Strategic Resources

TSXv UVR

(formerly Uranium City Resources Inc.)

Management's Discussions and Analysis

of the Financial Condition and Results of Operations

For the Fourth Quarter and

Year ended December 31, 2009

April 28, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") 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 28, 2010. The MD&A of the operating results and financial condition of the Company for the quarter and year ended December 31, 2009, should be read in conjunction with the Company's audited consolidated financial statements (the "Financial Statements") and the related notes for the year then ended, which have 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 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 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***.

Strategic Resources Inc.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 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 SRI and Red Rock Energy Inc. ("Red Rock") for total consideration of $975,000 comprised of $75,000 in cash and the remaining $900,000 in either cash or 5,000,000 common shares of Red Rock. Although the Sale was not closed prior to the end of the Company's last year end, a write-down was made and reflected in last year's reported financial position to $975,000 of the carrying values of it mineral properties and deferred exploration expenditures regarding the Sale of the related properties. During the second quarter, the Sale closed and the Company received the 5,000,000 shares of Red Rock pursuant to the agreement and during the third quarter, it received the balance of closing proceeds. The Company recognized the receipt of the shares and is treating the investment as "available-for-sale". SRI recorded the initial value of the shares at their fair value which was equal to the consideration received on the sale (less the cash portion). At the end of the third quarter, the investment was marked-to-market using the closing value of Red Rock shares on December 31, 2009.

Overall performance

As at December 31, 2009, the Company had assets of $1,678,500 and a net equity position of $1,651,461. This compares with assets of $3,018,928 and a net equity position of $2,793,172 at December 31, 2008.

Year ended December 31, 2009 and 2008

Total assets decreased by $1,340,428 during the year ended December 31, 2009 with decreases in the following items: Cash and cash equivalents of $145,733, accounts receivable and prepaid expenses of $65,841, GST recoverable of $21,078, property and equipment of $660,705 and mineral properties of $960,571. These decreases were offset by increases to assets held for sale of $13,500 and investments of $500,000.

During the year ended December 31, 2009, the Company's decrease of $145,733 in its cash position (2008 – $5,204,074) was a result of cash flow used in operations of $448,529 (2008 – $685,527), cash provided from (used for) investing activities of $302,796 (2008 – $(4,559,278)) offset by cash provided from financing activities of $Nil (2008 - $40,731).

For the year ended December 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $914,710 (2008 – $9,331,327) or 1.7¢ (2008 – 18.2¢) loss per share. The annual loss was comprised of the following expenditures: Office and general expenses of $97,681 (2008 – $300,077), public relations expenditures $10,396 (2008 - $24,779), professional and consulting costs of $214,400 (2008 - $249,452), shareholder information costs of $34,372 (2008 – $26,039), stock-based compensation expense of $70,500 (2008 -$Nil), write-down of mineral properties of $248,156 (2008 - $10,916,534), losses on the disposal of capital assets of $185,586 (2008 - $57,975), foreign exchange losses of $4,069 (2008 - $Nil) and future income taxes of $50,000 (2008 – loss offset by $2,383,000 or tax recoveries). These losses were offset with interest income of $450 (2008 - $109,453).

Net loss of $914,710 (2008 - $9,331,327) was increased by the unrealized losses on the Company's available-for-sale investments of $350,000 (2008 - $Nil).

3 months ended December 31, 2009 and 2008

Total assets decreased by $576,855 during the 3 months ended December 31, 2009 with decreases in the following items: Cash and cash equivalents of $41,860, accounts receivable and prepaid expenses of $17,259, asset held for sale of $47,929, investments of $400,000, property and equipment of $45,154 and mineral properties of $24,684. These decreases were offset by increases to GST recoverable of $31.

During the 3 months ended December 31, 2009, the Company's decrease of $41,860 in its cash position (2008 – $1,190,156) was a result of cash flow used in operations of $52,839 (2008 – $57,024), cash provided from (used for) investing activities of $10,979 (2008 – $(1,054,682)) offset by cash provided from financing activities of $Nil (2008 – used for financing activities $78,452).

For the 3 months ended December 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $323,754 (2008 – $9,019,661) or 0.6¢ (2008 – 17.2¢) loss per share. The 3-month loss was comprised of the following expenditures: Office and general expenses of $20,547 (2008 – $141,168), public relations expenditures $1,547 (2008 - $(19,765)), professional and consulting costs of $55,090 (2008 - $97,868), shareholder information costs of $501 (2008 – $8,851), stock-based compensation expense of $50,000 (2008 -$Nil), write-down of mineral properties of $36,179 (2008 - $10,916,534), other write-downs of $Nil (2008 - $68,546), losses on the disposal of capital assets of $108,677 (2008 - $54,696), foreign exchange losses of $1,213 (2008 - $Nil) and future income taxes of $50,000 (2008 – loss offset by $2,243,000 or tax recoveries). These losses were offset with interest income of $Nil (2008 - $5,237).

Net loss of $323,754 (2008 - $9,019,661) was increased by the unrealized losses on the Company's held-for-sale investments of $350,000 (2008 - $Nil).

Review of operations

Corporate – stock options

On November 6, 2009 the Company issued 1,250,000 new options with a weighted average fair value of $0.04 (2008 - $Nil per option) for a total weighted average fair value of $50,000 (2008 - $Nil). These options were issued with exercise prices higher than the market price of the Company's common shares on the day prior to their issuances.

On August 18, 2009, the Company received approval to cancel 725,000 (2008 – Nil) options issued to officers and directors of the Company and re-issue the same number of options with the same expiry date but with amended exercise prices. On September 23, 2009, the Company cancelled and re-issued those options. The weighted-average fair value of those amended options issued during the three months ended September 30, 2009 was $0.02 per option (2008 - $Nil per option) resulting in a total fair value of amended options issued of $14,500 (2009 - $Nil). The fair value of the options cancelled was $11,500 (2008 - $Nil) and the additional stock-based compensation recorded regarding the amended options was $3,000 (2008 - $Nil).

On July 29, 2009, the Company issued 875,000 new options with a weighted average fair value of $0.02 (2008 - $Nil per option) for a total weighted average fair value of $17,500 (2008 - $Nil). These options were issued with exercise prices higher than the market price of the Company's common shares on the day prior to their issuances.

With all of the above-noted stock option issuances, the Company used the Black-Scholes option pricing model to determine the fair value. The table below summarizes the assumptions used with the Black-Scholes model for determining the value of the stock-based costs for the stock options and warrants issued in 2009.

The weighted-averages used in the Black-Scholes option pricing method were as follows:

	2009
Dividend Yield	**-**
Expected volatility	**186.6%**
Risk-free interest rate	**2.69%**
Expected life (years)	**4.5**

Assets held for sale

As a result of the sale, during 2009, the Company disposed of most of its exploration assets but still retains a GV Logger and a Coastal Hydraulics drill (with accessory equipment) and has classified these as assets held for sale.

Uranium projects - Catron County, New Mexico, USA

The fourth quarter of 2009 saw further progress made in New Mexico. As previously noted in past quarters, SRI is working to advance two uranium prospects in Catron County, New Mexico - namely the Baca Project and the White Mesa Project. Both are situated about 15 miles north of the town of Datil, along the Red Basin / deBaca uranium trend. Although these project areas are not situated on Native American lands, State protocol does require that Native American groups be consulted on any mineral exploration project that occurs in areas proximal to their lands. The two remaining Native consultation meetings anticipated for the fourth quarter were successfully held in mid-November. One of these Native groups has now requested a field visit to both project areas in early May 2010 to review the vegetation. There is a possibility that the project areas may host patches of certain sacred and medicinal plant species that are routinely used in cultural ceremony. Should this be the case, this requested field visitation will serve to highlight these patches of plant growth. Any exploration drilling activity would then have to be structured so as to avoid vehicular and drill rig traffic through any such patches of plant growth.

Rare earth projects – Lincoln County & Socorro County, New Mexico USA and Lithium prospects - Malheur County, Oregon, USA

As noted in Q3 filings, in Lincoln County, claims were staked in the Gallinas Mountains and in the Jicarilla Mountains. Both claim areas are situated near the small town of Corona, New Mexico. The alkalic uplift structures of the Jicarilla Mountains have been studied by various academics over the years and the occurrence of dike type structures has been documented. These dike structures are highly prospective for rare earth mineralization. The Gallinas Mountains have been the subject of various small scale mining operations for copper and fluorite over the years. In addition to fluorite, the rock structures contain bastnaesite which is a Rare Earth carbonate mineral complex containing lanthanum, cerium and neodymium.

The fourth quarter of 2009 marked further progress on project permitting in Lincoln County. A Plan of Operations for proposed drilling activity in the Gallinas Mountains was submitted to Federal Government authorities along with a Minimal Impact Application to State authorities. A Notice of Intent submission was made to Federal Government authorities for proposed drill activity in the Jicarilla Mountains. Geological field work activity in Lincoln County is slated to commence in the second quarter of 2010, once the winter snowpack has gone.

The fourth quarter of 2009 saw a series of claims staked in Socorro County, New Mexico in the Lemitar Mountains. Over geological time, this area has been the subject of silico-carbonatite dike formations intruding into the host rock. These dike formations have been noted by various academic researchers to contain Rare Earth elements. Geological field work including a ground magnetic geophysics program is slated to commence in the first quarter of 2010. The results of this work will be instrumental in preparing drill permit applications to Federal and State authorities.

In Malheur County, Oregon, claims were staked in select areas along the Nevada-Oregon state line. These claims are located west of the small town of McDermitt, Nevada. This area is situated in the McDermitt caldera complex. This area first gained recognition in the late 1970s when Placer Amex delineated 17 million tons of uranium mineralization grading 0.05% (~ 1 lb per ton). In recent years, another industry participant working across the state line in Humboldt County, Nevada has delineated both uranium and lithium mineralization in the sedimentary rock sequences.

The fourth quarter of 2009 marked further progress on permitting in Malheur County. A Notice of Intent submission was made to Federal Government authorities in Oregon. The authorities are scheduled to make a site visitation to the area to further examine proposed drill locations during the second quarter of 2010.

Other projects – Saskatchewan

At the conclusion of Q4, the Company maintained a small silica sand prospect in northern Saskatchewan. All other Saskatchewan projects have been sold or written off.

Results of operations

The Company has not generated any operating revenue and therefore losses have been incurred throughout the fourth quarter and year ended December 31, 2009.

Year ended December 31, 2009 and 2008:

For the year ended December 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $914,710 (2008 – $9,331,327) or 1.7¢ (2008 – 18.2¢) loss per share. The annual loss was comprised of the following expenditures: Office and general expenses of $97,681 (2008 – $300,077), public relations expenditures $10,396 (2008 - $24,779), professional and consulting costs of $214,400 (2008 - $249,452), shareholder information costs of $34,372 (2008 – $26,039), stock-based compensation expense of $70,500 (2008 -$Nil), write-down of mineral properties of $248,156 (2008 - $10,916,534), losses on the disposal of capital assets of $185,586 (2008 - $57,975), foreign exchange losses of $4,069 (2008 - $Nil) and future income taxes of $50,000 (2008 – loss offset by $2,383,000 or tax recoveries). These losses were offset with interest income of $450 (2008 - $109,453).

Three Months ended December 31, 2009 and 2008:

For the 3 months ended December 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $323,754 (2008 – $9,019,661) or 0.6¢ (2008 – 17.2¢) loss per share. The 3-month loss was comprised of the following expenditures: Office and general expenses of $20,547 (2008 – $141,168), public relations expenditures $1,547 (2008 - $(19,765)), professional and consulting costs of $55,090 (2008 - $97,868), shareholder information costs of $501 (2008 – $8,851), stock-based compensation expense of $50,000 (2008 -$Nil), write-down of mineral properties of $36,179 (2008 - $10,916,534), other write-downs of $Nil (2008 - $68,546), losses on the disposal of capital assets of $108,677 (2008 - $54,696), foreign exchange losses of $1,213 (2008 - $Nil) and future income taxes of $50,000 (2008 – loss offset by $2,243,000 or tax recoveries). These losses were offset with interest income of $Nil (2008 - $5,237).

Summary of quarterly results

	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Total revenues	-	-	-	450
Net loss	323,754	94,437	345,097	151,422
Net loss per share – basic and fully-diluted(1)	0.6¢	0.2¢	0.6¢	0.3¢
Total assets	1,678,500	2,255,355	2,085,162	2,744,184
Long-term debt	-	-	-	-
Shareholders' equity	1,651,462	2,234,582	2,,046,652	2,641,750
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

	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 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¢

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

Significant variances are detailed below:

The increased net loss of $228,684 during Q4-2009 was mainly a result of increased stock-based compensation of $29,500, additional professional and consulting costs of $23,800, further write-downs of mineral properties and deferred exploration costs of 48,000 and increased income tax expense of $87,500.

The decreased net loss of $250,027 during Q3-2009 was mainly a result of no further write-downs of mineral property and exploration expenditures for the quarter.

The increased net loss of $194,000 during Q2-2009 was virtually entirely due to additional write-downs to exploration expenditures and asset disposed of for the quarter

The decreased net loss of $8,868,240 from the net loss of $9,019,660 in Q4-2008 was attributable to reduced costs relating to write-downs of its mineral properties of $10,879,817, losses of $130,519 and part XII.6 taxes of $180,378. The reductions were offset by increases in administrative costs of $79,474 and future income taxes of $2,243,000.

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.

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, 2009, the Company's working capital was $785,984 (2008 - $806,390) which management believes is sufficient for the Company to meet and discharge all of its current and medium-term obligations over the next eight to twelve months.

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 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.

Transactions with related parties

For the year ended December 31, 2009 and 2008

GLR charged management fees totalling $Nil (2008 - $215,000). GLR was the Company's exploration, development and mining operations manager and former majority shareholder.

R.J. Kasner Co. ("RJKC") charged the Company a total of $Nil (2008 - $99,000) in respect of the services of Robert Kasner as President and CEO. Robert Kasner, a former director of the Company until July 18, 2008, beneficially owns RJKC.

Malcolm Bucholtz, also a director of the Company, was appointed President and Chief Executive Officer of the Company on July 10, 2008. Prior to that date, Mr. Bucholtz acted for the Company in an investor relations capacity. Mr. Bucholtz charged the Company $Nil (2008 - $24,000) in his investor relations capacity and $120,000 (2008 - $50,000) in his capacity as President and Chief Executive Officer.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of $50,700 (2008 - $51,000) 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 $42,000 (2008 - $46,000) in respect of exploration management services. Glen Kasner is related to a former officer and director of the Company and was appointed as Chief Operating Officer on July 18, 2008. On July 2, 2009, this agreement was terminated.

1353150 Ontario Limited ("1353150") charged the Company a total of $Nil (2008 - $20,000) 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.

Jim Kermeen, a former director of the Company, charged $Nil (2008 - $8,000) in respect of exploration services.

For the 3 months ended December 31, 2009 and 2008

Malcolm Bucholtz, also a director of the Company, was appointed President and Chief Executive Officer of the Company on July 10, 2008 and charged the Company $30,000 (2008 - $30,000) in his capacity as President and Chief Executive Officer.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of $13,650 (2008 - $14,000) 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 $Nil (2008 - $13,500) in respect of exploration management services. Glen Kasner is related to a former officer and director of the Company and was appointed as Chief Operating Officer on July 18, 2008. On July 2, 2009, this agreement was terminated.

1353150 Ontario Limited ("1353150") charged the Company a total of $Nil (2008 - $3,333) 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.

Significant accounting policies

Going concern

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that 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. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the Financial Statements.

While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, the Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the Financial Statements.

The reader is also directed to review ***Financial risk factors – liquidity risk*** section of this MD&A.

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 amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Financial Statements and the reported amount of income and expenses during the period. Actual results could differ from those estimates.

Future accounting standards

Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a 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, it has no formal plan and the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

Capital management

The Company manages its common shares, warrants and options as capital. The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its 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 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 is 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 quarter ended December 31, 2009. The Company is not subject to externally imposed capital restrictions.

Financial risk factors

Fair value

The Company has, designated its cash as held-for-trading, which are measured at fair value. The investments have been classified for accounting purposes as available-for-sale, which are measured at fair value. GST recoverable is classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. Fair values of GST recoverable and accounts payable and accrued liabilities are determined from transaction values which were derived from observable market inputs. Fair values of the investments are based on Level 1 measurements and the remaining financial instruments are based on Level 2 measurements.

As at December 31, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(i) **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

a. **Cash and cash equivalents** – Cash and cash equivalents are held with a major Canadian bank and therefore the risk of loss is minimal.

b. **GST recoverable** – The Company is not exposed to significant credit risk as this amount is due from the Canadian government.

c. **Accounts receivable and prepaids –** The Company is not exposed to significant credit risk as this amount is due from the United States government.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2009, the Company had a working capital balance of $785,954 (2008 – $806,390). As such, management believes that the Company has sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. However, in order to meet its longer--term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that SRI will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of SRI 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 some or all of its interests and reduce or terminate its operations therein.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. 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 short-term guaranteed investment certificates, as appropriate.

b. 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.

c. Price risk

The Company holds the common shares of a TSXV-traded company. The Company has classified this investment as held-for-sale and such common shares are subject to stock market volatility. The value of these financial instruments fluctuate on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions

Other risk factors

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.

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.

Additional disclosure for venture issuers without significant revenue

Mineral properties and deferred exploration expenditures for the period from January 1, 2009 to December 31, 2009 together with comparative expenditures for the year ended December 31, 2008, are detailed by significant property as follows:

December 31, 2009

	Opening Balance	Additions	Sale	Write-downs	**Net**
	$	$	$	$	**$**
New Mexico	99,507	193,672	-	-	**293,179**
Red Basin/Coyote Ranch	-	36,179	-	(36,179)	**-**
Contact Lake	134,423	-	(134,423)	-	**-**
Inspiration Lake	39,278	-	(39,278)	-	**-**
Fishhook	120,161	2,517	(113,247)	(9,431)	**-**
Eldorado Lake	483,579	-	(483,579)	-	**-**
Gunner Area	22,276	-	(22,276)	-	**-**
Virgin Adit	30,642	1,500	(30,642)	(1,500)	**-**
Eagle Lake	91,379	-	(91,379)	-	**-**
Neely Lake	95,793	-	-	(95,793)	**-**
McIntosh Bay	89,689	-	-	(89,689)	**-**
Silica Sand	53,263	28,717	(60,176)	(15,564)	**6,240**
	1,259,990	262,585	(975,000)	(248,156)	**299,419**

December 31, 2008

	Opening Balance	Additions	Transferred to Assets held for sale	Write-downs	**Net**
	$	$	$	$	**$**
New Mexico	-	99,507	-	-	**99,507**
Contact Lake	1,475,015	3,534	-	(1,344,126)	**134,423**
Inspiration Lake	431,914	114	-	(392,750)	**39,278**
Fishhook	920,920	324,714	-	(1,125,473)	**120,161**
Eldorado Lake	3,455,688	1,863,311	-	(4,835,420)	**483,579**
Quartzite Ridge	595,865	58,994	-	(654,859)	**-**
Gunner Area	212,797	32,222	-	(222,743)	**22,276**
Virgin Adit	33,141	303,901	-	(306,400)	**30,642**
Eagle Lake	66,913	938,184	-	(913,718)	**91,379**
Sheffield/Sopps	-	515,023	-	(515,023)	**-**

December 31, 2008					
Neely Lake	82,075	13,718	-	-	**95,793**
McIntosh Bay	62,151	27,538	-	-	**89,689**
General and other	549,006	366,779	(256,500)	(606,022)	**53,263**
	7,885,485	4,547,539	(256,500)	(10,916,534)	**1,259,990**

Disclosure of outstanding share information

The following table sets forth information concerning the outstanding securities of the Company as at April 28, 2010:

	Number
Common shares	56,794,132
Warrants	2,816,000
Options	2,850,000