STRATA MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED DECEMBER 31, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

STRATA MINERALS INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars unless otherwise stated)
(Unaudited)

	December 31, 2016	June 30, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	$ 66,964	$ 19,393
Amounts receivable (note 4)	2,091	17,776
Total current assets	69,055	37,169
Non-current assets		
Exploration and evaluation assets (note 5)	1	1
Reclamation bond (note 6)	12,425	11,953
Total non-current assets	12,426	11,954
Total assets	$ 81,481	$ 49,123
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 7)	$ 23,293	$ 632,634
Promissory notes (notes 8 and 17)	248,996	107,000
Total current liabilities	272,289	739,634
Equity		
Share capital (note 9)	9,205,639	9,205,639
Shares to be issued (note 17)	120,461	-
Contributed surplus	264,048	264,048
Foreign currency translation reserve	(87,346)	(87,158)
Deficit	(9,693,610)	(10,073,040)
Total equity	(190,808)	(690,511)
Total liabilities and equity	$ 81,481	$ 49,123

Approved:

"Hugh Agro" Director

"Carmelo Marrelli" Director

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

STRATA MINERALS INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars unless otherwise stated)
(Unaudited)

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Operating expenses				
General and administrative expenses (note 14)	**$ 4,614**	$ 51,872	**$ 27,274**	$ 75,272
Share based payment	**-**	7,131	**-**	9,589
Operating loss before the following items	**(4,614)**	(59,003)	**(27,274)**	(84,861)
Finance income	**158**	-	**158**	-
Gain on settlement of accounts payable and accrued liabilities	**370,361**	-	**406,546**	-
Net income (loss) for the period	**365,905**	(59,003)	**379,430**	(84,861)
Items that will be reclassified subsequently to income				
Exchange difference on translation from functional to presentation currency	**412**	(772)	**(188)**	(472)
Comprehensive income (loss) for the period	**$ 366,317**	$ (59,775)	**$ 379,242**	$ (85,333)
Basic and diluted net income (loss) per share (note 13)	**$ 0.02**	$ (0.00)	**$ 0.02**	$ (0.00)
Weighted average number of common shares outstanding	**24,323,996**	24,323,996	**24,323,996**	24,323,996

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

STRATA MINERALS INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars unless otherwise stated)
(Unaudited)

	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Operating activities		
Net income (loss) for the period	**$ 379,430**	$ (84,861)
Adjustments for:		
Share-based payments	**-**	9,589
Gain on settlement of accounts payable and accrued liabilities	**(406,546)**	-
	(27,116)	(75,272)
Changes in non-cash operating capital:		
Amounts receivable	**15,685**	(5,282)
Prepaid expenses and deposits	**-**	7,531
Accounts payables and accrued liabilities	**(202,795)**	63,465
Net cash used in operating activities	**(214,226)**	(9,558)
Financing activities		
Shares to be issued	**120,461**	-
Proceeds from promissory notes	**141,996**	-
Net cash provided by financing activities	**262,457**	-
Effect of foreign currency translation	**(660)**	(1,722)
Net change in cash and cash equivalents	**48,231**	(9,558)
Cash and cash equivalents, beginning of period	**19,393**	28,928
Cash and cash equivalents, end of period	**$ 66,964**	$ 17,648

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

STRATA MINERALS INC.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars unless otherwise stated)
(Unaudited)

	Number of Shares	Share Capital	Shares to be Issued	Contributed Surplus	Warrant Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance, June 30, 2015	2,432,400	$ 9,205,639	$ -	$ 252,134	$ 372,667	$ (87,071)	$ (10,208,169)	$ (464,800)
Share-based payment	-	-	-	9,589	-	-	-	9,589
Warrants expired	-	-	-	-	(372,667)	-	372,667	-
Exchange difference on translation from functional to presentation currency	-	-	-	-	-	(472)	-	(472)
Loss for the period	-	-	-	-	-	-	(84,861)	(84,861)
Balance, December 31, 2015	2,432,400	$ 9,205,639	$ -	$ 261,723	$ -	$ (87,543)	$ (9,920,363)	$ (540,544)
Balance, June 30, 2016	2,432,400	$ 9,205,639	$ -	$ 264,048	$ -	$ (87,158)	$ (10,073,040)	$ (690,511)
Shares to be issued	-	-	120,461	-	-	-	-	120,461
Exchange difference on translation from functional to presentation currency	-	-	-	-	-	(188)	-	(188)
Income for the period	-	-	-	-	-	-	379,430	379,430
Balance, December 31, 2016	**2,432,400**	**$ 9,205,639**	**$ 120,461**	**$ 264,048**	**$ -**	**$ (87,346)**	**$ (9,693,610)**	**$ (190,808)**

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

Strata Minerals Inc. and its subsidiary, Strata Minerals Pty Ltd., (the “Company” or "SMP") is a mineral exploration and development company. The Company has a 51% interest in the Diamond Mountain phosphate project located in the State of Utah. Strata is currently assessing exploration and development plans for Diamond Mountain and evaluating other business opportunities. The head office of the Company is located at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

SMP was incorporated under the Canada Business Corporations Act on February 7, 2008 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4 and domiciled in Canada. The Company's wholly owned subsidiary, Strata Minerals Pty Ltd. ("Strata") was incorporated under the laws of Australia on September 8, 2009.

On June 6, 2016, the Company was suspended from trading on the TSX-V for failure to maintain the Exchange requirements.

As at December 31, 2016, the Company had not determined the existence of economically recoverable reserves. The Company’s assets may be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income or cash flows from its operations. The Company has incurred a loss in the current and prior periods, with a current net income of $379,430 during the six months ended December 31, 2016 (six months ended December 31, 2015 - $84,861) and has an accumulated deficit of $9,693,610 (June 30, 2016 - $10,073,040). These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern.

As at December 31, 2016, the Company had a working capital deficiency of $203,234, including $66,964 in cash and cash equivalents and current liabilities totalling $272,289. The Company will require additional financing to meet its on-going operating expenses and advance its exploration work at its mineral properties. The Company is considering alternative financing opportunities. While there is no assurance additional funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

2. Significant accounting policies

Statement of compliance

The Company applies 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”). These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

(Expressed in Canadian Dollars unless otherwise stated)

2. Significant accounting policies (continued)

Statement of compliance (continued)

The policies applied in these condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of February 24, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended June 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of this standard.

3. Cash and cash equivalents

		December 31, 2016		June 30, 2016
Cash on hand	**$**	**66,964**	$	18,974
Short-term bank deposits		**-**		419
	$	**66,964**	$	19,393

4. Amounts receivable

		December 31, 2016		June 30, 2016
Sales tax receivable	**$**	**2,091**	$	17,776

5. Exploration and evaluation assets

		Total
Balance, June 30, 2015	$	182,381
Write-off		(182,380)
Balance, June 30, 2016 and December 31, 2016	$	1

(Expressed in Canadian Dollars unless otherwise stated)

6. Reclamation bond

The Company posted a US$84,254 reclamation bond for the Diamond Mountain Project, as required by the State of Utah, to secure clean-up costs if the projects are abandoned or closed. During the year ended June 30, 2015, US$75,000 was released back to the Company for reclamation work performed. As at December 31, 2016, US$9,254 remains posted.

7. Accounts payable and accrued liabilities

	December 31, 2016	June 30, 2016
Falling due within the next year:		
Trade payables	**$ 16,067**	$ 466,172
Accrued liabilities	**7,226**	166,462
	$ 23,293	$ 632,634

8. Promissory notes

During the six months ended December 31, 2016, the Company entered into promissory notes of $141,996 which are unsecured, bear interest at a rate of Prime Rate plus 2% per annum and are due on demand. $116,996 of the promissory notes are held by officers and directors of the Company or companies controlled by directors of the Company.

As of December 31, 2016, $107,000 (June 30, 2016 - $107,000) of unsecured, non-interest bearing promissory notes due on demand were owing to the Chief Executive Officer and former directors.

The promissory notes are to be settled through the issuance of common shares of the Company at a deemed pre-consolidation price of $0.005 per share. See note 17.

9. Share capital

a) Authorized share capital

At December 31, 2016, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance - June 30, 2015, December 31, 2015, June 30, 2016 and December 31, 2016	**24,323,996**	**$ 9,205,639**

(Expressed in Canadian Dollars unless otherwise stated)

10. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2016 and 2015:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2015	**6,666,667**	**$ 0.12**
Expired	(6,666,667)	0.12
Balance, December 31, 2015, June 30, 2016 and December 31, 2016	**-**	**$ -**

11. Stock options

The Company has a stock option plan for its directors, officers, employees and technical consultants to the Company that are non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. The number of common shares reserved for issuance to any individual, director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance pursuant to options granted to all Technical consultants will not exceed 2% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The following table reflects the continuity of stock options for the periods ended December 31, 2016 and 2015:

	Number of stock options	Weighted average exercise price
Balance, June 30, 2015	**1,840,000**	**$ 0.37**
Expired/Forfeited	(525,000)	0.75
Balance, December 31, 2015	1,315,000	$ 0.21
Balance, June 30, 2016	**25,000**	**$ 1.50**
Expired	(25,000)	1.50
Balance, December 31, 2016	**-**	**$ -**

12. Exploration and evaluation expenditures

Exploration and evaluation expenditures were $nil in the six months ended December 31, 2016. The following table reflects the exploration and evaluation expenditures incurred in the year ended June 30, 2016. Cumulative expenses are shown for only the projects where the Company continues to hold the tenements.

Year ended June 30, 2016	**Diamond Mountain**
Leases and taxes	$ 19,376
Administration and other	(9,656)
Total for the year ended June 30, 2016	9,720
Cumulative exploration and evaluation expenditures as at June 30, 2015	1,213,720
Cumulative exploration and evaluation expenditures as at June 30, 2016	$ 1,223,440

(Expressed in Canadian Dollars unless otherwise stated)

13. Loss per share

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Net income (loss) per share:				
- basic	**$ 0.02**	$ (0.00)	**$ 0.02**	$ (0.00)
- diluted	**$ 0.02**	$ (0.00)	**$ 0.02**	$ (0.00)
Net income (loss) attributable to common shareholders	**$ 365,905**	$ (59,003)	**$ 379,430**	$ (84,861)
Weighted average outstanding - basic	**24,323,996**	24,323,996	**24,323,996**	24,323,996
Weighted average outstanding - diluted	**24,323,996**	24,323,996	**24,323,996**	24,323,996

(i) Basic loss per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). Options and warrants outstanding have been excluded from computing diluted earnings per share because they are anti-dilutive.

14. General and administrative expenses

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Consulting fees (note 15)	**$ 5,000**	$ -	**$ 8,000**	$ -
Accounting and audit fees	**9,023**	11,657	**17,902**	30,401
Office and general	**(9,713)**	34,939	**143**	36,938
Regulatory and listing fees	**9,288**	5,276	**10,213**	7,933
Salaries and director fees (note 15)	**(8,984)**	-	**(8,984)**	-
	$ 4,614	$ 51,872	**$ 27,274**	$ 75,272

15. Related party transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The below noted transactions are in the normal course of business and are measured at the amount as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

Carmelo Marrelli, a director of the Company, is President of Marrelli Support Services Inc. ("Marrelli Support"), a firm providing accounting services. Fees for services provided by Marrelli Support totaled $2,503, for the three and six months ended December 31, 2016 (three and six months ended December 31, 2015 - $nil). As at December 31, 2016, Marrelli Support was owed $4,217 and this amount was included in accounts payable and accrued liabilities (June 30, 2016 - $nil).

(Expressed in Canadian Dollars unless otherwise stated)

15. Related party transactions (continued)

(b) In addition to the above, the Company paid or accrued remuneration of Directors and key management of the Company as follows:

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Share-based payments	$ -	$ 5,301	$ -	$ 10,876

(c) Promissory notes

See note 8.

(d) Insider shareholdings

As of December 31, 2016, Dundee controls 3,941,667 common shares of the Company or approximately 16% of the total common shares outstanding.

As of December 31, 2016, Hugh Agro controls 4,192,258 common shares of the Company or approximately 17% of the total common shares outstanding.

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

16. Segmented information

The Company has determined that it only operates in one segment, being mineral exploration. Non-current assets segmented by geographical area are as follows:

	December 31, 2016	June 30, 2016
Canada	**$ -**	$ -
Australia	**-**	-
United States	**12,426**	11,954
Total	**$ 12,426**	$ 11,954

17. Proposed restructuring

On December 8, 2016, the Company held its annual and special meeting of shareholders (the “Meeting”). At the Meeting and at a subsequent meeting of the directors, the shareholders and directors approved restructuring transactions as well as board and executive appointments:

- The issuance of 49,800,000 pre-consolidation common shares to certain creditors who advanced approximately $249,000 towards the short term operational budget of the Company in exchange for promissory notes. The promissory notes are to be settled through the issuance of common shares of the Company at a deemed pre-consolidation price of $0.005 per share (the "Debt Settlement");
- The consolidation of the Company’s common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares (the “Share Consolidation”);

17. Proposed restructuring (continued)

- The appointment of Michael Mansfield, Carmelo Marrelli, Donald Birak and Hugh Agro as directors of the Company;
- The appointment of Mr. Agro as President, Chief Executive Officer, Chief Financial Officer and Secretary of the Company; and
- The appointment of Messrs. Michael Mansfield, Donald Birak who are independent, and Carmelo Marrelli to the Audit Committee of the Company.

Furthermore, on February 9, 2017 the Company announced:

- A non-brokered private placement of common shares of the Company for gross proceeds of up to $215,000 at a price of $0.07 per common share of the Company (the "Proposed Private Placement"). Proceeds of the Proposed Private Placement will be used for general corporate purposes; and
- A grant of 350,000 options to directors and officers under the Company's incentive stock option plan. All options so granted are granted for a term of five years with an exercise price of $0.10.

On completion of the transactions outlined above, the Company will have approximately 10.5 million shares, 350,000 options and no other dilutive instruments outstanding.

As at December 31, 2016, the Company has received $120,461 towards the Proposed Private Placement. The funds received are held in trust for the subscribers pending the closing of the Proposed Private Placement.

The Company is listed on the NEX board of the Exchange. The Debt Settlement, the Proposed Private Placement and the grant of options to directors and officers are subject to Exchange approval. The Company expects trading in the Company's shares to resume following Exchange approval of the transactions described above.