



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2015 and 2014

(Expressed in Canadian dollars unless otherwise stated)

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**STRATTON RESOURCES INC.**

(the "Company")

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

May 29, 2015

# STRATTON RESOURCES INC.

## Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	As at March 31, 2015	As at December 31, 2014
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 309,952	\$ 349,440
Amounts receivable	6,135	5,803
Prepaid expenses and deposits (note 6)	10,939	6,879
	327,026	362,122
<b>Non-current assets:</b>		
Exploration and evaluation assets (note 3)	325,334	325,334
<b>Total assets</b>	<b>\$ 652,360</b>	<b>\$ 687,456</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 34,003	\$ 32,153
Note payable (note 6)	609,388	609,388
	643,391	641,541
<b>Equity</b>		
Share capital (note 4)	29,086,748	29,086,748
Equity reserves (note 5)	5,039,680	5,039,680
Deficit	(34,117,459)	(34,080,513)
	8,969	45,915
<b>Total liabilities and equity</b>	<b>\$ 652,360</b>	<b>\$ 687,456</b>

Going concern (note 2(e))

Approved on behalf of the Board of Directors:

"Shawn Wallace"

Director

"Steve Cook"

Director

The accompanying notes form an integral part of these consolidated financial statements.

# STRATTON RESOURCES INC.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2015	2014
<b>Administration expenses:</b>		
Consulting fees, directors' fees, wages and benefits	\$ 10,249	\$ 11,173
Legal and professional fees	11,890	4,382
Regulatory, transfer agent and shareholder information	5,980	3,203
Office and administration	9,015	8,701
Travel, promotion and investor relations	224	3,435
Bank charges	227	204
	<u>37,585</u>	<u>31,098</u>
<b>Other (income) expenses:</b>		
Interest and other income	-	(1,132)
Foreign exchange gain	(639)	(466)
	<u>(639)</u>	<u>(1,598)</u>
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 36,946</b>	<b>\$ 29,500</b>
Basic and diluted loss per share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding	36,724,164	36,724,164

The accompanying notes form an integral part of these consolidated financial statements.

**STRATTON RESOURCES INC.****Condensed Consolidated Interim Statements of Changes in Equity**

(Expressed in Canadian dollars)

	Number of shares	Share capital	Equity reserves			Deficit	Total
			Warrants	Share-based payments	Shares issuable		
Balance at December 31, 2013	36,724,164	\$ 29,086,748	\$ 1,696,913	\$ 3,278,517	\$ 64,250	\$ (33,947,626)	\$ 178,802
Net loss and comprehensive loss for the period	-	-	-	-	-	(29,500)	(29,500)
<b>Balance at March 31, 2014</b>	<b>36,724,164</b>	<b>\$ 29,086,748</b>	<b>\$ 1,696,913</b>	<b>\$ 3,278,517</b>	<b>\$ 64,250</b>	<b>\$ (33,977,126)</b>	<b>\$ 149,302</b>
Balance at December 31, 2014	36,724,164	\$ 29,086,748	\$ 1,696,913	\$ 3,278,517	\$ 64,250	\$ (34,080,513)	\$ 45,915
Net loss and comprehensive loss for the period	-	-	-	-	-	(36,946)	(36,946)
<b>Balance at March 31, 2015</b>	<b>36,724,164</b>	<b>\$ 29,086,748</b>	<b>\$ 1,696,913</b>	<b>\$ 3,278,517</b>	<b>\$ 64,250</b>	<b>\$ (34,117,459)</b>	<b>\$ 8,969</b>

The accompanying notes form an integral part of these consolidated financial statements.

# STRATTON RESOURCES INC.

## Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2015	2014
<b>Cash (used in) provided by:</b>		
<b>Operating activities:</b>		
Net loss and comprehensive loss for the period	\$ (36,946)	\$ (29,500)
Items not involving cash:		
Unrealized foreign exchange gain	(642)	579
Interest and other income	–	(1,132)
Changes in non-cash working capital:		
Amounts receivable	(332)	138,108
Prepaid expenses and deposits	(4,060)	(2,003)
Accounts payable and accrued liabilities	11,885	(7,580)
<b>Cash provided by operating activities</b>	<b>(30,095)</b>	<b>98,472</b>
<b>Investing activities:</b>		
Exploration and evaluation expenditures (note 3)	(10,035)	–
Interest received	–	1,132
<b>Cash provided by (used in) investing activities</b>	<b>(10,035)</b>	<b>1,132</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>642</b>	<b>(579)</b>
<b>Increase (decrease) in cash</b>	<b>(39,488)</b>	<b>99,025</b>
<b>Cash, beginning of the period</b>	<b>349,440</b>	<b>297,266</b>
<b>Cash, end of period</b>	<b>\$ 309,952</b>	<b>\$ 396,291</b>

Supplemental cash flow information (note 8)

The accompanying notes form an integral part of these consolidated financial statements.

# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

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## 1. Corporate information

Stratton Resources Inc. (“the Company”) is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange (“the Exchange”) as a Tier 2 mining issuer, and its shares trade under the symbol SI.V.

The Company and its subsidiaries are principally engaged in the acquisition, exploration, and development of mineral property interests in North America. The Company has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, obtaining the necessary mining permits, and on future profitable production or the proceeds from the disposition of the exploration and evaluation assets.

The head office and principal address of the Company is located at 1199 Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5. Canada.

## 2. Basis of presentation

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the year ended December 31, 2014 and 2013, except for new accounting standards adopted commencing January 1, 2015 as described in note 2(f). These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014 and 2013,

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors of the Company on May 29, 2015.

### (b) Basis of measurement and consolidation

The consolidated financial statements have been prepared on a historical cost basis.

The Company's functional currency is the Canadian dollar, which is also the Company's presentation currency. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries as follows:

Subsidiary	Jurisdiction	Ownership
Stratton Resources (Canada) Inc.	Canada	100%
Stratton Resources Holdings Corp. (inactive)	Canada	100%

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

Intercompany balances and transactions have been eliminated on consolidation.

# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

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## 2. Basis of presentation (continued)

### (c) Critical estimates and judgement

The preparation of consolidated interim financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions about future events that affect the amounts reported in the condensed consolidated interim financial statements and related notes. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and the notes to the Company's audited consolidated financial statements for the year ended December 31, 2014.

### (d) Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency by the use of the exchange rate in effect at the date of the transaction. Unsettled monetary assets and liabilities denominated in foreign currencies are translated into the functional currency by using the exchange rate in effect at the statement of financial position date and the related translation differences are recognised in net income (loss).

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the dates of the initial transactions and are not subsequently remeasured. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and related translation differences are recognized in net income (loss) or other comprehensive income (loss) consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

### (e) Going concern of operations

These consolidated financial statements have been prepared on the assumption that the Company will continue to realize its assets and meet its liabilities in the normal course of business as a 'going concern'. The Company has incurred losses since inception and has no source of operating revenue. As at March 31, 2015, the Company has a net working capital deficit of \$316,365, had a deficit of \$34,117,459 and incurred a net loss of \$36,946 for the three months ended March 31, 2015.

The cash balance of \$309,952 at March 31, 2015 is sufficient to meet the cash requirements for the Company's administrative overhead and maintaining its mineral interests for at least the next twelve months as long as the note payable (note 6(a)) is not called. The holder of the note payable, a related party, has indicated in writing that they will not call the note payable within the next twelve months. The Company's future exploration programs on its Lunar project (note 3) and acquiring interests in new exploration projects will be dependent on the Company's successful raising of additional funds through the issuance of equity.

Management considers that the current economic environment is difficult and the outlook for junior exploration companies presents significant challenges in terms of raising funds through issuance of shares. The Company has been and remains dependent on its capacity to raise funds via equity issuances, under terms that are consistent with the best interests of shareholders, in order to finance its operations. The Company has been successful in raising equity financing in previous years, however, there can be no assurance the Company will continue to be. Management have instituted measures to preserve cash through significantly decreasing its corporate costs and exploration expenditures, and in addition, it has negotiated with related parties extended payment terms on outstanding payables. Management is also pursuing alternative sources of funding.

Management has concluded that the combination of these circumstances represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Nevertheless, Management has a reasonable expectation that the Company has adequate resources to continue its current operations for the foreseeable future.

These condensed consolidated interim financial statements contain no provisions for adjustments which may become necessary if the Company becomes unable to continue on a 'going concern' basis. Such adjustments could be material.



# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

## 2. Basis of presentation (continued)

(f) Application of new and revised standards

The following new accounting standards are not yet effective and will be adopted by the Company in future periods. The Company is currently evaluating the impact of these new standards on its consolidated financial statements. Based on the Company's current operations, it is not anticipated that these standards will have a material impact on the consolidated results and associated disclosures in the financial statements.

- i) IFRS 9 – Financial Instruments: Classification and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.
- ii) IFRS 14 – Regulatory Deferral Accounts. IFRS 14 is intended to enhance the comparability of financial reporting by entities engaged in rate-regulated activities and is effective for annual periods beginning on or after January 1, 2016.
- iii) IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

## 3. Evaluation and exploration assets

### Lunar – Molybdenum Prospect

On August 17, 2011, the Company entered into an agreement with Homegold Resources Ltd (“Homegold”), a British Columbia company, to acquire 30 claims (12,509 hectares) known as the Lunar property (“Lunar”), in British Columbia for \$70,000 and a number of contingently issuable shares as described below. The \$70,000 was paid to Homegold against transfer of the claims to the Company. Subsequent to that, the Company staked additional 9 claims adjacent to Lunar.

Under the terms of the agreement, in the event the Company spends \$2,000,000 on exploring the Lunar claims, it will issue 50,000 common shares to Homegold and 50,000 to Xtract Resources Inc. (“Xtract”), a British Columbia company, as consideration for Xtract's previous legal rights to the Lunar property. If the Company spends an additional \$3,000,000 it will issue an additional 150,000 shares to Xtract and upon spending a further \$5,000,000 (\$10,000,000 total), the Company will issue Xtract a further 250,000 shares. In the event of a commercial production decision another \$500,000 will be paid to Homegold and after 6 years a minimum \$72,000 per year will have to be paid in advance royalties to Homegold. Homegold also holds a 2% net smelter returns royalty (“NSR”) on the property.

<b>Lunar Project</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Balance at the beginning of the period	\$ 325,344	\$ 317,310
Deferred exploration costs:		
Permitting fees	-	1,000
Geological and geophysical fees	-	10,035
Mining exploration tax credit	-	(3,011)
Balance at the end of the period	\$ 325,344	\$ 325,344

### Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to it is in good standing.

# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

## 4. Share capital

### (a) Authorized

Unlimited common shares without par value.

### (b) Common shares issuance

#### I. Period ended March 31, 2015

During the three months ended March 31, 2015, the Company did not issue any additional common shares.

#### II. Year ended December 31, 2014

During the year ended December 31, 2014, the Company did not issue any additional common shares.

## 5. Equity reserves

### Share-based payments

The Company maintains a Rolling Share-based Option Plan providing for the issuance of stock options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time to time stock options to its directors, officers, employees and other service providers. The stock options vest 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

As at March 31, 2015 and December 31, 2014, the Company has no stock options outstanding or exercisable.

## 6. Related party transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	March 31, 2015	March 31, 2014
Universal Mineral Services Ltd. (a)	\$ 23,081	\$ 20,088

(a) Universal Mineral Services Ltd. ("UMS") is a private company with directors and officers in common that, pursuant to an agreement dated March 30, 2012, provides geological, corporate development, administrative and management services to the Company on a cost recovery basis. The Company also holds a 37% non-voting equity interest in UMS, which is carried at cost. As at March 31, 2015 the outstanding payable balance was \$6,353 (December 31, 2014 - \$5,844) and prepaid expenses and deposits balance was \$6,000 (December 31, 2014 - \$6,000).

Effective June 30, 2013, UMS agreed to settle historic payable balances totaling \$609,388 with a note payable for an equivalent value. The note payable bears no interest, has a maturity of December 31, 2015 and is extendable for an additional twelve months at the mutual agreement. The note payable is due on demand.

### Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members:

	March 31, 2015	March 31, 2014
Short-term benefits*	\$ 3,233	\$ 5,730

\* An amount of \$3,233 is included in related party transactions with UMS (March 31, 2014 - \$5,730).

# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

## 7. Financial instruments

	Category	Carrying value	March 31, 2015	December 31, 2014
Financial assets				
Cash	Loans and receivable	Amortized cost	\$ 309,952	\$ 349,440
Receivables	Loans and receivable	Amortized cost	6,135	1,589
Reclamation bond	Loans and receivable	Amortized cost	-	-
			<b>\$ 316,087</b>	<b>\$ 348,855</b>

	Category	Carrying value	March 31, 2015	December 31, 2014
Financial liabilities				
Trade payables and other	Other liabilities	Amortized cost	\$ 34,003	\$ 32,153
Note payable	Other liabilities	Amortized cost	609,388	609,388
			<b>\$ 643,391</b>	<b>\$ 652,726</b>

### Fair Value

Financial instruments are evaluated under a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (market prices) or indirectly (derived from market prices);
- Level 3 – inputs for the asset or liability that are not based upon observable market data.

As at March 31, 2015, the Company does not have any financial instruments measured at fair value on the statement of financial position. The Company's cash, receivables, accounts payable and note payable approximate fair value due to their short term nature.

The Company is exposed to the potential loss from various risks as outlined below.

#### (a) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital to meet short-term obligations. The Company estimates that its contractual obligations pertaining to accounts payable and accrued liabilities will be satisfied within one year. As outlined in note 2(c) the Company's liquidity position is dependent on the note payable not being called or, in the event it was, raising additional funds through issuance of equity.

#### (b) Capital risk management

The Company manages its cash, share capital and equity reserves as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

# STRATTON RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

Three months ended March 31, 2015 and 2014

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## 8. Supplemental cash flow information

	March 31, 2015	March 31, 2014
Change in accounts payable included in exploration and evaluation assets.	10,035	-

## 9. Segmented information

The Company operates as one operating segment being acquisition, exploration and development of mineral resource properties. As at March 31, 2015 and December 31, 2014, all of the Company's non-current assets are located in Canada.

During the periods ended March 31, 2015 and 2014, the net losses were incurred in Canada.