



**Management's Discussions and Analysis
of the Financial Condition and Results of Operations
For the Second Quarter and
6 months Ended June 30, 2009**

August 28, 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 August 28, 2009. The MD&A of the operating results and financial condition of the Company for the quarter and six months ended June 30, 2009, should be read in conjunction with the Company's financial statements and the related notes for the six months then ended together with its audited financial statements for the period ended December 31, 2008, 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 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 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 its 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. The Company recognized the receipt of the shares and is treating the investment as "held-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 second quarter, the investment was marked-to-market using the closing value of Red Rock shares on June 30th, 2009.

Overall Performance

As at June 30, 2009, the Company had assets of \$2.1 million and a net equity position of \$2.0 million. This compares with assets of \$3.0 million and a net equity position of \$2.8 million at December 31, 2008.

6 Months ended June 30, 2009 and 2008

Total assets decreased by approximately \$934,000 during the six months ended June 30, 2009 with decreases in the following items: Cash and cash equivalents of \$116,000, accounts receivable and prepaid expenses of \$93,000, GST recoverable of \$20,000, assets held for sale of \$256,500, property and equipment of \$113,500 and mineral properties of \$935,000. These decreases were offset by increases to investments of \$600,000.

During the six months ended June 30, 2009, the Company's decrease of \$116,000 in its cash position (2008 - \$2,079,000) was a result of cash flow used in operations of \$285,000 (2008 - \$399,000) plus cash used for (provide from) investing activities of \$(169,000) (2008 - \$1,680,000).

For the 6 months ended June 30, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was \$497,000 (2008 - \$176,000) or 0.9¢ (2008 - 0.2¢) per share and \$759,000 (2008 - \$173,000), or 1.4¢ (2008 - 0.2¢) per share, respectively. The 6-month loss was comprised of the following expenditures: Office and general expenses of \$60,000 (2008 - \$191,000), public relations expenditures \$6,000 (2008 - \$69,000), professional and consulting costs of \$131,000 (2008 - \$77,000), shareholder information costs of \$34,000 (2008 - \$11,000) and write-down of mineral properties of \$212,000 (2008 - \$Nil). These losses were offset by future income tax recoveries of \$37,500 (2008 - \$79,000), interest income of \$450 (2008 - \$94,000) and gains on disposal of property and equipment of \$16,000 (2008 - \$Nil).

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3 Months ended June 30, 2009 and 2008

Total assets decreased by approximately \$474,000 during the three months ended June 30, 2009 with decreases in the following items: Cash and cash equivalents of \$229,000, accounts receivable and prepaid expenses of \$8,000, property and equipment of \$65,000 and mineral properties of \$776,000. These decreases were offset by increases to GST recoverable of \$4,000 and investments of \$600,000.

During the three months ended June 30, 2009, the Company's decrease of \$229,000 in its cash position (2008 – \$1,404,000) was a result of cash flow used in operations of \$159,000 (2008 – \$1,840,000) less cash used for investing activities of \$70,000 (2008 – \$1,976,000) plus cash provided from financing activities of \$Nil (2008 - \$2,412,000).

For the 3 months ended June 30, 2009 and 2008, the Company posted losses. Net loss and comprehensive net loss was \$345,000 (2008 – \$102,000) or 0.7¢ (2008 – 0.2¢) per share and \$608,000 (2008 - \$102,000), or 1.2¢ (2008 – 0.2¢) per share, respectively. The 3-month loss was comprised of the following expenditures: Office and general expenses of \$30,000 (2008 – \$120,000), public relations expenditures \$4,000 (2008 - \$39,000), professional and consulting costs of \$62,000 (2008 - \$27,000), shareholder information costs of \$13,000 (2008 – \$34,000) and write-down of mineral properties of \$175,000 (2008 - \$Nil). These losses were offset by future income tax recoveries of \$37,500 (2008 - \$46,000), interest income of \$Nil (2008 - \$42,000) and gains on disposal of property and equipment of \$24,000 (2008 - \$Nil).

Review of Operations

Uranium Projects – Saskatchewan

The second quarter of 2009 saw the process of selling the mineral exploration properties in the Uranium City, Saskatchewan area to Red Rock Energy Inc. of Calgary, Alberta proceed through to completion. At the conclusion of Q2, there remains a Duralite 500 series drill and two bulk fuel tanks yet to sell and efforts are underway to solicit buyers for each.

Uranium Projects - Catron County, New Mexico, USA

The second quarter of 2009 saw considerable additional progress made in New Mexico.

As noted in the Q1 MD&A comments, Minimal Impact Exploration Permit applications were submitted to the State of New Mexico for two separate proposed drill projects, namely the Baca Project and the White Mesa Project. These applications followed earlier submissions of a Plan of Operations to officials at the Cibola National Forest. Both the Baca and White Mesa projects are situated in Catron County about 15 miles north of the town of Datil, along the Red Basin / deBaca uranium trend. During Q2, State officials from the New Mexico Energy, Minerals and Natural Resources Department (Mining and Minerals Division) reviewed these submissions and laid the groundwork for both public and Native American consultation processes on each project. Officials from Cibola National Forest also commenced preparation for their own level of public and Native American consultations. During Q2, five officials from the State along with two representatives from Cibola National Forest conducted site visitations to inspect the proposed drill locations as well as to gather data to assist them with a technical review of the proposed drill projects. Technical feedback on both proposed projects is expected early in Q3. Public and Native American consultations at both the State level and with Cibola National Forest are expected to get underway in Q3. At this time, it is not certain just how

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long it will take to complete these consultations. It should further be noted that the Baca and White Mesa projects are not situated on Native American lands. However, New Mexico legislation does require that all Native American groups who reside in the general area near a proposed exploration project must be consulted with regardless. Strategic Resources remains pleased at the level of co-operation received to date from officials, both at the State level and at Cibola National Forest.

Uranium Projects – Catron County, New Mexico, USA and Apache County, Arizona, USA

The second quarter of 2009 saw Strategic Resources take on two additional projects, one in New Mexico and one in Arizona.

Discussions were entered into early in Q2 with Uranium Energy Corp. regarding a potential option agreement on a uranium exploration project located 7 miles north of the town of Quemado in Catron County. Quemado is some 40 miles west of the above mentioned Baca and White Mesa projects. Similar discussions were entered into regarding a potential option agreement on a uranium exploration project located further west and immediately across the Arizona state line near the town of Springerville. This Arizona project marks the western-most extension of the Red Basin / deBaca uranium trend. Suitable option terms were arrived at on both projects and towards the end of Q2 a formal option agreement was executed. The details of this agreement are outlined in a press release dated June 16, 2009. Q3 will see Strategic Resources study the geology on these projects and undertake a comprehensive review of the old drill logs associated with these projects.

Results of Operations

The Company has not generated any operating revenue and therefore losses have been incurred throughout the second quarter and 6 months ended June 30, 2009..

Six Months ended June 30, 2009 and 2008:

Net loss for the period was \$496,000 (2008 –\$176,000) with consulting and professional fees accounting for \$131,000 (2008 - \$77,000) of the loss along with shareholder information and public relations costs of \$40,000 (2008 - \$81,000) and office and general costs of \$60,000 (2008 - \$191,000). Write-downs of mineral properties of \$212,000 (2008 - \$Nil) offset by interest income of \$450 (2008 - \$94,000) together with gains on the disposal of property and equipment of \$16,000 (2008 - \$Nil) accounted for the remaining loss for the 6-month period.

Three Months ended June 30, 2009 and 2008:

Net loss for the period was \$345,000 (2008 –\$102,000) with consulting and professional fees accounting for \$62,000 (2008 - \$27,000) of the loss along with shareholder information and public relations costs of \$17,000 (2008 - \$43,000) and office and general costs of \$30,000 (2008 - \$120,000). Write-downs of mineral properties of \$175,000 (2008 - \$Nil) offset by interest income of \$Nil (2008 - \$42,000) together with gains on the disposal of property and equipment of \$24,000 (2008 - \$Nil) accounted for the remaining loss for the 3-month period.

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Summary of Quarterly Results

	2nd Quarter 2009	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008
Total revenues	-	450	5,238	9,718
Net loss	345,097	151,422	9,019,660	136,055
Net (income) loss per share – basic and fully-diluted ⁽¹⁾	0.7¢	0.3¢	17.6¢	0.3¢
Total assets	2,085,162	2,744,184	3,018,928	14,437,514
Long-term debt	-	-	-	-
Shareholders' equity	2,,046,652	2,641,750	2,793,172	11,840,656
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

	2nd Quarter 2008	1st Quarter 2008	4th Quarter 2007	3rd Quarter 2007
Total revenues	41,810	52,687	72,574	46,669
Net (income) loss	102,469	73,143	(177,512)	188,831
Net (income) loss per share – basic and fully-diluted ⁽¹⁾	0.2¢	0.1¢	(0.3)¢	0.4¢
Total assets	14,413,357	14,773,695	14,901,728	14,901,252
Long-term debt	-	-	-	-
Shareholders' equity	11,840,656	11,943,125	12,016,268	11,596,752
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 \$194,000 from last quarter 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.

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.

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 June 30, 2009, the Company's working capital was \$508,000 (2008 - \$4,082,000) 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 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

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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 six months ended June 30, 2009 and 2008, the following transactions involved related parties:

GLR charged management fees totalling \$Nil (2008 - \$116,000). 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 - \$49,000) in respect of the services of Robert Kasner as President and CEO. Robert Kasner, also a former director of the Company until at 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 - \$19,500) in his investor relations capacity and \$60,000 (2008 - \$Nil) in his capacity as President and Chief Executive Officer.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of \$25,500 (2008 - \$23,000) 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 \$7,000 (2008 - \$21,000) 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 and pursuant to the agreement, fees totalling \$35,000 (in addition to the \$7,000 noted above) representing the remainder of fees due until December 31, 2009 were paid.

1353150 Ontario Limited ("1353150") charged the Company a total of \$Nil (2008 - \$11,000) 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.

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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 interim 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. 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 interim 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 interim financial statements.

The reader is also directed to review ***Risks and Uncertainties – Liquidity Risk*** section of this MD&A.

Recently Adopted Accounting Standards

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted 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 has adopted EIC-173 and is continually evaluating its counterparties and their credit risks. The reader is also directed to review ***Risks and Uncertainties – Credit Risk*** section of this MD&A.

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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 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 its financial statements.

Future Accounting 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 outline 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.

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

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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 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 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 quarter ended June 30, 2009. 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** – The Company is not exposed to credit risk for these amounts as they are due from suppliers and creditors for which the Company may deduct the amounts owing to it from future contracted services.

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 approximately \$7,000.

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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 foreign exchange rates would cause no impact on the income statement.

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.

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Additional Disclosure for Venture Issuers Without Significant Revenue

Mineral properties and deferred exploration expenditures for the period from January 1, 2009 to June 30, 2009 together with comparative expenditures for the year ended December 31, 2008, are detailed by significant property as follows:

	As at June 30, 2009				
	Opening Balance	Acquisitions / Deferred Exploration Expenditures (\$)	Dispositions and transfers (\$)	Write-downs	Net
	\$	\$	\$	\$	\$
New Mexico - BACA	99,507	87,105	-	-	186,612
New Mexico – UEC JV	-	21,327	-	-	21,327
Contact Lake	134,423	-	(59,423)	-	75,000
Inspiration Lake	39,278	-	(39,278)	-	-
Fishhook	120,161	2,517	(113,247)	(9,431)	-
Eldorado Lake	483,579	-	(483,579)	-	-
Quartzite Ridge	-	-	-	-	-
Gunner Area	22,276	-	(22,276)	-	-
Virgin Adit	30,642	1,500	(30,642)	(1,500)	-
Eagle Lake	91,379	-	(91,379)	-	-
Sheffield/Sopps	-	-	-	-	-
Neely Lake	95,793	-	(95,793)	-	-
McIntosh Bay	89,689	-	(89,689)	-	-
General	53,263	44,476	(29,815)	(25,787)	42,138
	1,259,990	156,925	(1,055,120)	(36,718)	325,077

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	Opening Balance	Acquisitions / Deferred Exploration Expenditure	Disposition s and transfers (\$)	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)	-
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 August, 28, 2009:

	Number
Common shares	52,994,132
Warrants	-
Options	2,735,000