. As part of the strategic definitive agreement announced with KEPCO on February 1, 2012, KEPCO has contributed US $8 million as part of a private placement equity financing in Strathmore. The US $8 million is set aside for exploration and development of the Gas Hills Wyoming properties in 2012.

Results of Operations

General

Strathmore reported a net loss of $984,656, or $0.01 per share, for the three months ended September 30, 2012 compared with a net loss of $980,741, or $0.01 per share, for the same period in 2011. For the nine months ended September 30, 2012 the Company reported a net loss of $4,618,739 or $0.04 per share compared with a net loss of $4,004,114 or $0.04 per share for the same period in 2011.

General and administrative (G&A) expenses totaled $1,030,817 and $4,497,330 for the three and nine month periods ended September 30, 2012 compared to $1,121,835 and $3,947,197 for the three and nine month periods ended September 30, 2011. In aggregate, third quarter G&A expenses were reduced 8% compared to the same quarter in 2011. While there was a reduction in most expenses categories, share based payment expenses increased 47% from the grant of additional options and restricted shares. Year to date expenses were up slightly as a result of increased consulting fee expenses that were incurred to close the definitive agreement with KEPCO and termination fees related to the Saratoga acquisition.

Other Items Income and Expense

Other items income and (expense) totaled $46,161 and ($121,409) for the three and nine month periods ended September 30, 2012 compared with other items expenses of $(435,431) and $(1,368,845) for the three and nine month periods ended September 30, 2011. Unrealized losses or declines in the market value of the Company's stock portfolio increased other items expenses in 2011.

Exploration and Evaluation Asset Expenditures

Expenditures on mineral properties totaled $15,317,794 for the first nine months of 2012. The Copper King mineral property included $6,793,373 of primarily non-cash costs from the allocation of purchase price paid for in Strathmore common shares. Core property expenditures at Roca Honda and Gas Hills totaled $4,582,168 and $3,797,126, respectively. (See note 5 in the September 30, 2012 financial statements for details). Included in mineral properties for the first nine months of 2012 is $336,353 of non-cash share-based payment compensation.

Selected Annual Information – Prepared Under IFRS

	December 31, 2011	December 31, 2010	January 1, 2010
Net income (loss) for the year	$(4,666,279)	$15,594,495	$(n/a)
Comprehensive income (loss) for the year	(3,807,748)	14,323,177	(n/a)
Total assets	54,913,069	54,586,187	28,252,451
Total liabilities	1,506,297	2,321,905	1,246,397
Shareholders' equity	53,406,772	52,264,282	27,006,054
Basic earnings (loss) per share	(0.05)	0.18	(n/a)
Diluted earnings (loss) per share	(0.05)	0.18	(n/a)

Summary of Quarterly Results – Prepared Under IFRS

	2012 Q3	**2012 Q2**	**2012 Q1**	**2011 Q4**
Net income (loss)	$ (984,656)	$ (1,821,844)	$ (1,812,239)	$ (662,165)
Basic and diluted earnings (loss) per share	(0.01)	(0.02)	(0.02)	(0.01)

	2011 Q3	**2011 Q2**	**2011 Q1**	**2010 Q4**
Net income (loss)	$ (980,741)	$ (1,141,808)	$ (1,881,565)	$ (20,972)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.02)	0.00

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

Liquidity

At September 30, 2012, the Company had working capital of $9,562,921 including non-restricted cash and cash equivalents of $6,755,998 compared to working capital of $13,489,266 and non-restricted cash and cash equivalents of $11,570,582 at December 31, 2011. Most of the restricted cash totaling $2,302,819 at September 30, 2012 is designated for Gas Hills exploration and development programs with release being subject to KEPCO's consent.

The Company's portfolio of common share investments, although significantly less liquid than cash, may be sold to fund ongoing operations. The value of these investments increased by $19,916 during the third quarter of 2012.

Looking ahead to the fourth quarter of 2012, the Company previously expected the phased sale of its Juniper Ridge property to result in a progress payment of at least US $2.5 million in cash and shares from Crosshair. There is no certainty that this progress payment will be received. In the event of a default by Crosshair, ownership would revert back to Strathmore along with the benefits of the recently completed exploration work. If the progress payment is received, the proceeds will be used for general working capital and the development of Strathmore's mineral properties.

The Company's ability to obtain sufficient funding for medium and long terms plans will be dependent on the availability of equity and debt financing in the future, which the Company cannot predict. The availability of such funding will be dependent on the a number of factors beyond the Company's control, including uranium prices, stock market performance and any number of other economic conditions.

For the nine months ended September 30, 2012, cash used in operating activities was $5,800,078 compared to $1,526,271 during the same period in 2011. Cash flows used in investing activities increased to $9,233,105 compared with $6,588,418 for the same period in 2011 due to increased spending on mineral properties. Cash flows provided by financing activities totaled $10,222,994 compared with $2,843,477 for the same period in 2011. Increased cash inflows from financing activities are due to an $8 million private placement equity financing from KEPCO.

The Company does not anticipate generating any operating revenues until initial production begins on the Company's properties which are anticipated to begin in the next three to six years (subject to the risks and uncertainties found on page 9). Historically, the Company has received revenues only from investment income on cash reserves held and divesture of non-core properties.

Investments

During the first quarter of 2011, Strathmore sold 1,248,000 common shares of Bayswater Uranium Corporation, through the facilities of the TSX Venture Exchange, for a gain of $445,474. Currently the Company owns 2,759,807 common shares representing approximately 12% of the outstanding shares of Bayswater. These shares are held for investment purposes. The Company views the Bayswater shares received as part of the Pine Tree-Reno Creek property sale to be non-strategic assets to its overall plans. Depending on market conditions, the Bayswater shares will likely be sold to increase liquidity and fund ongoing operations.

On April 7, 2011, the Company invested $2 million seed capital into Mogul Ventures Corp. ("Mogul"), a private Canadian based corporation engaged in coal exploration and development in Mongolia. These shares are held for investment purposes. Currently, Mogul is a private company. There is no liquid market to sell these shares and no certainty that all or part of this investment could be privately sold at price favorable to the Company.

On November 1, 2011, Strathmore received 522,513 common shares of Crosshair Energy Corporation valued at US$250,000 as part of its first anniversary milestone payment under the terms of its phased Purchase & Sale Agreement of the Juniper Ridge Property in Wyoming to Crosshair.

On October 31, 2011, Strathmore invested $100,000 into Vico Energy Corporation ("VICO"), a private company engaged in the acquisition of international uranium projects, by way of a private placement subscription. As VICO is a private company, there is no liquid market to sell these shares and no certainty that all or part of this investment could be privately sold at a price favourable to the Company.

New Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2012 reporting period.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.
The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

Capital Resources

The Company has not entered into any property option agreement that requires the Company to meet certain yearly exploration expenditure requirements. KEPCO has previously provided an $8,000,000 equity financing and the funds are required to be spent on exploration and development of the Gas Hills Properties. At September 30, 2012 the Company held $2,302,820 of restricted cash with the majority being restricted to Gas Hills exploration and development.

The Roca Honda property requires exploration partners to fund exploration in advance of expenditure. The approved Roca Honda budget for 2012 is $7.4 million of which Strathmore's share is $4.4 million.

Outstanding Share Data

As of November 6, 2012 the Company has 123,712,953 common shares issued and outstanding. The Company also has 10,725,000 incentive stock options ranging in exercise price from $0.215 to $2.25 and 3,370,667 restricted share rights.

Transactions with Related Parties

	September 30, 2012	September 30, 2011
	$	$
Share-based payments for options granted to directors and key management personnel	**390,346**	533,672
Share-based payments for restricted share units granted to directors and key management personnel	**383,014**	-
Wages and consulting fees paid to directors and key management personnel	**1,140,136**	1,016,488
	1,913,496	1,550,160

Included in accounts payable at September 30, 2012 is $26,000 (December 31, 2011 - $28,500) for consulting and directors fees to directors, officers and companies controlled by directors and officers.

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.

Share-based payments represent the fair value calculations of options and restricted shares in accordance with IFRS 2, *Share-Based Payment* granted to key management personnel.

Contingency

The Company has a claim for services allegedly performed on its mineral properties totalling $182,616 plus interest that arose prior to the spin-out of Fission Energy Corp. ("Fission") on July 17, 2007. The Plaintiff has commenced legal proceedings against Strathmore and Fission. Strathmore unequivocally rejects this claim and is actively defending itself. A counterclaim has filed been against the Plaintiff in the amount of $87,641 plus interest. The Plaintiff's claim involves mineral properties transferred to Fission. It is Strathmore's position that according to the "plan of arrangement" to spin-out Fission from Strathmore, liabilities associated with the transferred mineral properties become the responsibility of Fission. No amount has been accrued with respect to this claim in the financial statements.

Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, income taxes receivable, trade and other receivables, other financial assets, available-for-sale financial assets, and trade and other payables. For cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, income taxes receivable, and trade and other payables, 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 quoted prices in active markets for identical securities. The available-for-sale investments in equity securities do not have quoted market prices in an active market and whose fair values cannot be reliably measured, and are therefore, recorded at cost. The fair value of financial instruments at the reporting date was calculated on the basis of available market data.

The Company's financial instruments that are measured at fair value on a recurring basis in periods subsequent to initial recognition and the fair value hierarchy used to measure them are presented in the table below. The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

At September 30, 2012, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the condensed interim consolidated statements of financial position at fair value are categorized as follows: (1) cash and cash equivalents, restricted cash and cash equivalents, other assets, and other financial assets are categorized in level 1. At September 30, 2012, there were no financial assets or liabilities measured and recognized on the consolidated statements of financial position at fair value that would be categorized in level's 2 and 3 in the fair value hierarchy provided above. There were no transfers between level 1 and 2 during the nine months ended September 30, 2012. Available-for-sale financial assets are measured and recognized at historical cost.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, and market 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 and derivative trading 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 evaluates credit risk on an ongoing basis, including evaluation of counterparty credit ratings, monitoring activities related to receivables and counterparty concentrations measured by amounts and percentages. The primary sources of credit risk for the Company arise from financial assets including cash and cash equivalents held with major financial institutions and trade and other receivables. The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At September 30, 2012, the Company has no financial assets that are past due or impaired due to credit risk defaults. Therefore, the Company is not exposed to significant credit risk.

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

	September 30, 2012	December 31, 2011
	$	$
Cash and cash equivalents	**6,755,999**	11,570,582
Restricted cash and cash equivalents	**2,302,819**	246,785
Other assets	**826,635**	310,015
Trade and other receivables	**153,676**	292,678
	10,039,129	12,420,060

(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 trade and other payables. 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 other financial assets balances to meet its anticipated operational needs.

The Company's financial liabilities, consisting of trade and other payables, arose as a result of exploration and evaluation of its mineral properties 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.

At September 30, 2012, the Company had positive working capital of $9,562,921 that includes $3,129,454 of restricted cash and cash equivalents and other assets. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk.

The following table summarizes the Company's financial liabilities:

	September 30, 2012	December 31, 2011
	$	$
Trade and other payables	**2,318,989**	1,506,297
	2,318,989	1,506,297

Typical repayment terms for the Company do not exceed 90 days.

(c) Market risk

Market risk is the risk that the fair value for assets classified as FVTPL, 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 market fluctuations. The Company holds certain marketable securities that will fluctuate in value as a result of trading on global financial markets. Based on the Company's portfolio at September 30, 2012, a 10% increase or decrease in the market price of the equity securities held, ignoring any foreign currency risk, which is described below, would have resulted in an increase (or decrease) to net income of approximately $20,568 (September 30, 2011 - $203,103). The Company is not exposed to interest rate risk, as it does not hold debt balances and is not charged interest on its trade and other payables balance.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There has not been any change in the Company's internal control over financial reporting that occurred during the Company's third fiscal quarter of 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.