STRATTON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2014 and 2013

Unaudited

(Expressed in Canadian dollars unless otherwise stated)

STRATTON RESOURCES INC.

(the "Company")

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2014 and 2013

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 30, 2014

STRATTON RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position

Unaudited - (Expressed in Canadian dollars)

		At March 31, 2014		December 31, 2013
Assets				
Current assets:				
Cash	$	396,291	$	297,266
Amounts receivable (note 3)		20,705		158,813
Prepaid expenses and deposits		15,142		13,139
Reclamation bond (note 4)		50,000		50,000
		482,138		519,218
Non-current assets:				
Exploration and evaluation assets (note 5)		317,310		317,310
Total assets	**$**	**799,448**	**$**	**836,528**
Liabilities and Equity				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	35,758	$	43,338
Asset retirement obligation (note 6)		5,000		5,000
Note payable (note 9)		609,388		609,388
		650,146		657,726
Equity				
Share capital (note 7)		29,086,748		29,086,748
Equity reserves (note 8)		5,039,680		5,039,680
Deficit		(33,977,126)		(33,947,626)
		149,302		178,802
Total liabilities and equity	**$**	**799,448**	**$**	**836,528**

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 unaudited condensed consolidated interim financial statements.

STRATTON RESOURCES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited - (Expressed in Canadian dollars)

		Three months ended March 31, 2014		2013
Administration expenses:				
Consulting fees, directors' fees, wages and benefits	$	11,173	$	38,937
Legal and professional fees		4,382		5,623
Regulatory, transfer agent and shareholder information		3,203		4,191
Office and administration		8,701		9,791
Share-based compensation (note 8 (a))		–		6,842
Travel, promotion and investor relations		3,435		672
Bank charges		204		315
		31,098		66,371
Other (income) expenses:				
Interest and other income		(1,132)		(945)
Exploration and evaluation expenditures		–		11,084
Foreign exchange gain		(466)		(128)
		(1,598)		10,011
Net loss and comprehensive loss for the period	**$**	**29,500**	**$**	**76,382**
Basic and diluted loss per share (note 10)	$	0.00	$	0.00
Weighted average number of common shares outstanding (note 10)		36,724,164		36,722,220

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

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

Unaudited - (Expressed in Canadian dollars)

	Number of shares	Share capital	Equity reserves: Warrants	Equity reserves: Share-based payments	Equity reserves: Shares issuable	Deficit	Total
Balance at December 31, 2012	**36,699,164**	**$ 29,082,748**	**$ 1,696,913**	**$ 3,254,216**	**$ 68,250**	**$ (33,693,845)**	**$ 408,282**
Shares issued (note 7 (b))	25,000	4,000	–	–	(4,000)	–	–
Share-based compensation (note 8 (b))	–	–	–	8,332	–	–	8,332
Net loss and comprehensive loss for the period	–	–	–	–	–	(76,382)	(76,382)
Balance at March 31, 2013	**36,724,164**	**$ 29,086,748**	**$ 1,696,913**	**$ 3,262,548**	**$ 64,250**	**$ (33,770,227)**	**$ 340,232**
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)
Balance at March 31, 2014	**36,724,164**	**$ 29,086,748**	**$ 1,696,913**	**$ 3,278,517**	**$ 64,250**	**$ (33,977,126)**	**$ 149,302**

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

STRATTON RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

Unaudited - (Expressed in Canadian dollars)

	Three months ended March 31, 2014	2013
Cash provided by (used in):		
Operating activities:		
Net loss and comprehensive loss for the period	$ (29,500)	$ (76,382)
Items not involving cash:		
Share-based compensation (note 8 (a))	–	8,332
Unrealized foreign exchange	579	9
Interest income	(1,132)	(945)
Changes in non-cash working capital:		
Amounts receivable	138,108	92,270
Prepaid expenses and deposits	(2,003)	1,550
Accounts payable and accrued liabilities	(7,580)	33,715
Cash provided by operating activities	98,472	58,549
Investing activities:		
Exploration and evaluation assets	–	(75,471)
Interest income	1,132	945
Cash provided by (used in) investing activities	1,132	(74,526)
Effect of foreign exchange rate changes on cash	(579)	(9)
Increase (decrease) in cash	99,025	(15,986)
Cash, beginning of the period	297,266	370,823
Cash, end of period	**$ 396,291**	**$ 354,837**

Supplemental cash flow information (note 12)

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

Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

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 preparation

(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, 2013, except for new accounting standards adopted commencing January 1, 2014 as described in note 2(e). 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, 2013

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors of the Company on May 30, 2014.

(b) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

These condensed consolidated interim financial statements include the interim 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%
Stratton Resources Holdings (USA) Corp. (inactive)	Arizona, USA	100%
Stratton Resources (USA) Corp. (inactive)	Arizona, USA	100%

All material intercompany balances and transactions have been eliminated and where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other entities in the Company.

(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, 2013.

2. Basis of preparation (continued)

(d) Foreign currency

The financial statements of the Company and each of its subsidiaries are prepared in its functional currency denominated based on the primary economic environment in which such entities operate. The functional and presentation currency of the Company and all of its subsidiaries is the Canadian dollar.

(e) Going concern of operations

These condensed consolidated interim 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, 2014, the Company has a net working capital deficit of $168,008, incurred a net loss and comprehensive loss of $29,500 for the three months period ended March 31, 2014 and had an accumulated deficit of $33,977,126 as at March 31, 2014.

The cash balance of $396,291 at March 31, 2014 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 is not called. The Company's future exploration programs on its Lunar project (note 5) 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.

(f) Changes in accounting policies

New and revised accounting standards adopted by the Company

I. IAS 32 – Financial instruments, Presentation. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The adoption of this new standard, commencing January 1, 2014, did not have an impact on these condensed consolidated interim financial statements.

II. IAS 36 – Impairment of Assets. IFRS 36 was amended by *recoverable amount disclosures for non-financial assets.* The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. The adoption of this new standard, commencing January 1, 2014, did not have an impact on these condensed consolidated interim financial statements.

III. IFRIC 21 – Levies. IFRIC 21 clarifies and provides guidance on when to recognize the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The change in accounting standard does not have a significant impact on the Company's condensed consolidated interim financial statements.

Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

2. Basis of preparation (continued)

(f) Changes in accounting policies (continued)

Changes to accounting standards not yet effective

IV. 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. The Company is currently evaluating the impact on its consolidated financial statements.

3. Amounts receivable

	March 31, 2014	**December 31, 2013**
British Columbia mining exploration tax credit ("BCMETC")	$ 19,116	$ 157,224
Other receivables	1,589	1,589
	$ 20,705	$ 158,813

4. Reclamation bond

A non-interest-bearing reclamation bond of $50,000 (December 31, 2013 – $50,000) has been posted for Mac property, as security for reclamation costs and is refundable upon completion of the exploration and reclamation programs on the property.

The Company has substantially reclaimed the disturbed work areas of the Mac property. During 2013, inspectors from the Ministry of Energy and Mines completed an initial inspection and have requested minor additional work. The Company expects to complete this additional work and receive its bond back in full during the current year.

5. 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 Xstract Resources Inc. ("Xstract"), a British Columbia company, as consideration for Xtracts'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 Xstract and upon spending a further $5,000,000 ($10,000,000 total), the Company will issue Xstract 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 has reserved a 2% net smelter returns royalty ("NSR") on the property.

The Company capitalized the following costs as exploration and evaluation assets.

Lunar Molybdenum Prospect	**March 31, 2014**	**December 31, 2013**
Balance at the beginning of the period	$ 317,310	$ 256,427
Deferred exploration costs:		
Geological and geophysical fees	-	80,000
Mining exploration tax credit	-	(19,117)
Balance at the end of the period	$ 317,310	$ 317,310

5. Evaluation and exploration assets (continued)

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.

6. Asset retirement obligation

The asset retirement provision relates to disturbance caused to the Mac mineral claims during the Company's exploration activities on the project.

The Company substantially completed the reclamation of the disturbed areas to the Mac mineral claims and management expects to close its mine permit during the current year.

7. Share capital

(a) Authorized share capital consists of unlimited number of common shares without par value

(b) Common shares issuance

I. Period ended March 31, 2014

During the three months ended March 31, 2014, the Company did not issue any additional common shares.

II. Year ended December 31, 2013

On January 7, 2013, the Company issued 25,000 shares pursuant to Natlan option agreement. The fair value of the shares were estimated to be $4,000 or $0.16 per share which was the closing market price of the Company's shares at December 31, 2012 when the shares became issuable. On issuance of the shares the Company recorded a corresponding debit to equity reserves – shares issuable and transferred the amount to share capital.

(c) Escrow shares

As at March 31, 2014, a total of 1,653,724 (December 31, 2013 – 3,307,472) common shares included in share capital are held in escrow. The shares subject to escrow are being released in six equal tranches of 15% every six months until September 13, 2014.

8. Equity reserves

(a) 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, 2014 and December 31, 2013, the Company has no stock options outstanding or exercisable. Effective June 6, 2013, the Company's employees and consultants voluntarily forfeited all outstanding stock options.

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three months ended March 31, 2014, an amount of $nil (three months ended March 31, 2013 – $8,332) was expensed in the condensed consolidated interim statement of net loss and comprehensive loss; of which $nil (March 31, 2013 – $1,490) was included in exploration and evaluation expenditures.

The Company did not grant stock options during the three months ended March 31, 2014 and year ended December 31, 2013

(b) Share purchase warrants

As at March 31, 2014 and December 31, 2013, the Company has no purchase warrants outstanding or exercisable.

Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

9. 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.

	Three months ended March 31, 2014	Three months ended March 31, 2013
Universal Mineral Services Ltd.*	$ 20,088	$ 47,159

* 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 25% non-voting equity interest in UMS, which is carried at cost. As at March 31, 2014 the outstanding payable balance was $7,364 (December 31, 2013 - $7,258) and prepaid expenses and deposits balance was $6,000 (December 31, 2013 - $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 and with a maturity of December 31, 2014 and is extendable for an additional twelve months at the mutual agreement. The note payable is due on demand.

During the period, compensation to key management personnel was as follows::

	Three months ended March 31, 2014	Three months ended March 31, 2013
Short-term benefits**	$ 5,730	$ 31,874
Share-based compensation	-	8,063

** A total of $5,730 is included in related party transactions with UMS (three months ended March 31, 2013 - $31,874).

10. Loss per share

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	Three months ended March 31, 2014	Three months ended March 31, 2013
Loss attributable to ordinary shareholders	$ 29,500	$ 76,372
Weighted average number of common shares	36,724,164	36,722,220
Basic and diluted loss per share	$ 0.00	$ 0.00

Weighted average number of common shares:

	Three months ended March 31, 2014	Three months ended March 31, 2013
Issued common shares, beginning of the period	36,724,164	36,699,164
Effect of shares issued on acquisition of Natlan	-	23,056
Weighted average number of common shares (basic and diluted), end of period	36,724,164	36,722,220

11. Financial instruments

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company is subject to credit risk on the cash, amounts receivable and reclamation bond balances. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash balances in Canadian highly rated financial institutions and in government securities. The Company considers the risk of loss associated with cash to be low. The amounts receivable and reclamation bonds are held with government agencies and are not considered to represent a credit risk exposure to the Company.

(b) 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 is contractual obligations pertaining to accounts payable and accrued liabilities and asset retirement obligations will be satisfied within one year.

(c) Foreign currency risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not use any hedges or other derivatives to mitigate the risk against foreign exchange fluctuations.

The Company did not have any significant foreign currency risk exposure as at March 31, 2014 and December 31, 2013.

(d) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash attract interest at floating rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are at present low, however the conservative investment strategy mitigates the risk of deterioration to the investment. A change of one (1) percent in the interest rate would a minimal impact to the condensed consolidated interim financial statements.

(e) 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.

(f) Other

The carrying values of cash, amounts receivables, reclamation bond, accounts payable and accrued liabilities and notes payable approximate their respective fair values due to the short-term maturity.

Unaudited – (Expressed in Canadian Dollars, unless otherwise stated)

12. Supplemental cash flow information

	Three months ended March 31, 2014	Three months ended March 31, 2013
Change in accounts payable included in exploration and evaluation assets.	$ -	$ 75,471

13. Segmented information

The Company operates as one operating segment being acquisition, exploration and development of mineral resource properties. As at March 31, 2014 and December 31, 2013, all of the Company's non-current assets are located in Canada.

During the three months ended March 31, 2014 and 2013, the net loss and comprehensive loss were incurred in Canada.