

STAR URANIUM CORP.  
Suite 1201A, 201 First Avenue South,  
Saskatoon, SK  
S7K 1J5

**STAR URANIUM CORP.**

**Unaudited Condensed Interim Financial Statements**

**For the three months ended January 31, 2013**

**(Expressed in Canadian Dollars)**

**STAR URANIUM CORP.**

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|                                                   | <b>January 31, 2013</b> | <b>October 31, 2012</b> |
|---------------------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                                     |                         |                         |
| <b>Current</b>                                    |                         |                         |
| Cash                                              | \$ 1,034,396            | \$ 1,225,652            |
| Receivables                                       | 13,588                  | 10,058                  |
| Prepaid expenses                                  | 4,872                   | 5,894                   |
|                                                   | 1,052,856               | 1,241,604               |
| <b>Equipment</b> (Note 5)                         | 9,831                   | 10,348                  |
| <b>Exploration and evaluation assets</b> (Note 6) | 2,543,074               | 2,529,532               |
|                                                   | \$ 3,605,761            | \$ 3,781,484            |
| <b>LIABILITIES</b>                                |                         |                         |
| <b>Current</b>                                    |                         |                         |
| Accounts payable and accrued liabilities (Note 8) | \$ 45,537               | \$ 157,884              |
|                                                   | 45,537                  | 157,884                 |
| <b>SHAREHOLDERS' EQUITY</b>                       |                         |                         |
| Capital stock (Note 7)                            | 17,097,563              | 17,097,563              |
| Other equity reserve (Note 7)                     | 628,380                 | 628,380                 |
| Deficit                                           | (14,165,719)            | (14,102,343)            |
|                                                   | 3,560,224               | 3,623,600               |
|                                                   | \$ 3,605,761            | \$ 3,781,484            |

**Going concern** (Note 2)

The accompanying notes are an integral part of the financial statements.

Approved and authorized by the Board of Directors on March 28, 2013.

On behalf of the Board of Directors:

“KYLE KOZUSKA”

\_\_\_\_\_  
 Director

“KULVINDER MATHARU”

\_\_\_\_\_  
 Director

**STAR URANIUM CORP.**

**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**For the three months ended  
(Expressed in Canadian Dollars)  
(Unaudited)**

|                                                       | <b>January 31,<br/>2013</b> | <b>January 31,<br/>2012</b> |
|-------------------------------------------------------|-----------------------------|-----------------------------|
| Bank fees                                             | \$ 24                       | \$ 39                       |
| Consulting                                            | 1,050                       | 3,550                       |
| Depreciation                                          | 517                         | 647                         |
| Insurance                                             | 3,006                       | 3,000                       |
| Management fees                                       | 48,167                      | 32,483                      |
| Meals and entertainment                               | 441                         | 992                         |
| Office expense                                        | 1,883                       | 2,500                       |
| Premises expense                                      | 3,454                       | 1,000                       |
| Professional fees                                     | 5,025                       | 12,947                      |
| Transfer agent                                        | 863                         | 870                         |
| Travel and promotion                                  | 2,010                       | 1,544                       |
|                                                       | (66,440)                    | (59,572)                    |
| Finance income                                        | 3,064                       | 4,115                       |
|                                                       | <b>(63,376)</b>             | <b>(55,457)</b>             |
| <b>Net loss and comprehensive loss for the period</b> |                             |                             |
|                                                       | <b>\$ (0.001)</b>           | <b>\$ (0.001)</b>           |
| <b>Loss per share – basic and diluted</b>             |                             |                             |
| <b>Weighted average common shares</b>                 | <b>67,445,255</b>           | <b>67,445,255</b>           |

The accompanying notes are an integral part of the financial statements.

**STAR URANIUM CORP.**

**STATEMENTS OF CASH FLOWS**

**For the three months ended  
(Expressed in Canadian Dollars)  
(Unaudited)**

|                                                     | <b>January 31, 2013</b> | <b>January 31, 2012</b> |
|-----------------------------------------------------|-------------------------|-------------------------|
| <b>Cash flows used in operating activities</b>      |                         |                         |
| Net loss for the period                             | \$ (63,376)             | \$ (55,457)             |
| Items not involving cash:                           |                         |                         |
| Depreciation                                        | 517                     | 647                     |
| Non-cash working capital item changes:              |                         |                         |
| Receivables                                         | (3,530)                 | (1,270)                 |
| Prepaid expenses                                    | 1,022                   | 3,000                   |
| Accounts payable and accrued liabilities            | (26,036)                | (40,861)                |
|                                                     | (91,403)                | (93,941)                |
| <b>Cash flows used in investing activities</b>      |                         |                         |
| Exploration and evaluation assets                   | (99,853)                | (96,347)                |
|                                                     | (99,853)                | (96,347)                |
| <b>Decrease in cash</b>                             | (191,256)               | (190,288)               |
| Cash, beginning of period                           | 1,225,652               | 1,668,263               |
| Cash, end of period                                 | \$ 1,034,396            | \$ 1,477,975            |
| Cash (paid)/received during the period for taxes    | \$ -                    | -                       |
| Cash (paid)/received during the period for interest | \$ -                    | -                       |

As at January 31, 2013, \$14,087 (October 31, 2012 - \$100,398) of exploration and evaluation assets are included in accounts payable and accrued liabilities.

As at January 31, 2012, \$11,465 (October 31, 2011 - \$42,986) of exploration and evaluation assets are included in accounts payable and accrued liabilities.

There were no other non-cash transactions for the periods ended January 31, 2013 and 2012 affecting cash flows from operating, financing, or investing activities.

As at January 31, 2013 and October 31, 2012, the Company had no cash equivalents.

The accompanying notes are an integral part of the financial statements.

**STAR URANIUM CORP.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the three months ended January 31, 2013 and 2012**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

|                                 | Number of<br>Shares | Capital Stock        | Other<br>Equity<br>Reserve | Deficit                | Total<br>Shareholders'<br>Equity |
|---------------------------------|---------------------|----------------------|----------------------------|------------------------|----------------------------------|
| <b>Balance October 31, 2011</b> | <b>67,455,255</b>   | <b>\$ 17,097,563</b> | <b>\$ 617,500</b>          | <b>\$ (13,879,903)</b> | <b>\$ 3,835,160</b>              |
| Loss for the period             | -                   | -                    | -                          | (55,457)               | (55,457)                         |
| <b>Balance January 31, 2012</b> | <b>67,455,255</b>   | <b>\$ 17,097,563</b> | <b>\$ 617,500</b>          | <b>\$ (13,935,360)</b> | <b>\$ 3,779,703</b>              |
| <b>Balance October 31, 2012</b> | <b>67,455,255</b>   | <b>\$ 17,097,563</b> | <b>\$ 628,380</b>          | <b>\$ (14,102,343)</b> | <b>\$ 3,623,600</b>              |
| Loss for the period             | -                   | -                    | -                          | (63,376)               | (63,376)                         |
| <b>Balance January 31, 2013</b> | <b>67,455,255</b>   | <b>\$ 17,097,563</b> | <b>\$ 628,380</b>          | <b>\$ (14,165,719)</b> | <b>\$ 3,560,224</b>              |

The accompanying notes are an integral part of the financial statements.

# **STAR URANIUM CORP.**

## **Notes to the Condensed Interim Financial Statements**

**January 31, 2013**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

---

### **1. Nature of Operations**

Star Uranium Corp. (the “Company”) incorporated extra provincially in Alberta, Saskatchewan, and British Columbia has shares listed on the TSX Venture Exchange.

The Company is in the process of exploring its mineral interests and has not determined whether these properties contain ore reserves which are economically recoverable.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

### **2. Going Concern**

These financial statements of the Company have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the financial statements.

The Company’s ability to continue as a going concern is contingent on its ability to obtain additional equity financing. However, the low price of the Company’s common shares makes it difficult to raise funds by private placements of shares. The Company believes it has sufficient working capital to meet its obligations as they become due over the next twelve months.

The amounts shown as exploration and evaluation assets represent costs net of recoveries to date, less amounts written off, and do not represent present or future values. Recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and evaluation of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 3. Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company’s October 31, 2012 annual financial statements.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

#### Critical accounting estimates and judgements

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

#### Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2.

#### Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 3. Basis of Preparation - continued

Significant estimates made by management affecting the consolidated financial statements include:

#### *Carrying value and recoverability of exploration and evaluation assets*

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

#### *Fair value of stock options*

Determining the fair value of stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

#### *Income taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 4. Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended October 31, 2012, and have been consistently followed in the preparation of these condensed interim financial statements.

#### **New Standards and Interpretations not yet adopted:**

The following accounting pronouncements have been made, but are not yet effective for the Company as at January 31, 2013. The Company is currently evaluating the impact of the new and amended standards on its financial statements.

Amendments to IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) are effective for annual periods beginning on or after January 1, 2013 and introduce enhanced disclosure around the transfer of financial assets and associated risks.

In November 2009 and October 2010, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”), which represents the completion of the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2015, with early adoption permitted.

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements (“IFRS 10”), which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. IFRS 10 also provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted.

In May 2011, the IASB issued IFRS 11, Joint Arrangements (“IFRS 11”), which enhances accounting for joint arrangements, particularly by focusing on the rights and obligations of the arrangement, rather than the arrangement’s legal form. IFRS 11 also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities and prohibits proportionate consolidation. IFRS 11 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 4. Significant Accounting Policies - continued

#### New Standards and Interpretations not yet adopted: - continued

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”), which is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. IFRS 12 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted.

In May 2011, the IASB issued IFRS 13, Fair Value Measurement (“IFRS 13”), which defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity’s own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). IFRS 13 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted.

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10-13. These amendments are effective for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32, Financial Instruments: Presentation, are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities.

### 5. Equipment

Equipment consists of the following:

|                                                        | Exploration<br>Equipment |
|--------------------------------------------------------|--------------------------|
| <b>Cost</b>                                            |                          |
| Balance at January 31, 2013, October 31, 2012 and 2011 | \$ 52,928                |

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Equipment - continued

| Depreciation                       | Exploration<br>Equipment |
|------------------------------------|--------------------------|
| <b>Balance at October 31, 2011</b> | \$ 39,992                |
| Depreciation for the year          | 2,588                    |
| Balance at October 31, 2012        | \$ 42,580                |
| Depreciation for the period        | 517                      |
| <b>Balance at January 31, 2013</b> | <b>\$ 43,097</b>         |
| <b>Carrying amounts</b>            |                          |
| At October 31, 2012                | \$ 10,348                |
| <b>At January 31, 2013</b>         | <b>\$ 9,831</b>          |

### 6. Exploration and Evaluation Assets

The Company has acquired certain mineral properties and rights, the costs of which are as follows:

|                                 | Anglo<br>Rouyn    | Black<br>Lake     | Collins<br>Bay    | Fort a la<br>Corne | Pistol<br>Lake   | Povol<br>Lake    | Wrangler<br>West  | Total               |
|---------------------------------|-------------------|-------------------|-------------------|--------------------|------------------|------------------|-------------------|---------------------|
| <b>Balance October 31, 2011</b> | <b>\$ 181,537</b> | <b>\$ 260,879</b> | <b>\$ 860,982</b> | <b>\$ 224,071</b>  | <b>\$ 26,370</b> | <b>\$ 45,285</b> | <b>\$ 632,113</b> | <b>\$ 2,231,237</b> |
| Acquisition costs               | -                 | -                 | -                 | 9,710              | -                | -                | -                 | 9,710               |
| Administration fees             | -                 | -                 | -                 | -                  | -                | -                | 5,934             | 5,934               |
| Drilling                        | -                 | -                 | -                 | 139,080            | -                | -                | (8,686)           | 130,394             |
| Geology                         | -                 | -                 | -                 | 78,366             | -                | -                | -                 | 78,366              |
| SEM Deposits                    | -                 | -                 | -                 | 73,891             | -                | -                | -                 | 73,891              |
| Total additions for year        | -                 | -                 | -                 | 301,047            | -                | -                | (2,752)           | 298,295             |
| <b>Balance October 31, 2012</b> | <b>181,537</b>    | <b>260,879</b>    | <b>860,982</b>    | <b>525,118</b>     | <b>26,370</b>    | <b>45,285</b>    | <b>629,361</b>    | <b>2,529,532</b>    |
| Administration fees             | -                 | -                 | -                 | -                  | -                | -                | 2,648             | 2,648               |
| Geology                         | -                 | -                 | -                 | 10,894             | -                | -                | -                 | 10,894              |
| Total additions for the period  | -                 | -                 | -                 | 10,894             | -                | -                | 2,648             | 13,542              |
| <b>Balance January 31, 2013</b> | <b>\$181,537</b>  | <b>\$260,879</b>  | <b>\$860,982</b>  | <b>\$536,012</b>   | <b>\$26,370</b>  | <b>\$ 45,285</b> | <b>\$ 632,009</b> | <b>\$2,543,074</b>  |

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Exploration and Evaluation Assets - continued

| Cumulative Totals               | Anglo<br>Rouyn   | Black<br>Lake    | Collins<br>Bay   | Fort a la<br>Corne | Pistol<br>Lake  | Povol<br>Lake    | Wrangler<br>West  | Total              |
|---------------------------------|------------------|------------------|------------------|--------------------|-----------------|------------------|-------------------|--------------------|
| Acquisition costs               | \$ 373           | \$ 3,112         | \$ 40,000        | \$ 19,325          | \$ 25,602       | \$ 2,055         | \$ 100,000        | \$ 190,467         |
| Administration fees             | 1,506            | 225              | -                | -                  | -               | 100              | 13,926            | 15,757             |
| Consulting                      | -                | 16,247           | 14,997           | -                  | 1,910           | -                | -                 | 33,154             |
| Drilling                        | 152,035          | 371,536          | 730,170          | 354,762            | 77,971          | 133,698          | 1,107,937         | 2,928,109          |
| Geology                         | 27,623           | -                | 75,395           | 89,260             | -               | -                | 40,361            | 232,639            |
| Permits                         | -                | 199              | 420              | 3,056              | -               | -                | -                 | 3,675              |
| SEM Deposits                    | -                | -                | -                | 73,891             | -               | -                | -                 | 73,891             |
| Recovery                        | -                | -                | -                | (4,282)            | -               | -                | -                 | (4,282)            |
| Write-off                       | -                | (130,440)        | -                | -                  | (79,113)        | (90,568)         | (630,215)         | (930,336)          |
| <b>Balance January 31, 2013</b> | <b>\$181,537</b> | <b>\$260,879</b> | <b>\$860,982</b> | <b>\$536,012</b>   | <b>\$26,370</b> | <b>\$ 45,285</b> | <b>\$ 632,009</b> | <b>\$2,543,074</b> |

#### (a) Anglo Rouyn

The Company holds a 50% interest in mineral claims in the vicinity of Stanley Mission in Northern Saskatchewan. The other 50% interest is held by United Uranium Corp., a related party.

#### (b) Black Lake

The Company has staked claims along the Northern rim of the Athabasca Basin.

#### (c) Collins Bay

The Company acquired claims located in the vicinity of Collins Bay, which is on the edge of the Athabasca Basin of northern Saskatchewan. The terms of the purchase were a payment of \$20,000(paid), 200,000(issued) shares of the Company and 1% net smelter return which can be purchased by the Company for \$1,000,000.

#### (d) Fort a la Corne

During the 2009 fiscal year, the Company received claims within the Fort a la Corne region by a successful judgment of the Saskatchewan Court of Queen's Bench. Further claims were subsequently staked by the Company throughout 2010 and 2011. The claims are all under joint venture where the Company holds a 50% interest with the other 50% interest being held by United Uranium Corp., a related party. The properties are located in central Saskatchewan, north-east of the city of Prince Albert.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 6. Exploration and Evaluation Assets - continued

#### (e) Pistol Lake

The Company acquired a claim in the Pistol Lake area of north-eastern Saskatchewan.

#### (f) Povol Lake

The Company acquired a claim located in north-central Saskatchewan in the Northern Mining Districts.

#### (g) Wrangler West Farm-out

During the 2010 fiscal year, the Company entered into a multi farm-out agreement with Wrangler West Energy Corp. of Calgary, Alberta. Under the terms of the farm-out agreement, the Company was required to drill, complete, test or abandon test wells on or before December 31, 2009.

The Company had earned a fifty percent interest in the drilling of two wells prior to the multi farm-out agreement. During the 2011 fiscal year, the operator elected to abandon one of the wells. As a result, the costs associated with that well were written off to operations.

### 7. Capital Stock and Other Equity Reserve

The authorized capital stock of the Company is an unlimited number of common shares and unlimited number of preferred shares issuable in series. As at January 31, 2013, the Company had 67,455,255 common shares outstanding.

The Company did not issue any shares during the period ending January 31, 2013 or the year ended October 31, 2012.

#### Stock Options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Company as well as persons providing ongoing services to the Company. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Unless otherwise determined by the board of directors of the Company (the "Board"), the exercise price of options equals at least the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term in accordance with TSX Venture Exchange policy.

## STAR URANIUM CORP.

### Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

#### 7. Capital Stock and Other Equity Reserve - continued

A summary of the Company's outstanding stock options as at January 31, 2013 is as follows:

|                                                      | Number of Options | Weighted Average Exercise Price |
|------------------------------------------------------|-------------------|---------------------------------|
| Outstanding, October 31, 2011                        | 3,050,000         | \$ 0.16                         |
| Expired                                              | (600,000)         | 0.10                            |
| Issued                                               | 1,000,000         | 0.10                            |
| Outstanding, October 31, 2012                        | 3,450,000         | 0.15                            |
| Expired                                              | (450,000)         | 0.48                            |
| Forfeited                                            | (1,000,000)       | 0.10                            |
| <b>Outstanding and exercisable, January 31, 2013</b> | <b>2,000,000</b>  | <b>\$ 0.10</b>                  |

| Number of Shares Under Option | Exercisable | Exercise Price | Remaining life (years) | Expiry Date       |
|-------------------------------|-------------|----------------|------------------------|-------------------|
| 2,000,000                     | 2,000,000   | \$ 0.10        | 7.08                   | February 29, 2020 |

#### Options Granted

During the periods ended January 31, 2013 and 2012, the Company granted no stock options.

During the year ended October 31, 2012 the Company granted 1,000,000 stock options exercisable at a price of \$0.10 per share for a period of 5 years from the date of grant, and recorded \$10,880 in share-based compensation expense during the year ended October 31, 2012. The fair value per option granted during the year was \$0.01.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the periods presented:

|                          | Three months ended January 31, 2013 | Year ended October 31, 2012 |
|--------------------------|-------------------------------------|-----------------------------|
| Risk-free interest rate  | N/A                                 | 1.40%                       |
| Expected life of options | N/A                                 | 5 years                     |
| Annualized volatility    | N/A                                 | 75%                         |
| Expected forfeitures     | N/A                                 | 0%                          |
| Dividend rate            | N/A                                 | 0%                          |

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements January 31, 2013 (Expressed in Canadian Dollars) (Unaudited)

---

### 7. Capital Stock and Other Equity Reserve - continued

#### Warrants

The Company had no warrants issued or outstanding as at January 31, 2013 and October 31, 2012.

### 8. Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

#### **Key management personnel**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and companies owned by these individuals.

Remuneration attributed to key management personnel can be summarized as follows:

|                      | <b>For the periods ended January 31,</b> |                  |
|----------------------|------------------------------------------|------------------|
|                      | <b>2013</b>                              | <b>2012</b>      |
| Short-term benefits* | \$ 48,167                                | \$ 32,483        |
|                      | <b>\$ 48,167</b>                         | <b>\$ 32,483</b> |

\*include base salaries, pursuant to contractual employment or consultancy and management arrangements, included in consulting fees and management fees

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 8. Related Party Transactions - continued

#### Other related parties

Related parties include Shane Resources Ltd., and Paradigm Portfolio Management Corp. which share common directors and management with the Company.

Transactions entered into with related parties other than key management personnel include the following:

|                                                                                    | For the periods ended January 31, |                 |
|------------------------------------------------------------------------------------|-----------------------------------|-----------------|
|                                                                                    | 2013                              | 2012            |
| Premise and office expenses paid or accrued to Shane Resources Ltd.                | \$ 1,667                          | \$ 3,500        |
| Premise and office expenses paid or accrued to Paradigm Portfolio Management Corp. | 3,454                             | -               |
|                                                                                    | <u>\$ 5,121</u>                   | <u>\$ 3,500</u> |

As at January 31, 2013, accounts payable and accrued liabilities includes \$Nil (October 31, 2012 - \$1,750) due to Shane Resources Ltd., \$2,625 (October 31, 2012 - \$13,650) due to May Lake Consulting Corp., a company owned by the CFO, \$3,150 (October 31, 2012-\$1,750) due to 101028771 Sask. Ltd., a company owned by the CEO, and \$4,323 due to the CFO and Paradigm Portfolio Management Corp., a company owned by the CEO (October 31, 2012 - \$1,345).

The amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

### 9. Financial and Capital Risk Management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is all held at large Canadian financial institution in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 9. Financial and Capital Risk Management – continued

#### *Credit risk - continued*

The Company's receivables consist mainly of GST/HST receivable due from the government of Canada. The Company does not believe it is exposed to significant credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company endeavors to manage liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### a) 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 risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is low because the Company no longer has any marketable securities or short-term investments.

##### b) Foreign currency risk

As at January 31, 2013, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

# STAR URANIUM CORP.

## Notes to the Condensed Interim Financial Statements

January 31, 2013

(Expressed in Canadian Dollars)

(Unaudited)

---

### 9. Financial and Capital Risk Management - continued

#### *Market risk - continued*

##### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### *Capital management*

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 exploration and evaluation of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

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 debt or acquire or dispose of assets.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

### 10. Segment Information

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources. All of the Company's equipment and exploration and evaluation assets are located in Canada.