



**Management's Discussions and Analysis
of the Financial Condition and Results of Operations
For the Fourth Quarter and
Year Ended December 31, 2008**

April 30, 2008

Strategic Resources Inc.
(formerly known as Uranium City Resources Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared based on information available to Strategic Resources Inc. ("SRI" or the "Company") (formerly known as Uranium City Resources Inc. ("UCR")) as at April 30, 2009. The MD&A of the operating results and financial condition of the Company for the twelve months ended December 31, 2008, should be read in conjunction with the Company's audited financial statements and the related notes for the period ended December 31, 2008, which has been prepared in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled **Risks and Uncertainties**.

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General

Strategic Resources Inc. ("SRI", or the "Company") was incorporated in the province of Ontario as Uranium City Resources Inc. ("UCR") in September 2004. At a special shareholders' meeting held on February 13, 2009 ("Special Shareholders' Meeting"), the shareholders of the Company approved, among other things, a change to UCR's name to SRI. On March 6, 2009, articles of amendment were completed and the name change to Strategic Resources Inc. was effected and on March 9, 2009, the Company's TSXV trading symbol changed to "UVR" from "UCR".

At the Special Shareholders' Meeting, shareholders also approved the following items that have altered the Company's ongoing mandate and focus:

1. The sale (the "Sale") of a 100% interest in all of the Company's mineral claims located near Uranium City in the Province of Saskatchewan pursuant to the letter agreement dated November 24, 2008 between the UCR and Red Rock Energy Inc. for total consideration of \$975,000 comprised of \$75,000 in cash and remaining \$900,000 in either cash or 5,000,000 common shares of Red Rock with the method of payment being made in Red Rock's sole discretion. If the balance of the purchase price is settled through the issuance of Red Rock common shares, such shares will have a 4-month-plus-1-day trading hold place upon them.
2. An amendment to the articles of incorporation to add preferred shares to the capital structure of the Company.
3. Changing the municipality of the Company's office to Toronto, Ontario from its previous location in Kirkland Lake, Ontario.

Although the Sale was not approved or completed prior to December 31, 2008 these financial statements reflect a write-down in the carrying values of its mineral properties and deferred exploration expenditures regarding the Sale properties to \$975,000.

Overall Performance

As at December 31, 2008, the Company had assets of \$3.0 million and a net equity position of \$2.8 million. This compares with assets of \$14.9 million and a net equity position of \$12.0 million at December 31, 2007.

Total assets decreased by \$11,882,800 from the end of last year with decreases in the following items: Cash and cash equivalents of \$5,204,074, restricted cash of \$254,911, GST recoverable of \$52,124, advances of \$291,781 and mineral properties and deferred exploration expenditures of \$6,625,495. These decreases were offset by increases to accounts receivable and prepaid expenses of \$72,858, capital assets of \$216,227 and assets held for sale of \$256,500.

During the twelve months ended December 31, 2008 (same period for 2007), the Company's decrease of \$5,204,074 in its cash position (2007 – increase of \$3,550,112) was a result of cash flow used in operations of \$685,527 (2007 – cash provided from operations of \$547,063), cash used for investing activities of \$4,559,278 (2007 - \$3,568,233) offset by cash provided from financing activities of \$40,731 (2007 - \$6,571,282).

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For the years ended December 31, 2008 and 2007, the Company posted losses. Net loss and comprehensive net loss was \$9,331,327 or 18.2¢ per share, and \$997,351, or 2.2¢ per share, respectively. The 12-month loss was comprised of the following expenditures: Office and general expenses of \$300,077 (2007 – \$286,886), public relations expenditures \$24,779 (2007 - \$156,882), professional and consulting costs of \$249,452 (2007 - \$255,670), shareholder information costs of \$26,039 (2007 – \$26,833), part XII.6 tax of \$180,378 (2007 - \$Nil), stock-based compensation of \$Nil (2007 – \$886,491) and write-downs and losses on disposal of assets amounted to \$11,043,053 (2007 - \$239,089). These losses were offset by future income tax recoveries of \$2,383,000 (2007 - \$671,000) and interest income of \$109,453 (2007 - \$183,500).

Review of Operations

Uranium Projects - Uranium City Mining District, Northern Saskatchewan

The fourth quarter of 2008 saw the completion of 1001 meters of drilling at the Fish Hook Property. The decision to carry out a drilling program at Fish Hook was based on prior activity by Eldorado Nuclear and others dating back to the 1950's. As the Saskatchewan Government report by L.S. Beck notes, "...the area around Fish Hook Bay was the first to be extensively examined by Eldorado in the Athabasca region." One deposit of economic potential was outlined to contain 100,000 tons of ore grading 0.22% Uranium. In 1957 this property was leased to Black Bay Uranium Mines Ltd. By 1962, 6496 tons of ore had been shipped to Eldorado for milling, but the contract was suspended due to the high Vanadium content of the ore". The drilling program at Fish Hook which will be completed in Q4 is designed to confirm this historically documented occurrence of Uranium-Vanadium mineralization.

The fourth quarter also saw 2058 meters of drilling completed at Virgin Lake which is situated near to the past producing Hab Mine on the claim area denoted as the West Target.

These projects are included in the Sale and have been written down on a pro-rata basis such that their carrying value equals the purchase price of \$975,000.

Uranium Projects – Newfoundland

Late in the fourth quarter, the decision was made to not proceed any further with the Sheffield-Sops Arm joint venture project with Metals Creek Resources in north-central Newfoundland. As previously noted in the Q3 MD&A, ground prospecting on the Sops Arm portion of this project returned less than encouraging uranium results as did prospecting on the Sheffield North and South portions of the project. The costs to-date for the project have been written off at December 31, 2009.

Uranium Projects – New Mexico

As previously noted in the Q3 MD&A, Strategic Resources has entered into a joint venture agreement with Running Fox Resources on a project located south and west of Albuquerque, New Mexico. This general area was previously explored in the 1970's by Gulf Minerals. Gulf drilled off a number of small to medium sized ore bodies totaling several million pounds of uranium and vanadium. Strategic Resources has now retained a consulting geologist with extensive experience in this part of New Mexico. Efforts to compile drilling and exploration permit applications to relevant land management authorities was commenced in mid-January. It is expected that the permit granting process will take approximately six months. Once permits are received and in good order, drilling will commence.

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Uranium Projects – Other Locations

SRI has initiated a search for additional uranium projects in the south-western USA that have seen historical drilling in the 1970's. Meetings have been held with a group of private investors in Grand Junction, Colorado to examine data pertaining to their uranium exploration projects in Colorado and Utah.

Results of Operations

The Company has not generated any operating revenue and therefore losses have been incurred throughout the fourth quarter and twelve months ended December 31, 2008 (as well as the fourth quarter and twelve months ended December 31, 2007).

Three Months ended December 31, 2008 and 2007:

Net loss for the period was \$9,019,661 (2007 – net income of \$177,512) with consulting and professional fees accounting for \$97,868 (2007 - \$14,868) of the loss together with office and general costs, shareholder information and public relations and regulatory costs which accounted for \$130,254 (2007 - \$59,775), stock-based compensation costs were \$Nil (2007 - \$56,680) and write-downs and losses on disposal of assets amounted to \$11,043,053 (2007 - \$239,089). These costs were offset by future income tax recoveries of \$2,243,000 (2007 - \$475,349) and interest income of \$5,238 (2007 - \$72,574).

Year ended December 31, 2008 and 2007:

Net loss for the year was \$9,331,327 (2007 - \$997,351) with consulting and professional fees accounting for \$249,252 (2007 - \$255,670) of the loss together with Office and general expenses of \$300,077 (2007 – \$286,886), public relations expenditures \$24,779 (2007 - \$156,882 shareholder information costs of \$26,039 (2007 – \$26,833), part XII.6 tax of \$180,378 (2007 - \$Nil), stock-based compensation of \$Nil (2007 – \$886,491) and write-downs and losses on disposal of assets amounted to \$11,043,053 (2007 - \$239,089). These costs were offset by future income tax recoveries of \$2,383,000 (2007 - \$671,000) and interest income of \$109,453 (2007 - \$183,500).

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Summary of Quarterly Results

	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008	1st Quarter 2008
Total revenues	5,238	9,718	41,810	52,687
Net loss	9,019,660	136,055	102,469	73,143
Net (income) loss per share – basic and fully-diluted ⁽¹⁾	17.6¢	0.3¢	0.2¢	0.1¢
Total assets	3,018,928	14,437,514	14,413,357	14,773,695
Long-term debt	-	-	-	-
Shareholders' equity	2,793,172	11,840,656	11,840,656	11,943,125
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢
	4th Quarter 2007	3rd Quarter 2007	2nd Quarter 2007	1st Quarter 2007
Total revenues	72,574	46,669	49,507	14,750
Net (income) loss	(177,512)	188,831	848,097	137,935
Net (income) loss per share – basic and fully-diluted ⁽¹⁾	(0.3)¢	0.4¢	2.2¢	0.4¢
Total assets	14,901,728	14,901,252	15,343,404	9,299,795
Long-term debt	-	-	-	-
Shareholders' equity	12,016,268	11,596,752	13,825,236	7,822,550
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

⁽¹⁾Inclusion of outstanding warrants and options is anti-dilutive.

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The increased net loss of \$8,884,000 from a net loss of \$136,000 from Q3-2008 to Q4-2008 was mainly attributable to the Company's write-down of its mineral properties, with such amount equal to \$10,917,000 offset by income tax recoveries of \$2,243,000.

The increased net loss of \$136,000 from a net loss of \$102,000 from Q2-2008 to Q3-2008 is mainly the result of lower interest income of \$32,000 generated on lower cash balances.

The increased net loss of \$102,000 from a net loss of \$73,000 from Q1-2008 to Q2-2008 is the result of lower interest income of \$11,000 generated on lower cash balances coupled with increases in office and general, public relations and shareholder information of \$54,000. These increases were off-set by lower professional and consulting fees of \$22,000 and higher future income tax recoveries of \$13,000.

The change from net income of \$177,000 to net loss of \$73,000 from Q4-2007 to Q1-2008 is the result of lower interest income of \$20,000 generated on lower cash balances coupled with increases in office and general, public relations and shareholder information of \$46,000, increases to professional fees and consulting costs of \$40,000 and lower future income tax recoveries of \$442,000. These increases were off-set by a decrease to stock-based compensation of \$57,000 and decreased write-downs of mineral properties of \$214,000 and gains/losses of \$25,000.

The increase from a net loss of \$189,000 to a net income of \$178,000 from Q3-2007 to Q4-2007 is the result higher interest income of \$26,000, decreased office and general, public relations and shareholder information of \$118,000, decreased consulting and professional fees of \$121,000, coupled with increase future income tax recoveries of \$378,000. These benefits were offset by increases to stock-based compensation of \$37,000 and write-downs and losses of \$239,000.

The change in the Company's net loss of \$188,831 for Q3-2007 versus the net loss of \$848,000 for Q2-2007 was a result of a decrease of \$730,000 in stock-based compensation offset by increases of \$20,000 for public relations and shareholder reporting, an increase of \$70,000 in consulting and professional fees and increases of \$20,000 in office and general expenses. These were offset by increases to future income tax recoveries of \$43,000.

The change in the Company's net loss of \$848,000 for Q2-2007 versus the net loss of \$138,000 for Q1-2007 was mainly the result of higher stock-based compensation costs of \$690,000.

Liquidity and Capital Resources

The Company's liquidity and solvency are critical information since SRI is not currently generating any income from its mineral properties. As at December 31, 2008, the Company's working capital was \$806,390 (2007 - \$6,003,218) which management believes is sufficient for the Company to meet and discharge all of its current and short-term obligations over the next year.

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop SRI's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company

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to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

There are no other balance sheet conditions that would adversely affect the Company's liquidity.

Capital Resources

As mentioned in the *Liquidity and Working Capital* section of this MD&A, the Company has no cash-flow generating operations and its long-term success is entirely dependent on its ability to discover economically viable mineral deposits. There can be no guarantee that any of this effort will be successful.

Transactions with Related Parties

For the one year ended December 31, 2008 and 2007, the following transactions involved related parties:

GLR charged management fees totalling \$215,000 (2007 - \$166,000). GLR is the Company's exploration, development and mining operations manager and former majority shareholder. The amounts due to/from GLR are non-interest bearing and without fixed payment terms.

R.J. Kasner Co. ("RJKC") charged the Company a total of \$99,000 (2007 - \$96,000) in respect of the services of Robert Kasner as President and CEO until the date of his resignation (July 18, 2008). Robert Kasner, also a director of the Company until at July 18, 2008, beneficially owns RJKC. This agreement was automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year. On July 18, 2008, the Company announced that it had accepted Robert Kasner's resignation from the Company. Mr. Malcolm Bucholtz, a director of the Company was appointed President and Chief Executive Officer.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of \$51,000 (2007 - \$45,000) in respect of the services of Stephen Gledhill as Chief Financial Officer of the Company. Stephen Gledhill beneficially owns KCA. The term of this agreement is ongoing with either party able to terminate upon 30 days written notice to the other.

Glen C. Kasner Exploration Service charged the Company a total of \$46,000 (2007 - \$35,000) in respect of exploration management services. Glen Kasner is related to an officer and director of the Company and was appointed as Chief Operating Officer on July 18, 2008. This agreement is automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year.

Jim Kermeen, a director of the Company, charged \$8,000 (2007 - \$17,000) in respect of exploration services.

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Kasner Contracting, a company owned by a former director of the Company, charged SRI a total of \$Nil (2007 - \$66,000) in respect of construction of a building for SRI in Uranium City.

Malcolm Bucholtz was appointed President and Chief Executive Officer of the Company on July 18, 2008. Prior to that date, Mr. Bucholtz acted for the Company in an investor relations capacity. For the 12 months ended December 31, 2008, Mr. Bucholtz charged the Company \$24,000 (2007 - \$62,000) in his investor relations capacity and \$50,000 (2007 - \$Nil) in his capacity as President and Chief Executive Officer.

1353150 Ontario Limited ("1353150") charged the Company a total of \$20,000 (2007 - \$21,000) in respect of rent for SRI's premises in Kirkland Lake. Robert Kasner, the former President and Chief Executive Officer and a former director of the Company, beneficially owns 1353150. This lease expired on December 31, 2008.

Critical Accounting Estimates

Use of Estimates

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

Going Concern

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the exploration stage with no history of profitability. There is no guarantee that the Company's programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out any development of its properties. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used. Such adjustments could be material.

Recently adopted Accounting Standards

On December 1, 2006, the CICA issued three new accounting standards: *CICA 1535 – Capital Disclosures*, *CICA 3862 – Financial Instruments – Disclosure* and *CICA 3863 – Financial Instruments – Presentation*. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning January 1, 2008.

(a) *Capital Disclosures*

CICA 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has adopted this standard as of January 1, 2008 and the disclosure required by it is included in the *Risk Factors* section below and in *Note 1* to the Company's financial statements.

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(b) Financial Instruments – Disclosure and Presentation

CICA 3862 and CICA 3863 replace CICA 3861 – *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has adopted these standards as of January 1, 2008 and the disclosures required by them are included in *Note 1* to the Company's financial statements.

Future Account Standards

Convergence with International Financial Reporting Standards

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

Section 3064 - Goodwill and intangible assets

Effective January 1, 2009, the Company will adopt Section 3064, *Goodwill and intangible assets*, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, *Revenues and Expenses during the pre-operating period*. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations. The Company presently does not have any goodwill and therefore the adoption of this new policy will have no impact on the Company at the present time.

EIC 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

EIC 174 – Mining Exploration Costs

On March 27, 2009 the EIC issued EIC-174. In this EIC the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate

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that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009 and the Company has adopted EIC-174.

Other Standards

The CICA issued new accounting standard Section 3031 Inventory which becomes effective for the fiscal year beginning on or after October 1, 2008. Section 3031 establishes standards for the measurement of inventories, allocations of overhead, accounting for write-downs and disclosures. The Corporation has determined that this new standard will have no material impact on the financial statements.

Risk and Uncertainties

Operational

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Resources, Reserves and Production

No assurance can be given that the anticipated level of recovery and/or grades of reserves or resources as previously disclosed by SRI will be realised. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an orebody or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period. The effect of these factors could have a material adverse effect on SRI's business and could affect the Company's ability to realise the carrying value of its resource assets. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent that the carrying value exceeds the discounted amount of future cash flows. Where estimates of future cash flows are not available and the events or changes in circumstances suggest impairment, management assesses if the carrying value can be recovered and provides for impairment for any excess of carrying value over estimated fair value

Capital disclosures

The Company's capital structure is adjusted based on management's and the Board of Directors' decision to fund expenditures with the issuance of debt or equity such that it may complete the acquisition, exploration and development of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange

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such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended December 31, 2008. The Company is not subject to externally imposed capital restrictions.

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to various degrees of credit risk depending on the financial instrument in question:

- a. GST recoverable** – The Company is not exposed to significant credit risk as this amount is due from the Canadian government.
- b. Receivables, prepaids and deposits** – These amounts are due as a result of various credits from existing and current suppliers. The Company is not exposed to significant credit risk on these financial instruments as utilization of the supplier credits is expected in the short term.
- c. Advances** – The Company is exposed to credit risk on a significant portion (2008 - Nil; 2007 - \$267,518) of these financial instruments as these amounts were due from a drilling contractor. In order to mitigate the credit risk associated with these financial instruments, the Company retains collateral security in the form of registered ownership of the assets underlying the financial instruments until the loan is paid in full.

Interest-rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in government investment certificates. A change in the interest rate of 1% would cause annual interest income to change by less than \$7,000.

Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company believes that a change of 10% in F/X rates would cause no impact on the income statement, but would increase/decrease mineral property commitments by less than \$73,000.

Derivatives risk – mineral properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

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Exploration and development risk

SRI's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the mining industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and SRI's common shares should be considered speculative.

Financing risk

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms

Segregation of Duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Financial Instruments and Other Instruments

Fair values

At December 31, 2008 and December 31, 2007, the carrying values of the Company's current assets and current liabilities reflected on the balance sheet approximate their fair values due to the relatively short periods to maturity of the instruments.

Derivatives – mineral properties

The Company retains and/or has obligations related to certain interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. The rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

Additional Disclosure for Venture Issuers Without Significant Revenue

Mineral properties and deferred exploration expenditures for the period from January 1, 2008 to December 31, 2008 together with comparative expenditures from inception to December 31, 2006 and for the year ended December 31, 2007, are detailed by property as follows:

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Property	Balance at January 1, 2008 (\$)	Dispositions / Transfers / Write-downs (\$)	Acquisitions / Deferred Exploration Expenditures (\$)	Balance at December 31, 2008 (\$)
Contact Lake	1,475,015	(1,344,126)	3,534	134,423
Inspiration Lake	431,914	(392,750)	114	39,278
Virgin Lake Adit	33,140	(306,400)	303,901	30,642
Eagle Lake	66,913	(913,718)	938,184	91,379
Fishhook	920,920	(1,132,387)	324,714	113,247
Nicholson	171,038	(243,885)	97,238	24,391
Right Lake	52,004	(72,722)	27,991	7,273
Eldorado Area	3,455,688	(4,835,421)	1,863,312	483,579
Gunnar Area	212,797	(222,743)	32,222	22,276
Tazin Lake	117,446	(248,231)	130,785	-
Mcintosh Bay	62,151	-	27,538	89,689
Neely Lake	82,075	-	13,718	95,793
Quartzite Ridge	595,865	(654,859)	58,994	-
Wilson	190,876	(285,107)	122,744	28,513
Sheffield/Sopps	-	(515,023)	515,023	-
New Mexico	-	-	99,507	99,507
General and other	17,643	(5,662)	(11,980)	-
Total	7,885,485	(11,173,034)	4,547,539	1,259,990

Strategic Resources Inc.
(formerly known as Uranium City Resources Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mineral properties and deferred exploration expenditures from January 1, 2007 to December 31, 2007 are detailed by property as follows:

Property	Balance at January 1, 2007 (\$)	(Dispositions) (\$)	Acquisitions / Deferred Exploration Expenditures (\$)	Balance at December 31, 2007 (\$)
Contact Lake	1,438,092	-	36,923	1,475,015
Inspiration Lake	394,323	-	37,591	431,914
Virgin Lake Adit	30,956	-	2,184	33,140
Eagle Lake	65,451	-	1,462	66,913
Fishhook	888,508	-	32,412	920,920
Nicholson	158,684	-	12,354	171,038
Right Lake	7,554	-	44,450	52,004
Eldorado Area	1,651,226	-	1,804,462	3,455,688
Gunnar Area	175,721	-	37,076	212,797
Tazin Lake	105,171	-	12,275	117,446
Mcintosh Bay	49,266	-	12,885	62,151
Neely Lake	8,185	-	73,890	82,075
Quartzite Ridge	179,737	-	416,128	595,865
Goldie	212,592	(213,764)	1,172	-
Wilson	-	-	190,876	190,876
General and other	(258,176)	-	275,819	17,643
Total	5,107,290	(213,764)	2,991,959	7,885,485

Disclosure Of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at April 30, 2009:

	Number
Common shares	52,494,132
Warrants	14,615,277
Options	1,760,000