



Third Quarter and Nine Months Ended
September 30, 2009
(Unaudited)

Notice:

The accompanying unaudited interim financial statements (the "Financial Statements") for Uranium City Resources Inc. (the "Company") for the six months ended June 30, 2009 and 2008, have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. Only changes in accounting information have been disclosed in these Financial Statements. These Financial Statements are presented on an accrual basis and as such, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. These Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008 which are available on SEDAR at www.sedar.com.

The Company's independent auditor has not reviewed these Financial Statements.

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

Balance Sheets
As at September 30, 2009 and December 31, 2008

(Canadian Dollars)

	2009	2008
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents <i>(Note 8)</i>	554,227	658,100
GST recoverable	3,482	24,591
Accounts receivable and prepaid expenses	44,373	92,955
Assets held for sale <i>(Note 9)</i>	317,929	256,500
	920,011	1,032,146
Investments <i>(Note 10)</i>	900,000	-
Mineral Properties and deferred expenditures <i>(Note 11)</i>	324,103	1,259,990
Property and equipment <i>(Note 12)</i>	111,241	726,792
	2,255,355	3,018,928
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20,773	225,756
	20,773	225,756
Shareholders' Equity		
Capital Stock:		
Common shares <i>(Note 14)</i>	8,675,375	8,662,876
Contributed surplus <i>(Note 15)</i>	5,770,232	5,749,732
Deficit	(12,211,025)	(11,619,436)
Accumulated comprehensive income	-	-
	2,234,582	2,793,172
	2,255,355	3,018,928

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved by the Company's directors.

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

Statements of Operations and Deficit

For the three and nine months ended September 30, 2009 and 2008

(Canadian Dollars)

	3 months ended		9 months ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue				
Interest income	-	9,718	450	104,216
	-	9,718	450	104,216
Operating Expenses				
Office and general	17,246	147,910	77,105	339,284
Public relations	2,360	6,586	8,849	44,544
Professional fees	1,638	7,406	75,708	46,569
Shareholder information	179	5,706	33,871	17,190
Consulting	26,700	35,988	83,630	105,015
Stock-based compensation	20,500	-	20,500	-
	68,623	203,596	299,663	552,602
Net Operating Loss	(68,623)	(148,504)	(299,213)	(448,386)
Foreign exchange gains (losses)	(3,318)	-	(3,489)	-
Gain (loss) on disposal of property and equipment	(60,629)	(3,279)	(76,910)	(3,279)
Write-down of mineral properties <i>(Note 11)</i>	-	-	(211,977)	-
Future income tax recovery	37,500	61,102	-	140,000
Net Loss	(95,070)	(136,055)	(591,589)	(311,665)
Deficit at the beginning of period	(12,115,955)	(2,463,721)	(11,619,436)	(2,288,109)
Deficit at end of period	(12,211,025)	(2,599,776)	(12,211,025)	(2,463,721)
Basic and fully-diluted net loss per share	(0.2)¢	(0.3)¢	(1.1)¢	(0.6)¢
Weighted average number of shares 000's)	52,518	50,994	52,494	50,994

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved by the Company's directors.

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

Statements of Cash Flow
For the three and nine months ended September 30, 2009 and 2008

(Canadian Dollars except share and per share amounts)

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Operations				
Net loss	(95,070)	(136,055)	(591,589)	(311,665)
Adjustments to reconcile net loss to cash flow from operating activities:				
Future income taxes (recoveries)	(37,500)	(61,102)	-	(140,000)
Amortization	(655)	14,065	19,740	45,964
Stock-based compensation	20,500	-	20,500	-
Write-down of resource properties <i>(Note 11)</i>	-	-	211,976	-
Unrealized losses	60,628	3,279	76,909	3,279
Net change in non-cash working capital items:				
GST recoverable	1,270	(22,503)	21,110	(489)
Receivable and prepaid expenses	(44,373)	(10,377)	48,580	(11,190)
Advances	-	(118,287)	-	(81,348)
Payables and accrued liabilities	(17,738)	251,643	(204,982)	(556)
Due to manager	-	(72,385)	-	(54,047)
Cash Flow provided from (used in) operating activities	(112,938)	(151,722)	(397,756)	(550,052)
Financing				
Issuance of common shares	-	-	-	-
Cost of issuances	-	40,731	-	40,731
Cash Flow provided from financing activities	-	40,731	-	40,731
Investments				
Sale (purchase) of property and equipment <i>(Note 12)</i>	105,131	-	129,320	(115,255)
Dispositions of (expenditures on) deferred exploration properties	20,108	(1,823,787)	(91,937)	(3,407,088)
Assets held for sale	-	-	256,500	-
Restricted cash	-	-	-	17,746
Cash Flow provided from (used in) investing activities	125,239	(1,823,787)	293,883	(3,504,597)

Strategic Resources Inc.
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Statements of Cash Flow
For the three and nine months ended September 30, 2009 and 2008

(Canadian Dollars except share and per share amounts)

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>September 30</i>		<i>September 30</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Net increase (decrease) in cash for the period	12,301	(1,934,778)	(103,873)	(4,013,918)
Cash and cash equivalents at beginning of period	541,926	3,783,034	658,100	5,862,174
Cash and cash equivalents at end of period	554,227	1,848,256	554,227	1,848,256

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved by the Company's directors.

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

Notes to the Interim Financial Statements (Unaudited)

As at September 30, 2009

1. Governing Statute and Nature of Operations

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.

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.

2. Basis of Presentation

These unaudited interim financial statements (the "Interim Financial Statements") follow the same accounting policies and their methods of application as the 2008 audited financial statements.

Not all disclosure required by generally accepted accounting principles for annual financial statements are present, and accordingly, these Interim Financial Statements should be read in conjunction with the Company's audited financial statements.

Comparative Figures

Certain prior year amounts have been reclassified to conform to account presentation in the current year.

3. Summary of Significant Accounting Policies

Going Concern

The 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. 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 Interim 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 Interim Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to

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As at September 30, 2009

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 *Note 6(ii) Financial Risk Factors – Liquidity Risk*.

Accounting Estimates

The preparation of the Interim 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 Interim Financial Statements and the reported amount of income and expenses during the period. Actual results could differ from those estimates.

4. Future Accounting Changes - Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, it has no formal plan and the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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

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As at September 30, 2009

There were no changes in the Company's approach to capital management during the quarter ended September 30, 2009. The Company is not subject to externally imposed capital restrictions.

6. Financial Risk Factors

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 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.

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 September 30, 2009, the Company had a working capital balance of \$581,310 (2008 – \$2,119,184). 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.

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As at September 30, 2009

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

7. Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

- i. The Company's funds are kept in Canadian and US dollars a major Canadian financial institution.

As at September 30, 2009, the Company's exposure to foreign currency balances is as follows:

<u>Account</u>	<u>Foreign Currency</u>	<u>Exposure (\$CDN)</u>
Cash and cash equivalents	US dollar	52,330

A change in the interest rate of 1% would not cause a significant change in the Company's expected interest income for the year.

The Company believes that a change of 10% in foreign exchange rates would not have a significant impact on the income statement.

- ii. The Company's investments are subject to fair value fluctuations. As at September 30, 2009, if the fair value of investments had decreased/increased by 50% with all other variables held constant, net comprehensive loss for the three months ended September 30, 2009 would have been approximately \$450,000 higher/lower. Similarly, as at September 30, 2009, reported shareholders' equity would have been approximately \$450,000 lower/higher as a result of a 50% decrease/increase in the fair value of investments.

8. Cash and Cash Equivalents

The balance at September 30, 2009, consisted cash on hand of \$554,227 (2008 - \$644,700) and \$Nil (2008 - \$1,203,556) of funds held in guaranteed investment certificates accruing interest at Nil% (2008 - 4.0%).

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Notes to the Interim Financial Statements (Unaudited)

As at September 30, 2009

9. Assets held for sale

The Company closed the Sale pursuant to which, a majority of its Saskatchewan properties were sold. As such, the Company has curtailed virtually all exploration in the area and had been exploring any opportunity or offers for the purchase of some of its exploration assets and has categorized them as assets held for sale. During the nine months ended September 30th, the Company transferred other property and equipment with a net book value of \$317,929 (*note 12*) to this account and sold property realizing proceeds of \$256,500 (*note 11*) for assets sold during the nine-month period.

10. Investments

The investments consist of 5,000,000 common shares of Red Rock Energy Inc. ("Red Rock"), a company traded on the TSX Venture Exchange ("TSXV") and were measured at their fair value as determined by the closing price of Red Rock's shares on the TSXV on the day of receipt. The Company has identified these investments as available-for-sale and has measured their fair value at September 30, 2009, based on the last available closing price of the securities on the TSXV on September 28, 2009. As such, the Company has estimated a fair value per share of \$0.18, resulting in a 3-month increase of \$300,000 (2008 - \$Nil) in these investments and an increase in accumulated other comprehensive income of \$300,000 (2008 - \$Nil) offset by future income expense of \$37,500 (2008 - \$Nil) that has been included in the current period's net loss.

11. Mineral Properties and Deferred Expenditures

September 30, 2009

	Opening Balance	Additions	Sold (Note 1)	Write-downs	Net
	\$	\$	\$	\$	\$
New Mexico	99,507	103,478	-	-	202,985
Uranium Energy Corp JV	-	28,670	-	-	28,670
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)	-
General and other	53,263	114,925	(60,176)	(15,564)	92,448
	1,259,990	251,090	(975,000)	(211,977)	324,103

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Notes to the Interim Financial Statements (Unaudited)

As at September 30, 2009

During the nine months ended September 30, 2009, amortization expense of \$57,403 (2008 - \$31,704) and acquisition costs satisfied by the issuance of common shares (*Note 14*) of \$12,500 (2008 - \$Nil) are included in the additions to mineral properties and deferred expenditures.

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)	-
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

During 2008, amortization expense of \$64,417 and acquisition costs satisfied by the issuance of common shares (*Note 14*) of \$67,500 are included in the additions to mineral properties and deferred expenditures.

Strategic Resources Inc.
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Notes to the Interim Financial Statements (Unaudited)

As at September 30, 2009

12. Property and Equipment

As at	September 30, 2009		December 31, 2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	6,000	-	7,800	-
Exploration equipment	472,139	146,856	472,139	89,453
Equipment	132,214	60,291	374,240	131,208
Furniture and fixtures	1,267	825	1,267	748
Buildings	27,367	1,845	97,567	4,812
Transferred to "Assets held for sale" (Note 9)	(411,445)	(93,516)	-	-
	227,542	116,301	953,013	226,221
Net Book Value	111,241		726,792	

During the nine months ended September 30, 2009, the Company sold property and equipment with a net book value of \$220,480 (2008 - \$3,279) for total proceeds of \$143,570 (2008 - \$Nil) resulting in a loss of \$76,910 (2008 - \$3,279).

13. Related Party Transactions

These Interim Financial Statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

As at and for the nine months ended September 30	2009	2008
Transactions during the year:	\$	\$
Exploration expenditures	87,000	116,750
Consulting fees	82,050	71,750
Administrative costs	-	16,667
Management fees	-	214,223
Due (to) from related parties:	\$	\$
Accounts receivable and prepaid expenses	-	-
Management fees payable	-	11,229

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Notes to the Interim Financial Statements (Unaudited)

As at September 30, 2009

14. Capital Stock

Share Capital

SRI's authorized share capital consists of an unlimited number of Common shares, an unlimited number of Class A preferred shares issuable in series, an unlimited number of Class B preferred shares issuable in series and an unlimited number of Class C preferred shares issuable in series.

The issued and outstanding Common share capital is as follows:

	Number of Shares	\$
Balance at December 31, 2007	50,994,132	8,554,645
Issued in lieu of property option payments	1,500,000	67,500
Issue costs reimbursement	-	40,730
Balance at December 31, 2008	52,494,132	8,662,875
Issued in lieu of property option payments	500,000	12,500
Balance at September 30, 2009	52,994,132	8,675,375

2009

During the nine months ended September 30, 2009, the Company issued 500,000 common shares in settlement of an option payment regarding its Uranium Energy joint venture project.

2008

During the year ended December 31, 2008, the Company became aware of funds held with legal counsel regarding the financing completed in 2007. The amount of \$40,730 that was originally charged to capital stock was reversed and the remaining balance of the funds still on deposit with the Company's legal counsel was included in cash and cash equivalents as at December 31, 2008

The Company also issued 1,500,000 shares valued at \$67,500 in lieu of an option payment regarding its New Mexico property.

Outstanding Issued Warrants –

As at September 30, 2009, the Company has no outstanding warrants.

On May 25, 2009, the following Company securities expired:

- 12,385,829 warrants with an exercise price of \$1.25;
- 1,174,724 agents' warrants with an exercise price of \$1.25; and
- 1,174,724 agents' warrants with an exercise price of \$0.49.

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As at September 30, 2009

Options

SRI has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at September 30, 2009 the Company had 2,789,413 (2008 – 1,439,413) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	September 30, 2009		December 31, 2008	
	Weighted Average Exercise Price (\$)	No. of Options	Weighted Average Exercise Price (\$)	No. of Options
Outstanding at beginning of period	0.44	2,085,000	0.46	4,035,000
Transactions during the period:				
Granted ¹	0.10	1,600,000	-	-
Exercised	-	-	-	-
Forfeited	0.45	(225,000)	0.48	(1,950,000)
Expired ¹	0.42	(950,000)	-	-
Outstanding at end of period	0.23	2,510,000	0.44	2,085,000
Exercisable at end of period	0.23	2,510,000	0.44	2,085,000

¹ During the three months ended September 30, 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. 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). In addition, 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.

The following table provides additional information about outstanding stock options at September 30, 2009.

Range of Exercise Prices (\$)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.10 - 0.40	1,150,000	3.4	0.10
0.41 - 0.50	1,360,000	0.6	0.17
	2,510,000	3.0	0.23

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Stock-based compensation

The fair value of options granted during the three months ended September 30, 2009 of \$20,500 (2008 - \$Nil) was estimated at the grant date with the Black-Scholes option pricing model, using the following weighted average assumptions:

	September 30	
	2009	2008
Expected option life	4.0	Nil
Volatility (%)	186.12	Nil
Risk-free interest rate (%)	2.66	Nil
Forfeiture rate (%)	0.0	Nil
Dividend yield (%)	0.0	Nil

15. Contributed Surplus

A summary of the changes in the Company's contributed surplus as at September 30, 2009, is set out below:

	<i>Amount (\$)</i>
Balance at December 31, 2007 and December 31, 2008	5,749,732
Stock-based compensation	20,500
Balance at September 30, 2009	5,770,232

16. Subsequent Events

Options

On October 7, 2009, 550,000 options with an expiry date of September 23, 2010 and 360,000 options with an expiry date of April 19, 2012, were forfeit.

On November 6, 2009, the Company issued 1,250,000 options with an exercise price of \$0.10 and an expiry date of November 6, 2014, to various eligible participants of the Company's stock option plan.