Strategic Resources

TSXv UVR

Management's Discussions and Analysis

of the Financial Condition and Results of Operations

For the First Quarter and

3 months ended March 31, 2010

May 28, 2010

Strategic 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") as at May 28, 2010. The MD&A of the operating results and financial condition of the Company for the quarter and three months ended March 10, 2010, should be read in conjunction with the Company's consolidated financial statements and the related notes for the three months then ended (the "Financial Statements") together with its audited financial statements for the year ended December 31, 2009, 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.

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 (the Company has received 5,000,000 common shares of Red Rock).

SRI is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of SRI to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties

Overall performance

As at March 31, 2010, the Company had assets of $1,689,161 and a net equity position of $1,667,589. This compares with assets of $1,678,500 and a net equity position of $1,651,662 at December 31, 2009.

3 months ended March 31, 2010 and 2009

Total assets increased by $10,661 during the 3 months ended March 31, 2010 with a decreases to investments of $50,000 (2009 - $Nil) and accounts receivable and prepaid expenses of $27,114 (2009 - $85,000). These decreases were offset with increases to the following items: Cash and cash equivalents of $24,409 (2009 - $112,485), GST recoverable of $239 (2009 – decrease of $23,776), property and equipment of $2,477 (2009 – decrease of $48,679) and mineral properties of $60,650 (2009 - $26,726).

During the 3 months ended March 31, 2010, the Company's increase of $24,409 in its cash position (2009 – $112,485) was a result of cash flow used in operations of $48,923 (2009 – $125,386), cash provided from (used for) investing activities of $(65,868) (2009 – $237,871) offset by cash provided from financing activities of $139,200 (2009 - $Nil).

For the3 months ended March 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $79,322 (2009 – $151,422) or 0.1¢ (2009 – 0.3¢) loss per share and $123,071 (2009 - $151,422) or 0.2¢ (2009 - $0.3¢) loss per share, respectively. The loss was comprised of the following expenditures: Office and general expenses of $16,256 (2009 – $30,294), public relations expenditures $502 (2009 - $2,984), professional and consulting costs of $47,049 (2009 - $68,630), shareholder information costs of $7,925 (2009 – $20,470), write-down of mineral properties of $Nil (2009 - $36,718), foreign exchange losses of $1,340 (2009 - $53) and future income taxes of $6,250 (2009 – $Nil). These losses were offset with interest income of $Nil (2009 - $450) and gains on the disposal of capital assets of $Nil (2009 - $7,277).

Net loss of $79,322 (2009 - $151,422) was increased by the unrealized losses (net of applicable taxes) on the Company's available-for-sale investments of $43,750 (2009 - $Nil).

Review of operations

Private placement

During the first quarter of 2010, the Company completed (in two tranches) a private placement of 2,800,000 units (the "Units") at a price of $0.05 per Unit to total gross proceeds of $140,000. Each Unit is comprised of one common share and one common share purchase warrant, entitling the holder to purchase one common share at a price of $0.10 per share for a period of 2 years.

In connection with the financing, the Company paid a cash finder's fee of $799 and issued an aggregate of 16,000 share purchase warrants, each of which is exercisable to purchase one common share at a price of $0.10 per share for a period of 2 years.

The Company uses the Black-Scholes option pricing model to determine the value of all issued options and warrants. The table below summarizes the factors used with the Black-Scholes model for determining the value of the warrants issued in 2010.

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

	2010
Dividend Yield	-
Expected volatility	249.0%
Risk-free interest rate	130.5%
Expected life (years)	2.0

Uranium projects - Catron County, New Mexico, USA

As 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. These prospect areas are also prospective for Vanadium mineralization. Although these project areas are not situated on Native American lands, State of New Mexico protocol does require that Native American groups be consulted on any mineral exploration project that occurs in areas proximal to their lands. To date, consultation meetings have been successfully held with 11 various Pueblos and Indian groups. During consultations, two of these Indian groups (Acoma and Zuni) requested a field visit to both project areas in May 2010 to have a look at the vegetation. There is a possibility that the project areas may host patches of certain "sacred and medicinal" plant species that are routinely gathered for use in cultural ceremony. Should this be the case, this requested field visitation will serve to identify these patches of plant growth. Any exploration drilling activity would then have to be structured in a courteous manner that would avoid vehicular and drill rig traffic passing through any such patches of plant growth. Having to avoid such areas of plant growth would in no way be detrimental to a drilling program.

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

Quarter 1 of 2010 ("Q1") saw further progress made in Lincoln County. As noted in past quarters, the Gallinas Mountains and the Jicarilla Mountains in Lincoln County are a direct result of an alkalic intrusive series of events many millions of years ago. 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. Q1 also saw a ground magnetics geophysics survey conducted over a portion of the claims in the Jicarilla Mountains. 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. During Q1, the Company located a US Bureau of Mines report from the 1990s that discussed in great detail the Rare Earth potential of the Gallinas Mountains. Based on the information gleaned from this report, a further 750 acres of lode claims was staked in Q1. With the staking of these additional claims, SRI is now the largest single claim holder in the Gallinas Mountains. A drill permit application was filed with Federal and State authorities for one portion of the claim block in Q1. Additional applications will be filed during the second quarter of 2010 to cover other areas of the claims.

Q1 saw further progress made in Socorro County. As noted in past quarters, over geological time, the Lemitar Mountains area of Socorro County have seen silico-carbonatite dike formations intrude into the host rock. These dike formations have been noted by various academic researchers to contain Rare Earth elements. Q1 saw a ground magnetics geophysics survey conducted over the entire claim area. The results of this survey will be instrumental in preparing drill permit applications to Federal and State authorities during the second quarter.

As noted in previous quarters, SRI also holds claims in Malheur County, Oregon 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 which 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 lithium mineralization in the sedimentary rock sequences. A Notice of Intent submission was made to Federal Government authorities in Oregon. The second quarter of 2010 will see authorities make a site visitation to the area to view proposed drill locations so that the permitting process can move forward.

Other projects – Saskatchewan

At the conclusion of Q1, the Company maintained a small silica sand prospect in northern Saskatchewan. Additional Canadian based projects are currently being examined.

Results of operations

The Company has not generated any operating revenue and therefore losses have been incurred throughout the first quarter and 3 months ended March 31, 2010.

Three Months ended March 31, 2010 and 2009:

For the3 months ended March 31, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was $79,322 (2009 – $151,422) or 0.1¢ (2009 – 0.3¢) loss per share and $123,071 (2009 - $151,422) or 0.2¢ (2009 - $0.3¢) loss per share, respectively. The loss was comprised of the following expenditures: Office and general expenses of $16,256 (2009 – $30,294), public relations expenditures $502 (2009 - $2,984), professional and consulting costs of $47,049 (2009 - $68,630), shareholder information costs of $7,925 (2009 – $20,470), write-down of mineral properties of $Nil (2009 - $36,718), foreign exchange losses of $1,340 (2009 - $53) and future income taxes of $6,250 (2009 – $Nil). These losses were offset with interest income of $Nil (2009 - $450) and gains on the disposal of capital assets of $Nil (2009 - $7,277).

Net loss of $79,322 (2009 - $151,422) was increased by the unrealized losses (net of applicable taxes) on the Company's available-for-sale investments of $43,750 (2009 - $Nil).

Summary of quarterly results

	1st Quarter 2010	**4th Quarter 2009**	**3rd Quarter 2009**	**2nd Quarter 2009**
Total revenues	-	-	-	-
Net loss	79,322	323,754	94,437	345,097
Net loss per share – basic and fully-diluted(1)	0.1¢	0.6¢	0.2¢	0.6¢
Total assets	1,689,161	1,678,500	2,255,355	2,085,162
Long-term debt	-	-	-	-
Shareholders' equity	1,667,589	1,651,462	2,234,582	2,,046,652
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008
Total revenues	450	5,238	9,718	41,810
Net loss	151,422	9,019,660	136,055	102,469
Net loss per share – basic and fully-diluted(1)	0.3¢	17.6¢	0.3¢	0.2¢
Total assets	2,744,184	3,018,928	14,437,514	14,413,357
Long-term debt	-	-	-	-
Shareholders' equity	2,641,750	2,793,172	11,840,656	11,840,656
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 significant decreases in net loss of $244,432 between Q1-2010 and Q4-2009 are mainly a result of fewer losses on the sale of capital assets ($109,000), zero stock-based compensation for the current quarter ($50,000), reduced future income taxes ($35,000) and zero write-downs of mineral properties and deferred exploration costs ($29,729).

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.

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 March 31, 2010, the Company's working capital was $788,956 (2009 - $676,921) which management believes is sufficient for the Company to meet and discharge all of its current and medium-term obligations over the next 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 3 months ended March 31, 2010 and 2009

Malcolm Bucholtz, also a director of the Company, was appointed President and Chief Executive Officer of the Company on July 10, 2008. Mr. Bucholtz charged the Company $30,000 (2009 - $30,000) in his capacity as President and Chief Executive Officer. This agreement is ongoing and automatically renews each year until terminated by either Mr. Bucholtz or the Company, with such termination to be effected by either party giving to the other party, notice in writing of its intention to terminate on or prior to September 1st in any year, in which event the agreement would terminate on December 31st of such year.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of $11,700 (2009 - $13,650) in respect of the services of Stephen Gledhill as Chief Financial Officer of the Company. Stephen Gledhill beneficially owns KCA. This agreement is ongoing and may be terminated with 30 days' written notice from one party to the other.

Glen C. Kasner Exploration Service charged the Company a total of $Nil (2009 - $42,000) in respect of exploration management services. Mr. 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.

Significant accounting policies

Accounting estimates

The preparation of the 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.

Principles of consolidation

The Financial Statements include the accounts of Strategic Resources Inc. and its wholly-owned legal subsidiary, Red Basin LLC. ("Red Basin"), a United States limited liability company based in the state of New Mexico. Red Basin was formed on January 29, 2009.

Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that IFRS will replace current GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including the following: Implications of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	In progress, expected to be completed by end of Q2-2011
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	In progress, expected to be completed by end of Q2-2011
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	In progress, expected to be completed by end of Q2-2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, expected to be completed by end of Q2-2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2011

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 March 31, 2010. 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 March 31, 2010, 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.

(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 March 31, 2010, the Company had a working capital balance of $788,956 (2009 – $676,921). 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, 2010 to March 31, 2010 together with comparative expenditures for the year ended December 31, 2009, are detailed by significant property as follows:

March 31, 2010

	Opening Balance	**Additions**	**Net**
	$	$	**$**
New Mexico	293,179	30,358	**323,537**
Silica Sand	6,240	23,275	**29,515**
General & other	-	7,017	**7,017**
	299,419	60,650	**360,069**

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**

Disclosure of outstanding share information

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

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