



MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S CONSOLIDATED  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three and nine months September 30, 2016 and 2015

**Dated: November 28, 2016**

# STRATTON RESOURCES INC.

(An exploration stage company)

Management's Discussion and Analysis

For the three and nine months ended September 30, 2016 and 2015

Expressed in Canadian Dollars

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## 1.1 Date and forward-looking statements

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in the consolidated financial condition and results of operations of Stratton Resources Inc. ("Stratton" or "the Company") as at September 30, 2016 and for the three and nine months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three and nine months ended September 30, 2016 and 2015. The 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 annual consolidated financial statements for the year ended December 31, 2015.

The effective date of this MD&A is November 28, 2016.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of base and precious metals; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.strattonresources.com](http://www.strattonresources.com).

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

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## 1.2 Over-all performance

### 1.2.1 Description of business

Stratton is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. On July 4, 2011, the Company changed its name from Tribune Minerals Corp. to Stratton Resources Inc. The Company is incorporated under the Business Corporations Act (British Columbia) and is a reporting issuer in British Columbia, Alberta and Ontario. The Company 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 current organizational structure of Stratton is as follows:

Subsidiary name	Jurisdiction	Ownership
Stratton Resources (Canada) Inc.	Canada	100%

### 1.2.2 Newfoundland Option

On November 3, 2016, the Company announced that it has entered into an option agreement with Wildwood Exploration Inc. to acquire the rights to approximately 119,000 hectares in Newfoundland, Canada (the "Option"). Under the terms of the Option, the Company may acquire a 100% interest, subject to a NSR royalty, in 4,777 mineral claims through a combination of work expenditures and cash and share payments as listed in the table below:

Due dates	Cash Payments	Stratton Common Shares Issuable	Work Expenditures
Upon approval of the TSX Venture Exchange	\$ 75,000	100,000	\$ -
Within 12 months of the effective date	150,000	200,000	250,000
Within 24 months of the effective date	200,000	250,000	500,000
Within 36 months of the effective date	250,000	400,000	500,000
Within 48 months of the effective date	175,000	500,000	1,000,000
Within 60 months of the effective date	-	1,750,000	-
Total	\$ 850,000	3,200,000	\$ 2,250,000

The NSR is 2.0% with 50% (being 1.0%) buyable for \$3,000,000 any time. The Option is subject to approval from the TSX Venture Exchange.

### 1.2.3 Exploration and evaluation expenditures

During the nine months ended September 30, 2016, the Company did not incur any acquisition, exploration and evaluation costs. During the year ended December 31, 2015, the Company incurred the following changes to acquisition, exploration and evaluation costs:

	Balance December 31, 2014	Additions (Reductions)					Balance December 31, 2015
		Q1	Q2	Q3	Q4	YTD	
Lunar	\$ 325,334	\$ -	\$ -	\$ (325,334)	\$ -	\$ (325,334)	\$ -
Total	\$ 325,334	\$ -	\$ -	\$ (325,334)	\$ -	\$ (325,334)	\$ -

During the year ended December 31, 2015, the Company wrote-off \$325,334 in capitalized costs associated with its Lunar project as a result of the claims lapsing.

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## 1.3 Selected annual information

The following represents selected information of the Company for the three most recently completed financial years:

	2015	2014	2013
Net loss and comprehensive loss for the year	\$ (460,357)	\$ (132,887)	\$ (253,781)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)
Working capital	(414,442)	(279,419)	(138,508)
Total assets	223,518	687,456	836,528
Total long term liabilities	-	-	-
Shareholder's equity	(414,442)	45,915	178,802
Cash dividends per share	-	-	-

The Company generated no revenues from operations during the fiscal periods ended December 31, 2015 and 2014, other than interest income of \$1,714 and \$1,197 respectively.

## 1.4 Results of operations

### The nine months ended September 30, 2016 and 2015

Net loss and comprehensive loss for the nine months ended September 30, 2016 was \$95,697 compared to a net loss and comprehensive loss of \$423,205 for the same period in the previous year. Excluding the \$325,334 write down of exploration and evaluation assets which was included in the loss for the nine months ended September 30, 2015, the losses for the two periods are quite consistent. In the current period, Consulting fees, directors' fees, wages and benefits decreased by \$7,823 while Legal and professional fees increased by \$4,951. Otherwise the costs year-over-year are relatively comparable.

During the nine months ended September 30, 2016, the Company incurred \$130,791 in deferred acquisition costs in connection with the Newfoundland Option and other mineral property acquisitions that had yet to be completed.

The Company continues to take all reasonable steps to minimize administration and overhead costs to preserve cash and maintain the Company's share structure.

### The three months ended September 30, 2016 and 2015

Net loss and comprehensive loss for the three months ended September 30, 2016 was \$35,098 compared to a net loss and comprehensive loss of \$342,343 for the same period in the previous year. The large loss in the prior year period was driven by the \$325,334 write down of exploration and evaluation assets. While Consulting fees, directors' fees, wages and benefits decreased in the current period due to the suspension of management fees effective January 1, 2016, costs related to Legal and professional fees, regulatory, transfer agent and shareholder information and office and administration increased as the Company prepared to acquire properties in Newfoundland as announced on November 3, 2016.

## 1.5 Summary of quarterly results

The Company is a mineral exploration company and currently has no producing properties or operating income. However, the Company records interest earned on cash balances held at financial institutions, which depends upon cash balances available to fund its acquisition and exploration activities and administrative expenses. A summary of quarterly results is shown below:

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### 1.5 Summary of quarterly results (continued)

Quarter ended	Interest and other income	Net loss and comprehensive loss	Loss per share
	\$	\$	\$
September 30, 2016	321	35,098	0.00
June 30, 2016	57	35,192	0.00
March 31, 2016	496	25,407	0.00
December 31, 2015	550	37,152	0.00
September 30, 2015	870	342,343	0.01
June 30, 2015	294	43,916	0.00
March 31, 2015	-	36,946	0.00
December 31, 2014	1	25,810	0.00

The quarters ended in 2016 and 2015, except for the quarter ended September 30, 2015, show decreasing net loss and comprehensive loss over previous periods due to Management's efforts to reduce administration expenses. During the quarter ended September 30, 2015, the Company recorded a write-off of \$325,334 related to the Company's decision to let lapse the claims of the Lunar project.

### 1.6 Liquidity and capital resources

The Company finances its operations by raising capital in the equity markets. For the foreseeable future, the Company will need to rely on the sale of its securities to provide working capital and to finance its mineral property acquisition and exploration activities.

On August 30, 2016, the Company closed a private placement for gross proceeds of \$7,000,000 (the "Private Placement") pursuant to which the Company issued an aggregate of 20,000,000 common shares at a price of \$0.35 per common share. Share issue costs related to the Private Placement, which included professional and regulatory fees, totalled \$43,612. There were no commissions or brokerage fees paid in connection with the Private Placement.

As at September 30, 2016, the Company had cash of \$6,377,017 and working capital of \$6,315,458 compared to cash of \$215,521 and a net working capital deficit of \$414,442 as at December 31, 2015.

The cash balance of \$6,377,017 as at September 30, 2016 is sufficient to meet the cash requirements for the Company's administrative overhead and maintaining its mineral interests for the next twelve months.

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 was repaid in full effective August 30, 2016, with funds from the Private Placement.

The Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015 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's audited annual consolidated 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.

### 1.7 Off-balance sheet arrangements

The Company has not engaged in any off-balance-sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

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## 1.8 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 September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Universal Mineral Services Ltd. <sup>1</sup>				
Included in the statement of loss and comprehensive loss:				
Consulting fees, directors' fees, wages and benefits	\$ 8,647	\$ 10,632	\$ 24,718	\$ 32,540
Office, rent and administration	8,392	8,038	26,257	26,745
Bank charges	159	123	450	389
Regulatory, transfer agent and shareholder information	-	(28)	840	1,583
Project evaluation costs	-	-	-	3,689
Total transactions for the periods	\$ 17,198	\$ 18,765	\$ 52,265	\$ 64,946

- 1) Universal Mineral Services Ltd. ("UMS") is a private company with directors and officers in common that, pursuant to an agreement dated December 31, 2015, provides geological, corporate development, administrative and management services to the Company on a cost recovery basis. As at September 30, 2016 the outstanding payable balance was \$9,867 (December 31, 2015 - \$7,871) and prepaid expenses and deposits balance was \$6,000 (December 31, 2015 - \$6,000).

### Key management compensation

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Short-term benefits*	\$ -	\$ 4,375	\$ -	\$ 12,128

\* An amount of \$nil is included in related party transactions with UMS for the three and nine months ended September 30, 2016 (September 30, 2015 - \$4,375 and \$12,128, respectively).

## 1.9 Subsequent events

None than otherwise disclosed.

## 1.10 Proposed transactions

None.

## 1.11 Critical accounting estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

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## 1.12 Financial instruments and other instruments

As at September 30, 2016, the Company's financial instruments consist of cash, amounts receivable, accounts payables and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term to maturity. The Company's financial instruments are exposed to certain financial risks including, credit risk, currency risks, liquidity risk, interest rate risk and capital risk management. Details of each risk are laid out in the notes to the Company's condensed consolidated interim financial statements.

## 1.13 Other requirements

### 1.13.1 Capital structure

Authorized share capital consists of: Unlimited number of common shares without par value.

#### Issued share capital:

As at November 28, 2016, there are 56,724,164 common shares of the Company issued and outstanding.

As at September 30, 2016, there were 56,724,164 common shares of the Company issued and outstanding.

### 1.13.2 Disclosure controls and procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The condensed consolidated interim financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the years ended December 31, 2015 and 2014.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Note: As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

Additional disclosures pertaining to the Company's Management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

"Shawn Wallace"

#### Shawn Wallace

Executive Chairman and Interim President and Chief Executive Officer

November 28, 2016