DALRADIAN
RESOURCES

Dalradian Resources Inc.

Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and six months ended
June 30, 2015 and June 30, 2014

August 14, 2015

Dalradian Resources Inc.
(An exploration stage company)

Condensed Consolidated Balance Sheets
(Expressed in Canadian dollars)
(Unaudited)

	As at June 30, 2015	As at Dec. 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,134,380	$ 29,776,872
Amounts receivable	704,606	246,390
Prepaid expenses and advance payments (note 4)	1,656,369	2,963,947
	38,495,355	32,987,209
Restoration deposit (note 7)	1,218,093	1,120,870
Equipment (note 5)	429,314	408,069
Exploration and evaluation assets (note 6)	64,143,252	49,085,740
	$ 104,286,014	$ 83,601,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,938,028	$ 2,950,848
Non-Current liabilities:		
Provision for decommissioning and restoration (note 7)	875,569	380,937
Shareholders' equity:		
Share capital (note 8)	130,621,349	110,693,043
Warrants (note 8)	7,441,863	7,288,894
Contributed surplus	11,843,961	11,118,485
Accumulated deficit	(51,434,756)	(48,830,319)
	98,472,417	80,270,103
	$ 104,286,014	$ 83,601,888

Commitments and contingencies (note 10) and subsequent event (note 12)

See accompanying notes, which are an integral part of these condensed consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Condensed Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating expenses:				
Salaries and related benefits	$ 595,105	$ 648,642	$ 1,544,597	$ 1,295,597
Professional fees and consulting	113,433	234,384	224,358	292,133
Share-based payments	272,238	475,061	605,173	623,270
Investor relations and general travel	346,983	215,189	567,312	359,479
Office, regulatory and general	212,742	122,147	412,440	295,798
Amortization	38,066	38,941	77,007	87,909
Foreign exchange gain	(311,553)	(494)	(696,214)	(2,050)
Interest and bank charges	1,677	2,138	2,815	5,175
	1,268,691	1,736,008	2,737,488	2,957,311
Interest income and other	68,964	36,884	133,051	63,329
Loss and comprehensive loss for the period	$ (1,199,727)	$ (1,699,124)	$ (2,604,437)	$ (2,893,982)
Loss per share – basic and diluted (note 9)	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)

See accompanying notes, which are an integral part of these condensed consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Condensed Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Share capital:		
Balance, beginning of period	$ 110,693,043	$ 79,585,917
Common shares issued (note 8)	8,838,934	10,726,227
Warrants exercised (note 8)	11,089,372	-
Balance, end of period	$ 130,621,349	$ 90,312,144
Warrants:		
Balance, beginning of period	$ 7,288,894	$ 139,310
Warrants issued (note 8)	1,984,250	1,891,858
Warrants exercised (note 8)	(1,778,196)	-
Warrants expired (note 8)	(53,085)	-
Balance, end of period	$ 7,441,863	$ 2,031,168
Contributed surplus:		
Balance, beginning of period	$ 11,118,485	$ 10,103,852
Increase from share-based payments	672,391	626,737
Warrants expired (note 8)	53,085	-
Balance, end of period	$ 11,843,961	$ 10,730,589
Accumulated deficit:		
Balance, beginning of period	$ (48,830,319)	$ (41,985,434)
Loss and comprehensive loss for the period	(2,604,437)	(2,893,982)
Balance, end of period	$ (51,434,756)	$ (44,879,416)
Total shareholders' equity	$ 98,472,417	$ 58,194,485

See accompanying notes, which are an integral part of these condensed consolidated financial statements.

Dalradian Resources Inc.
(An exploration stage company)

Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash flows from (used in) operating activities:		
Loss and comprehensive loss for the period	$ (2,604,437)	$ (2,893,982)
Unrealized foreign exchange (gain) loss	(616,026)	16,223
Interest income and other	(133,051)	(63,329)
Items not affecting cash:		
Amortization	77,007	87,909
Share-based payments	605,173	623,270
Change in non-cash operating working capital:		
Amounts receivable	(457,355)	(103,010)
Prepaid expenses and advance payments	(93,111)	76,017
Restoration deposit	(97,223)	-
Accounts payable and accrued liabilities	(747,943)	(131,381)
Cash flows used in operating activities	$ (4,066,966)	$ (2,388,283)
Cash flows from financing activities:		
Net proceeds from common shares and warrants issued (note 8)	$ 10,823,184	$ 12,618,085
Exercise of warrants (note 8)	9,311,176	-
Cash flows from financing activities	$ 20,134,360	$ 12,618,085
Cash flows from (used) in investing activities:		
Expenditures on exploration and evaluation assets	$ (10,235,283)	$ (2,289,257)
Additions to equipment	(222,820)	(124,718)
Interest received	132,191	57,243
Cash flows used in investing activities	$ (10,325,912)	$ (2,356,732)
Net change in cash and cash equivalents	5,741,482	7,873,070
Cash and cash equivalents, beginning of period	29,776,872	6,855,035
Effect of exchange rate fluctuations on cash held	616,026	(16,221)
Cash and cash equivalents, end of period	$ 36,134,380	$ 14,711,884

See accompanying notes, which are an integral part of these condensed consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Dalradian Resources Inc. (collectively with its subsidiaries, the "Company") was incorporated on March 27, 2009, in the Province of Ontario, Canada, and is involved in the acquisition, exploration and evaluation of mineral properties in Northern Ireland. The registered address of the Company's head office is Queen's Quay Terminal, 207 Queen's Quay West, Suite 416, Toronto, Ontario, M5J 1A7.

During the period ended June 30, 2015, the Company had a net use of cash and cash equivalents of $4,066,966 in operating activities, $10,325,912 in investing activities, and had net proceeds of $20,134,360 from financing activities. As at June 30, 2015, the Company had cash and cash equivalents of $36,134,380 on hand.

The Company's ability to meet its obligations and fund underground exploration (the "Underground Program") and other related expenditures in 2015 and 2016 is contingent upon successful completion of additional financing arrangements.

Although the Company has been successful in raising funds to date, as evidenced by the recent financings in February and July 2014, and the private placement in February 2015 (see note 8), there can be no assurance that adequate financing will be available in the future, or available under terms favourable to the Company.

The above circumstances indicate the existence of material uncertainty which may cast significant doubt as to the ultimate appropriateness of the use of accounting applicable to a going concern.

The majority of the Company's efforts are devoted to the exploration and evaluation of its properties. The recoverability of the amounts paid for the acquisition of, and investment in, mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral prospecting licences and mining lease option agreements, the ability to obtain necessary financing and the attainment of profitable operations or, alternatively, the disposal of properties or the Company's interests therein on an advantageous basis.

The interim condensed consolidated financial statements ("Consolidated Financial Statements") have been prepared in accordance with IAS 34, *Interim Financial Reporting* applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. The Consolidated Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and follow the same accounting policies and methods as noted in note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2014.

Preparation of the Consolidated Financial Statements requires management to make estimates and assumptions. Measurement uncertainties are described in the Company's audited consolidated financial statements for the year ended December 31, 2014. There has been no change in the nature of critical accounting estimates from the year ended December 31, 2014.

Cash and cash equivalents are measured at fair value using level 1 inputs per the fair value hierarchy.

(Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTION OF NEW AND AMENDED IFRS STANDARDS

The following new IFRS standard is issued but not yet effective for the Company.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB issued the completed IFRS 9, *Financial Instruments,* (IFRS 9 (2014)).

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new ‘expected credit loss' model for calculating impairment, and new general hedge accounting requirements. IFRS 9 is to come into effect on January 1, 2018 with early adoption permitted.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

4. PREPAID EXPENSES AND ADVANCE PAYMENTS

On August 18, 2014, the Company's wholly-owned subsidiary Dalradian Gold Limited ("DGL") entered into an agreement with a Northern Ireland based company, FP McCann, for the surface works portion of the Underground Program. This agreement is for the completion of the surface civil engineering, including the building and commissioning of the temporary waste water treatment plant. As of June 30, 2015, included in prepaid expenses and advance payments are advance payments to FP McCann totaling $914,361 (2014 - $2,044,845), equivalent of £474,043 (2014 - £1,133,353), which are held in an escrow account with a legal firm to be applied to future invoices. Funds held on escrow account will be released upon joint release instructions from both the Company and FP McCann.

5. EQUIPMENT

	Cost	Accumulated amortization	Net book value Jun. 30, 2015	Net book value Dec. 31, 2014
Furniture and office equipment	$ 218,283	$ 218,283	$ -	$ -
Computer equipment and software	581,164	444,778	136,386	150,465
Leasehold improvements	704,139	676,248	27,891	98,607
Other equipment	756,661	491,624	265,037	158,997
	$ 2,260,247	$ 1,830,933	$ 429,314	$ 408,069

6. EXPLORATION AND EVALUATION ASSETS

	Three months ended June 30, 2015	Six months ended June 30, 2015
Balance, beginning of period	$ 54,681,594	$ 49,085,740
Exploration	-	38,869
Asset evaluation	9,404,876	14,951,425
Share-based payments	56,782	67,218
Balance, end of period	$ 64,143,252	$ 64,143,252

Asset evaluation expenditures include development planning, permitting and other activities associated with the underground exploration program.

The Company, through DGL, holds a 100% interest in prospecting licences and options, subject to royalties as described below, in approximately 84,000 hectares, consisting of four contiguous areas (DG1, DG2, DG3 and DG4), located in counties Tyrone and Londonderry, Northern Ireland, United Kingdom. This approximately 84,000-hectare area is collectively known as the "Northern Ireland Properties". There are two elements comprising this interest:

- The Crown Estate Commissioners ("CEC") has entered into mining lease Option Agreements with DGL (the "CEC Mining Lease Option Agreements") for gold and silver, covering these four contiguous areas; and
- The Department of Enterprise, Trade and Investment ("DETI"), a separate government body, has granted to DGL, Prospecting Licenses for base metals (the "DETI Prospecting Licences") covering the same four areas.

The current terms of the CEC Mining Lease Option Agreements for DG1 and DG2 expire December 31, 2015. Upon expiry of the term or renewal period of a CEC Mining Lease Option Agreement, an indefinite number of renewals is available at the CEC's discretion. Each renewal is for a term of two years. The current terms of the CEC Mining Lease Option Agreements for DG3 and DG4 were set to expire April 23, 2015. Although the Company submitted its renewal application in advance of the expiry date, finalization of the new Mining Lease Option Agreements has extended past the expiry date because the CEC has agreed to renew all four Mining Lease Option Agreements (DG1 through 4) with a common commencement date of January 1, 2015. The Company and the CEC are currently finalizing the terms of the new Mining Lease Option Agreements.

The DETI Prospecting Licences for DG1 and DG2 were reissued in 2013 and run from January 1, 2014 to December 31, 2015. Upon expiry of this initial term, they are eligible for up to two, two year extensions. The DETI Prospecting Licences for DG3 and DG4 were granted their second two-year extension in 2015 and run from April 24, 2015 to April 23, 2017. A DETI Prospecting Licence cannot be extended beyond six years from the date of grant. However, at the end of the second two year extension of a DETI Prospecting Licence, DGL may apply for a new DETI Prospecting License over the same area. Applications for new DETI Prospecting Licences for DG1 and DG2 will be required in 2019 and for DG3 and DG4 in 2016.

Pursuant to a royalty agreement dated December 13, 2004 (the "Royalty Agreement"), between DGL (formerly known as Ulster Minerals) and Minco Plc., a company duly incorporated under the laws of the Republic of Ireland, a 2% net smelter return royalty on a portion of the Northern Ireland Properties (as defined in the Royalty Agreement) is payable by DGL to Minco Plc. or its nominee. As provided in the CEC Mining Lease Option Agreements, a 4% royalty will be payable to the CEC upon production of gold and/or silver from the Northern Ireland Properties.

7. PROVISION FOR DECOMMISSIONING AND RESTORATION

With the start of the surface works phase of the Underground Program in 2014, the Company was required to place a restoration deposit of $1,218,093 (2014 – $1,120,870), equivalent of £621,032 (2014 - £620,000), in a reserve account as security for restoration to be performed in accordance with CEC requirements. The funds will remain in the reserve account and accrue interest until restoration associated with the Underground Program has been satisfactorily completed.

(Expressed in Canadian dollars)

The Company estimates future decommissioning and restoration costs based on the level of current exploration and evaluation activity and estimates of costs required to fulfil the Company's future obligation. As of June 30, 2015, provision for decommissioning and restoration is estimated to be $875,569 (2014 - $380,937), equivalent of £446,400 (2014 - £210,800).

8. SHARE CAPITAL, WARRANTS, SHARE OPTIONS AND RESTRICTED SHARE UNITS

(a) Share Capital:

The Company is authorized to issue an unlimited number of common shares with no par value. As at June 30, 2015, 163,147,170 (December 31, 2014 – 140,050,483) common shares were issued and outstanding.

	Number of shares issued		Amount
Balance, December 31, 2014	140,050,483	$	110,693,043
Private placement (i)	12,556,000		9,228,660
Issuance costs of private placement (i)	-		(389,726)
Issuance on exercise of warrants (ii)	9,581,650		10,132,370
Issuance on exercise of broker warrants (iii) (iv)	959,037		957,002
Balance, June 30, 2015	163,147,170	$	130,621,349

(b) Warrants:

	Number of warrants		Amount		Weighted average exercise price
Balance, December 31, 2014	28,255,799	$	7,288,894	$	1.22
Warrants issued (i)	6,278,000		2,071,740		1.15
Issuance costs (i)	-		(87,490)		-
Warrants exercised (ii)	(9,581,650)		(1,508,885)		0.90
Broker warrants exercised (iii) (iv)	(959,037)		(269,311)		0.72
Warrants expired (v)	(337,100)		(53,085)		0.90
Balance, June 30, 2015	23,656,012	$	7,441,863	$	1.35

Each warrant entitles the holder to purchase one common share at the stated exercise price up to the expiry date.

The fair value of the Company's warrants issued during the six months ended June 30, 2015 was estimated using the Black-Scholes option pricing method using the following assumptions:

Volatility	67%
Risk-free interest rate	0.5%
Expected life (years)	2
Dividend yield	Nil

(i) On February 9, 2015, the Company closed a non-brokered private placement of 12,556,000 units, at a price of $0.90 per unit, for gross proceeds of $11,300,400. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. The common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.15 until February 9, 2017. The Company allocated approximately $0.17 to each one-half of one warrant using the Black-Scholes option pricing method, and allocated the residual $0.73 to each common share. A cash commission of $452,016 (4% of gross proceeds) and other transaction costs of $25,200 were paid.

(Expressed in Canadian dollars)

(ii) In January and February of 2015, the Company issued 9,581,650 common shares as a result of the exercise of 9,581,650 common share purchase warrants issued in February 2014. The cash proceeds from the warrant exercises were $8,623,485 and the grant date fair value of $1,508,885 recorded as common share purchase warrants was transferred to common shares upon exercise.

(iii) In February and March of 2015, the Company issued 877,215 common shares as a result of the exercise of 877,215 broker warrants issued in February 2014. The cash proceeds from the broker warrant exercises were $614,051 and the grant date fair value of $243,128 recorded as broker warrants was transferred to common shares upon exercise.

(iv) On March 10, 2015, the Company issued 81,822 common shares as a result of the exercise of 81,822 broker warrants issued in July 2014. The cash proceeds from the broker warrant exercises were $73,640 and the grant date fair value of $26,183 recorded as broker warrants was transferred to common shares upon exercise.

(v) On February 19, 2015, 337,100 common share purchase warrants exercisable at $0.90 per share, with a carrying value of $53,085, expired.

(c) Share options:

	Six months ended June 30, 2015		
	Number of options		Weighted average exercise price
Balance, December 31, 2014	7,815,000	$	0.88
Granted (i) (ii)	1,125,000		0.82
Forfeited and expired	(300,000)		1.26
Balance, June 30, 2015	8,640,000	$	0.86

(i) On January 14, 2015, 750,000 options were granted to an officer, effective March 2, 2015, with an exercise price of $0.78 per share. One third of these options vested immediately with the remaining thirds each vesting on the first and second anniversaries of the date they were issued. The options expire March 2, 2020.

(ii) On April 8, 2015, 300,000 options were granted to consultants of the Company, with an exercise price of $0.92 per share. One half of these options vest on October 8, 2015, and the other half vest on April 8, 2016. The options expire April 8, 2020.

The fair value of the Company's options granted to employees and consultants during the period ended June 30, 2015 were estimated using the Black-Scholes option pricing method using the following range of assumptions:

(Expressed in Canadian dollars)

Volatility	77% to 78%
Risk-free interest rate	0.5%
Expected life (years)	3
Dividend yield	Nil
Forfeiture rate	5%

The total fair value of unvested options that will be recognized in the consolidated statement of loss or capitalized into exploration and evaluation assets in future periods amounts to $436,012 as at June 30, 2015.

(d) Restricted Share Units ("RSUs"):

	Six months ended June 30, 2015	
	Number of RSUs	Weighted average fair value per unit at grant date (i)
Balance, December 31, 2014	995,000	$ 1.05
Granted (i)	100,000	0.96
Balance, June 30, 2015	1,095,000	$ 1.04

(i) The fair value of the RSUs is based on the share price on grant dates.

(i) On April 7, 2015, a total of 100,000 RSUs at a fair value of $0.96 per RSU, based on the share price on grant date, were granted to three officers of the Company under the Company's RSU plan. These RSUs have a vesting period of three years.

On June 4, 2015, two directors and one officer elected to defer the vesting date of their RSUs in accordance with the terms of the RSU plan. The RSUs have an initial expiration date of August 7, 2015 which was deferred to various dates in 2016.

9. BASIC AND DILUTED LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended June 30, 2015	Six months ended June 30, 2015
Numerator:		
Loss for the period	$ (1,199,727)	$ (2,604,437)
Denominator:		
Weighted average number of common shares	163,147,170	157,594,359
Basic and diluted loss per share	$ (0.01)	$ (0.02)

The outstanding share options, RSUs and warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

10. COMMITMENTS AND CONTINGENCIES

The Company may be subject to various contingent liabilities that occur in the normal course of operations.

(Expressed in Canadian dollars)

At June 30, 2015, the Company had the following commitments for operating leases and service agreements for the next five fiscal years:

	Total	2015	2016	2017	2018	2019
Operating leases	$ 754,312	$ 198,109	$ 296,964	$ 133,678	$ 105,319	$ 20,242
Purchase obligations	2,665,643	2,477,676	187,967	-	-	-
Total	$ 3,419,955	$ 2,675,785	$ 484,931	$ 133,678	$ 105,319	$ 20,242

Operating leases represent lease agreements for office space, a storage facility, and equipment in Toronto and Northern Ireland.

On May 15, 2015, the Company entered into a lease agreement for office space in Toronto, Canada. The agreement commenced on May 15, 2015 and expires on September 30, 2018. Payments are included in the above commitment table.

Purchase obligations included in the commitment table above relate to the following agreements.

DGL entered into an agreement dated January 5, 2015 with Major Drilling (NI) Limited for surface and underground diamond drilling at the Curraghinalt gold project in Northern Ireland in support of the Company's preliminary feasibility study. Included in the above commitment table are estimated costs related to terminating this contract.

Other purchase obligations include estimated contract termination costs at June 30, 2015 under various service agreements related to the Underground Program at the Curraghinalt gold project in Northern Ireland. Details of these contracts were disclosed in note 14 of the Company's audited consolidated financial statements for the year ended December 31, 2014.

11. SEGMENTED REPORTING

The Company's corporate office is in Canada. The geographical segmentation of the Company's assets and expenses are as follows:

	Canada	Northern Ireland	Total
As at June 30, 2015			
Current assets	$ 34,555,490	$ 3,939,865	$ 38,495,355
Restoration deposit	-	1,218,093	1,218,093
Exploration and evaluation assets	-	64,143,252	64,143,252
Equipment	25,652	403,662	429,314
Total assets	$ 34,581,142	$ 69,704,872	$ 104,286,014
Six months ended June 30, 2015			
Additions to equipment	$ -	$ 222,820	$ 222,820
Additions to exploration and evaluation assets	$ -	$ 15,057,512	$ 15,057,512
Revenue	$ -	$ -	$ -
Net loss (gain)	$ 2,773,097	$ (168,660)	$ 2,604,437

(Expressed in Canadian dollars)

As at December 31, 2014			
Current assets	$ 29,168,950	$ 3,818,259	$ 32,987,209
Restoration deposit	-	1,120,870	1,120,870
Exploration and evaluation assets	-	49,085,740	49,085,740
Equipment	102,660	305,409	408,069
Total assets	$ 29,271,610	$ 54,330,278	$ 83,601,888
Six months ended June 30, 2014			
Additions to equipment	$ -	$ 124,718	$ 124,718
Additions to exploration and evaluation assets	$ -	$ 2,582,644	$ 2,582,644
Revenue	$ -	$ -	$ -
Net loss [1]	$ 2,803,031	$ 90,951	$ 2,893,982

[1] *$22,848 of net losses related to the Company's former exploration licenses in Norway are included in Canada. No amounts incurred related to Norway in 2015 following the disposition of the entity in 2014.*

12. SUBSEQUENT EVENT

Subsequent to the end of the second quarter, the Company added to its surface rights for a potential mill site in proximity to the Curraghinalt gold deposit.