



MANAGEMENT'S DISCUSSION & ANALYSIS  
STRATHMORE MINERALS CORP.  
FOR THE THREE MONTH PERIOD ENDED  
MARCH 31, 2013

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# Strathmore Minerals Corp.

Management's Discussion and Analysis  
For The Three Month Period Ended March 31, 2013

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**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". The information contained in this report is made as of May 13, 2013.

This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the interim period ended March 31, 2013 (the "Financial Statements") and the annual audited consolidated financial statements and related notes of the Company for the year ended December 31, 2012. The information in this Management Discussion and Analysis ("MD&A"), including management's discussion of future plans and operations, contains forward-looking statements. These forward looking statements are based on assumptions that are subject to a broad range of risks and uncertainties, including those which are beyond the Company's control. These risks include, but may not be limited to: the impact of economic conditions or events on the uranium and nuclear power industries, general industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of NI 43-101 resource estimates, environmental risks, competition, general stock market conditions and volatility, and ability to access sufficient capital. Strathmore's actual results, performance or achievements could differ materially from those expressed in the MD&A, or implied by, these forward-looking statements. No assurance can be given that any events anticipated by the forward-looking statements will occur. In addition, the reader is cautioned that historical results are not necessarily indicative of future performance.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.strathmoreminerals.com](http://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, 66 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.

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- 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 (2014-2022), 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. Forty-eight (sixty-six worldwide) nuclear power reactors are currently under construction in four countries: 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. The UX Consulting Company expects worldwide uranium demand to increase by 22% to 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. In addition, the April 2, 2013 edition of the Scientific American identifies a study prepared by NASA's Goddard Institute that suggests nuclear power, on balance, may actually save lives by contributing to the mitigation of global climate change and air pollution. The 104 existing nuclear reactors operating within 65 nuclear power plants in the United States "avoid the release of 700 million tons of CO<sub>2</sub> emissions annually".<sup>1</sup>
- 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 2012 totaled approximately 55 million pounds, while annual domestic production was only 4.1 million lbs.<sup>2</sup> 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.<sup>3</sup> 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.

## Japan and the General Outlook for Nuclear Energy

On March 11, 2011 an earthquake and tsunami in Japan caused cooling systems at the Fukushima-Daiichi nuclear reactor to fail, and radioactive materials were released. This event continues to impact uranium demand in the short and medium term.

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<sup>1</sup> Patrick Moore. "Going Nuclear: A Green Makes the Case", WashingtonPost.com. April 16, 2006, p. B01

<sup>2</sup> US Department of Energy website [www.eia.gov/uranium/production/quarterly](http://www.eia.gov/uranium/production/quarterly) (updated February 2013)

<sup>3</sup> Nuclear Association website. Nuclear Power in the USA. [www.world-nuclear.org](http://www.world-nuclear.org)

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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, resulting in the uranium price declining in value to a six year low. In Japan, the world's third largest user of nuclear power, all 50 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 and 48 reactors remain off-line, which has forced utility companies to import fossil fuels to maintain a reliable energy supply, leading to higher bills for consumers and a perpetual trade deficit for the country.<sup>4</sup>

In January 2013, the Wall Street Journal reported that Japan's ten utilities consumed a record volume of fossil fuels in 2012. Liquid natural gas imports increased by 11% in 2012, after rising 12% in 2011, setting a record in both volume and cost of purchase. Coal imports increased by 5.7% and the cost of importing all fossil fuels increased by 10%. With the value of the yen declining approximately 12% against the US dollar in 2013 alone, overall energy import costs are expected to be as much as 3.8 trillion yen (\$38.7 billion) this year, which is double the amount in 2011, the year before the Fukushima incident.<sup>5</sup> Prior to the Fukushima incident 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 incident, 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. Currently, new government nuclear safety regulations are being prepared and may be in place as early as July. These new regulations are expected to provide a regulatory framework for reactor restarts to begin later in 2013.

The events in Japan have caused certain countries to make strong political statements to end their use of nuclear power. 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.<sup>6</sup> 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.

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<sup>4</sup> Chico Harlan, "Japan marks earthquake and tsunami anniversary with prayers and mourning". Washington Post.com, updated March 11, 2012.

<sup>5</sup> Reuters : Japan Utilities Post \$16 Billion loss, Outlook Clouded on Reactor Restarts. April 30, 2013

<sup>6</sup> World Nuclear News- "Swiss Cabinet Goes for Nuclear Phase-Out". May 25, 2011

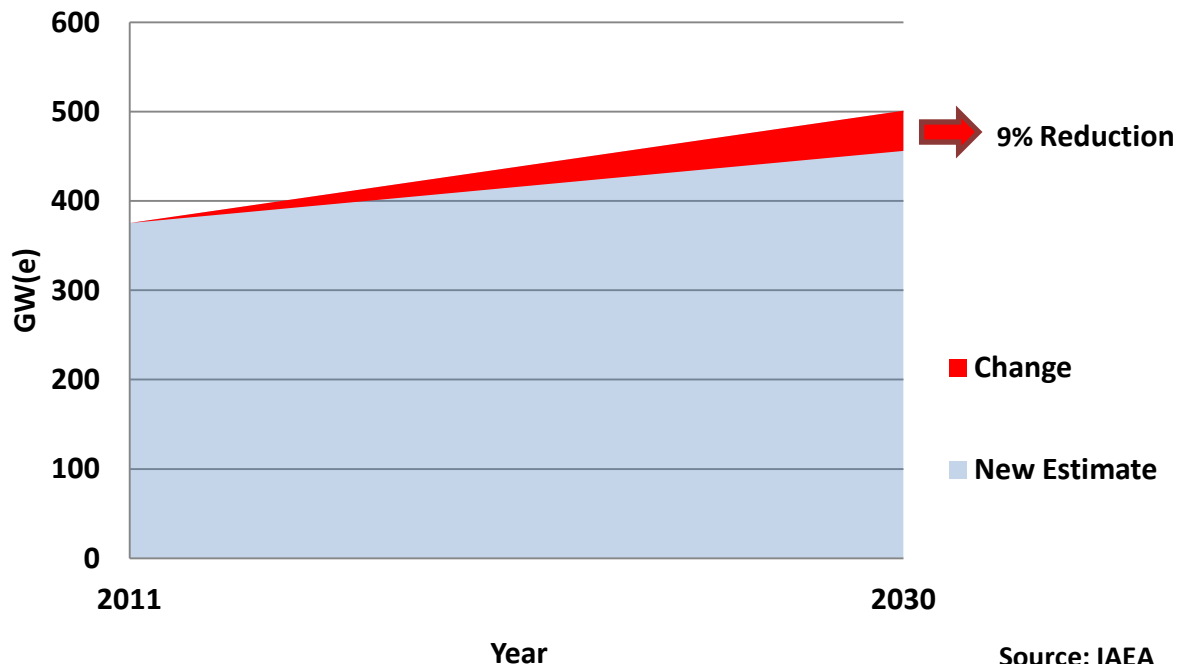
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In contrast to those moving away, many countries continue to favor nuclear power. Long-term plans for the construction of the largest number of new nuclear power plants will come from: China, South Korea, Russia, and India. These countries are maintaining their current nuclear reactor development plans with a focus on increased safety. In 2012, China announced that it had completed its nuclear inspections, and has since begun construction on four new nuclear reactors. New national nuclear safety regulations are scheduled to be completed and adopted by 2014.

## Projected Post Fukushima Impact on Nuclear Power Generation



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, or 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%

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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 incident, 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

Beginning in 2003, an increased demand for uranium resulted in higher prices, which contrasts with the significant declines experienced in the previous two decades. Increasing uranium prices 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. Between 2008 and 2010, global uranium production increased by over 25%, and was 8% higher in 2012 than in 2011. Mine supply totaled 151.1 million lbs. The new production was comprised primarily from lower grade deposits, which is not sustainable over the long-term, without higher uranium prices, which peaked in 2007. Higher prices will be necessary to encourage new production to meet the World Nuclear Association forecasted 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.<sup>7</sup> Supply, to meet the current mine production shortfall, is derived from secondary sources, with the largest component originating from the Russian HEU agreement. In 2012, total secondary uranium supplies stood at 47.3 million lbs.<sup>8</sup>

Shortly after the Fukushima incident, 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 revised their uranium forecast, pushing out the expected supply deficit to 2014 from 2012, but continuing to 2020. Raymond James forecasts similar deficit timelines, but significantly reduced their annual deficit numbers for 2014 and 2015 in their latest uranium industry report, dated April 30<sup>th</sup>, 2012. 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.

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<sup>7</sup> RBC Capital Markets: *Uranium Weekly(Industry Comment)*, February 7, 2012

<sup>8</sup> Raymond James Canada: *Uranium Supply-Demand Analysis Suggests Prices Must Go Higher*. April 30, 2013

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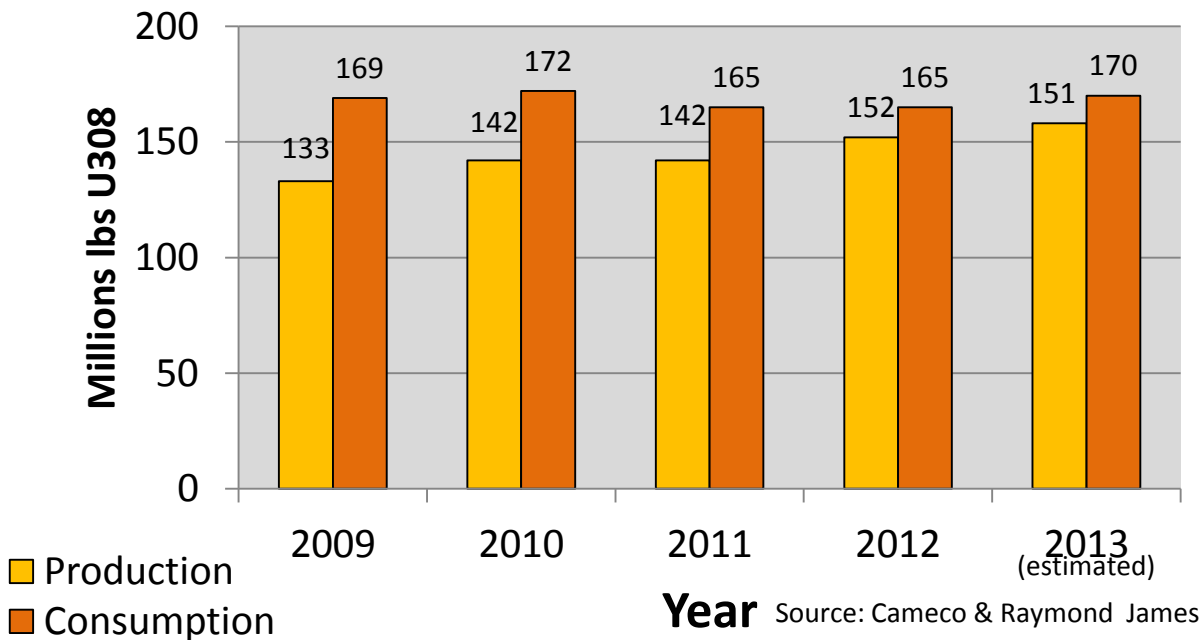
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Cameco forecasts that 20% of world supply will need to come from new primary mine production over the next 10 years, but with several new projects now categorized as uneconomic due to declining uranium prices, producers continue to cut their production forecasts. Projects cancelled or deferred in 2012 include Yeelirrie and Kintyre (Cameco), Trekkopje in Namibia (AREVA), Imouraren in Niger (AREVA) and the Olympic Dam expansion in Australia (BHP).

Over the long-term, it is forecast 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.<sup>9</sup> General consensus among analysts including RBC Capital (Canada), Raymond James Canada, and Resource Capital Research (Australia) is that US \$70-80/lb is required to stimulate new exploration and mine development worldwide and support a healthy uranium mining sector.

## World Uranium Production and Consumption



<sup>9</sup>Raymond James Canada: Uranium Industry Comment-April 4, 2011 and RBC Capital Markets: Uranium Market Outlook- Second Quarter 2011

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## Countries with Nuclear Reactors Planned, Proposed, or Under Construction

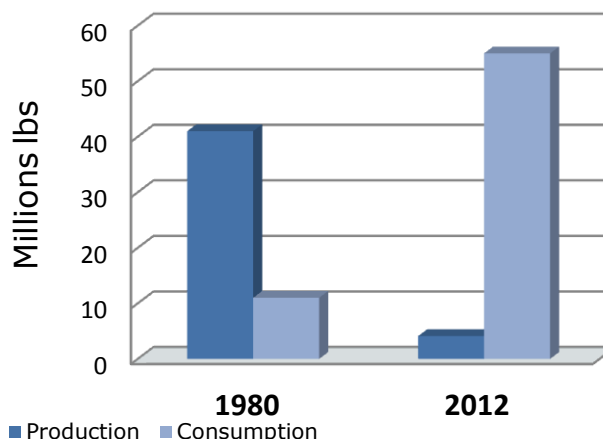
Country	Under Construction	Planned	Proposed	Total <sup>10</sup>
China	28	49	120	197
India	7	18	39	64
Russia	10	24	20	54
USA	3	9	15	27
Japan*	3	9	3	15
Ukraine	0	2	11	13
South Korea	4	6	0	10
Canada	0	2	3	5
Other	11	41	111	160
<b>Total</b>	<b>66</b>	<b>160</b>	<b>319</b>	<b>545</b>

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

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 4.1 million lbs of uranium in 2012.<sup>11</sup> However, this total represents a 4% increase over 2011 total annual 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

United States Uranium Production and Consumption



<sup>10</sup> Table adapted from World Nuclear Association Website- [www.world-nuclear.org](http://www.world-nuclear.org) "World Nuclear Power Reactors & Uranium Requirements", (Updated May 3, 2013)

<sup>11</sup> US Department of Energy website [www.eia.gov/uranium/production/quarterly](http://www.eia.gov/uranium/production/quarterly) (updated February 2013)

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consumer in the world, and possesses about 7% of the world's known recoverable supply.<sup>12</sup> 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".<sup>13</sup> With the treaty not expected to be renewed after it expires in 2013, thus removing an estimated 20-24 million lbs of U<sub>3</sub>O<sub>8</sub> per year from the market, and current domestic production remaining significantly below demand, the United States will need to source long-life uranium assets domestically, or from alternative politically stable jurisdictions.

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-\$72 for the remainder of the year. Both the spot and long-term uranium prices have since exhibited a downward trend to the present date. The current spot price is US \$40.50/lb (May 6, 2013). In 2012, the average spot price was US \$48.73/lb, down 14.5% from the 2011 average spot price of US \$57.01/lb. The average long-term price in 2012 was US \$60.16, down 10.7% from the average long-term price of US \$67.41 in 2011.

The long-term contract price is published once at the end of each month, 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 \$56/lb in December 2012. The current long term price is US \$57/lb. as of April 29, 2013. 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 \$40.25 on April 22, 2013.

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<sup>12</sup> Toni Johnson, "Global Uranium Supply and Demand". Council of Foreign Relations Background Paper. Updated January 14, 2010.

<sup>13</sup> Toni Johnson, "Global Uranium Supply and Demand". Council of Foreign Relations Background Paper. Updated January 14, 2010.

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## Uranium Spot and Long-Term Price



Source: The UX Consulting Company. [www.uxc.com](http://www.uxc.com)

It is uncertain how long the Fukushima nuclear event will impact the uranium sector. Most analyst forecasts for the price of uranium have been reduced for 2013 and 2014, which also includes factoring the impact of reduced demand from the global economic slowdown. While the last two years have been challenging, consensus expectations are for generally higher uranium prices in the years ahead. Cancellation of the Russian HEU contract and reactor restarts in Japan are expected to serve as near-term catalysts to improve uranium prices in late 2013.

The long-term forecast by RBC Capital analyst Adam Schatzker is shown below:

### RBC Capital Markets Price Forecast (\$/lb U3O8)<sup>14</sup>

2007A	2008A	2009A	2010A	2011A	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	Long-Term
\$98.68	\$63.02	\$46.66	\$46.46	\$57.01	\$48.73	\$48.75	\$65.00	\$75.00	\$75.00	\$80.00	\$80.00	\$80.00	\$80.00	\$60.00

**2013 YTD Average Spot Price \$43.03**

<sup>14</sup> Source: The Ux Consulting Company and LLC, RBC Capital Markets estimates from RBC Capital, "Uranium Weekly", February 5, 2013.

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## 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. Since 2009, the Company has been divesting its non-core uranium properties to supplement working capital requirements. Exploration properties in the Oshoto area of northeast Wyoming were sold to Peninsula Energy in 2009 and a non-core project, the Pine Tree/Reno Creek properties in Wyoming was sold to Bayswater Uranium Corporation in April, 2010. A second non-core project known as Juniper Ridge, was sold in a phased sale to Crosshair Energy Corp. in November 2010, and despite this property being returned to the Company in November 2012, Strathmore has demonstrated a history of monetizing non-core projects at a profit.<sup>15</sup>

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.<sup>16</sup> A updated NI 43-101 compliant resource calculation has also been completed for the Gas Hills Properties. (See Gas Hills Properties)

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.

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

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

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<sup>15</sup> Three non-core uranium properties have been sold and royalties retained: Pine Tree/Reno Creek, Juniper Ridge, Oshoto leases. See Mineral Properties below.

<sup>16</sup> See Table - Uranium Resources Summary of All Properties for a summary of tonnage, grade, and total resources - Pages 28-29)

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recently acquired Copper King, gold/copper project is now considered a core development property for Strathmore.

## Corporate Goals for 2013

- Finalize Environmental Impact Statement and obtain Roca Honda mine permit approval in 2013.
- Submit Pena Ranch NRC mill license application.
- Initiate mine permitting activities at Copper King gold-copper deposit.
- Complete an updated NI 43-101 technical report for Gas Hills based on drilling completed in 2012. (Accomplished in April)
- Complete Phase I Gas Hills exploration, development and permitting program and complete program evaluation for continuation to Phase II.
- Evaluate and commence permitting of a heap leach, vat leach, or alternative uranium production facility at Gas Hills, Wyoming.
- 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 and make a feasibility based production decision.
- 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.
- Obtain a mine permit for gold-copper production at Copper King.

## 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

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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). Saratoga's assets are now held under Strathmore's 100% owned subsidiary, Wyoming Gold Mining Company Inc.

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 Mine Development Associates (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). 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 NI 43-101 Measured, Indicated & Inferred 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.

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## 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 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.

## 2013 Copper King Development Program

The Company anticipates a three stage permitting program for Copper King. Phase I is budgeted at \$600,000 for 2013 and will focus on environmental baseline studies and a needs assessment for permit application submittal. Phase II will initiate the permitting processes and environmental studies along with continued exploration drilling to expand the resource. Phase III would focus on pre-feasibility and permit submittal. Timelines for the three phases will be established following the completion of the needs assessment for permit submittal.

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## 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.

Classification	Tons	Grade U <sub>3</sub> O <sub>8</sub>	Lbs. U <sub>3</sub> O <sub>8</sub>
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 (PEA) 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% (with contingency), 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

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4 years and 2 days 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 latest NI 43-101 technical report. Completion of a feasibility study is contingent on additional studies regarding the planned uranium mill. 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. Additional financial input, including cost analysis and refinement will also be required to complete the feasibility study.

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As part of the mine permit approval process, an Environmental Impact Statement (EIS) is required. The public participation process formally 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 into the draft EIS. Strathmore continued to provide the state and federal agencies with additional detailed design information regarding the project as it is developed and respond to agency comments.

Under the direction of the US Forest Service ("USFS"), the independent draft EIS was completed by Mangi Environmental Group in December 2012. Subsequent to 2012, the USFS forwarded the draft EIS to the US Government Printing Office for printing and public circulation. Notice of availability of the draft EIS was published in the Federal Register, the Daily Journal of the United States Government, on March 15, 2013. The publication of the draft EIS officially starts the 60 day public comment period. Two "open-house" public meetings were held in Grants and Gallup, New Mexico, in mid-April, to provide an opportunity for the public to discuss the project, and submit oral and written comments. This process will ultimately lead to the completion of the Final Environmental Impact Statement and the Roca Honda mine permit Record of Decision expected later in 2013.

## Planned Peña Ranch Mill Site

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.

During the first quarter ending March 31, 2013, work continued on editing the Environmental and Technical Report sections of the NRC license application, stemming from comments received from the Nuclear Regulatory Commission (NRC) pre-submittal audit held in December, 2012. In addition, the NRC has requested a revised Letter of Intent (LOI) for the Peña Ranch project. Strathmore now anticipates submittal of the license application in Q4 2013.

## Background Information

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

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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 December 31, 2012, approximately US \$32.1 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 January 2013, both Sumitomo Corp. and Strathmore approved a \$2.1 million budget for 2013.

## 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 with a decision expected in the next 6-12 months.

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## 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 7<sup>th</sup> 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

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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.

## 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.

## 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.

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## 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%  $U_3O_8$  for a total of 9,130,343 pounds. An additional 2,159,520 tons at an average grade of 0.114%  $U_3O_8$  for a total of 4,906,695 pounds is classified as an Inferred mineral resource.

Marquez is categorized as a non-core property.

## Wyoming Properties

### Gas Hills

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.

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## NI 43-101 Technical Report (updated)

On April 24, 2013, Strathmore filed a new National Instrument 43-101 technical report with an updated resource estimate for the Gas Hills Properties in Wyoming. The report is based on continued confirmation and exploration drilling carried out to the end of 2012 as recommended by the Company's consultant, Chlumsky, Armbrust & Meyer LLC ("CAM"), and carried out as part of the Phase I program.

### Summary of **Indicated** Mineral Resource Estimates, **Main Gas Hills Properties:**

Area (Indicated Resources)	Contained Tons	Contained Pounds (eU <sub>3</sub> O <sub>8</sub> )	Ave. Grade % (eU <sub>3</sub> O <sub>8</sub> )	Ave. Thickness (feet)
Day Loma	1,400,000	4,000,000	0.14	4.4
George-Ver	900,000	1,400,000	0.08	4.1
<b>Total</b>	<b>2,300,000</b>	<b>5,400,000</b>	<b>0.13</b>	<b>4.3</b>

### Summary of **Inferred** Mineral Resource Estimates, **Main Gas Hills Properties:**

Area (Inferred Resources)	Contained Tons	Contained Pounds (eU <sub>3</sub> O <sub>8</sub> )	Ave. Grade % (eU <sub>3</sub> O <sub>8</sub> )	Ave. Thickness (feet)
Bullrush	900,000	900,000	0.05	5.7
Day Loma	600,000	1,200,000	0.10	3.2
George-Ver	400,000	500,000	0.07	3.2
Loco-Lee	1,000,000	1,200,000	0.06	3.2
Rock Hill	1,100,000	1,700,000	0.08	8.3
<b>Total</b>	<b>3,900,000</b>	<b>5,500,000</b>	<b>0.07</b>	<b>5.1</b>

CAM reviewed the geometry of the mineralization in three dimensions using a 1' of 0.035% U<sub>3</sub>O<sub>8</sub> and 2' of 0.05% U<sub>3</sub>O<sub>8</sub> cutoff grades and completing a grade X thickness contouring. Tons and contained pounds are reported to the nearest 100,000. Average grade and average thickness are reported to two and one decimal places respectively. This does not imply this degree of accuracy; the usual accuracy of an inferred resource estimate is less than one significant digit. Cutoffs for grade and thickness are applied to each mineralized intercept used in the resource estimate. Cutoff for grade thickness is applied to the contour map. It should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Gas Hills Technical Report was authored by Richard L. Nielson, PhD, CPG, Thomas C. Pool, P.E., and Robert L. Sandefur, P.E., of Chlumsky, Armbrust & Meyer LLC, all independent and Qualified Persons as defined by NI 43-101.

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## Historical Estimates for Main Gas Hills Properties

The historic estimates were completed prior to Strathmore's acquisition of these properties and generated by American Nuclear Corporation in 1985 and Pathfinder Mines Corporation (Frazier-Lamac only) in 1996, using accepted engineering practices at those times. Although the exact details of the historic estimates are not available, they appear to have been done using the "nearest neighbor" method for grade and

Main Gas Hills Area	Tons	Grade% eU <sub>3</sub> O <sub>8</sub>	Contained Lbs eU <sub>3</sub> O <sub>8</sub>
Amazon	285,000	0.06	366,000
Andria	740,000	0.06	950,000
Badlands	163,000	0.07	216,000
Frazier-Lamac	697,000	0.11	1,522,000
Sunset	1,395,000	0.06	1,813,000
Jeep	297,000	0.08	463,000
<b>Total</b>	<b>3,577,000</b>	<b>0.07</b>	<b>5,330,000</b>

grade thickness to calculate tons and pounds. Given the extensive mineral production in the Gas Hills Uranium District by experienced mining 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 the historical estimates as current mineral resources, and the Company is not treating the historical estimates as current mineral resources. Hence, they should not be relied upon. 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. The technical information contained herein has been prepared in accordance with the Canadian regulatory requirements set out in NI 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.

## Permitting

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

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and federal regulators to ensure that environmental, public health, and safety concerns meet or exceed regulatory requirements.

## 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 exploration, development, and permitting 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.

During 2012 Strathmore completed 279 rotary drill holes, including 21 holes cored for recovery of mineralized samples for assay purposes. A total of 109,920 feet of drilling, including 5,040 feet of core drilling was completed, primarily in the Main Gas Hills areas. This program focused primarily on confirming the historical resource estimates at George Ver, Loco Lee, Rock Hill, Bullrush and Day Loma, while exploration drilling targeted the area to the west of Bullrush to test for potential new uranium mineralization. In addition, exploration drilling commenced at the Beaver Rim prospect, located immediately south of the Main Gas Hills deposits, in mid-July. As drilling progressed, it was decided to relocate drill rigs from the Beaver Rim to the Main Gas Hills properties in an effort to complete the necessary confirmation drilling for updating the NI 43-101 resource. Phase I drilling was not completed by year-end due to weather and is expected to resume in May, 2013.

### 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

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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.

Strathmore 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%.

## Drill Hole Summary

Property	Summer Program 2012	Fall Program Oct-Dec 2012	Total Drilled in 2012*	Drilled in 2007-2010	Total Holes
	Drilled*	Drilled*			
Bullrush/Tablestakes	63	19	82	11	93
Day Loma/Loco-Lee	81	9	90	59	149
George-Ver	48	13	61	25	86
Rock Hill	24	21	45	12	57
E. Diamond	3	-	3	-	3
W. Diamond	12	-	12	-	12
S. Black Mountain	24	-	24	-	24
N. Black Mountain	-	-	-	-	-
Jeep	-	-	-	40	40
Mill Site	-	4	4	3	7
<b>TOTAL</b>	<b>255</b>	<b>66</b>	<b>321</b>	<b>150</b>	<b>471</b>

\* Note: Totals include the 6 abandoned drill holes.

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Uranium content was measured primarily by down-hole logging using gamma and PFN tools. However, twenty core holes were completed to provide supporting assay results as recommended by the Canadian Institute of Mining ("CIM") Estimation of Minerals Resources and Mineral Reserves Best Practice Guidelines. Three cores holes were drilled at Bull Rush, 5 at George Ver, 6 at Loco Lee, 4 at Rock Hill, and 2 at Day Loma. A total of 1,800 feet of core was cut, with 875 feet recovered, for an 81% recovery success. Of the 875 feet of recovered core, 272 feet was shipped to Intermountain Labs of Sheridan Wyoming, a Nuclear Regulatory Commission accredited facility, for chemical assaying.

A comparison of the three methods of uranium measurement: gamma, PFN and core assaying, have demonstrated that both gamma and PFN logging results have underestimated the amount of uranium present when checked against core assay results. Core assays have confirmed PFN logging measurements, and on average, were higher than PFN logging results.

## Beaver Rim Exploration Prospect

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. In 2012, Strathmore completed 34 drill holes were completed at the East Diamond, West Diamond, North Black Diamond, and South Black Mountain prospects, which confirmed the presence of "roll-front" uranium mineralization at depths between 900-1,200 feet. Extensive drilling will be required to fully evaluate this area. Further exploration has been deferred and will be reviewed after completion of drilling at the Main Gas Hills properties.

## 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.

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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 2012, and are continuing into 2013. Column leach recovery test results to date have provided a preliminary total uranium recovery calculation of 91.1%. A more definitive recovery calculation will be determined on completion and analysis of the tailings residues. The final recovery calculation is expected to be slightly higher than 91.1%, which meets expectations.

## Pine Tree/Reno Creek Properties (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 \$17.5 million in cash and 4.4 million common shares of Bayswater valued at \$2.3 million for total proceeds of \$19.8 million. 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 \$2 million (\$1 million cash and \$1 million in common shares of Bayswater) per 1% royalty reduction up to a maximum of the entire 5% royalty for \$10 million.

## Juniper Ridge Project

The Juniper Ridge Property, located in the Poison Basin Uranium District of south-central Wyoming, was initially acquired by the Company in 2004-05. 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).

In 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<sub>3</sub>O<sub>8</sub> 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 phased sale of the Juniper Ridge Property. Strathmore received US \$450,000 in cash and 522,513 shares valued at US \$250,000 for a total of US \$700,000 from Crosshair.

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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<sub>3</sub>O<sub>8</sub>, using a grade-thickness cut-off of 0.1%-ft.

In Q4 2012, Strathmore received notice of termination of the Juniper Ridge Purchase and Sale Agreement from Crosshair, advising the Company that due to the continued deterioration in existing market conditions, it was not able to comply with the terms of the Agreement. Crosshair has returned the Claims/State Leases and all beneficial interest in the project to Strathmore including all data generated by Crosshair. Strathmore's technical team has since completed a review of the data received from Crosshair.

Since 2011, Crosshair has spent considerable time, effort, and funds to advance the Juniper Ridge project. Between January 12, 2011 and October 4, 2012, Crosshair completed:

- approximately 549 drill holes in two drill programs, reporting positive drill results and identified a new uranium trend from exploration drilling
- a National Instrument 43-101 technical report and compliant resource estimate based on 400 of the 549 holes drilled
- preliminary baseline work including a radiometric soil survey on approximately 40% of the unexplored part of the property
- an independent Class III Cultural survey
- metallurgical testing with indicated uranium recovery rates of up to 94%

Juniper Ridge is a non-core property.

## 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 are estimated to 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.

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**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 plus Indicated uranium resources.

Location	Previous Operator/Source (Date of Resource Estimate)	Resource Classification	Tonnage	Grade % U3O8	lbs/U3O8	Mining Method
<b>New Mexico and Wyoming</b>						
Roca Honda, New Mexico	Roscoe Postle Associates Inc.(2012)	NI 43-101 Measured	284,000	0.395	2,247,000	Conventional Underground
		NI 43-101 Indicated	1,793,000	0.405	14,536,000	
		NI 43-101 M + I	2,077,000	0.404	16,783,000	
Marquez, New Mexico	Kerr McGee (1977) HM. Alief NI, 43-101 (2010)	NI 43-101 Measured	999,000	0.13	2,512,000	ISR or Conventional Underground
		NI 43-101 Indicated	2,612,000	0.13	6,618,000	
		NI 43-101 M + I	3,611,000	0.13	9,130,000	
Nose Rock (Sec. 1), New Mexico	Phillips Uranium (1979) HM. Alief, NI 43-101 (2009)	NI 43-101 Measured	310,000	0.15	906,000	ISR or Conventional Underground
		NI 43-101 Indicated	575,000	0.15	1,688,000	
		NI 43-101 M + I	885,000	0.15	2,594,000	
Dalton Pass (Sec. 32), New Mexico	Pathfinder (1980), HM. Alief, NI 43-101 (2009)	NI 43-101 Measured	447,000	0.09	839,000	ISR or Conventional Underground
		NI 43-101 Indicated	1,176,383	0.10	2,232,000	
		NI 43-101 M + I	1,622,650	0.10	3,071,000	
Main Gas Hills – Day Loma	Chlumsky, Ambrust & Meyer LLC NI 43-101 (2013)	NI 43-101 Indicated	1,400,000	0.14	4,000,000	Conventional Open-pit
Main Gas Hills – George-Ver	Chlumsky, Ambrust & Meyer LLC NI 43-101 (2013)	NI 43-101 Indicated	900,000	0.08	1,400,000	Conventional Open pit
Juniper Ridge, Wyoming	BRS Engineering (2012)	NI 43-101 Indicated	4,140,000	0.06	5,200,000	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](http://www.sedar.com) or the Company's website, [www.strathmoreminerals.com](http://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

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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 % U308	lbs/U308
<b>Core Projects: New Mexico &amp; Wyoming</b>					
Roca Honda, New Mexico	Roscoe Postle Associates Inc.(2012)	NI 43-101 Measured	284,000	0.395	2,247,000
		NI 43-101 Indicated	1,793,000	0.405	14,536,000
		NI 43-101 Measured + Indicated	2,077,000	0.404	16,783,000
		NI 43-101 Inferred	1,448,000	0.411	11,894,000
Main Gas Hills- Day Loma	Chlumsky, Armbrust & Meyer LLC (2013)	NI 43-101 Indicated	1,400,000	0.14	4,000,000
		NI 43-101 Inferred	600,000	0.10	1,200,000
Main Gas Hills -George-Ver	Chlumsky, Armbrust & Meyer LLC (2013)	NI 43-101 Indicated	900,000	0.08	1,400,000
		NI 43-101 Inferred	400,000	0.07	500,000
Main Gas Hills- Rock Hill	Chlumsky, Armbrust & Meyer LLC (2013)	NI 43-101 Inferred	1,100,000	0.08	1,700,000
Main Gas Hills- Bullrush	Chlumsky, Armbrust & Meyer LLC (2013)	NI-43-101 Inferred	900,000	0.05	900,000
Main Gas Hills- Loco-Lee	Chlumsky, Armbrust & Meyer LLC (2013)	NI 43-101 Inferred	1,000,000	0.06	1,200,000
Main Gas Hills, Wyoming:	Federal American Partners (1984) & Pathfinder (1996) Chlumsky, Armbrust & Meyer LLC (2013)	Historical*			
		Amazon	285,000	0.06	366,000*
		Andria	740,000	0.06	950,000*
		Badlands	163,000	0.07	216,000*
		Frazier Lamac	697,000	0.11	1,522,000*
		Sunset	1,395,000	0.06	1,813,000*
Jeep	297,000	0.08	463,000*		
<b>Development Project Pipeline: NM &amp; WY (Non-Core Properties)</b>					
Church Rock, NM	Kerr McGee (1979) Rio Algom (1995)	Historical* Cutoff 6' of 0.05%	6,050,000	0.09	10,900,000*
		Historical* Cutoff 5' of 0.10%	2,564,000	0.11	5,502,000*
Marquez, New Mexico	Kerr McGee (1977) HM. Alief, 43-101 (2010)	NI 43-101 Measured	999,000	0.13	2,512,000
		NI 43-101 Indicated	2,612,000	0.13	6,618,000
		NI 43-101 Measured + Indicated	3,611,000	0.13	9,130,000
		NI 43-101 Inferred	2,160,000	0.11	4,907,000
Nose Rock (Sec. 1), NM	Phillips Uranium (1979) HM. Alief, 43-101 (2009)	NI 43-101 Measured	310,000	0.15	906,000
		NI 43-101 Indicated	575,000	0.15	1,688,000
		NI 43-101 Measured + Indicated	884,000	0.15	2,594,000
		NI 43-101 Inferred	167,000	0.14	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	447,000	0.09	839,000
		NI 43-101 Indicated	1,176,000	0.10	2,232,000
		NI 43-101 Measured + Indicated	1,623,000	0.10	3,071,000
		NI 43-101 Inferred	908,000	0.08	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	669,000	0.07	948,000
		NI 43-101 Inferred	55,000	0.05	54,000
Juniper Ridge, WY	AGIP Mining (1986) BRS Engineering (2012)	NI 43-101 Indicated	4,140,000	0.06	5,200,000
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

\*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.

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## 2013 Uranium & Gold Property Capital Budget

Plans for 2013 include a mineral property budget totaling \$5.1 million of which Strathmore's share is \$4.3 million. In New Mexico, advancement of Roca Honda's permitting and development budget is \$2.1 million of which Strathmore's share is \$1.3 million. The Wyoming exploration and development budget is \$3.0 million. As part of the strategic definitive agreement announced with KEPCO on February 1, 2012, KEPCO completed a US \$8 million a private placement equity financing in Strathmore. The US \$8 million is set aside for a Phase I Gas Hills development program in 2012-13. At December 31, 2012, approximately \$1.7 million remains available as part of Phase I. In 2013, KEPCO can elect to participate in Phase II by funding an additional \$12 million Gas Hills development program.

## Results of Operations

Net loss for the three month period ended March 31, 2013 was \$1,044,157 or \$0.01 per share, compared to a net loss of \$1,812,239 or \$0.02 per share for the same period in 2012.

General and administrative expenses totaled \$1,039,242 for the three month period ended March 31, 2013 compared with \$2,052,632 for the same period in 2012. Budgets have been reduced to achieve cost savings across all expense categories resulting in a \$1,013,390 or 49% decrease in over all general and administrative expenses. Consulting fee expenses narrowed to \$229,135 from \$702,846 as a result of non-recurring fees paid to close the Gas Hills definitive agreement with KEPCO in February 2012.

Other item expenses for the three month period ended March 31, 2013 was \$4,915 compared with other item income of \$240,393 for the same period in 2012. The market value of the Company's investment portfolio remained unchanged during the quarter compared to a \$210,771 gain in quarter ended March 31, 2012.

## Exploration and Evaluation Asset Expenditures

The carrying value of mineral properties increased in total by \$2.8 million during the three months ended March 31, 2013. The revaluation of the US dollar mineral property assets into Canadian dollars added \$1.2 million to the carrying value.

Property expenditures at Roca Honda, Gas Hills, and all other properties during the quarter were \$0.9 million, \$0.6 million, and \$0.1 million, respectively.

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## Selected Annual Information

	December 31, 2012	December 31, 2011	December 31, 2010
Net (loss) income for the year	\$(5,845,317)	\$(4,666,279)	\$15,594,495
Comprehensive (loss) income for the year	(6,821,462)	(3,807,748)	14,323,177
Total assets	67,510,879	54,913,069	54,586,187
Total liabilities	1,871,912	1,506,297	2,321,905
Shareholders' equity	65,638,967	53,406,772	52,264,282
Basic earnings (loss) per share	(0.05)	(0.05)	0.18
Diluted earnings (loss) per share	(0.05)	(0.05)	0.18

## Summary of Quarterly Results

	2013 Q1	2012 Q4	2012 Q3	2012 Q2
Net income (loss)	\$ (1,044,157)	\$ (1,226,579)	\$ (984,656)	\$ (1,821,844)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)

	2012 Q1	2011 Q4	2011 Q3	2011 Q2
Net income (loss)	\$ (1,812,239)	\$ (662,165)	\$ (980,741)	\$ (1,141,808)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)	(0.01)	(0.01)

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 March 31, 2013, the Company had working capital of approximately \$4.3 million including non-restricted cash and cash equivalents of \$2.9 million compared to working capital of \$6.3 million and non-restricted cash and cash equivalents of \$5.4 million at December 31, 2012.

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The Company's portfolio of common share investments, although significantly less liquid than cash, may be sold to fund ongoing operations.

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

For the three months ended March 31, 2013, cash used in operating activities was \$0.8 million compared to \$8.2 million for the same period in 2012. Cash flows used in investing activities decreased to \$2.0 million compared to \$2.3 million for the same period in 2012 as a result of decreased mineral property spending. Cash flows provided by financing activities narrowed to \$0.3 million compared to \$8.7 million for the same period in 2012. KEPCO provided an \$8.0 private placement equity financing in February of 2012.

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 page11). Historically, the Company has received revenues only from investment income on cash reserves held and divesture of non-core properties.

## Investments

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 mineral 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 a price favorable to the Company. Mogul continues to explore and advance its mineral properties as part of its mining rights purchased from the Mongolian government. The value of this investment is supported by Mogul's ability to raise additional equity financing during 2012 on terms similar to Strathmore's initial investment.

## Critical Accounting Policies and Estimates

All direct and indirect costs relating to exploration and evaluation assets are capitalized.

At March 31, 2013 the Company had a market capitalization of \$27.2 million. The book value

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of the Company's net assets totaled \$66.5 million. The Company continues to monitor this situation and implement plans to increase shareholder value. Routinely the Company reviews its exploration and evaluation assets for indicators of impairment. If an indicator of impairment exists, an estimate of the recoverable amount is calculated. When the carry value is greater than the recoverable amount, a write down to the recoverable amount is necessary. The recoverable amount is determined through the higher of value in use and fair value less costs to sell. Approximately 65% of the exploration and evaluation assets carrying value is the subject of Preliminary Economic Assessment (PEA). The PEA value in use is in excess of carrying amount. The recoverable amount of the remaining 35% of exploration and evaluation assets with a current or historical resource is determined in relation to recent market transactions.

Significant judgments are required to determine the recoverable amount for early stage exploration properties which is a small portion of the exploration and evaluation assets. At March 31, 2013 the Company has determined that a write down of exploration and evaluation assets was not necessary.

## New Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10, *consolidated financial statements*, IAS 19, *employee benefits (amended in 2011)*, IFRS 7, *financial instruments: disclosures*, IFRS 13, *fair value measurement* and amendments to IAS 1, *presentation of financial statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12, *disclosure of interest in other entities*, would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Company or the condensed interim consolidated financial statements of the Company. The nature and the impact of each new standard/amendment is described below:

### *IAS 1, Presentation of financial statements*

The amendments to IAS 1 introduce a grouping of items presented in accumulated other comprehensive loss. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and

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reevaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance.

## *IFRS 7, Financial instruments: disclosures*

The amendment requires an entity to disclose information about rights to off-set financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are off-set in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not off-setting financial instruments in accordance with IAS 32 and does not have relevant off-setting arrangements, the amendment does not have an impact on the Company's condensed interim consolidated financial statements.

## *IFRS 10, Consolidated financial statements*

In May 2011, the IASB issued *IFRS 10, Consolidated Financial Statements*. This standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. Management has applied IAS 10 on a prospective basis, commencing January 1, 2013. These amendments did not have a significant impact on the Company's condensed interim consolidated financial statements.

## *IFRS 12, Disclosure of interests in other entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for the condensed interim consolidated financial statements, unless significant events and transactions occur in the interim period requiring that they are discussed. Accordingly, the Company has not made such disclosures.

## *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. Management has applied IAS 13 on a prospective basis, commencing January 1, 2013. These amendments did not have a significant impact on the Company's condensed interim consolidated financial statements.

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## 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 million equity financing and the funds are required to be spent on Phase I exploration and development program for the Gas Hills Properties. For 2013, the Company plans to spend the remaining \$1.7 million on 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 2013 is \$2.1 million of which Strathmore's share is \$1.3 million.

## Outstanding Share Data

As of May 13, 2013 the Company has 124,673,285 common shares issued and outstanding. The Company also has 10,210,000 incentive stock options ranging in exercise price from \$0.215 to \$1.30 and 2,340,334 restricted share units.

## Transactions with Related Parties

	March 31, 2013	March 31, 2012
	\$	\$
Share-based payments for options granted to directors and key management personnel	111,426	119,267
Share-based payments for restricted share units granted to directors and key management personnel	115,185	128,789
Wages and consulting fees paid to directors and key management personnel	368,823	437,119
	<b>595,434</b>	685,175

Included in trade and other payables at March 31, 2013 is \$29,000 (December 31, 2012 - \$56,707) 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 represents the fair value calculations of options in accordance with IFRS 2, *Share-Based Payment* granted to key management personnel. Key management

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personnel were not paid post-employment benefits, termination benefits, or other *long-term benefits* during the periods ended March 31, 2013 and March 31, 2012.

## Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, other financial assets, available-for-sale financial assets, other restricted assets, and trade and other payables.

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, 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 March 31, 2013, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the consolidated statements of financial position at fair value are categorized as follows: cash and cash equivalents, restricted cash and cash equivalents, other financial assets, and other restricted assets are categorized in level 1. For cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, other restricted assets, 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 financial instruments at the reporting date was calculated on the basis of available market data.

During 2012, management transferred the Mogul available-for-sale financial asset into level 3 of the fair value hierarchy because of new inputs, not based on observable market data, becoming available in determining the fair value for this available-for-sale asset. The fair value has been determined using a valuation technique based on recent equity financings by Mogul. The available-for-sale investments in equity were previously recognized at cost because they did not have quoted market prices in an active market and whose fair values could not be reliably measured.

There were no further transfers between levels during the period ended March 31, 2013. The following table presents the reconciliation of the beginning and ending balances of those financial instruments categorized in level 3 of the fair value hierarchy:

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	March 31, 2013	December 31, 2012
	\$	\$
Balance, beginning of period	<b>2,000,000</b>	-
Transfers into level 3	-	2,000,000
Total gains or losses recognized in other comprehensive income	-	-
Balance, end of period	<b>2,000,000</b>	2,000,000

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 March 31, 2013, 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:

	March 31, 2013	December 31, 2012
	\$	\$
Cash and cash equivalents	<b>2,952,309</b>	5,368,727
Restricted cash and cash equivalents	<b>246,638</b>	244,562
Other restricted assets	<b>911,588</b>	893,007
Trade and other receivables	<b>55,084</b>	174,919
	<b>4,165,619</b>	6,681,215

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## (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 March 31, 2013, the Company had positive working capital of \$4,345,507 that includes \$246,638 in restricted cash and cash equivalents. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk.

The following table summarizes the Company's financial liabilities:

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	<b>March 31, 2013</b>	December 31, 2012
	\$	\$
Trade and other payables	<b>1,325,697</b>	1,871,912

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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 March 31, 2013, 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 loss of approximately \$24,107 (March 31, 2012 - \$298,725). 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.

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## Business Risks

Strathmore Minerals Corp. is engaged in mineral exploration and development in the states of Wyoming and New Mexico in the United States. The Company's goal is to become a producing uranium company. Uranium exploration, development, and production are capital intensive and highly competitive resource activities. Strathmore has relied on financing its exploration and development through equity financing, by way of joint venture, option agreements or other means. Capital markets are subject to abrupt changes in market conditions, which can impact the availability of funding to the Company. On a broader scale, Strathmore is subject to a range of business risks common to other companies in the uranium space. These business risks include, but are not limited to: exploring for, finding, and developing uranium resources at economic costs in order that they become mineable reserves, permitting and other government regulatory issues, the ability to sign contracts for the sale of uranium, fluctuations in both the spot and long-term uranium prices, access to capital, capital costs, production costs and plans, accessibility of milling facilities, environmental, safety, legal, political, financial and liquidity, labour, and economic issues that could materially affect the timing of future mineral production.

## 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 first fiscal quarter of 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.